

PRESS RELEASE

9 February 2020

DXB Entertainments PJSC Announces Q4 2019 adjusted EBITDA of AED 2 million

- Quarterly EBITDA profit reported for the first time in company history, ahead of target
- Efficiency and cost optimisation plan delivers 24% saving in FY 2019 operating cost, with further savings to be realised in FY 2020
- Well positioned for growth with good progress on hotel strategy and enhancement plan for MOTIONGATE™ Dubai and Bollywood Parks™ Dubai

DXB Entertainments PJSC (DFM:DXBE) announced today its preliminary unaudited financial results for the year ended 31 December 2019, reporting a 38% improvement in FY 2019 adjusted EBITDA losses compared to the previous year, and AED 2.0 million in adjusted EBITDA profit for the three month period ended 31 December 2019.

General Information

Name of the Company	DXB Entertainments PJSC
Date of Establishment	Jul 11, 2012
Paid up Capital	AED 7.999 billion
Subscribed Capital	AED 7.999 billion
Authorized Capital	AED 12.644 billion
Chairman of the Board	Abdul Wahab Al-Halabi
Managing Director	Mohamed Almulla
Name of External Auditor	PricewaterhouseCoopers
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Financial Highlights (1 Jan 2019 – 31 Dec 2019)

	Q4 2018	Q4 2019	FY 2018	FY 2019
Visits	819,178	780,251	2,784,049	2,582,085
<i>Change</i>		(5%)		(7%)
Average hotel occupancy	63%	68%	60%	62%
<i>Change</i>		8%		3%
<i>AED millions</i>				
Revenue	149	162	541	491
<i>Change</i>		9%		(9%)
<i>Like-for-like change</i>		(14%)		(15%)
EBITDA	(54)	43	(210)	(106)
<i>Change</i>		179%		50%
Adjusted EBITDA ¹	(65)	2	(239)	(149)
<i>Change</i>		103%		38%
Adjusted net loss ²	(257)	(138)	(1,001)	(855)
<i>Change</i>		46%		15%

2019 Financial Highlights

- 38% improvement in adjusted EBITDA loss for the full year 2019, driven by the implementation of the Group's efficiency and cost optimisation program
- Q4 2019 adjusted EBITDA profit of AED 2.0 million is the first quarter of reported profitability and ahead of the previously communicated target of achieving EBITDA breakeven during H2 2020
- FY 2019 revenue of AED 491 million, down 9% from FY 2018 due to visitation decreasing by 7% to 2.6 million
- Operating cost of AED 556 million, a 24% year-on-year improvement with further savings expected in FY 2020

2019 Operational highlights

- 2.6 million visits and 62% occupancy at Lapita™ Hotel at FY 2019
- Dubai Parks and Resorts celebrated the winter season with a line up of events and special promotions, such as the Diwali celebration, UAE National Day and the launch of the world's largest mobile maze
- MOTIONGATE™ Dubai and Bollywood Parks™ Dubai enhancement plan on target for delivery in H2 2020, including the installation of three world record rides
- 250 room LEGOLAND® Hotel on target for delivery in H1 2020
- Rami Mashini appointed VP Sales and Marketing, reporting directly to the CEO
- New pricing strategy implemented in October 2019 to encourage multi-park visitation, improve yields and target new market segments

¹ Adjusted for non-recurring expenses/income

² FY2018 excludes one-time non-cash impairment charges of AED 551 million and AED 991 million associated with the Six Flags Dubai project and Phase I development of Dubai Parks and Resorts, respectively.

Commenting on the 2019 financial results, Mohamed Almulla, CEO and Managing Director, DXB Entertainments PJSC, said: "I am pleased to report strong performance during the final quarter of the year, with the implementation of our efficiency program helping us deliver an adjusted EBITDA profit of AED 2 million for three months ended 31 December 2019. This marks the first quarter of profitability in the history of our company and is an encouraging result as we progress with the implementation of our strategy, focused on driving business growth and operational efficiency.

"Our business does however remain cyclical and whilst we expect profitability in Q1 and Q4 2020, which are our busiest quarters, Q2 and Q3 2020 will remain loss making.

"Our efficiency program is delivering good results, with year-on-year savings in operating costs of AED 172 million in FY 2019, with further savings due to be realised in 2020. Our focus is now on delivering EBITDA profitability on a full year basis by achieving revenue growth, specifically through initiatives to drive visitation from our core international markets and through our hotel strategy.

"The outlook for 2020 is good, with our park enhancement plan and hotel strategy progressing well. Twelve rides will be added to two of our parks, including three world record rides, before the end of the year. The opening of the 250 room LEGOLAND® Hotel in FY 2020 will complete our destination and increase the available on-site hotel room inventory to over 1,300 keys. The introduction of further hotel rooms to the destination will be a key driver of growth in international visitation facilitating the bundling of our theme park tickets with hotel stays and ultimately increasing length of stay, visitation and dwell times.

