



Ladies and Gentlemen, welcome to the Parques Reunidos Trading Statement Presentation. The management of the company will run you through the presentation. I'm now pleased to give the floor to Mr. Fernando Eiroa, Chief Executive Officer, Mr. Isidoro Díez, Chief Financial Officer, and Mr. Juan Barbolla, VP Strategic Planning and Investor Relations. Gentlemen please go ahead.

Fernando Eiroa:

Hello, how are you? And good evening or good afternoon everyone and thank you for being during the call today. And, of course, thank you very much for the interest in Parques Reunidos, the company. Today we wanted to give you a trading update, including the performance of the business during the peak season – the summer season.

First, the performance driven by strong underlying trends during the low season, supported by strong demand in different things – in season passes, pre-sales and off-season events- that have been offset during the summer season by mainly three factors. First, adverse weather conditions, particularly in Europe and in the US. Second, the recovery of Marineland will require more time than expected, due to restrictive conditions to obtain the construction permits – this is due as well for the new flooding zoning in the region. And third is the hurricane Irma – affected Miami Seaquarium – and hurricane Harvey – turned into a very severe, violent storm across the Northeast during the very important long weekend of Labor Day. As a result, the strength of results achieved during the first nine months of the year has been offset.

First, I would like to remind you that in these first nine months we've reached a like for like revenue of plus 4% versus prior year and an EBITDA of 64% better than prior year, too. Having said this, we expect to finish the year slightly down in revenues versus prior year and with a high single digit EBITDA shortfall versus prior year.

As we have discussed in the past, in different calls, the company continues – we continue – working in delivering our growth strategy – particularly focussed on strategic actions that will further diversify our portfolio and hedge against external factors – through new indoor centres, new sources of revenue and through new locations.

Now, Juan Barbolla will continue with the trading performance by region. Juan.

Juan Barbolla:

Thank you, Fernando. We will start now with the performance review with Spain. This region has delivered strong results in 2017 and we are expecting to finish the year with a mid single-digit like for like EBITDA growth. It is important to highlight that this performance has been achieved after having delivered outstanding results in the past years, where we have consistently exceeded our expectations and hence we have reached double digit EBITDA [unintelligible] during the period 2013 - 2017.





The underlining business performance in this region has been supported by first, the strong growth achieved in season passes - that proves the high demand for our product. Second, the success achieved during off season events and particularly during the Halloween campaign. Third, the introduction of new attractions, including the first virtual reality coaster launch in Spain at Parque Warner and finally, the positive macro-economic environment and consumer landscape that has been helping the performance in the region. It is important to highlight that this robust performance delivered has been partially affected by a cooler month of August, which has mainly impacted our water park portfolio.

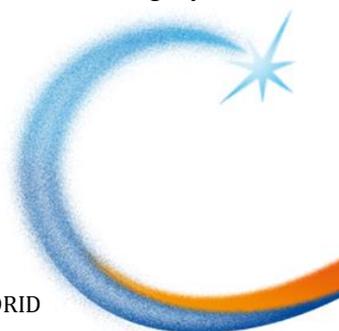
Finally, to finish this region, it is important as well to mention that the two new important investment projects scheduled to open this season could not open on time – will be open for the 2018 season and this will give us more firepower. These investments are the 5 million extension of Nickelodeon area at Parque de Atracciones de Madrid and the 8 million expansion of the Warner Beach at Warner Park.

The next region is the rest of Europe excluding Marineland. The portfolio of parks in this region has performed well with a low single like for EBITDA and revenue like for like [unintelligible] rates. The drivers of the performance in this region are similar to those of Spain - strong growth in season passes, good performance during the off-season events and success with introduction of new attractions which include the Star Trek theme roller coaster in Movie Park, Germany and the Master Thai virtual reality coaster in Mirabilandia Italy.

The region has also benefitted from our expansion capex strategy. The 8 million extension of the Slagharen lodging facility has helped to drive incremental demand at the park and perform above our expectations despite the rainy conditions during the summer in the area. Unfortunately, the growth experienced in the rest of Europe has been partially offset by the rainy conditions we have experienced in central Europe during the months of July and August.

Now moving to Marineland and, as Fernando has anticipated, the recovery of this park is going to take more time than expected. The local authorities in the area - due to the problem we experienced back in 2015 are being more restrictive providing construction permits and this has prevented us from executing our capex plan. On top of that, the results of the year are affected as well by specific actions we have designed to improve first the perception of the parks, second the customer service and third the value for money proposition.

As a result, we have intentionally reduced prices and we have increased the cost structure to improve service - hence revenues have dropped by approximately 2 million and EBITDA will be impacted by 3 million down versus prior year – having said that, we remain confident of the potential of the park and our ability to recover historical profitability levels. It is important to highlight that we have already seen positive signs of recovery during the summer season with revenues growing at high single digit since July 15 and to finish with this park, look – the company says that this park is a major focus for the company – we believe we have the right strategic plan in place and we have a new and highly experienced and very committed management team at the park to secure this plan.





