Who’s here?

Mark Fisher – Chief Development Officer
- Been with Merlin for 23 years
- Member of the Executive Committee
- Part of the original MBO team
- Managing Director since 2002
- Chief Development Office for Merlin Magic Making since 2011

Alistair Windybank – Senior Finance Director
- Been with Merlin for 10 years
- Head of Corporate Finance 2010
- Investor Relations Director 2013 following Merlin’s IPO
- Moved to MMM in November 2016 as Senior Finance Director

Paul Moreton – Group Creative Director
- Paul joined Merlin in 2012 as Group Creative Director
- 6+ years leading the Creative, R & D & IP division at Merlin Entertainments
- 9 years in various Leadership roles in Media
- 12 years Marketing roles for The Tussauds Group

Mike Vallis – Divisional Director New Brands
- Mike joined The Tussauds Group in 1991
- Has held numerous operational roles
- 13+ years as Divisional Director in Merlin Theme Parks
- Appointed in current role in November 2016 – to Develop and roll out New Brands
Aims of today

We want to leave you with a better of understanding of:

- Merlin Magic Making as a unique, in-house resource, and source of competitive advantage; and
- Our three new brands: the strength of the IPs, the roll out potential, and the associated challenges.....

...... And a sneak preview of the Bear Grylls Adventure!
Agenda

- 10:15 – Intro & Merlin Magic Making
- 10:45 – The New Brands
  - Peppa Pig World of Play
  - Little BIG City
  - Bear Grylls Adventures
- 11:30 – Roll out Potential
- 12:00 – Summary and Q & A
- 12:30 – Buffet lunch
- 13:00 – Tour of Bear Grylls Adventure
AT THE HEART OF EVERYTHING WE DO
What we do...

- Business Development
- NBD Acquisitions
- NEW Brand Creation
- Engineering
- Wax, LEGO Theming
- Content Production
- Animal Husbandry
- Project Construction
- IP Shows
- Attractions
- Creative
- Product Innovation
FINDING THE MAGIC

- Research, Research, Research
- Lease negotiation and Site Acquiring
- Financial / Tax / Legal / HR due-diligence
- Board approval champions
- Acquisitions
New Product Development
New attraction roll out
New Midway Brand
IP development & exploitation
THE ‘SPARKLE’

DEVELOP GLOBAL AND LOCAL IP PARTNERSHIPS FOR USE ACROSS THE PORTFOLIO
WAX Figures
LEGO MODELS

Focus on Minilands for LLPs & LDCs

4 Model Shops around the world

Outstanding

Skill

4 model shops around the world

Standardise processes & quality world wide

Animation best practice & reliability

Building the models

Ready for shipment

©MERLIN ENTERTAINMENTS 2018
Interactive Build Table
Theming
MERLIN MAGIC MAKING
DELIVERING THE MAGIC
Video to be played in the room
57 Major Projects

25 Countries

c. £400m capital investment
Engineering
Engineering Objectives

- Engineering standards, practices and processes
- Sector-leading safe, compliant and optimised asset performance
- Guest Experience
Funky Stuff 2018

Video to be played in the room
New Brands
Why New Brands?

### Families
- Legoland
- SeaLife
- Alton Towers
- Gardaland
- Shrek's Adventure
- Heide Park

### City centre tourists
- Madame Tussauds
- The Dungeons
- SeaLife
- Merlin Entertainments The Eye Brand

### Teenagers & Young adults
- Thorpe Park
- The Dungeons
- Alton Towers
- Gardaland
- Heide Park

### Clustering
- Little Big City

### Pre-school families
- Peppa Pig

### Adventure/ experience seekers
- The Bear Grylls Adventure
Merlin’s Portfolio

- <£5m
- £5-6m
- £6-8m
- c£20m
- £30-40m
- £250m

- Mid-parks
FINDING THE MAGIC

‘THE SCIENCE’

Research

Desk Top

Qualitative

Quantitative
<table>
<thead>
<tr>
<th>Global Sector Review</th>
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<tbody>
<tr>
<td>LBC</td>
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<tr>
<td>Model based attraction success / performance</td>
</tr>
<tr>
<td>Location/Tourism</td>
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<tr>
<td>Global</td>
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<tr>
<td>PPWOP</td>
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<tr>
<td>Large preschool play sector market</td>
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<tr>
<td>Unbranded</td>
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<tr>
<td>Content/frequency play ideas</td>
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<tr>
<td>Eur/NAM/China</td>
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<td>BGA</td>
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<tr>
<td>Activity based attraction growth</td>
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<tr>
<td>Location, content, performance</td>
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<tr>
<td>Focus UK/USA</td>
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<td>N/A</td>
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<tr>
<td>In-house</td>
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<tr>
<td>Kidzglobal preschool IP strength (EUR/NAM/China)</td>
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<tr>
<td>Family co-creation</td>
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<tr>
<td>High profile activity led IP (UK/USA)</td>
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<tr>
<td>BGA co-creation</td>
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</tbody>
</table>

Qualitative – focus groups – Attitudes and behaviours, concept appeal, identify core target consumers
Quantitative – statistical – concept appeal, price sensitivity behaviours

Brand / Attraction Development
LEGOLAND PARKS 2005

Four Theme Parks

California

Windsor

Germany

Denmark
LEGOLAND RESORTS 2018

Eight resorts and 21 LEGOLAND Discovery Centres
New Brands

Peppa Pig
World of Play

Little BIG City

The Bear Grylls ADVENTURE
Join the adventure at beargryllsadventure.com
Peppa Pig is a hugely successful, critically acclaimed pre-school animated series for girls and boys.

