

A young child with dark hair, wearing a pink and white checkered shirt and a white tutu, is sitting inside a grey, circular play structure. The child has their arms raised and is smiling. To the right of the child is a large, pink Peppa Pig figure wearing a blue dress and black shoes. The background is a blue wall with a window and a green bush on the left. The floor is green.

# MERLIN ENTERTAINMENTS 2018 SUMMER TRADING UPDATE

Nick Varney – Chief Executive Officer

Peppa Pig World of Play, Shanghai

# FORWARD-LOOKING STATEMENTS DISCLAIMER

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# SUMMARY

*Performance year to date in line with expectations, 2018 outlook unchanged*

4.7% organic  
revenue  
growth

Resort Theme  
Parks  
bounceback

Strong  
accommodation  
contribution

Launch of two  
new Midway  
brands



# MIDWAY ATTRACTIONS PERFORMANCE

*Trading in line with guidance, openings H2-weighted*

Organic

0.2%

Like for like

(0.7)%

Reported

(2.4)%

- LFL trading in line with original guidance
- Steady recovery in London
- Europe adversely impacted by warm weather over the summer following a strong start to the year
- Six openings to date, H2-weighted
- Launch of two new brands



# MIDWAY LONDON

*Early signs of recovery in London, but market trends remain mixed*

## Museums<sup>1</sup>



British  
Museum

All UK  
museums

0%

+8%

## UK Day visits<sup>2</sup>



Visits

Value

(5)%

+5%

## London Hotels<sup>3</sup>



RevPar

Weekend  
Demand

(0.3)%

+5.9%

1 – Museums and Galleries. UK government statistics - July and August visitation

2 – VisitEngland Day Visits, Tourism Day Visits, June to August

3 – STR. RevPar and Weekend Demand London last 28 days run rate

# LEGOLAND PARKS PERFORMANCE

*Strong New Business Development contribution and confidence in underlying trends*

Organic

6.4%

Like for like

(0.3)%

Reported

3.5%

- 644 accommodation rooms opened in H1
- Full year contribution from Japan, and wider resort development
- Relatively lower levels of 'new news' across the estate
  - Success with NINJAGO investment over recent years
  - Absence of LEGO movies
- Additional specific marketing challenges at one park



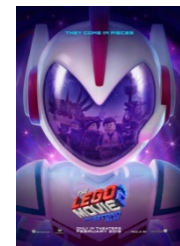
# LEGOLAND PARKS 'NEW NEWS'

c7% p.a revenue growth over 2014-17 driven by NINJAGO product and movies



'Non-show' focus and no high capex investment

Absence of LEGO movies



# RESORT THEME PARKS PERFORMANCE

*Strong trading driven by successful product investment and favourable weather*

Organic

9.0%

Like for like

8.3%

Reported

9.2%

- Gardaland and Alton Towers driving performance
- Strong product investment: Wicker Man and Peppa Pig Lands
- Favourable weather conditions
- Expect full year EBITDA to be around 2014 level

