

Merlin Entertainments Resort Theme Parks – Analyst Day



**Chessington World of Adventures Resort
October 30 2014**

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 management's 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.



Welcome



Alistair Windybank
*Investor Relations
Director*



Fraser Montgomery
*Finance Director
Operating Groups*



Nick Mackenzie
*Managing Director
Resort Theme
Parks*



Justin Platt
*Marketing Director
Resort Theme Parks*



Paul Moreton
Group Creative Director

Agenda

- ★ **Introduction**

- ★ **RTP Strategy**

- ★ Planned investment cycles
- ★ Strategic synergies
- ★ Transformation to short breaks

- ★ **Strategy in Action**

- ★ Alton Towers Resort
- ★ Gardaland Resort

****Break****

- ★ **Merlin Magic Making – Unique Accommodation**

- ★ **Park walk / Tour of Azteca Hotel**

- ★ **Summary**

- ★ **Q&A**

Key messages for the day

★ RTP strategy

- ★ Further develop the theme parks into short break resorts
- ★ Efficient use of capital to provide compelling new rides/features and drive capacity
- ★ Exploit Group synergies with MAP, group promotions and initiatives to improve the guest experience

★ Examples of specific opportunities at Alton Towers and Gardaland – the two largest attractions

★ Unique accommodation offering - The foundation of resort positioning



Merlin Entertainments
The Eye Brand

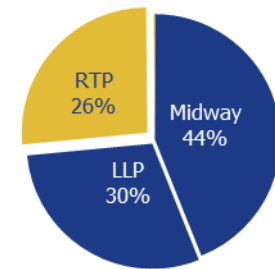


Resort Theme Parks in Context

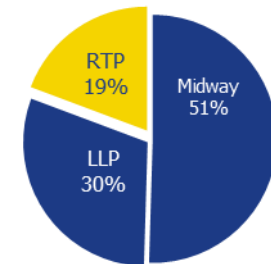
- ★ **National brands with high brand and customer awareness**
- ★ **Leading market positions**
 - ★ 4 of Europe's largest top 20 theme parks¹
 - ★ Leading theme parks in UK, Italy, and Northern Germany
 - ★ 3 of the top 4 theme parks in the UK (4 including LLW²)
 - ★ Each theme park is pre-eminent in their market
- ★ **Positioned to appeal across various target demographics**



Merlin 2013 Revenue



Merlin 2013 EBITDA³



1 – AECOM, 2013

2 – LEGOLAND Windsor

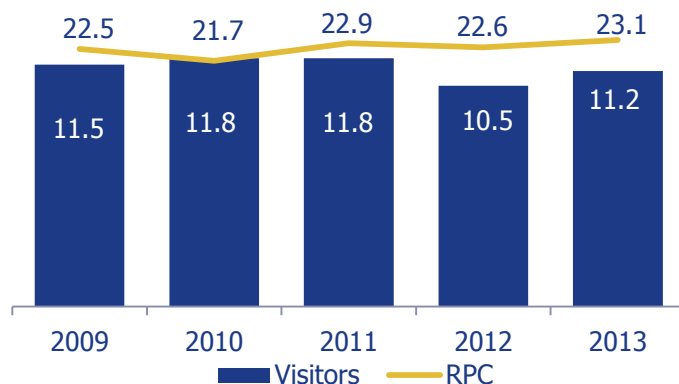
3 – Excludes Central costs



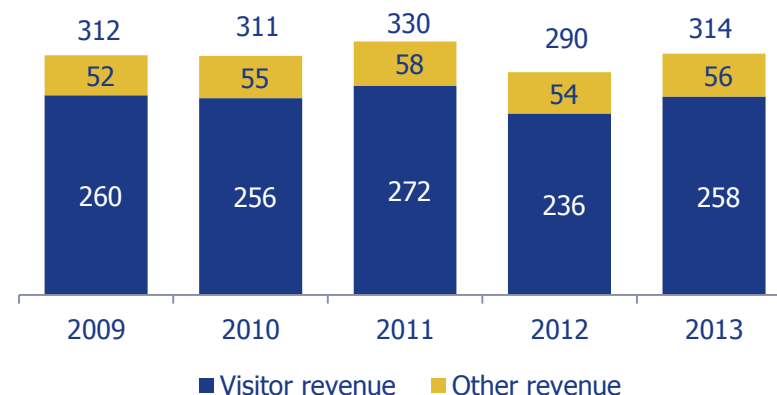
AN ISLAND LIKE NO OTHER
Online tickets only £25.99 | [THORPEPARK.COM](https://www.thorpepark.com)

RTP Financial Performance

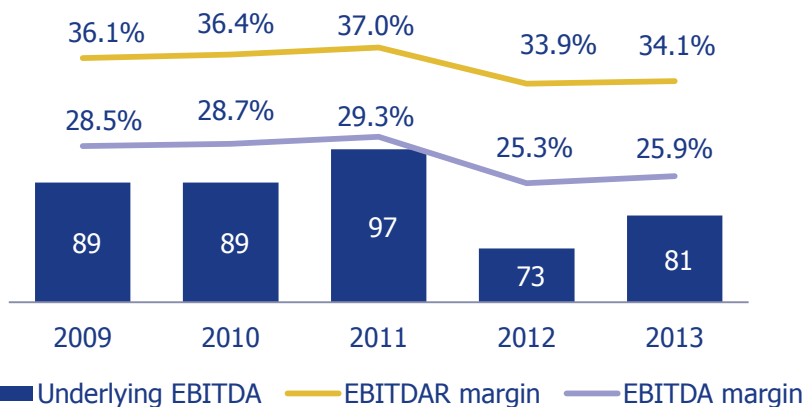
Visitors (m) and RPC (£)



Revenue (£m)



EBITDA (£m) and margin (%)



YTD performance¹

Like for like revenue growth

4.2%

Total revenue growth, at constant FX

5.2%





Guest satisfaction²

90%+

1 – to week 36

2 – Touchscreen data

UK Brands

Customer Type	Brands
General (Families, Teens, Young Adults)	 
Families with Young Children	
Older Families / Teens / Young Adults	



- ★ New Wave Castle
- ★ Midlands visitors (2-5 hour drive)
- ★ Medieval camping



- ★ No. 3 UK Park¹
- ★ South visitors (2-5 hour drive)
- ★ Shark 'Hotel' 90 rooms



- ★ No. 1 UK Park¹
- ★ UK national visitors (2-5 hour drive)
- ★ 2 hotels (391 rooms) and Waterpark



- ★ No. 4 UK Park¹
- ★ South East visitors (2-5 hour drive)
- ★ 2 hotels (219 rooms)

European Brands

Italy

- ★ Italy's Number 1 Park¹
- ★ Families, teens and young adults
- ★ 73% Italian, 27% International visitors²
- ★ 247 room hotel
- ★ SEA LIFE Centre second gate



"Italy's Most Legendary Adventure"



Germany

- ★ Northern Germany's Number 1 Park¹
- ★ Families, teens and young adults
- ★ 94% Domestic, 6% International³
- ★ Northern Germany (Lower Saxony) visitors
- ★ 166 room hotel and 81 holiday camp chalets



"Germany's Most Thrilling Adventure"



1 – AECOM, 2013
2 – Touchscreen data
3 – Post code data
All based on 2013 results