Peppa is a loveable, cheeky little piggy who lives with her younger brother George, Mummy Pig and Daddy Pig. Peppa Pig episodes feature situations that are very familiar to small children. Peppa’s favourite things include playing games, dressing up, days out and jumping in muddy puddles. Peppa’s adventures always end happily with loud snorts of laughter!

Peppa Pig is a co-production between the animation studio Astley Baker Davies and Entertainment One.
Peppa Summary

- Fits play centre landscape
- High awareness......and growing
- Proposition initially received well
- Detailed concept popular
- ITV* scores comparable to LDCs

* Intention to Visit
The international reach of Peppa Pig

- Peppa Licensing Programme launched in over 60 territories with over 800 licensees
- Broadcast in 180 territories in over 40 languages
- £1+ Billion global retail sales per annum
A truly global pre-school brand

Global brand tracking ranks Peppa Pig as a TOP 10 pre-school brand in more than 70% global markets.

That’s everywhere from Argentina to Australia, Singapore to South Africa and China to Canada.
Global Overview

- Fast growing in multiple markets
- Over 33 million app downloads
- 1.6 million tickets sold to Peppa Pig Live shows globally
- +50 million toys sold worldwide
Brand values

- Broad appeal
- Family
- Fun & humorous
- Trust
- Life experiences
- Friendship
Activity area
Peppa’s House

Living Room

Kitchen

First time to meet Daddy 3D sculpt at the kitchen

Exit

Peppa’s Bedroom Door Ajor
Take a peek upstairs and hear Mummy Pig’s radio

Entrance
Activity area
Peppa’s Treehouse and George’s Fort
LBC Summary

- Model Village concept popularity
- History / story telling
- Tourist learning about city
- Interactivity / Immersion
- Cluster Strategy
Between being interested in the history and stories of a city and the success of model villages across the world, we identified a gap.
Ready for the best tour of all time?

See the most iconic buildings of a city.
Be there for the epic moments that shaped its past.
Get up close to the characters and personalities.
Experience the incredible show that is Little Big City.
Little BIG City

Captivating special effects bring 750 years of Berlin to life

Take the greatest tour of all time
Video to be played in the room
Little BIG City
Little BIG City
大城小像・北京
交互式微缩场景
沉浸式声光特效
一日穿越千年
全新交互式微缩体验馆
前所未有的历史呈现
一日穿越千年，亲历北京的前世与今生！
Video to be played in the room
Visit the Hutongs
Attack the Great Wall
See the Forbidden City come Alive
The home of earth's greatest challenges
Bear Grylls Summary

- Increase in Activity based attractions
- Credible Host
- Fun / Physical / Mental challenge
- Immersion with friends / family
- High awareness in target group
Leisure time demand for everyday adventure is increasing

- Sports equipment sales +39%
- Climbing clubs +30%
- British Mountaineering Council +18%


*Sport England* – Active People Survey – Feb 2017 report
Our opportunity is to provide amazing added value experience

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“People growing desire for experiences bring with it a desire for self improvement. We want to do things that make us better people than rather just enjoying ourselves” *The Future of leisure Time*

“The Future Consumer wants, service, expectation of choice, pursuit of value and desire for experience” *(Experian report)*
A Global IP POWERHOUSE

- **SAS TRAINED EVEREST PIONEER**
- **GLOBAL MEDIA EMPIRE** 32 markets reaching 420 million
- **TESTED HIGHEST** appeal & awareness
- **4.5M** books sold
- **GLOBAL ADVENTURE ICON**
- **ONE BILLION VIEWERS** watched Running Wild with Obama
- **7M**
- **1.6M**
- **1.4M**
Global TV Viewing

USA: 60.7M VIEWERS
EUROPE: 66.6M VIEWERS
ASIA: 290M VIEWERS
Video to be played in the room
Our offer

Challenges come in all shapes and sizes.

By testing focus and control, by learning a new skill or pushing stamina and drive with a new activity, adventurers will be able to test self-belief and physical and mental agility.
Attitudinal bullseye

YOUNG ADULT ADVENTURE SEEKERS

Adult credibility fuelled by 18-24 group

Seek adventure but don’t consider themselves extreme enthusiasts (88% ADULTS)

Really high appeal & intention to visit BGA for this group
BIRMINGHAM
A young city with lots of universities

HIGH 16-24s INDEX
21.8M (33%)
UK population within 2-hour travel time catchment

Where?

nec
THE UK’S #1 VENUE
IMAGINE EPIC!

