Ladies and gentlemen, welcome to the Parques Reunidos H1 Financial Results. The management of the company will run you through the presentation. I am now pleased to give the floor to Mr. Fernando Eiroa, CEO, Mr. Isidoro Díez, Chief Financial Officer, and Mr. Juan Barbolla, Chief of Investor Relations and Strategy. Gentlemen, please go ahead.

Fernando Eiroa:
Thank you, and good afternoon, everyone. Thank you for joining today in this call. Let me summarize the main highlights for the period for H1. First thing, we have had a good operating performance and revenues are up by 9% like-for-like. H1 results are not comparable, just for everybody to be aware of this, to prior year due to the Easter and holiday calendar shift. And year-to-date revenues as of May 13 are up by 3.5%.

These good results are supported by record season pass sales and we are up by 15% compared to prior year, strong results during all the off-season events that we have done this year were up by 16% vs. prior year, and very positive in all regions in terms of revenue growth and these results have been partially offset by an early Easter and not very good weather in March and April, mainly here in Spain. We maintain our outlook for the year-end, for the year. Good performance year-to-date although it represents only 25%, around 25% of annual revenues, total annual revenues; all the 2018 capex plans are on track, all the projects; very important licensing agreement with Fútbol Club Barcelona, which we are very, very excited about it; and a new management contract to manage Dubai Safari in Dubai and the acquisition of Belantis.

Juan Barbolla:
Thank you, Fernando. Now, we move to page 3, where we highlight the new results achieved during the first half of the year. We will be focusing on like-for-like figures which excludes the impact of strong changes in FX rate and the recent changes in the portfolio, which are the Belantis acquisition completed in March 1st this year, and the concession of the Teleférico de Madrid that expired at the end of 2017.

H1 results, as Fernando has anticipated, have benefited from the calendar season of the Easter holidays and as a result of this, attendance increased by 10.3%, with more than 300,000 visitors coming to our parks, revenues increased by almost 9% and EBITDA has slightly grown vs. last year.

On page 4, we are showing revenue and EBITDA performance by region on a like-for-like basis. In terms of revenue, we have been able to deliver growth across all regions and Spain and the rest of Europe have been the highest contributors to revenue growth of the Group. In terms of EBITDA, Spain and US have achieved strong revenue to EBITDA growth ratios, while in the case of Europe, the EBITDA has been affected by anticipated increases in cost which should be offset in the coming quarters of the year.

In headquarters, the EBITDA has been affected by increasing costs mainly related to first, incremental marketing expenses to support certain top-line initiatives at park level. We have also increased personnel expenses to first factor in the accrual of the annual variable compensation not paid last year, and as well related to new incorporations to support the expansion of the business. And finally, in headquarters, we have some start-up costs to support the development of the new indoor business.

In the coming slides, we explain the key drivers of the performance for each of the regions. We will start first with Spain, where we have achieved good results, reaching a 13.5% like-for-like revenue growth and €2.4 million of addition EBITDA. These results are driven by the calendar shift of the Easter holidays, the strong performance achieved in season passes sales, reaching a year-on-year growth of 11%, the revenue growth delivered during off-season events reaching a 18% growth rate, and the increase in percap driven by an improvement of the in-park offering with new branded concepts introduced in certain parks. It is important to mention that the performance during Easter holidays has been affected by rainy conditions and we will see this effect in the year-to-date performance as of May that we will explain later in the presentation.

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In the Rest of Europe segment, on page 6, as in the case of Spain, we have also reached double-digit revenue growth rate driven by the calendar shift of the Easter holidays. Similarly to Spain, the performance during Easter has been partially offset by weather conditions. We have continued as well in the case of Spain growing, delivering strong results in season passes, with a growth rate of 41% and off-season events have reported a 13% revenue growth rate.

EBITDA increased by 1% vs. the 10% growth achieved in revenues impacted by the anticipated marketing costs, campaigns associated to promotional advertising campaigns that are expected to deliver positive returns in the coming quarters. We have also done specific cost investments in off-season events during H1. This is particularly the case of the Christmas event at Mirabilandia in Italy that was launched for the 31st time this year, and where we have dedicated incremental costs to create awareness of the event, and this will bring back more returns but, in this case, in the coming years, not in this year. And finally, we have also spent wage increases in our parks in Germany, Italy and the Netherlands that affect the EBITDA margin during the low season, mainly due to the different seasonality of costs vs. revenues.

