



Merlin Entertainments plc – Trading Update

**Growth despite challenging trading in Resort Theme Parks
Continued strategic progress
Reiteration of 2015 Group guidance**

17 September 2015

Merlin Entertainments (the 'Group') today reports its trading performance for the 36 weeks ended 5 September 2015, including the key summer trading period of July and August.

Key trading highlights⁽¹⁾

<i>Year to date revenue growth</i>	Total growth at constant FX ⁽²⁾	Total growth at actual FX	Like for like growth ⁽³⁾
Midway Attractions	7.6%	6.5%	2.6%
LEGOLAND Parks	8.7%	9.2%	6.7%
Resort Theme Parks	(9.1)%	(13.2)%	(11.4)%
Group	3.8%	2.2%	0.3%

(1) All figures represent year to date growth to the end of week 36 (5 September).

(2) Throughout the document, constant FX growth is based on the 2015 and 2014 figures, on a constant currency basis using 2015 exchange rates.

(3) Throughout the document, like for like growth is based on the 2015 and 2014 figures and includes all businesses owned and opened before 2014, on a constant currency basis using 2015 exchange rates.

The business has traded in line with revised expectations over the summer period, bringing year to date constant currency revenue growth to 3.8% and like for like revenue growth to 0.3%. At actual exchange rates, total revenue growth year to date was 2.2% reflecting predominantly the strength of Sterling against the Euro.

Nick Varney, Merlin Entertainments Chief Executive Officer, said:

“The trends we reported at the half year have continued throughout the summer. The performance of our LEGOLAND Parks Operating Group has remained strong, with very positive guest satisfaction. However, this has been offset by the impact of reduced visitation across the Resort Theme Parks Operating Group, primarily at Alton Towers Resort, and Euro weakness impacting visitation at our London attractions.

“While near term challenges remain, the Group is making good overall progress on its growth strategy. We have significant new investments planned across the estate and are well placed to deliver these in 2016 and beyond.”

Midway Attractions

Trading in the Midway Attractions Operating Group has remained broadly in line with previously reported trends. Midway Asia has performed strongly, with the exception of Hong Kong which continues to be impacted by travel restrictions imposed by the People's Republic of China. However as previously anticipated, Midway Asia's strong performance has been offset to an extent by softer trading in London where the strength of Sterling against the Euro continues to impact domestic and international visitor numbers.

The roll out of new Midway attractions made a significant contribution to overall Operating Group revenue growth in the period, at 7.6% on a constant currency basis. Seven attractions have been opened in 2015, with encouraging early trading performance, and there is a strong pipeline of future openings with a further seven planned for 2016.

LEGOLAND Parks

LEGOLAND Parks continues to perform strongly, with like for like revenue growth of 6.7%, driven primarily by the two parks in North America and LEGOLAND Deutschland. This is despite tough comparatives due to the positive effect of 'The LEGO Movie' and associated promotions in 2014. The new LEGO 'Friends' themed areas at LEGOLAND Windsor, California and Florida have been well received by guests, and have helped broaden the parks' demographics.

The new hotel at LEGOLAND Florida opened in May 2015 to positive guest feedback. The hotel has enjoyed a strong opening season so far with excellent Occupancy and Average Room Rates, contributing to 8.7% growth in revenue for the Operating Group, at constant currency.

Resort Theme Parks

As announced on 27 July 2015, Alton Towers Resort, and to a lesser extent the UK Resort Theme Parks estate, has seen significantly reduced visitation following the accident at Alton Towers on 2 June. As anticipated, this has continued over the summer peak season, exacerbated by relatively poor weather in the UK in August, resulting in like for like revenues in the Resort Theme Parks Operating Group declining by 11.4% year on year.

The major ride investment in 2015 was at Gardaland Resort in northern Italy. The new ride launched well, early in the season, supporting continued growth in the resort.

