

PRESS RELEASE

12 November 2017

DXB Entertainments PJSC
Financial Results for First Nine Months of 2017

Financial Highlights (1 Jan 2017 - 30 Sep 2017)

	Q1 2017	Q2 2017	Q3 2017	YTD Q3 2017
Visits	586,355	414,457	478,987	1,479,799
<i>Growth</i>		<i>-29%</i>	<i>16%</i>	
Average occupancy	22%	27%	42%	30%
<i>AED millions</i>				
Revenue	160	120	115	395
Gross profit	147	99	103	349
EBITDA	(137)	(110)	(105)	(353)
Adjusted EBITDA ¹	(67)	(119)	(91)	(277)
Loss for the period	(292)	(286)	(284)	(862)

Strategy and Operational Highlights

- 1.5 million visits to Dubai Parks and Resorts during first nine months of 2017
- Dubai Parks and Resorts fully operational with all attractions open to the public
- LEGOLAND® Water Park and Lapita™ Hotel win industry awards
- Paul Parker appointed as General Manger, Family Entertainment Centers

DXB Entertainments PJSC (DFM:DXBE) (“DXBE”) announced today its financial results for the nine month period ended 30 September 2017 showing a 16% increase in visitation numbers compared with the previous quarter. Revenues for the quarter were AED 115 million, reflecting lower theme park revenues due to the quieter summer period.

DXBE’s main asset during the period, Dubai Parks and Resorts, recorded 1.5 million visits during the nine months ended 30 September 2017, with over 478,000 visits during the third quarter.

¹ Adjusted EBITDA for AED 76.2 million in pre-operating and non-recurring expenses. Due to rounding, numbers may not add up precisely to the totals provided.

AED 68 million of the third quarter's total revenue of AED 115 million was generated through the theme parks, at an implied AED 142 of revenue per visit. The slight decrease in revenue compared to the second quarter 2017 was driven by lower admissions revenue due to a higher number of visits generated through the Lapita™ Hotel where room rates are inclusive of theme park access, as well as a range of summer season offers and revised GCC resident pricing for the winter season effective from 1 September 2017.

Post period, the World of The Hunger Games attractions and rides, part of the LIONSGATE zone, was officially inaugurated on 20 October 2017, thereby completing all the rides and attractions at Dubai Parks and Resorts.

Mohamed Almulla, CEO, DXB Entertainments, said, “We made progress during the third quarter of the year against our strategic plan. We have simplified our pricing structure to focus on repeat visitation from the GCC resident market and we have so far received very positive feedback from our guests. Now that the parks are fully operational with all rides open to the public, we are focused on our marketing efforts to promote the individual parks by leveraging our world-class IP partners and the multitude of experiences through advertising campaigns and special events. Our strategy to drive footfall culminated in an all-time-high visitation number, during our DPR Big Day Out event on 29 September 2017, when we recorded more than 25,000 visits to Dubai Parks and Resorts.

“Customer satisfaction has also improved during the period and reflected in the recognition our parks received at the Time Out Dubai Kids Awards 2017²: LEGOLAND® Water Park won the award for Best Water Park, and Lapita™ Hotel won the award for the Best Family Hotel, proving our attractions are world-class.

“Financially, we reported revenues of AED 115 million and an adjusted EBITDA loss of AED 91 million during the quarter, reflecting an EBITDA improvement despite the lower revenue, as a result of our continuing cost efficiency measures. Our staff numbers have decreased during the quarter to 2,538 as at the end of the September 2017 and whilst marketing spend has reduced, our overall marketing reach and impact has increased. Therefore, we expect that going forward we will be able to show lower operational costs and therefore improved EBITDA.”

Financial Performance

For the nine months ended 30 September 2017, DXB Entertainments reported total revenues of AED 395 million, and AED 115 million during the third quarter, of which AED 68 million was generated through the theme parks, AED 11 million through retail and AED 15 million through hospitality.

² The Time Out Dubai Kids Awards 2017 have no advertiser influence, external nominations or public vote but shortlisted nominees were based on the good judgement of the resident journalists and parenting experts that contribute to the esteemed publication.

Within the theme parks, 57% of revenue was driven through admissions and 33% through in-park spend, reflecting a lower admissions yield due to reduced pricing and higher annual pass and Lapita™ Hotel visits. Of the 478,987 visits to the parks during the quarter, 19% was driven through tour and travel operators; this is the key visitation channel that the business is focusing on to grow in its key source markets of India, China, the UK and Russia.

Retail revenue was up for the third quarter reflecting the relaunch of Riverland™ Dubai's retail and F&B units in September as Dubai Parks and Resorts launched its winter season. Riverland™ Dubai leasing revenue contributed 52% of the retail revenue.

The Lapita™ Hotel had an average occupancy rate of 42% and average daily rate of AED 523 during the quarter with average occupancy reflecting a meaningful increase from the previous quarters. However, during the summer the lower average daily rate, which included access to the theme parks, had a negative effect on the overall theme park admissions revenue as a larger percentage of visitation to the parks was driven through the Lapita™ Hotel.