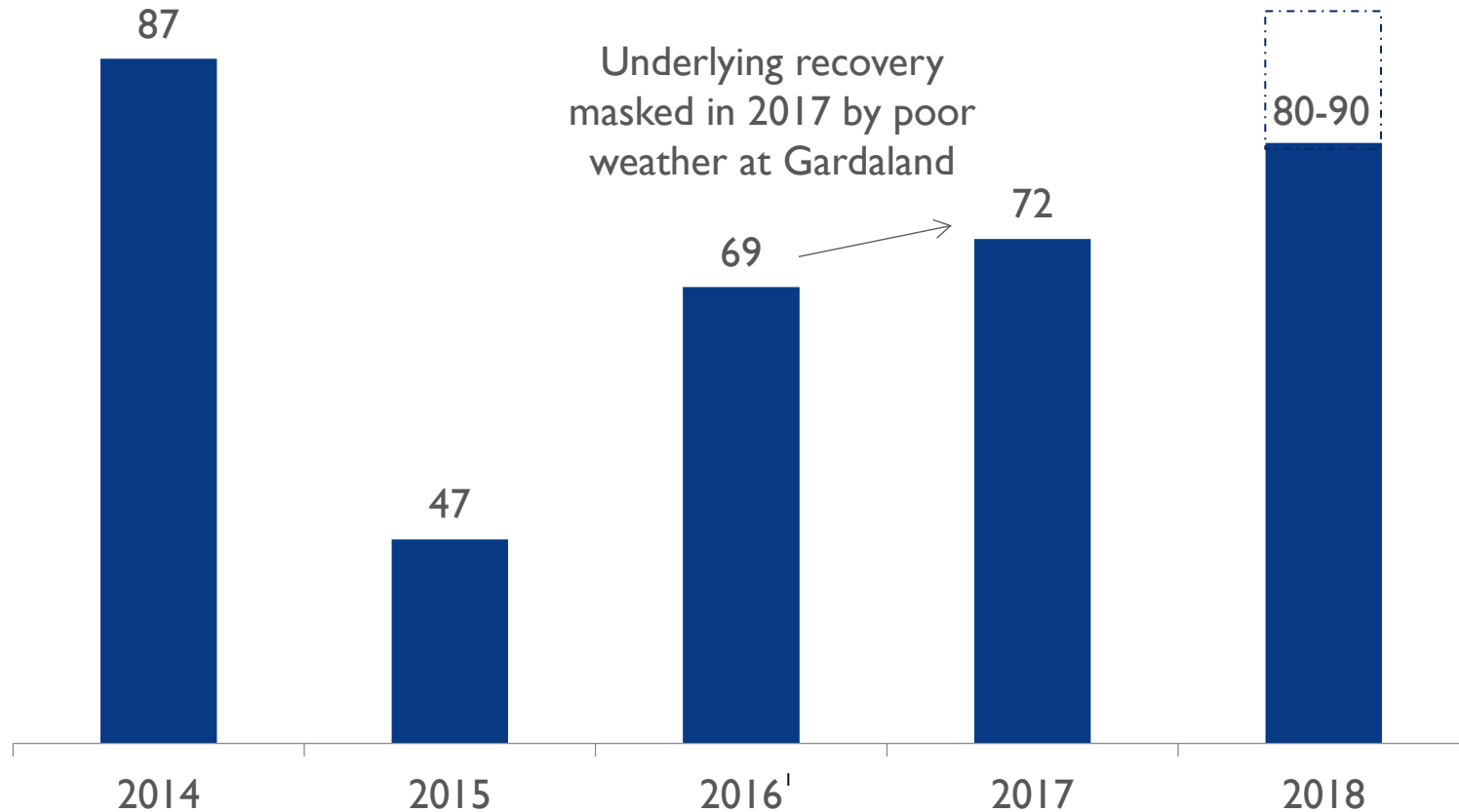




# RESORT THEME PARKS PERFORMANCE

## Continued recovery in Resort Theme Parks

### RESORT THEME PARKS EBITDA, 2014-18



<sup>1</sup> – Based on 52 weeks

# COST GROWTH AND MITIGATION

*Successful cost control to date; further cost increases to be mitigated in the medium term*

