

2017 INTERIM RESULTS PRESENTATION



4 AUGUST 2017

MERLIN
ENTERTAINMENTS

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SUMMARY GROUP PERFORMANCE



★ Strong revenue performance despite some difficult markets

- ☀ Improvement in like for like growth in LEGOLAND Parks
- ☀ Good RTP performance, despite softness in UK theme park market
- ☀ Midway impacted by one-offs, phasing and subdued London market
- ☀ Positive contribution from New Business Development



★ On track for 2020 milestones

- ☀ Good NBD contribution in H1 2017
- ☀ Successful opening of LEGOLAND Japan
- ☀ Confidence in pipeline

★ Full year profit outlook in line with expectations



SUMMARY FINANCIALS

Strong revenue growth offset by phasing and one-offs



£ millions, unless stated	H1 2017	H1 2016	Total growth at actual FX	Total growth at constant FX	Like for like growth
Revenue	685	573	19.4%	9.6%	3.7%
EBITDA	144	126	14.6%	2.4%	
<i>Margin</i>	<i>21.1%</i>	<i>22.0%</i>			
Operating Profit	73	70	5.1%	(8.3)%	
PBT	50	50	0.7%		
Profit for the period	37	37	1.1%		
EPS	3.7p	3.6p	0.6%		
Dividend per Share	2.4p	2.2p	9.1%		

REVENUE BRIDGE H1'16 – H1'17

Revenue growth from NBD and Existing Estate



Contribution to total growth:

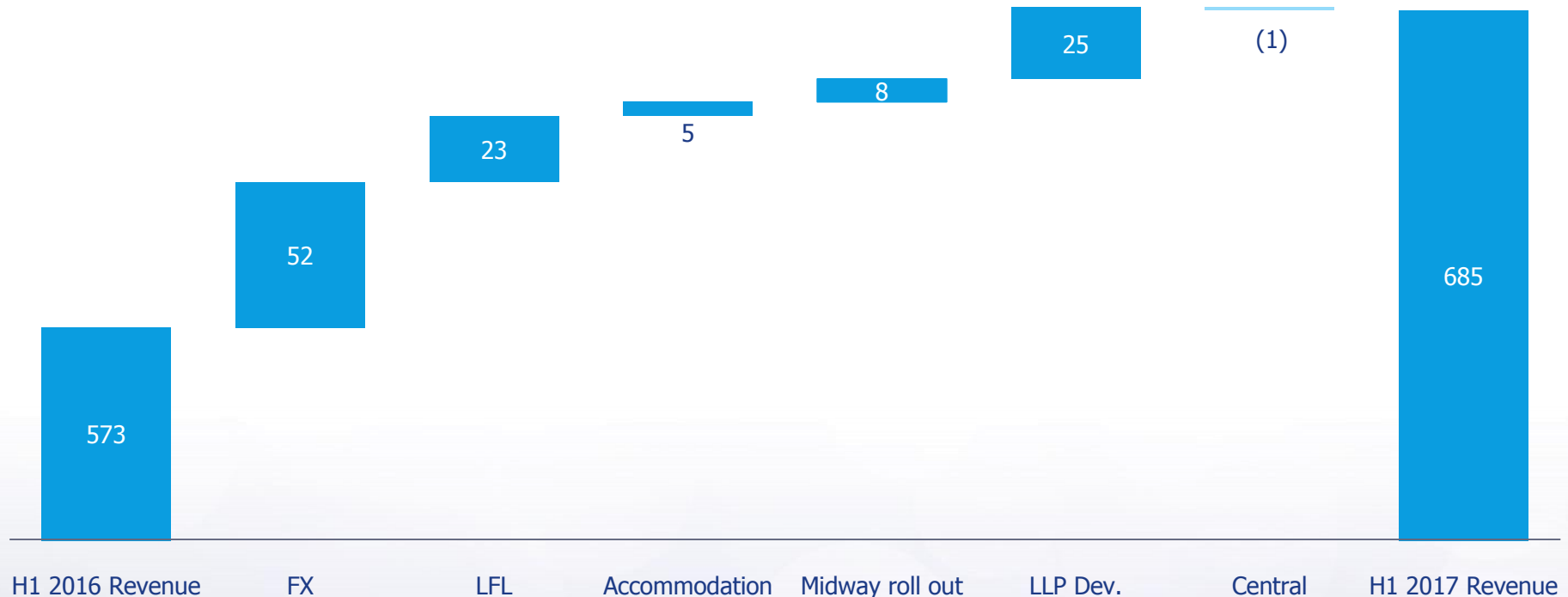
+8.9%

+3.7%

+5.9%

+19.4%

Net New Business Development: £37m



MIDWAY PERFORMANCE

Continued underlying growth



Revenue

LFL growth:

