50 percent reduction in EBITDA losses

Cost-saving initiatives resulted in a significant reduction in year-on-year EBITDA losses. Implementation of our hotel strategy, revenue optimisation initiatives and tight control of our cost base will move us towards expected EBITDA break-even during the second half of 2020.

2018 was the first year of operations for DPR and we are therefore pleased to report growth in both our visitation and our hotel occupancy. In 2018, visits grew by 22 percent to almost 2.8 million of which resident visits comprised approximately 60 percent and hotel occupancy increased to 60 percent from 35 percent in the prior year.

Visitation from tourists, a key driver of success for a destination such as ours, continues to fall behind expectation at only 40 percent of total visitation and consequently we have taken appropriate steps to mitigate related revenue pressures by implementing effective cost-saving initiatives.

As a result our operating cost base reduced to AED 728 million in 2018, a 21 percent year-on-year improvement with savings achieved across multiple cost categories, most notably in our manpower costs.

As expected during the ramp-up phase of the business and with the introduction of our competitive pricing and compelling annual pass offering there has been pressure on yields. This resulted in a total revenue declining marginally year-on-year, although when adjusted for non-recurring project management revenues in 2017, revenue was 2 percent higher year-on-year. However as highlighted our cost-saving initiatives have materially reduced our EBITDA losses to AED 210 million from AED 422 million in the prior year, a 50 percent improvement.

Strengthening of the capital base

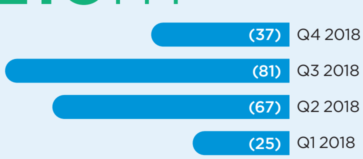
Our balance sheet position and capital base were strengthened during the year, firstly through the realignment of our Phase 1 syndicated financing facility for which a three-year moratorium on principal repayments and covenant testing was agreed through to 2021 and secondly through the issuance of AED 1.2 billion of convertible bonds to our majority shareholder, Meraas Group. The convertible bonds issued were inclusive of the AED 700 million subordinated loan facility already made available to the Group. They have a maturity date of 30 June 2026, with a deferred compounded quarterly coupon rate of 8 percent and a conversion price of AED 1.04 per share.

EBITDA loss
50% year-on-year improvement

AED
210m

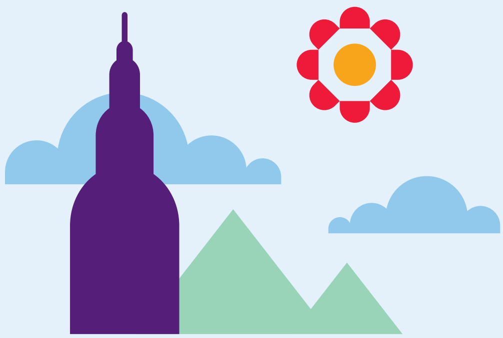
EBITDA loss
(AED million)

210m



Number of employees
1,963 employees at the end of 2018, a major reduction from 3,184 at the end of 2016.

1,963



Cash balances

AED

1.8bn

As at 31 December 2018 we had cash balances of AED 1.8 billion of which AED 0.2 billion was restricted or ring-fenced cash and AED 0.7 billion was related to the Six Flags Dubai project, resulting in available cash balances of AED 0.9 billion. As we negotiate the settlement of our outstanding contractor liabilities from the construction phase we continue to push for long-term settlement agreements, thus generating near-term liquidity. Should our planning cycle identify any future liquidity needs we will come back to our shareholders with an outlook as required.

One-time accounting charges

Due to the delayed ramp-up of international visitation, the management team and the Board have assessed that there is a reduction in the asset values of our primary asset, DPR. Whilst we feel it is early to assess the financial performance of a market-leading asset that is by nature a long-term commercial proposition, on the basis of prudence and in accordance with international accounting standards a non-cash impairment provision of AED 991 million has been recognised.

This accounting adjustment does not impact the underlying operations of the Group.

In addition, subsequent to the year-end and in relation to the Six Flags Dubai project, management has assessed the carrying value of assets related to the project and held on the balance sheet at the year-end as well as related future commitments.

Operating cost base

AED

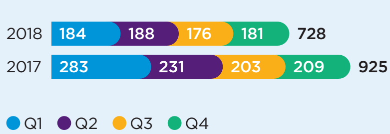
728m

This assessment has indicated that certain assets, mainly related to infrastructure, facilities, intellectual property fees and professional fees, may not be recoverable and accordingly an impairment charge of AED 551 million has been recognised. Land, the related substation and rides have been assumed to have enduring value and remain capitalised on the balance sheet.

