INTRODUCTION TO MERLIN ENTERTAINMENTS

OCTOBER 2015

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 (99 attractions, 42% of 2014 revenue)
  - LEGOLAND Parks (6 parks, 31% of revenue)
  - Resort Theme Parks (6 parks, 27% of revenue)
- **Supported by Merlin Magic Making, our unique creative and production resource**

Midway Attractions

LEGOLAND Parks

Resort Theme Parks

[1] Based on number of visitors as reported by AECOM 2014 Theme Index
[2] Number of attractions as at 17 September, 2015

UNIQUE PORTFOLIO OF FAMILY ENTERTAINMENT BRANDS AND ICONIC ASSETS

Midway Attractions

- SEA LIFE – "Amazing Discovery"
- Madame Tussauds – "Famous Fun"
- LEGOLAND Discovery Centre – "Playful Learning"
- The Dungeons – "Scary Fun"
- Merlin Entertainments The Eye Brand – "Inspiring Perspective"
- DreamWorks Tours Shrek's Adventure! London

- **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"
  - Ability to leverage scale and synergies
- **Significant roll out opportunity - "100+ potential locations identified"**
- **Potential to expand portfolio with further brands**

LEGOLAND Parks

- LEGOLAND California
- LEGOLAND Billund
- LEGOLAND Florida
- LEGOLAND Windsor
- LEGOLAND Deutschland
- LEGOLAND Malaysia

- **"Playful Learning"**
- **Leading global brands (LEGO, LEGOLAND)**
- **Attractive target demographic (families with children 2 – 12)**
  - High levels of repeat visitation
- **Mutually synergistic relationship with LEGO**
- **Substantial potential to develop new markets / parks**

Resort Theme Parks

- Alton Towers Resort – "Fantastical Escapism"
- Chessington World of Adventures Resort – "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]
  - Each theme park is pre-eminent in their market
- **Positioned to appeal across various target demographics**

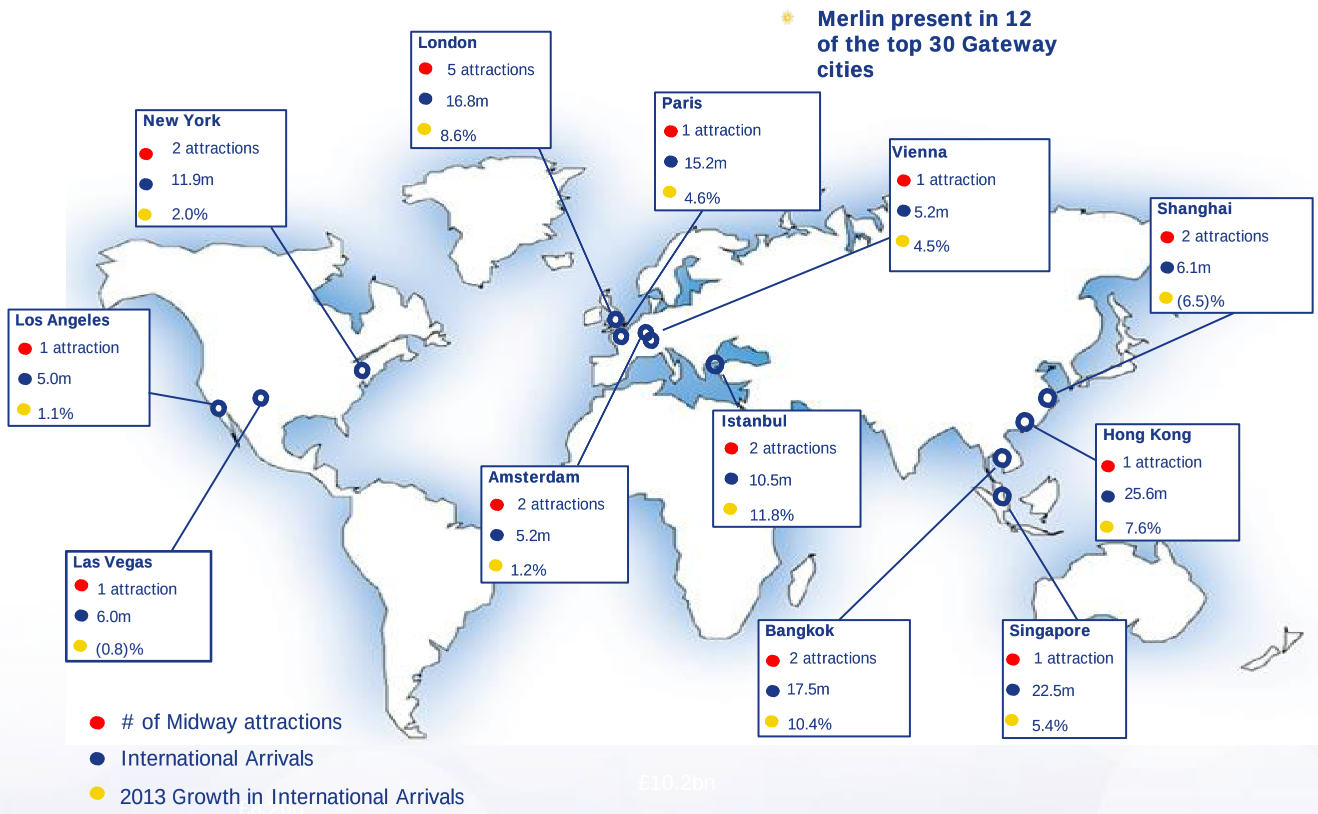
COMPELLING BRANDS AND DIVERSE BUSINESS WITH HIGH GROWTH AND RETURN CHARACTERISTICS

 | *[1] Based on number of number of visitors as reported by AECOM 2014 Theme Index.*
LLW refers to LEGOLAND Windsor. LLP refers to LEGOLAND Parks Operating Group. See appendix for further definitions

ATTRACTIVE MARKET TRENDS

Growth in Leisure Spending	Leisure spending CAGR of 6% over 2009-13 and forecast to grow by c.5% p.a. from 2013-18[1]
Expansion in Leisure Time	Income growth, increase vacation days, and greater "spare time"
Expansion of the Middle Class in Emerging Economies	Number of Chinese middle class households expected to increase from 47m in 2010 to 472m in 2020[2]
Increase in International Tourism	Growth in leisure time and expansion of middle classes has driven increased international tourism
Growth in Short Breaks	Cultural and financial factors driving growth in short breaks
Market Fragmentation	Outside of the large Theme Park companies, the private visitor attractions market remains highly fragmented

Increase in International Tourism[3]



[1] Marketline "Global Hotels, Restaurants & Leisure" report, 2014
[2] The Economist, 12 September, 2015
[3] Euromonitor International Top City Destination Ranking, 2014

CLEAR COMPETITIVE ADVANTAGES

MERLIN ENTERTAINMENTS

Brands

- SEA LIFE
- Alton Towers Resort
- Madame Tussauds
- Thorpe Park
- LEGO LEGOLAND Discovery Centre
- Chessington World of Adventures Resort
- Warwick Castle
- the Dungeons
- Merlin Entertainments The Eye Brand
- Gardaland Resort
- DreamWorks Tours Shrek's Adventure! London
- Heide Park Resort
- LEGO LEGOLAND

Technical and Creative Expertise

MERLIN MAGIC MAKING
FINDING THE MAGIC

- Identify new sites
- Lease negotiation

MERLIN MAGIC MAKING
CREATING THE MAGIC

- New products (e.g. rides, hotels etc)
- Develop IP content

MERLIN MAGIC MAKING
PRODUCING THE MAGIC

- New wax figures
- New LEGO models
- Marine displays

MERLIN MAGIC MAKING
DELIVERING THE MAGIC

- 2014: Worked on 39 major projects in 11 countries. Total value of projects over £230m.