Resort Theme Parks - Strategy

Nick Mackenzie
Managing Director, Resort Theme Parks

10

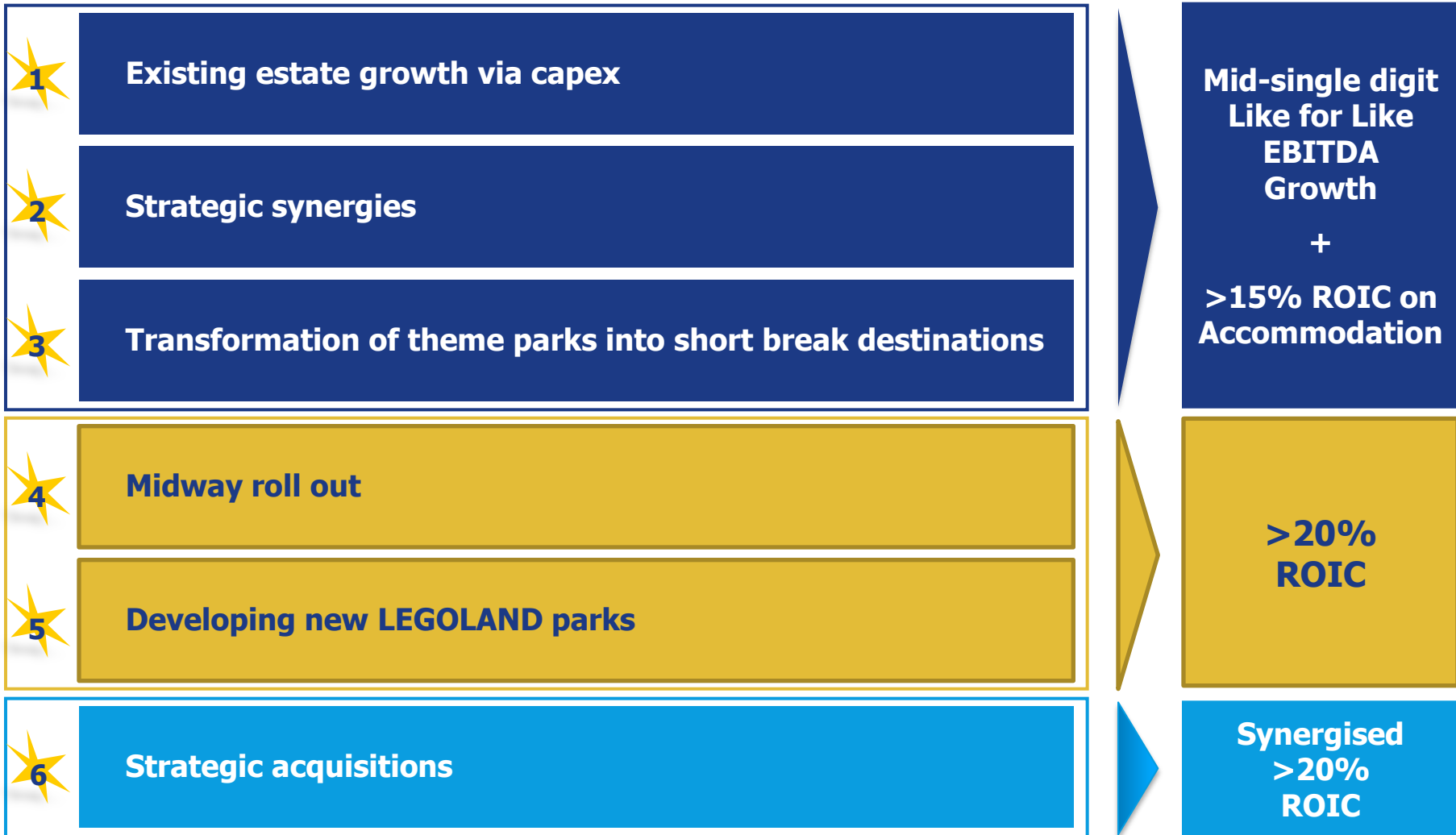


Resort Theme Parks - Strategy

Nick Mackenzie
Managing Director, Resort Theme Parks

10

Merlin Six Strategic Growth Drivers



RTP Strategic Focus

"To create a portfolio of differentiated short break destinations that are centred around unique and compelling theme park propositions"



1

Existing estate growth via capex

2

Strategic synergies

3

Transformation of theme parks in to short break destinations

**50% of guests
sourced from
short breaks
by 2020**

★ Theme Park News Through Planned Investment Cycles

Capex Cycle

- ★ **4 year cycle**
- ★ **Peak, low, low, low**
N.B.: Peak is typically £10-12m, low is £1-2m

Rationale

- ★ **New rides and shows on regular basis drive visits**
- ★ **Family attractions less capex intensive**



- ★ **2014 Heide Park Winged Coaster**
- ★ **RTP 'Peak Year' Capex**
- ★ **YOY revenue and EBITDA growth**



- ★ **2014 Prezzemolo Land Launch**
- ★ **RTP 'Low Year' Capex**
- ★ **Family appeal news**



- ★ **2014 CWOA Capex Refresh**
- ★ **RTP 'Low Year' Capex**
- ★ **Refresh and re-ignite product**

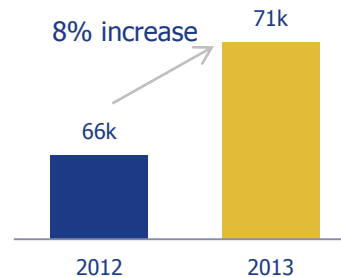
1 Capacity increases at Alton Towers

**Planned
capex
cycles
drive
increased
capacity**

Impact of 'The Smiler'

- ★ 14-looping roller coaster launched in 2013
- ★ Capacity of 900+ rides per hour
- ★ Increased average number of thrill rides per head

Thrill rides units per day¹



Impact of CBeebies attraction

- ★ BBC Intellectual Property attraction launched in 2014
- ★ 2000+ throughput per day
- ★ Increased average number of family rides per head

**Increase in
peak capacity**

Short term

- ★ Increased guest satisfaction and Value for Money

Medium/ Long-term

- ★ Increased propensity for multi-day visits
- ★ Pricing power
- ★ Long-term delivery of volume growth



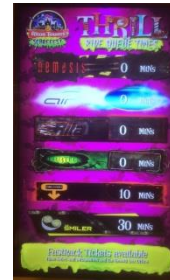
Exploit Strategic Synergies

Customer purchase journey



- ★ Expanding online ticket sales
- ★ Pre-book and yield management
- ★ CRM opportunities

Queue Management



- ★ On-site screens
- ★ Reserve and Ride

Merlin Annual Pass



- ★ CRM and loyalty opportunities
- ★ 14% of RTP visitors through MAP

Group Promotions



- ★ National promotions in UK and Germany
- ★ Leverages major brand exposure



Opening 24th May 2014

Selected UK stores. Subject to availability. See in store for list of all selected brands.
Coupon available until 15/04/14. Coupon valid until 01/06/15. Height restrictions apply.

The Short Breaks Opportunity



Justin Platt
Marketing Director, Resort Theme Parks



The Short Breaks Opportunity

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 2013¹
- 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)

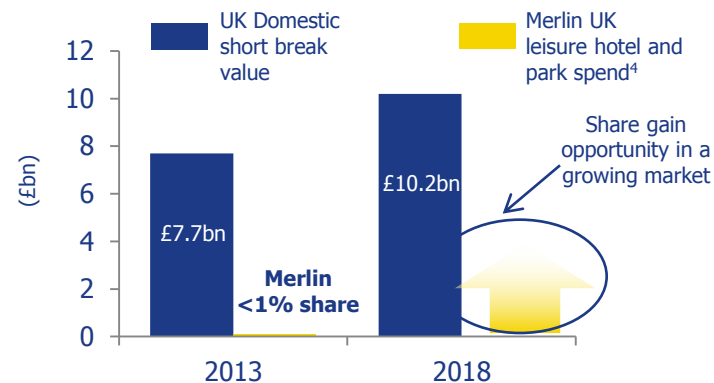
Improved guest satisfaction

- Value for Money scores typically 5-8% better amongst those guests who have stayed in Merlin accommodation²

£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

UK Short Breaks Market³



1 – Excludes MAP

2 – Touchscreen data

3 – Mintel

4 – Represents UK hotel revenue from leisure guests, and their in-park spend. Excludes non-leisure spend, and day visit revenue.



