Ladies and gentlemen, welcome to the Parques Reunidos fiscal year 2016 results presentation. The management of the company will run you though the presentation. And now, I am pleased to give the floor to Mr Fernando Eiroa, Chief Executive Officer, Mr Isidoro Díez, Chief Financial Officer, and Mr Juan Barbolla, Senior VP Strategist, Planning and Investor Relations. Please go ahead, sirs, you have the floor.

Fernando Eiroa:

Thank you very much, thank you for joining us today in this call. This is Fernando Eiroa; I am the CEO of Parques Reunidos, and I will start the presentation with key highlights. We have had a strong performance in Spain and the rest of Europe (excluding Marineland), offset by some external factors that affected performance in the US: adverse weather conditions in the northeast of the country, mainly. The attack suffered in Nice, as well, affected the park we have in France, Marineland. We reached a performance net income of 76 million Euros in 2016, and we were able to reduce net debt up to 540 million Euros, driven by the IPO proceeds and cash generation of the business.

Dividend proposal is 20 million Euros, or a 26% payout ratio on the back of 2016 performance net income. The strategic outlook for the 2017 season is a high single-digit EBITDA growth that we expect to have in this season and in the next season, 2017. A strong underlying organic growth potential, due to multiple top-line initiatives to grow attendance and percaps, and a 33 million Euro expansion capex project. We will go into more detail at the end of the presentation. The company continues implementing the external growth strategy. First, Dubai and Vietnam openings are on track. One of the parks in Dubai, Bollywood, has already opened. We are in ongoing conversations with new potential management contracts in different regions of the world; we have signed five more entertainment center lease agreements; and we have around another 20 additional projects being negotiated at this time. We have reached an agreement with Lionsgate; this is a very important IP that we will go into more detail at the end of the presentation as well, but they own the rights for Divergent, Twilight and some other IPs. We are very active in acquisitions, as well.

Now, Isidoro Díez, our CFO, will continue with the 2016 results.

Isidoro Díez:

Hello, thanks for joining the call. I'll take you through the financial performance of 2016. As explained during the last call in October, where we gave you first year-end estimates, and as Fernando was saying before, we have seen a strong performance here in Spain and in the rest of Europe, excluding Marineland. Two external factors, the weather in the USA and the attack in Nice, have offset this strong performance. In numbers, in terms of like-for-like revenue, we have delivered a 1.2% decrease, and a 2.9% decrease in a like-for-like EBITDA, achieving an adjusted or performance net income of 76 million Euros, benefiting from the new capital extractor from IPO.

Now, moving on to page 6, this is the like-for-like revenue and EBITDA bridge that we usually introduce to you in our presentations. First of all, on the left, what we have is the reconciliation: how to go from the 2015 reported, to the 2016 like-for-like numbers. So, the starting point is 2015 like-for-like. On the revenue side, the first segment, Spain, has contributed with 6.1 million Euros in revenues, implying 5.3 million Euros in terms of EBITDA, which means an 86% drop-through. For the rest of Europe excluding Marineland, the contribution on revenue has been 5.2 million Euros, or

3.1 million Euros in terms of EBITDA, and a 61% drop-through. As explained before, due to the terrorist attack in Marineland, the decline in terms of revenue is 9 million Euros, with a reactivity ratio of 40% and an impact on EBITDA of 5.4 million Euros. Let me point out that with such an important drop, it's quite difficult to get this 40% reactivity ratio we have been able to achieve in France.

Now, on the US side, due to the extremely adverse weather conditions, we have seen a 9.1% decline in terms of revenue, contributing to a -7.4 million Euro EBITDA. It looks like the reactivity ration has been only 19%, but let me explain this to you in the next slide.

Just to finish, we have the negative impact on EBITDA on the head office, and that's mainly due to the IPO expenses, as disclosed. So, as explained before, outstanding performance in Spain and the rest of Europe excluding Marineland, offset by two external factors.

Now, going by region on page 7, strong performance in Spain: 4.7% like-for-like revenue growth, and 10.5% like-for-like EBITDA growth. This is on the back of strong macro conditions, successful commercial policies, dynamic pricing across all the portfolios in Spain, and key attractions and improvements introduced. As said before, strong operating leverage achieved, and an EBITDA dropthrough of 86%.

On the next page, page 8, the rest of Europe excluding Marineland. Good performance, 2.9% like-for-like revenue growth, and 5.3% like-for-like EBITDA growth. Again, strong operating leverage achieved: 61%. This result is on the back of the key commercial actions carried out: the first phase of the dynamic pricing, and key attractions and improvements introduced.

To continue, on page 9, we have Marineland, affected by external factors, as explained before. There is the shutdown of the park due to the floods suffered at the begging of October, and the devastating attack suffered in Nice at the beginning of July. So, the park's performance experienced a significant drop in attendance. Now, a plan is being designed to boost performance in the next two seasons, based on four pillars: focus on local demand, increase in penetration of season passes, recovery of our corporate events business, and reposition in the park based on educational activities, our commitment to wildlife conservation and rescue and the rehabilitation of marine animals.

