WHAT IS MERLIN?

- Global leader in location based entertainment with world class brands
- No. 1 in Europe and No. 2 only to Disney worldwide\(^1\)
- Two products
  - Midway: indoor, up to two hour dwell time, located in city centres or resorts
  - Theme parks: outdoor, 1 – 3 day destination venues increasingly with on-site accommodation
- Three Operating Groups\(^2\)
  - Midway Attractions (104 attractions, 44% of 2016 revenue)
  - LEGOLAND Parks (7 parks, 34% of revenue)
  - Resort Theme Parks (6 parks, 22% of revenue)
- Supported by Merlin Magic Making, our unique creative project management and production resource

1 Based on number of visitors as reported by AECOM 2015 Theme Index
2 Number of attractions as at 31 December, 2016
### UNIQUE PORTFOLIO OF FAMILY ENTERTAINMENT BRANDS AND ICONIC ASSETS

#### Midway Attractions
- **SEALIFE**
  - “Amazing Discoveries”
- **Madame Tussauds**
  - “Famous Fun”
- **LEGOLAND Discovery Centre**
  - “Playful Learning”
- **The Dungeons**
  - “Scary Fun”
- **Merlin Entertainments The Eye Brand**
  - “Revealing Perspective”
- **SHREKS ADVENTURE!**
  - “Hilarious Misadventure”

- **High quality, chainable international brands with global appeal**
- **Brands positioned across all key target demographics**
- **Portfolio provides substantial benefits**
  - Natural hedge across geographic markets and target demographics
  - Opportunities to create “clusters” and “own the visit”
  - Ability to leverage scale and synergies
- **Significant roll out opportunity - 40 new attractions between 2016 and the end of 2020 with 100+ potential locations identified**
- **Potential to expand portfolio with further brands**

#### LEGOLAND Parks
- **LEGOLAND California**
- **LEGOLAND Billund**
- **LEGOLAND Florida**
- **LEGOLAND Dubai**
- **LEGOLAND Windsor**
- **LEGOLAND Deutschland**
- **LEGOLAND Malaysia**

- **“Playful Learning”**
- **Leading global brands (LEGO, LEGOLAND)**
- **Attractive target demographic (families with children 2 – 12)**
- **Mutually synergistic relationship with LEGO**
- **Significant roll out opportunity with two under development (Japan and Korea) and other N. American and Chinese options ongoing.**

#### Resort Theme Parks
- **Alton Towers**
  - Fantastical Escapism**
- **Dollywood**
  - “Wild Adventure”
- **Gardaland Resort**
  - “Big Fantasy Adventure”
- **Heide Park Resort**
  - “Extraordinary Adventure”
- **Thorpe Park**
  - “Insane Fun”
- **Warwick Castle**
  - “Ultimate Castle”

- **National brands with high brand and customer awareness**
- **Leading market positions**
  - 4 of Europe’s largest top 20 theme parks (6 including LLPs)¹
  - Leading theme parks in UK, Italy, and Northern Germany
  - 3 of the top 4 theme parks in the UK (4 including LLW)¹
- **Positioned to appeal across various target demographics**

---

¹ Based on number of visitors as reported by AECOM 2015 Theme Index. LLW refers to LEGOLAND Windsor. LLP refers to LEGOLAND Parks Operating Group. See appendix for further definitions.
STRATEGY SINCE CREATION OF MERLIN IN 1999

“TO CREATE A HIGH GROWTH, HIGH RETURN, FAMILY ENTERTAINMENT COMPANY BASED ON STRONG BRANDS AND A GLOBAL PORTFOLIO THAT IS NATURALLY BALANCED AGAINST THE IMPACT OF EXTERNAL FACTORS”

### Revenue by Geography

<table>
<thead>
<tr>
<th>Year</th>
<th>Sites</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>77</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>43%</td>
</tr>
<tr>
<td>2016</td>
<td>117</td>
<td>14%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>34%</td>
</tr>
</tbody>
</table>

- UK
- Europe
- US
- APAC

### Revenue by Weather Exposure

- Indoor: 42%
- Outdoor: 58%

### Visitors by Tourist / Domestic

- Tourist: 37%
- Domestic: 63%
- Not reliant upon ‘fly-in’ market

### Pre-booked Revenue

- Same day: 45%
- Pre-booked and Annual Pass: 55%

---

1 Total revenue, 2016
2 Based on touchscreen data, from a sample of 2016 visitors
3 Total admissions revenue, 2016
4 UK
5 Europe
6 US
7 APAC
MARKET CONTEXT

**Increasing leisure spend**
Global Travel & Tourism expected to grow by c4% CAGR (inflation-adjusted) over 2015-2025

**City centre tourism**
Growth in leisure time and expansion of middle classes has driven increased international tourism

**Short breaks**
Cultural and financial factors driving growth in short breaks and ‘staycations’

**Emerging markets**
146m Chinese ‘Urban Middle’, greater than the working population of the US

Merlin’s competitive advantages:

1. Global, exclusive rights to LEGOLAND brand
2. Only company to successfully operate Midway product across multiple brands and sites
3. Largest international presence in the industry (24 countries) via proven roll out of LEGOLAND and Midway brands
4. Highly successful themed accommodation formats
5. Merlin Magic Making as unique development resource

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1. World Travel & Tourism Council – Travel & Tourism Economic Impact, 2015
2. Goldman Sachs: China Consumer Close Up (Jun 2016); US population reflects June 2016 data from Statista
SIX STRATEGIC GROWTH DRIVERS

2020 Milestone

Adding new rides and features to our attractions to drive customer satisfaction, increase capacity and provide a compelling new proposition to guests.