Finally, in the US, we have delivered good performance but in a period that only represents 12% of the annual revenues vs. for instance, Spain, that represents 22%, and in the case of Rest of Europe, which is 19%. Most of our parks started peak season in May and June and this is why there is no miniature impact of the Easter holiday calendar affecting this region. We have reached 2% revenue growth and 4% EBITDA growth rate but the most important KPI for this period in the US are the sales of season passes, which have growth at 12%, and this, we believe, highlights the attractiveness of the product.

Now, Isidoro will continue the presentation explaining our P&L for the period.

Isidoro Díez:
Thank you, Juan. I will run you through the P&L below EBITDA, cash flow generation and net debt position. On page 8, we have the P&L summary, where the most important variances on the below EBITDA are first, depreciation, which has increased from €33.1 million to €40 million due to the following reasons: the capex incorporations evolved above standard recurrent capex for expansion projects and indoor centers, and the remaining is related to a one-off adjustment that reduced the D&A in 2017.

In terms of annual D&A levels, we expect to be in the region of €75-80 million for fiscal year 2018. Second, the non-recurrent items amounting to €7.7 million, including the Miami clean-up cost after Hurricane Irma, the bad debt provision of the Vietnam contract and personnel restructuring, advisory fees, provision for stock-based compensation and other non-recurrent items. The third main subject here are the financial expenses which, in fact, are lower than prior year, thanks to the debt amendment made last year and the dollar vs. euro depreciation. This decrease has been offset by the FX impact of the Norwegian krone and a positive impact of €2 million last year from an input capitalization that was accounted for last year.

Moving to the next page where we have included the evolution of the net debt by concept, adjusted net debt excluding intra-year working capital needs increased up to €534 million due to the acquisition of Belantis, partially offset by the US dollar to euro depreciation. The amount of the intra-year working capital needs related to the seasonality of the business has been €123 million. End-of-season net debt estimate is now at approximately €525 million after the Belantis acquisition. Now, I hand over to my colleague Juan again.

Juan Barbolla:
Thank you, Isidoro. Now, we want to provide you with a strategic outlook of the business. We will start first with an update on current trading. On page 11, we are showing the revenue performance of the business as of May 13th on a like-for-like basis and for comparability purposes, including the performance in Easter and May bank holidays for both years.

We have reached +3.5% revenue growth year-to-date as of May, and the performance is different between regions. In Spain, we are currently below last year in terms of revenues due to first, a tough Easter holiday period. It is important to mention that there is a calendar effect here and early Easter holiday in March tends to have lower revenue volumes than a late Easter holiday in April. Second, as we said before, the weather has been adverse against last year. It is also worth mentioning that the comparable figures in Spain from last year were very high. So, a reminder, by this time of the season last year in Spain, we were growing at 19% growth rate, which is significantly above a normalized level. In Rest of Europe and the US, revenue performance is growing in line with our expectations.

Looking forward for the rest of the year on page 12, we continue on track to meet our year-end targets of at least 10% like-for-like EBITDA growth for the year. This is based on, first, the year-to-date performance although it is true that May only represents, year-to-date May only represents 25% of our revenues. Also, it's relevant that year-to-go performance should benefit from the low comparable figures of last year. So, reminder, last year, we were growing revenues at 8.5% as of May, and we ended up the year with almost flat annual revenue growth affected by external factors.

This illustrates that we should be capable of delivering stronger growth rates in the second half vs. the first half of this year. Also, the strong results being achieved in season passes sales is a good indicator. And we are on track with most of our growth initiatives for the period to be able to reach our targets. Particularly, this is the case of our capex program for the year, which is a key pillar to deliver growth during this second half of the year. The majority of the projects, main projects, are on track, which is the case of the new Nickelodeon Area at Parque de Atracciones de Madrid; that is already open. Expansion of the Warner Beach Water Park is ready to open the very first day of the season.

In the Rest of Europe, the expansion of Mirabeach Water Park in Italy is on track to open in summer, and in the case of the US, we have been able to anticipate the opening of the kid's area themed with Thomas the Tank IP at Kennywood, Pittsburgh that could offset any potential delay in the opening of the Storyland Aquarium in New Hampshire that is running slightly behind schedule. Now, Fernando will continue the presentation, explaining the main strategic developments achieved in...

