

# INTRODUCTION TO MERLIN ENTERTAINMENTS



APRIL 2016

**MERLIN**  
ENTERTAINMENTS

# INTRODUCTION TO MERLIN ENTERTAINMENTS



APRIL 2016

**MERLIN**  
ENTERTAINMENTS

# INTRODUCTION TO MERLIN ENTERTAINMENTS

APRIL 2016

**MERLIN**  
ENTERTAINMENTS



# WHAT IS MERLIN?



- **Global leader in location based entertainment with world class brands**
- **No. 1 in Europe and No. 2 only to Disney worldwide<sup>1</sup>**
- **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<sup>2</sup>**
  - Midway Attractions (99 attractions, 44% of 2015 revenue)
  - LEGOLAND Parks (6 parks, 34% of revenue)
  - Resort Theme Parks (6 parks, 22% of revenue)
- **Supported by Merlin Magic Making, our unique creative and production resource**

## Midway Attractions



## LEGOLAND Parks



## Resort Theme Parks



<sup>1</sup> Based on number of visitors as reported by AECOM 2014 Theme Index

<sup>2</sup> Number of attractions as at 26 December, 2015

# UNIQUE PORTFOLIO OF FAMILY ENTERTAINMENT BRANDS AND ICONIC ASSETS

## Midway Attractions



- 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" and "own the visit"
  - Ability to leverage scale and synergies
- Significant roll out opportunity – 40 new attractions by the end of 2020 with 100+ potential locations identified
- Potential to expand portfolio with further brands

## LEGOLAND Parks



- "Playful Learning"
- Leading global brands (LEGO, LEGOLAND)
- Attractive target demographic (families with children 2 – 12)
- Mutually synergistic relationship with LEGO
- 4 new parks to be opened by the end of 2020 (6 currently), with three already under development (Dubai, Japan, South Korea)

## Resort Theme Parks



- National brands with high brand and customer awareness
- Leading market positions
  - 4 of Europe's largest top 20 theme parks (6 including LLPs)<sup>1</sup>
  - Leading theme parks in UK, Italy, and Northern Germany
  - 3 of the top 4 theme parks in the UK (4 including LLW)<sup>1</sup>
  - 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

# MARKET CONTEXT

## Growth in Leisure Spending

Travel & Tourism expected to grow by c4% CAGR (inflation-adjusted) over 2015-2025<sup>1</sup>

## Expansion in Leisure Time

Income growth, increase vacation days, and greater "spare time"

## Expansion of the Middle Class in Emerging Economies

146m Chinese 'Urban Middle', greater than the working population of the US<sup>2</sup>

## Increase in International Tourism

Growth in leisure time and expansion of middle classes has driven increased international tourism

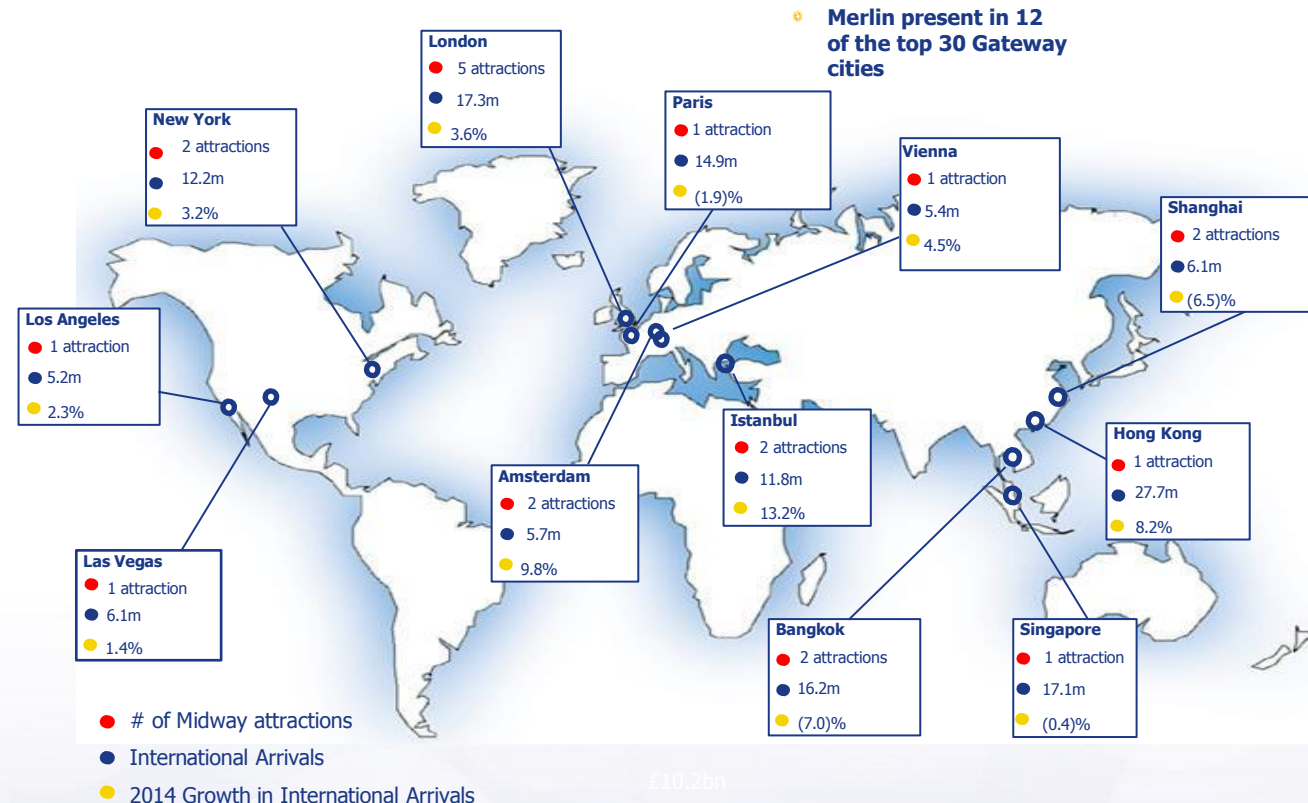
## Growth in Short Breaks

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<sup>3</sup>

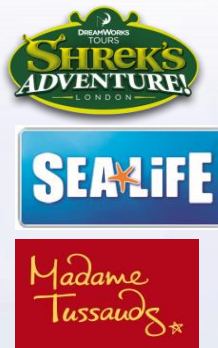
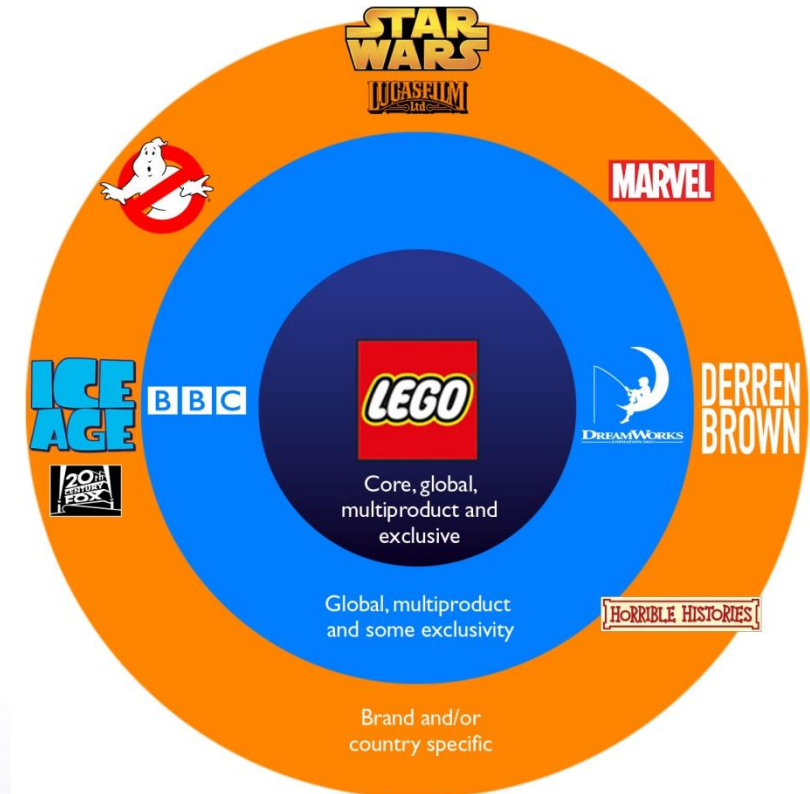




# MERLIN'S COMPETITIVE ADVANTAGES IN A DYNAMIC MARKET



- 1 Global, exclusive rights to LEGOLAND brand
- 2 Only company to successfully operate Midway product across multiple brands and sites
- 3 Largest international presence in the industry (23 countries) via proven roll out of LEGOLAND and Midway brands
- 4 Highly successful themed accommodation formats
- 5 MMM as unique development resource

