



Parques Reunidos Servicios Centrales, S.A. (“**Parques Reunidos**” o la “**Sociedad**”) en cumplimiento de lo previsto en el artículo 227 del Texto Refundido la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre, mediante el presente escrito comunica el siguiente

### **HECHO RELEVANTE**

La Sociedad ha alcanzado un acuerdo con Tanjong PLC para adquirir el parque acuático alemán “Tropical Island” por un precio de 226 millones de euros. La adquisición será financiada exclusivamente con cargo a un tramo adicional de las líneas de crédito disponibles del grupo, en condiciones similares a la deuda existente.

La adquisición está condicionada a la obtención de la preceptiva autorización por parte de las autoridades alemanas de competencia y demás autorizaciones pertinentes. Está previsto que el cierre de la operación tenga lugar antes del mes de febrero de 2019.

Se adjunta la presentación para analistas e inversores institucionales que la compañía realizará a las 18:00 del día de hoy.

En Madrid, a 11 de diciembre de 2018

Parques Reunidos Servicios Centrales, S. A.



## Acquisition of Tropical Islands

*11 December 2018*



## The Deal

- Parques Reunidos has reached an agreement with Tanjong PLC **to acquire the German indoor water park Tropical Islands, for a total amount of €226 MM**. The transaction includes the acquisition of 423has of nearby unused land suitable for expansion projects
- The implicit transaction multiple for the business is **9.6x EV/EBITDA 2018PF<sup>(1)</sup>** (excluding the value of the unused land)
- The transaction will be fully debt financed and is expected to be EPS accretive since year-1 of operations

## The Asset

- Tropical Islands holds the world's **largest indoor water park and rainforest** located in an extension of more than 600has of land
- The Park is located 60km south from Berlin and close to the cities of Leipzig and Dresden in Germany
- With ~1.3 MM visitors p.a. it offers a combination of waterpark experiences and different formats of accommodation facilities (~2,000 beds)

## Acquisition Rationale

- Tropical Islands is a **trophy asset**:
  - > Unique asset with an one-of-a-kind product offering with strong brand awareness
  - > The indoor setting plus the accommodation allows the Park to open all year round, and hence having a limited seasonality
  - > Located in a highly attractive growth market (Germany) and in a highly populated catchment area with limited competition
- And a **“must own”** for Parques Reunidos:
  - > Improving the Group's diversification and helping to hedge against external conditions
  - > Extending the season of our European business
  - > Reinforcing our market positioning in Germany where we are already operating Movie Park and Belantis
  - > Reinforcing our positioning as the world's leading water park operator
  - > Room to unlock significant value by implementing “Parques Reunidos best practices...”
  - > Potential for further expansion projects at accretive ROICs leveraging on the available un-used land

## Timetable

- The deal is yet pending clearance from the German Competition Authorities and other customary approvals
- The transaction is expected to **be closed by the end of January 2019**

## ► The largest indoor water park and rainforest in the world

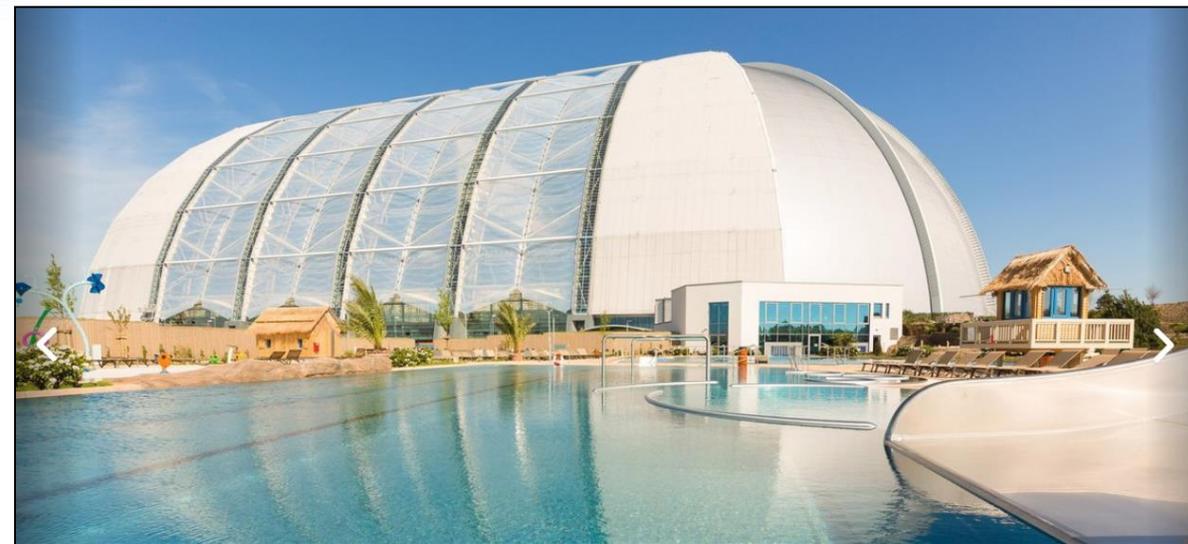
- The Park opened its doors in December 2004 and was built by Tanjong PLC, a Malaysian Corporation that has operated it until now
- It occupies a total extension of approximately 611ha of land, including 423ha of nearby land available for potential expansion