"We remain focused on our goal of growing visitation and with our new VP of Sales and Marketing, our enhancement and hotel plan and the expected benefit from EXPO 2020, I believe we are well positioned to deliver this."

Financial Summary

For the year ended 31 December 2019, the Group reported total revenue of AED 491 million, a decrease of 9% on the prior year. However, on a like-for-like basis and excluding AED 33.6 million of one-time revenue associated with a tenant settlement, total revenue decreased by 15%.

Of the total Group revenue of AED 491 million, AED 310 million was generated through the theme parks, AED 84 million through hospitality, AED 51 million through retail and AED 46 million through other revenue streams, including sponsorship.

Theme park revenues of AED 91 million in Q4 2019 decreased by AED 11 million or 11% compared to Q4 2018 due to lower visits and per capita spend. Within the theme

parks, 66% of revenue in Q4 2019 was driven through admissions and the remaining 34% through in-park spend.

Lapita™ Hotel revenue decreased by 13% to AED 25 million in Q4 2019, compared to AED 29 million in Q4 2018. Average occupancy increased to 68% whilst the average daily rate at AED 597 in Q4 2019 was 24% lower than the fourth quarter of 2018, in line with the general trend across the market.

Overall operating expenses for the year, inclusive of marketing and selling costs but excluding depreciation and amortization were AED 556 million, compared with AED 728 million in the prior year, a year-on-year saving of 24% and a saving of 40% when compared with FY 2017. The annualised impact of the efficiency program is expected to generate further savings in FY 2020.

FY 2019 adjusted EBITDA loss was AED 149 million, an improvement of AED 90 million or 38% year-on-year. Statutory EBITDA loss was AED 106 million in FY 2019 compared to AED 210 million in the prior year, with 2019 statutory EBITDA loss impacted by one-time revenue and income of AED 39 million associated with a Riverland tenant settlement.

Net loss for the year ended 31 December 2019 was AED 855 million, inclusive of non-cash depreciation of AED 384 million, non-cash finance charges of AED 107 million and cash finance charges of AED 278 million.

Operational Highlights

Our key focus in 2019 was to implement the operational efficiency and effectiveness program to reduce the fixed operating leverage of the Company whilst ensuring that the guest experience was not impacted. This was successfully implemented by the year end resulting in cost savings of AED 172 million, equivalent to 24% of total operating costs, with further savings expected in 2020.

During the year, we cemented our position as the region's leading theme park destination welcoming almost 2.6 million visits in 2019. We continue to see growth in our international visitor mix, now accounting for 43% of total visits. Overall visits were down 7% as resident visitation and in particular from the annual pass segment declined, which is not unusual for a theme park in its second full year of operations and which benefited from high penetration of visits from the domestic market. Driving international visitation remains key, in particular from our key source markets of the GCC, India, China, Russia, the United Kingdom and Western Europe.

Our new pricing was implemented in October 2019 with a view to encouraging multi-park visitation, improving yields and targeting new market segments. Initial feedback is encouraging with greater numbers of visitors opting for our multi-park offering.

Dubai Parks and Resorts Enhancement Plan

The enhancement works at MOTIONGATE™ Dubai and Bollywood Parks™ Dubai will be completed by H2 2020 and will see the introduction of twelve new rides including three world record breaking rides. The enhancement plan is expected to drive new and repeat visitation, increase dwell times and improve per capita spend.

Construction work on the 250 room LEGOLAND® Hotel Dubai, the first ever hotel of its kind in the region, is progressing as planned, with the opening of the hotel slated for H1 2020, which will increase the available on-site hotel room inventory to over 1,300 keys. The introduction of further hotel rooms to the destination will be a key driver of growth in international visitation facilitating the bundling of our theme park tickets with hotel stays and ultimately increasing length of stay, visitation and dwell times.

Summary of the Preliminary Financial Results (unaudited)

(AED million)

	2019	2018
1 Total Assets	9,643	10,709
2 Shareholders' Equity	2,909	3,825
3 Revenue	491	541
4 Net Operating Loss ³	(110)	(260)
5 Net Loss for the Year	(855)	(2,543)
6 Loss Per Share (AED)	(0.107)	(0.318)

Note: The audited consolidated financial statements of DXB Entertainments PJSC (the "Group") may be different from the preliminary results as the results presented are unaudited and subject to external audit.



Abdul Wahab Al-Halabi
Chairman of the Board of Directors

³ Net operating loss for the year excludes depreciation and amortization expense and non-operating expenses and income

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DXB Entertainments PJSC

DXB Entertainments 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.

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