## Legislative-driven cost growth

UK Business rates  
**+50%<sup>1</sup>**

NYC Minimum Wage  
**+6.7%**

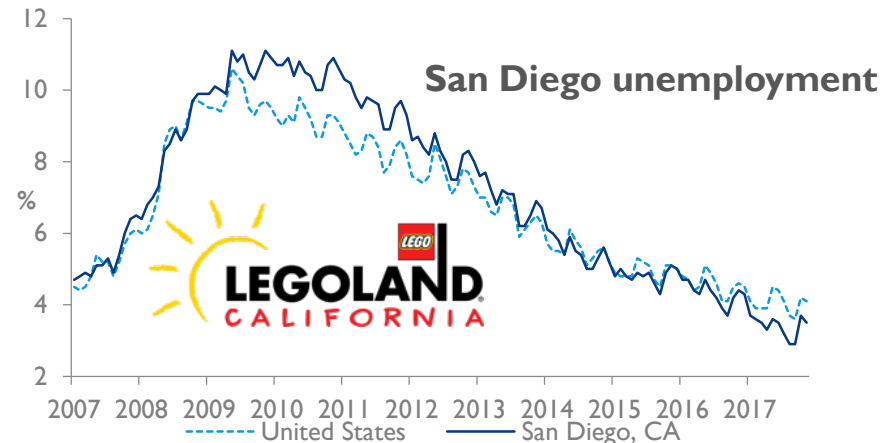
Utilities in UK  
**>20%**

Germany Minimum Wage  
**+4%**

Mitigation achieved to date:

- Attraction-level savings
- Short term and structural savings

## Increased costs due to tighter labour markets



Productivity Agenda workstreams:

- Back office
- Technology
- Model evolution

<sup>1</sup> Expected 5 year, cumulative growth

# STRATEGIC DEVELOPMENTS



# RESORT POSITIONING

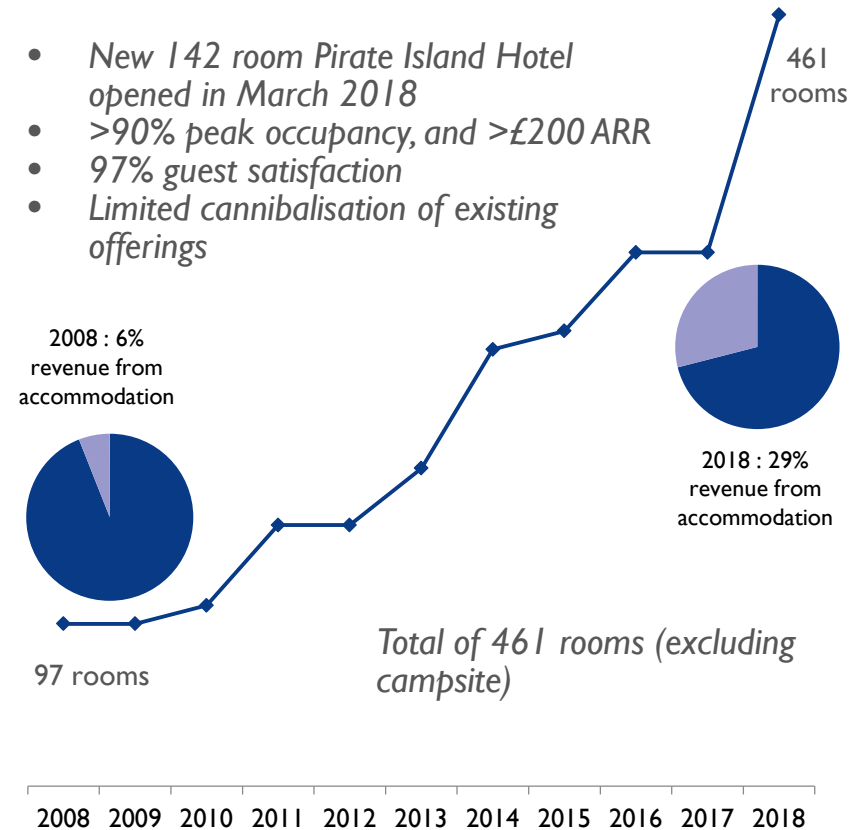
## Continued confidence in the resort positioning strategy

- 644 rooms opened in 2018

- 372 rooms scheduled for 2019
  - Alton Towers Holiday Village
  - Gardaland Magic Hotel
  - LEGOLAND Billund Castle Hotel
- Investment in second gates as well as accommodation