The management team of the company trusts on Marineland recovery potential. This is what we have done in the past - we have improved performance of many parks in our portfolio and we are going to do the same, but we are going to need more time to do it, given the conditions.

Now moving to the US - as Fernando anticipated, the performance has been very affected by the weather conditions during the entire summer season. We had a low start of the peak season with adverse weather during the Memorial Day bank holidays. Then we have gone through the rainiest summer during the past years. It is important to highlight that the rainy days have increased by 15% over 112 operating days - half of them were weekends, where we have more demand, and finally the hurricane Irma affecting our park in Miami and the hurricane Harvey which ended up in the form of a violent storm across the north-east area during the Labor Day bank holiday have made the end of the season even more challenging.

As a result, we have seen a 6% drop in attendance - reaching a 5.7 million visitors attendance throughout the year which is significantly below our historical average which is in the area of around 6-6.1 million visitors per annum. Revenues are expected to decrease by at least single digit and EBITDA in the region is expected to end up falling at the double-digit rate. It is important to highlight and we want to clarify that – that the drop in revenues will flow down into EBITDA and there is no additional flexibility to absorb revenues via reduction of cost.

We have maintained flat the cost in the last two seasons, which include a minimum wage increase in 2016. As you remember last year we also reacted as much as we could in cost to partially offset the drop we experienced during that season and after that, it is impossible to continue reducing our cost on top of that. That's why the drop in revenues went down pre-EBITDA. So, in summary, for the US at the beginning of the peak season in May, we were growing revenues at a 2% rate with pre-sales growing at double digit. These were the main indicators to expect a good season under normal conditions. However, due to a very rainy summer season the train has changed due to weather.

Now Fernando will continue with an overview of some of the strategic achievements we have reached very recently.

Fernando Eiroa:

Juan, Thank you very much for the excellent summary. The company is progressing towards the implementation of our strategic plan. We focus on securing a solid and visible growth for the company and in this line, we have recently reached several important agreements and milestones which will help us, not only to grow the business, but to hedge the business against external factors.

On September 20th, we announced the future opening of a flagship - it is an indoor entertainment centre in a landmark location at Times Square in New York in the US. This investment will be approximately €25 million - it will be our first indoor centre to be opened in the US and the first Lionsgate team centre operated by Parques Reunidos. We plan to open this park in late 2019 and on October 3rd we announced the new licensing agreement reached with Discovery Communications to develop entertainment centres.





We will theme these entertainment centres around topics like science, nature, space and adventure. Discovery has more than 3 billion viewers throughout channels such as Eurosport, Discovery Channel or Animal Planet. This agreement will allow us to further develop our indoor expansion strategy - offering new family friendly concepts.

We continue working on the execution of our strategic plan - during the past months we have identified multiple opportunities – different opportunities including, new expansion projects, additional management contracts, new indoor opportunities and new potential M&A targets or opportunities. I want to emphasise that we are executing all of this, all of them in a very very disciplined way. The implementation of this strategic plan will help us to further expand our portfolio, our footprint, diversify our sources of revenue and hedge our business model against external factors.

So now we are open for Q&A. If you have any questions please let us know.

Thank you very much sir. Ladies and gentlemen the Q & A session starts now. If you wish to ask a question please dial 01 on your telephone keypad, there will be a short silence while questions are being registered. Thank you.

The first question comes from Ed Young from Morgan Stanley, please go ahead, sir.

Ed Young:

Hello, thank you for taking my questions. Before I start, just to confirm on guidance – you talked about a high single digit drop for EBITDA for the year – just to confirm that’s in millions, that’s not a percentage. Is it fair to say you mean EBITDA roughly around 180 million, is that correct? And can you confirm that the rest of the regions are on a rate base, you talked about mid single-digit for Spain, low single digit for rest of Europe and a double digit drop in the US, can I just confirm those are on rates and the first is on millions – just to check I’ve got the numbers correct before we start.

Juan Barbolla:

Hi Ed, is Juan here. Look, all the guidance we have given in terms of high single-digit etc, everything is percentage both for regions and also as a group basis.

Ed Young:

Ok, so the group we are talking about approximately 170 is that fair.

Juan Barbolla:

A bit more, so look – high single digit is between 5 and 10 – you get the point..?

Ed Young:

Ok thanks. Could you first of all talk about the operational gearing and the lack of cost control. You’ve given a little bit of insight there with the US, obviously EBITDA is down very significantly with broadly flat, slightly down revenues and the second thing is – is it fair to say that you’ve applied some cost control in Spain and Europe this year given the adverse weather in Q4? And does that mean if we have adverse weather next year you wouldn’t be in a position to offset that in any of the three regions - so we’d see drop through – if any of them saw bad weather next year. Is that fair to say?



Juan Barbolla:

Let me first – if you want - go with the US, then, you know, we'll talk about Spain and Europe in a bit, OK? Look, in the US, just to clarify, there's been a drop in revenues OK? That drop in revenues which is mid single digit, has slowed totally - it's mid single digit has flowed EBITDA, OK? The reason is not lack of cost control. The reason is that we have cost control because we had to do it last year, as well as we have mentioned we have flexibility – one season you can not do everything.