All of the most exciting, most exhilarating and most inspiring mental & physical challenges brought together in one incredible location.
Video to be played on the day
The HOME of Earth’s GREATEST challenges
WORLD'S FIRST ACTION PACKED ADVENTURE EXPERIENCE

All guests enter

BASECAMP

£25 for 4 activities + digital photos

Learn the skills needed for great adventure in a selection of four group and individual challenges
Visitors can then choose their greatest challenges from FOUR INCREDIBLE HEADLINE ACTIVITIES:

- **Climb**
  - Conquer The Summits

- **iFLY**
  - Feel The Thrill Of Freefall
  - Indoor Skydiving

- **Dive**
  - Take On The Deep

- **High Ropes**
  - Brave Great Heights
WORLD'S FIRST ACTION PACKED ADVENTURE EXPERIENCE

The adventure continues in our THEMED RESTAURANT AND RETAIL STORE
What a Beast!
Hope and Inspiration

“I have been so lucky to experience some of the toughest environments and challenges the world has to offer.

When your greatest fears are laid bare, you have to keep your nerve and dig deep. That “never give up spirit” is what I hope to inspire in as many people as possible through this huge endeavour.

The scale of challenges that can be found at The Bear Grylls Adventure are truly mind blowing and it allows millions of others to find the courage & tenacity to conquer their own Everest.”
NEW BRANDS Roll-out
NEW BRANDS Roll-out

Model/expectations

Roll out potential

Roll out decision

TRAIL BLAZING

UNIQUE

AMAZING!
E-ONE LICENCE

- Near global exclusive license for location based entertainment
  - includes accommodation
  - non exclusive China/Italy (until 2019)
  - excludes UK
  - Initial exclusivity to 2022 with extensions subject to roll out

- Focus initial PPWoP format and in-park lands

- Royalty dependent on format
  - Stand alone attraction based on % of revenue

- Protections and termination rights
PPWOP ‘Model’

- 1,100-1,500m²
- Mall-type family destination locations
- Capital cost c£2.5-3m
- Settledown volume 140-200k pa @ c £11 RPC
- Settledown EBITDA £0.4-0.6m, @ average 14% IRR
Merlin assessment of Peppa Pig brand based on 3rd party analysis
Medium/high brand strength

Number of children <2 hours (adjusted)
- Consistent with LDC performance

>50 potential markets

Brand Strength:
- High
- Medium
**Success Criteria**

- Build to budget/quality
- IP approval
- Guest satisfaction and feedback
- Volumes and RPCs within expected range
- Margins within expected range

**Primary commercial risks**
- Product supports premium price
- Demand profile allows high utilisation
**BG Licence**

- **Global exclusive license for ‘The Bear Grylls Adventure’ concept**
  - Initial exclusivity to 2026, subject to roll out
  - 10 year extension for each 4 attractions

- **Revenue-based royalty payment**

- **Protections and termination rights**
BGA ‘Model’

- c8,000 – 10,000m²
- Destination locations
- Capital cost £20m
- Settledown volume
  350-450k pa @ £25 RPC
- Settledown EBITDA
  £3-5m, @ 14% IRR
BG Viewers/Ad Value Worldwide

Data provided by Bear Grylls Ventures 2017
- Extensive national TV exposure
- Resident market <2 hours (adjusted)
- Major entertainment resorts

>20 potential markets
Success Criteria

- Build to budget/quality
- Volumes and RPCs within expected range
- Guest satisfaction and feedback
- Margins within expected range
- IP approval
- Operationally sustainable

Primary commercial risks
- IP/marketing drives visitation
- ‘Hero’ activity take up at target RPC
- Demand profile allows adequate utilisation
LBC ‘Model’

- c1200-1500m²
- Tourist destination locations
- Capital cost c£5.5-6.5m
- Settledown volume 350-450k pa @ c£9 RPC
- Settledown EBITDA £1.0-1.4m, @ average 14% IRR
Potential Locations

- Resident and Tourist market < 2 hours
- History and architectural heritage

>30 potential markets
Success Criteria

- Build to budget/quality
- Guest satisfaction and feedback
- Volumes and RPCs within expected range
- Margins within expected range

Primary commercial risks
- Dwell/engagement
- Rate of maturity in tourist market
NEW BRANDS PIPELINE 2018-19
SUMMARY

• BRANDS targeting range of:
  - ATTRACTION size/investment
  - PRICE
  - DEMOGRAPHIC

• Concepts targeting standard 14% IRR RETURN

• REVIEW after 12-24 months trading

• If SUCCESSFUL
  - strengthens Merlin’s brand offering
  - high roll out potential
Key Messages
Key Messages

Merlin Magic Making

A unique, in-house resource supporting the business through four key activities

Extensive creative expertise, industry experience and technical know-how

Scale and best practice sharing drives efficiencies

Trusted business partner for both Merlin and third-party brands
Key Messages

New Brands

Diversity and extend the Midway roll out

Partnerships with two exceptionally strong third-party brands

Little BIG City – Merlin’s take on a timeless concept; pleased with early results

If pilots prove successful, confident in global scalability