EBITDA loss for the nine months ended 30 September 2017 was AED 353 million, and when adjusted for AED 76.2 million in pre-operating and non-recurring expenses implies an EBITDA loss of AED 277 million, and an EBITDA loss of AED 91 million in the third quarter.

Operating costs, including pre-opening and non-recurring items, were AED 720 million for the first nine months of the year with the third quarter operating expenses decreasing to AED 204 million. Operating cost continues to be a key focus for DXBE and is largely comprised of staff costs and sales and marketing costs, representing 55% of total operating cost. DXBE has achieved its 20% operational cost reduction compared to the initial projections and continues to identify cost saving measures in an effort to improve EBITDA performance.

During the period, DXB Entertainments agreed a subordinated shareholder loan ("SSL") of AED 245.2 million with Meraas. The funds were used to support operational expenses and debt repayments. Post period, the Board of Directors have also approved an additional AED 454.8 million drawdown under the existing SSL agreement with Meraas to be proposed to shareholders at the General Assembly scheduled for the 28 November 2017. Shareholders will be asked to approve a total AED 700 million (which includes the previously approved AED 245.2 million), plus interest on top, under the SSL to meet debt service and working capital requirements until 31 January 2018.

The SSL is being put forward at the General Assembly as it is a related party transaction with the majority shareholder Meraas which exceeds the 5% threshold under law. The SSL is being offered by Meraas at a fixed interest of 8%, with no fixed maturity, and is unsecured and subordinated to senior debt. DXB Entertainments and Meraas are currently reviewing future working capital requirements and

exploring different possible funding options subject to regulatory and shareholder approvals.

Operational Review

Post period, the world's first rides and attractions based on the popular movie franchise "The Hunger Games" were officially inaugurated on the 20 October 2017 as part of the LIONSGATE zone, at MOTIONGATE Dubai. Representatives from LIONSGATE and Dubai Parks and Resorts management, in addition to key local and international media outlets, who covered the event, attended the launch ceremony. The ceremony included the first performance of The Hunger Games street show and an exhilarating fireworks show celebrating the official opening. With the launch of the LIONSGATE zone, all rides and attractions in Dubai Parks and Resorts have been delivered and the destination is now fully operational.

DXBE concluded its organizational restructuring during the period, and hired Paul Parker as General Manager of the newly created Family Entertainment Centers division. Paul brings with him over 20 years of management experience covering marketing, sales and operations at some of the world's most successful media companies. In his new role, Paul will focus on developing strategies that will grow awareness of DXB Entertainments' family attractions, create synergies and drive footfall from both residents and visitors alike.

Under DXBE's new strategy announced in August 2017, three new divisions were created to enhance the effective management of DXBE's assets and their return potential: Theme Parks; Family Entertainment Centres; and Retail and Hospitality.

Construction on Six Flags Dubai, Dubai Parks and Resorts' fifth theme park, is progressing according to plan with plans for its opening in late 2019.

Outlook

The Dubai Parks and Resorts winter season commenced on the 1 September 2017 with a focus on attracting visitors to Riverland™ Dubai with a line-up of free events that will be held on the river during the season including a return of its "Festive on the River" event and firework displays every Friday at 9pm. This approach is supported by a winter season pricing strategy that seeks to drive repeat visitation to the theme parks from the GCC resident market as well as increasing the number of annual pass holders.

Mohamed Almulla, Chief Executive Officer of DXB Entertainments PJSC said, "Our focus as we approach this coming festive season is to ensure a seamless experience for our visitors across the Dubai Parks and Resorts destination and to leverage our world class brands to continue driving visitation from international tourists.

"It is clear that Dubai Parks and Resorts is a world class theme park experience and together with a highly driven management team, I have the upmost confidence that we will continue making good progress against our strategic plan as we seek to

grow visitation and revenue during the fourth quarter of the year and into 2018, our first full year of operations.”

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DXB Entertainments PJSC

DXB Entertainments PJSC (previously Dubai Parks and Resorts PJSC) is a Dubai-based operator of leisure and entertainment destinations and experiences. The Company is traded on the Dubai Financial Market (DFM) under the trading symbol DXBE. We bring together a diverse portfolio of world-class brands to offer entertainment in the areas of theme parks, family entertainment centres and retail and hospitality.

DXB Entertainments is the owner of Dubai Parks and Resorts, the regions largest integrated theme park destination, with five Theme Parks (Six Flags Dubai under development), two Hotels (LEGOLAND® Hotel under development), and one retail and dining facility all spread over 30.6 million sq.ft of land, with an estimated AED 13.2 billion in development costs.

DXB Entertainments also manages six Dubai-based mid-way attractions in addition to a chain of cinemas, all owned by Meraas.

With a market cap of AED 6.2 billion as of 31 July 2017, DXB Entertainments is the largest leisure and entertainment company in the region.

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