Fernando Eiroa:

Let me add something to this - this is Fernando – we have cost flexibility up to a limit - in the US we have been managing the business very well I believe, we have been controlling throughout the years expenses, despite a big increase in minimum wage in different states like California or Connecticut and different states – we have been able to maintain almost flat or very tight with expenses throughout the last few years, we can react again up to a limit, this year weather has been impacting the business in a very very negative way, we haven't been able to offset the drop in EBITDA by saving the money at the parks.

Juan Barbolla:

Hi Ed, just to finish with Spain and with the rest of Europe. In the case of Spain the drop through is, in fact, ahead of our average numbers - so it's ahead of 55%, which is our number for a park. In this case it's dropped 2, so it's positive and for the rest of Europe the number is not in line with our standard number because intentionally we have not reduced Marineland expenses as already disclosed.

Ed Young:

OK, thank you. My second question was actually on Marineland. You seemed very sure about your ability to conduct a recovery, when you previously spoke about the plan. You know, you mentioned you mentioned your previous experience in Hawaii – but the measures you've taken, reducing price – I understand what you said about the CAPEX but presumably that wouldn't come in this year anyway, that would have been for onward recovery – but the measures you've taken reducing price and increasing OPEX does seem out of line with the recovery profile you previously mentioned - you said that EBITDA was down three, but you previously talked about a recovery of approximately half of what you gained prior to that. So, can you explain why the guidance was in retrospect too aggressive or what it was that made you decide to change the plan that you said was sort of going to fit the Hawaii kind of profile.

Juan Barbolla:

Look, just to make it clear, first in terms of guidance what we were guiding is to recover the park in two years that was the previous guidance – what we are telling now is that this is going to take more time, OK? That's the guidance. In terms of what has happened affected – look, we were talking about repositioning the park, which means repositioning the park towards a more educational approach, towards more local visitors and, look, for that you need to take some investments OK?

Let me tell you a couple of them, we were for instance – just to give you a couple of examples so you can visualise, is for instance one of the key investments we will try to do next season, if we manage to get the permits is a new classroom oriented to bring schools to the park that's a very good action to approach schools and to approach local population.



We didn't have that – look, that we expected one of the areas where we were going to emphasise because that is not only bringing a few students, it's making more loyal customers in the area – it's a very good marketing action and it will give us firepower to market the park as well in this catchment area. Second example for instance is the 5D cinema we will plan to implement this year, this coming season if we can. Look, that again is something that was critical to change our scope towards a more educational approach.

We have been working to, basically on all the permits in the park that were linked to all the refurbishments we need to do on the park because of the flooding - so we have the park collapse with that – so this type of [unintelligible] have not helped to implement a substantial part of the measures – as part of the measures, obviously – and we – I don't know whether we discussed it or not – we did want to increase the service level, OK? Because it was a bit reduced because of the situation we experienced in 2015, we think that is critical, that was one of our actions and if we were to have the visitors, the impact would have been positive. We need part of the visitors and that's why you see the impact on EBITDA is higher OK? But it's as simple as that and honestly, we want to be more prudent. Why? Not because we don't feel we can recover the park – it's that we are in a situation where there are things that are not under our control and we think will take time.

We need to take actions like the ones I mentioned – we don't know if we are going to do it this season or the next season so we want to be more prudent, in order to recover the park, it's that, OK? Hope that helps.

Ed Young:

That does, just to follow up very quickly – you did in fact guide within 2 years but you also guided to a positive recovery this year - so something did change there, you are saying essentially – what you are trying to say, if I understand correctly is there were some CAPEX plans you were going to put in, in a very short period of time, that were going to make a very material impact on visitor numbers and that's the reason for the gap - not that you've started to change the way you wanted to reposition the park in terms of the profile - because it does seem quite different between recovering, you know, half way or partly way and an EBITDA drop - obviously that is quite a difference.

Juan Barbolla:

Ed - You are right, so look, our target was 2 years but we were expecting, when we guided that we were expecting to be ahead of prior year that is true as well, OK? We couldn't because of these reasons, OK? But, to make it clear, we have been during the peak season – in the summer season – we have been – we are back in growth, OK? So, if you visualise numerically – we could not invest CAPEX, we could make, improve the service of the park through cost, OK? The aesthetics and everything we couldn't do the investment – so look, we didn't manage to reach enough attendance, but we are part in the recovery when the peak season starts we are starting to recover the attendance but we didn't get to the level of growth - we need those months to grow revenues and offset the increase in costs, OK? It's as simple as that.

Ed Young:

Ok thanks. My final question is on CAPEX actually and about returns.





So, last year one factor you were keen to emphasise when you issued conservative guidance for this year was that you can't expect to get the benefit of a new ride or CAPEX in year two because you lose some of the novelty, you lose some of the free publicity, some of the wow factor – obviously I understand separately to the two additions to the Madrid parks, which are going to be pushed into 2018 - that makes sense to me, but on the remaining rides – how should we think about returns on rides that may have been depressed for one or even two years – is it fair to say we can expect that you are going to get sub par returns on your initial expectations from the deployment of that capital?

