Ladies and gentlemen, welcome to the Parques Reunidos 2018 Full Year Results Presentation. The Management of the company will run you through the presentation. I am now pleased to give the floor to Mr. Richard Golding, Chairman of the Board, Mr. Isidoro Díez, Chief Financial Officer, and Mr. Juan Barbolla, Chief of Strategy and Investor Relations. Gentlemen, please go ahead.

Richard Golding:
Good afternoon everyone. This is Richard Golding, and it's nice to be with you all again and thank you for joining us for today's presentation of Parques Reunidos 2018 Full Year Results. Overall, the results were in line with the expectations we set back in October's trading update. EBITDA has reached €174 million, with an implied like-for-like growth of 1.4%. As we explained at the time, our year performance was impacted by adverse weather conditions that affected all the regions where we operate, but particularly, in the US parks in California and the Northeast.

Beside this, we have identified areas where the company could have delivered a better execution on various fronts as we mentioned in our trading update. Obviously, changing this is one of our priorities for 2019. The good news from 2018 came from some of the recent key capex projects implemented, including the expansion of Warner Beach in Madrid and Mirabeach in Italy that have reported promising results achieving or even exceeding the targeted run rate returns and generating a good return over invested capital. Additionally, we have achieved record levels in the sale of our season passes that have grown by more than 16%, and now represent approximately 14% of our total ticketing sales.

Our pro forma net income has reached approximately €50 million and, in this context, the Board has approved to keep the same dividend as last year, proposing a €0.25 dividend per share. It's obvious that we're disappointed with our 2018 results. That said, the company and the Board are confident that we have an extraordinary portfolio of parks and a unique business model capable of delivering sustainable growth. We are now fully focused on 2019 and onwards, aiming at proving that we can deliver growth and create value for all of our shareholders.

Looking into 2019, we are already working on the season for our parks with special attention on the execution of the different actions and strategies to be implemented. We have €70 million capex plan already under development, targeting projects both in Europe and the US, with a forecast return on capital employed in the 15-20% range. We are actively developing M&A opportunities and we're also opening our first two indoors in Madrid, with the Atlantis Aquarium opening this week to the public.

As you know, we have launched a CEO and management team reinforcement search and in parallel, we are also working on a revised strategic plan. There is nothing to update you on this front at this time, but we will update the market in due time. I think it's very important to be clear that in the meantime, the company is not losing its time. The Board and specifically myself are providing continuity and strategic oversight to the business and strong support to the management team. We are confident we have started building further on what was achieved over many years.

Now, I hand you over to Juan Barbolla, who will take you through the next slides of the presentation reviewing the main financial highlights.

Juan Barbolla:
Thank you, Richard. Now, going to page 3, we highlight the main results achieved during this period. We will focus on like-for-like figures which exclude impact from changes in the FX rate and changes in the portfolio during the period. That includes Belantis acquisition completed in March and the expiry of the concession of the Madrid cable car. Attendance has increased by 1.7%, with more than 300,000 additional visitors coming to our parks, and revenue increased by 2.3%. EBITDA has grown 1.4% up to €170 million on a like-for-like basis, that increases up to €174 million if we take into account the Belantis acquisition.

In the next slide, where we show the contribution to revenue and EBITDA growth by region, it is important to highlight first the negative impact in FX rates that we have experienced in our P&L, which amounts approximately €5 million in terms of EBITDA, and it is mainly driven by the depreciation of the dollar vs. euro. Second, all regions have contributed with positive growth, both in terms of revenue and EBITDA. And third, Q3 costs increased by approximately €5 million, partially offseting the growth experienced in each of the regions. This increase is associated to the new resources that support expansion of the business and some start-up costs to support the development of the new indoor business.

In the coming slide, we are explaining the performance by region. We start first with Spain that has reached another record year, growing revenues by 4.1% and EBITDA by 4.4% on a like-for-like basis. Revenue growth has been mainly driven by attendance rather than per cap. This is partially driven by an increase in season pass sales, with a 23% year-on-year growth. But looking forward, we can do it better from a commercial standpoint and maximize per cap growth potential. It is important to highlight the strong performance of the business during Q4 and our capacity to grow under normalized conditions. In this quarter, the business has growth by 9% in terms of revenue and 11% in terms of EBITDA, offsetting the negative impact experienced from the rainiest spring since 1965.