The Short Breaks Opportunity

Build on market perception by driving understanding of the immersive, exciting theme park short break experience

Establish the theme park short break occasion

Unique accommodation



Lots to do



Constant news



Made easy



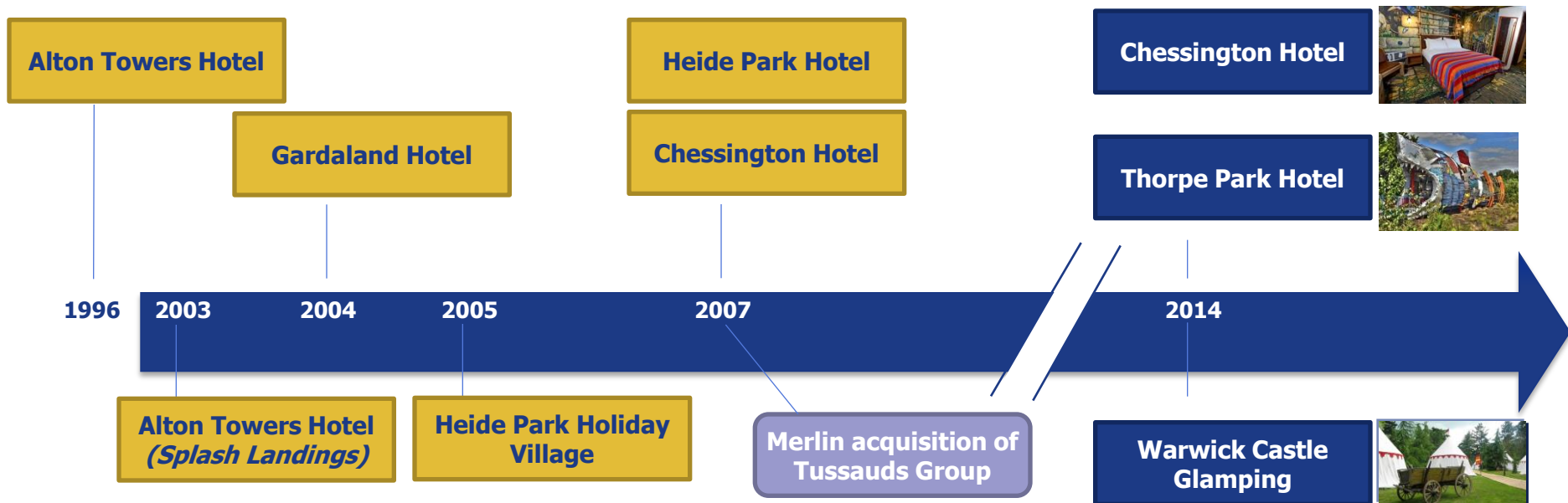


Expand Brand Unique Accommodation

- ★ Increase level of room stock with equivalent of 200+ new keys per year¹
- ★ Accommodation that 'amplifies' theme park proposition to deliver immersive short break experience
- ★ Accommodation expansion targeting defined consumer segments with range of accommodation types



3 RTP Accommodation Development timeline



Existing Estate

- ★ 7 hotels and other accommodation
- ★ 1,314 rooms/keys¹

Near term opportunities

- ★ 125-room Holiday Village Alton Towers
- ★ 2nd hotel at Gardaland
- ★ Warwick Castle Village

Potential development

- ★ Gardaland Holiday Village
- ★ Chessington Lodges
- ★ Chessington Safari Camp
- ★ Heide Park Lodges

3 Broadening the range of On-Resort Activities

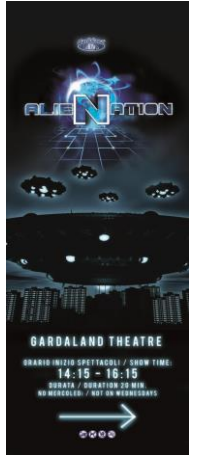
Lots to do...



...Destination Restaurants...



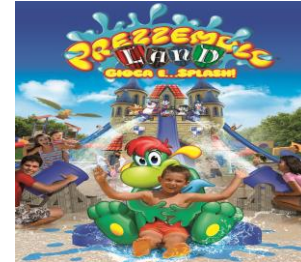
...Headline Shows



2014 YTD Growth Drivers

1

Theme Park
News
Through
Planned
Investment
Cycles



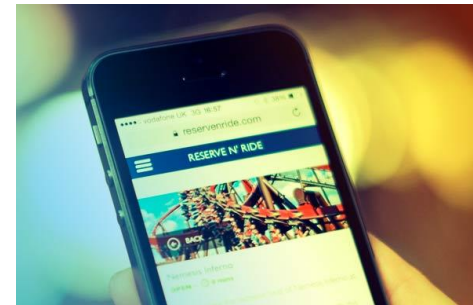
2

Transformation
to Short Break
Destinations

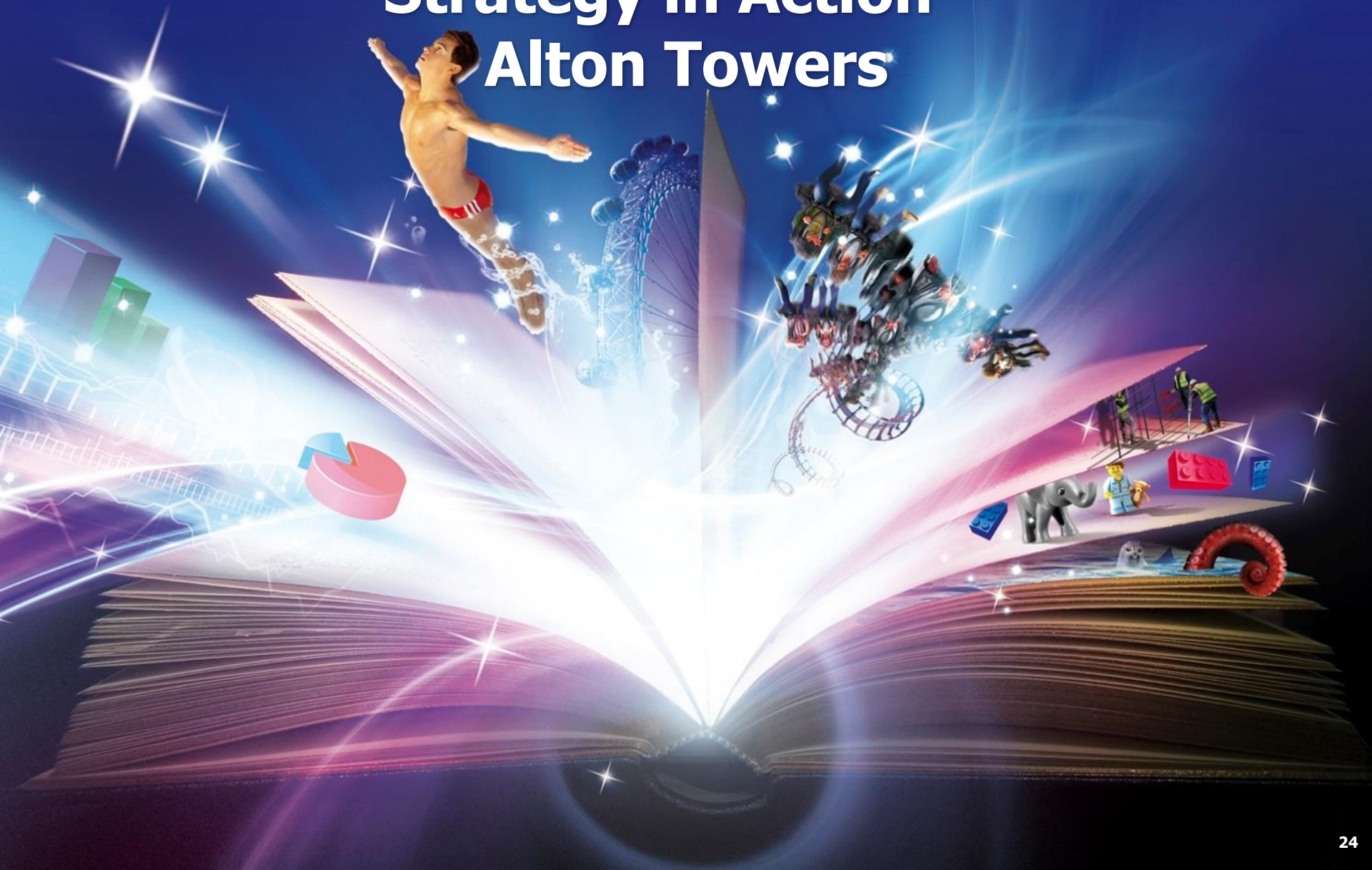


3

Strategic
Synergies



Strategy in Action – Alton Towers



BRITAIN'S GREATEST

ESCAPE

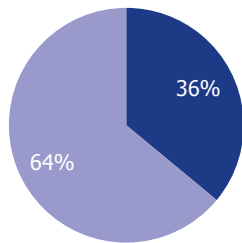


The UK's Number 1 short break destination with thrills and family fun at its heart. Centred around Europe's most unique and treasured theme park; supported with world class indoor attractions, resort activities and a range of fantastical accommodation. Alton Towers Resort will take you to fantastical places you can't even imagine, 365 days a year.