Juan Barbolla:

Look, Ed, let me give you an example, it's a mix of things, but for instance there are attractions, for instance let me tell you one specific example that we believe is going to give us more firepower for the next season is the rest of Europe – in the rest of Europe region there is an important investment in Movie Park, which is the Star Trek themed roller coaster, which has been a driver to have good performance of the park - but, look, it could have been better with a better summer, because it has been quite rainy in the Düsseldorf area – I'm sure that will help next year, it's such an important investment that this is going to be something that will help as well to grow last year. This is going to be as well the example for instance of the suspended coaster we launched in Dutch Wonderland this year – this will give us more firepower to grow the next year so this type of important or flexi productions definitely that helps, OK? Because the people didn't have, some people probably didn't have the chance to try this season, they will come for sure the next season if possible obviously. So yes, that's true.

Ed Young:

Sorry, to be clear, I am not disputing the fact they'll help, they'll contribute but last year you spoke about how we couldn't expect a sort of bounce back to what you might have expected, because the novelty has worn off, you know Phobia coaster at Lake Compounce was an example you used. But now you seem to be saying that there sort of will be this benefit – I accept there will be a benefit, but is it fair to say that returns will be lower because they've been disrupted by weather and is that something we should think about going forward in terms of the returns we can expect on the CAPEX you are deploying?

Juan Barbolla:

Let me answer the question because – we don't believe that is going to be the case, we believe that Lake Compounce – last year we built a new roller coaster, obviously we thought it was going to have a big impact in the park – we suffered not the best weather during the peak season, this year we have been the second year in a row that we have been hit by extremely poor weather, but people are in this area - it's in Long Island and Connecticut have affected the most and these two parks account for a huge percentage of the drop in EBITDA in the US and if you see, they are a hundred miles or something like that, one hundred miles apart from each other. So, we - what we have experienced in the past is when you have a new rollercoaster or a new big attraction - there is a pent up demand in the park and people will come and that is going to help in the long term for the park and we expect to have the same return and we don't see this is going to affect us in a very negative way in the respect that we talk. I mean just to be clear and precise, these two parks account for 43% of drop in EBITDA in the US.



Ed Young:

OK, thanks very much.

Juan Barbolla:

Thank you.

Thank you very much. The next question comes from Francisco Ruiz, from Exane. Sir, the floor is yours.

Francisco Ruiz:

Hi, good afternoon. I have several questions for me. The first one is a follow up on Marineland – you talk about two or three impacts on the park, but you haven't mentioned the impact of the new law on animal protection. How could this law affect your future plans of this change in the park activity? The second one is – well, I think you will...

Isidoro Díez:

Excuse me. Do you mind if we answer the question and then, you know, you ask another one? Because...

Francisco Ruiz:

No worry.

Isidoro Díez:

...going to be easier for us. So, let me tell you – I mean. We don't know how this law is going to affect the business. We don't know yet. I mean, what I can tell you is what we have learned on the results, as of today. We appealed the decree – we appealed this law and we are very happy to announce that the law was suspended by the government; that they are reviewing the law; that it seems that they will change – I mean that they will modify what they approved already. I cannot guarantee that, because we don't know, obviously. But, it seems that is going to happen and what I can tell you is what we have done in the past.

I mean, each single year there are laws affecting not only animals, but affecting attractions and rollercoasters and all kinds of businesses in the world. I mean, out of all kind of things. We always adapt our operations to be 100% in compliance with the law and we have always found a way to do it. We don't know, again – I mean, how this is going to affect the business, but what I can tell you is that we are in the process of stopping this law to – be a law. I mean to be a real law.

Francisco Ruiz:

OK, but the delays this year have nothing to do with this?

Isidoro Díez:

The delay this year has been because, obviously, we were thinking about doing some different projects – we put them on hold until we understand how this law is going to affect the business. Yes. Maybe I misunderstood your question, sorry.



Francisco Ruiz:

OK, OK – good. The second question is on 2018 guidance. I think you will supply this number in the annual presentation, but just taking into account that the weather has been only a part of the reason in the decrease of EBITDA this year – could you quantify how much of this comes from weather and how much is for other reasons? I mean, Marineland, or just purely the impact of the hurricane in Miami, etc?

Juan Barbolla:

Look, as you said, Paco, the guidance for the next year, we will provide at due date – so, probably when we announce the year-end results, OK? We believe that an important amount of the deviation – I think that there are two factors which are thermal – it's basically the weather in the US has been the key driver of the drop in revenues and, look – you can even do it with math, as we're giving the numbers – you see we have had additional 112 more operating days affected by rain, OK? You do the math – you see what is the drop of visitors we have experienced during the year – you can get to the number which is growth today – 3,000 visitors per day, which is a reasonable amount of loss in a park, in an average park in the US, which gives you some comfort and, look, the drop in revenues in the US is due to weather, OK? And this is because, look, the entire season was very bad.

