



18 September 2014

## Merlin Entertainments plc - Interim Management Statement

**Execution of strategy on track**  
**Positive summer trading performance across all Operating Groups**  
**Confident in full year outcome**

Merlin Entertainments (the 'Group') today reports its trading performance for the 36 weeks ended 6 September 2014, including the key summer trading period of July and August.

### Key trading highlights<sup>(1)</sup>

<i>Year to date revenue growth</i>	Total growth at constant FX <sup>(2)</sup>	Total growth at actual FX	Like for like growth <sup>(3)</sup>
Midway Attractions	6.6%	0.5%	3.2%
LEGOLAND Parks	16.4%	9.3%	13.8%
Resort Theme Parks	5.2%	2.4%	4.2%
<b>Group</b>	<b>9.3%</b>	<b>3.8%</b>	<b>6.7%</b>

Note: The comparative 36 week period in 2013 represented approximately 77% of full year revenue.

(1) All figures represent year to date growth to the end of week 36 (6 September). (2) Throughout the document, constant FX growth is based on the 2014 and 2013 figures, on a constant currency basis using 2014 exchange rates. (3) Throughout the document, like for like growth is based on the 2014 and 2013 figures and includes all businesses owned and opened before 2013, on a constant currency basis using 2014 exchange rates.

The business has continued to trade well over the summer, bringing year to date like for like revenue growth to 6.7%. New Business Development (NBD), primarily consisting of Merlin's Midway roll out programme and new accommodation, has lifted total growth at constant currency to 9.3%. At actual exchange rates, total growth year to date was 3.8%, due to the strength of sterling against the Group's main trading currencies.

#### Midway Attractions

Midway experienced an improved summer trading performance after a more subdued start to the year. Whilst the impact of civil unrest in Bangkok continues to drag on performance, this has been more than offset by the strong performances elsewhere. Trading also benefited from high year capex projects opened since the end of June, including the relaunch of SEA LIFE Busan Aquarium and 'Pirate Beach' splash pad at LEGOLAND Discovery Centre Dallas.

#### LEGOLAND Parks

LEGOLAND Parks have continued to deliver good revenue growth. However, as expected, the summer period has seen a tapering of the growth rate as the impact of 'The LEGO Movie', and the associated marketing and promotion opportunities, moderate. Each park has delivered growth despite challenging comparatives, with the two US parks posting the strongest year-on-year performances. The new 'Legends of Chima' themed waterpark at LEGOLAND California has proved popular with guests and all the new accommodation is performing ahead of expectations.

#### Resort Theme Parks

Resort Theme Parks delivered another strong summer season, although year-on-year comparisons were impacted by a very strong performance in the comparative period. The weather in Northern Europe was generally favourable and the new rides and attractions have been well received. As anticipated, growth was strongest in Heide Park, which benefited from the new 'Flight of the Demons' winged roller coaster. In addition, Alton Towers Resort built on a good prior year performance with the launch of 'CBeebies Land' and Gardaland saw encouraging year-on-year growth supporting the plan for investment for 2015.

#### Group

Profit growth in the period has been consistent with management's expectations and is expected to result in full year EBITDA margins similar to last year's levels.

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, £65 million of term debt was repaid on 5 September and a maiden interim dividend of 2.0 pence per share will be paid on 25 September 2014 to shareholders on the register as at the close of business on 29 August 2014.

### **Delivering on the strategy**

During the summer period, the Group has successfully executed on its strategic growth drivers, and further progress is expected in 2015.

#### *Growing the existing estate through planned investment cycles*

In 2015, Resort Theme Parks will launch a new dive coaster at Gardaland, based on similar successful rides at Alton Towers Resort and Heide Park.

LEGOLAND Parks will launch significant new rides and attractions across its resorts in Florida and Windsor (UK).

Midway will see an increase in the number of high year capex projects relative to 2014, with sites to benefit from significant projects including Madame Tussauds London and Madame Tussauds Shanghai.

#### *Exploiting strategic synergies*

Next-generation ticketing trials continue to progress well at Thorpe Park and SEA LIFE Birmingham, with the intention of improving the customer purchase journey and supporting ongoing cross-sell and up-sell opportunities. Any investment, and its associated returns, are reflected in existing expectations.