Alton Towers Resort Strategic Focus

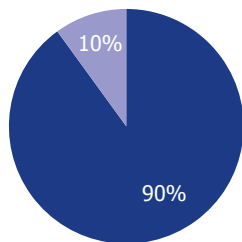


Customer type¹



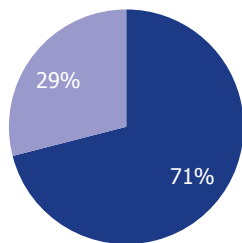
■ Thrill ■ Family

Domestic / Inbound¹



■ Domestic ■ Inbound

Source of business¹



■ Day trip ■ Short break



**30% GUESTS
SHORT BREAK**

Resort
Revenue

Today

"UK's No. 1
Theme Park
Resort where
you can stay
over"

MILESTONES

- ★ Thrillseeker Park Capex
- ★ Family park capex
- ★ New Advertising model

"UK's No. 1
Seasonal Short
Break
Destination"

MILESTONES

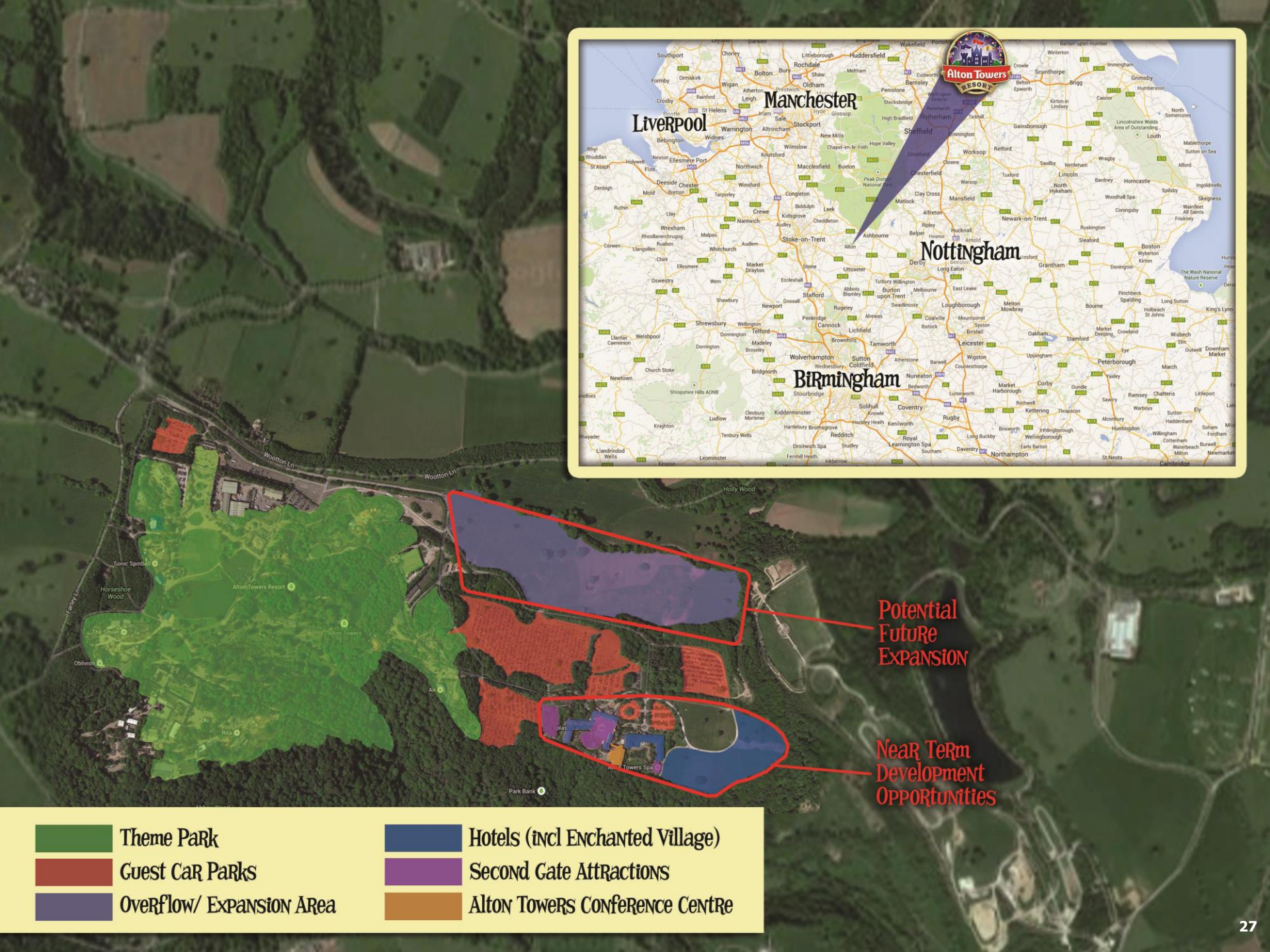
- ★ Lodge Accommodation Capex
- ★ Range of on resort activities
- ★ New Promotions model

"UK's No. 1 Short
Break
Destination"

**50% GUESTS
SHORT BREAK**

MILESTONES

- ★ Theme Park Major Capex
- ★ Accommodation expansion
- ★ New Trade model

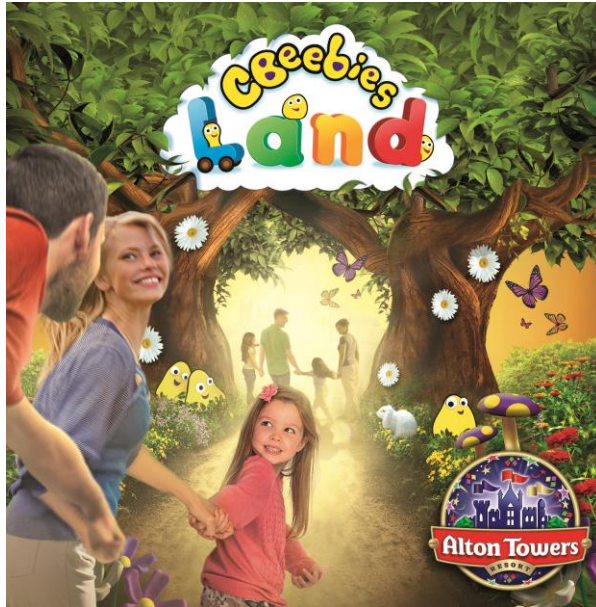


- | | |
|---|---|
|  Theme Park |  Hotels (incl Enchanted Village) |
|  Guest Car Parks |  Second Gate Attractions |
|  Overflow/ Expansion Area |  Alton Towers Conference Centre |