Fernando Eiroa:

But, Juan, let me add something – because I believe this is very useful and helpful for everybody outside the company to understand. We measure, I like to measure, the demand that we have of our product and if we have any issues with the product, with the pre-sales and season pass pre-sales. So, at the beginning of the season, when most of our parks are closed, we launched a different promotion for season passes and this has been the third of fourth year – I don't recall exactly – fourth year in a row that we have record pre-sales in season passes and other tickets.

So, that means that there is a huge demand for our parks – there is a huge demand for our product. But, obviously, there is something – there are few things in the business, to be honest, that we cannot control, and weather is one of them. So, we have water parks and we have theme parks – if it is pouring cats and dogs no one is going to go to a water park, even if you have a season pass. Just to give you another example – and maybe this is something that is meaningful and not material for you, but this shows the trend of the business as well.

This week, for instance, the US: good weather; nice weather – twenty something percent better than prior year in attendance and revenue. So, that show you that we do not have, and I want to be very very firm here – We do not have any product, any problem with our parks, with our products, with the demand. The weather has been affecting the business.

Francisco Ruiz:

And just the last question – if you could give us an idea of how much the MECs will contribute in EBITDA in the coming two years. And we know that Murcia is coming, but the rest – just to give an idea.





Juan Barbolla:

Look, Paco – so, today we have seven lease agreements signed, of which six of them are, more or less, regular size and one of them is Times Square – we have recently announced and Fernando has explained. Look, those seven in 2020 will be fully running – operating the whole year and they will contribute altogether about between ten and fifteen million EBITDA.

Francisco Ruiz:

OK, thank you very much.

Thank you. And the next question comes from James Warren Glock from Barclays. Please, go ahead sir.

James Warren:

Hello, just back on Marineland again – would you mind just giving us an idea of when you think Marineland might get to a full 100% revenue contribution and EBITDA contribution? And maybe how that might progress year one, two, three, four from here?

Fernando Eiroa:

Our best guess – because it is something that depends on external factors, but we want to be prudent – is probably that it's going to take four years. And this is because, look, we have predicted that getting permits and getting up to speed on some of the – on pretty much most of the initiatives will take more time. So we want to be prudent.

Let me remind you of something that happened at this park – for you understand why this is taking longer than expected. The park was flooded and this flood killed people in the area, because the government or whatever, they didn't have flooding plans. So, now they have reviewed the flooding areas and they have included areas of our park that before they were not considered as flooding risk area and today they are. So, this is what is preventing us and preventing the city hall granting new permits, until they clarify all these things.

So, it is not that we are doing anything wrong, or that we have – no, it's not – it's the flooding area and the flooding zoning of the whole region has changed and it's affecting us, but it's affecting many other people.

James Warren:

OK, thanks. Just on that – how much sight do you have over local government planning plans?

Isidoro Díez:

How many what, sorry?

James Warren:

How much sight do you have over local government planning? Things that they might do.





Isidoro Díez:

No, we don't have a fight, I mean, they are changing, as I described before, they are changing. We have as much fight as you can have with any administration. We applied for the permits, we tried to expedite the permits, we press or push them as much as we can – obviously within the legality in each country and that's it. I mean, we can do – it's something that doesn't depend on us. We comply; we do everything that they require and we follow the legislation in each country and I will give an example. Here, in Spain – we mentioned this before – Warner Brothers Park.

We talk to the administration, they told us “Don't worry, you will have the permits.” We schedule everything according to that, then the permit took longer than expected and, obviously, as we want to comply with all the legalities – and we cannot do otherwise – we have followed what they have required – we suffered a delay on the opening of Warner Brothers, on the opening of Madrid.

And just to give you some more information about Warner – I mean – the park is built – the park is ready to be opened. We decided not to open the park, because we finished fifteen days before the end of the season and we didn't want to kill the big marketing tool that this will be about next year - to offer a completely new park to our customers and to our season pass holders. So, we build things as fast as we can – again, we can control what we can control, but the government and licenses and building permits is something beyond our control.

James Warren:

OK, thank you. I've got a couple more as well. Clearly operating leverage has hurt you in the last quarter. For next year – how do you expect that to help you? And is there any guidance you can provide on like for like revenue and like for like EBITDA?

Juan Barbolla:

OK, look, what we say for the next season probably...

Isidoro Díez:

No, no, Juan
[Inaudible –talking in English and Spanish]

Juan Barbolla:

50%

Isidoro Díez:

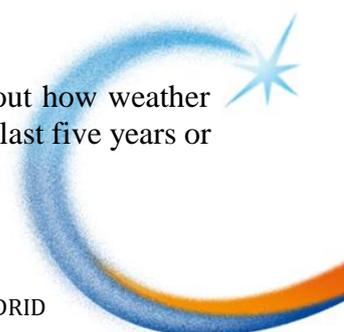
We will not allow other one than that.

Juan Barbolla:

And we are in shape to do that, OK? In terms of guidance for the next year – this is something that we will provide in year-end results.

James Warren:

OK, thanks. And then, on weather again, can you just remind us how you think about how weather underpins your forecast, going forwards – your guidance? So, using an average of the last five years or ten years in terms of rainy days and temperature.