Fernando Eiroa:

Thank you, Juan. I'm very excited about, you know, this agreement that we signed with Barcelona to develop indoor entertainment centre together. For us, this is a very, very strategic, and a very good contract, and strategic contract because we might be the first company offering a leisure and resort football experiences in the world. As you all know, or may know, Barcelona is one of the most important sports clubs in the world, not only football related but in sports in general. It is very, very popular all over Europe, South America, America, Asia, US, etc.

This contract has proven our capacity to reach agreements with, you know, the most important or the top IPs in the world. What we are planning to do is build in the future the target, the potential target is to build in the future, five projects, five centers and they will have an average of 5,000 square meters or 50,000 square feet, around that. Again, very, very exciting project with Barcelona.

If we go to page 14, you will see here an updated pipeline of the indoor entertainment centre projects that we have. We have six under development. One is open already, the one in Murcia One will be open this year in 2018 and we have a large, big pipeline of good opportunities in different regions in the world.

If we move to the next page, page 15, we see here the agreement, the new management contract, management agreement that we have signed with Meraas, which is the main shareholder of Dubai Parks and Resorts to manage Dubai Safari. This is a unique asset in Dubai, in the Middle East. It has an extension of around 120 hectares, which is very big, it is large, and offers an exclusive safari experience, I mean, you will be able to visit different animals, a very, very good collection of animals in their own habitat.

The parks contribute to the preservation of wildlife and this is one of the main targets of our company in the park, and this park represents one of the largest investments in animal parks worldwide in recent years. It has been a very, very, I mean this has been a large investment and the park is a very, very good quality park. The park is currently closed for improvements.

When we signed the agreement, we decided with the owners to improve certain areas of the park and the offering and it will be reopened in October this year, October 2018. Again, this contract reinforces our presence in the Middle East and obviously tells about our capability to manage different kinds or different types of parks.

If we move to page 16, I would like to talk a little bit about the acquisition of the park, the new park in Germany, Belantis. Again, we are very, very excited about this acquisition because we see potential, a lot of potential in this park. Belantis is a leading theme park in Germany, it is in a very good location, it is very close to Berlin and Dresden, the surface, the extension of the park is 38 hectares and has 70 different attractions.

The park fits very well in our portfolio and reinforces our presence in Germany, in the German market which, you know, is one of the largest in Europe, and you know we own another park, Movie Park, in the country. And this is, we have a, and we see a very good opportunity, a great opportunity to transform Belantis into a flagship regional park, and on top of this, in the area, in the region, there is limited leisure offering, so we are very, again, we see a lot of potential here.

We will be having a very, very important value creation by improving the customer experience and implementing the Parques Reunidos Best Practices. Just for you to know, talking about M&A, we have and we continue being very, very active and we are analysing some other M&A opportunities throughout the world.

So, thank you very much for your time, thank you very much for attending the call and now we are open for any questions you may, 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 Jamie Rollo from Morgan Stanley. Please go ahead.

Jamie Rollo:
Oh, hi, there. Morning, everyone, afternoon rather. The first question actually is on the underlying profit performance. You've given us, obviously, the H1 EBITDA numbers but they're not that representative. You've also given us the 3.5% year-to-date sales number. It would be quite helpful to know the year-to-date EBITDA growth if it's possible, please.

Juan Barbolla:
Good afternoon, Jamie. It's Juan here. Look, as you can imagine, honestly, we cannot provide EBITDA closing figures by mid-May, which is the middle of the month, so it's pretty much impossible. I think, I mean, from our standpoint, what we believe is important, is you need to take into account that we are in the low season, and honestly, until we don't get into the high season at some point in June, we don't generate positive EBITDA. So, we really believe, and in order to achieve our budget, we really believe what's really important is the revenue performance and we should be focused on during the standard underlying performance of the business. We cannot provide more information at this time.

Jamie Rollo:
Okay. And the 10% guidance, just to understand, what, is that underlying EBITDA is it? Or are you assuming a Belantis contribution? Are you assuming a currency impact on that as well?