Scarcity Value and Capital Requirements

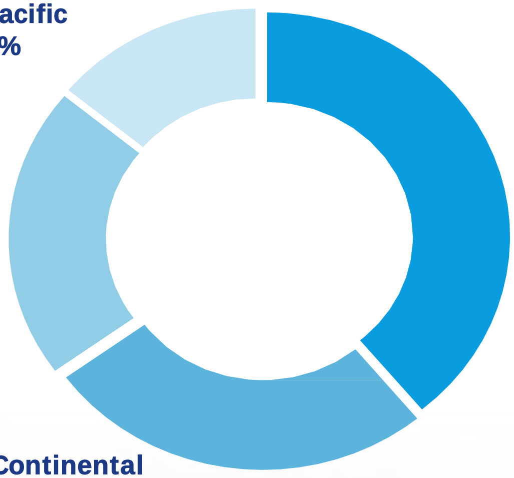
- **Significant initial capital requirements for new parks**
  - Average new theme park requires minimum c.£200m in capital investment
  - Funds also required to cover lengthy lead times
- **Regulatory and planning restrictions creating significant lead times for new parks**
  - Potentially 3 – 4 years required to obtain all the necessary approvals
  - Overall lead times of 4 – 6 years to complete the process of designing, funding and obtaining approvals
- **Scarcity of sites for new parks**
  - Few available spaces in highly attractive markets (e.g. UK)

REINFORCING A SUSTAINABLE BUSINESS MODEL AND LEADING MARKET POSITIONS

STRATEGY SINCE 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"

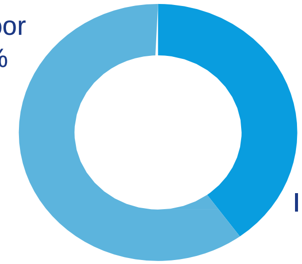
Revenue by Geography[1]



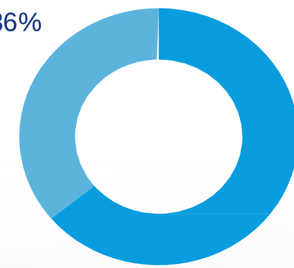
Long term ambition of even split between Europe, Americas and Asia Pacific

Revenue by weather exposure[1]

57% of revenue from sites open all year round



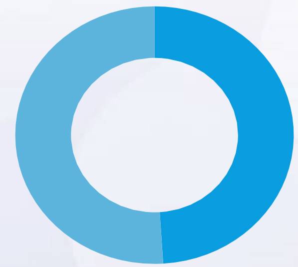
Visitors by Tourist / Domestic[2]



Not reliant upon 'fly-in' market

Pre-booked revenue[3]

Increasing levels of pre-booked revenue leads to reduced site-level volatility.



1 Total revenue, 2014
2 Total 2014 visitors, based on touchscreen data
3 Total admissions revenue, 2014


WORLD OF ATTRACTIONS
NORTH AMERICA ATTRACTIONS
SEA LIFE: Arizona, California, Charlotte, Dallas, Kansas City, Michigan*, Minnesota, Orlando*
Madame Tussauds: Hollywood, Las Vegas, New York, Orlando*, San Francisco, Washington DC
the Dungeons: San Francisco
LEGOLAND: California, Florida
LEGOLAND Discovery Centre: Atlanta, Boston, Chicago, Dallas, Kansas City, Toronto, Westchester
Merlin Entertainments The Eye Brand: Orlando*
UK ATTRACTIONS
SEA LIFE: Birmingham, Blackpool, Brighton, Great Yarmouth, Hunstanton, Loch Lomond, London, Manchester, Scarborough, Weymouth and Tower
The Sanctuaries: Gweek, Oban
the Dungeons: Blackpool, Edinburgh, London, Warwick, York
Madame Tussauds: Blackpool, London
Warwick Castle: Warwick
Alton Towers: Alton
Thorpe Park: Chertsey
Chessington World of Adventures Resort: Chessington
Shrek's Adventure!: London*
LEGOLAND: Windsor
LEGOLAND Discovery Centre: Manchester
Merlin Entertainments The Eye Brand: London, Blackpool
ASIA ATTRACTIONS
SEA LIFE: Bangkok, Busan, Shanghai
Madame Tussauds: Bangkok, Beijing, Hong Kong, Singapore, Shanghai, Tokyo, Wuhan
LEGOLAND: Malaysia
LEGOLAND Discovery Centre: Osaka*, Tokyo
EUROPE ATTRACTIONS
SEA LIFE: Benalmadena, Berlin, Blankenberge, Bray, Gardaland, Hannover, Helsinki, Istanbul, Jesolo, Königswinter, Konstanz, München, Oberhausen, Paris, Porto, Scheveningen, Speyer, Timmendorfer Strand
Madame Tussauds: Amsterdam, Berlin, Vienna
Heide Park Resort: Soltau
the Dungeons: Amsterdam, Berlin, Hamburg
LEGOLAND: Billund, Günzburg
Gardaland Resort: Lake Garda
LEGOLAND Discovery Centre: Berlin, Istanbul*, Oberhausen
AUSTRALIA / NEW ZEALAND ATTRACTIONS
SEA LIFE: Auckland, Melbourne, Mooloolaba, Sydney
The Sanctuaries: Manly
WILD LIFE: Sydney, Hamilton Island
Merlin Entertainments The Eye Brand: Sydney
Madame Tussauds: Sydney
Australian Treetop Adventures: Otway, Illawarra
HOTHAM alpine resort: Mount Hotham
FallsCreek: Falls Creek
*2015 Openings
MERLIN ENTERTAINMENTS

SIX STRATEGIC GROWTH DRIVERS

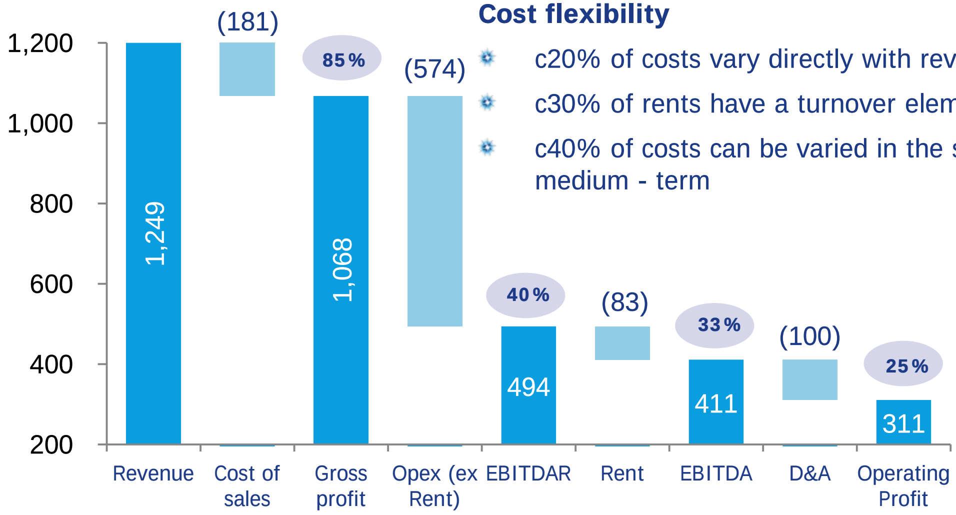
1	Existing estate growth via capex		Mid-single digit Like for Like EBITDA Growth + >15% ROIC on Accommodation
2	Strategic synergies		
3	Transformation of theme parks into short break destinations		
4	Midway roll out		>20% ROIC
5	Developing new LEGOLAND parks		
6	Strategic acquisitions		Synergised >20% ROIC