(0.2)%

(0.4)%

£m

270

300

H1 2016

H1 2017

11.3% at actual FX
2.3% at constant FX

EBITDA

Margin:

33.6%

29.7%

£m

91

89

H1 2016

H1 2017

(1.6)% at actual FX
(8.8)% at constant FX

- ★ Growth impacted by one-offs/ phasing:
 - ★ Sales tax rebate in 2016
 - ★ Week 53 impact on LFL trading
 - ★ Strong NBD comparative
- ★ Momentum in London market earlier in the year slowed after terror attacks
- ★ Softness in North America, particularly in LDCs
- ★ Five new attractions opened to date

LONDON MARKET UPDATE

Midway London maintaining share; marketing plans in place



International holiday inbound visitation ¹	20%
Domestic overnight trips ²	1%
Domestic day trip ³	(4)%



**Mixed data, but
confident in market
share compared to
other London visitor
attractions**

ANY 2 ATTRACTIONS FOR £40

Create your combination and save. Search LONDON BIG TICKET

Price per adult (16yrs +) when booked online 24+hrs in advance. Tickets valid for 90 days

See Londonbigticket.com for full terms.

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- ✦ Summer marketing plan underway
- ✦ Targeting visitors already within Central London, upselling to cluster tickets
- ✦ Maintain focus on cost efficiencies
- ✦ Confident in competitive positioning

LEGOLAND PARKS PERFORMANCE

Improvement in LFL growth; successful opening of Japan



Revenue

LFL growth: 3.3% 8.0%

£m

198

267

H1 2016

H1 2017

34.6% at actual FX
20.8% at constant FX

- Improvement in LFL growth
- Strong performance following good Easter trading and 'The LEGO Batman Movie'
- Opening of LEGOLAND Japan
- Contribution from new accommodation at LEGOLAND Billund and Florida

EBITDA

Margin: 33.5% 32.1%

£m

66

85

H1 2016

H1 2017

29.0% at actual FX
15.4% at constant FX

LEGOLAND JAPAN

Successful opening supports confidence in roll out opportunity



- ✦ Japan opened ahead of schedule and on budget on 1 April
- ✦ Trading in line with expectations
- ✦ Annual Pass Sales very strong (c70k passes sold to date)
- ✦ Expect small positive EBITDA contribution in 2017
- ✦ Hotel and SEA LIFE Centre on track for 2018 opening

RESORT THEME PARKS PERFORMANCE

Strong start to the year; continued recovery at Alton Towers



Revenue

LFL growth: (10.2)%

6.2%

£m

104

118

H1 2016

H1 2017

12.7% at actual FX
7.7% at constant FX

EBITDA

H1 2016

H1 2017

£m

(8)

(4)

- ★ Strong start to the year with a good Easter
- ★ UK theme park market impacted by terror attacks
- ★ Continued recovery at Alton Towers
- ★ High year investments at Chessington and Heide Park
- ★ Full period benefit of accommodation opened in 2016

SUMMARY P&L AND GUIDANCE

Guidance unchanged



Full year 2017 Guidance

- ✦ Depreciation – c£150m
- ✦ Capex – £360m-390m
- ✦ Central costs - c£50m
- ✦ Interest charge – c£45m
- ✦ Tax rate – c26%

£ millions, unless stated	H1 2017	H1 2016	Reported Currency	Constant Currency
Op. Group EBITDA	170	149	14.6%	4.1%
Central Costs	(26)	(23)	(14.7)%	(14.2)%
EBITDA	144	126	14.6%	2.4%
D&A	(71)	(56)	(26.3)%	(16.5)%
Operating Profit	73	70	5.1%	(8.3)%
Net Finance Costs	(23)	(20)	(16.1)%	
PBT	50	50	0.7%	
Tax	(13)	(13)	0.2%	
Profit for the period	37	37	1.1%	

PRODUCTIVITY UPDATE

Maintaining our focus on efficiency;