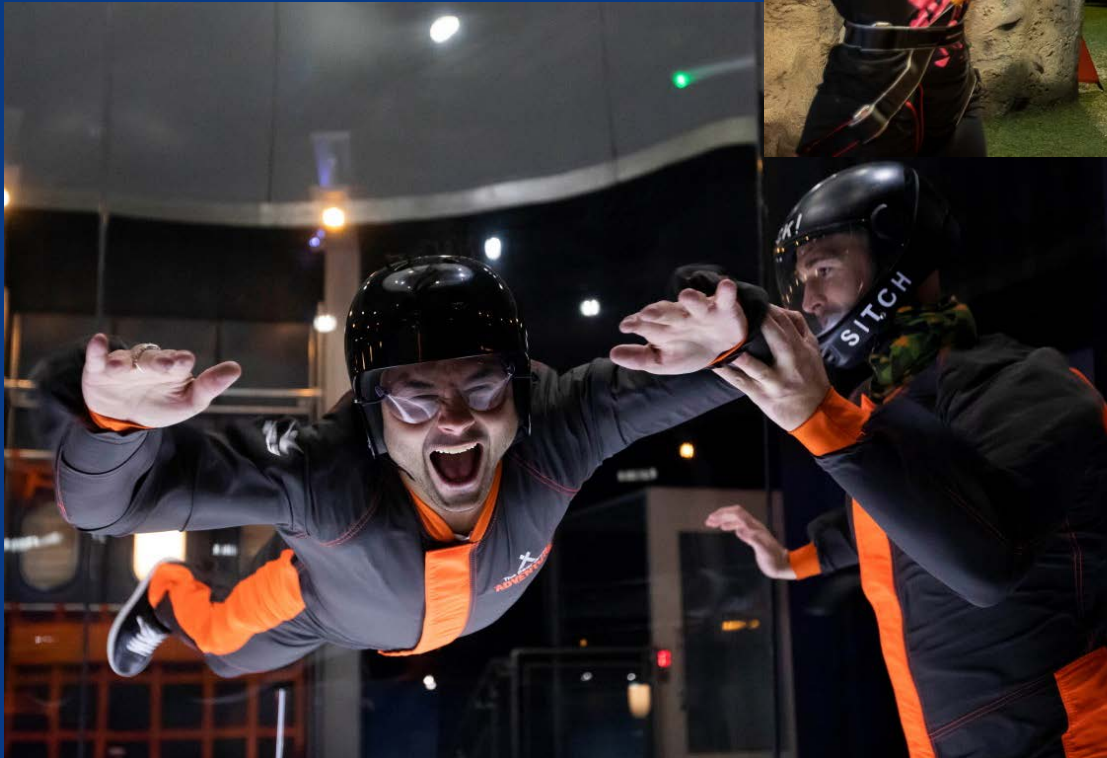
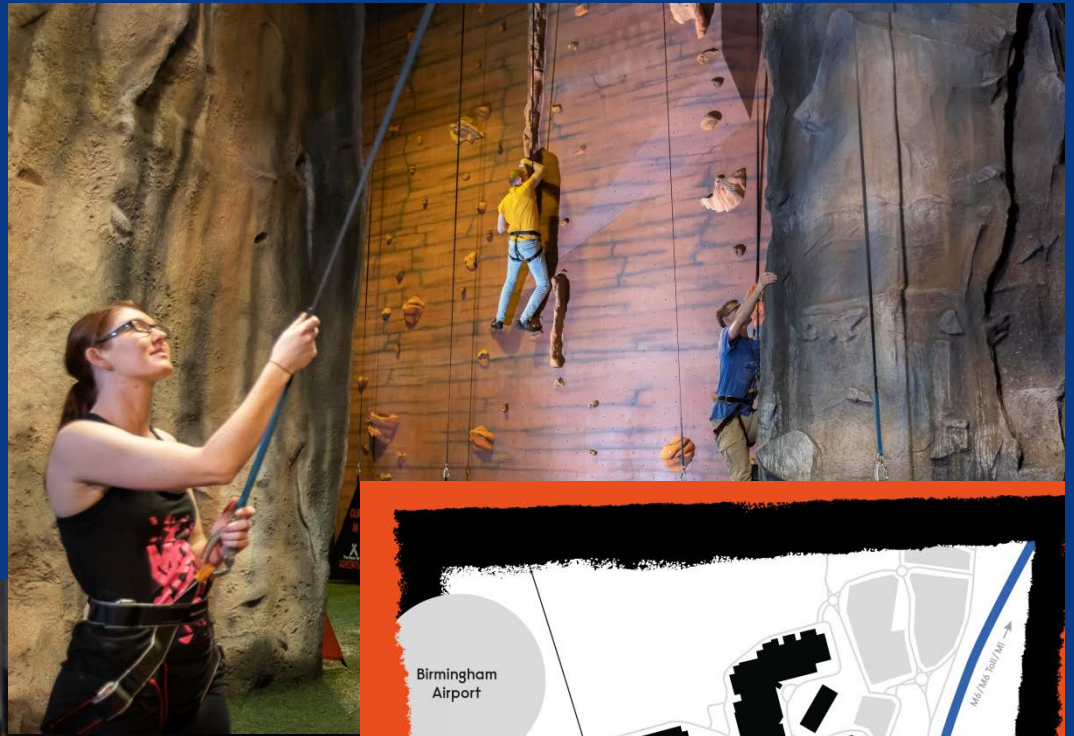
### LEGOLAND DEUTSCHLAND RESORT DEVELOPMENT