By park, it is worth mentioning the successful opening of Warner Beach expansion that has exceeded our expectations and is more than on track to reach our run rate returns of 20% in the coming seasons. On the contrary, animal parks - Madrid Zoo and Faunia - have been penalized by the rainy spring as this is the peak season for these parks. Looking forward in 2019, we have, we continue having further potential to grow organically. It is still good market momentum, and we have a good product that can capture that growth. Season passes is an area where we can continue growing the business and there are important investments that can help to drive more attendance and higher per caps.

In the rest of Europe segment, we have delivered a good performance in terms of revenue, reaching a 2.5% like-for-like revenue growth. In this case, and contrary to Spain, the strong start of the year, where we were growing revenues at a rate of 5% on a like-for-like basis as of June, has been offset by a six-week heatwave that affected our parks in the North and Central Europe in the summer. In terms of EBITDA, we have not been capable to compensate anticipated costs incurred during the low season, and the EBITDA grew by 1.3% that represents revenue to EBITDA growth [unintelligible] of 15%. By park, it's worth mentioning the successful opening of Mirabeach expansion in Italy, where we have achieved promising results. And Marineland, we have not seen yet an improvement in terms of EBITDA, but the park has significantly improved the customer experience, and this is reflected in the net commodity scores of the park. Marineland is now one of the parks in our portfolio with higher scores coming from being one of the lowest. However, this is not yet translated into better financial results.

Looking to the 2019 season, there are important projects to be launched. The opening of Ducati World at Mirabilandia that is expected for April 2019. Bobbejaaland will introduce a new record-breaking roller coaster that will be the fastest, steepest and with the most inversions launch coaster in Belgium. And an adventure park will open at Slagharen in the Netherlands and a new themed attraction will be introduced in Nickelodeon area at Movie Park in Germany.

In the US, we have experienced another year of adverse weather: California, where we have experienced cooler temperatures particularly at the beginning of the peak season, and Pennsylvania and Connecticut that have experienced a stormy and rainy summer. As a result, we have slightly increased our revenues, while EBITDA has grown by 6%, supported by strict cost discipline, as well as some tailwinds in terms of costs. By park, it is worth mentioning that the part of the portfolio has grown organically under normal conditions and in some cases, has recovered where it was lost last year, as well affected by bad, by adverse weather. This is the case, for instance, of Splish Splash in New York, or Noah's Ark Water Park in Wisconsin, that have grown [unintelligible].

However, this growth has been partially offset by the performance of our park portfolio in California and Pennsylvania, where other parks not ours have been forced to close a significant part of the peak season. SeaLife Hawaii was also affected by the decline in tourism following the eruption of Kilauea Volcano. Going forward, we believe there is still significant potential to expand our season pass holder base and there are also very important projects to come next season. The Steelers Country at Kennywood in Pennsylvania that will help us to recover what we have missed this season and even more. The first Cartoon Network Hotel at Dutch Wonderland, also in Pennsylvania, and the Living Shores Aquarium at Story Land in New Hampshire.

Now, Isidoro Díez will continue the presentation explaining the P&L and cash flow for the period.

Isidoro Díez:
Thank you, Juan. I'll drive you through the P&L below EBITDA, cash flow generation and net debt position. On page 8, we have the P&L summary, and the main variations are on the depreciation line, which is in line with forecasts, but with an increase vs. prior year, which is mainly due to first, capex incorporation involving standard recurring capex for expansion projects and indoor centers, and the remaining is related to a one-off adjustment that reduced the D&A in 2017.

Let me also explain the non-recurring items amounting to €11.2 million, which are including mainly personnel restructuring, advisory fees, provision for stock-based compensation and other non-recurring items. It is also included in this line the bad debt provision. It's also worth mentioning the net impairment of €25.7 million, which is the net effect of impairments of €36.9 million and reversals from prior years amounting to €11.2 million. Finally, as Richard said before, dividend proposal is €20 million in line with the prior year.