**2016 Opex
base**

Cost growth →

NBD roll out



Cost pressures



✦ Continued inflationary pressures:

- ✦ Wage legislation in UK, Germany and US
- ✦ Growth in business rates in UK
- ✦ Ongoing investment in product and marketing

Savings



✦ Productivity and efficiency focus

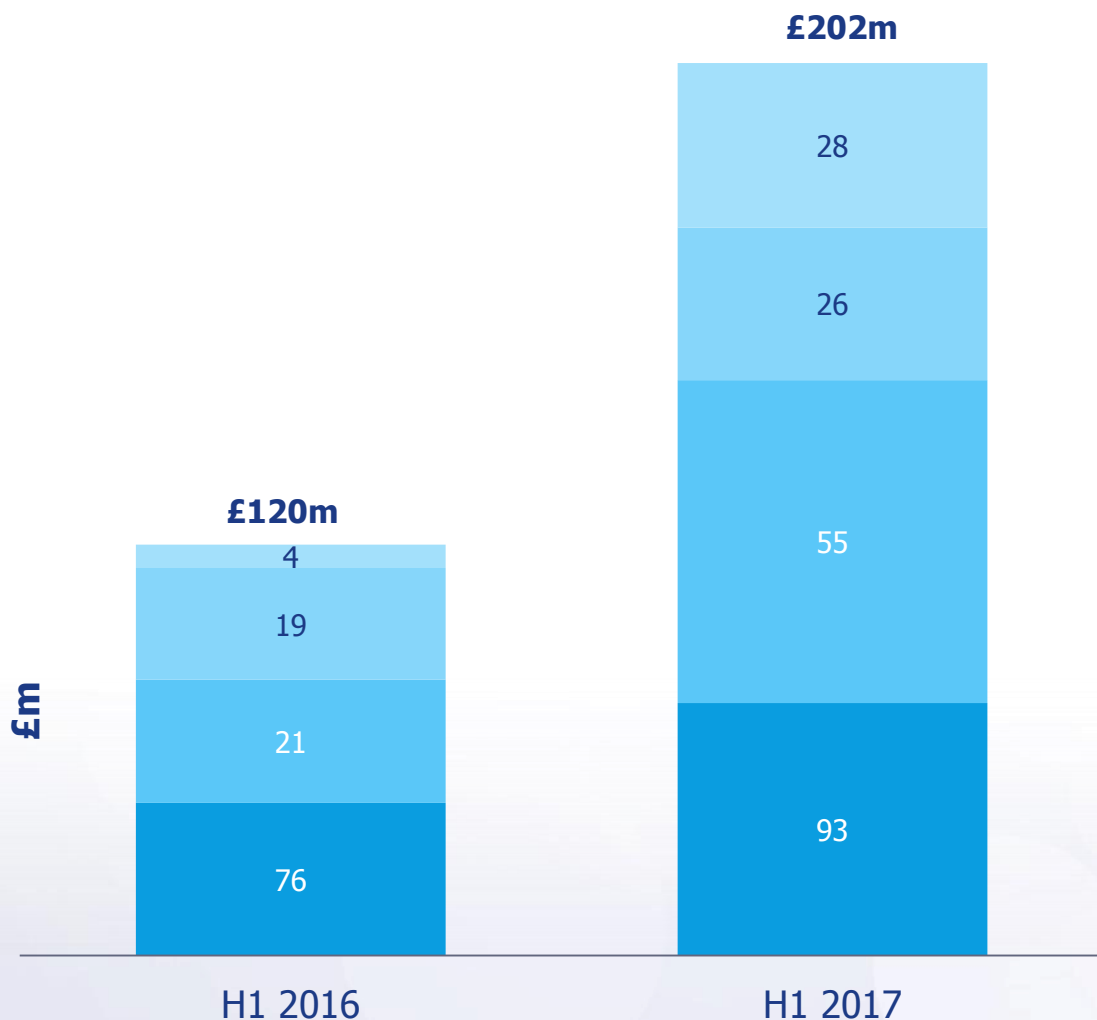
- ✦ Structural and variable savings in 2017 through payroll, operating hours and internal benchmarking
- ✦ Additional variable savings in Midway in response to London trading
- ✦ Medium/longer term opportunity through further benchmarking, procurement and automation