In the sub-segment viewed on page 10, the US affected by adverse external conditions. We have delivered good performance under normalized external conditions. In fact, we have achieved record season pass revenue, plus 4.6% year-on-year growth, but the performance has been dramatically affected by the adverse weather conditions. Let me go deeper into US performance on the following pages.

First of all, on the map you have on the right side, as you can see, we have 60% of our revenue in the US concentrated in the Northeast, where we have suffered a historical record hit registered in Connecticut, Pennsylvania and New York: the second-wettest August in history. These adverse conditions particularly affected the last week of July and the two first weeks of August. On top of that, we have seen the impact of the Brazil Olympic Games, and the strong dollar versus local currencies regarding LATAM impacting the Miami park. So, as I was explaining before, when we have had regular or normal weather pattern, we have seen growth in the US.

Let me give you more color on page 12 about Q4 performance in the US. On the left side, we have the like-for-like revenue breach, and on the right side we have the like-for-like EBITDA breach. As you can see, while we take into consideration the year-to-date Q3, where we saw a drop of 3.5 million Euros in the US in those three weeks I was mentioning before (the last week of July and the first two weeks of August), we lost 7.9 million Euros in terms of revenue, implying 5.6 million Euros in terms of EBITDA. But the rest of the quarter, we have seen a 2.3 million Euro increase in terms of revenue, which is 2.2% ahead of the prior year, and 8.4 if we compare 2016 with 2014. So, there is no question at all that the underlying business has held and is growing.

In terms of EBITDA, again, please remove the Q3; we have the impact on the drop of revenue, 5.6 as mentioned before, but we have also had another non-manageable opex increase, the minimum wage increase: 0.7 million Euros. Taking into consideration this impact, we have been able to react in an amount of 2.6 million Euros to reducing cost. So, taking into consideration this 2.6 cost management and removing the non-manageable opex which is the minimum wage increase, in Q4 the reactivity ratio was 49%. So, we have been able to offset part of the decline.

To finish with the segment, let's go to the headquarters. At the headquarters level, we have an EBITDA drop of 1.1 million Euros, which is mainly due to the operating expenses as a publicly-traded company. That's partially offset by a reduction in the valuable remuneration due to the results lower than budget.

Now, to continue with the P&L, but now below EBITDA, first of all let me talk to you about the comparison between 2016 and 2015. So, the column in the middle compared to the column on the left. As you can see, the depreciation and amortization is in line with prior years, 58 million Euros, and the two variations compared to prior years (which to me it's worth paying attention to) are the other non-recurring expenses, where you can see that we have 25.6 million Euros. These are, most of them, related to the IPO. On the financial cost, you see that we have a reduction compared to 2015, but we don't achieve the numbers that we are planning to have the next year, because this year, 2016, we have shared the year with two previous: in the first one, the IPO is up in the beginning of May with the prior financing package and the prior financing leverage; and after, there's the IPO with the new financing leverage. So, there is a reaction, but not enough. Now, in the arrangement fees, you will see an important increase, from 8.2 to 18. That's because we have written off all the arrangement fees coming from prior financings, and we only have the ones for the new financing. Those are the main comparisons.

Now, please look at the right column, with the 2016 performance numbers. We have to adapt three concepts. The first is that we have to remove the non-recurring expenses; the second is to introduce a financial cost regarding the new financial structure, on a performance basis; and third, the arrangement fees, removing the impact of that write-off that I mentioned before. Of course, that has an impact on the income tax. But all in all, we have a performance net income of 76 million Euros. The dividend proposal that has been discussed at the board level and which is pending approval by the General Meeting is 20 million Euros, or 26% payout ratio on the back of 2016 performance netting.

To finish with the financial section, let's go to page 15, where we have prepared a brief on the net debt position. As you can see, we start the year with the net debt at the end of last season, which was 5.4 times, a slight lead of a billion Euros. As positive variations, we have the EBITDA we have generated. On the capex side, we have the capex payment; let me remind you that in this amount we are also including the anticipated payments we are making because of the MEX. In the working capital, many many times we have explained that on a long-term basis we are neutral; this year, we are only 2.4 million Euros negative, but we have other years with positive numbers. Then, we have another cash-out, which is the corporate income tax, which is lower than the expected amount because of two main reasons. First of all, one of the payers in our group is France, and this year we will have dropped significantly in EBITDA in France. Of course, our corporate income tax in France is much, much lower. And on top of that, we have a lot of expenses regarding the IPO. They are deductible, and we can profit from this and save some money on the corporate income tax. For moderating purposes, please don't take this 7.6, as explained in prior calls; for next year, let's take between 15 and 20 million Euros. I would use 18 million Euros cash-out for the next year.

Then, we have the other important cash-out which is interest, 72 billion Euros; and the IPO proceeds, 525. And all the extraordinary cost items and others due to the IPO. Please, if you see that the expense on the non-recurring is much lower than this 44, it's because of the primary, when we have to pay the fees to the banks on the primaries. It's not an expense for us; it's that the amount that we receive is lower. That's because we have these 44 million Euros instead of having 24, because the other 20, in practical terms, we didn't receive with the 525. All in all, at the end of the season, 540 million Euros, 2.9 times leverage.

And now, Juan Barbolla, our investor relations, will continue with the presentation.