Potential
Future
Expansion

Near Term
Development
Opportunities

Theme Park News Through Planned Investment Cycles



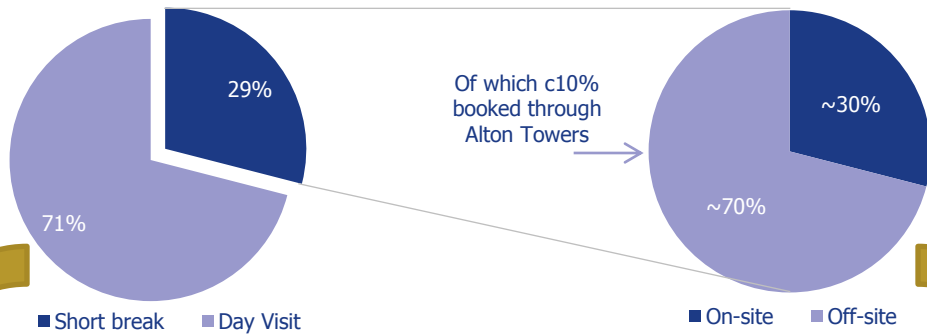
- ★ Brand engagement across Resort
- ★ CBeebies themed bedrooms
- ★ Further brand expansion planned

2014 – CBeebies Land

- ★ Launch to penetrate young family audience
- ★ BBC Worldwide partnership
- ★ Immersive land that supports Alton Towers Resort proposition



Short Break Strategic Opportunities



On site accommodation occupancy typically 90%+ in peak season

Potential for increased number of short breaks

Potential for share gains from off-site accommodation

THEME PARK

SHORT BREAKS

Book a Short Break

Check in date:

No of nights:

No of rooms:

Room 1 Adults

Children (under 12)

Age of child 1

Age of child 2

Please state the age of each child

Promotional code

SEARCH OUR HOTELS

SEARCH LOCAL HOTELS

Accommodation Expansion



Quantity of room stock to double in next 5 years against defined consumer segments

	Objective	Action Plan
	Penetrate Premium Family Market	<ul style="list-style-type: none"> ★ Premium Woodland Treehouse Development ★ 'Hero' accommodation for Short Break Messaging
	Steal share from Local entry level Hotels / B&Bs	<ul style="list-style-type: none"> ★ 'Entry' level Lodge Development ★ Flexibility to accommodate larger family sizes
	Increase realised room rates from existing room stock	<ul style="list-style-type: none"> ★ Increase proportion of themed rooms stock ★ Utilise Resort brands for cohesive short break offer



New for 2015 – Enchanted Village



- ★ Experience a land full of forest spirits and little fable folk that live amongst the trees
- ★ 120 Lodges and 5 Luxury Tree Houses
- ★ Crooked Spoon Restaurant for dining & entertainment
- ★ Quirky playground areas throughout the village
- ★ Opening Easter 2015



New for 2015 – Tree Top Walks



Additional On Resort Activity

- ★ Target Audience: Family & Thrill (2 levels)
- ★ Fantastical Adventure High Ropes experience
- ★ Launch Spring 2015



Strategy in Action – Gardaland Resort



Italy's Most Legendary Adventure

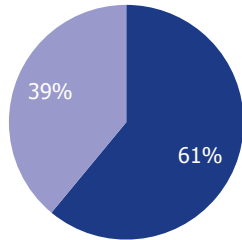


Gardaland is Italy's Number 1 short break destination for adventurers of all ages with family fun and thrills at its heart. Centred around Italy's pre-eminent, most unique and treasured theme park; supported with world class indoor attractions, 2nd gates and a range of fantastic accommodation. Gardaland Resort will take Italian and International guests on epic adventures that are out of this world.

Gardaland Strategic Focus

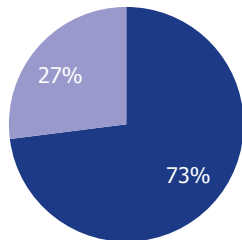


Customer type¹



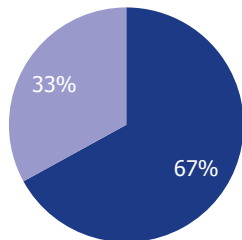
■ Thrill ■ Family

Domestic / Inbound¹

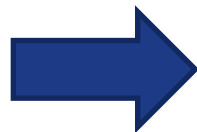


■ Domestic ■ Inbound

Source of business¹



■ Day trip ■ Short break



**30% GUESTS
SHORT BREAK**

Resort
Revenue

Today

"Italy's Number 1 Theme Park"

MILESTONES

- ★ Family Capex
- ★ Season Pass
- ★ International Focus

"Italy's Number 1 Theme Park short break destination"

MILESTONES

- ★ Thrillseeker Capex
- ★ New Hotel
- ★ International Focus

"Italy's Number 1 short break destination"

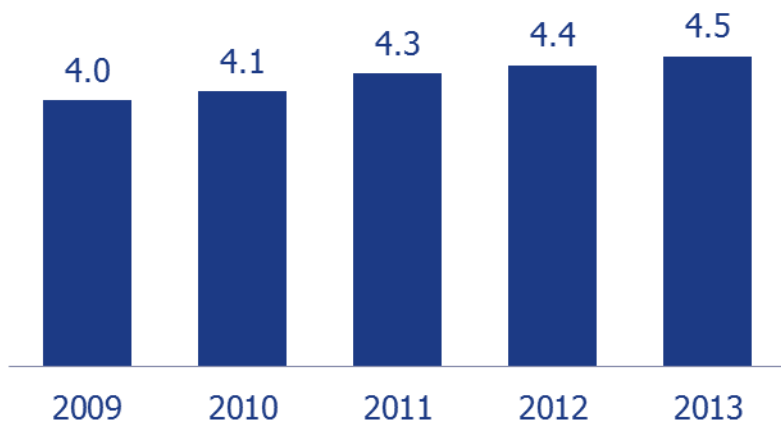
**50% GUESTS
SHORT BREAK**

MILESTONES

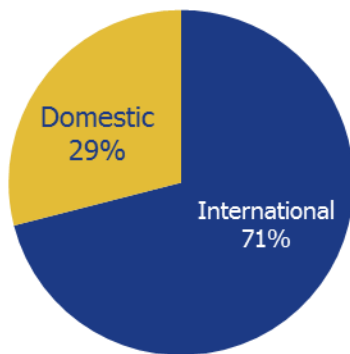
- ★ New Accommodation Formats
- ★ Family Capex
- ★ International Focus

The Lake Garda Opportunity

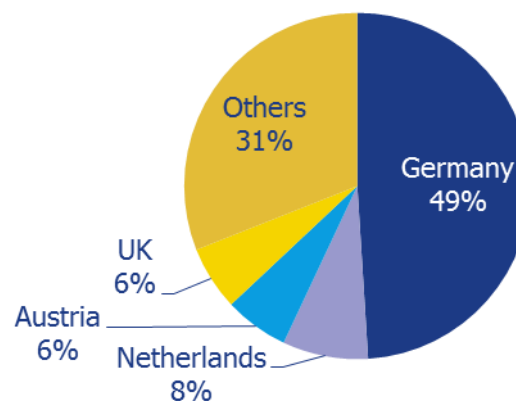
Total visitors to Lake Garda (m)



Lake Garda Source of visitors

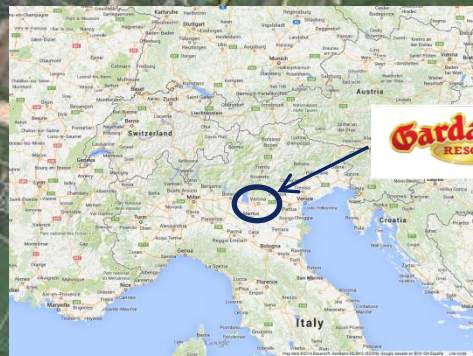


Lake Garda International visitor breakdown



Existing park / hotel

Expansion opportunity



Source Market	Drive time
Milan	1.5 hours
Venice	1.5 hours
Munich	4 hours
Zurich	5 hours