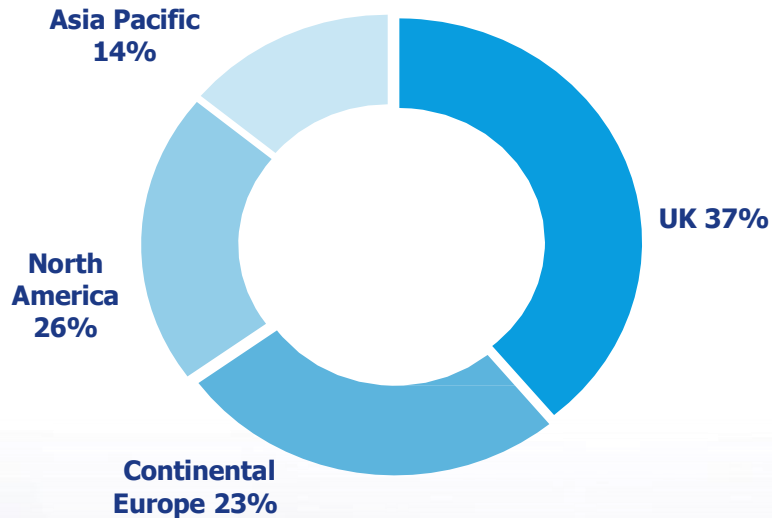


# STRATEGY SINCE CREATION OF MERLIN IN 1999



**"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"**

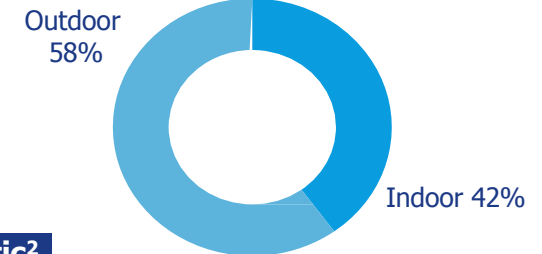
## Revenue by Geography<sup>1</sup>



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

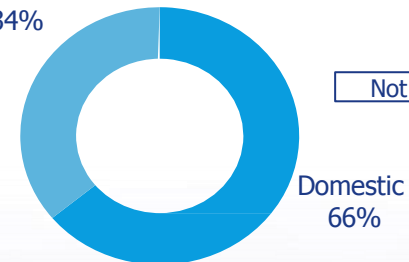
## Revenue by weather exposure<sup>1</sup>

62% of revenue from sites open all year round



## Visitors by Tourist / Domestic<sup>2</sup>

Tourist 34%



Not reliant upon 'fly-in' market

## Pre-booked revenue<sup>3</sup>

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

Same day 48%



<sup>1</sup> Total revenue, 2015

<sup>2</sup> Total 2015 visitors, based on touchscreen data

<sup>3</sup> Total admissions revenue, 2015



# 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  
Hurstons  
Loch Lomond  
London  
Manchester  
Scarborough  
Weymouth  
and Tower



Gwrek  
Oban



Blackpool  
London



Alton



Chessington



Blackpool  
Edinburgh  
London  
Warwick  
York



Warwick



Chertsey



London



Windsor



Manchester



London  
Blackpool

## ■ ASIA ATTRACTIONS



Bangkok  
Busan  
Chongqing\*  
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  
Kornelanz  
München  
Oberhausen  
Paris  
Porto  
Rome\*  
Scheveningen  
Speyer  
Timmendorfer  
Strand



Amsterdam  
Berlin  
Istanbul\*  
Vienna  
Amsterdam  
Berlin  
Hamburg



Soltau



Bilund  
Günzburg



Amsterdam  
Berlin  
Hamburg



Berlin  
Istanbul  
Oberhausen



Lake Garda

## ◆ AUSTRALIA / NEW ZEALAND ATTRACTIONS



Auckland  
Melbourne  
Mooloolaba  
Sydney



Marly



Sydney  
Hamilton Island



Sydney



Sydney



Orway  
Ilwarrna



Mount Hotham



Falls Creek

MERLIN  
ENTERTAINMENTS

\*2016 Openings

# SIX STRATEGIC GROWTH DRIVERS



**“Create a high growth, high return, family entertainment company, based on iconic brands, and naturally balanced against external factors.”**

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

## 2020 milestones<sup>1</sup>

2,000 new rooms

40 new Midway attractions

4 new LEGOLAND parks



# 2015 PROGRESS ON STRATEGIC GROWTH DRIVERS



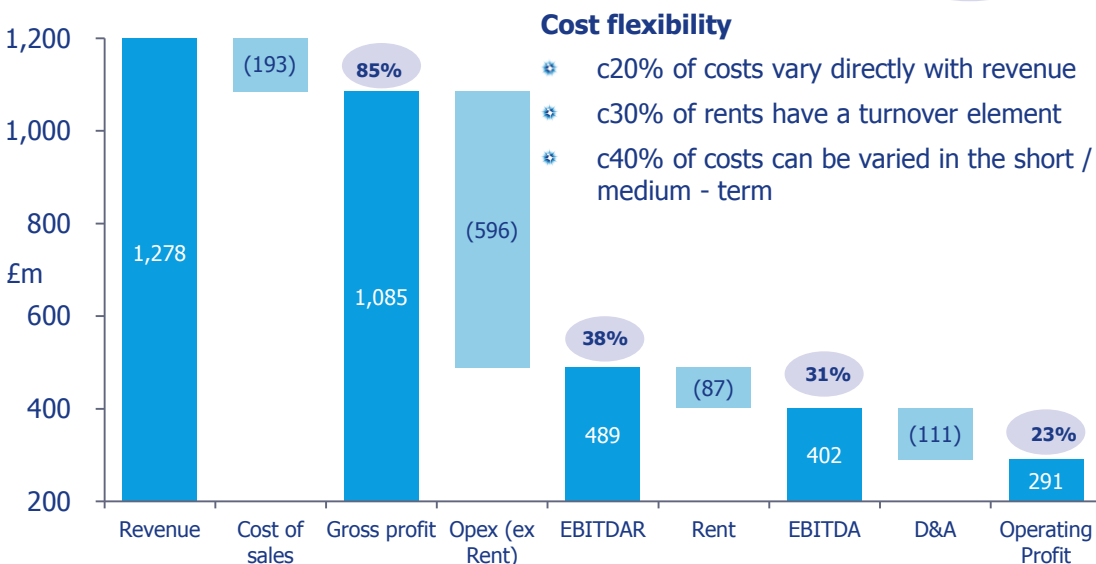
- ★ **Capex cycle** – something new at every attraction, including major investments in Gardaland, LEGOLAND Windsor and Madame Tussauds London and Berlin
- ★ **Synergies** – Continued progress on developing the enhanced digital guest journey
- ★ **Destination positioning** – 125 lodge accommodation at Alton Towers and new 152 room hotel at LEGOLAND Florida
- ★ **Midway roll out** – Seven new openings across four countries, including the new 'Shrek's Adventure!' attraction in London
- ★ **LEGOLAND Parks Development** – Continued progress towards the opening of LEGOLAND Dubai (2016), LEGOLAND Japan (2017) and LEGOLAND Korea (2018)

# FINANCIAL DYNAMICS

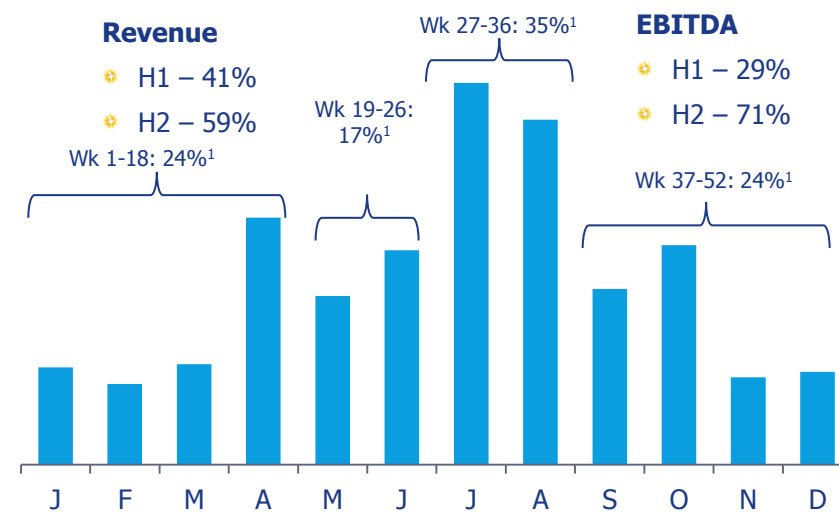


## P&L Analysis

Margin



## Revenue Seasonality

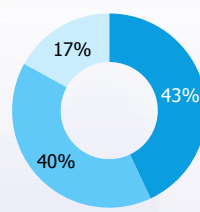
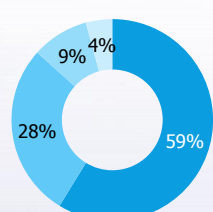
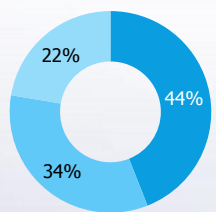


## Revenue Analysis

### ...by Op. Group

### ...by Type

### ... by Tenure



■ Midway ■ LLP ■ RTP

■ Adm. ■ Sec. ■ Accom. ■ Non-per cap

■ Freehold ■ Long leasehold ■ Short leasehold

## Spend and Margins

	Revenue per capita	Admissions/ Secondary <sup>2</sup>	EBITDAR Margin	EBITDA Margin	Op. Profit Margin
Midway	£13.66	80/20	49.7%	39.4%	29.7%
LLP	£31.62	54/46	40.1%	39.6%	34.2%
RTP	£21.85	59/41	25.5%	16.5%	6.2%
<b>Group</b>	<b>£18.31</b>	<b>68/32</b>	<b>38.2%</b>	<b>31.5%</b>	<b>22.8%</b>

- 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)

10 | <sup>1</sup> % of 2014 FY revenue. September Trading Update reports up to and including week 36 which is the first week in September

<sup>2</sup> 2015% split of 'In-Park' spend (Admission and Secondary)

Note: All analysis based upon 2015 results with the exception of seasonality.