Potential further
2017 savings



CAPITAL EXPENDITURE

Continued growth in New Business Development capex

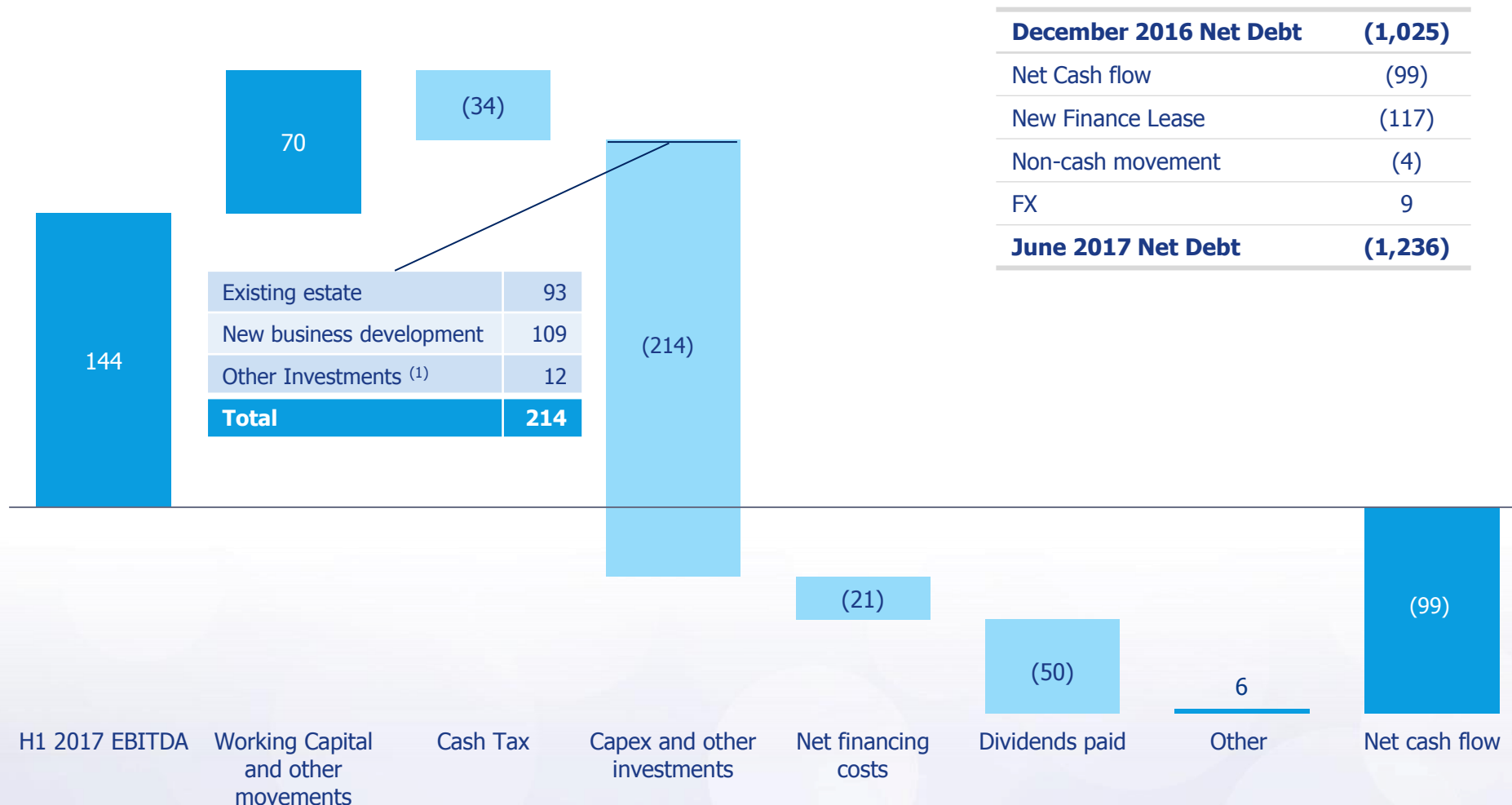


■ Existing estate ■ Accommodation ■ Midway ■ LLP Development

2016-20 Strategy	Unit cost
4 new parks	Highly dependent upon model. Fully owned c£250m or mgmt contract nil.
40 new attractions	Typically £5-8m. Some variation dependant upon brand.
2,000 new rooms	c£150k. Large variation across accommodation types.
Broadly in line with depreciation.	Majority is growth in nature, i.e. new rides and features or expansionary.