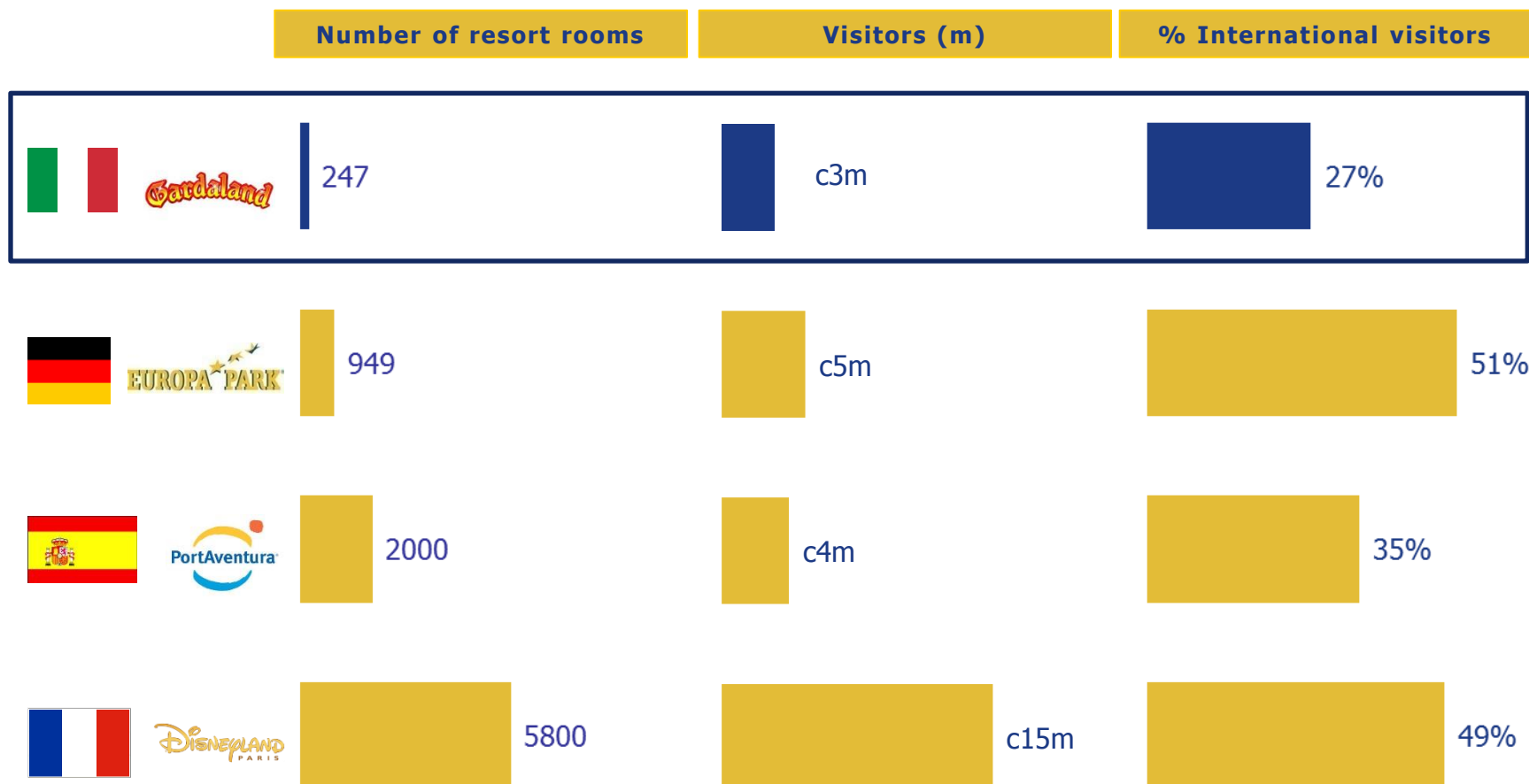
Key:

- 1 Existing Park
- 2 Existing Hotel
- 3 Car Park
- 4 SEA LIFE

Note: boundaries are approximate only



The Gardaland Opportunity



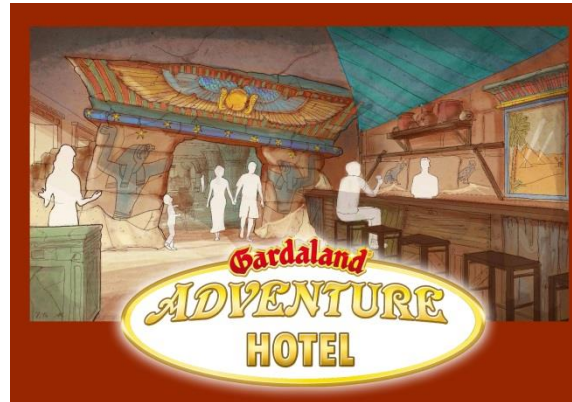
Accommodation Expansion

TODAY



- ★ 247-room hotel

2016 PLANS



- ★ Planning consent for second, 100-room hotel

2017+ PLANS



- ★ Significant expansion opportunity from owned land
- ★ Lodge accommodation
- ★ Holiday Village
- ★ JV and 'infill' acquisition opportunities





Paul Moreton – Group Creative Director

Merlin Magic Making



MMM Creative



Group Creative Director

Creative Services

IP

R&D

LLP New Developments

LLP

RTP

Midway

Live Entertainments

Internal

External



MERLIN
MAGIC
MAKING





MMM Project Management



**Group Project
Director**

**UK Resorts
Project Director**

**Hotel &
Accommodation
Director**

**Europe Resorts
Project Director**

**Projects Ride
Technical
Director**

**LEGOLAND
FLORIDA Senior
Project Manager**

4x UK PM

Senior Project
Lead

4x Europe PMs
(Italy, Germany,
Billund)