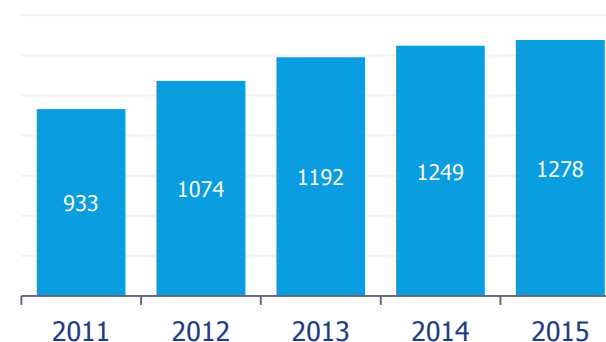


# FINANCIAL PERFORMANCE

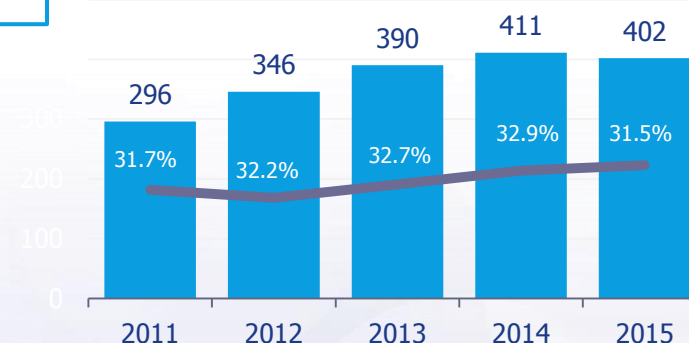


	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	CAGR Reported FX %	CAGR Constant FX %
<b>Total visitors<sup>1</sup></b>	<b>47.3</b>	<b>54.0</b>	<b>59.8</b>	<b>62.8</b>	<b>62.9</b>	<b>7.8%</b>	<b>7.8%</b>
<i>Growth</i>	<i>15.2%</i>	<i>14.3%</i>	<i>10.7%</i>	<i>4.9%</i>	<i>0.3%</i>		
<b>Revenue</b>	<b>946</b>	<b>1,074</b>	<b>1,192</b>	<b>1,249</b>	<b>1,278</b>	<b>8.2%</b>	<b>10.0%</b>
<i>Growth</i>	<i>18.1%</i>	<i>13.6%</i>	<i>10.9%</i>	<i>4.8%</i>	<i>2.3%</i>		
<i>LFL Growth</i>		<i>-0.5%</i>	<i>6.7%</i>	<i>7.1%</i>	<i>0.4%</i>		
<b>Underlying EBITDA</b>	<b>306</b>	<b>346</b>	<b>390</b>	<b>411</b>	<b>402</b>	<b>8.0%</b>	<b>10.0%</b>
<i>Margin</i>	<i>32.3%</i>	<i>32.2%</i>	<i>32.7%</i>	<i>32.9%</i>	<i>31.5%</i>		
<i>LFL Growth</i>		<i>1.9%</i>	<i>6.3%</i>	<i>7.8%</i>	<i>-4.3%</i>		
<b>Underlying operating profit</b>	<b>232</b>	<b>258</b>	<b>290</b>	<b>311</b>	<b>291</b>	<b>7.1%</b>	<b>9.1%</b>
<i>Margin</i>	<i>24.5%</i>	<i>24.1%</i>	<i>24.4%</i>	<i>24.9%</i>	<i>22.8%</i>		
<b>Capex</b>							
<b>Existing estate<sup>2</sup></b>	<b>87</b>	<b>92</b>	<b>95</b>	<b>107</b>	<b>125</b>		
<i>% of revenue</i>	<i>9.3%</i>	<i>8.6%</i>	<i>8.0%</i>	<i>8.5%</i>	<i>9.8%</i>		
<b>NBD</b>	<b>87</b>	<b>71</b>	<b>57</b>	<b>85</b>	<b>90</b>		
<b>Total capex</b>	<b>174</b>	<b>163</b>	<b>152</b>	<b>192</b>	<b>215</b>		

REVENUE CAGR 2011-15 OF 10.0%<sup>3</sup>



EBITDA CAGR 2011-15 OF 10.0%<sup>3</sup>



**Average LFL EBITDA growth 2011-15: 2.9%  
(2010-14: 5.8%)**

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

11 | <sup>1</sup> All visitors to Merlin owned or operated attractions

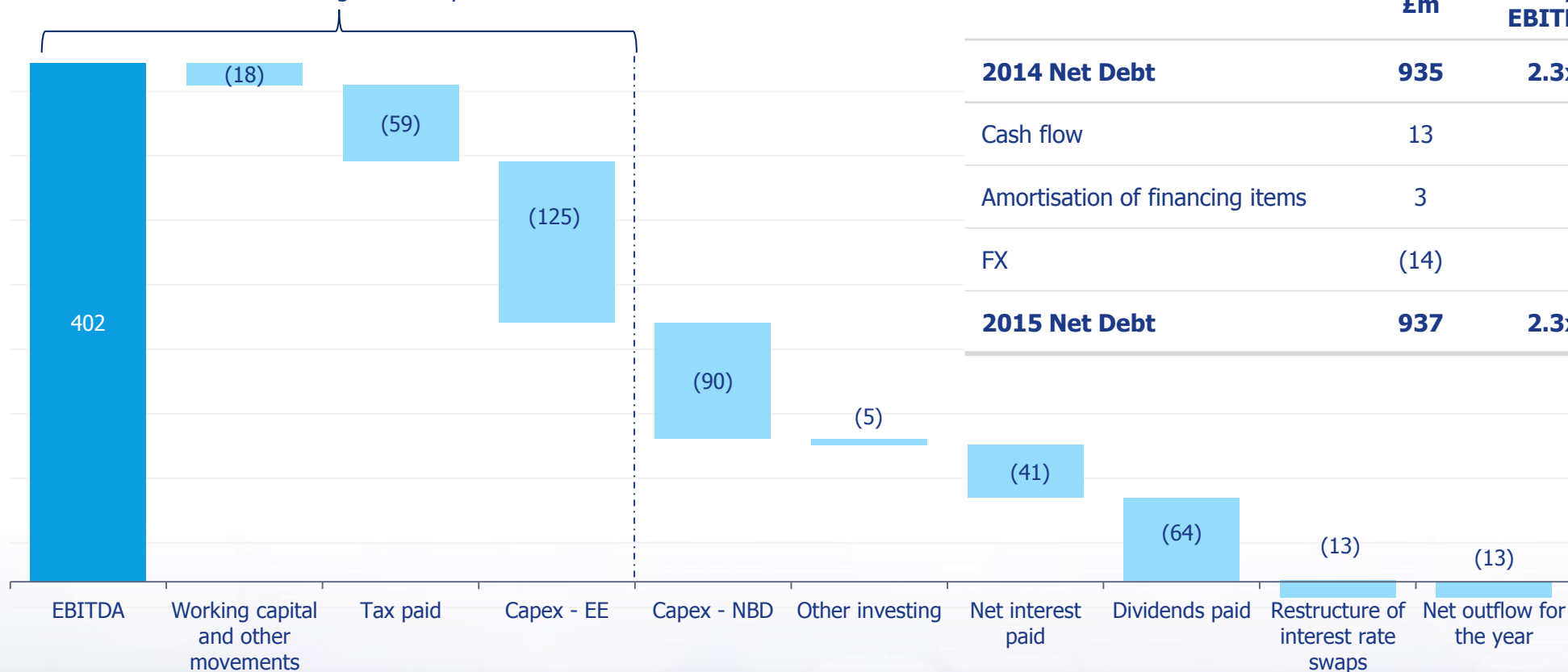
<sup>2</sup> Includes capital expenditure incurred in connection with the capsule refurbishment for the London Eye between 2008-12

<sup>3</sup> Constant currency

# 2015 CASH FLOW



Free cash flow after existing estate capex: £200m



	£m	ND/ EBITDA
<b>2014 Net Debt</b>	<b>935</b>	<b>2.3x</b>
Cash flow	13	
Amortisation of financing items	3	
FX	(14)	
<b>2015 Net Debt</b>	<b>937</b>	<b>2.3x</b>

*STRONG CASH GENERATION USED TO FUND NEW BUSINESS DEVELOPMENT, DIVIDENDS AND INTEREST*



# APPENDIX I

## SIX STRATEGIC GROWTH DRIVERS

# SIX STRATEGIC GROWTH DRIVERS



**“Create a high growth, high return, family entertainment company, based on iconic brands, and naturally balanced against external factors.”**

1	Existing estate growth via capex	Mid-single digit like for like EBITDA growth + >15% ROIC on accommodation	<div><u>2020 milestones<sup>1</sup></u></div> <div>2,000 new rooms</div> <div>40 new Midway attractions</div> <div>4 new LEGOLAND parks</div>
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	

# #1 EXISTING ESTATE GROWTH VIA CAPEX

Operating Group	Capex Cycle	Rationale	Benefits
Midway Attractions	<b>5-year</b> <b>(peak, low, low, low, low)</b> N.B. Highest 'peak' is c.£5m <sup>1</sup> but most are below £1m	<ul style="list-style-type: none"> <li>* High level of 'first time' tourist visitors means less emphasis on big capex new features</li> </ul>	
LEGOLAND Parks	<b>4-year</b> <b>(peak, low, medium, low)</b> N.B. 'Peak' is c.£7m	<ul style="list-style-type: none"> <li>* Strategic development / growth of LEGOLAND Parks via themed lands (e.g. LEGO Friends)</li> <li>* Less emphasis on high capex thrill rides due to younger audience</li> </ul>	
Resort Theme Parks	<b>4-year</b> <b>(peak, low, medium, low)</b> N.B. 'Peak' is c.£12m	<ul style="list-style-type: none"> <li>* Need for new rides and shows on regular basis, particularly for teen segment</li> <li>* Family attractions less capex intensive</li> </ul>	