#### *Transforming our theme parks into destination resorts*

In August, the Group opened the new Azteca Hotel at Chessington, alongside the existing Safari Hotel, to positive early feedback, and occupancy and Average Room Rate ahead of management expectations. The new accommodation increases the on-site room capacity by almost 50%, to 219 rooms, providing significant opportunity for further growth in the resort.

In 2015, both of the theme park operating groups will see major developments with respect to resort positioning. Following the success of the LEGOLAND California hotel, LEGOLAND Florida will launch a new 152 room hotel adjacent to the park entrance. Alton Towers Resort will see the development of a new Enchanted Village comprising lodges and premium tree houses, increasing the capacity for visitors to stay overnight and broadening the range of accommodation on offer.

#### *Rolling out new Midway attractions*

The San Francisco Dungeon was opened in June as one of the six attractions planned for the 2014 Midway roll out programme. This strategically important attraction, the first Dungeon outside Europe, has received very positive customer feedback since opening, suggesting that the brand can translate successfully into the North American market. This gives management confidence in the roll out of the brand outside Europe.

The Midway roll out strategy will continue apace in 2015, with seven sites already announced, including: the Orlando I-Drive cluster of a SEA LIFE Centre, Madame Tussauds and Orlando Eye; LDC Istanbul; SEA LIFE Michigan; Shrek's Far Far Away Adventure in London; and LDC Osaka. A further site is expected to be announced in due course.

### **Nick Varney, Merlin Entertainments Chief Executive Officer, said:**

"We are pleased with the growth enjoyed over the summer period and with the progress made against our strategic growth drivers. The successful launch of the San Francisco Dungeon represents an important milestone for our Midway roll out strategy; the Azteca Hotel – re-enforcing Chessington's resort positioning strategy – has seen trading ahead of expectations; and ticketing trials at Thorpe Park continue to progress well.

"Whilst there remain some important trading periods to come, we are confident that we can deliver another year of good underlying growth.

"The prospects for 2015 and beyond are attractive, as Merlin continues to execute on its strategic growth drivers, and to focus on delivering memorable experiences for our visitors."

**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](http://www.merlinentertainments.biz).

**Contact details:**

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## Attraction Numbers

Movement in attraction numbers since 28 June 2014:

	UK			Cont. Europe			North America			Asia Pacific			Total		
	28 June 2014	Mov't	6 Sep 2014	28 June 2014	Mov't	6 Sep 2014	28 June 2014	Mov't	6 Sep 2014	28 June 2014	Mov't	6 Sep 2014	28 June 2014	Mov't	6 Sep 2014
SEA LIFE	13	-	13	18	-	18	6	-	6	8	-	8	45	-	45
MT <sup>(1)</sup>	2	-	2	3	-	3	5	-	5	7	-	7	17	-	17
Dungeons	5	-	5	3	-	3	1	-	1	-	-	-	9	-	9
LDC <sup>(2)</sup>	1	-	1	2	-	2	7	-	7	1	-	1	11	-	11
Eye	2	-	2	-	-	-	-	-	-	1	-	1	3	-	3
Other	-	-	-	-	-	-	-	-	-	6	-	6	6	-	6
<b>Midway<sup>(3)</sup></b>	<b>23</b>	<b>-</b>	<b>23</b>	<b>26</b>	<b>-</b>	<b>26</b>	<b>19</b>	<b>-</b>	<b>19</b>	<b>23</b>	<b>-</b>	<b>23</b>	<b>91</b>	<b>-</b>	<b>91</b>
<b>LLP<sup>(4)</sup></b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>6</b>	<b>-</b>	<b>6</b>
<b>RTP<sup>(5)</sup></b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>
<b>Group</b>	<b>28</b>	<b>-</b>	<b>28</b>	<b>31</b>	<b>-</b>	<b>31</b>	<b>21</b>	<b>-</b>	<b>21</b>	<b>24</b>	<b>-</b>	<b>24</b>	<b>104</b>	<b>-</b>	<b>104</b>

Note:

<sup>(1)</sup> Madame Tussauds

<sup>(2)</sup> LEGOLAND Discovery Centre

<sup>(3)</sup> Midway Attractions Operating Group

<sup>(4)</sup> LEGOLAND Parks Operating Group

<sup>(5)</sup> Resort Theme Parks Operating Group