Strategic synergies

Leveraging the scale of the Group in key markets to exploit operational, marketing and buying power, including e-commerce initiatives that provide commercial benefits and better digital journeys for our guests.

Short break destinations

Developing our theme parks into short break destinations to extend the catchment area, create new revenue streams and improve guest satisfaction.

Midway roll out

Opening new Midway attractions under one of our chainable global brands, with a focus on ‘cluster’ locations where we can derive operating cost, marketing and cross-selling advantages.

Developing new LEGO LAND parks

Under three models (operated and owned, operated and leased, under management contract). We combine our operational expertise with the LEGO brand’s worldwide popularity.

Strategic acquisitions

Pursuing acquisition opportunities that complement our strategic objectives.

In February 2016 Merlin announced its 2020 milestones. Our 2020 milestone target is to add 2,000 rooms to our accommodation portfolio, open 40 new Midways and develop 4 new LEGO LAND parks between 2016 and 2020. An update on these is provided in the 2016 full year results presentation on 2 March.
Being a Force for Good
Corporate Social Responsibility – The Merlin Way

Merlin’s Magic Wand
• Days out for over 86,000 Children
• ‘Magic Spaces’ projects opening across the globe
• Community Outreach at all attractions

Sustainability and the Environment
• Carbon emission reduction target of 2% achieved
• Investing in Green Projects across estate

SEA LIFE and WILD LIFE Conservation
• Campaigns run on marine protection Pilot ‘SEA LIFE Trust’ features completed in Brighton and Berlin

Accessibility
• Investment in training and driving awareness
• Accessibility action planning
APPENDIX I

SIX STRATEGIC GROWTH DRIVERS
Merlin made good progress across its strategic growth drivers in 2016:

- **Capex cycle** – new product and features at every attraction, including ‘Derren Brown’s Ghost Train’ at Thorpe Park Resort, ‘NINJAGO – The Ride’ at LEGOLAND Billund and 15 major new product investments across the Midway estate.

- **Synergies** – Continued global implementation of the accesso® ‘Passport’ ticketing platform.

- **Destination resort positioning** – 210 additional rooms opened in 2016; over 1,500 now open, under development or approved.

- **Midway roll out** – Five new attractions opened in 2016 with over 20 now open, under development or approved.

- **LEGOLAND parks development** – LEGOLAND Dubai opened on 31 October 2016 with good progress towards further LEGOLAND park openings.

- **Strategic acquisitions** – We acquired a minority stake in Big Bus Tours and entered into co-promotional agreements with them in number of locations.
#1 EXISTING ESTATE GROWTH VIA CAPEX

## Operating Group Capex Cycle Rationale

### Midway Attractions
- **Capex Cycle**: Up to 5 years
- **Rationale**:
  - High level of ‘first time’ tourist visitors means less emphasis on big capex new features
  - Investment level and cycle dependent on size, location and target market
- N.B. Highest ‘peak’ is c.£5m but most are below £1m

### LEGOLAND Parks
- **Capex Cycle**: 4-year (peak, low, medium, low)
- **Rationale**:
  - Strategic development / growth of LEGOLAND parks via themed ‘lands’ (e.g. LEGO Friends, NINJAGO)
  - Less emphasis on high capex thrill rides due to younger audience
- N.B. ‘Peak’ is c.£7m

### Resort Theme Parks
- **Capex Cycle**: 4-year (peak, low, medium, low)
- **Rationale**:
  - Need for new rides and shows on regular basis, particularly for teen segment
  - Family attractions less capex intensive
- N.B. ‘Peak’ is c.£12m

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WELL INVESTED EXISTING ESTATE, WITH CAPITAL EXPENDITURE BROADLY IN LINE WITH DEPRECIATION
#2 STRATEGIC SYNERGIES

LEVERAGING THE SCALE OF THE GROUP IN KEY MARKETS TO EXPLOIT ENHANCED OPERATIONAL, MARKETING AND BUYING POWER.

**Merlin Annual Pass**

- Merlin Annual Pass allows customers to visit all attractions within a particular country for an upfront fee
- Launched in key geographies where Merlin has achieved critical mass and achieved significant growth (inc. UK, Germany, Australia, USA)
- Key benefits:
  - Ability to drive customer loyalty and brand awareness
  - Increasing revenue visibility securing cash flows in advance
  - Increase levels of secondary spend

**accesso roll out**

- Agreement to roll out acceso®’s ‘Passport’ ticketing systems across the Merlin estate over 2015-17
- Performance improvement to underpin existing revenue growth expectations
- No incremental capex beyond existing expectations

**Group Promotions**

- National promotions at the Group level comprising promotional discounts or national marketing campaigns in conjunction with partners
- Provides multiple benefits
  - “Low cost” advertising and opportunities to build the attraction and brand profile. In addition provides brand association opportunities
  - Flexible pricing to manage visitor numbers in selected periods (e.g. “shoulder” periods) without impacting “peak” trading periods
  - Drive commercial spends for the relevant visitors
  - Successfully conducted national retail promotions in the UK
  - Partners include Tesco, News International, McDonalds and Kellogg’s
  - Opportunity for similar campaigns elsewhere
  - Future opportunities through new channels, in particular online, which will provide opportunities for more targeted promotions with lower lead times

