

Detailed analysis of accumulated losses

Date:	13 th Feb 2020
Listed Company Name:	DXB Entertainments PJSC
Define the period of the financial statements	Consolidated financial statements for the year ended 31 December 2019
Accumulated losses:	AED 5.2 billion
Accumulated losses to capital ratio:	64%
The main reasons leading to these accumulated losses and their history:	<p>DXB Entertainments PJSC ("DXBE" or the "Group") was launched in a phased manner between October 2016 and October 2017 when the last ride was opened to the public. Therefore, and as is standard for a greenfield development, pre-opening losses amount to AED 0.76 billion or 15% of total accumulated losses.</p> <p>Further, losses to date also comprise non-cash expenses, specifically:</p> <ul style="list-style-type: none"> - Depreciation of AED 1.39 billion or 27% of total losses. - Impairment losses and other related charges of AED 1.54 billion or 30% of total losses. <p>Cumulative operating losses amount to AED 0.65 billion or 13% whilst annual financing costs (net) on DXBE's syndicated financing facility and convertible instrument amount to AED 0.80 billion or 16%.</p> <p>The operating performance of DXBE has been impacted by delayed ramp up of visitation, in particular international visitation which has impacted revenues. In response DXBE has sought to mitigate the impact by implementing a cost optimisation and efficiency program thereby reducing costs.</p> <p>A breakdown of the accumulated losses can be found at appendix 1.</p>

Current quarter financial performance	<p>Fourth quarter financial performance</p> <ul style="list-style-type: none"> • Q4 2019 adjusted EBITDA profit is AED 2 million (Q4 2018 adjusted EBITDA loss: AED 64.7 million) • Q4 2019 statutory EBITDA profit is AED 43 million (Q4 2018 EBITDA loss: AED 54 million) • Q4 2019 net loss is AED 138 million (Q4 2018: AED 1,799 million) <p>FY 2019 financial performance</p> <ul style="list-style-type: none"> • FY 2019 adjusted EBITDA loss is AED 149 million (FY 2018 adjusted EBITDA loss: AED 239 million) • FY 2019 statutory EBITDA loss is AED 106 million (FY 2018 statutory EBITDA loss: AED 210 million) • FY 2019 net loss is AED 855 million (Q4 2018: AED 2,543 million)
Measures to be taken to address accumulated losses:	<p>As disclosed in the accumulated loss addressing plan issued on 15th December 2019 DXBE has a strategy in place to deliver EBITDA breakeven.</p> <p>This strategy comprises a number of key pillars:</p> <ul style="list-style-type: none"> - Growth in international visitation and increased length of stay through the implementation of the Group's hotel strategy that will deliver over 1,300 hotel rooms to Dubai Parks and Resorts in FY2020. - Further enhancement of the ride offering at Motiongate™ Dubai and Bollywood™ Parks Dubai, including the addition of world record thrill rides. The enhancement will broaden the appeal of the destination, increasing dwell times, driving per capita spend and encouraging both new and repeat visitation. - Implementation of further operational efficiencies delivering material reductions in operating costs. Operating costs¹ in 2019 were AED 0.56 billion compared with AED 0.73 billion in 2018 and AED 0.93 billion in 2017, a saving of 24% and 21% respectively.

	<p>- Further cost reduction initiatives have been implemented during Q4 2019, for which the full year impact will be realised in FY2020.</p> <p>As at 31 December 2019, DXBE has AED 1.20 billion of cash and cash deposits of which AED 0.17 billion is restricted cash and AED 0.40 billion is ringfenced for enhancement and close-out works.</p> <p>As at 31 December 2019, total assets are AED 9.6 billion and net assets are AED 2.9 billion.</p>
Progress against plan	<p>Progress against the accumulated loss addressing plan announced on 15th December 2019 is as anticipated and there are no deviations to report.</p>

¹Operating costs comprise salaries and other employee benefits, marketing and selling costs and other expenses including but not limited to utilities, operator and intellectual property costs. Operating costs exclude depreciation and amortisation.



Authorized Signatory

Appendix 1 - Breakdown of the accumulated losses

Amounts in AED'm	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Total	% of Total
Opening accumulated losses	(4)	(17)	(38)	(149)	(639)	(1,769)	(4,312)	(4)	
Impairment losses and other related charges	-	-	-	-	-	(1,542)	-	(1,542)	30%
Depreciation	-	-	(4)	(37)	(486)	(473)	(384)	(1,384)	27%
Finance (costs) / income - net	-	2	31	62	(216)	(318)	(365)	(804)	16%
Pre-opening losses	(13)	(23)	(138)	(504)	(83)	(2)	-	(763)	15%
Operating losses	-	-	-	(6)	(331)	(208)	(106)	(651)	13%
Losses	(13)	(21)	(111)	(485)	(1,116)	(2,543)	(855)	(5,144)	
Other movements - net	-	-	-	(5)	(14)	-	9	(10)	0%
Closing accumulated losses	(17)	(38)	(149)	(639)	(1,769)	(4,312)	(5,157)	(5,157)	100%