

PRESS RELEASE
13 August 2020

DXB Entertainments PJSC Announces First Half 2020 Financial Results

- Robust Q1 2020 performance with adjusted EBITDA loss improving 78% year-on-year, driven by the successful execution of the company's cost efficiency strategy implemented in 2019
- 26% year-on-year improvement in H1 2020 adjusted EBITDA loss despite Covid-19 related parks closure from 15 March 2020 through timely implementation of contingency plans
- Closure period utilised to focus on the enhancement program for MOTIONGATE™ Dubai and Bollywood Parks™ Dubai with 12 new rides and attractions scheduled to be completed by the end of the year
- Region's first of its kind Legoland® Hotel scheduled for completion in Q4 2020

DXB Entertainments PJSC (DFM: DXBE) announced today its financial results for the half year period ended 30 June 2020, reporting AED 106 million in revenues, 596 thousand visits and 49% occupancy at the Lapita™ Hotel.

Financial Highlights (1 Jan 2020 – 30 June 2020)

	Q1 2019	Q1 2020	Q2 2019	Q2 2020	H1 2019	H1 2020
Visits (thousands)	760	596	641	-	1,400	596
Average hotel occupancy	72%	48%	54%	50%	63%	49%
<i>AED millions</i>						
Revenue	142	100	110	6	252	106
<i>Change</i>		<i>(30%)</i>		<i>(95%)</i>		<i>(58%)</i>
EBITDA	(21)	14	(60)	(60)	(81)	(46)
<i>Change</i>		<i>167%</i>		<i>-</i>		<i>43%</i>
Adjusted EBITDA¹	(19)	(4)	(62)	(56)	(81)	(60)
<i>Change</i>		<i>78%</i>		<i>10%</i>		<i>26%</i>
Adjusted Net loss²	(216)	(172)	(233)	(258)	(448)	(430)
<i>Change</i>		<i>20%</i>		<i>(11%)</i>		<i>4%</i>

¹ Adjusted EBITDA excludes one-time and non-recurring charges and income.

² Excludes one-time non-cash impairment charges of AED 393 million for H1 2020.

H1 2020 Financial Highlights

- With the successful execution of the 2019 cost efficiency strategy, Q1 2020 adjusted EBITDA was trending towards another profitable quarter. However, the impact of Covid-19 resulted in adjusted EBITDA loss of AED 4 million, a 78% improvement quarter-on-quarter
- Due to the unprecedented global pandemic and under government directives, the Parks were temporarily closed from 15 March 2020. Mitigated by the implementation of robust contingency plans, this closure resulted in H1 2020 adjusted EBITDA loss of AED 60 million, a 26% year-on-year improvement
- H1 2020 revenue was AED 106 million, 58% lower compared to AED 252 million in H1 2019, impacted by the temporary closure
- H1 2020 operating cost base was 52% lower at AED 150 million compared to AED 309 million in H1 2019
- Non-cash impairment charge of AED 393 million recognized to incorporate impact of COVID-19
- Stringent cash control mechanisms implemented to manage liquidity

H1 2020 Operational Highlights

- 596 thousand visits in Q1 2020 during the operational period until 15 March 2020 compared to 760 thousand in Q1 2019; international visitation saw a sharp decline in February and March due to the global pandemic
- Theme park revenue of AED 72 million for H1 2020 at a revenue per cap of AED 120
- 49% occupancy at Lapita Hotel in H1 2020 resulting in hospitality revenue of AED 24 million at an ADR of AED 397
- Annual pass holders received an automatic extension in the membership period equivalent to the period of the destination closure
- Enhanced health & safety measures put in place for re-opening on 23 September 2020

Commenting on the H1 2020 results, Mohamed Almulla, CEO and Managing Director, DXB Entertainments PJSC, said: “We are grateful to the UAE leadership and government entities for their directives and efforts to combat the spread of the coronavirus, and ensure the health and wellbeing of everyone in the country.

“I am also very proud of my team’s hard work and support during this unprecedented and difficult time. Our contingency plans were successfully implemented to manage the temporary suspension of operations from March 15th onwards, while simultaneously carrying out the enhancement works to prepare the destination for its reopening on September 23rd.

“We had a good start to the year and were on track to deliver another profitable quarter. However, the global pandemic and subsequent temporary closure of our operations from 15 March 2020 adversely impacted our performance for the period. Although Q1 2020 revenue was AED 100 million, 30% lower than the prior year, the adjusted EBITDA loss improved by 78% compared to Q1 2019, driven by a reduction in operating cost of 39% or AED 60 million.

“To mitigate the impact of the temporary closure, further cost savings and contingency plans were implemented which helped deliver cost savings of 52% or AED159 million for the half year period.

“Operationally, we are preparing to welcome back our annual pass holders and guests on September 23rd with additional health and safety measures implemented in preparation for the gradual re-opening of our destination. Family friendly and record-breaking thrill rides are being added to our destination, while the region’s first ever LEGOLAND® Hotel Dubai is scheduled for completion later in the year.”

Non-Cash Impairment Charge

Whilst management believe it is still early to assess the overall valuation of a theme park destination in its initial stages of operation and which is considered a long-term commercial proposition; an impairment loss of AED 393 million has been recognised to reflect the impact of the COVID-19 pandemic.

Strategy Update

DXB Entertainments remains committed towards achieving its strategy of delivering EBITDA breakeven, however, the previously communicated timelines have been impacted due to the Covid-19 pandemic. In the near term we expect the visitation to the parks to be driven by the resident market however we expect international visitation to gradually improve as global travel and tourism industry recovers from the impact of the Covid-19 pandemic.

The successful implementation of the cost efficiency strategy, addition of new rides and attractions as well as the launch of the LEGOLAND® Hotel Dubai are expected to be key drivers in our efforts towards delivering EBITDA breakeven.

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DXB Entertainments PJSC

DXB Entertainments PJSC is the Dubai-based owner and operator of Dubai Parks and Resorts, the region's leading integrated leisure and entertainment destination. The Company is traded on the Dubai Financial Market (DFM) under the trading symbol "DXBE". We bring together a portfolio of world-class brands to offer entertainment in the areas of theme parks, retail and hospitality.

For more information, go to: www.dxbentertainments.com