**Key benefits:**

- Mobile sales and ticketing
- Upselling, cross-selling, quick-selling
- Software as a Service (SaaS)
- Standardisation
- Cluster ticketing
- Annual Pass management
- Queue-busting
#3 THEME PARK RESORT POSITIONING

The Short Breaks market offers an opportunity to enhance guest satisfaction, grow profits and improve operational visibility

<table>
<thead>
<tr>
<th>Increased catchment area</th>
<th>Typically extended from 2-3 hours to 5 hours drive time, increasing market opportunity</th>
</tr>
</thead>
</table>
| Visibility and resilience of revenues | Better budgeting / staff levels  
Less weather dependent |
| Growth in multi-day visitation | 4%+ CAGR in multi-day visits since 2009 |
| New revenue streams | On-site evening entertainment and Food and Beverage  
Second gates (e.g. High ropes, Water parks) |
| Improved guest satisfaction | Value for Money scores typically 5-8% better amongst those guests who have stayed in Merlin accommodation\(^1\) |

£200m+ total investment 2016-2020.

15% EBITDA ROI on accommodation  
+ Increased park spend  
= 20% EBITDA ROI

LEGOLAND California Hotel - Example

- LEGOLAND California Hotel opened in 2013
- 81% occupancy in 2016, with ARR of $273
- Guest satisfaction 96% - ahead of the park
- 30% EBITDA ROI\(^2\) since opening

---

1 - Touchscreen data  
2 - Including direct, accommodation return only. Based upon total EBITDA since opening relative to amount invested
#4 MIDWAY ROLL OUT

**Midway roll out model:**

- Rolled out for typically £5-8m each
- Located in city centres, resorts, destination shopping malls
- Prioritising cluster cities
- Target ROI of 20%+
FINDING THE MAGIC

"The Science"

Market Factors
Penetration/Pricing
Financial Parameters

Profit & Loss
Development Costs

\[ \text{Return} = \frac{\text{Profit} \times \text{Integration}}{\text{Development Costs}} \]

>20% ROIC?

Cluster Values/Strategic
Growth Factors

Competitor Identification & Assessment
Acquire? Challenge? Avoid?

Low priority

Primary target

Rationale
One or more potential issues
Satisfied returns & qualitative assessment

Example
Moscow
Range from Phoenix to Manilla

Action
Monitor market
Prioritisation & active site search

Final Ranking & Prioritisation
#5 LEGOLAND PARKS DEVELOPMENTS

## Three Flexible Business Models

<table>
<thead>
<tr>
<th>Model</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operated and Owned</strong></td>
<td>- All existing parks (exc. Malaysia and Dubai)</td>
</tr>
<tr>
<td></td>
<td>- Full operational control and ownership of the park</td>
</tr>
<tr>
<td></td>
<td>- Utilised in proven locations and geographies</td>
</tr>
<tr>
<td></td>
<td>- Requires material capital investment</td>
</tr>
<tr>
<td></td>
<td>- Preliminary discussions over opportunities in USA</td>
</tr>
<tr>
<td><strong>Operated and Leased</strong></td>
<td>- E.g. Japan, South Korea.</td>
</tr>
<tr>
<td></td>
<td>- Full operational control / ownership of equipment</td>
</tr>
<tr>
<td></td>
<td>- Land and infrastructure assets for the park leased from partner</td>
</tr>
<tr>
<td></td>
<td>- Requires capital investment although fully funded from cash flow and targeted to deliver 20%+ ROIC</td>
</tr>
<tr>
<td><strong>Management Contract</strong></td>
<td>- E.g. Malaysia, Dubai</td>
</tr>
<tr>
<td></td>
<td>- Operational control under a management contract</td>
</tr>
<tr>
<td></td>
<td>- Utilised in new markets and unproven locations, particularly when part of a broader development</td>
</tr>
<tr>
<td></td>
<td>- Low capital commitment model</td>
</tr>
</tbody>
</table>

![Operated and Owned](image1)
![Operated and Leased](image2)
![Management Contract](image3)

**OPERATED AND OWNED**
- High Ownership
- All Operations

**OPERATED AND LEASED**
- Medium Ownership
- All Operations

**MANAGEMENT CONTRACT**
- No Ownership
- All Operations
Over 20 LEGOLAND Resorts around the world in the fullness of time

- +5 in Americas
- +2 in Europe
- +1 in Middle East and Africa
- +7 in Asia Pacific

Existing and announced attractions

Approximate additional number of LEGOLAND Parks possible, longer term
The Licensing and Co-operating Agreement (‘LCA’) was signed with LEGO in 2005 upon Merlin’s acquisition of the four original parks in Denmark, California, UK and Germany.

Merlin pays a low single-digit % of revenue to KIRKBI for use of the brand.

Where Merlin owns a LEGOLAND park, it enjoys exclusivity to do so, into perpetuity.

Where Merlin does not own a LEGOLAND park already, it has the global exclusivity to open further parks until 2047. However, for every new LEGOLAND park that is opened, or for every eight LEGOLAND Discovery Centres that are opened, this is extended by seven years.