1x US PM



**MERLIN
MAGIC
MAKING**

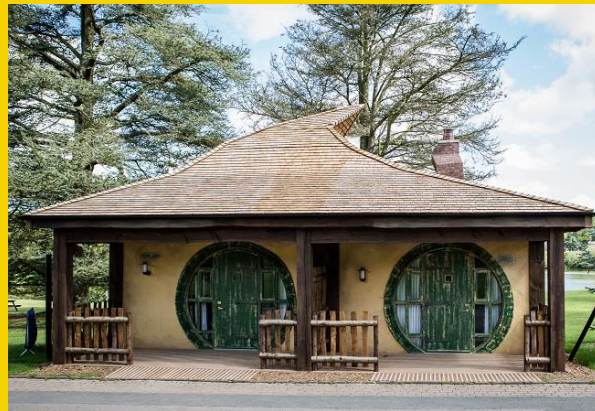




Merlin Entertainments Group

UNIQUE ACCOMMODATION PRODUCT







Themed Hotel Bedrooms

MERLIN
MAGIC
MAKING

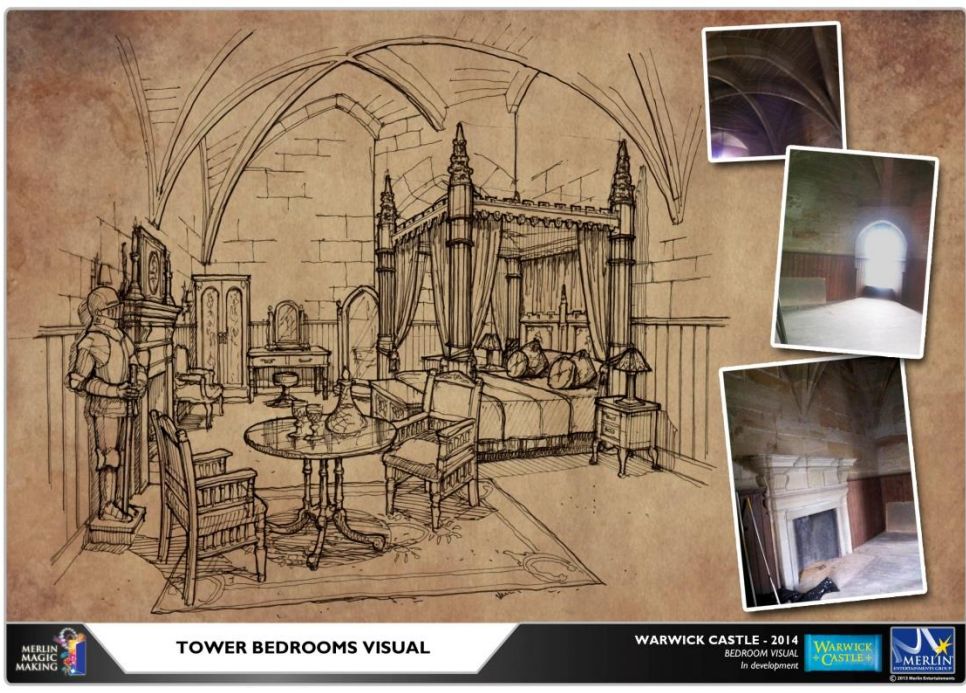






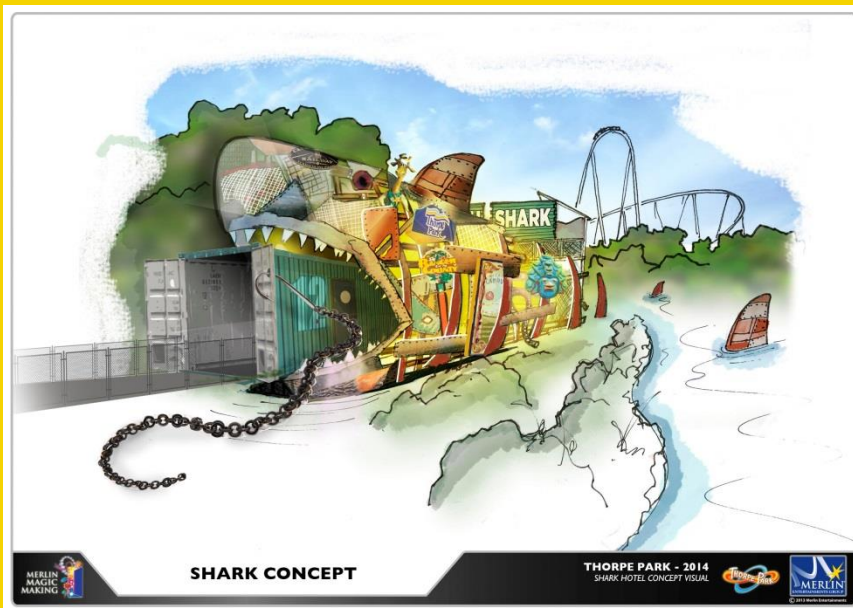
Warwick Castle
Medieval Glamping





Warwick Castle
Tower Suites





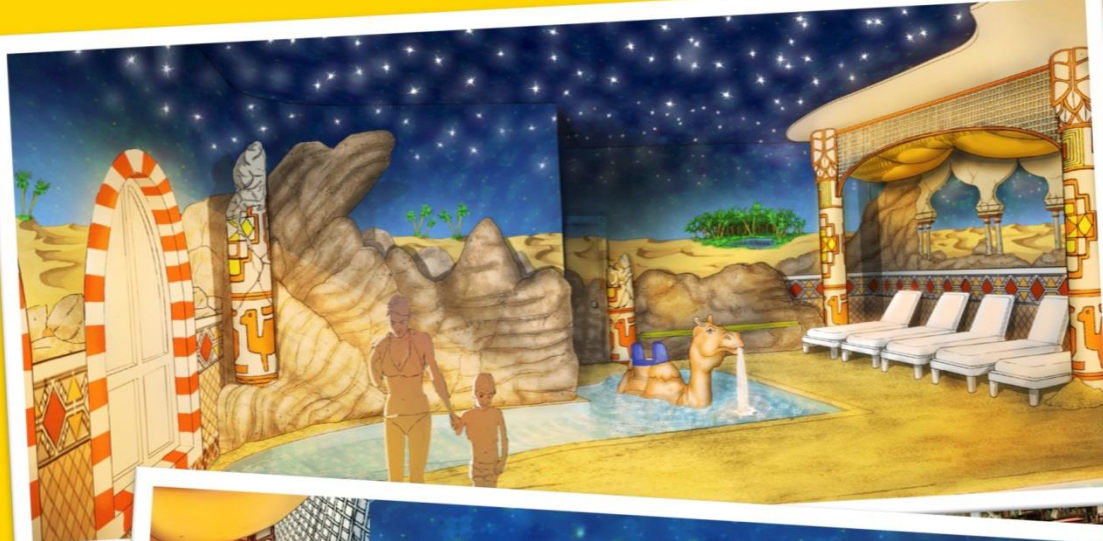
Thorpe Park Resort
SHARK Hotel



HEIDE PARK ADVENTURE HOTEL



HEIDE PARK ADVENTURE HOTEL



HEIDE PARK ADVENTURE HOTEL



Merlin Entertainments Group

LLP RESORTS DEVELOPMENTS





LEGOLAND Resort Hotels





LEGOLAND Deutschland The King's Castle





LEGOLAND Deutschland



HEIDE PARK



LEGOLAND®
Deutschland Resort



LEGOLAND Billund

Holiday
Villages

MERLIN
MAGIC
MAKING

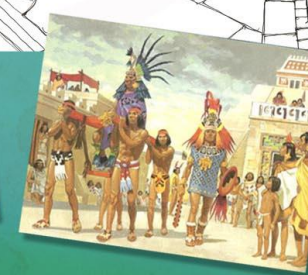
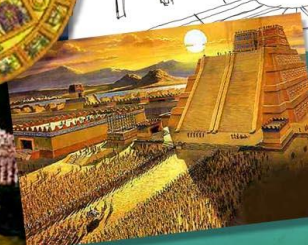
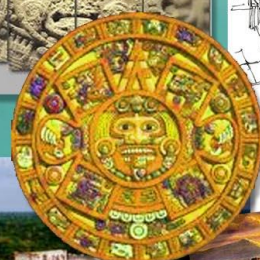
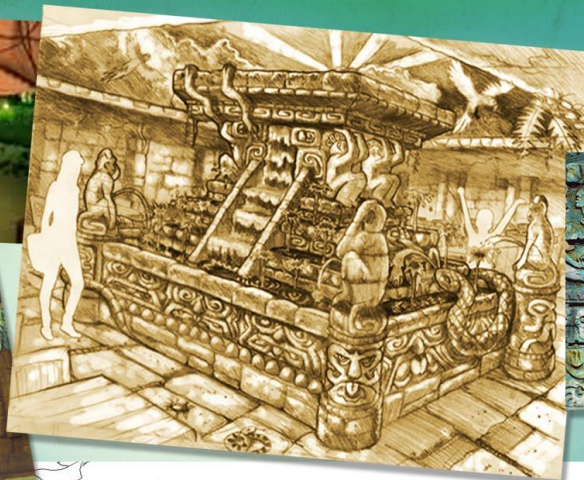
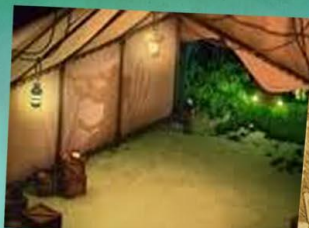




Chessington World of Adventures Hotel

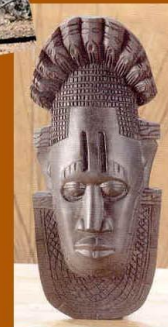
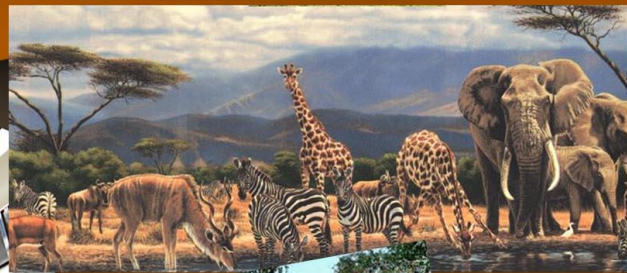
CREATIVE REGENERATION From 'Holiday Inn' to 'Safari'





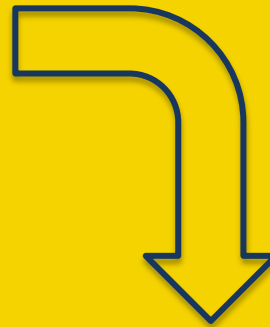
Temple
 Gold
 Central America
 Bright fabrics
 Exotic birds
 Mini beasts (ants)
 Monkeys
 Piranhas
 Interactive fountain
 Views out to jungle