Juan Barbolla:
No, this is, this is, this is, this is pure like-for-like EBITDA growth, excluding any impact which could be negative, from the FX rate, okay? The FY exchange rate, dollar vs. euro, and it's also excluding the Belantis acquisition or their potential change in the portfolio, okay? So, it's like-for-like.

Jamie Rollo:
Okay. And could you give us some full-year guidance for headquarters costs, and also currency and in terms of translation on the P&L, and also finance costs, please?

Isidoro Díez:
On the... Hi, Jamie, this is Isidoro. On the finance costs, we maintain the initial guidance in the region of, between €30-35 million. We maintain. And regarding the head office costs, we expect to be in line with our, with our estimates when we provided the guidance.

Jamie Rollo:
Which was?

Isidoro Díez:
In terms of opex for the headquarters, total in the region of €28 million.

Jamie Rollo:
Okay, and if I could have one more, possibly. The...

Isidoro Díez:
Sorry, sorry. Sorry, if I may, I would like to clarify something in advance. There is an important impact if you compare that opex with prior year because prior year due to the results, the bonus for the personnel, let me, let me be very open, it was almost 0. All 0. So, there is, there is a big impact on those opex because we are right now assuming a 100% bonus. You know what I mean? I don't know if I'm explaining myself.

Jamie Rollo:
So, last year it was €17 million on a reported basis...

Isidoro Díez:
That was not opex. That was EBITDA. I'm saying opex, sorry. I understood opex from you.

Jamie Rollo:
Oh! So, I see. So, it was €20 million, yes, €23 million opex, okay.

Isidoro Díez:
All I'm saying is that jump of €5 million, please take into consideration that almost, I would say almost half is an accrual of the bonus that last year it was almost 0. Okay?

Jamie Rollo:
Yeah. Okay. And sorry, and the currency translation impact presuming that's negative now in the second half of the year?

Isidoro Díez:
Sorry, I didn't get you, Jamie. Could you repeat?

Jamie Rollo:
Yeah, the currency impacts translation? What sort of full-year guidance on currency to EBITDA?

Juan Barbolla:
Yes, all right, I mean, the, yes, the, I mean…really attention on the dollar to euro FX rate, but as of today, you could assume that probably the precision of the dollar should impact at around €4-5 million in terms of EBITDA to the consolidated amount, yes.

Jamie Rollo:
And that's the full year or is that in the second half of the year?

Juan Barbolla:
That is full year, that's the full-year impact.

Jamie Rollo:
And if I could ask one more, sorry, less on numbers. Just on the IECs. They're all, or nearly all seem to have been delayed by a couple of quarters in terms of expected opening date? What sort of caused that and how confident are you about the opening dates, please?

Fernando Eiroa:
Well, Jamie, hi. This is Fernando. We are confident about the opening dates and obviously, I mean, when we, we made our best estimates when we do the projects and when we, you know, do the estimation of when we can, we will be able to open the sites. But some of them, not all of them, some of them have been affected by two main things,

I mean. The first one is the malls, the shopping malls have delayed, allowing us to come into the, into the mall to start working there because they didn't have the space available. They have some delays, I mean, cancelling or whatever the prior leases. And the second thing is that in some cases, permits took a little bit longer than expected. We always, again, we do our best estimation of when we can be starting and ending the projects but, you know, sometimes, we have delays, it happens.

Jamie Rollo:
Okay, thank you very much, everyone.

Thank you, the next question comes from James Rowland Clark from Barclays. Please go ahead.

James Rowland Clark:
Hi, good afternoon. I've got a few questions as well. On the Barcelona agreement, could you give us any idea of the potential economics of the IECs, will they be similar to the current ones that you're opening and building? And when can we expect the openings or the first openings on those and any capex on those as well?

Isidoro Díez:
Hi, James, this is Isidoro. Regarding economics, you can, I mean, it's roughly the same we described at the IPO and what we have been describing in terms of investments and in terms of economics. So, you can get the figures.

James Rowland Clark:
Okay, and any... What's the date on targeted openings and when should we expect capex to begin on those?

Isidoro Díez:
Early stages, James. Very, very early stages.