Juan Barbolla:

Thank you, Isidoro. Now we can move to the second section of our presentation, which is focused on the strategic outlook for the coming years. We are going to start with the guidance for 2017. As a group and as Fernando anticipated, we expect to grow our EBITDA at a high single-digit rate. If we go region-by-region, first, in Spain, we expect an EBITDA growth in the area of 6-7% for next year. It's important to mention that Spain is a very good example of our capacity to deliver growth under good operating conditions, which has been the case this year. We have achieved 10.5% EBITDA growth in 2016, and then our capacity to continue growing ahead of expectations for the next year. Again, 6-7% growth for this region. It's important to also highlight that next year, we will be starting to benefit from one of our capex expansion projects, which will be the extension of one outreach that Fernando will explain in more detail in the coming pages.

Moving to the next region, the rest of Europe excluding Marineland; again, we expect a positive growth of around 5-6% in terms of EBITDA for next year. Our performance this year and the expected for next year are in line with what we disclosed in the IPO. It's important to mention that we have very good visibility of growth in this region, particularly for two reasons. The first, which is good news, is that this 2016 season, we have Mirabilandia park located in Italy, one of the strongest parks in this perimeter, which is back to growth. I think that this is very good news, and gives us more visibility for coming growth in the next seasons. The second growth lever is linked to the capex program for this season, particularly in Slagharen, and also in Movie Park, which is also going to be linked to the new IP which will be introduced this year, the Star Trek IP.

Now, we will move to Marineland. As Isidoro mentioned, we have closed this year slightly better than expected, so the EBITDA is close to 8 million Euros, and we expect a gradual recovery of the park, to reach 2015 levels in two seasons. Again, as Isidoro was saying, this is supported by a specific plan we are going to put in place in the park. We will not only be dependent on the recovery of tourism; we will also have actions focused on locals, recovery of the corporate event business, and reposition of the park towards more education, conservation, and rehabilitation of marine animals. It's important to mention that we have previously done these things in the past. We had a good example, which was Hawaii, in 2009; we focused on increasing our penetration in locals, we will do similarly in Marineland. It's important to also mention what we did in Miami, when we acquired the park, to reposition the park to a more educational approach. We will pretty much copy and paste that into Marineland. So, with our ability to reach these levels based on previous experiences, we should be able to achieve this in the two coming seasons.

Now, moving to the US. In the US, we are expecting to grow in terms of EBITDA in the area of 6-7%. In this case, the recovery will also be helped by improved external conditions for this season, but it's important to mention that it is not realistic to assume double-digit EBITDA growth and that we will recover what we missed last year, and that on top of that, we can grow what we are expecting to grow for this season. So, we need to be a bit more conservative, because this is the contrary effect of what we are seeing in Spain. When you have momentum, it's easy to build on that momentum, grow and build expectations; but in this case, it's the opposite. It will take us a bit more time to reach the levels mentioned in the IPO. It's also important to mention that we don't expect expansion capex contribution for this year. There will be two projects under development this season, but they will start to crystallize EBITDA for the coming season. So, the growth is pretty much without limited capex contribution in this case.

Additionally, it's important to mention a one-off hit at headquarter levels, which is an increase in cost of 4 million that has been anticipated, and is linked to two things. The first is the increase of expenses linked to the IPO being a publicly-traded company, again as has been previously anticipated; and then an increase in the valuable remuneration, which has been reviewed this year because we didn't meet the budget. Obviously, next year we expect to do so, and if we meet it, we will have this additional cost.

Finally, this will be the first year we will start crystallizing part of our external growth strategy, with Dubai and Vietnam. We expect to open those parks during the season. As Fernando said, Bollywood is already open, Motiongate will open during this coming December, and in the case of Vietnam, we expect to open the park by March '17. We expect an initial contribution of 5 million EBITDA during this season, 4 million from Dubai and 1 million from Vietnam, and from 2018 about 12 million; 10 from Dubai, and 2 from Vietnam.

Now, Fernando will continue with the presentation, and will give us a more detailed explanation of all the growth initiatives we are putting into place for this coming season.

Fernando Eiroa:

Let me take you through the 2017 growth initiatives that we have in the company. As you may know from other presentations, we have four growth initiatives. The first is top-line growth, including a new strategy we have implemented in the US and will be implementing in all parks in Europe, on season passes; we will continue adding strong IPs; we will add more off-season events at all parks (both in the US and here in Europe); we will increase ticketing and in-park revenue through different strategies that I will explain later on. We are adding new attractions to the portfolio, and we are adding state-of-the-art new technologies like virtual reality at some of our parks, as well.

The second growth initiative is expanding capex. We are working on four new projects for this year. We are investing 33 million Euros in expansion capex, and we expect to have at least a 20% return of investment.

The third initiative is management contracts, which are now materializing. In Dubai we have opened Bollywood and Motiongate. The second park, the largest park in Dubai, will be open a few weeks from now. In Vietnam, as you may know, we have two parks we will be managing in the near future, and these are projected to open around March 2017. We are very active on ongoing negotiations with different players and investors in different parts of the world.