- New 142 room *Pirate Island Hotel* opened in March 2018
- >90% peak occupancy, and >£200 ARR
- 97% guest satisfaction
- Limited cannibalisation of existing offerings



# THE BEAR GRYLLS ADVENTURE

Pilot opened in September





# PEPPA PIG WORLD OF PLAY

Soft opening in October



# Little BIG City

Opened in September





# SHANGHAI DUNGEON

First Dungeon in Asia



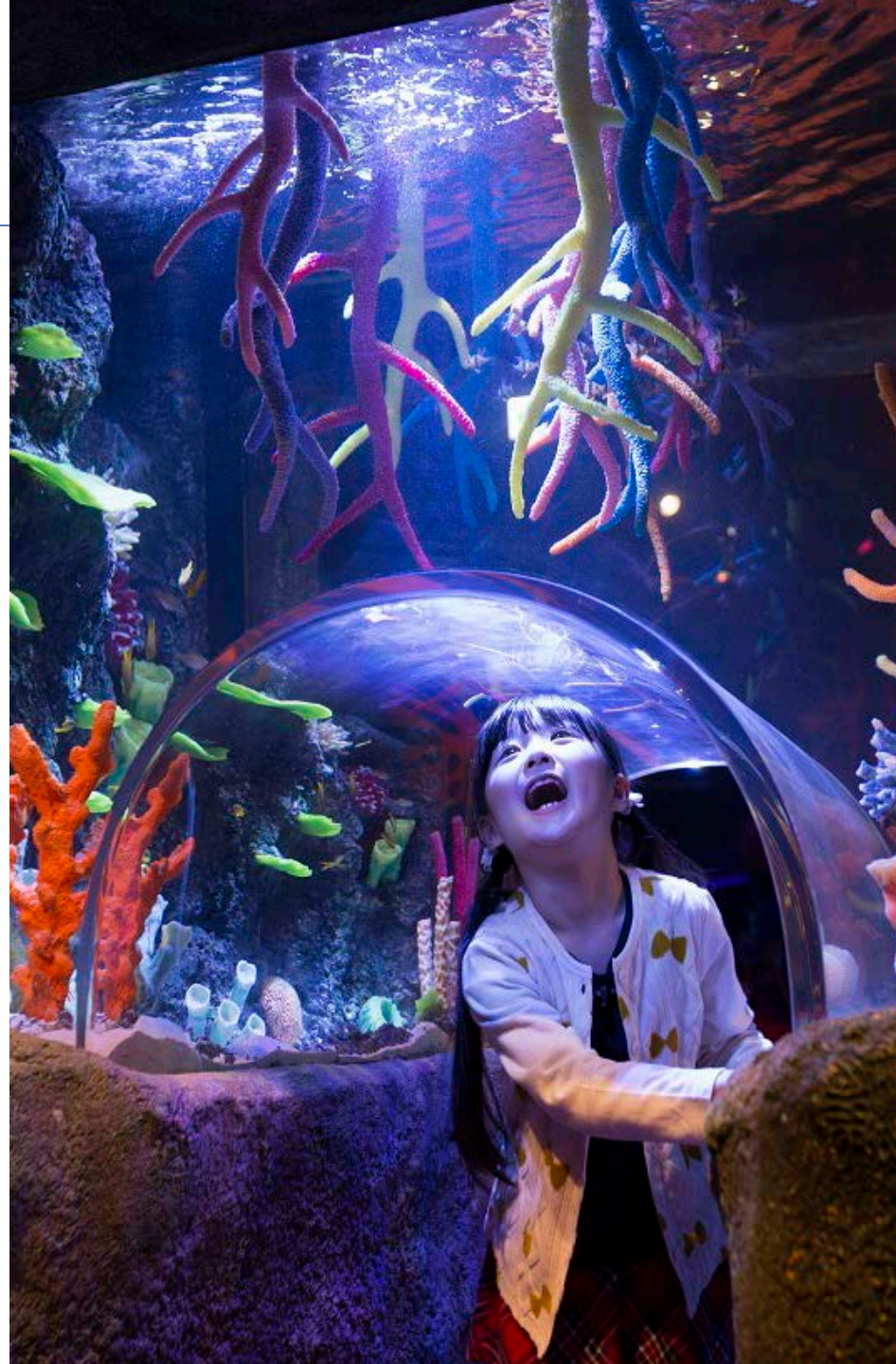


**OPENING IN 2020!**



# OUTLOOK AND SUMMARY

- Trading in line with expectations and 2018 outlook unchanged
  - Strong Resort Theme Parks performance
  - Gradual recovery in Midway
  - Flat LEGOLAND like for like but structural growth remains
- Important trading periods of Halloween and Christmas ahead
- Accommodation delivering
- Exciting new brands within an evolving Midway portfolio
- Strong LEGOLAND parks pipeline
- Positive market fundamentals