## ► A unique proven product with a solid brand awareness

- The Park offering comprises **three main concepts**:
  - The **Dome**: a c.7ha area at the core of Tropical Islands with a strong exotic theme comprised of water attractions (including a lagoon, slides, a 200m sandy beach and sauna & spa facilities)
  - **Amazonia**: a 35,000 sqm outdoor water park with heated swimming pools operating all year round
  - **Accommodation**: with almost 2,000 beds distributed across the Dome (themed lodges, tents) and the surrounding land (mobile homes, camping, tepees and a satellite hotel) offering a different mix of prices ranges (from €50 to €200 per night)

## ► The Park has a highly attractive location

- The Park is located at approximately 60km south from Berlin
- Attractive catchment area with c.13m population<sup>(1)</sup> being close to the German cities of Berlin, Dresden and Leipzig reaching as well Poland and the Czech Republic
- Limited competition within the catchment area



**World's largest indoor water park and rainforest**

**Located 60km south of Berlin**

**Leisure and accommodation offering both inside and outside the main Dome**

**Total land: ~611ha**  
**Opened: 24x7 365 days**

**~1.3m visitors**  
**>50% Day Visitors**

**~2,000 beds across 4 different concepts**

**Dome**



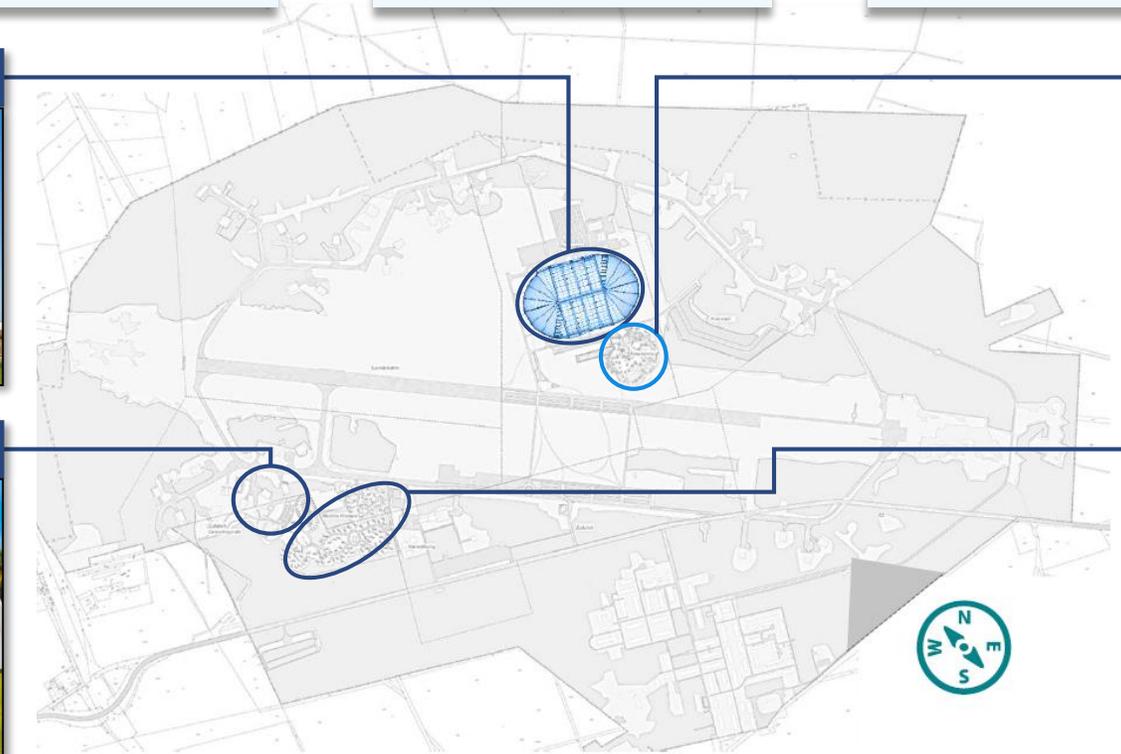
**Teepees / Camping**



**Amazonia**



**Mobile Homes**



Dome Offering



Accommodation

- Lodges ●
- Tents ●

Points of Sale

- F&B ◆
- Retail ◆

Main Attractions

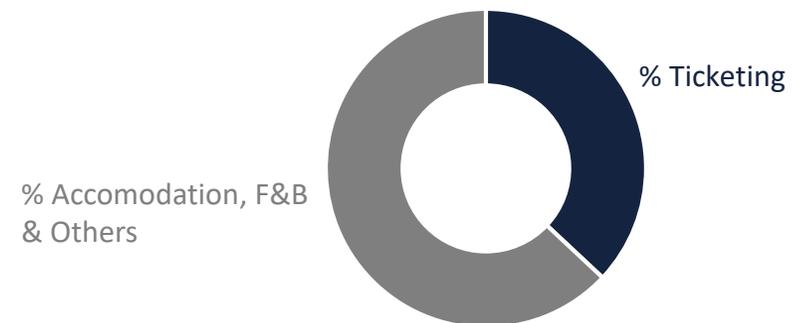
- South Sea □
- Rainforest □
- Sauna & Spa □
- Lagoon □

**A proven business model delivering a strong financial track record but with room to unlock significant value creation**

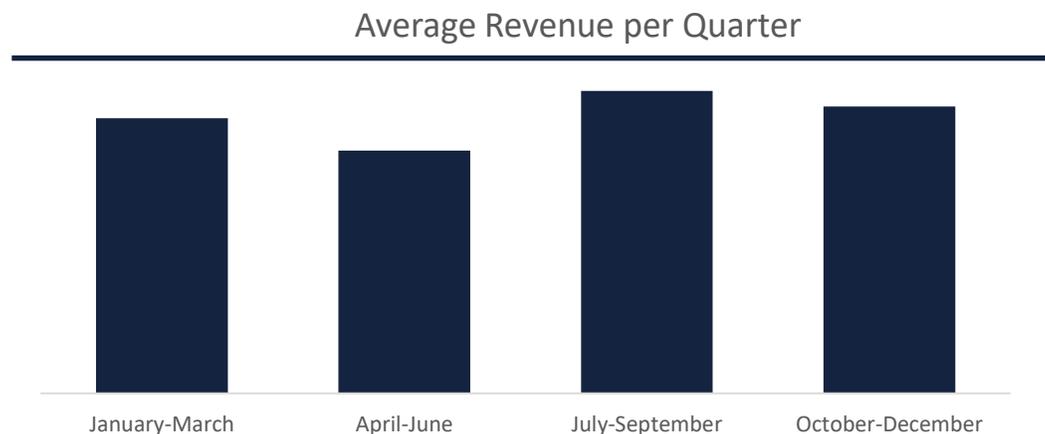
## Financial Highlights (2018F)<sup>(1)</sup>