Merlin could lose the right to operate the LEGOLAND brands were it to be acquired by a competitor of LEGO or an ‘inappropriate person’.

Furthermore, Merlin could lose the license were guest satisfaction to fall below pre-determined levels. In this scenario, the relevant park would have a two year ‘grace’ period during which an improvement in performance would be sought, before the license is removed from that park. Other parks would be unaffected. Guest satisfaction levels are currently significantly above the minimum levels required.

Kirkbi, who are a 75% shareholder of the LEGO Group, are also a 29.83% shareholder in Merlin.
#6 STRATEGIC ACQUISITIONS

**Rationale**
- Creation of a diversified portfolio
- Enhance the Midway roll out (sites and brands)
- Deliver opportunities for strategic synergies
- Attractive capital returns

**Proven Track Record**
- Proven track record of identifying and successfully acquiring high quality assets in the market
- Demonstrated ability to transform acquired assets / businesses
- Midway acquisitions accelerated expansion of Asia-Pacific and created cluster cities

**Significant Opportunity**
- Diversified and fragmented market with significant scope for consolidation
- Number of opportunities under active consideration

**Sydney Attractions Group / Living and Leisure Australia (2011/12)**
- Combined acquisition cost: c£260m
- Created significant footprint and critical mass in Asia Pacific
- Ability to add additional Midway attractions (e.g. Madame Tussauds Sydney) and create clusters (Bangkok and Shanghai)

Consistent with overall strategy
APPENDIX II

OPERATING GROUP ASSETS
Each of our Eye observation attractions offers the ultimate viewing experience, unparalleled and different every time, giving a Revealing Perspective of the location’s landscape and iconic landmarks.

Dungeons are a unique mix of dark, historical horror and irreverent humour delivered through set piece shows performed by live actors, rides and spine chillingly themed sets. Scary Fun is the goal, delivered daily to families, teenagers and young adults.

SEA LiFE is the world’s biggest aquarium brand, built around the notion of Amazing Discoveries, and home to a variety of creatures from shrimps and starfish to seahorses, rays, sharks and seals. SEA LiFE campaigns actively on a variety of conservation issues prioritised around breeding, rescue and protection of the marine environment.

Madame Tussauds’ heritage and the breathtaking artistry of the figures differentiate it from other wax attractions. Famous Fun is the heart of the experience, where visitors are encouraged to interact with all the historical and celebrity figures from Napoleon to One Direction!

LEGOLAND Discovery Centres are the ultimate LEGO indoor playground, with over two million bricks under one roof. With Playful Learning at the heart of the experience, they create a fun filled and interactive environment where children and parents are inspired to be creative.

At ‘DreamWorks Tours - Shrek’s Adventure!’ guests play their part in a unique and interactive DreamWorks experience, where the choices they make decide the outcome. At the heart of this are the Hilarious Misadventures you experience in the company of your favourite characters!

x47 attractions
x21 attractions
x16 attractions
x9 attractions
x4 attractions
x1 attractions
With **Playful Learning** at the heart of the experience our **seven** LEGOLAND resorts across Europe, North America and Asia offer a unique LEGO themed experience for families with children aged two to twelve years old, including highly themed accommodation and based on interactivity, imagination and family fun.

- **LEGOLAND® Billund** was the original LEGOLAND Park, opening in 1968 alongside the LEGO® factory in Billund, Denmark. The resort is Denmark’s largest tourist attraction outside of Copenhagen.

- **LEGOLAND® Windsor** was opened in March 1996 after the LEGO Group decided to develop a second LEGOLAND park after LEGOLAND Billund.

- **LEGOLAND® California** opened in March 1999, being the third LEGOLAND to open but notably the first outside of Europe. It’s located in Carlsbad, California.

- Based in Southern Germany **LEGOLAND® Deutschland** opened in May 2002 and is one of the most popular theme parks in Germany.

- The second -largest LEGOLAND® park in the world, **LEGOLAND® Florida** opened in October 2011 on the former site of the Cypress Gardens Theme Park.

- **LEGOLAND® Malaysia** was the sixth park to open but the first Asian LEGOLAND park. It was opened in September 2012 and offers a full day of adventure, education and fun.

- **LEGOLAND® Dubai** is the ultimate world of year-round LEGO fun. It features six themed lands and over 60 million LEGO bricks.
April 2017 opening with hotel planned for Q1 2018

Located in centre of country, between Tokyo and Osaka. Catchment area of 20m+ people.

Good infrastructure and transport links. No local competition.

Strongest theme park market in Asia

- Developed theme park market
- High density of population
- Highly affluent market

Good LEGO Awareness, but huge upside in world’s 2nd largest toy market

Strong support from KIRKBI (property investment) and City of Nagoya (infrastructure)

Merlin to invest approximately a third of the total park cost.
LEGOLAND KOREA

- Scheduled for 2019 opening
- Situated on the island of Jung-do, in South Korea, within 2 hour’s drive time for c24m residents, 60km from Seoul
- Strong potential for further resort development
- Park infrastructure funded by consortium of local public and private investors
- Significant contributions from Gangwon Province and the City of Chuncheon
- ‘Operated and Leased’ model, Merlin investing approximately one third of the total park cost
Gardaland Resort is Italy’s leading theme park. Located on the edge of Lake Garda, it boasts rides for all ages set in a beautifully landscaped and themed worlds. Big Fantasy Adventure is all around, including at our Fantasy and Adventure hotels and adjacent SEA LIFE Centre.
APPENDIX III
### P&L Analysis

