MERLIN ENTERTAINMENTS 2018 SUMMER TRADING UPDATE

Nick Varney – Chief Executive Officer
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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
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
Early signs of recovery in London, but market trends remain mixed

MIDWAY LONDON

British Museum
0%

All UK museums
+8%

UK Day visits
Visits
(5)%
Value
+5%

London Hotels
RevPar
(0.3)%
Weekend Demand
+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
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
c7% p.a revenue growth over 2014-17 driven by NINJAGO product and movies

- 2014: LEGO Movie
- 2015: Partner promotions
- 2016: NINJAGO World roll out
- 2017: NINJAGO World roll out

‘Non-show’ focus and no high capex investment

Absence of LEGO movies

- 2018: LEGO Movie 2 & partner promotions
- 2019: LEGO Movie World roll out

beyond
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
Continued recovery in Resort Theme Parks

RESORT THEME PARKS EBITDA, 2014-18

Underlying recovery masked in 2017 by poor weather at Gardaland

1 – 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%¹
  - Utilities in UK: >20%
  - NYC Minimum Wage: +6.7%
  - Germany Minimum Wage: +4%

- Increased costs due to tighter labour markets

- Mitigation achieved to date:
  - Attraction-level savings
  - Short term and structural savings

- Productivity Agenda workstreams:
  - Back office
  - Technology
  - Model evolution

¹ 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

Total of 461 rooms (excluding campsite)
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
### ATTRACTION COUNT

<table>
<thead>
<tr>
<th>UK</th>
<th>Cont. Europe</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 Dec 17</td>
<td>6 Oct 18</td>
<td>30 Dec 17</td>
<td>6 Oct 18</td>
<td>30 Dec 17</td>
</tr>
<tr>
<td>SEA LIFE</td>
<td>13 (1)</td>
<td>12</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Madame Tussauds</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Dungeons</td>
<td>5</td>
<td>-</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>LDC</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Eye</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Midway</td>
<td>24</td>
<td>1</td>
<td>25</td>
<td>29</td>
</tr>
<tr>
<td>LLP</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>RTP</td>
<td>4</td>
<td>-</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Group</td>
<td>29</td>
<td>1</td>
<td>30</td>
<td>33</td>
</tr>
</tbody>
</table>

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 (Manly SEA LIFE Sanctuary, the Orlando Eye and the Cornish Seal Sanctuary) with negligible financial impact.
### ACCOMMODATION COUNT

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

Excludes campsite pitches at LEGOLAND Deutschland and LEGOLAND Billund.
## REVENUE PERFORMANCE

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

Excluding the adoption of IFRS 15
# Glossary

<table>
<thead>
<tr>
<th>Key terms</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARR</td>
<td>Average Room Rate</td>
</tr>
<tr>
<td>Cluster</td>
<td>A group of attractions located in a city close to one another</td>
</tr>
<tr>
<td>Constant Currency growth</td>
<td>Using 2017 exchange rates</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Underlying basis, excluding exceptional items</td>
</tr>
<tr>
<td>LBC</td>
<td>Little BIG City</td>
</tr>
<tr>
<td>FX</td>
<td>Effect of movements in foreign exchange</td>
</tr>
<tr>
<td>LDC</td>
<td>LEGOLAND Discovery Centre</td>
</tr>
<tr>
<td>Lead price</td>
<td>Face value of a ticket, which may then be discounted</td>
</tr>
<tr>
<td>LFL</td>
<td>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</td>
</tr>
<tr>
<td>LLP</td>
<td>LEGOLAND Parks Operating Group</td>
</tr>
<tr>
<td>MAT</td>
<td>Moving Annual Total</td>
</tr>
<tr>
<td>Midway</td>
<td>Midway Attractions Operating Group</td>
</tr>
<tr>
<td>NBD</td>
<td>New Business Development</td>
</tr>
<tr>
<td>Non-core</td>
<td>Non-core represents those businesses which Merlin has ceased the operation of during the period</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key terms</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Promoter Score (NPS)</td>
<td>An index that measures the willingness of customers to recommend a company’s products or services to others</td>
</tr>
<tr>
<td>Organic Growth</td>
<td>Growth from like for like and New Business Development, at constant currency</td>
</tr>
<tr>
<td>Operating free cash flow</td>
<td>EBITDA less Existing Estate Capex</td>
</tr>
<tr>
<td>Resident Market</td>
<td>The total population living within a two-hour drive of the attractions</td>
</tr>
<tr>
<td>ROCE</td>
<td>Underlying Operating Profit after tax divided by average net operating assets</td>
</tr>
<tr>
<td>ROIC</td>
<td>Average EBITDA over the first five years divided by total development capex</td>
</tr>
<tr>
<td>RPC</td>
<td>Revenue per Cap, defined as Visitor Revenue divided by number of visitors</td>
</tr>
<tr>
<td>RTP</td>
<td>Resort Theme Parks Operating Group</td>
</tr>
<tr>
<td>Second Gate</td>
<td>A visitor attraction at an existing resort with a separate entrance and for which additional admission fees are charged</td>
</tr>
<tr>
<td>SLC</td>
<td>SEA LIFE Centre</td>
</tr>
<tr>
<td>Top Box Satisfaction</td>
<td>The top box score is the sum of percentages for the top one, two or three highest points on guest satisfaction scale.</td>
</tr>
<tr>
<td>Underlying</td>
<td>Underlying information presented excludes exceptional items that are classified separately within the financial statements</td>
</tr>
<tr>
<td>Visitors</td>
<td>Represents all individual visits to Merlin owned or operated attractions</td>
</tr>
<tr>
<td>YOY</td>
<td>Year on year</td>
</tr>
</tbody>
</table>
As at 30 December 2017

WORLD OF ATTRACTIONS

- **SEALIFE**
  - Amazing Discoveries
  - United Kingdom: 13
  - Continental Europe: 18
  - North America: 8
  - Asia Pacific: 9

- **THE DUNGEONS**
  - Scary Fun
  - United Kingdom: 5
  - Continental Europe: 3
  - North America: 2
  - Asia Pacific: 3

- **LEGOLAND DISCOVERY CENTRE**
  - Playful Learning
  - United Kingdom: 1
  - Continental Europe: 3
  - North America: 10
  - Asia Pacific: 4

- **THE EYE BRAND**
  - Eye Opening
  - United Kingdom: 2
  - North America: 1
  - Asia Pacific: 1

- **LEGOLAND**
  - Playful Learning
  - United Kingdom: 1
  - Continental Europe: 1
  - North America: 2
  - Asia Pacific: 3

- **MADAME TUSSAUDS**
  - Famous Fun
  - United Kingdom: 2
  - Continental Europe: 4
  - North America: 7
  - Asia Pacific: 10

- **ALTON TOWERS**
  - Fantastical Escapism
  - United Kingdom

- **GARDALAND**
  - Big Fantasy Adventure
  - Italy

- **WARWICK CASTLE**
  - Ultimate Castle
  - United Kingdom

- **HEIDE PARK**
  - Extraordinary Adventure
  - Germany

- **OTHERS**
  - Little BIG City: 1
  - Shrek’s Adventure: 1
  - Ski Resorts: 2
  - Tree Top Walks: 2
  - WILD LIFE: 2

**Key**
- ○ Existing Merlin attractions
- ⌂ Existing UK attractions

As at 30 December 2017
MERLIN ENTERTAINMENTS PLC

Little BIG City, Beijing