Visitors	~1.3 MM
Revenues	~€71 MM
PerCap	~€54
EBITDAPF	~€20 MM
EBITDA mg	~28%

## Revenue Breakdown (2018F)

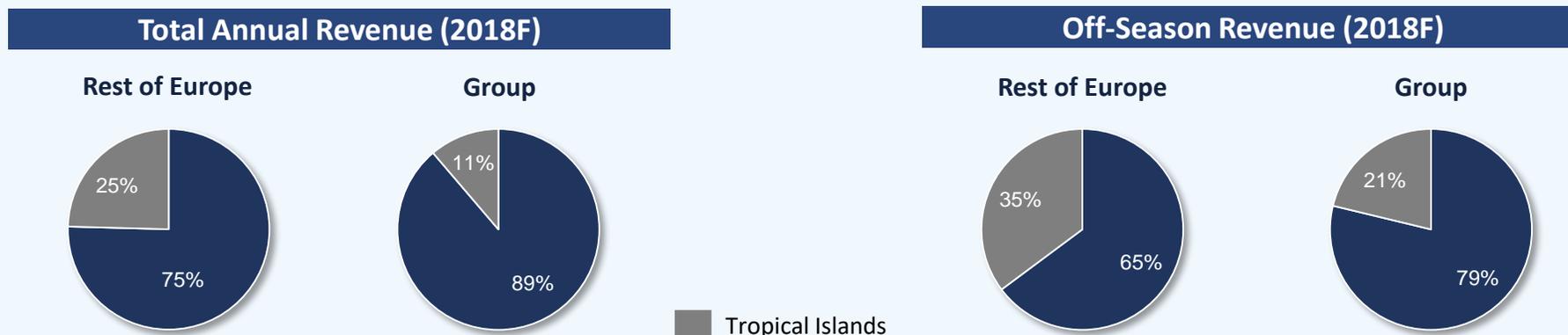


## Well balanced Seasonality Through the Year



## 1 Extending the season of our business and reducing seasonality

- Tropical Islands will represent c. 25% revenues and c. 30% EBITDA of our Rest of Europe business
- Following Tropical Islands' acquisition the off-season period<sup>(1)</sup> will represent 45% of the Rest of Europe annual revenues and 35% for the Group, hence boosting a longer season through the year and reducing business seasonality



## 2 Improves the business diversification and extends our product offering in the Rest of Europe

- Tropical Islands becomes our park 35th in the Rest of Europe region and our 23rd water park
- This is our first indoor water park in the region as well as for the Group
- Given its uniqueness the Park has potential to become a Destination Park in Central Europe

## 3 Tropical Islands indoor setting will provide the Group with a hedge against external conditions

### 4 ➤ Reinforcing our market positioning in Germany

- Tropical Islands is our 3rd park in Germany together with Movie Park and Belantis with which we are reaching a combined 3 MM visitors in the country
- Reinforcing our positioning as one of the regional leading players particularly in the Eastern Region

### 5 ➤ Unique location close to Belantis park

- Ample leeway to achieve cross selling between Belantis and Tropical Islands
- Area with limited competition despite being a highly attractive catchment area due to the population density

### 6 ➤ Germany is a key and strategic market for Parques Reunidos

- In Germany already 50% of the population visits a leisure park every year
- The German leisure market is exceeding the EU in terms of growth recording an average CAGR of +5% over 2011-16
- The market is expected to keep the same growth pace over the 2018-21 period



## 7 Room to unlock significant value creation

- Tropical Islands currently boasts an EBITDAPF margin of 28% <sup>(1)</sup>
- This is below the 38% average that a comparable selected group of European amusement park presents, and below the average of our water park portfolio
- Bringing in Parques Reunidos best practices will improve the Park's operations and hence profitability levels. Areas of improvements identified include:
  - > Implementation of revenue management best practices
  - > Increasing offering through the roll-out of PQR concepts
  - > Procurement efficiencies under PQR ownership
  - > Operating expenses synergies with the rest of the Group