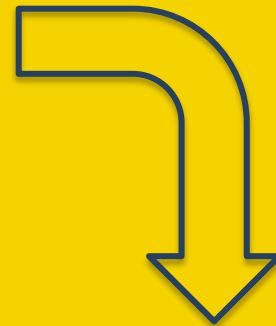


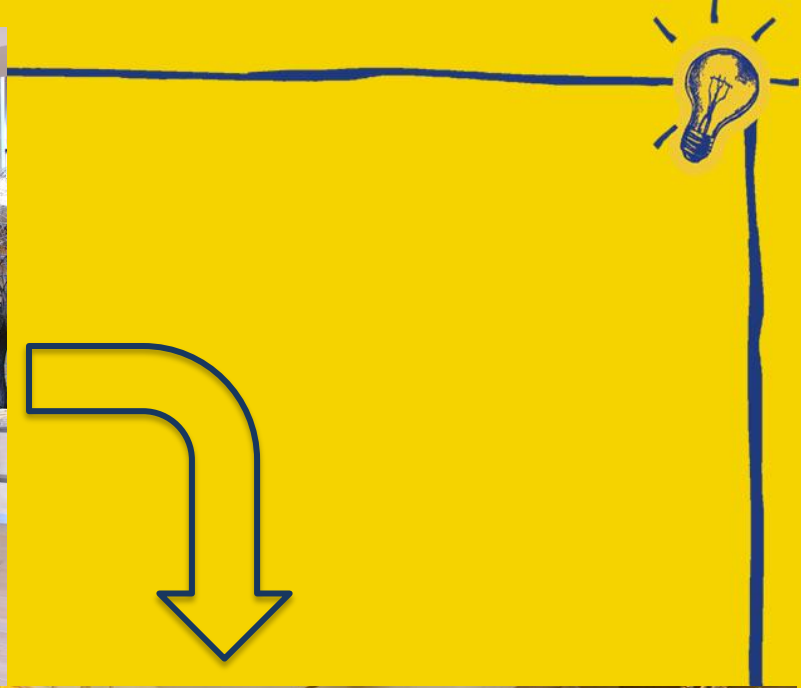


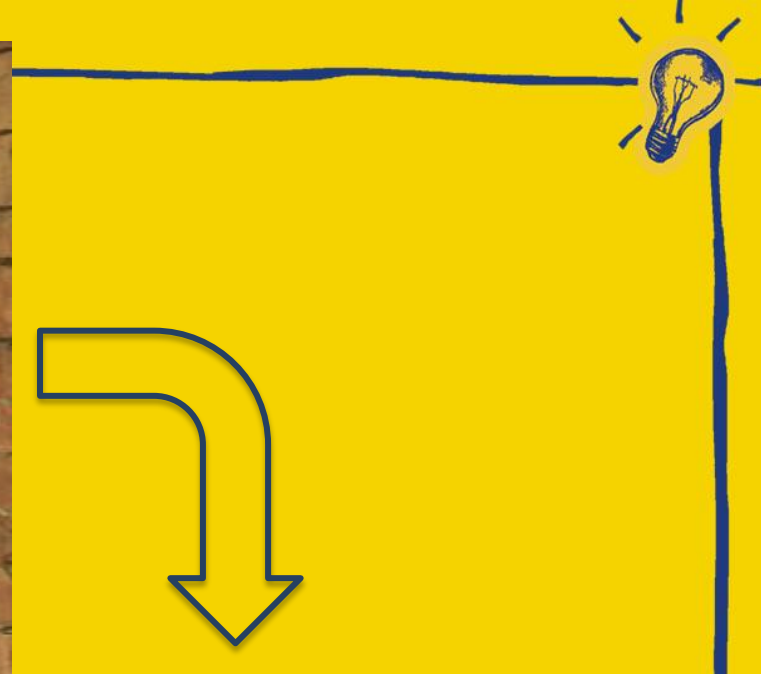
Safari
Serengeti
Africa
Animal prints
Giraffe
Zebra
Gazelle
Watering hole
Setting Sun















Summary

★ RTP strategy

- ★ Further develop the theme parks into short break resorts
- ★ Efficient use of capital to provide compelling new rides/features and drive capacity
- ★ Exploit Group synergies with MAP, group promotions and initiatives to improve the guest experience

★ Examples of specific opportunities at Alton Towers and Gardaland – the two largest attractions

★ Unique accommodation offering - The foundation of resort positioning



Q&A



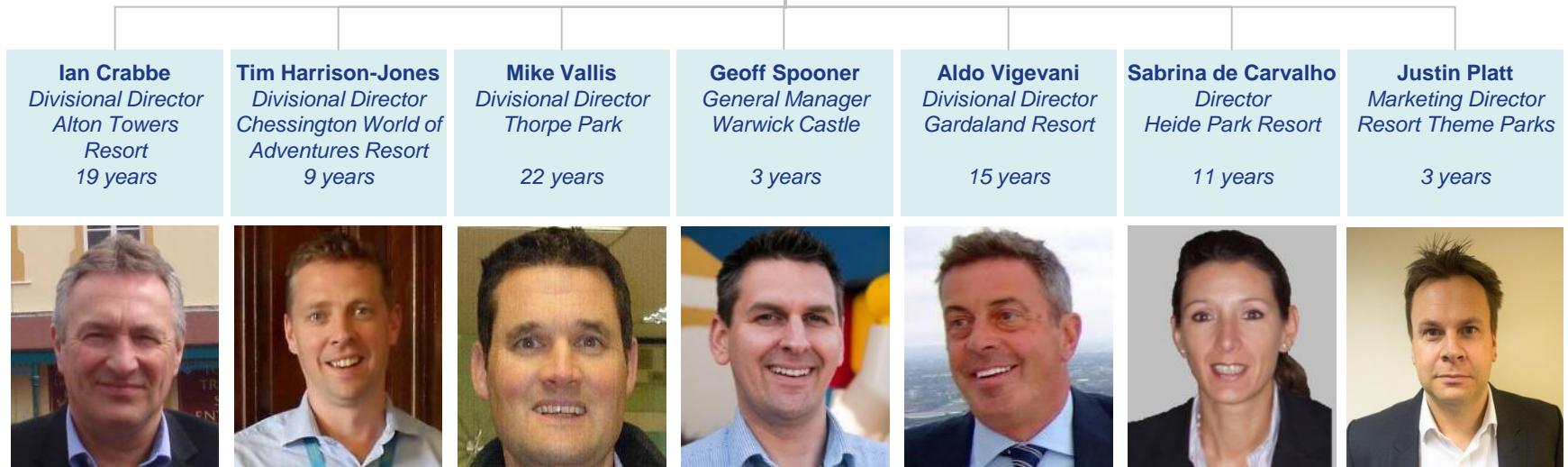
Appendix



Operating Group Structure



Nick Mackenzie
*Managing Director
Resort Theme
Parks
12 years*



Competitive landscape



Developing the Alton Towers Resort



Alton Towers Hotel



1996

Splash Landings
Hotel and WaterPark



2003

Th13teen



2010

CBeebies Land



2014

1994

1998

2008

2013

2015

Nemesis



Oblivion



Mutiny Bay



The Smiler



Enchanted Village



Glossary

Key terms	Definition
ARR	Average Room Rate
Cluster	A group of attractions located in a city close to one another
LDC	LEGOLAND Discovery Centre
Lead price	Face value of a ticket, which may then be discounted
LFL	'Like for like'. 2014 like for like growth is based on the constant currency growth of those sites owned and operated at the beginning of 2013, using 2014 exchange rates
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
Midway	Midway Attractions Operating Group
NBD	New Business Development
ROIC	Average EBITDA over the first five years divided by total development capex

Glossary

Key terms	Definition
Resident Market	The total population living within a two-hour drive of the attractions
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
SLC	SEA LIFE Centre