2015 PROGRESS ON STRATEGIC GROWTH DRIVERS

- **Capex cycle** – ‘High Year’ investments, including: Gardaland; LEGOLAND Windsor; Madame Tussauds London and Berlin
- **Synergies** – Agreement announced with accesso to roll out a new ticketing and admissions solution
- **Destination positioning –** New accommodation at LEGOLAND Florida and Alton Towers
- **Midway roll out –** Seven new openings, including the new ‘Shrek’s Adventure!’ attraction in London
- **LEGOLAND Parks Development** – Continued progress on future parks: LEGOLAND Dubai (2016 under management contract), LEGOLAND Japan (2017), LEGOLAND Korea (2018)

FINANCIAL DYNAMICS

P&L Analysis (2014)



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

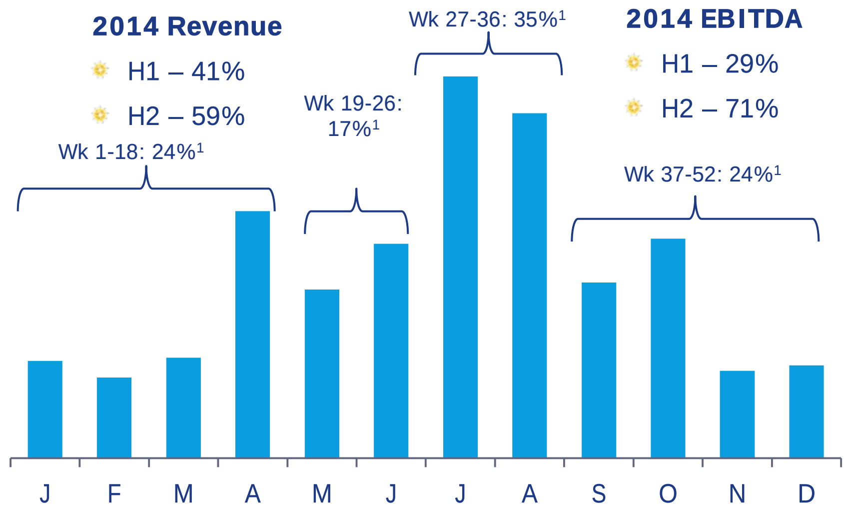
Revenue Seasonality

2014 Revenue

- H1 – 41%
- H2 – 59%

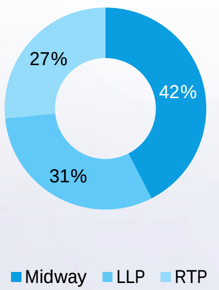
2014 EBITDA

- H1 – 29%
- H2 – 71%

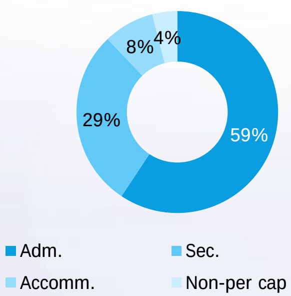


Revenue Analysis

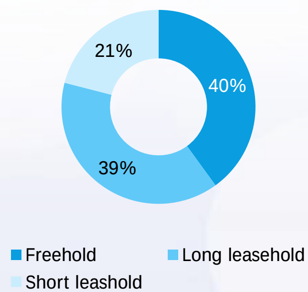
...by Op. Group



...by Type



... by Tenure



Spend and Margins

	Revenue per capita	Admissions / Secondary[2]	EBITDAR Margin	EBITDA Margin	Op. Profit Margin
Midway	£13.35	80/20	50.9%	40.5%	31.5%
LLP	£29.97	54/46	37.4%	36.9%	31.0%
RTP	£22.75	60/40	33.9%	26.3%	18.2%
Group	**£18.15**	**68/32**	**39.5%**	**32.9%**	**24.9%**

- 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)

[1] % of 2014 FY revenue. September Trading Update reports up to and including week 36 which is the first week in September
[2] 2014 % split of 'In-Park' spend (Admission and Secondary)
Note: All analysis based upon 2014 results

FINANCIAL PERFORMANCE

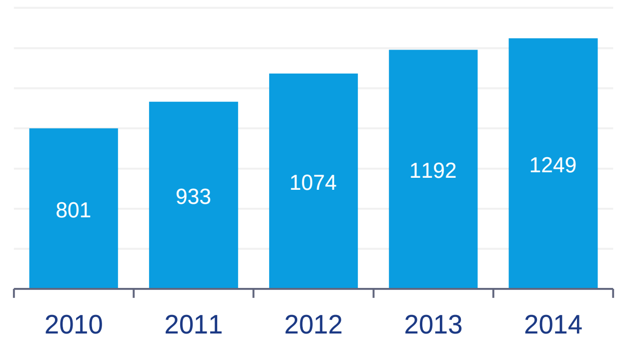
Average like for like revenue growth, 2010-14: 4.8%[1]

Average like for like EBITDA growth, 2010-14: 5.8%[1]

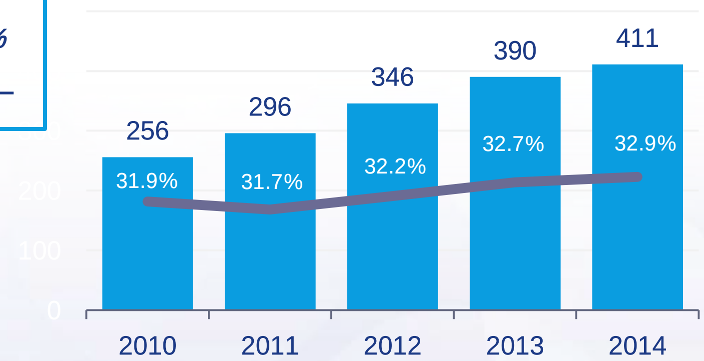
	2010 £m	2011 £m	2012 £m	2013 £m	2014 £m	CAGR Reported FX %	CAGR Constant FX %
Total visitors[2]	**41.0**	**47.3**	**54.0**	**59.8**	**62.8**	*11.2%*	*11.2%*
Growth		*15.2%*	*14.3%*	*10.7%*	*4.9%*		
Revenue	**801**	**946**	**1,074**	**1,192**	**1,249**	*11.8%*	*12.6%*
Growth	*4.1%*	*18.1%*	*13.6%*	*10.9%*	*4.8%*		
LFL Growth		*5.8%*	*-0.5%*	*6.7%*	*7.1%*		
Underlying EBITDA	**256**	**306**	**346**	**390**	**411**	*12.6%*	*13.4%*
Margin	*31.9%*	*32.3%*	*32.2%*	*32.7%*	*32.9%*		
LFL Growth		*7.0%*	*1.9%*	*6.3%*	*7.8%*		
Underlying operating profit	**198**	**232**	**258**	**290**	**311**	*11.9%*	*12.8%*
Margin	*24.7%*	*24.5%*	*24.1%*	*24.4%*	*24.9%*		