CASHFLOW

Cash flow reflects seasonality



SUMMARY AND OUTLOOK



- ★ Good progress on milestones
 - ★ Strong contribution from NBD in 2017
 - ★ Continued development of pipeline
- ★ Remain cautious on near-term outlook for Midway London
- ★ Full year profit in line with expectations, despite trading uncertainty
 - ★ Normalisation of phasing and one-offs
 - ★ Continued cost focus
- ★ Long-term outlook remains positive

Q&A

APPENDIX

NET DEBT



£ millions, unless stated	1 July 2017	31 Dec 2016	25 June 2016
Interest-bearing loans and borrowings	1,283	1,152	1,087
Cash and cash equivalents	(250)	(215)	(101)
	1,033	937	986
Finance lease obligations	203	88	86
Net Debt	1,236	1,025	1,072

Credit Ratings

- ✦ S&P: BB, stable outlook
- ✦ Moody's: Ba2, stable outlook

MIDWAY FINANCIALS



£ millions, unless stated	H1 2017	H1 2016
Statutory visitors ¹ (m)	18.9	18.7
Revenue per capita (£)	15.23	13.80
Visitor revenue	287	258
Other revenue	13	12
Total revenue	300	270
Like for like growth	(0.4)%	(0.2)%
EBITDA	89	91
<i>Margin</i>	<i>29.7%</i>	<i>33.6%</i>
Operating Profit	57	64
<i>Margin</i>	<i>18.8%</i>	<i>23.6%</i>
Existing Estate Capex	28	22
% of revenue	9.4%	8.3%

LEGOLAND PARKS FINANCIALS



£ millions, unless stated	H1 2017	H1 2016
Statutory visitors ¹ (m)	5.6	4.5
Revenue per capita (£)	37.70	34.52
Visitor revenue	209	156
Other revenue	58	42
Total revenue	267	198
Like for like growth	8.0%	3.3%
EBITDA	85	66
<i>Margin</i>	<i>32.1%</i>	<i>33.5%</i>
Operating Profit	67	53
<i>Margin</i>	<i>25.3%</i>	<i>26.9%</i>
Existing Estate Capex	27	22
% of revenue	10.3%	11.1%

RESORT THEME PARKS FINANCIALS



£ millions, unless stated	H1 2017	H1 2016
Statutory visitors (m)	3.8	3.7
Revenue per capita (£)	23.70	21.66
Visitor revenue	91	79
Other revenue	27	25
Total revenue	118	104
Like for like growth	6.2%	(10.2)%
EBITDA	(4)	(8)
<i>Margin</i>	<i>nm</i>	<i>nm</i>
Operating Loss	(21)	(22)
<i>Margin</i>	<i>nm</i>	<i>nm</i>
Existing Estate Capex	29	26
% of revenue	24.8%	24.9%

GROUP REVENUE SPLIT



£ millions, unless stated	H1 2017	H1 2016	Reported Growth
Statutory visitors ¹ (m)	28.3	26.9	5.1%
Revenue per capita (£)	20.78	18.36	13.2%
Visitor revenue	587	493	19.0%
Other revenue	98	80	21.8%
Total revenue	685	573	19.4%

FX SENSITIVITY



£ millions, unless stated	H1 2017	H1 2016	% Change	Revenue impact, £m
USD	1.26	1.44	12.6%	27
EUR	1.16	1.29	10.0%	11
AUD	1.68	1.98	15.4%	5
Other				9
Total				52

£ millions, unless stated	H1 2017	H1 2016	% Change	EBITDA impact, £m
USD	1.26	1.44	12.6%	10
EUR	1.16	1.28	9.3%	1
AUD	1.67	2.01	17.0%	1
Other				3
Total				15

COST BREAKDOWN



£ millions, unless stated	H1 2017	H1 2016	Constant Currency	Reported Growth
Employment costs	206	174	9.4%	18.1%
% of revenue	30.0%	30.4%		
Rent	51	44	9.0%	15.1%
% of revenue	7.4%	7.7%		
Marketing	48	40	9.7%	19.0%
% of revenue	7.0%	7.0%		
Other	125	101	15.5%	24.7%
% of revenue	18.3%	17.5%		