Moving to the next page, where we have included the evolution of the net debt by concept, first, I think it's worth mentioning the €42 million of unlevered free cash flow generated. The adjusted net debt increased up to €567 million, sorry, net debt [unintelligible] net debt increased up to €567 million due to financing costs, dividends, the acquisition of Belantis and the US dollar to euro appreciation. As commented in prior quarters, the working capital facilities are totally undrawn at the end of the season as expected.

Now, I hand over to my colleague Juan again.

Juan Barbolla:
Thank you, Isidoro. Now we move to Section 2 of the presentation where we want to provide you with an overview of the key relevant projects that are coming during the 2019 season. We have an attractive pipeline of expansion projects which, with an associated investment of €70 million and that represents a good mix, product mix between themed areas, new lodging facilities and second-gate parks.

In Europe, Ducati, that represents a €26 million investment is expected to open by April 2019. It will be unique transformational area to enjoy an exclusive, innovative experience after Ducati brand. It will incorporate the latest technologies and new-generation motorcycle launch coaster and simulators that will replicate the experience of riding a Ducati motorcycle. This is a great example of finding a unique IP that matches perfectly with the catchment area of the park and with the capacity to develop a unique product to improve customer experience and drive incremental attendance to the park.

In the US, we have an ambitious investment plan to boost the performance of the region. We trust the overall quality of our portfolio and we have identified a large number of expansion opportunities for the coming years. One of the most important projects will be the Steelers Country themed area at Kennywood that will represent the largest investment ever done in the US. This new themed area combines two of the strongest entertainment brands in Pittsburgh: the American football team Pittsburgh Steelers (winner of 6 Super Bowls) and the Kennywood amusement park (designated US National Historic Landmark). Kennywood visitors will be able to enjoy an exclusive and innovative football experience with an immersive land where fans will feel like being at the stadium, to exclusive merchandising, skill games and food locations, and the record-breaking 67-meter-high roller coaster Steel Curtain.

In Dutch Wonderland, we will be opening the first Cartoon Network themed hotel, where we are expecting to improve the customer experience, shifting the perception of the park from a one-day visit to a resort destination, backed by strong and well-known IP. We are confident in our ability to grow on lodging facilities given the successful results we have achieved through the expansion of the campground at Lake Compounce in Connecticut and the upgrade in lodging at Slagharen in the Netherlands. Finally, we will also be opening a new indoor aquarium at Story Land in New Hampshire, that will help the park to expand the season and partially hedge the park against adverse weather conditions.

In the indoor universe, we have just opened this week the Atlantis Aquarium of Xanadú in Madrid. It is a unique experience in Madrid with approximately 5,000 square meters, where our visitors will live the experience of the combination of a traditional aquarium format with a wide variety of interactive and educational activities. In December we are also expecting to open our second Nickelodeon center at Madrid Xanadú as well, and as you know, there are four additional projects under development.

Now I hand over Richard Golding

Richard Golding:
Thank you, Juan. In summary, I'd like to really communicate that over the last couple of months, we've made, in my opinion, extremely good focus. And as extremely good progress, we have a newly motivated focused integrated and engaged team right across our geographies. We have a very wide range of workstreams, priority workstreams, in progress and the company is working. We are confident of getting the traction that is needed to achieve a reset of results in 2019. Thank you very much.

Now, we're happy to take any questions that you have.

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

The first question comes from James Rowland Clark from Barclays. Please go ahead.

James Rowland Clark:
Oh, hi, good evening. I've gota few questions please. The first one, the new CEO that you're looking for. Can you provide any updates on how that's going and when do you think you might be able to announce something? Secondly, on the strategic review, you also kicked that off a couple of months ago, but you said you're making good progress. Is there anything you could share with us that you've seen and where improvements can be made beyond what you discussed at the pre-close trading statement? And then finally, can you also just discuss the net impairments. €37 million of impairments for various parks, so just exactly why those have been impaired. That would be great. Thank you.