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



# #1 EXISTING ESTATE GROWTH VIA CAPEX



## Target...

Continue to deliver mid-single digit EBITDA growth via capex broadly in line with depreciation

## Supported by...

Pipeline of compelling product from MMM, focus on Existing Estate and market growth



# #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 brand awareness
  - Increasing revenue visibility securing cash flows in advance
  - Increase levels of secondary spend

## Example

### accesso roll out

Agreement to roll out accesso's 'Passport' ticketing systems across the Merlin estate over 2015-17

- 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





## #2 STRATEGIC SYNERGIES

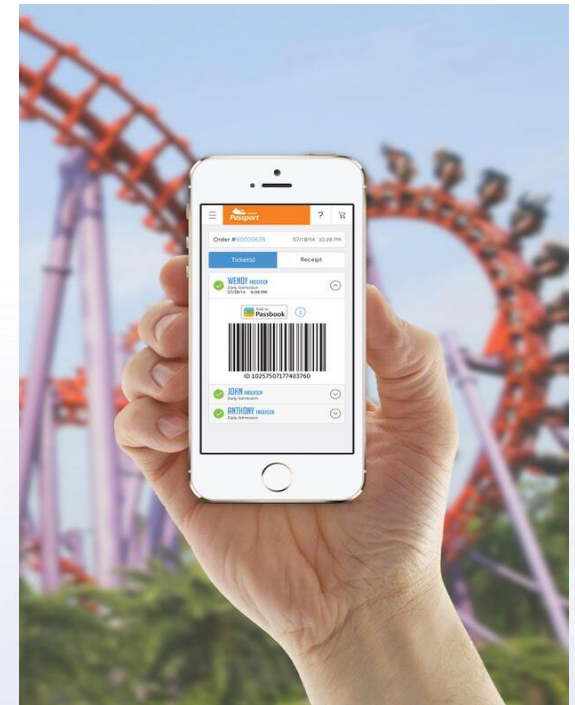
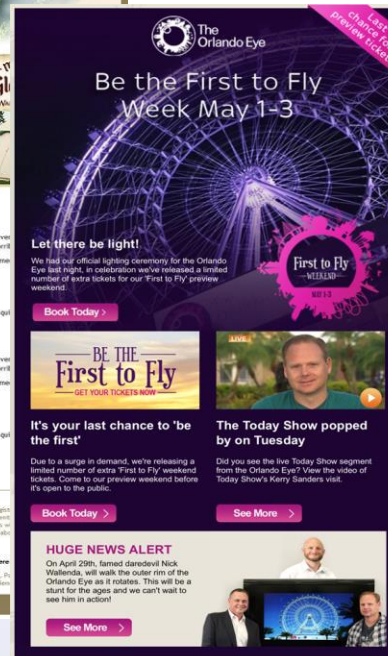
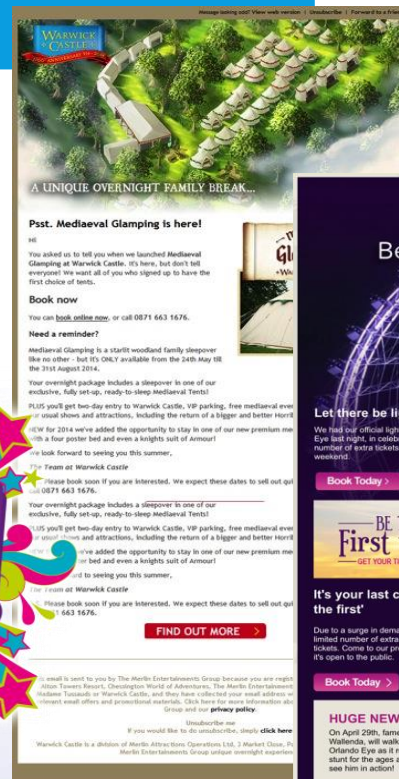


### Target...

Continue to deliver synergies to support Existing Estate growth objectives

### Supported by...

Benefits of enhanced digital guest purchase journey and upgraded CRM





# Merlin's digital guest journey: three stages

## OUR DIGITAL TOOLKIT

CRM  
Databases

Wireframes

Accesso

Q-Bot

Wi-Fi

Mobile App

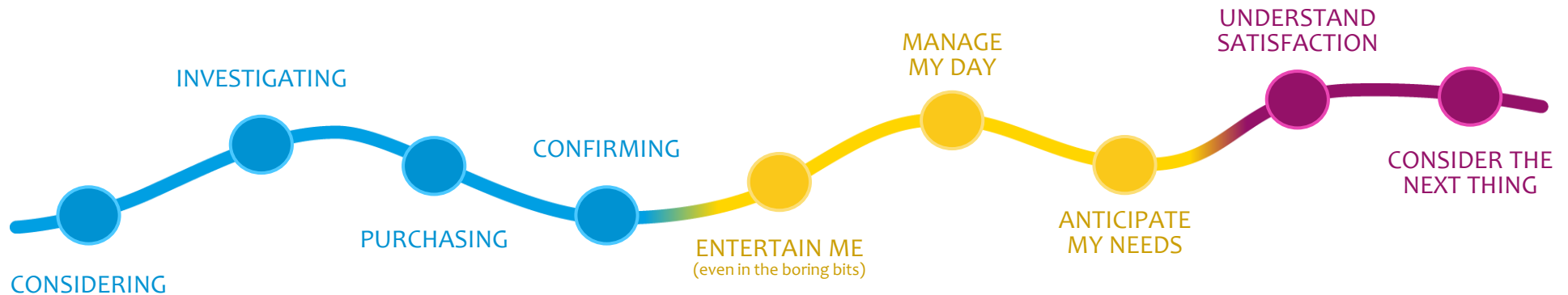
iBeacons

CRM

## BEFORE VISITS

## DURING VISITS

## AFTER VISITS



# Global CRM Approach

## OUR DIGITAL TOOLKIT

CRM Databases

Wireframes

Accesso

Q-Bot

Wi-Fi

Mobile App

iBeacons

CRM

BEFORE VISITS

DURING VISITS

AFTER VISITS

### Principles

- One global database
- Single customer view: MOSAIC profiled for fuller pictures of the guest
- Customer-focused communication rules: relevant and timely (‘woo them when in the mood’)

### Results

	2013	2014	2015	2016 (est)
CRM programmes	UK	UK	UK, DE	UK, DE, DK, US
Global database size	1.3M	3M	5M	7M
Customer opens	19%	20%	25%	>25%

Experian: travel sector 2015 average open rates 20%

### Timely and appropriate communications

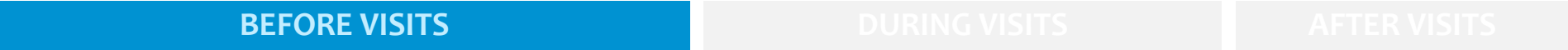
#### Handraising emails

#### Pre-visit teaser

#### Post-visit trigger

#### Short break up-sell

# Mobile-first web design



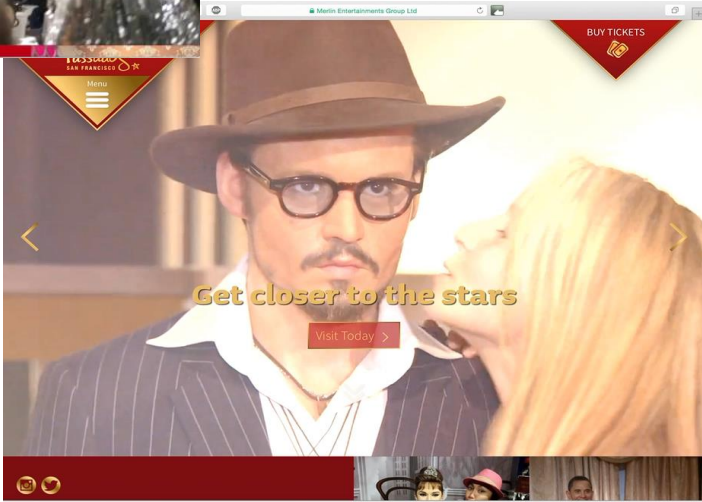
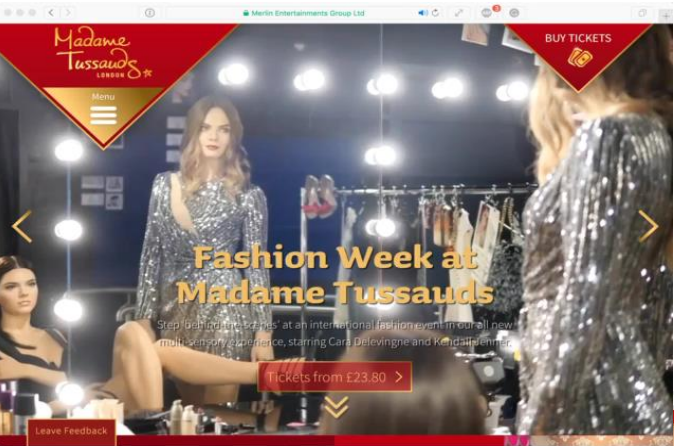
## Principles

- Bring the experience to life: branded website designs which build on the CRM approach and tell relevant brand stories
- Focus on mobile devices : fully responsive sites