Fernando Eiroa:

Let me explain to you how we prepare our budgets. We take the last five years' average in terms of weather, temperature, rainy days - whatever data we have, we collect and we work with a third party which is an official company and expert on these climate things. So, based on the last 5 years - that's the way we budget and we forecast for the next season.

James Warren:

Ok thank you. Finally, what is, in the longer term, what's the ideal outdoor/indoor revenue mix that you would like to achieve?

Fernando Eiroa:

You know that the structure of the company is through the mall entertainment centres, the indoor entertainment centres - obviously, we are building everything we can indoors – we want to grow in the indoor revenues and EBITDA, we are growing as fast as we can, but obviously we have a big portfolio of outdoor parks - so we will be balancing this as much as we can moving forward, but at the same time we need to take care of the existing assets – that I have to remind you, they generate a very solid EBITDA every single year and cash - so they are very good business.

[inaudible]

I was just saying that also the expansion CAPEX strategy - we are at some point pushing the indoor, for instance, all the expansion CAPEX we have developed in Slagharen, which is the lodging - we have adapted that lodging including heating and some things that we hadn't before, just to increase the operating – not to be so dependant on temperature. Another case we have is the, in this park in Slagharen, the indoor waterpark we developed a couple of years ago which has been very successful, so it's not only in the mall entertainment centers, but also some of the expansion CAPEX.

James Warren:

OK, thank you.

Thank you very much - we have Iván Leal with the next question from BBVA. Please sir, go ahead.

Iván Leal

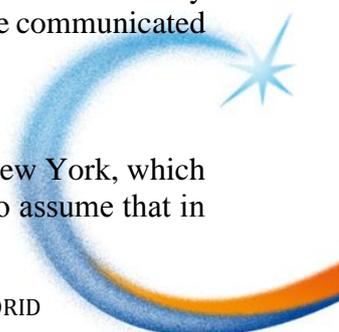
Hello, good afternoon everybody. Maybe 3 or 4 questions. The first one on CAPEX. Has there been any change on the way you look at long term CAPEX? I think in the past you talked about roughly €100 million split between €25 million expansion CAPEX and the rest maintaining CAPEX, that is still valid?

Juan Barbolla:

Hi, Ivon – it's Juan here. Look, the strategy of the company remains the same - so it's about investing organically, investing the expansion CAPEX and investing via indoor entertainment centres in a very disciplined manner at the levels that you have mentioned which are the same as we have communicated to the market.

Iván Leal:

OK, so we have to assume that the announcement the other day of the new centre in New York, which is basically €25 million will come to replace another planned expansion or we have to assume that in 2018 there is going to be a peak on expansion CAPEX.





Juan Barbolla:

Look this expansion, sorry this indoor entertainment centre - what has done is basically – is the last [unintelligible] contribution we are going to have for the 2019 season - so right now this does not affect the expansion CAPEX project - that is on the mall entertainment centers and look, what we are thinking there is now, we are working on the 2020/2021/2022 pipeline - 17/18/19 pipeline for mall entertainment centers is closed. The CAPEX, if you'd like me to give you the numbers, is slightly above that guidance – look, nothing is perfect – so the strategy is the same, levels could be – if one year we do a big centre will be a bit more and one year will be smaller and similar to the expansion CAPEX projects, which means that you cannot adjust an exact amount every year – one year will be slightly above, one year slightly below, but the guidance is the same for the time being.

Iván Leal:

OK, is there any contribution at the EBITDA level of management contracts this year? And I don't know if you could show how that should ramp up in coming years.

Juan Barbolla:

Yes, Iván – yes, we have had this year contributions, but I have to say, lower than expected.

Iván Leal:

OK, and the ramp up is supposed to be slower than expected? Because I think that should ramp up very rapidly in the two coming years – that is still true?

Juan Barbolla:

Look the ramp up from the management contract is linked mainly to the management contract in Dubai, and you know as in much as we have mentioned in the past – look it's critical for us to really see the performance during this next season – the peak season which starts this Q4 calendar year and the Q1 2018, which is the peak season in Dubai and that will give us an idea what is the run rate of the park and what type of level management fees we can get - until that the visibility is limited, honestly.

Iván Leal:

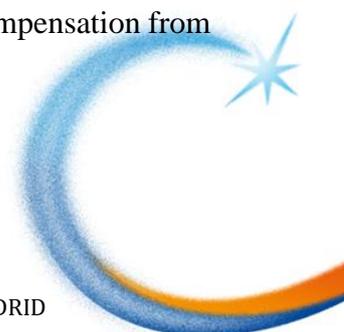
OK

Fernando Eiroa:

But let me elaborate a little bit on this, because that is talking about the Dubai contract. We are very active and we see a lot of opportunities and we are seeing some other opportunities in different regions in different markets, with different parks that we will have opportunities to manage other parks. At least we are working on that.

Iván Leal:

OK, has there been any impact from this hurricane this year and do you expect any compensation from insurance companies there?