## 8 Value creation in line with Parques Reunidos track record

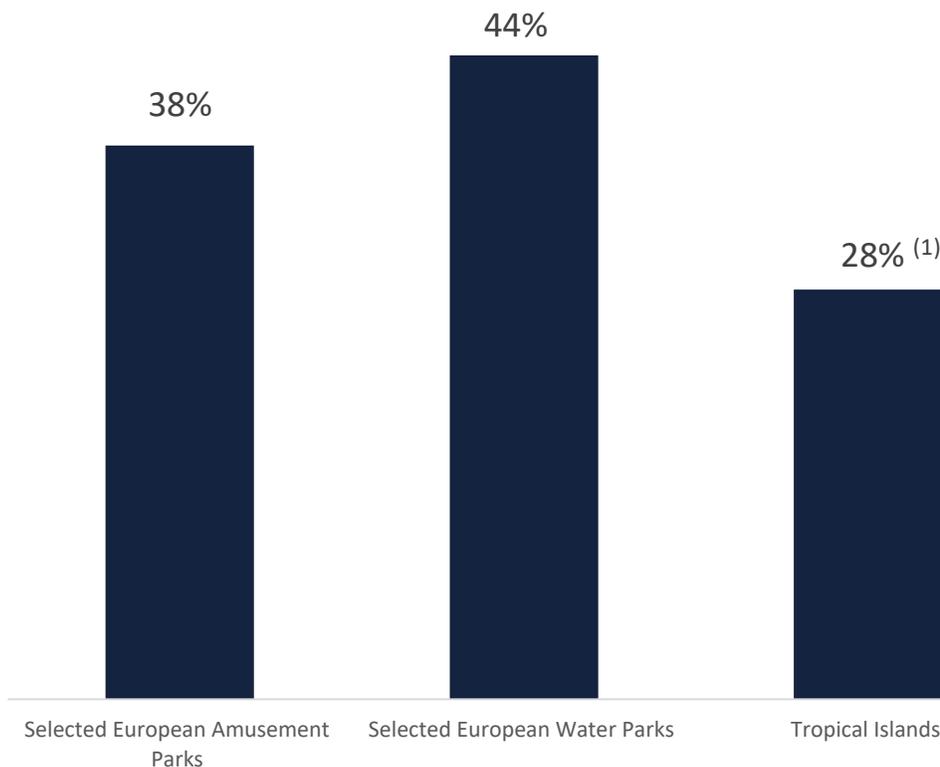
- Average EBITDA improvement of approximately 50%

## 9 Room for highly attractive expansion projects

- 423has of nearby land suitable to carry out expansion projects both in accommodation and leisure offering
- There are several leisure and accommodation projects already identified with targeted ROICs >20%

### Profitability Benchmark

2018 EBITDA Margin



## Key Valuation Considerations

EV (€ MM)	226
EBITDA (€ MM)	~€20 MM
EV to EBITDA <sup>(1)</sup>	9.6x

### ► Valuation case:

- Valuation multiples in line with the amusement park sector despite the asset uniqueness with a sizeable lodging component
- Valuation supported by high earnings visibility
- Detailed business plan to improve operations bringing down acquisition multiple to <7.0x EV/EBITDA
- Earnings accretive from year-1

## Key Financial Considerations

### ► Financing details:

- Additional bullet tranche to existing credit facilities of €300 MM arranged with core lending group to finance the acquisition
- Extension of the 4.5x Net debt to EBITDA covenant ratio for 2 additional years (2021)
- Cost of debt in line with existing TLB

### ► Leverage view:

- Net debt to EBITDA to transitory increase to the 4.0x range (based on 2018 numbers)
- Leverage supported by a business model that generates high and recurrent CF generation capable to finance growth
- We keep our market commitment to reduce leverage in the medium term

- 21 transactions successfully completed across 11 countries since 2004

- Target average EBITDA improvement of c.50% after 2 full seasons under Parques Reunidos management

- Implied EBITDA multiple paid<sup>(1)</sup> post integration of 5.8x

Acquisition	# Parks	Country	Year Acquired	Implied EBITDA multiple paid <sup>(1)</sup>
Bobbejaanland	1	Belgium	2004	
BoSommarland	1	Norway	2006	
Marineland	1	France	2006	
Mirabilandia	1	Italy	2006	
Warner	1	Spain	2007	
Aqualud	1	France	2007	
Grant Leisure	3	UK	2007	
BonBonLand	1	Denmark	2007	
Tusenfyrd	1	Norway	2008	
Faunia	1	Spain	2008	
Palace Group (FECs)	31	US	2008	
Hawaii	1	US	2008	
Kennywood Group	5	US	2008	
Movie Park	1	Germany	2010	
Dutch Wonderland	1	US	2010	
Slagharen	1	Netherlands	2012	
Noah's Ark	1	US	2012	
Miami Seaquarium	1	US	2014	
<b>Total</b>	<b>56</b>			<b>5.8x</b>

All elements are in place to continue being the leading consolidator

Note

1. Based on EBITDA after 2 full seasons under Parques Reunidos operation

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