Richard Golding:
Okay, let me take the first two and then pass you on to Isidoro for the next. With regard to the new CEO, briefly, we've made very good progress. Been very satisfied with the work that the headhunter's been doing and the range of candidates that he's produced and I think that we're getting close to the final stages of that process. And I'm optimistic that within a two to three-month period we will have somebody on board that I think will fit well with the team and will bring added value. I think at the moment that's all I can say on that front.

With regard to the strategic review, yeah, I mean, we've had a really good look at the business and we've done a lot of postmortems on many of the actions that have been taking place. We've looked at returns on capital employed and we tried to draw lessons from those to help us in formulating routes forward. But I think, you know, at the present moment it's very much in line with what we've said before. I think it's, you know, the number one priority is to drive organic growth in our existing parks, leverage off very good experiences and good returns that we've been getting on expansion capex where we have, as Juan was saying, identified a number of projects, not only for next year but for the next four or five years and beyond, and then M&A where we are making,

I think, good progress, and I would hope that we'll be in a position to communicate some positive news fairly soon. Fairly might mean any time, but I, these things until they're done, signed and sealed up, it's difficult to judge, but we have a number of fronts open and I'm feeling positive. I think that the IECs, as we said, we opened one this week. We expect to open another one towards the end of the year, and I think, you know, we didn't have, you know, we'll have three up and running and I think we've got to see how they go and continue to test, tweak them and to ensure that we have, you know, the appropriate customer-friendly and customer-liked models before pressing the accelerator. Yeah, I continue to believe that it can be a very interesting extra leg for the business in the sense it gives us indoor, reduced seasonality and the ability to get into places where you can't with a big park.

So, yeah, we think strategically, it's, it's very interesting but I would say the approach is to make sure we have the right models and only then press the accelerator on them.

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Isidoro Díez:
Now, I'll... Hi, James. I'll, I'll take your, your question regarding impairment. This is Isidoro. As I was explaining, we have the net impact on the P&L is €25.7 million and that comes from... We have impaired in, in the segment Rest of Europe, we have impaired €6 million, and they are entirely due to Marineland. We have also impaired another €31 million regarding the USA, the USA segment and this, this is split into several parks and as opposed to the impairments we have had two reversals in two assets in Spain. And the amount that we have, that we have reversed is €11 million.

Well, we are reversing amounts because, because the projections and the current results in 2018 are better than expected in those assets, so we can reverse the prior impairments. This can be done when you are impairing six assets. When you are impairing goodwill, pure goodwill, or free goodwill, I don't know how you call it in England but it's free, free goodwill; when you impair, you cannot reverse. And I don't know if that's enough color for you.

James Rowland Clark:
Uh, yeah. That's, that's great, thank you. Another question please. It's just that depreciation and [unintelligible] is very high this year with attention to sales. I know you're not giving guidance, but should we expect it to remain at 14%? Of group revenue?

Ladies and gentlemen, please hold your lines for the speakers to get back to you.

Isidoro Díez:
...there?

Richard Golding:
Hello?

James Rowland Clark:
Hello.

Richard Golding:
Hi, sorry about that. I just told Isidoro he must pay the phone bill. No, I think it was just a technical hitch, I'm sorry about that. James, you were going to ask another question? Oh, you had, about...

Isidoro Díez:
On depreciation, about, about the variance vs. prior year. Well, the impact is not that this year is high. The issue is that last year, we did a one-off adjustment of, I mean, in the region of €6 million if I remember right. €6 million it was a one-off reducing the depreciation. So, this year is a regular one. In fact, this is in line with the forecast we have been providing in the prior quarters that we have been always saying €80 million.

James Rowland Clark:
Okay, thank you.

Ladies and gentlemen, just a reminder. In order to ask a question, please press 01 on your telephone keypad. Thank you.

Ladies and gentlemen, one more reminder, please, in order to ask a question, press 01 on your telephone keypad. Thank you.

There are no further questions. I give back the floor to the company. Thank you.

Richard Golding:
Okay, many thanks for your time and your attention. Bye-bye.

Juan Barbolla:
Thank you.