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue</th>
<th>Cost of sales</th>
<th>Gross profit</th>
<th>Opex (ex Rent)</th>
<th>EBITDAR</th>
<th>Rent</th>
<th>EBITDA</th>
<th>D&amp;A</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m</td>
<td>1,428</td>
<td>(222)</td>
<td>(681)</td>
<td>525</td>
<td>(92)</td>
<td>(131)</td>
<td></td>
<td>302</td>
<td></td>
</tr>
</tbody>
</table>

#### Cost flexibility
- c20% of costs vary directly with revenue
- c30% of rents have a turnover element
- c40% of costs can be varied in the short / medium - term

### Revenue Analysis

<table>
<thead>
<tr>
<th>...by Op. Group</th>
<th>...by Type</th>
<th>... by Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>22% Midway</td>
<td>Admissions</td>
<td>Freehold</td>
</tr>
<tr>
<td>34% LLP</td>
<td>Commercial</td>
<td>Long lease</td>
</tr>
<tr>
<td>44% RTP</td>
<td>Accom</td>
<td>Short lease</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>£m per capita</th>
<th>Revenue</th>
<th>Admissions/Secondary</th>
<th>EBITDAR Margin</th>
<th>EBITDA Margin</th>
<th>Op. Profit Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>27 Midway</td>
<td>£14.89</td>
<td>79/21</td>
<td>46.2%</td>
<td>36.1%</td>
<td>25.7%</td>
</tr>
<tr>
<td></td>
<td>LLP</td>
<td>£35.47</td>
<td>55/45</td>
<td>39.2%</td>
<td>38.7%</td>
</tr>
<tr>
<td></td>
<td>RTP</td>
<td>£24.29</td>
<td>59/41</td>
<td>29.8%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Group</td>
<td>£20.18</td>
<td>67/33</td>
<td>36.8%</td>
<td>30.3%</td>
<td>21.2%</td>
</tr>
</tbody>
</table>

1. % of 2016 FY revenue.
2. 2016 % split of 'In-Park' spend (Admission and Secondary)

### Revenue Seasonality

- H1 - 40%
- H2 - 60%
- Wk 1-18: 24%
- Wk 19-26: 16%
- Wk 27-38: 39%
- Wk 37-52: 21%

### Spend and Margins

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue per capita</th>
<th>Admissions/Secondary</th>
<th>EBITDAR Margin</th>
<th>EBITDA Margin</th>
<th>Op. Profit Margin</th>
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<td>RTP</td>
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<td>21.5%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Group</td>
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<td>67/33</td>
<td>36.8%</td>
<td>30.3%</td>
<td>21.2%</td>
</tr>
</tbody>
</table>

- Greater opportunity for F&B / Retail revenue in theme parks
- Margins impacted by tenure of property and mix of revenue type
- LLP royalty payments and higher retail spend (LEGO products)
## Financial Performance

### Revenue CAGR 2012-16 of 7.4%<sup>2</sup>

<table>
<thead>
<tr>
<th>Year</th>
<th>Reported FX £m</th>
<th>CAGR %</th>
<th>Constant FX £m</th>
<th>CAGR %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1,074</td>
<td></td>
<td>346</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>1,192</td>
<td>7.4%</td>
<td>390</td>
<td>5.8%</td>
</tr>
<tr>
<td>2014</td>
<td>1,249</td>
<td>6.7%</td>
<td>411</td>
<td>4.7%</td>
</tr>
<tr>
<td>2015</td>
<td>1,278</td>
<td></td>
<td>402</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1,428</td>
<td></td>
<td>433</td>
<td></td>
</tr>
</tbody>
</table>

### EBITDA CAGR 2012-16 of 5.8%<sup>2</sup>

<table>
<thead>
<tr>
<th>Year</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>346</td>
</tr>
<tr>
<td>2013</td>
<td>390</td>
</tr>
<tr>
<td>2014</td>
<td>411</td>
</tr>
<tr>
<td>2015</td>
<td>402</td>
</tr>
<tr>
<td>2016</td>
<td>433</td>
</tr>
</tbody>
</table>

### Capex

- **Existing estate**
  - 92
  - 95
  - 107
  - 125
  - 141
  - % of revenue: 8.6% 8.0% 8.5% 9.8% 9.8%

- **NBD**
  - 71
  - 57
  - 85
  - 90
  - 118

- **Total capex**
  - 163
  - 152
  - 192
  - 215
  - 259

---

1. All visitors to Merlin owned or operated attractions
2. Reported FX basis

As reported figures. 2016 figures on a 52 week basis.
CASH FLOW

Strong cash flow to support growth strategy and dividend

Operating cash flow: £433m

- Existing estate: £141m
- New business development: £118m
- Other investments: £33m
- Total: £292m

Progressive dividend policy 35-40% of EPS

EBITDA 52 wk | Week 53 | EBITDA 53 wk | Working Capital and other movements | Cash Tax | Net financing costs | Dividends paid | Capex and Other investments | Other costs | Net cash flow
--- | --- | --- | --- | --- | --- | --- | --- | --- | ---
29 | 18 | 451 | 32 | (50) | (40) | (67) | (292) | 6 | 40
## NET DEBT