In the fourth initiative is the mall entertainment centers. As you know, we have already signed five lease agreements. We have a very, very solid and strong pipeline of projects in Europe. We have hired a new team member in the US to start negotiating with the malls in order to expand this initiative to the US as well. We are very, very excited about the Lionsgate agreement we reached a few weeks ago. We just signed an agreement that gives us the right to build and operate more entertainment centers around the IPs owned by Lionsgate, very strong ones like The Hunger Games, Divergent, etc. We have many other licensing agreements. We are talking with many other brands, very strong ones, and we will be able to disclose the names in a few months. But, again, these are ongoing negotiations.

So, I will give you some more detail on the season pass strategy, because we believe this is very important for the company. It is very important because the season pass will bring us much more loyal customers. We reduce the weather-dependence of the business as well. When you have the season pass, if you allow me to say this, you are less picky about the weather than when you have to pay for a ticket, so that is better for us. We have identified great potential to increase our penetration in season passes, mainly here in Europe. If you see the graph on the left, in the total group we have 11.4% penetration. Spain is 13.4%. The rest of Europe is only 4.5%, so you see the potential we have here. In the US we have 16.1% of season passes. The strategy is that we are introducing entry-level passes, with limited perks, limited advantages. In the US, where it is doing very well, we have launched a multi-tiered season pass strategy with different advantages and perks, and obviously different prices. We are training all our employees in upselling initiatives, and we are very active and are pushing season passes in most of our promotions, especially on the Black Friday and Cyber Monday promotions, the Christmas campaign, and we are also targeting pass holders for exclusive events.

Just an update on the Black Friday promotion: we have some preliminary numbers in the US. Last year was a record year for the Black Friday promotion, and we are higher than the previous year already, so we're doing very, very well.

Now we go to the next slide, just to give you more information about the licensing agreement. As you know, we are a local, regional park operator, and we have very strong local brands. But we can improve the perception of our brand, and we can leverage in other very well-known brands that are available in the market. This is something we have talked about in the IPO, that our strategy was to continue with our local brands, but we wanted to associate our brands with very strong IPs in different regions. So, as you may know, we have signed agreements with Nickelodeon with brands like Spongebob, the Paw Patrol, Walking Dead; we work with Warner Bros.; we have local IPs in the US, for instance (people with little children will know this very well) Daniel the Tiger, etc. This year, we have signed two agreements. One is Star Trek, a roller coaster that is going to be open this year at Movie Park in Germany, and as I mentioned before, there's the fantastic agreement we signed with Lionsgate to build and operate the mall entertainment centers, and we expect to be able to extend this relationship and these agreements at some of our parks, if possible.

Now we move to the next page, off-season events. This is very important for the company, because here we are trying to reduce the seasonablility of the business. So, we continue to roll out off-season events. We want to extend the length of our events, and the lengths of the stays of our customers. We are planning to do many more events during spring and summer. For instance, in the 2016 Halloween season, we are up 18% in revenue growth achieved. Just to give you some detail, this is the first season we have done it in Tusenfryd, and we had very positive results.

Next page, number 22. We continue with our revenue ticketing initiatives, with yield management and dynamic pricing. We are pushing the high-yield channels, we are reducing discounts as much as we can, we are controlling the number of coupons that we have in the market. We forced most of the coupons, most of the promotions, to be redeemed online, so that way we get customer information like emails, zip codes, etc. In most of our promotions, we include black-out dates, to avoid a concentration of people paying lower ticketing on high-attendance days. We also reduced the period where promotions can be redeemed, and we always try to increase, as much as we can, prices associated with new attractions: when we have a new roller coaster, a new water slide, or whatever. So, dynamic pricing. We continue doing what we have done in the past: we have a flexible pricing structure, and when we open the park we have five different pricing scenarios, and depending on the demand and on pre-booking, we decided what scenario we will apply to that particular day. The implementation of this strategy is that in 2015, in five parks in Spain we started with this strategy. In 2016, the rest of the Spanish portfolio and the rest of Europe, and we started in the US with flexible calendar pricing at Splish-splash, which is the water park we own in New York. In 2017, we expect to have the 2nd and the 3rd season of dynamic pricing in Europe and Spain, and to have flexible calendar pricing at all water parks and the Kennywood park, as well.

Page 23, in-park revenue. As you may know, we are always very aggressive in trying to increase and improve in-park revenues in the company. We believe this is very important for us, and we believe we are good at it too. What we are doing this year, for this coming season, is to develop more branded partnerships, so we are adding branded restaurants. We started in the US a few seasons ago, and it worked very, very well, and we were able to increase the percap and the profit, because at the end the food cost was very similar to what we had before. So, we are applying that concept and this initiative to the parks in Europe. We are investing money to improve facilities, we are adding or introducing upcharge experiences, like VIP experiences, or more high-end experiences in food, beverage and retail or photos. We are also adding some capex in the company to enhance the throughput, which is very, very important, because at the end you have to feed thousands of people at the same time at the park, and throughput is very important at our locations. We are introducing all-inclusive offers, like all-you-can-eat season passes, combo meals, etc. We are offering VIP products and services, like VIP cabanas that you can rent at the water parks, where you have all kind of services: TV, WiFi, those kind of things. Obviously, we are improving and enhancing the CRM, and we have a much better contact with our customers, we know them much better than before.