Isidoro Díez:

Let me tell you two things, on the compensation issue – we will talk – they know better than I do exact numbers but let me tell you, yeah we have a, obviously we have a park in Florida and the park was affected. The park is closed, has been closed for a few weeks and is going to be open next week, hopefully, I believe we will be able to reopen the park, next week. The August Hurricane Harvey, that didn't affect Florida, but turned into a very strong and violent storm moving to the Northeast of the US where we have, as you know, a lot of parks and we were not lucky.

I mean this season, this affected as I mentioned before, the very very important Labor Day weekend in the US, you know is a three-day weekend and is officially the end of the summer and this is a very important day for theme parks always. And look Iván, regarding the insurance, yes we have insurance that covered the hurricane – the default damage and loss of profit with a deductible fee so yes that's the proper answer.

Iván Leal:

So, that is not accounted yet, if you get a compensation that will come to increase your....

Isidoro Díez:

Compensation will come next year – we will need to agree the compensation when the park is open and all the damages and everything are measured.

Iván Leal:

And that's within your guidance for 2017 EBITDA or not?

Isidoro Díez:

Yes in the 17, just to confirm there is nothing booked regarding this, any income. Just to be very clear.

Iván Leal:

OK, and the final one maybe on Spain - if I did my numbers correctly, I think EBITDA is slightly down on the 4th quarter isolated. I don't know maybe if you comment on the visitors in Spain and revenue trends for the 4th quarter – because the start of the year was very very strong in Spain, so I wonder what has happened there to see that deterioration - beyond the weather, which I think has been a bit warm I guess here around Madrid.

Juan Barbolla:

Look Iván, regarding Spain – so make it clear we are very happy with the performance of Spain, OK? Spain was growing a lot before the summer season, that's where.... in our bad years the growth in Spain was expected to come prior to the summer season - we were expecting to be flattish during the summer. Flattish and that included normal weather conditions and as well included that we were to open the Warner Beach extension by the first week of August, OK?





As we mentioned, the drop we have experienced is first because we didn't have the contribution of Warner Beach, second because the weather in August – and you have all of the statistics here, but here in Madrid it has been cooler and some rain that has affected, well it has affected the water parks, honestly - because the performance on the theme parks, you have too slightly lower temperatures that would affect us even better honestly, it's normal, it's comparable but the water parks, particularly one week where you could not go at any single day to the water park. So, that has offset a bit but the trend, again, is positive and it's positive in a country that we have consistently grown above average expectations in the past years. This year - if you factor those external things - we would have offset or again exceed our budget target, OK?

Iván Leal:

OK, thank you very much guys.

Juan Barbolla:

Thank you.

Thank you very much ladies and gentlemen, just as a reminder if you have any comments or questions you can press 01 on your telephone keypad to enter a queue.

And the next question comes from Oriana Bastinelli from Kairos, madam the floor is yours.

Oriana Bastinelli:

Hello, can you hear me?

Juan Barbolla:

Yes

Oriana Bastinelli:

Hi, good afternoon, a couple of questions from my side. One is related to the level of net financial position that you expect for the end of 17 - Is fair to assume that should remain broadly stable versus 16? - and if this is the case you were mentioning before M&A opportunities - how do you think you can catch up with such opportunities?

Juan Barbolla:

Excuse me, can you hear me?

Oriana Bastinelli:

Yes

Juan Barbolla:

Sorry, you're breaking up and we couldn't understand what you said, sorry - can you repeat the question?





Oriana Bastinelli:

Yes, in terms of your net financial position for this final, for the year end. Is it fair to assume that your net financial position is going to remain stable versus 16? - and if this is the case you were mentioning before some M&A opportunities to catch up. How do you intend to fund eventually such opportunities? this is my first question.

Isidoro Díez:

Hi Oriana, this is Isidoro. At the end of the season we will be in the region of 3 but I can confirm that the net debt is going to be lower than prior year and your question regarding M&A activity – having this 3 times. Let me be very clear – we – our target will always be this 3 times leverage – net debt. No – we don't see ourselves above that metric.

We announced during the IPO that we wanted to be very disciplined with this and we don't see ourselves in a higher leverage than that.

Oriana Bastinelli:

OK, and – related to Marineland – can you remind me when the restrictions of when work permits have been approved?

Isidoro Díez:

Again, can you repeat the question? I don't know... you're breaking up, sorry.

Oriana Bastinelli:

Yes – Regarding Marineland – can you remind me when the restrictions on work permits have been approved?

Isidoro Díez:

So, the restrictions – basically the restrictions – this is a result of the flooding we have experienced in 2015. The park, as you recall, was rebuilt, was refurbished after the flooding and all the damage that happened – and that was during the 16 season and, after all the refurbishments, local authorities started reviewing all – due to this new regulation, basically and they have become more restrictive on providing permits – they started to review everything, to make sure it's according with the new regulations and we have been in the process and this process has been extended and extended. There's no issue – it's a matter of more admin work... And this is the right thing to do...

Juan Barbolla:

A clarification, Oriana, Flooding was October 15, which means our 16 season. Just to be clear. OK?