<table>
<thead>
<tr>
<th>£ millions, unless stated</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and borrowings</td>
<td>1,152</td>
<td>1,007</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(215)</td>
<td>(152)</td>
</tr>
<tr>
<td>Finance lease obligations</td>
<td>88</td>
<td>82</td>
</tr>
<tr>
<td>Net Debt</td>
<td>1,025</td>
<td>937</td>
</tr>
<tr>
<td>Net Debt / EBITDA</td>
<td>2.3x</td>
<td>2.3x</td>
</tr>
</tbody>
</table>

### Debt

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>ND/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2015 Net Debt</strong></td>
<td>937</td>
<td>2.3x</td>
</tr>
<tr>
<td>Cash flow</td>
<td>(40)</td>
<td></td>
</tr>
<tr>
<td>Amortisation of financing items and increase in accrued interest</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>FX</td>
<td>123</td>
<td></td>
</tr>
<tr>
<td><strong>2016 Net Debt</strong></td>
<td>1,025</td>
<td>2.3x</td>
</tr>
</tbody>
</table>

### Credit Ratings

- **S&P**: BB, stable outlook
- **Moody’s**: Ba2, stable outlook

- Continued strong cash generation to support strategy
- Believe 2-3x net debt / EBITDA to be appropriate level of leverage
## BOARD OF DIRECTORS

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir John Sunderland</td>
<td>Chairman</td>
<td>Appointed Chairman of Merlin Entertainments in December 2009. &lt;br&gt; Sir John is currently Chairman of Cambridge Education Group, Chancellor of Aston University and an Associate Member of BUPA. He is also an adviser to CVC Capital Partners. &lt;br&gt; Previously, Sir John was Chairman of Cadbury Schweppes from 2003 to 2008 and Chief Executive Officer from 1996 to 2003. Sir John was also President of the CBI from 2004 to 2006, President of the Chartered Management Institute from 2006 to 2007 and President of the Food and Drink Federation from 2002 to 2004. &lt;br&gt; Sir John was a Non-executive Director of the Rank Group from 1998 to 2006 and a Director of the Financial Reporting Council from 2004 to 2011. Sir John was a Non-executive Director of Barclays Bank PLC from 2005 to 2015 and of AFC Energy plc from 2012 to 2015.</td>
</tr>
<tr>
<td>Charles Gurassa</td>
<td>Senior Independent Non-executive Director</td>
<td>Charles was appointed Senior Independent Non-executive Director of Merlin Entertainments and Chairman of the Remuneration Committee in 2013. &lt;br&gt; Charles is the Non-executive Chairman of Channel 4 and Deputy Chairman at EasyJet plc and a trustee of English Heritage and the Migration Museum. Until January 2017 was the Non-executive Chairman of Genesis Housing Association, a position he held since 2010. &lt;br&gt; He is a former Chairman of Virgin Mobile plc, LOVEFILM, Phones4U, MACH, Tragus, NetNames, Parthenon Entertainments and Alamo/National Rent A Car and the former Deputy Chairman of the National Trust. &lt;br&gt; His executive career included roles as Chief Executive of Thomson Travel Group plc, Executive Chairman TUI Northern Europe, Director TUI AG and as Director, Passenger &amp; Cargo business at British Airways. He is a former Non-executive Director at Whitbread plc, trustee of the children's charity Whizz-Kidz and a member of the development board of the university of York.</td>
</tr>
<tr>
<td>Nick Varney</td>
<td>Group Chief Executive Officer</td>
<td>Nick has over 25 years' experience in the visitor attractions industry and was appointed Chief Executive Officer in 1999. &lt;br&gt; Prior to Merlin, Nick was Managing Director of Vardon Attractions and a main board Director of Vardon plc. In 1999 Nick led the management buyout of Vardon Attractions to form Merlin Entertainments. In 2005 he initiated the process which led to its acquisition by Blackstone and subsequent rapid expansion, taking the Company to its 2013 Listing on the London Stock Exchange. &lt;br&gt; Before joining Vardon Attractions, Nick held senior positions within The Tussauds Group (part of Pearson plc), including Marketing Director of Alton Towers and Head of Group Marketing. He started his career in FMCG marketing first with Rowntree and then Reckitt &amp; Colman.</td>
</tr>
<tr>
<td>Anne-Francoise Nesmes</td>
<td>Group Chief Financial Officer</td>
<td>Anne-Francoise was appointed CFO in August 2016. With over 23 years’ experience in finance across international organisations, Anne-Francoise brings a strong focus on strategy execution, M&amp;A, process improvement and governance. &lt;br&gt; Anne-Francoise started her career in the UK as a Finance Graduate Trainee at John Crane, before moving to Tetra Pak, then ADP and later Caterpillar UK. In 1997, she joined GlaxoSmithKline and held a variety of increasingly senior roles across the organisation in the UK and overseas, including Senior Vice President of Finance for Vaccines. &lt;br&gt; In April 2013, Anne-Francoise joined Dechra Pharmaceuticals PLC as CFO, where she was instrumental in transforming Dechra into a successful Pharmaceutical company specialising in animal health, She led the expansion of its international footprint through acquisitions and delivered significant efficiencies through modernising Finance and R&amp;D processes.</td>
</tr>
<tr>
<td>Name</td>
<td>Position</td>
<td>Background</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Fru Hazlitt         | Independent Non-executive Director | Fru was appointed a Non-executive Director of Merlin Entertainments in 2014.  
Fru was formerly Managing Director, Commercial, Online and Interactive at ITV, and previously Chief Executive Officer at GCap Media plc and Virgin Radio. Prior to that Fru spent six years at Yahoo! where her roles included Managing Director, UK and Ireland, and Sales and Marketing Director, Europe.  
She is now a Governor of Downe House School and has also served as a Non-executive Director on the Boards of Betfair Plc and Woolworths Plc. |
| Ken Hydon           | Independent Non-executive Director | Ken was appointed a Non-executive Director and Chairman of the Audit Committee of Merlin Entertainments in 2013.  
Ken is currently a Non-executive Director of Reckitt Benckiser Group plc. Previously, he was CFO of Vodafone Group Plc.  
Ken was also a Non-executive Director of Tesco Plc from 2004 to 2013, a Non-executive Director of Royal Berkshire NHS Foundation Trust from 2005 to 2012 and a Non-executive Director of Pearson Plc from 2006 to 2015. |
| Rachel Chiang       | Independent Non-executive Director | Rachel was appointed a Non-executive Director of Merlin Entertainments with effect from 1 January 2016.  
She has extensive experience of the Asian consumer and property markets, having held a number of senior executive and non-executive roles in the region.  
Rachel is currently Partner and founding member of the private equity activities of Pacific Alliance Group (PAG), one of the region’s largest Asia-focused alternative investment managers with over $16 billion in funds under management across Private Equity, Real Estate and Hedge Funds. She currently holds Non-executive positions with Hong Kong-listed Sands China (a majority-owned subsidiary of Las Vegas Sands) and Hong Kong-listed Pacific Century Premium Developments (PCPD) which specializes in the development and management of premium property and infrastructure projects in the Asia Pacific region and Hong Kong-listed Goodbaby International Ltd a leading manufacturer of children’s durable products. |
| Søren Thorup Sørensen | Non-executive Director | Søren was appointed a Non-executive Director of the Company in 2013, representing KIRKBI.  
Søren is currently the Chief Executive Officer of KIRKBI, following his appointment in March 2010.  
Søren was formerly a Partner, Chief Financial Officer and member of the Group Executive Board of A.P. Møller – Maersk Group between 2006 and 2009. Prior to this he was Managing Partner of KPMG Denmark, having been a partner at KPMG since 1997.  
Outside the KIRKBI Group, Søren is currently Non-executive Chairman of Topdanmark A/S and holds Non-executive Director positions at LEGO A/S, TDC A/S and Falck Holding A/S. |
| Trudy Rautio        | Independent Non-executive Director | Trudy was appointed a Non-executive Director of Merlin Entertainments with effect from 1 October 2015.  
Trudy was previously Chief Executive Officer of Carlson, a privately held global hospitality and travel company. Trudy had been a senior executive with Carlson since 1997, having served as Executive Vice President and Chief Financial and Administrative Officer of Carlson preceding her appointment as CEO.  
Prior to joining Carlson, Trudy served as Senior Vice President and Chief Financial Officer of Jostens, Inc., and served as Vice President of Finance for Minneapolis-based Pillsbury Co.  
Trudy is the Chair of The Rezidor Hotel Group Board, and also serves on the Board of Directors for Cargill, The Donaldson Company, Inc., and Securian Holding Company. |
MANAGEMENT TEAM