On the next page, we talk about new attractions coming in 2017, and we have four attractions. The first is the expansion of Nickelodeon Land in the Madrid amusement park: this is an investment of 4.5 million Euros. We built the first Nickelodeon Land a few years ago, and it worked very, very well for the park. That's why we decided to extend the agreement and build a second phase. At Slagharen, we are building a roller coaster. The investment is 5 million Euros. At Dutch Wonderland we are building a suspended coaster (7 million Euros). This is in Pennsylvania, in the US. With this attraction, we are trying to extend the demographic, the age of children who want to come to the park. We have seen that with the attractions we have there, children older than 13 start to hesitate to come to the park, because they didn't have teenage attractions. Now, with this attraction, we will extend that. This is a family attraction that will be OK for families with children up to 13, 14 years old. Then, at Lake Compounce, we have the Phobia coaster that was opened in 2016, but due to the weather, rain and heatwave it didn't have the results we were expecting. So, we are expecting to profit from this very, very good attraction. This is at Lake Compounce in Connecticut. So, with this, capex represents, as you may know, between 10-11% of our annual revenues.

On the next page, I want to take you through the technology that we are adding to our parks. We believe that we need to add the latest technology to our attractions, and we have decided to add virtual reality this season, in 2017, in two parks. One is Warner Bros, in Madrid, and the 2nd will be Kennywood, in Pennsylvania. Why do we believe virtual reality will be good for the attractions? Because, first, we will improve the guest experience. We will have upcharge opportunities, so people willing to ride the attraction with virtual reality goggles will pay a small fee, but they will pay something. We will be able to renew the attraction very easily every year, every two years, or even different times during the season (seasonal events, etc.) by just changing the movie, which is obviously much cheaper than building a new roller coaster. So, we will be able to easily update the virtual reality experience. We believe that once we are more familiar with the results and the experience, we will add more virtual reality capabilities to many other attractions in the portfolio.

On the next page, we go to the expansion capex projects for 2017. As I mentioned before, we have few of them. We have the Warner Bros. park extension: we are building a water park at Madrid Warner Bros. Similar to what I said about Nickelodeon, we opened the first phase two years ago, and had a very, very great success with our customers. Warner Bros. is doing great, so we have decided to make it bigger with the water park. The investment will be 8 million Euros. With this, we will extend the length of stays, so people can be at the park for 2 days. We will expand the catchment area of the parks. So, we expect people to travel just because, since they can be here for two days, they will travel from farther away. Obviously, we will extend the offering. The expected ROIC is going to be more than 20%.

The second project that we have is at Slagharen, it's the extension of the lodging, the cabin facility. We are going to invest 8 million Euros, and obviously what we want to achieve with this is to expand the capacity of existing lodging for families. We will increase off-season attendance, because, as you may know, we built an indoor water park. As these cabins will be much more modern and much better equipped than the ones we had before, we believe people will come more often, and in winter as well. Again, the expected ROIC is going to be around 20% or more.

The last expansion capex project we have is that we are adding an aquarium at Storyland in New Hampshire, in the US. The investment is 4 million Euros. The park is in the White Mountains, a very popular destination in summer for outdoor recreation, which is also very popular in the winter for skiers. Since this is an indoor attraction, we expect to have hundreds of thousands coming in the wintertime. Again, with this, people will be able to visit the park for two days, one for the park and another for the aquarium, and it will be a year-round (or almost year-round) operation. So, we expect it to have a ROIC of more than 20%.

The Dubai parks, after Disney, have been the largest investment in the industry in the last few years. We will be operating two of the largest parks at this destination. One of them is Bollywood, which is already open, and the second is Motiongate, which will be open a few weeks from now.

If we go to Vietnam, there are two parks (a water park and a theme park) that we are building in the

North of the country, in Ha Long City, a very, very popular area for tourists. We have a ten-year management contract with the SUN group, which is the developer, the owner of the park, and we'll be managing the park for them. You have information and pictures here in the presentation.

So, if we move to the mall entertainment centers, as I told you before, we consider this a great opportunity for the company to grow. We are very excited about the opportunities we see in the market, first because all the attractions will be indoors, so they will be much less weather-dependent than regular amusement parks or water parks, and second because of the response we have had in the market. In Europe, we have had a very good response from mall owners, and as I have mentioned as well, we have hired a new person in the US who is starting to develop the business. We have already signed five agreements you have here: one in Spain, another one in the UK, one in Portugal, and two in Spain, in Madrid, in Xanadú Mall. With these five, we have already accomplished our goals for 2016-18, and the good news here is that we have a very strong pipeline of projects, more than 20 already. As I said before, we are negotiating with many other brands. If and when we sign, we will be disclosing the names to you.

The agreement with Lionsgate is on the last page. We are really excited about this. Lionsgate is a very, very strong IP, particularly for teenagers, for young people, and we believe this is a very encouraging and important stage we want to be at. Lionsgate has brands and IPs such as Twilight, The Hunger Games, Divergent, etc.; very strong IPs. We have very good clients to deploy these in the malls, mainly in Europe and in the US, but also in Asian countries.

And now, we have just finished the presentation, and we are open to any potential questions you might have.

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, sir, go ahead.