## Results

	2013	2015	2016 (est)
% of people browsing on a mobile	48%	63%	70%
Gross online sales*	189M	241M	272M
Gross mobile sales*	40M 21%	91M 37%	115M 42%

## Bringing the experience to life



\*Sales includes online tickets plus online extras, but excludes any accommodation and tickets associated with accommodation packages



# Accesso eCommerce Platform

## OUR DIGITAL TOOLKIT

CRM  
Databases

Wireframes

Accesso

Q-Bot

Wi-Fi

Mobile App

iBeacons

CRM

## BEFORE VISITS

### Principles

- 1 Visual merchandising makes it easier for the customer to choose
- 2 Intuitive upsell and cross-sell
- 3 Direct-to-mobile ticketing means there's no need to print tickets

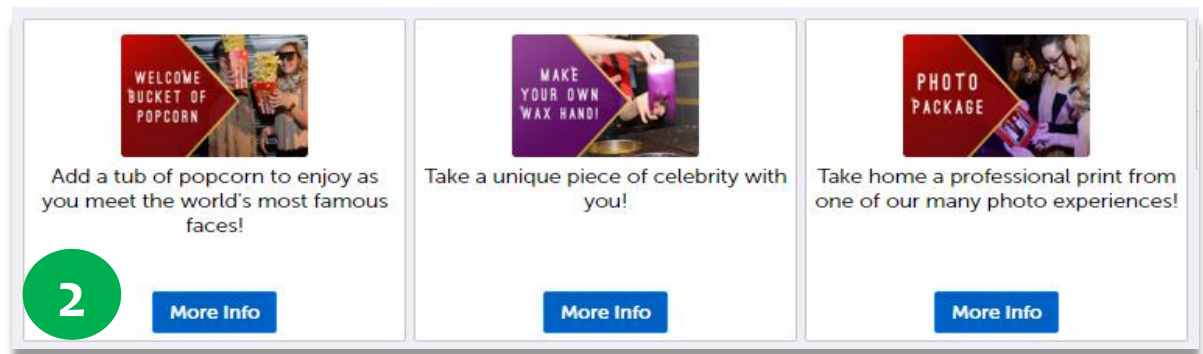
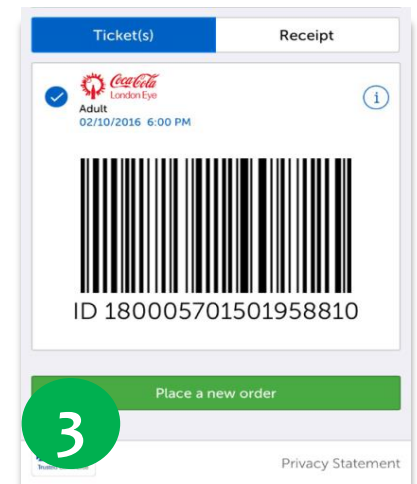
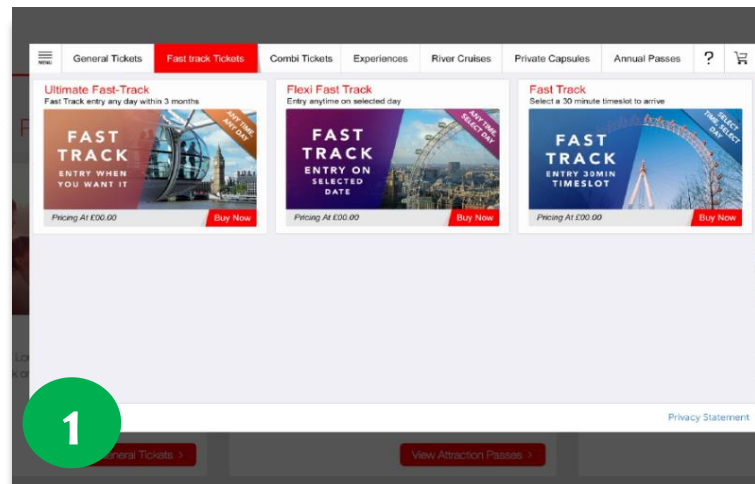
### Results

Desktop – marginal benefit

Mobile – guest is **25% more likely** to complete a mobile booking



### Intuitive, mobile-first design and direct-to-mobile ticketing



# In-attraction brand app to help guests get more out of their visits



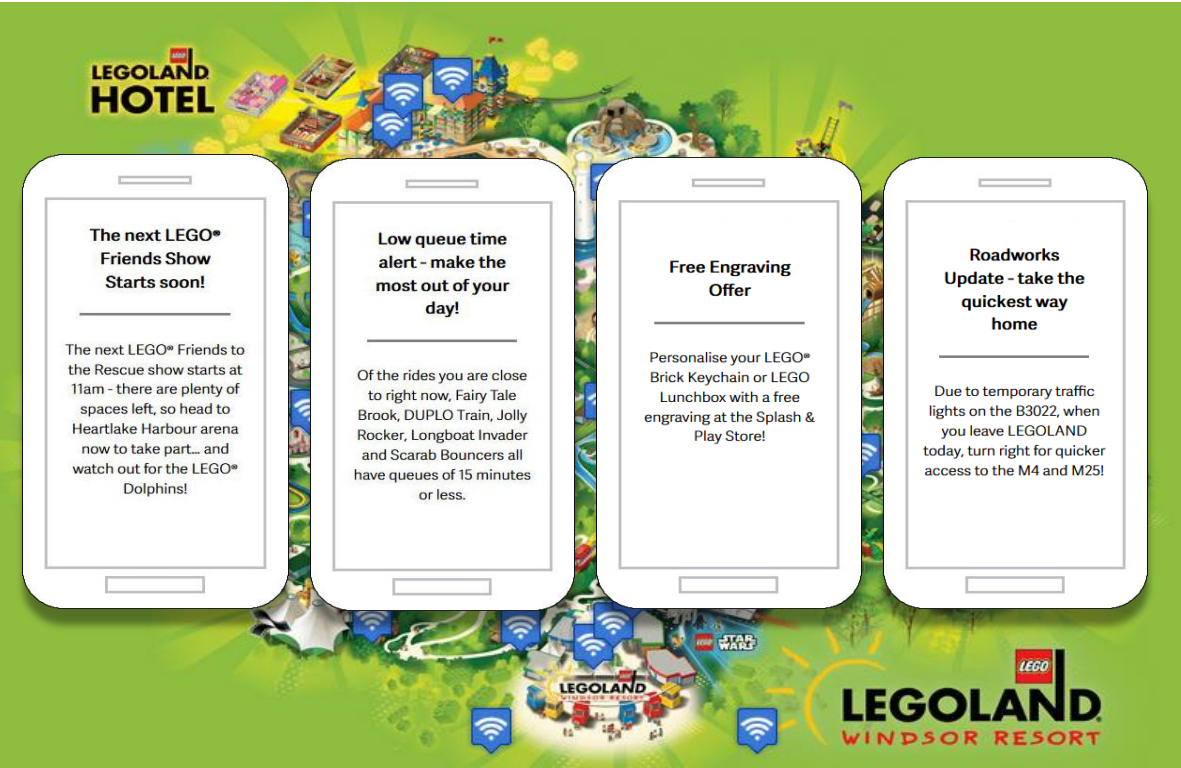
## Principles

- Geofencing allows ‘hello’ and ‘goodbye’ messaging
- Maps and wayfinding increase guest satisfaction
- Beacons allow location-based contextual offers
- Trialled in Windsor, Summer 2015; being rolled out to California for 2016

## Results

	App users vs non-users	
Customer Service	+6.0%	↑
Improved Guest Queueing	+20%	↑
Conversion of relevant offers	+10–20%	↑

## Typical in-attraction messaging



Trial for 8 weeks in July/August 2015 in LEGOLAND Windsor  
 Based on responses to the questions: 1 How would you rate the customer service?  
 2 How much would you agree with the following statement?: ‘Standing in queue lines spoilt my visit’

# #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

- 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<sup>1</sup>

**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





# #3 THEME PARK RESORT POSITIONING



## Target...

Double the number of new rooms from 200 p.a. to over 400 p.a.  
2,000 new keys by the end of 2020  
representing capital investment of £200m+

## Supported by...

Strong pipeline of hotel and other accommodation projects across LLP and RTP



# #4 MIDWAY ROLL OUT - 2016 PIPELINE



## 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%+





## #4 MIDWAY ROLL OUT



### Target...

Step up openings with target of 40 new Midway attractions by the end of 2020 (equivalent to 8 p.a.)

### Supported by...

Strong pipeline of new sites, new brand concepts and rapid expansion in China





360+  
MARKETS,  
55 COUNTRIES

# FINDING THE MAGIC

"The Science"

QUALITATIVE  
EVALUATION

Market Factors

Penetration/  
Pricing

Financial  
Parameters

Profit &  
Loss

÷

Development  
Costs

%  
**RETURN**

>20%  
ROIC?

Cluster Values/  
Strategic

Growth Factors

Competitor  
Identification  
& Assessment

Acquire?  
Challenge?  
Avoid?