Capex					
Existing estate[3]	74	87	92	95	107
% of revenue	*9.3%*	*9.3%*	*8.6%*	*8.0%*	*8.5%*
NBD[4]	29	87	71	57	85
Total capex	**103**	**174**	**163**	**152**	**192**

REVENUE CAGR 2010-14 OF 11.8%



EBITDA CAGR 2010-14 OF 12.6%



As reported figures. 2011 figures on a 53 week basis except for LFL growth rates and charts which are on a 52 week basis.

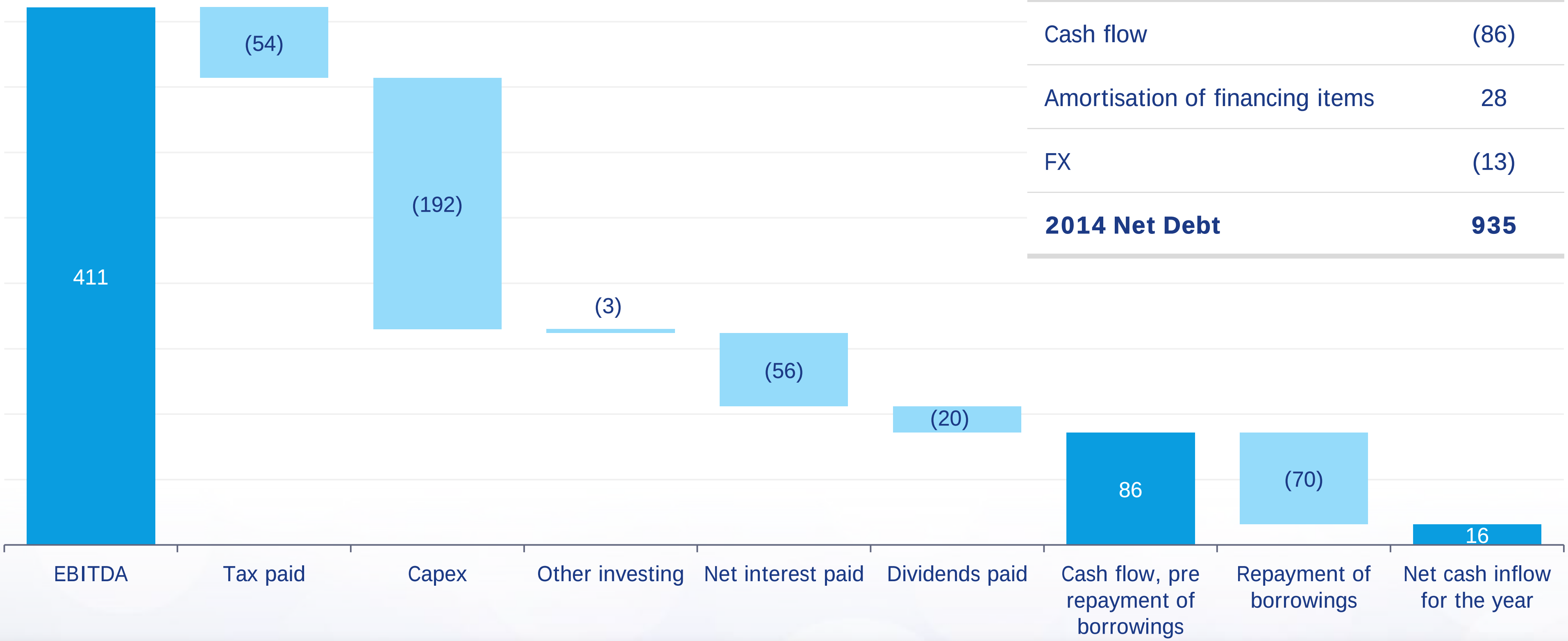
[1] Average based on reported LFL growth rates

[2] All visitors to Merlin owned or operated attractions

[3] Includes capital expenditure incurred in connection with the capsule refurbishment for the London Eye between 2008-12

[4] New Business Development. 2010 excludes acquisition of Cypress Gardens – cost of £16 million

CASHFLOW



2013 Net Debt	**1,006**
Cash flow	(86)
Amortisation of financing items	28
FX	(13)
2014 Net Debt	**935**

STRONG OPERATING CASH FLOW AND REDUCED LEVERAGE TO 2.3x FROM 2.6x

 | *2014 dividend payment reflects only the interim paid in the year*

SUMMARY

- Unique portfolio of branded and iconic assets
- Clear, competitive advantages in an attractive, growing market
- Robust business model based on a diverse portfolio
- Proven and sustainable growth strategy driving high returns
- Experienced and committed team to ensure continued delivery

CBeebies Land at Alton Towers Resort

APPENDIX I

SIX STRATEGIC GROWTH DRIVERS

#1 EXISTING ESTATE CAPEX-LED GROWTH

Operating Group	Capex Cycle	Rationale	Benefits
Midway Attractions	**5-year (peak, low, low, low, low)** N.B. Highest 'peak' is c.£5m[1] but most are below £1m	• High level of 'first time' tourist visitors means less emphasis on big capex new features	**Smooth Cash Needs**
LEGOLAND Parks	**4-year (peak, low, medium, low)** N.B. 'Peak' is c.£7m	• Strategic development / growth of LEGOLAND Parks via themed lands (e.g. Pirate Shores) • Less emphasis on high capex thrill rides due to younger audience	**Smooth Utilisation of In-house Resources**
Resort Theme Parks	**4-year (peak, low, low, low)** N.B. 'Peak' is c.£12m	• Need for new rides and shows on regular basis, particularly for teen segment • Family attractions less capex intensive	**Smooth EBITDA Development**

WELL INVESTED EXISTING ESTATE , WITH CAPITAL EXPENDITURE BROADLY IN LINE WITH DEPRECIATION

[1] *Excluding London Eye capsule upgrade programme (only required every 15-20 years).*

#1 EXISTING ESTATE CAPEX-LED GROWTH

2015 examples

- **Midway:**
  - 'Star Wars' coming to Madame Tussauds London and Berlin
  - SLC Istanbul relaunch
- **LLP:**
  - 'The Lego Movie' 4D experience at all LEGOLAND Parks
  - 'LEGO Friends' at LEGOLAND Windsor, Florida and California
- **RTP:**
  - 'Oblivion – The Black Hole' at Gardaland
  - 'Penguins of Madagascar' – live show at Chessington

5.8% AVERAGE LIKE FOR LIKE EBITDA GROWTH 2010-2014

#2 STRATEGIC SYNERGIES

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

Example

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
  - Increasing revenue visibility securing
  - Increase levels of secondary spend