# Q&A





# APPENDIX

# ATTRACTION COUNT



	UK		Cont. Europe			Americas			Asia Pacific			Group			
	30 Dec 17	Mov't	6 Oct 18	30 Dec 17	Mov't	6 Oct 18	30 Dec 17	Mov't	6 Oct 18	30 Dec 17	Mov't	6 Oct 18	30 Dec 17	Mov't	6 Oct 18
SEA LIFE	13	(1)	12	18	-	18	8	-	8	9	-	9	48	(1)	47
Madame Tussauds	2	-	2	4	-	4	7	-	7	10	-	10	23	-	23
Dungeons	5	-	5	3	-	3	1	-	1	-	1	1	9	1	10
LDC	1	1	2	3	-	3	10	1	11	4	-	4	18	2	20
Eye	2	-	2	-	-	-	1	(1)	-	1	-	1	4	(1)	3
Other	1	1	2	1	-	1	-	-	-	6	1	7	8	2	10
Midway	24	1	25	29	-	29	27	-	27	30	2	32	110	3	113
LLP	1	-	1	2	-	2	2	-	2	3	-	3	8	-	8
RTP	4	-	4	2	-	2	-	-	-	-	-	-	6	-	6
<b>Group</b>	<b>29</b>	<b>1</b>	<b>30</b>	<b>33</b>	<b>-</b>	<b>33</b>	<b>29</b>	<b>-</b>	<b>29</b>	<b>33</b>	<b>2</b>	<b>35</b>	<b>124</b>	<b>3</b>	<b>127</b>

Attractions opened to date in 2018 comprise SLC Nagoya, LDC Birmingham, LBC Beijing, The Bear Grylls Adventure Birmingham, LDC Columbus, Shanghai Dungeon. Peppa Pig World of Play Shanghai will open late October.