Rationale

Example

Action

Low priority

One or more  
potential issues

Moscow

Monitor  
market

Primary target  
>100 attractions

Satisfied returns  
& qualitative  
assessment

Range from  
Phoenix  
to Manila

Prioritisation  
& active  
site search

Final Ranking &  
Prioritisation

# #5 LEGOLAND PARKS DEVELOPMENTS



## Three Flexible Business Models

### Operated and Owned

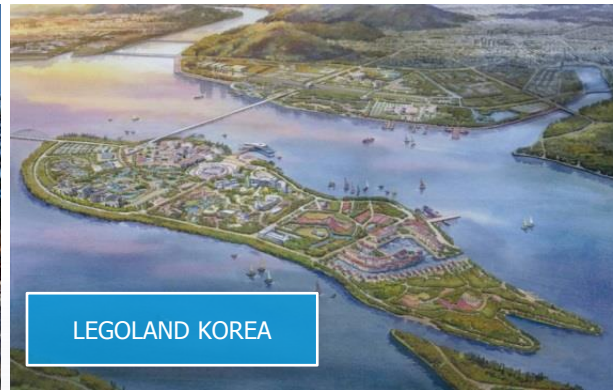
- All existing parks (exc. Malaysia)
- Full operational control and ownership of the park
- Utilised in proven locations and geographies
- Requires material capital investment
- Preliminary discussions over opportunities in USA

### 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



**OPERATED AND OWNED**  
High Ownership  
All Operations

**OPERATED AND LEASED**  
Medium Ownership  
All Operations

**MANAGEMENT CONTRACT**  
No Ownership  
All Operations



# #5 LEGOLAND PARKS DEVELOPMENTS



## Target...

Open four new parks / resorts by the end of 2020

## Supported by...

Three (Dubai, Japan, South Korea) under development and strong US / China pipeline

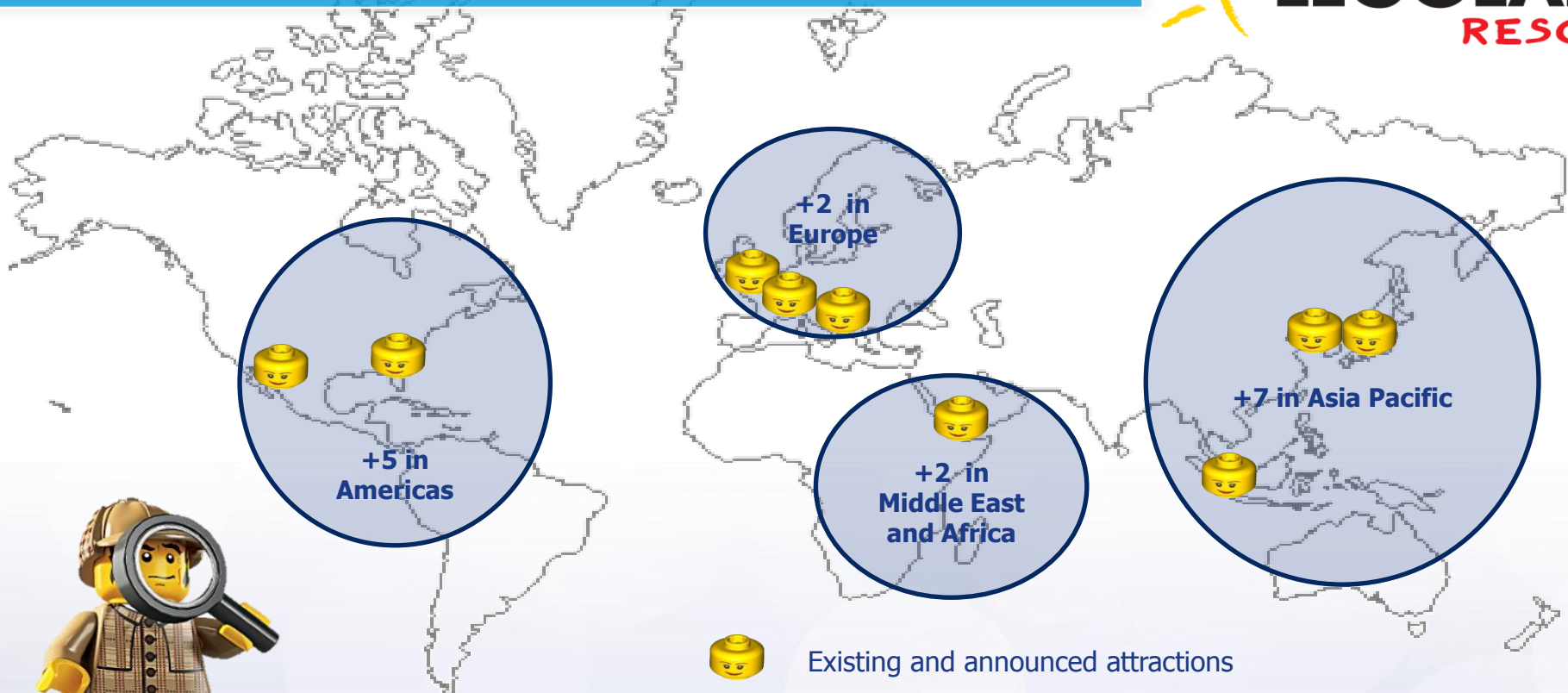




# #5 LEGOLAND PARKS - LONGER TERM VISION



*At least 25 LEGOLAND Resorts around the world in the fullness of time*



# #5 LEGOLAND LICENSING AND CO-OPERATION AGREEMENT



- ✦ The Licensing and Co-operating Agreement ('LCA') was signed with LEGO in 2005 upon Merlin's acquisition of the four original parks in Denmark, California, UK and Germany
- ✦ Merlin pays a low single-digit % of revenue to Kirkbi for use of the brand
- ✦ Where Merlin owns a LEGOLAND park, it enjoys exclusivity to do so, in to perpetuity
- ✦ Where Merlin does not own a LEGOLAND park already, it has the global exclusivity to open further parks until 2033. However, for every new LEGOLAND park that is opened, or for every eight LEGOLAND Discovery Centres that are opened, this is extended by seven years. Once LEGOLAND Dubai, Japan and South Korea have been opened, this exclusivity will therefore extend to beyond 2050
- ✦ Merlin could lose the right to operate the LEGOLAND brands were it to be acquired by a competitor of LEGO or an 'inappropriate person'
- ✦ Furthermore, Merlin could lose the license were guest satisfaction to fall below pre-determined levels. In this scenario, the relevant park would have a two year 'grace' period during which an improvement in performance would be sought, before the license is removed from that park. Other parks would be unaffected. Guest satisfaction levels are currently significantly above the minimum levels required

# #6 STRATEGIC ACQUISITIONS



## 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
- 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)





## #6 STRATEGIC ACQUISITIONS



### Target...

Continue to make opportunistic acquisitions appropriate to strategy. Focus on North America / Asia and primarily Midway  
'Invest to learn' where necessary

### Supported by...

Strong balance sheet and dedicated resource in a fragmented market



# APPENDIX II

## OPERATING GROUP ASSETS

# MIDWAY ATTRACTIONS



Merlin Entertainments  
The Eye Brand





AMAZING!



# Strategic Alliance with Dreamworks

- ✓ Agreement with DreamWorks Animation announced in 2014
- ✓ Sixth Midway brand, based on Shrek and other Dreamworks IP
- ✓ Initial plan for 6 attractions over 9 years
- ✓ First attraction opened in London in Summer 2015 to good guest feedback
- ✓ Investment and returns expected to be 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

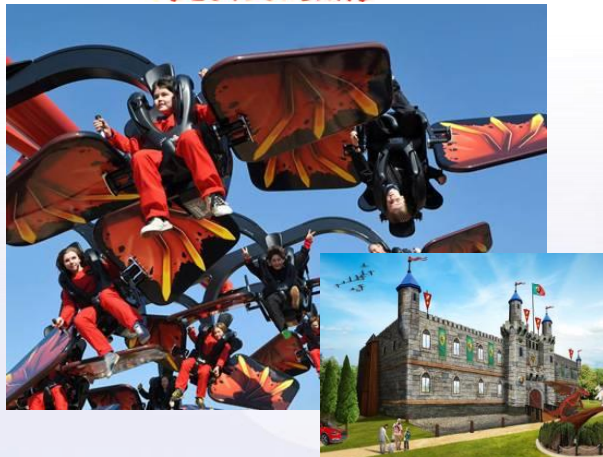


MERLIN  
MAGIC  
MAKING





# LEGOLAND PARKS





# LEGOLAND DUBAI



- ☺ Management Contract, funded primarily by Dubai Parks and Resorts
- ☺ Part of a wider resort, consisting of a number of other complementary leisure attractions and hotels, including 'motiongate™ Dubai' and 'Bollywood Parks™ Dubai'.
- ☺ Merlin to receive a management fee. No upfront or ongoing capex obligation
- ☺ Un-locked other opportunities:- Waterpark (to be run as second gate) and more to come...
- ☺ On schedule for opening in Q4 2016

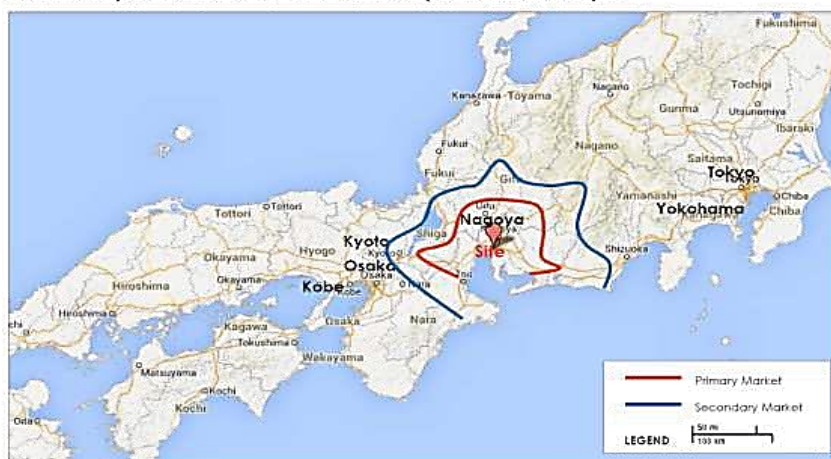


# LEGOLAND JAPAN



## Resident Market Overview

Overview Map of Illustrative Resident Markets for Proposed LEGOLAND Japan



- Summer 2017 opening with hotel planned for Q1 2018
- 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 2<sup>nd</sup> largest toy market
- Strong support from KIRKBI (property investment) and City of Nagoya (infrastructure)
- Merlin to invest approximately a third of the total park cost with target EBITDA ROIC of at least 20%.
- EBITDA margins of 15-20%