Example

accesso roll out

- Agreement to roll out accesso's 'Passport' ticketing systems across the Merlin estate over the next 3 years
- Performance improvement to underpin existing revenue growth expectations
- No incremental capex beyond existing expectations

Key benefits:

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

Example

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 secondary spends for the relevant visitors
- Successfully conducted national retail promotions in the UK
  - Partners include Tesco, News International and Kellogg's
  - Opportunity for similar campaigns in US, Australia and New Zealand
- Future opportunities through new channels, in particular online, which will provide opportunities for more targeted promotions with lower lead times

#3 THEME PARK RESORT POSITIONING

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

Increased catchment area	Typically extended from 2-3 hours to 5 hours drive time, increasing market opportunity
Visibility and resilience of revenues	Pre-bookings increased from 30% in 2009 to 38% in 2013[1] 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 (eg High ropes, Water parks)
Improved guest satisfaction	Value for Money scores typically 5-8% better amongst those guests who have stayed in Merlin accommodation[2]

Approx. £25m capex pa
Split approx. 50:50 across RTP and LLP, averaged over 5 years

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

LEGOLAND California Hotel - Example

- Opened on time and on budget in April 2013
- 250 bedrooms, extending catchment area
- 99% occupancy rates in peak season
- 50k extra park visits directly attributable to hotel

1 – Excludes MAP
2 – Touchscreen data

#3 THEME PARK RESORT POSITIONING

2015 examples

Alton Towers Resort – 120 lodges and 5 tree houses, opened in 2015

- Opened in April 2015
- Increases room count to >500
  - Self-catering accommodation
  - Targeting families
  - Further increases catchment area and length of stays

LEGOLAND Florida – 152 room hotel

- Opened May 2015
- Each LEGOLAND Park now offers on site accommodation
- >95% occupancy over summer 2015
- ARR ahead of expectations

 Emmet from 'The Lego Movie' overseeing work at the LEGOLAND Florida Hotel

#4 MIDWAY ROLL OUT

2015 roll out

Midway roll out model

- Rolled out for £5-£8m each
- Located in city centres, resorts, destination shopping malls
- Prioritising cluster cities
- Average ROIC of 20%+

7 OPENINGS IN 2016, OF WHICH 3 IN ASIA

#5 LEGOLAND PARKS DEVELOPMENTS

MERLIN ENTERTAINMENTS

Three Flexible Business Models

Operated and Owned

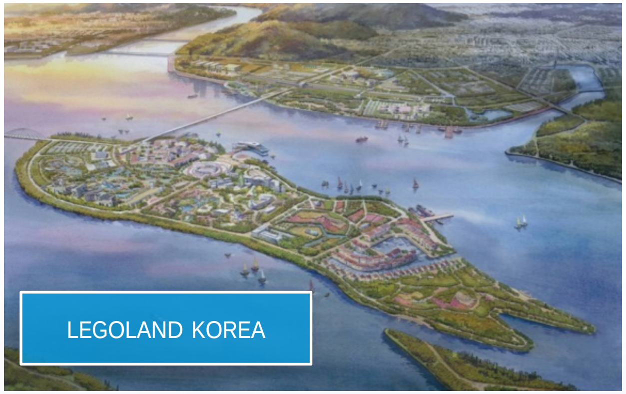
- All existing parks (exc. Malaysia)
- Full operational control and ownership of the park
- Utilised in proven locations and geographies
- Requires material capital investment
- Preliminary discussions over opportunities in USA

Operated and Leased

- E.g. Japan (2017), South Korea (2018)
- Full operational control / ownership of equipment
- Land and infrastructure assets for the park leased from partner
- Requires capital investment although fully funded from cash flow and targeted to deliver 20%+ ROIC

Management Contract

- E.g. Malaysia, Dubai (2016)
- Operational control under a management contract
- Utilised in new markets and unproven locations, particularly when part of a broader development
- Low capital commitment model

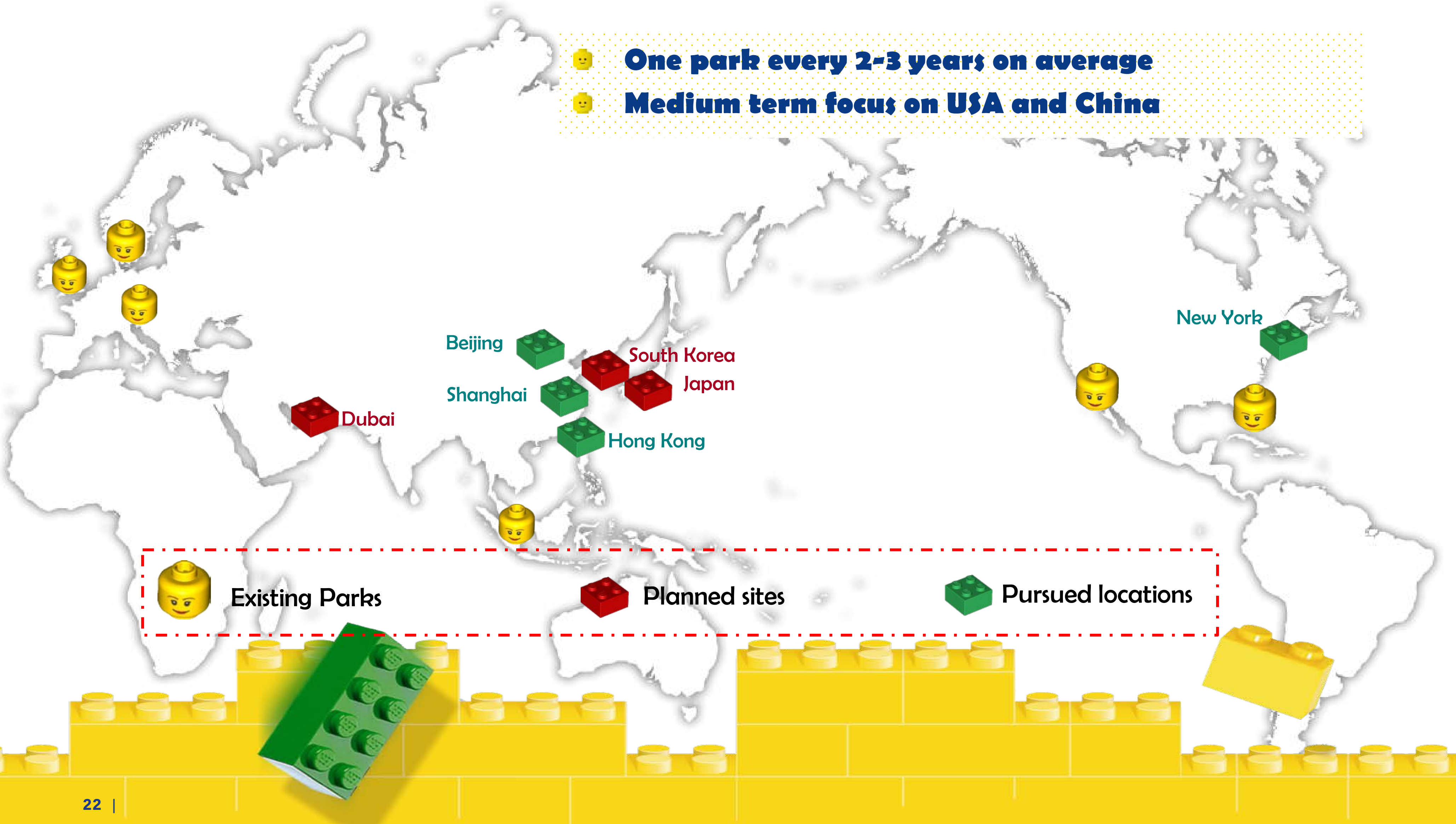


LEGOLAND KOREA

OPERATED AND OWNED	OPERATED AND LEASED	MANAGEMENT CONTRACT
High Ownership	Medium Ownership	No Ownership
All Operations	All Operations	All Operations