Implementation of strategy to deliver EBITDA break-even

Operationally we are pleased to report that our Bollywood Parks™ Dubai enhancement plan is underway and the new entertainment offering is resonating well with our visitors in what we know is a unique one-of-a-kind offering. Our proposal, subject to shareholder approval, to further enhance MOTIONGATE™ Dubai and Bollywood Parks™ Dubai with the introduction of rides originally from the Six Flags Dubai project will see the introduction of world-record rides, broaden our demographic appeal, encourage repeat visitation, drive dwell times and increase per-capita spend. Remaining rides will be stored and utilised as part of future ongoing capital enhancement programs.

Operating cost
(AED million)



Looking forward, our goal remains to achieve EBITDA break-even, which we believe we will deliver on during the second half of 2020. Our strategy to achieve this is defined and in place. At its core is increasing our international tourist penetration. To do so we have a multifaceted strategy in place:

- Over 800 further hotel rooms to be added to the destination in the form of the third-party operated Rove Hotel and the LEGOLAND® Hotel, a joint venture with our partner Merlin Entertainments and a first-of-its kind in the region. By adding more hotel rooms we enhance our capability to offer package solutions to our international visitors and to drive longer length of stay and multi-park visitation.
- Continuing to work with our strategic partners such as Emirates Airline, Dubai Tourism & Commerce Marketing, Roads & Transport Authority, Jumeirah Group, Hala China and UnionPay to build both pre- and post-arrival awareness.
- Focusing our marketing efforts on our key source markets with a particular focus on those with the closest flight times such as the Kingdom of Saudi Arabia and the Indian subcontinent.
- Optimising yields and offering bundled packages to our international and resident visitor base.

In DPR we have a market-leading asset. Our proposed enhancement plans will further cement our position as the leading destination in the region and with the implementation of our strategy we are confident we can move towards our goal of delivering EBITDA break-even during the second half of 2020.

John Ireland
Chief Financial Officer

AED million	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
Revenue	**173**	**116**	**103**	**149**	**541**
Cost of sales	(22)	(16)	(14)	(21)	(73)
Gross profit	**152**	**100**	**89**	**128**	**468**
Operating expenses*	(184)	(188)	(176)	(181)	(728)
Non-operating income	7	21	6	16	50
EBITDA	**(25)**	**(67)**	**(81)**	**(37)**	**(210)**
Pre-opening and non-recurring expenses/(income)	(2)	(16)	(1)	(10)	(28)
Adjusted EBITDA*	**(27)**	**(83)**	**(82)**	**(48)**	**(239)**
Depreciation and amortisation	(120)	(119)	(115)	(121)	(474)
Impairment and other related charges	–	–	–	(1,542)	(1,542)
Finance costs – net	(63)	(69)	(76)	(110)	(318)
Pre-operating and non-recurring (expenses)/income	2	16	1	10	28
Loss for the period	**(207)**	**(255)**	**(271)**	**(1,810)**	**(2,543)**
Cash flow hedge – gain/(loss) on fair value	41	10	6	(40)	17
Total comprehensive loss for the period	**(166)**	**(246)**	**(265)**	**(1,849)**	**(2,526)**

* Adjusted for pre-operating and non-recurring expenses. During FYE 2018, credit card commissions have been reclassified from operating expenses to cost of sales to better reflect the nature of the expense. To facilitate comparability, previous periods have been restated on a like-for-like basis.

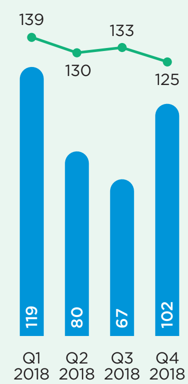
** Due to rounding, numbers presented may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures.

Total revenue
(AED million)

AED
541m

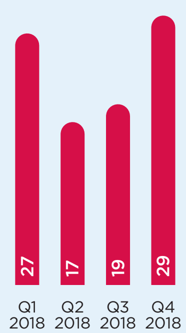
Theme park revenue and per caps*
(AED million, AED)

AED
367m



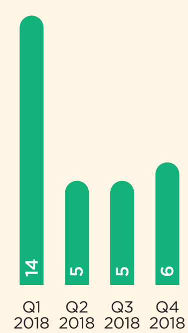
Hospitality revenue
(AED million)

AED
92m



Retail revenue
(AED million)

AED
30m



*Commencing 2018 for presentation purposes, sponsorship revenues have been excluded from theme park revenue.