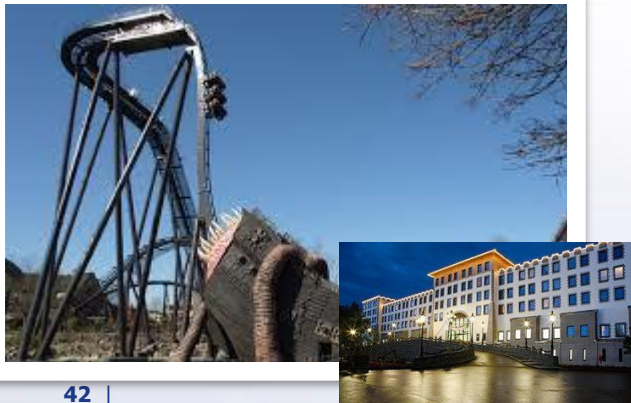
# LEGOLAND KOREA



- 🧑‍🎨 Opening 2018
- 🧑‍🎨 Situated on the island of Jung-do, in South Korea, within 2 hour's drive time for c24m residents, 60km from Seoul
- 🧑‍🎨 Strong potential for further resort development
- 🧑‍🎨 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 approximately one third of the total park cost, with target EBITDA ROIC of at least 20%
- 🧑‍🎨 EBITDA margins of 20-25%



# RESORT THEME PARKS





# APPENDIX III

# MERLIN – CMC JOINT VENTURE



**New Brands**

**(China)**



# MERLIN – CMC JOINT VENTURE



## Development

- ✦ Capitalise Merlin's and CMC's access to popular brands and IP
- ✦ Leverage relationships & network to access premium locations
- ✦ Adapt content to local tastes

## Management

- ✦ Leverage existing Merlin divisional & global infrastructure
- ✦ Rely on Merlin know-how and experience for daily operations
- ✦ Utilise local networks and relationships



# BOARD OF DIRECTORS



Name	Position	Background	
Sir John Sunderland	Chairman	<ul style="list-style-type: none"> <li>Appointed Chairman of Merlin Entertainments in December 2009.</li> <li>Sir John is currently Chairman of Cambridge Education Group, Chancellor of Aston University and an Associate Member of BUPA. He is also an adviser to CVC Capital Partners.</li> <li>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 and President of the Food and Drink Federation from 2002 to 2004.</li> <li>Sir John was a Non-executive Director of the Rank Group from 1998 to 2006 and a Director of the Financial Reporting Council from 2004 to 2011.</li> <li>Sir John was a Non-executive Director of Barclays Bank PLC from 2005 to 2015 and of AFC Energy plc from 2012 to 2015.</li> </ul>	
Charles Gurassa	Senior Independent Non-executive Director	<ul style="list-style-type: none"> <li>Charles was appointed Senior Independent Non-executive Director of Merlin Entertainments and Chairman of the Remuneration Committee in 2013.</li> <li>Charles is the Non-executive Chairman of Channel 4 and Genesis Housing Association, Deputy Chairman at EasyJet plc and a trustee of English Heritage and the Migration Museum.</li> <li>He is a former Chairman of Virgin Mobile plc, LOVEFiLM, Phones4U, MACH, Tragus, NetNames, Parthenon Entertainments and Alamo/National Rent a Car and former Deputy Chairman of the National Trust.</li> <li>His executive career included roles as Chief Executive of Thomson Travel Group plc, Executive Chairman TUI Northern Europe, Director TUI AG and as Director, Passenger &amp; Cargo business at British Airways. He is a former Non-executive Director at Whitbread plc, trustee of the children's charity Whizz-Kidz and a member of the development board of the University of York</li> </ul>	
Nick Varney	Group Chief Executive Officer	<ul style="list-style-type: none"> <li>Nick has over 25 years' experience in the visitor attractions industry and was appointed Chief Executive Officer in 1999</li> <li>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.</li> <li>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 &amp; Colman.</li> </ul>	
Andrew Carr	Group Chief Financial Officer	<ul style="list-style-type: none"> <li>Andrew is a qualified chartered accountant and was appointed Chief Financial Officer of Merlin Entertainments in 1999</li> <li>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 follow-on buyouts, the acquisitions of LEGOLAND, Gardaland and The Tussauds Group and the Listing of Merlin Entertainments on the London Stock Exchange.</li> <li>Before joining Vardon Attractions, Andrew trained, and was subsequently head of a regional Corporate Finance Department, at KPMG.</li> <li>Andrew will retire from Merlin in 2016</li> </ul>	

# BOARD OF DIRECTORS



Name	Position	Background
Fru Hazlitt	Independent Non-executive Director	<ul style="list-style-type: none"> <li>Fru was appointed a Non-executive Director of Merlin Entertainments in 2014.</li> <li>Fru was formerly Managing Director, Commercial, Online and Interactive at ITV, and previously Chief Executive Officer at GCap Media plc and 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.</li> <li>She is now a Governor of Downe House School and has also served as a Non-executive Director on the Boards of Betfair Plc and Woolworths Plc.</li> </ul>
Ken Hydon	Independent Non-executive Director	<ul style="list-style-type: none"> <li>Ken was appointed a Non-executive Director and Chairman of the Audit Committee of Merlin Entertainments in 2013.</li> <li>Ken is currently a Non-executive Director of Reckitt Benckiser Group plc. Previously, he was CFO of Vodafone Group Plc. Ken was also a Non-executive Director of Tesco Plc from 2004 to 2013, a Non-executive Director of Royal Berkshire NHS Foundation Trust from 2005 to 2012 and a Non-executive Director of Pearson Plc from 2006 to 2015.</li> </ul>
Rachel Chiang	Independent Non-executive Director	<ul style="list-style-type: none"> <li>Rachel was appointed a Non-executive Director of Merlin Entertainments with effect from 1 January 2016.</li> <li>She has extensive experience of the Asian consumer and property markets, having held a number of senior executive and non-executive roles in the region.</li> <li>Rachel is currently Partner and founding member of the private equity activities of Pacific Alliance Group (PAG), one of the region's largest Asia-focused alternative investment managers with over \$11 billion in funds under management across Private Equity, Real Estate and Hedge Funds. She currently holds Non-executive positions with Hong Kong-listed Sands China (a majority-owned subsidiary of Las Vegas Sands) and Hong Kong-listed Pacific Century Premium Developments (PCPD) which specializes in the development and management of premium property and infrastructure projects in the Asia Pacific region.</li> </ul>
Søren Thorup Sørensen	Non-executive Director	<ul style="list-style-type: none"> <li>Søren was appointed a Non-executive Director of the Company in 2013, representing KIRKBI</li> <li>Søren is currently the Chief Executive Officer of KIRKBI, following his appointment in March 2010.</li> <li>Søren was formerly a Partner, Chief Financial Officer and member of the Group Executive Board of A.P. Møller – Maersk Group between 2006 and 2009. Prior to this he was Managing Partner of KPMG Denmark, having been a partner at KPMG since 1997.</li> <li>Outside the KIRKBI Group, Søren is currently Non-executive Chairman of Topdanmark A/S and holds Non-executive Director positions at LEGO A/S, TDC A/S and Falck Holding A/S.</li> </ul>
Trudy Rautio	Independent Non-executive Director	<ul style="list-style-type: none"> <li>Trudy was appointed a Non-executive Director of Merlin Entertainments with effect from 1 October 2015.</li> <li>Trudy was previously Chief Executive Officer 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.</li> <li>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.</li> <li>Trudy is the Chair of The Rezidor Hotel Group Board, and also serves on the Board of Directors for Cargill, The Donaldson Company, Inc., and Securian Holding Company.</li> </ul>



# MANAGEMENT TEAM



**Nick Varney**

CEO  
(25 years)

**Andrew Carr**

CFO  
(18 years)