#5 LEGOLAND PARKS DEVELOPMENTS

- One park every 2-3 years on average
- Medium term focus on USA and China



#6 STRATEGIC ACQUISITIONS

MERLIN ENTERTAINMENTS

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
- Recent 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)

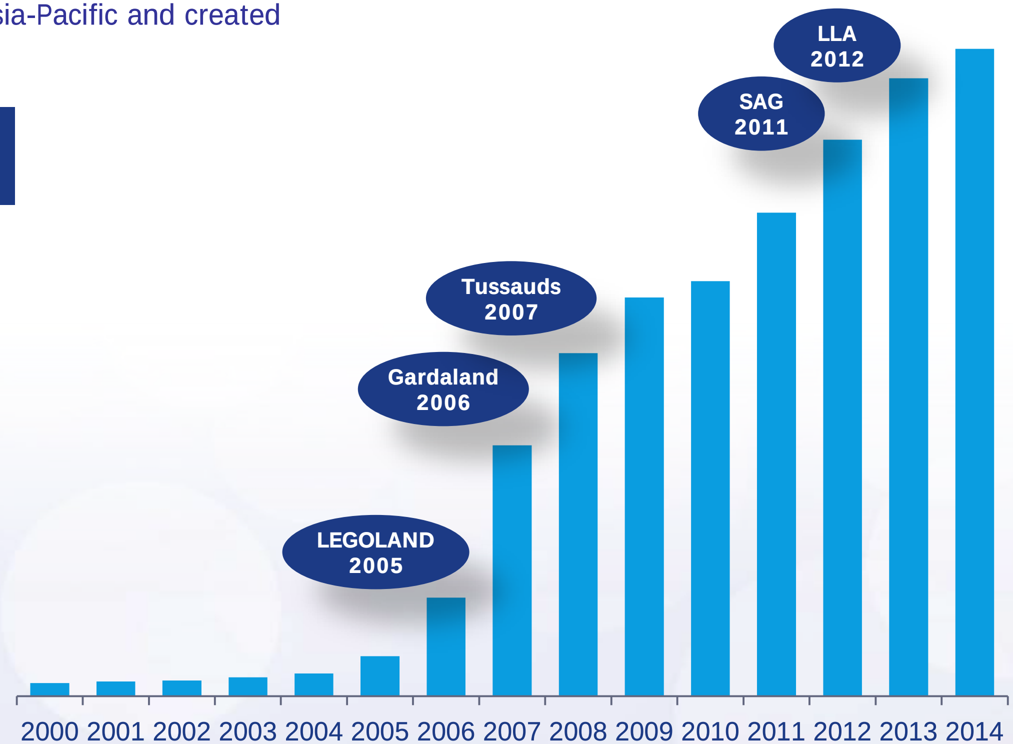
MELBOURNE AQUARIUM

The Sydney Tower Eye

HOTHAM Aim Higher

FallsCreek

SYDNEY SEA LIFE AQUARIUM



APPENDIX II

MIDWAY ATTRACTIONS

MERLIN ENTERTAINMENTS

SEA LIFE

Madame Tussauds

LEGO LEGOLAND DISCOVERY CENTRE

the Dungeons

Merlin Entertainments
The Eye Brand

New Strategic Alliance with Dreamworks

- New midway brand, based on Shrek and other Dreamworks IP
- Initial plan for 6 attractions over 9 years
- First attraction opening in London in Summer 2015
- Investment and returns similar to existing midway roll out strategy
- Worldwide exclusivity on midway concept, excluding China and Russia
- New brand provides incremental opportunities for roll out to gateway cities and clusters

MERLIN MAGIC MAKING

The Biggest Animated Franchise Of All Time

Shrek OWNS the hilarious intersection of pop culture and fairytales

A Global Phenomenon with a ogre-sized social media following

60 Million Fans Worldwide

- Shrek **(44 Million)** is the #1 fan page of any animated film | #4 fan page of any movie on Facebook
- Since 2010, the Shrek Facebook page has grown by over **10 Million** people per year for the last 3 years
- More than 85% of Shrek fans are INTERNATIONAL
- Donkey, Puss and Gingy fan pages total **16 Million** fans worldwide

5.2 Million Mentions

1.6 Million Videos of Donkey

(top video has **23 Million** views)

Sources: Shrek Global Listening Report - Way to Blue **Sept 2012 - Sept 2013**

RESORT THEME PARKS

Alton Towers Resort

Chessington World of Adventures Resort

Gardaland Resort

Heide Park Resort

Thorpe Park

Warwick Castle

LEGOLAND PARKS

MERLIN ENTERTAINMENTS

LEGO LEGOLAND CALIFORNIA

LEGO LEGOLAND FLORIDA

LEGO LEGOLAND BILLUND

LEGO LEGOLAND WINDSOR RESORT

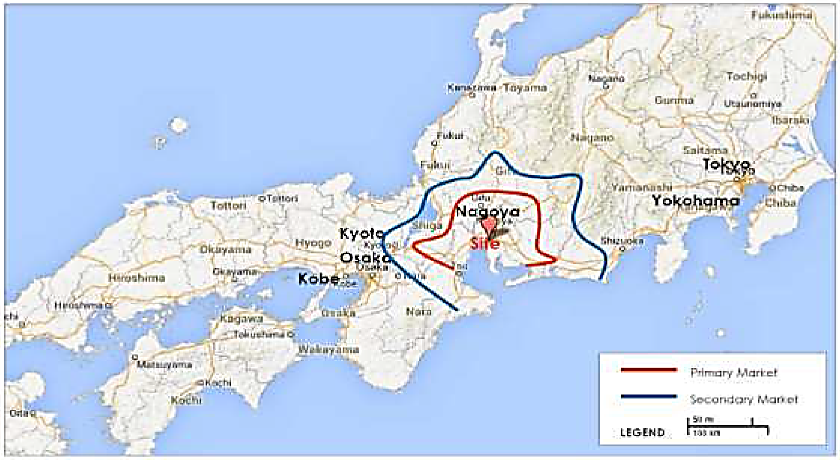
LEGO LEGOLAND DEUTSCHLAND

LEGO LEGOLAND MALAYSIA

LEGOLAND JAPAN

Resident Market Overview

Overview Map of Illustrative Resident Markets for Proposed LEGOLAND Japan



- Summer 2017 opening
- 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 worlds 2nd largest toy market
- Strong support from KIRKBI (property investment) and City of Nagoya (infrastructure)
- Merlin to invest £53m with target EBITDA ROIC of at least 20%.
- EBITDA margins of 15-20%