Juan Barbolla:
Let me tell you something. I mean, we just signed the agreements so we are working to get a good name to develop the concept, I mean, to design a concept and as soon as we have a concept, we will be, you know, promoting and offering this to different shopping malls, companies all over the world. There is a huge, a big demand, I mean, so it has been received very, very positively but it's too early to tell you. I mean, honestly, we cannot tell you right now.

James Rowland Clark:
Okay, thank you. And then, after Q1 you mentioned that your report on Marineland visibility regarding building permits as when you next reported. So, is there any update on that?

Fernando Eiroa:
Look, if you want, James, I can give you an update on Marineland. I think, first thing, what is important to us, to acknowledge that this is a transitional year for Marineland in the context of the repositioning of the park. Okay, it's true that we are having very strict limitations to the permits and this is pretty much affecting this season. Good news to report here is that, first, we have managed to work to launch a new 5D cinema, okay, which is driving, we opened it at the beginning of April and it's driving positive impact for the time being, okay?

And we are on track to open the educational area, which in this case will have impact for the second, for the next season, most likely. Another good thing, James, is that the law that was approved regarding marine mammals was cancelled, okay, which is good for us. And look, despite all these developments we are still prudent first in terms of guidance for the year, we maintain our guidance which is flat performance for this year, and in terms of the permits, honestly, we continue working hard with the local authorities to gain visibility but for the time being, there is very little visibility to be honest here, okay? As soon as we know more, we will let you know.

James Rowland Clark:
Great, thank you. Final two, please. Non-recurrent items are €7.7 million. Should we expect that to increase a little bit through the year or is that now final as far as you can tell? And then, also, you mentioned M&A opportunities. You're still active in this space. Can you give us an idea of regionally where you're looking? That would be very helpful if possible.

Isidoro Díez:
Hi, regarding the non-recurrent, I mean, I don't want to say it's frozen for sure, but don't expect double at the end of the season. Don't expect a negative double addition of the season. I mean, there will be some non-recurrent but as they are extraordinary things, as of now, we, I mean...

Fernando Eiroa:
You don't know.

Isidoro Díez:
I don't know, but don't expect double at the end of the season, of course.

Juan Barbolla:
And I will answer the M&A. I mean, we are, as you, I mean, as we have in fact mentioned before, we are very active and we are analysing in different regions. But I'd rather, I'd prefer not to disclose the regions because someone, our competitors, will know where we are looking for opportunities, and... But I can guarantee you, I mean, that we are being active and we have analysed the field now.

James Rowland Clark:
Okay, great, thank you.

Thank you, ladies and gentlemen, just a reminder, in order to ask a question, you can press 01 on your telephone keypad. Thank you.

The next question comes from João Safara from Banco Santander. Please go ahead.

João Safara:
Yes, hi. A very quick question, just regarding the provision in Vietnam. I mean, my understanding is that currently you're, I mean you're under a dispute or lawsuit or whatever with your partner in Vietnam. Can you give us some timeline or some other details, if there's a need for further provisions here or basically, I mean, all the costs were considered already? And that was my only question. Thank you.

Isidoro Díez.
Thank you. I'll tell you that we used to consider this as a bad debt provision, to consider it as a bad debt which would be deductible for taxable purposes. That's the criteria we have used.

João Safara:
Okay, but regarding this contract, I mean, is it completely over, or do you see any possibility that you can, I mean, reach an agreement with your partner there, or should we just assume that this contract is no more in the future?

Fernando Eiroa:
We are in conversations with them to try to reach an agreement but I cannot, I cannot tell you what's going to happen, I mean, so we're, again, we're in conversations with them and we will let you know as soon as we know.

João Safara
Okay, just another question. You don't mention, well, the project, the Ducati World. Just wondering if there's, I mean, regarding the timeline, if you could remind us what is the timeline and if there are any more changes regarding that project?

Fernando Eiroa:
Ducati, Ducati World is for next year. It's not projected for this year. So, we... There are no delays or anything like that, I mean, we are working on it, we have a great relationship with Ducati so we are working together and, to be honest, it's looking very, very cool, very nice.

João Safara:
Okay, thank you very much.

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, there are no further questions. I now give back the floor to the company. Thank you.

Fernando Eiroa:
Okay, so, again, thank you very much everyone for joining and for your interest in Parques Reunidos and we'll speak next time. Thank you.

Juan Barbolla:
Thank you, everyone.

Isidoro Díez:
Bye!