

PARQUES REUNIDOS – SUMMER TRADING UPDATE

Q4-16 Trading Highlights

Parques Reunidos is providing today, 14 October 2016, a current trading update with the performance of the business during its fourth quarter. During this quarter, our performance has been affected by external factors:

- Abnormally adverse weather conditions in the North East of the US affected the performance of the parks in the region.
- The devastating attack suffered in Nice (France) during the Bastille day in July impacted Marineland performance.

As a consequence, our Group EBITDA for 2016 (excluding Marineland) is expected to be broadly in line with 2015 figure.

Group revenues (excluding Marineland) grew on a like-for-like basisⁱ by 0.9% during the quarter. The year is expected to close with a like-for-like annual revenue growth of 0.4% (excluding Marineland). Including Marineland and the associated negative impact of the attack in Nice (France), annual group revenues will decrease by 1.3% on a like-for-like basis.

Visitors Like-for-like Growth		
	Q4 growth	2016E growth
Visitors		
Spain	7,5%	2,9%
RoE (ex-Marineland)	(0,5%)	0,8%
US	(3,3%)	(3,8%)
Total Visitors (ex-Marineland)	0,5%	(0,1%)
Marineland	(25,2%)	(34,4%)
Total Visitors	(0,9%)	(1,9%)

Revenues Like-for-like Growth		
	Q4 growth	2016E growth
Revenues		
Spain	10,5%	5,5%
RoE (ex-Marineland)	2,1%	2,5%
US	(3,1%)	(3,6%)
Total Revenues (ex-Marineland)	0,9%	0,4%
Marineland	(33,8%)	(25,3%)
Total Revenues	(1,3%)	(1,3%)

Trading Performance by Region

Spain:

Spain has delivered strong performance, with a like-for-like revenue growth during the quarter of 10.5%, and is expected to finish the year ahead of forecast (c. 5.5% like-for-like annual revenue growth). Key drivers of our performance:

- Continued improvement of Spanish macro-economic conditions and good weather conditions in Q4 with more moderate temperatures in July compared to prior year.
- Dynamic pricing has been implemented across the portfolio delivering positive results.
- Improved promotional strategy, reducing non-paying visitors in some of our key parks.
- Improvement of in-park sales offerings through agreements with new partners and the launch of all-inclusive programs.
- Key new attractions and improvements introduced during the season, including a new terror maze and the introduction of Paw Patrol IP at Parque de Atracciones Madrid; a new Batman show at Warner Park and the re-theming of Villanueva and Costa Daurada water parks during the past 3 years.

Rest of Europe

The rest of the European portfolio, excluding Marineland, has delivered robust performance with a like-for-like revenue growth during the quarter of 2.1%. The year is expected to finish broadly in line with forecast. Performance has been driven by:

- On the commercial side, dynamic pricing has been implemented this year across the portfolio.
- Focus on profitable visitors by reducing non-paying visitors.
- New marketing and promotional strategy implemented at Mirabilandia has resulted in a return to positive growth trend.
- Key new attractions, including a western area at Mirabilandia, our first virtual reality coaster at Bobbejaaland and a successful second year attendance growth at Slagharen in-door water park.

The results of Marineland have been affected by the sharp reduction of tourism following the terrible events suffered in Nice. Looking forward we are developing a plan designed to boost park performance in the next two seasons relying not only on a recovery of the tourism in the area but also on i) increasing our current penetration within the local population, ii) recovering our corporate event business and iii) repositioning the park based on educational activities, showing our commitment to wildlife conservation and rescue & rehabilitation of marine animals.

US:

The performance in US has been affected by the highly adverse weather conditions in the North East region which represents c.60% of our revenues in US.

- Historical record heat has been registered in Connecticut, Pennsylvania and New York and at the same time, it has been the 2nd wettest August in history.
- Adverse conditions have particularly affected 3 weeks in the summer (from July 25th to August 14th) with a substantial increase in humidity and in rainy days (+71% or 62 operating days).
- During the remaining weeks of the quarter, and still under unfavorable weather conditions, we have been able to increase our revenues at a low-to-mid-single digit rate driven by:
 - Dynamic pricing initiatives including calendar based pricing and weekend pricing differentials.
 - Continued improvement of in-park offerings with new facilities at Splish Splash, Miami Seaquarium and Raging Waters LA.
 - Launch of new attractions, including i) Phobia Phear Coaster at Lake Compounce, ii) Noah's Ark walk through attraction at Kennywood and iii) Princess Castle at Idlewild.
- There are other factors that show that the underlying performance of the business has been strong, including the record season pass sales (+4.4% year-on-year) and the growth achieved on group sales (+8% year-on-year).

Key Strategic Developments

Parques Reunidos continues delivering its growth strategy with recent strategic developments that include:

Expansion capex projects:

- As of today 4 projects, that represent c.€33 MM of investment, have been identified for development in 2017 and are expected to open in 2017/2018.

Management contracts:

- Dubai and Vietnam are expected to open in Q4 2016 and Q1 2017 respectively.
- Ongoing conversations in multiple projects across different regions.

Mall entertainment centers (“MECs”):

- 5 lease agreements have been signed achieving our 2017-18 targets.
- Over 20 additional projects being developed and negotiated.
- Ongoing negotiations with global brands for new potential licensing agreements.

Conference Call

A conference call for analysts will be held today 14 October 2016 at 9:30 am Madrid time. Dial-ins are as follows:

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- UK: +44 2030432440
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ⁱ Like-for-like growth assumes same park portfolio perimeter and is calculated on a constant currency basis using 2015 exchange rates.

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