Oriana Bastinelli:

Thank you.

Thank you very much and the next question comes from João Safara from Banco Santander. Please, go ahead sir.





João Safara:

Yes, hi everyone, thank you for taking my question. Two very quick ones – the first – if you can remind me what's on top of like for like growth for year. I was looking at the – I mean, you have Murcia, I think and now the world expansion projects there were delayed for next year and then [unintelligible] and Warner. Is there anything else? Other than, of course, the ramp up of the projects. That would be my first question.

Juan Barbolla:

Hi João. Look, yes, there are more projects – some of them – so, what we can mention is the ones that have been approved and known by the market. So, expansion projects, as you mentioned – Warner Beach – we have, as well a new indoor aquarium, that will be open in Storyland, OK? And there are additional projects that have been approved and will be communicated to the market in due date, OK? Which includes second gate parks and includes lodging facilities, OK? Those will be announced on due date and will be contributing to the EBITDA in 2018., OK? In terms of MECs – the one at Murcia we expect to open this one before Christmas and there's another one that will open by the end of... more advanced in the season, OK? There will be two.

Fernando Eiroa

It is the one of Xanadú

João Safara

Sorry, the one in..? Xanadú? I didn't hear. Is it the one in Xanadú?

Fernando Eiroa

Yes, Xanadú – Xanadú is in Madrid

João Safara

Yeah, I know. Just confirming it was for the 2018 financial year. OK. And then the other question – you gave the figure for the operating days affected by rain. You mentioned 112 days in the US. It would be interesting to know what is the average level in the last five years, considering that – so give us the average level, the average number of visitors in the last five years in the US. How does that compare with the average number of rainy days in the US? In the last five years.

Isidoro Díez:

Just a second – we will try to...

Juan Barbolla:

Look, the best way, João, to normalise conditions, as we mentioned before, and we have used numbers – if you look to the average performance in terms of attendance in the past years, you have this information – you're going to see that it's around 6.1 million visitors and in order to get another feeling how this translates to profitability – if you want, the average EBITDA numbers for the past five years, you get to a high €70 million per year, and that gives you an idea of where we are. In terms of statistic – look, we don't have that statistic here.



Isidoro Díez:

Yeah – that is exactly the best way to measure...

João Safara

I mean, sorry – but, if I have an average number of visitors and you just gave me a figure for 2017, in terms of rainy days – I cannot really compare if the average number in the past was... - I mean, it made sense, or not giving the number of operating days that were affected by the rain. It would be really useful I think, if you could give us that number, or at least a bit – to understand what should we expect in the future, when we see more operating days of rain and the impact that has on visitors. I understand what you mentioned in terms of the impact being at the EBITDA level – I know revenues, but really just to understand the correlation between rain and visitors.

Juan Barbolla:

Honestly, João, look, we can take this conversation [inaudible]. But, look, the way to see this, and this is the way we try to guide it – is that we have given you the number of additional days affected versus prior year – so, you can do the bridge easily to see whether this is reasonable or not – which is the case, honestly and you get the comfort to work to the drop of visitors versus incremental rainy days [unintelligible].

Fernando Eiroa:

And let me add something – because when you analyse rainy days you have to consider many many different factors – like, for instance, this year we have been affected by rainy days during weekends much more than during weekdays compared to prior year and this obviously affects the business in a negative way – in a more negative way than other years. So, there are many factors that you have to consider – it's not only one number that we can throw you and there's a lot of work behind this.

João Safara

OK. That's fine. I mean, the issue was not the performance this year versus last year – it was more to give me a view and investors reference points so that - for what to expect in the future. But that's fine. I mean, we can talk later. Thank you.

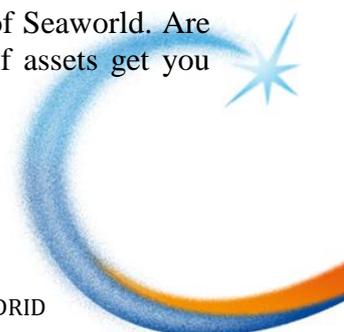
Juan Barbolla:

Yeah. Thank you very much.

Thank you very much. And the next question comes from James Warren Glock from Barclays. Please, go ahead.

James Warren:

Hi, just one more from me, thank you. You haven't acquired anything for a few years now. There have been a lot of headline recently about Bush Gardens and the two parks that are part of Seaworld. Are those two assets that you are interested in? And if not, why not? And what sort of assets get you interested in making acquisitions?





Juan Barbolla:

Look, James, we have heard rumours this morning about the potential sale, OK? And we don't comment on rumours from other peers – so we cannot comment on that. In terms of targets of acquisitions – all I can tell you is that we target [unintelligible] parks, which could be attraction parks, which could be animal parks, could be water parks – which could be in US, which could be in Europe, which could be in other regions. So, we are probably the more open player to acquire parks, because we have a very diverse type of park portfolio. OK?

James Warren:

OK

Juan Barbolla:

OK

James Warren:

Thank you

Fernando Eiroa:

So, thank you very much everyone for your time, for your interest in the company and...