ATTRACTION COUNT



	UK			Cont. Europe			Americas			Asia Pacific			Group		
	31 Dec 2016	Mov't	1 Jul 2017	31 Dec 2016	Mov't	1 Jul 2017	31 Dec 2016	Mov't	1 Jul 2017	31 Dec 2016	Mov't	1 Jul 2017	31 Dec 2016	Mov't	1 Jul 2017
SEA LIFE	13	-	13	18	-	18	8	-	8	8	1	9	47	1	48
Madame Tussauds	2	-	2	4	-	4	6	1	7	9	-	9	21	1	22
Dungeons	5	-	5	3	-	3	1	-	1	-	-	-	9	-	9
LDC	1	-	1	3	-	3	9	1	10	3	1	4	16	2	18
Eye	2	-	2	-	-	-	1	-	1	1	-	1	4	-	4
Shrek	1	-	1	-	-	-	-	-	-	-	-	-	1	-	1
Other	-	-	-	-	1	1	-	-	-	6	-	6	6	1	7
Midway	24	-	24	28	1	29	25	2	27	27	2	29	104	5	109
LLP	1	-	1	2	-	2	2	-	2	2	1	3	7	1	8
RTP	4	-	4	2	-	2	-	-	-	-	-	-	6	-	6
Group	29	-	29	32	1	33	27	2	29	29	3	32	117	6	123

ACCOMMODATION COUNT



	31 Dec 2016	Mov't	1 Jul 2017
Billund (Denmark)	356	80	436
California	250	-	250
Deutschland	319	-	319
Florida	152	166	318
Malaysia	249	-	249
Windsor (UK)	150	59	209
Dubai	-	-	-
Japan	-	-	-
LEGOLAND Parks	1,476	305	1,781
Alton Towers (UK) ⁽¹⁾	516	-	516
Chessington World of Adventures (UK)	254	-	254
Gardaland (Italy)	347	-	347
Heide Park (Germany)	329	-	329
THORPE PARK (UK)	90	-	90
Warwick Castle (UK)	71	-	71
Resort Theme Parks	1,607	-	1,607
Group	3,083	305	3,388

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	2017 Like for like growth refers to the growth between 2016 and 2017 on a constant currency basis using 2017 exchange rates and includes all businesses owned and operated before the start of 2016
LLP	LEGOLAND Parks Operating Group
MAP	Merlin Annual Pass
Midway	Midway Attractions Operating Group

Key Terms	Definition
NBD	New Business Development
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
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

WORLD OF ATTRACTIONS

★ NORTH AMERICA ATTRACTIONS



Arizona
California
Charlotte
Dallas
Kansas City
Michigan
Minnesota
Orlando



Hollywood
Las Vegas
New York
Orlando
San Francisco
Washington DC



San Francisco
Orlando



California
Florida



Arizona
Atlanta
Boston
Chicago
Dallas
Kansas City
Michigan
Toronto
Westchester



● UK ATTRACTIONS



Birmingham
Blackpool
Brighton
Great Yarmouth
Hunstanton
Loch Lomond
London
Manchester
Scarborough
Weymouth
and Tower



Gweek
Oban



Blackpool
London



Alton



Chessington



Warwick



Chertsey



London



Windsor



Manchester



London
Blackpool

■ ASIA ATTRACTIONS



Bangkok
Busan
Shanghai



Bangkok
Beijing
Chongqing
Hong Kong
Singapore
Shanghai
Tokyo
Wuhan



Dubai
Malaysia



Osaka
Shanghai
Tokyo

▲ EUROPE ATTRACTIONS



Benalmadena
Berlin
Blankenberge
Bray
Gardaland
Hannover
Helsinki
Istanbul
Jesolo
Königswinter
Konstanz
München
Oberhausen
Paris
Porto
Scheveningen
Speyer
Timmendorfer
Strand



Amsterdam
Berlin
Istanbul
Vienna



Soltau



Billund
Günzburg



Amsterdam
Berlin
Hamburg



Berlin
Istanbul
Oberhausen



Lake Garda

◆ AUSTRALIA / NEW ZEALAND ATTRACTIONS



Auckland
Melbourne
Mooloolaba
Sydney



Manly



Sydney
Hamilton Island



Sydney



Sydney



Otway
Illawarra



Mount Hotham



Falls Creek

MERLIN
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As at 31 December 2016



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