Ed Young:

Good evening. I've got three questions about today. I'll ask them one at a time, just for ease. The first one is on the management contracts. You've obviously laid out the details of Dubai that have already been known, but you said that there were other opportunities you were looking at. I understand you can't go into a huge amount of detail, but can you just give us a feel for the geographies you're looking at, and also the type of phasing we might expect on a management contract that’s why obviously Vietnam was very quick from getting the contract to the park opening, Dubai took much longer. Can you give us some sort of idea, on an average basis, of what we might expect from management contracts?

Fernando Eiroa:

Thank you very much. Related to management contracts: obviously, we cannot expose the names or more details, but what we can tell you is that we are actively having negotiations. They are particularly three situations where we are basically analyzing the feasibility of developing parks in specific regions. One is in the Middle East, and two are in different localities in Asia. In terms of timing, the good thing we have in the management contract is that we don't commit capex. However, since we don't give capex, it's difficult for us to control the timings. But on average, what we can tell you is that from our experience, from the initial stage, which is where we are right now, doing the feasibility analysis would take us typically from three to six months. If everything goes well, then at that stage we try to lock in the management contract, and we start in the development and construction phase. That could take as long as two and a half or three years. So, all in all, from now until the park is open, you can assume three years, on average.

And then, finally, in terms of the size of the contract, that is very hard to predict at this stage. On one hand, it depends on the feasibility analysis, which will let us know what the potential is, and it could be none, small, medium, large... Then, obviously, once you have done the feasibility, it also depends on our ability to negotiate the management contract with the other party as well. Having said that, with the ones we have on the table, we don't expect a small one, a very small one, or a very large one. So, Dubai is not a good example, it's too large. We would love to have more Dubais, but we don't see that as realistic. On the contrary, I could say that it isn't small. So, if you do the average, we should be thinking about figures of additional five million. But again, that's a very rough estimation, because there are many things to have in mind before giving that figure.

Ed Young:

Great, that's very useful, thank you. The second question I have is actually in a similar vein. You mentioned that you were active on acquisitions. Obviously, understandably, you're constrained there. But can you just give us an idea of the kind of scale you might be looking at? I think at the time of the IPO you had 31 potential targets under review. Could you just give me an update on what we might expect on your outlook on acquisitions?

Fernando Eiroa:

OK, we are very, very active on acquisitions. We are talking to people. You know that we had a very good track record in aquarium parks in the past, and then we stopped aquarium parks for a few years, but now we are back in the game. We have been talking with many people, many park owners, we have conversations open, and we have parks open all over the world of different sizes. But we don't want to acquire small parks. We want to buy medium-sized parks, or parks we see we can improve in a very important way. So, the average is around 5 million EBITDA, something like that. If we see a very good opportunity where we can double the EBITDA, we will buy smaller ones, and if we are talking to the owners of parks much bigger than that, we will try to acquire them as well.

Ed Young:

Great, thank you. And a final question, just for Isidoro, if that's OK. During the APO process, the D&A for 2016, on a like-for-like basis, was around 60 million; but on slide 14, on the reported level, it's 68 million. So, can you just clarify that, and the guidance going forward for D&A, please?

Isidoro Díez:

Sure, during the APO we said 60-65, and you can take this 68 as a projection.

Ed Young:

OK, thank you.

The next question comes from Anan Date from Deutsche Bank. Please go ahead.

Anan Date:

Hello, there. I've actually got quite a few, so I might do them one at a time, as well, if that's all right. Can I just clarify something? You're saying high-single digit EBITDA growth for 2017, you've done 188; so, is it meant to be high organic growth that is in high single digits? Otherwise, I'm not sure the numbers seem to be adding up.

Isidoro Díez:

OK, in the end we are saying everything all together, so we are taking into account what you can call the pure organic growth, and also on top of that, the 5 million we mentioned on the management contracts. So, as a rough estimate, if you put slightly higher than mid-single digit, so around 6% pure organic growth excluding Dubai from management contract and you add the 5 million management contract, you get to our guidance.

Anan Date:

Sorry, I'm just really trying to understand this. If I put, let's say, 6% on Spain and 6% on the rest of Europe, if I see Marineland as flat...

Isidoro Díez:

Marineland is not flat. We mentioned on Marineland that we are going to come back from the 8 million to the 15.5 million in two seasons, so next season will be in the middle. We'll be around 10.5 million, so you should assume 2.5 million of additional EBITDA in Marineland.

Anan Date:

OK, so Marineland is up. In the US, you said 6-7% EBITDA growth, I think?

Isidoro Díez:

Yes.

Anan Date:

And then, I'm adding on five of the management contracts, and that's getting me to 7?

Isidoro Díez:

But then, you need to factor in what I mentioned related to the 3rd quarter costs, which is that we'll have an additional 4 million of 3rd-quarter costs, which are linked to the IPO being a publicly-traded company, and the recovery of the bonus we achieved in the budget. That might be what you are missing.

Anan Date:

OK. Sorry, I just want to be crystal-clear on this. I think consensus is 205 or something like that; you've just done 188, and we should have single-digit EBITDA growth for next year.

Isidoro Díez:

Yes, but the number's up, right? If you divide the 205 you mentioned by 188, you're getting into high single-digits, right?