New accommodation at Alton Towers Resort (the 125 lodge 'Enchanted Village') in 2015 and Chessington World of Adventures Resort (the 69 room 'Azteca' hotel) in 2014 both contributed positively to partly offset the like for like revenue decline, resulting in overall Operating Group revenue decreasing by 9.1% on a constant currency basis. Revenue declined by 13.2% at actual currency, impacted by the translation of the two Continental European parks' results, with no offsetting exposure to the US Dollar.

Group

The financial position of the business remains strong, with a significant reduction in net debt since the end of June, reflecting the seasonality of cash flows. As previously announced, a dividend of 2.1 pence per share will be paid on 24 September 2015 to shareholders on the register as at the close of business on 14 August 2015.

Outlook

At a Group level, trading in the period has been consistent with guidance provided at the trading update on 27 July and we continue to expect 2015 underlying profit before tax to be broadly in line with last year.

Based upon summer trading and forward bookings, Resort Theme Parks' EBITDA is now expected to be in the lower part of the guided range of £40-50 million in 2015. As previously communicated, this guidance assumes that trading in the UK theme parks improves to a degree in the balance of the year as the product mix shifts towards the Halloween offering.

Although difficult to assess at this stage, we continue to believe that there may be an ongoing adverse impact on the Resort Theme Parks Operating Group profitability in 2016.

Delivering on the strategy

During 2015 the Group has successfully executed on its strategic growth drivers, with continued progress expected in 2016 and beyond.

Growing the existing estate through planned investment cycles

In 2016, each site will again enjoy new rides, attractions, shows or features as part of ongoing investment through the defined 'capex cycles'.

Midway attractions with 'high year' investments will include Madame Tussauds Bangkok and SEA LIFE Sydney Aquarium. LEGOLAND Parks will see a 'high year' capex investment at LEGOLAND Billund and Resort Theme Parks' innovative 'high year' capex investment will be launched at THORPE PARK.

Exploiting strategic synergies

2016 will see the first full year of the three year accesso 'Passport' ticketing and admissions system implementation. This will provide an improved guest purchase journey, particularly on mobiles, supporting further potential customer experience initiatives.

Transforming our theme parks into destination resorts

Accommodation has continued to perform strongly across the estate in 2015, supported by major new investments in the 125 lodge 'Enchanted Village' at Alton Towers Resort and the 152 room themed hotel at LEGOLAND Florida.

2016 will see us continue the development of our accommodation offering, including a new 100 room family hotel in Gardaland Resort, and expansion to our existing accommodation offering at LEGOLAND Deutschland.

Rolling out new Midway attractions

2015 has seen the launch of seven new Midway attractions, including the launch of 'DreamWorks Tours – Shrek's Adventure!' which has opened to positive guest feedback.

A further seven new attractions are planned for 2016: LEGOLAND Discovery Centres in Arizona (US), Michigan (US) and Shanghai (China), SEA LIFE Centres in Rome (Italy) and Chongqing (China), and Madame Tussauds in Istanbul (Turkey) and Chongqing (China).

New LEGOLAND Park developments

In 2016, we will open our seventh LEGOLAND Park, in Dubai, under a management contract.

As previously announced, LEGOLAND parks are under construction in Japan and South Korea and negotiations for future parks in the US and China remain ongoing.

Analyst presentation:

A presentation for analysts will be held this morning at 09:30 at:

Merlin Entertainments
Riverside Rooms, First Floor County Hall
Belvedere Road Main Entrance (opposite Starbucks)
London SE1 7PB

The meeting will also be webcast and can be accessed via Merlin's corporate website, www.merlinentertainments.biz.

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Attraction Numbers

Movement in attraction numbers since 27 June 2015:

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

Note:

⁽¹⁾ Madame Tussauds

⁽²⁾ LEGOLAND Discovery Centre

⁽³⁾ DreamWorks Tours – Shrek's Adventure!

⁽⁴⁾ Midway Attractions Operating Group

⁽⁵⁾ LEGOLAND Parks Operating Group

⁽⁶⁾ Resort Theme Parks Operating Group

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.