Nick Varney
CEO
(26 years)

Anne-Francoise Nesmes
CFO
(Joined August 2016)

Nick Mackenzie
Managing Director
Midway Attractions
(14 years)

Hans Aksel Pedersen
Managing Director
LEGOLAND Parks
(17 years)

Justin Platt
Managing Director
Resort Theme Parks
(6 years)

John Jakobsen
CNOO
New Openings Group
(31 years)

Mark Fisher
CDO
Merlin Magic Making
(25 years)

OVER 100 YEARS COMBINED EXPERIENCE AMONGST SENIOR MANAGEMENT TEAM
# Managing Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Background</th>
</tr>
</thead>
</table>
| Nick Mackenzie           | Managing Director, Midway Attractions         | Nick was appointed as Managing Director, Midway Attractions in June 2015  
Previously, Nick was the Managing Director of Merlin’s Property and Development Group and also MD of Resort Theme Parks  
Nick is a qualified chartered surveyor, working first with the brewer Bass PLC and then with Allied Domecq as their Acquisitions Director. This was followed by three years at Diageo as the Development Director for Burger King. |
| Hans Aksel Pedersen      | Managing Director, LEGOLAND Parks             | Hans Aksel was appointed as Managing Director, LEGOLAND Parks in June 2015  
Hans has more than 27 years of extensive experience in both FMCG and the entertainment industry across general management, global brand building, consumer & trade marketing, new product development and people management.  
Hans Aksel has been with LEGOLAND for 17 years, starting with the original LEGOLAND park in Billund in Denmark in 2000.  
In 2008, he moved into an operational role as Divisional Director managing LEGOLAND Deutschland; and in 2014 took a new role as Divisional Director LEGOLAND Parks USA, overseeing the continued resort development of both parks and hotels in LEGOLAND California and LEGOLAND Florida. |
| Justin Platt             | Managing Director, Resort Theme Parks         | Justin was appointed as Managing Director, Resort Theme Parks in June 2015  
Previously, Justin was the Marketing Director for Resort Theme Parks and prior to that Marketing Director for Alton Towers Resort  
Justin has a very strong global marketing pedigree both in FMCG with Kellogg’s, and pharmaceuticals with GSK and AstraZeneca where he was Global Marketing Director |
| Mark Fisher              | Chief Development Officer                     | Mark was appointed Chief Development Officer, managing Merlin Magic Making, in 2011  
Following the acquisition of the Tussauds Group in 2007, Mark became the Managing Director of Resort Theme Parks  
Mark joined The Tussauds Group in 1991 and Merlin in 1995. He has been a senior member of the management team throughout its impressive growth period, playing a key role as part of the original management buyout team from Vardon plc, and in the ongoing organic development which has been at the heart of the company’s success. |
| John Jakobsen            | Chief New Openings Officer                    | John took on his current role of Chief New Openings Officer in June 2015.  
Appointed Managing Director of LEGOLAND Parks in 2007 following the acquisition of the Tussauds Group  
John was previously President and General Manager of LEGOLAND California and General Manager of LEGOLAND Deutschland  
John joined the LEGOLAND business in 1985 and was involved in the strategic planning of LEGOLAND California, LEGOLAND Windsor, and LEGOLAND Deutschland |
**Reward Principles**