Anan Date:

Okay, sorry, I've got it. I'm just being daft. I thought it was an absolute figure, and you're talking about a percent. OK, fine.

Why is the Lakeside MEC development taking so long to open, please?

Fernando Eiroa:

Because they are building the building. You know, it's an extension of the mall, so we have to wait until they have the real estate built for us to be able to build.

Anan Date:

OK, I was just thinking if there was any feasibility problem...

Fernando Eiroa:

No, no.

Anan Date:

OK, I've had a look through the presentation... is there an actual cash flow statement available anywhere?

Isidoro Díez:

We have summarized it, but you have it in the annual statements that are available on the webpage. You have a detailed cash flow on, I think, page 4 or 5 of the consolidated annual statement, in full detail, posted today. And today means two hours ago.

Anan Date:

In the US, I don't really understand why you need momentum to bounce back fully. And, I think you've said in the past that as part of your mitigation, you take a lot of cost out.

Isidoro Díez:

Yes, it's important to mention two additional things beyond just the cost. It's the opposite in Spain. We have the positive in Spain, and we have the negative in the US. When you don't have momentum, in this case, because of external factors (bad weather), you miss part of the impact that you have in some of the introductions you do in the season. For instance, we expect that a good example is the launch of the Phobia coaster at Lake Compounce. We expect to recover something next year, but it's totally unrealistic to say that we're going to get the full impact. Why? It's as simple as the momentum of a novelty. You lose the free media. You lose the recommendations you get through Trip Adviser, etc. So, it would be totally unrealistic. And the other thing, which applies to that initiative, and to all the initiatives we put in place in '16. It's the contrary of in Spain. We are assuming even more than at the IPO, and we have grown 10%, so it's the contrary. When you get momentum, you are benefited, as well. Just to make it clear.

To be fair here, as well, we are building, somehow, the [ininteligible: 59:48]. Because do we think that next season, there will be better weather than this one? For sure: this year has been record. But will it be totally normalized? I don't know, we don't have a crystal ball, we cannot predict that; and, to be frank, we want to deliver the numbers we are putting on the table, and that's why we are here, to put things on the table we can accomplish. It's as simple as that.

Anan Date:

OK, can I rule out that it's not the case that you've cut too much cost in the US?

Fernando Eiroa:

No, not at all.

Anan Date:

Then, just for the record. Is there a reason the season passes have been so low in the past?

Fernando Eiroa:

No, it's not a reason. We see that this is a big opportunity for us, but the company didn't focus on season passes in the past. In the last few years, in the US, since we started with the season pass strategy, we have multiplied the season pass base by three. We believe that now is the moment to do the same in the rest of Europe. Spain, as you'll see, is much bigger than the rest of the European countries, and we see this as a huge opportunity.

Anan Date:

Okay, great. That's perfect, thanks.

Fernando Eiroa:

Thank you, Anan.

The next question comes from Francisco Ruíz, from Exane BNP Paribas. Please, sir, go ahead.

Francisco Ruíz:

Hello, good afternoon.

I have three questions. The first is if you could explain to me... although I think you have explained the reason for the increase in arrangement fees, what do you expect for future years, and also what do you expect for the net financial costs? Also, what should be the normalized level of net financial costs, including the 5 million Euros coming from the Warner costs? In the IPO you talk about 30 million plus these 5, and now you are on a level of above 36.

The second question is on how you have commented an increase in revenues of 18%. Can you give us an idea of what is the drop-through on this figure? I don't know if the off season has a higher or lower drop-through.

Fernando Eiroa:

Excuse me, can you speak closer to the microphone? You are breaking up.

Francisco Ruíz:

Yes, the second question was on the Halloween season, on this 18% growth in revenues.

And the third question is on visitors in the US for next year. You have said that next year is not going to be a normalized year, do you expect a recovery? What has been the 2016 drop? Can you give us an idea of the number of visitors you expect in the US next year, please?

Isidoro Díez:

Let me take the first question. Before the IPO, we had two financing packages: one in Europe, and one in the US. For the one in the US, the length was up to 17, and the length of the European one was up to 19. So, with the remaining or the pending to be depreciated (which are booked as an asset, as you may know): while they are depreciating the life of the financing, all of them coming from prior financing had to be written off at the IPO moment, because we are not going to have double financing anymore. That impact was in the region of 15 million Euros. On a regular basis, I would say that we can talk about 1.5 million Euros, 2 million Euros per year.

For your second question, which was about the expected drop-through coming from this 18% increase on Halloween, let me be very clear: these are very rough numbers, but I would say in the region of 60%.

Fernando Eiroa:

OK, and Paco, in terms of visitor levels for the US, we are assuming a recovery to 2015 numbers. But what is important here is not only about visitors, it's about visitors and percaps; we are assuming a higher percap than in '15, so what we are saying is that '17 will be similar to that level, but with higher revenue growth than '15. Obviously, it will be lower than the initial budget we put on the table for last year as well; it will be in the middle.

Isidoro Díez:

Sorry, Paco, I missed one point. You said to me that we gave you a guidance of 35 and now we are saying 36; yes, you are right. We have a small division of 2-3%.

Francisco Ruíz:

OK, thank you.