Merlin ceased to operate three Midway attractions in the period (Mainly SEA LIFE Sanctuary, the Orlando Eye and the Cornish Seal Sanctuary) with negligible financial impact.

# ACCOMMODATION COUNT



	30 Dec 17	Rooms opened	6 Oct 18
Billund (Denmark)	436	-	436
California	250	250	500
Deutschland	319	142	461
Florida	318	-	318
Malaysia	258	-	258
Windsor (UK)	209	-	209
Dubai	-	-	-
Japan	-	252	252
<b>LEGOLAND Parks</b>	<b>1,790</b>	<b>644</b>	<b>2,434</b>
Alton Towers (UK)	592	-	592
Chessington World of Adventures (UK)	254	-	254
Gardaland (Italy)	347	-	347
Heide Park (Germany)	329	-	329
THORPE PARK (UK)	90	-	90
Warwick Castle (UK)	67	-	67
Resort Theme Parks	1,679	-	1,679
<b>Group</b>	<b>3,469</b>	<b>644</b>	<b>4,113</b>

Excludes campsite pitches at LEGOLAND Deutschland and LEGOLAND Billund.

# REVENUE PERFORMANCE

Year to date revenue growth	Reported growth	Organic growth	Like for like growth
Midway Attractions	(2.4)%	0.2%	(0.7)%
LEGOLAND Parks	3.5%	6.4%	(0.3)%
Resort Theme Parks	9.2%	9.0%	8.3%
<b>Group</b>	<b>2.6%</b>	<b>4.7%</b>	<b>1.4%</b>

Excluding the adoption of IFRS 15

# GLOSSARY



Key terms	Definition
ARR	Average Room Rate
Cluster	A group of attractions located in a city close to one another
Constant Currency growth	Using 2017 exchange rates
EBITDA	Underlying basis, excluding exceptional items
LBC	Little BIG City
FX	Effect of movements in foreign exchange
LDC	LEGOLAND Discovery Centre
Lead price	Face value of a ticket, which may then be discounted
LFL	2018 Like for like growth refers to the growth between 2017 and 2018 on a constant currency basis using 2017 exchange rates and includes all businesses owned and operated before the start of 2017 and expected to be open at the end of 2018
LLP	LEGOLAND Parks Operating Group
MAT	Moving Annual Total
Midway	Midway Attractions Operating Group
NBD	New Business Development
Non-core	Non-core represents those businesses which Merlin has ceased the operation of during the period

Key terms	Definition
Net Promoter Score (NPS)	An index that measures the willingness of customers to recommend a company's products or services to others
Organic Growth	Growth from like for like and New Business Development, at constant currency
Operating free cash flow	EBITDA less Existing Estate Capex
Resident Market	The total population living within a two-hour drive of the attractions
ROCE	Underlying Operating Profit after tax divided by average net operating assets
ROIC	Average EBITDA over the first five years divided by total development capex
RPC	Revenue per Cap, defined as Visitor Revenue divided by number of visitors
RTP	Resort Theme Parks Operating Group
Second Gate	A visitor attraction at an existing resort with a separate entrance and for which additional admission fees are charged
SLC	SEA LIFE Centre
Top Box Satisfaction	The top box score is the sum of percentages for the top one, two or three highest points on guest satisfaction scale.
Underlying	Underlying information presented excludes exceptional items that are classified separately within the financial statements
Visitors	Represents all individual visits to Merlin owned or operated attractions
YOY	Year on year



# WORLD OF ATTRACTIONS



As at 30 December 2017