- Performance orientated - support an entrepreneurial and innovative culture
- Share ownership encouraged amongst employees
- Simplicity
- Consistent with UK best practice guidelines

**Incentivisation Objectives**

- Motivate and retain employees
- Attract high quality individuals
- Reward outperformance
- Align employees with the interests of shareholders

**Approach**

- Salaries at competitive, but not excessive, levels
- Greater emphasis on rewards for delivery of longer term performance targets
- Broaden current employee ownership

**Senior Execs and Mgmt**

- Salary adjustments towards median level for businesses of equivalent size and scale
- Annual bonus based on EBIT and strategic objectives (two thirds in cash and one third in deferred share awards)
- Performance Share Plan (PSP) subject to EPS (50%) and ROCE (50%) targets

**Manager**

- Annual share option awards

**All Other Employees**

- All-employee share plan. Nearly 30% of permanent employees globally contribute to the Sharesave scheme (40% in UK)

---

1 Central management only
2 Based on comparing Adjusted EPS for the financial year 2018 with the financial year 2015
3 Based on underlying operating profit after tax (pre-Exceptional items and after taxation) divided by average net operating assets. Average ROCE will be calculated as an average of ROCE for the three individual financial years 2016-2018
## ATTRACTION COUNT

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<thead>
<tr>
<th></th>
<th>UK</th>
<th>Cont. Europe</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Group</th>
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<tbody>
<tr>
<td>SEA LIFE</td>
<td>13</td>
<td>-</td>
<td>13</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>Madame Tussauds</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>3</td>
<td>1</td>
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<tr>
<td>Dungeons</td>
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<td>-</td>
<td>5</td>
<td>3</td>
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<td>LDC</td>
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<td>-</td>
<td>1</td>
<td>3</td>
<td>-</td>
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<td>Eye</td>
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<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Shrek</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Other</td>
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<td>-</td>
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<td>Midway</td>
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<td>RTP</td>
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<td>Group</td>
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<td>29</td>
<td>31</td>
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</table>
# 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</td>
<td>Using 2016 exchange rates</td>
</tr>
<tr>
<td>Currency growth</td>
<td>Using 2016 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>2016 Like for like growth refers to the growth between 2015 and 2016 on a constant currency basis using 2016 exchange rates and includes all businesses owned and operated before the start of 2015</td>
</tr>
<tr>
<td>LLP</td>
<td>LEGOLAND Parks Operating Group</td>
</tr>
<tr>
<td>MAP</td>
<td>Merlin Annual Pass</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>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>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>
</tbody>
</table>
Merlin Entertainments has a sponsored Level 1 American Depositary Receipt (ADR) programme for which Citibank acts as depositary bank.

An ADR (American Depositary Receipt) is a security designed to facilitate the ownership of shares in non-US companies by investors based in the United States.

An ADR is quoted in dollars and is traded like any other security.

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<th>ADR symbol</th>
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<tbody>
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<td>CUSIP</td>
<td>59010Q205</td>
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<td>Depository bank</td>
<td>Citibank</td>
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<td>Platform</td>
<td>OTC</td>
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<tr>
<td>ADR ratio (ORD:DR)</td>
<td>2:1</td>
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<tr>
<td>Country</td>
<td>UK</td>
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<tr>
<td>Industry</td>
<td>Travel &amp; Leisure</td>
</tr>
<tr>
<td>Effective date</td>
<td>1 September 2015</td>
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<tr>
<td>Underlying SEDOL</td>
<td>BDZT6P9</td>
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<td>Underlying ISIN</td>
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<td>US ISIN</td>
<td>US59010Q2057</td>
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</table>
The information contained in this presentation has not been independently verified and this presentation contains various forward-looking statements that reflect managements current views with respect to future events and financial and operational performance. The words “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe” and similar expressions or variations on such expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other factors, which may be beyond Merlin Entertainments plc’s (the “Group’s”) control and which may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. All statements (including forward-looking statements) contained herein are made and reflect knowledge and information available as of the date of preparation of this presentation and the Group disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. Nothing in this document should be construed as a profit forecast.