 Note further guidance on capex and pre-opening costs of LEGOLAND Japan and LEGOLAND Korea in 2014 Prelims presentation, February 2015

LEGOLAND KOREA

- Opening 2018
- Situated on the island of Jung-do, in South Korea, within 2 hour's drive time for c24m residents
- 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 KRW100 billion (c£57m), with target EBITDA ROIC of at least 20%
- EBITDA margins of 20-25%

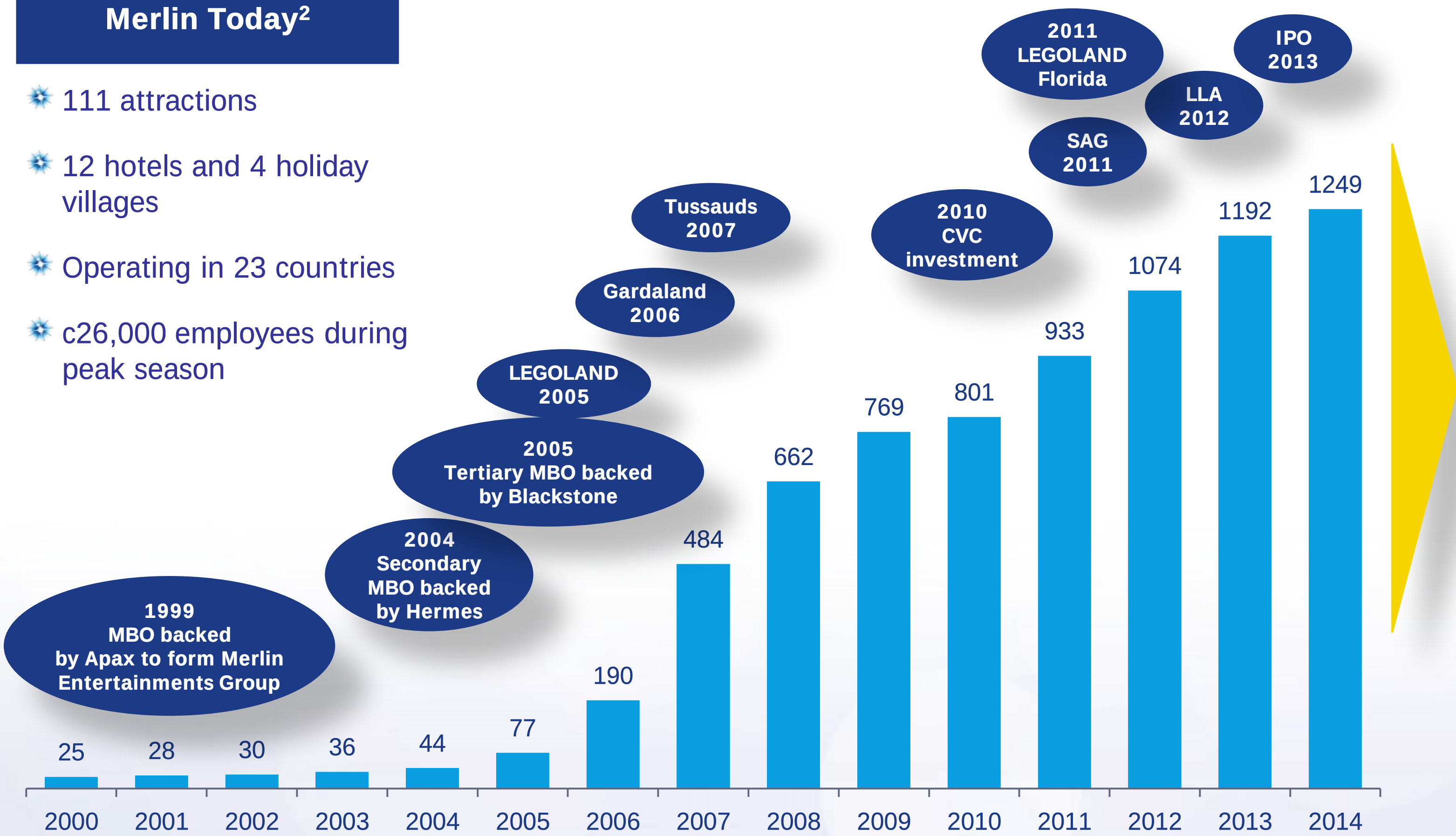
 Note further guidance on capex and pre-opening costs of LEGOLAND Japan and LEGOLAND Korea in 2014 Prelims presentation, February 2015

LONG TERM, ROBUST GROWTH

Revenue growth 2000 – 2014 (£m)[1]

Merlin Today[2]

- 111 attractions
- 12 hotels and 4 holiday villages
- Operating in 23 countries
- c26,000 employees during peak season



2014 Performance

- 62.8m visitors
- £1,249m revenue
- £411m EBITDA[3]
- £311m Operating Profit[3]
- £179m Net Income[3]
- 10.6% ROCE[3]

[1] *Currency as reported. Non-December year ends calendarised. 2011 reflects 52 weeks (week 2 to 53).*
[2] *As at 17 September, 2015*
[3] *Underlying figures, excluding exceptional items*

BOARD OF DIRECTORS

Name	Position	Background
Sir John Sunderland	Non-Executive Chairman	• Appointed Non-Executive Chairman in December 2009 • Currently a Non-Executive Director of Barclays Bank plc, and AFC Energy plc and an adviser to CVC • Sir John is also the Chairman of Cambridge Education Group, Chancellor of Aston University, a member of the Council of The University of Reading, and an Associate Member of BUPA. • 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, President of the Food and Drink Federation from 2002 to 2004, a Non-executive Director of the Rank Group from 1998 to 2006 and a Director of the Financial Reporting Council from 2004 to 2011. 
Nick Varney	Group Chief Executive Officer	• Nick has over 24 years' experience in the visitor attractions industry and was Appointed Chief Executive Officer in 1999 • 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 • 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 & Colman. 
Andrew Carr	Group Chief Financial Officer	• Andrew is a qualified chartered accountant and was appointed Chief Financial Officer of Merlin Entertainments in 1999 Tussauds Group • Prior to Merlin, Andrew was Financial Director of Vardon Attractions and played a key role in the management buyout of Vardon Attractions to form Merlin Entertainments in 1999 and in the subsequent business, including two followon buyouts, the acquisitions of LEGOLAND, Gardaland and The Tussauds Group and the Listing of Merlin Entertainments on the London Stock Exchange. • Before joining Vardon Attractions, Andrew trained, and was subsequently head of a regional Corporate Finance Department, at KPMG. 
Charles Gurassa	Senior Independent Non-Executive Director	• Charles was appointed Senior Independent Non-executive Director of Merlin Entertainments and Chairman of the Remuneration Committee in 2013. • Charles is currently the Senior Independent Director and Deputy Chairman of easyJet plc and the Non-executive Chairman of NetNames and Genesis Housing Association. Charles has spent over 35 years in the travel and tourism industry where his roles included Group Chief Executive of Thomson Travel Group plc, Director Passenger and Cargo Business at British Airways, Executive Chairman of TUI Northern Europe and a Director of TUI AG. • He was a Non-executive Director of Whitbread plc from 2000 to 2009 and former deputy Chairman of the National Trust. Charles is a Trustee of the Migration Museum. 