**Nick Mackenzie**  
*Managing Director*  
*Midway Attractions*  
(13 years)

**Hans Aksel Pedersen**  
*Managing Director*  
*LEGOLAND Parks*  
(16 years)

**Justin Platt**  
*Managing Director*  
*Resort Theme Parks*  
(5 years)

**John Jakobsen**  
*CNOO*  
*New Openings Group*  
(30 years)

**Mark Fisher**  
*CDO*  
*Merlin Magic Making*  
(24 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 attractions	<ul style="list-style-type: none"> <li>Nick was appointed as Managing Director, Midway attractions in June 2015</li> <li>Previously, Nick was the Managing Director of Merlin's Property and Development Group and also MD of Resort Theme Parks</li> <li>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.</li> </ul>	
Hans Aksel Pedersen	Managing Director, LEGOLAND Parks	<ul style="list-style-type: none"> <li>Hans Aksel was appointed as Managing Director, LEGOLAND Parks in June 2015</li> <li>Hans has more than 26 years of extensive experience in both FMCG and the entertainment industry across general management, global brand building, consumer &amp; trade marketing, new product development and people management.</li> <li>Hans Aksel has been with LEGOLAND for 16 years, starting with the original LEGOLAND Park in Billund in Denmark in 2000.</li> <li>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.</li> </ul>	
Justin Platt	Managing Director, Resort Theme Parks	<ul style="list-style-type: none"> <li>Justin was appointed as Managing Director, Resort Theme Parks in June 2015</li> <li>Previously, Justin was the Marketing Director for Resort Theme Parks and prior to that Marketing Director for Alton Towers Resort</li> <li>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</li> </ul>	
Mark Fisher	Chief Development Officer	<ul style="list-style-type: none"> <li>Mark was appointed Chief Development Officer, managing Merlin Magic Making, in 2011</li> <li>Following the acquisition of the Tussauds Group in 2007, Mark became the Managing Director of Resort Theme Parks</li> <li>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.</li> </ul>	
John Jakobsen	Chief New Openings Officer	<ul style="list-style-type: none"> <li>John took on his current role of Chief New Openings Officer in June 2015.</li> <li>Appointed Managing Director of LEGOLAND Parks in 2007 following the acquisition of the Tussauds Group</li> <li>John was previously President and General Manager of LEGOLAND California and General Manager of LEGOLAND Deutschland</li> <li>John joined the LEGOLAND business in 1985 and was involved in the strategic planning of LEGOLAND California, LEGOLAND Windsor, and LEGOLAND Deutschland</li> </ul>	

# 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<sup>1</sup>

- 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<sup>2</sup>

- 3 year CAGR 2015 – 2018

### Performance

<7% CAGR  
7% CAGR  
14% CAGR

### Vesting

0%  
10%  
50%

- Pro rata vesting between 10% and 50%

## ROCE<sup>3</sup>

- 3 year average 2016 – 2018

### Performance

<9%  
9%  
13%

### Vesting

0%  
12.5%  
50%

- Pro rata vesting between 12.5% 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)

<sup>1</sup> Central management only

<sup>2</sup> Based on comparing Adjusted EPS for the financial year 2018 with the financial year 2015

<sup>3</sup> 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 2016-2018

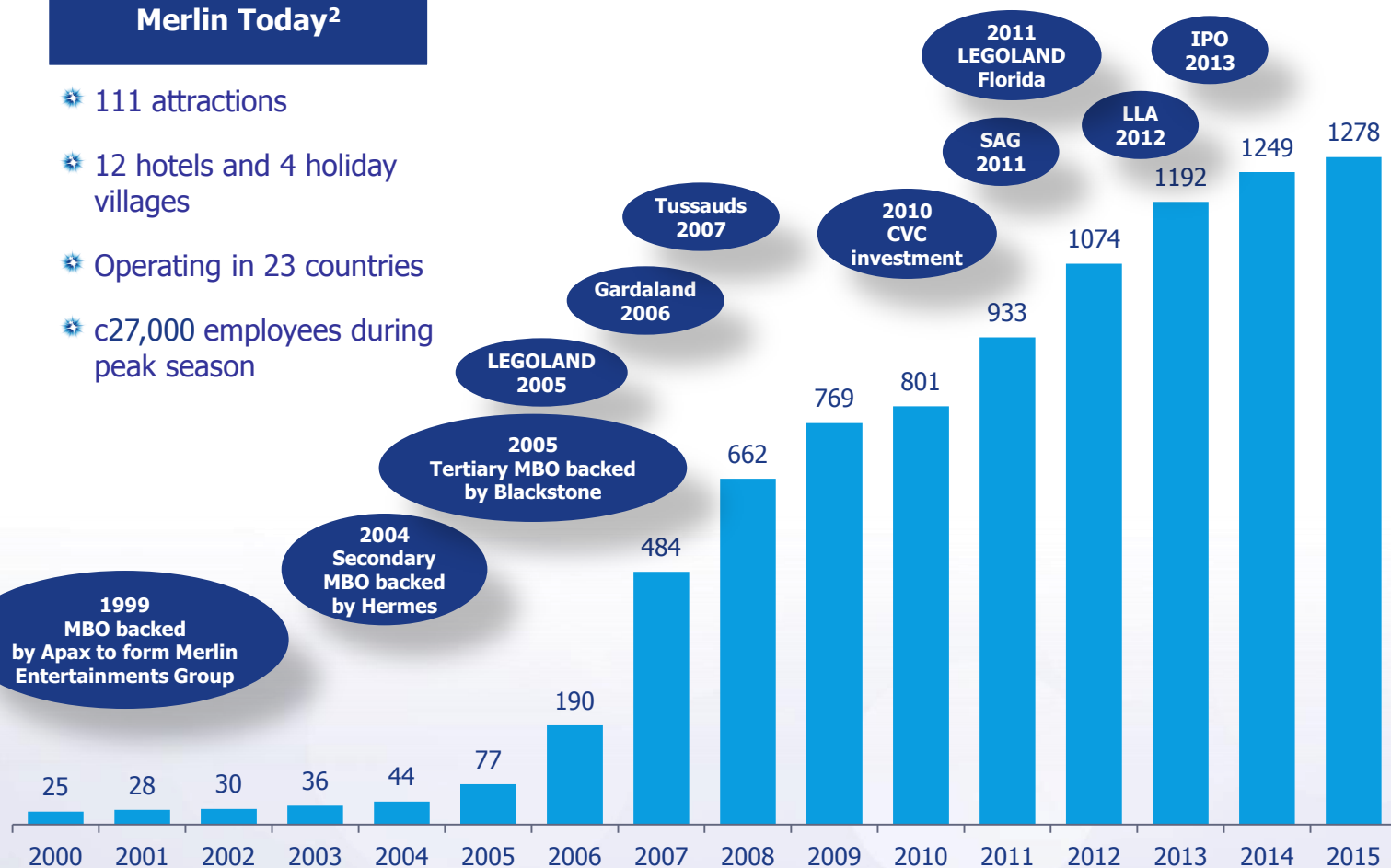
# LONG TERM, ROBUST GROWTH



## Revenue growth 2000 – 2015 (£m)<sup>1</sup>

### Merlin Today<sup>2</sup>

- 111 attractions
- 12 hotels and 4 holiday villages
- Operating in 23 countries
- c27,000 employees during peak season



### 2015 Performance

- 62.9m visitors
- £1,278m revenue
- £402m EBITDA<sup>3</sup>
- £291m Operating Profit<sup>3</sup>
- £180m Profit after tax<sup>3</sup>
- 9.7% ROCE<sup>3</sup>

51 | <sup>1</sup> Currency as reported. Non-December year ends calendarised. 2011 reflects 52 weeks (week 2 to 53).

<sup>2</sup> As at 26 December, 2015

<sup>3</sup> Underlying figures, excluding exceptional items



## APPENDIX IV

# ATTRACTION COUNT AND GLOSSARY OF TERMS

# ATTRACTION COUNT



	UK			Cont. Europe			Americas			Asia Pacific			Group		
	27 Dec 2014	Mov't	26 Dec 2015	27 Dec 2014	Mov't	26 Dec 2015	27 Dec 2014	Mov't	26 Dec 2015	27 Dec 2014	Mov't	26 Dec 2015	27 Dec 2014	Mov't	26 Dec 2015
SEA LIFE	13	-	13	18	-	18	6	2	8	8	-	8	45	2	47
Madame Tussauds	2	-	2	3	-	3	5	1	6	8	-	8	18	1	19
Dungeons	5	-	5	3	-	3	1	-	1	-	-	-	9	-	9
LDC	1	-	1	2	1	3	7	-	7	1	1	2	11	2	13
Eye	2	-	2	-	-	-	-	1	1	1	-	1	3	1	4
Shrek	-	1	1	-	-	-	-	-	-	-	-	-	-	1	1
Other	-	-	-	-	-	-	-	-	-	6	-	6	6	-	6
<b>Midway</b>	<b>23</b>	<b>1</b>	<b>24</b>	<b>26</b>	<b>1</b>	<b>27</b>	<b>19</b>	<b>4</b>	<b>23</b>	<b>24</b>	<b>1</b>	<b>25</b>	<b>92</b>	<b>7</b>	<b>99</b>
<b>LLP</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>(1)</sup></b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>3</b>	<b>(1)</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>(1)</b>	<b>6</b>
<b>Group</b>	<b>28</b>	<b>1</b>	<b>29</b>	<b>31</b>	<b>-</b>	<b>31</b>	<b>21</b>	<b>4</b>	<b>25</b>	<b>25</b>	<b>1</b>	<b>26</b>	<b>105</b>	<b>6</b>	<b>111</b>

# 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 2015 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	2015 Like for like growth refers to the growth between 2014 and 2015 on a constant currency basis using 2015 exchange rates and includes all businesses owned and operated before the start of 2014
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 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
Visitors	Represents all individual visits to Merlin owned or operated attractions

# ADR PROGRAMME



Merlin Entertainments has a sponsored Level 1 American Depositary Receipt (ADR) programme for which Citibank acts as depositary bank.

An ADR (American Depositary Receipt) is a security designed to facilitate the ownership of shares in non-US companies by investors based in the United States.

An ADR is quoted in dollars and is traded like any other security.

ADR symbol	MERLY
CUSIP	59010Q205
Depository bank	Citibank
Platform	OTC
ADR ratio (ORD:DR)	2:1
Country	UK
Industry	Travel & Leisure
Effective date	1 September 2015
Underlying SEDOL	BDZT6P9
Underlying ISIN	GB00BDZT6P94
US ISIN	US59010Q2057

# 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.