The next question comes from Jaime Escribano, from Haitong. Please, sir, go ahead.

Jaime Escribano:

Hello, good afternoon. A few questions from my side regarding the penetration of the season pass. I would like to know what room for growth you have in the rest of Europe. If you have 4.5%, where can this number go to? Or, if you have maybe some study of other parks, what levels of penetration do you have there?

Regarding the dynamic pricing, you said that in 2017 you are expecting to roll it out in the water parks in the US and at Kennywood; what happened with the rest? Is the rollout going to be in 2018, and why not in 2017?

The third question is: you were talking (in the slides regarding the capex) about 33 million in four new projects, and you commented on three projects, which are 20 million. Which project are we missing to make up for this 33? Thank you.

Fernando Eiroa:

Talking about the last one, the expanded capex: you are right. We talked about three, and there is another one which is large, but we cannot disclose it today for strategic reasons. We don't want to disclose it, but we have four projects in the company, yes.

And I will try to answer the season pass penetration question. I cannot give you the number we can reach. What we know is that in the US we have 16%, in Spain we have 13%, and we need to do this very, very carefully. We are going to grow the season pass base in different parks in Europe, but at the same time, we need to understand very well how the season pass increase will affect the park: the attendance, the type of attendance, the percaps, etc. So, we will take the same approach as in the US. As I mentioned, in the last four years, we started with the strategy, being very, very careful with what we have done, what type of season passes, at what price, the target, etc. So, if you ask me, I believe we can go up to 10-12%, something like that, without a problem, but again we have to analyze, and I want to be very, very careful with how we increase season passes. So, it will be step-by-step.

Isidoro Díez:

OK, and finally, related to the dynamic pricing in the US, It's important to clarify what we did this 2016 season, and what we are planning to do in '17. What we did is what we call “flexible calendar pricing”, which is not exactly the same as dynamic pricing. It's a different initiative where you set the prices at the beginning of the season based on the calendar. We did that in the 2016 season at Splish-splash, and it was very successful, and we are planning to do the same for all the water parks and Kennywood. it is not dynamic pricing. At the end of the season, we will reassess the results, and depending on how we do, we will make conclusions. So, it may be the case that we move to dynamic pricing, but we see that this is a very good alternative, and, by the way, cheaper. This is the beauty of this business. We have many levers to use: we test them, we try them, and we conclude depending on the results. That's our nature. So, for dynamic pricing in the US, we have to wait until the end of the next season, until we see the results of what we are doing right now, and then we will let you know.

Jaime Escribano:

Thank you. Can I do a follow-up question on M&H, out of curiosity? Would it make sense, for example, to make acquisitions in the southern hemisphere to offset the seasonality of summer in the US and Europe? Maybe you could give us some color on if you are looking for example opportunities or interesting opportunities in Australia, for example? Thank you.

Fernando Eiroa:

That makes sense, obviously. You are absolutely right. We are looking in different places in the Southern Hemisphere, yes.

Jaime Escribano:

OK, thank you.

The last question comes from Joan Sefalet from Banco Santander. Please, sir, go ahead.

Joao Sefalet:

Yes, it's Joaõ Sefalet from Banco Santander. Just two questions, actually. Most of my questions have been answered. Just wanted to go back on Paco's question, on the performance in the US. Correct me if I'm wrong, but I understood that you expect performance in 2017 to be better or equal to 2015, although if we could get guidance in terms of EBITDA, you expect to reach roughly 83 million Euros versus 85 million Euros in 2015? Obviously, we're talking about peanuts, here, but I just wanted to understand if this is because you're being very conservative on the drop-through side, or is there any particular reason for this?

The second question is, again, on dynamic pricing. This is more of an opinion from your side. Based on your experience on dynamic pricing (and it's already been two years), what do you think has been the contribution, in terms of percentage points, to revenue growth coming from dynamic pricing? Is that something you can have a clue on? Thank you.

Isidoro Díez:

OK, hi, Joaõ. Let me take the first one on the US, to clarify what we said in the previous answer. I was referring to revenue, so what we are saying is that visitors were in line with 2017 revenues ahead of 2015 because of higher percaps, but in terms of EBITDA, it's slightly below. The reason behind that is the cost structure is different now in the US. There's been a minimum wage increase, and you are not comparing apples to apples, so we are a bit penalized in EBITDA for the coming year. So, it's true that in terms of EBITDA, if you run the numbers, we are slightly below 2015, because of that.

The second thing, related to dynamic pricing— what I can tell you is that we've got a particular in Spain where it's been the second season with dynamic pricing in some of the key parks, and we have gotten very good results. We expect that with dynamic pricing in the case of the US (for the time being, flexible calendar pricing) is going to be an important driver of our ticketing percap revenue increase. As a reminder, what we are giving as guidance for the coming year in terms of ticketing percap growth should be around 1%. This should be an important driver. Not the only one, but an important one.

Joaõ Sefalet:

OK, thank you very much.

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

Fernando Eiroa:

We would like to thank you very much for joining the call. We hope you had an insightful presentation explaining 2016 performance, giving visibility of all the group levers that we have, and that we are managing in order to deliver attractive growth rates in the coming seasons.

Thank you very much.