BOARD OF DIRECTORS

Name	Position	Background
Søren Thorup Sørensen	Non-Executive Director	• Søren was appointed a Nonexecutive 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. Moller – 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 Vicechairman of Topdanmark A/S and holds Non-executive Director positions at LEGO A/S, TDC A/S and Falck Holding A/S.
Fru Hazlitt	Independent Non-Executive Director	• Fru was appointed a Nonexecutive Director of Merlin Entertainments with effect from 1 April 2014 • Fru Hazlitt was formerly Managing Director, Commercial, Online and Interactive at ITV, and previously Chief Executive Officer of 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
Ken Hydon	Independent Non-Executive Director	• Ken was appointed a Nonexecutive Director and Chairman of the Audit Committee of Merlin Entertainments in 2013. • Ken is currently a Non-executive Director of Reckitt Benckiser Group plc and Pearson Plc. Previously, he was CFO of Vodafone Group Plc. Ken was also a Non-executive Director of Tesco Plc from 2004 to 2013 and a Non-executive Director of Royal Berkshire NHS Foundation Trust from 2005 to 2012.
Trudy Rautio	Independent Non-Executive Director	• Trudy was appointed an Independent Non-Executive Director of the company as of 1st October 2015 • Trudy was previously CEO 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

MANAGEMENT TEAM

Nick Varney
CEO
(23 years)

Andrew Carr
CFO
(17 years)

Nick Mackenzie
Managing Director
Midway Attractions
(12 years)

Hans Aksel Pedersen
Managing Director
LEGOLAND Parks
(15 years)

Justin Platt
Managing Director
Resort Theme Parks
(4 years)

John Jakobsen
CNOO
New Openings Group
(29 years)

Mark Fisher
CDO
Merlin Magic Making
(23 years)

OVER 100 YEARS COMBINED EXPERIENCE AMONGST SENIOR MANAGEMENT TEAM

Name
Title
(Years with Merlin Businesses)

MANAGING DIRECTORS

Name	Position	Background	
Nick MacKenzie	Managing Director, Midway	• Nick was appointed as Managing Director, Midway 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	Managing Director, LEGOLAND Parks	• Hans took on his current role in June 2015 • Hans has more than 25 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 15 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	• Appointed Managing Director of 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	

MANAGEMENT INCENTIVISATION

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[1]

- 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

EPS[2]

- 3 year CAGR 2014 – 2017

Performance	Vesting
<7% CAGR	0%
7% CAGR	10%
10.5% CAGR	27.5%
14% CAGR	50%

- Pro rata vesting between 10% and 27.5%, and 27.5% and 50%

ROCE[3]

- 3 year average 2015 – 2017

Performance	Vesting
<9%	0%
9%	12.5%
11%	27.5%
13%	50%

- Pro rata vesting between 12.5% and 27.5% and 27.5% and 50%

Managers

- 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 2017 with the financial year 2014
[3] Based on Earnings Before Interest and Tax (pre-Exceptional items and after taxation) divided by end of period net operating assets. Average ROCE will be calculated as an average of ROCE for the three individual financial years 2015-2017

OPERATING PHILOSOPHY

Maximising Revenues Not Visitor Numbers or Yield

The Demand "Pull"

- Aspirational advertising
- High quality, memorable, experiences (KPIs – 90%+ satisfaction / recommendation)
- Always something new (capex)
- Premium pricing

The Supply "Push"

- Third party promotions
- The web / e-commerce
- Discrete trade channels
- Clustering / multi-day packages

Driving Visitor Yields

- **Lower / no discounts**
- **Premium offers (e.g. Fast Pass)**

Driving Visitor Numbers

- **Non-cannibalistic promotions**
- **High volume trade (e.g. schools)**

DRIVING PROFIT GROWTH BY MAXIMISING REVENUES THROUGH BOTH VISITOR NUMBERS AND YIELDS ALONG WITH EFFECTIVE COST CONTROL (MEANS RPC NOT ALWAYS A KEY MEASURE)

APPENDIX III

ATTRACTION COUNT AND GLOSSARY OF TERMS

ATTRACTION COUNT

	UK			Cont. Europe			Americas			Asia Pacific			Group		
	27 June 2015	Mov't	5 Sept 2015	27 June 2015	Mov't	5 Sept 2015	27 June 2015	Mov't	5 Sept 2015	27 June 2015	Mov't	5 Sept 2015	27 June 2015	Mov't	5 Sept 2015
SEA LIFE	13	-	13	18	-	18	8	-	8	8	-	8	47	-	47
Madame Tussauds	2	-	2	3	-	3	6	-	6	8	-	8	19	-	19
Dungeons	5	-	5	3	-	3	1	-	1	-	-	-	9	-	9
LDC	1	-	1	2	1	3	7	-	7	2	-	2	12	1	13
Eye	2	-	2	-	-	-	1	-	1	1	-	1	4	-	4
Shrek	-	1	1	-	-	-	-	-	-	-	-	-	-	1	1
Other	-	-	-	-	-	-	-	-	-	6	-	6	6	-	6
Midway	23	1	24	26	1	27	23	-	23	25	-	25	97	2	99
LLP	1	-	1	2	-	2	2	-	2	1	-	1	6	-	6
RTP	4	-	4	2	-	2	-	-	-	-	-	-	6	-	6
Group	**28**	**1**	**29**	**30**	**1**	**31**	**25**	**-**	**25**	**26**	**-**	**26**	**109**	**2**	**111**

Attractions opened in 2015 comprise: SEA LIFE Michigan, LEGOLAND Discovery Centre Osaka, The Orlando Eye, Madame Tussauds and SEA LIFE Orlando, 'DreamWorks Tours – Shrek's Adventure!' in London, and LEGOLAND Discovery Centre Istanbul.

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 2014 exchange rates
EBITDA	Underlying basis, excluding exceptional items
LDC	LEGOLAND Discovery Centre
Lead price	Face value of a ticket, which may then be discounted
LFL	2014 Like for like growth refers to the growth between 2013 and 2014 on a constant currency basis using 2014 exchange rates and includes all businesses owned and operated before the start of 2013
LLB	LEGOLAND Billund Resort
LLC	LEGOLAND California Resort
LLD	LEGOLAND Deutschland Resort
LLF	LEGOLAND Florida Resort
LLM	LEGOLAND Malaysia Resort
LLP	LEGOLAND Parks Operating Group
LLW	LEGOLAND Windsor Resort
MAP	Merlin Annual Pass
Midway	Midway Attractions Operating Group

GLOSSARY (CONT.)

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 taking account of a normalised long term effective tax rate divided by end of period net operating assets
ROIC	Average EBITDA over the first five years divided by total development capex
RPC	Revenue per Cap, defined as Visitor Revenue dividend 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
Shrek	‘DreamWorks Tours – Shrek’s Adventure!’
SLC	SEA LIFE Centre
Visitors	Represents all individual visits to Merlin owned or operated attractions

FORWARD-LOOKING STATEMENTS DISCLAIMER

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.

MERLIN

ENTERTAINMENTS