

# 2015 INTERIMS RESULTS PRESENTATION

*30 July 2015*



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# SUMMARY GROUP PERFORMANCE



✦ Significant and ongoing impact on Resort Theme Parks Operating Group (RTP) from 'The Smiler' accident at Alton Towers Resort on 2 June

- ✦ Park closure for 5 days
- ✦ Decision to temporarily suspend UK theme park marketing
- ✦ Temporary ride closures at THORPE PARK and Chessington
- ✦ Sustained publicity of the accident

✦ RTP H1 LFL revenue decline of (2.0)%

✦ Strong brands and diversified portfolio deliver continued top line growth

- ✦ Visitors: 27.7m, +0.9%
- ✦ Revenue: £544m, +6.6% (Constant FX)
- ✦ LFL revenue growth: +2.8%



CONTINUED STRATEGIC PROGRESS DESPITE SPECIFIC TRADING CHALLENGES AT CERTAIN ATTRACTIONS



# SUMMARY GROUP PERFORMANCE



- ✦ Revenue growth underpinned by strong LEGOLAND Parks and NBD performance
- ✦ EBITDA: £123m, +0.3% (Constant FX)
- ✦ Underlying profit after tax benefited from the refinancing: £35m, +24.0%
- ✦ Interim dividend: 2.1p, +5.0%



CONTINUED STRATEGIC PROGRESS DESPITE SPECIFIC TRADING CHALLENGES AT CERTAIN ATTRACTIONS

# PROGRESS ON STRATEGIC GROWTH DRIVERS



- ★ **Capex cycle** – ‘High year’ investments, including: Gardaland; LEGOLAND Windsor; Madame Tussauds London and Berlin
- ★ **Synergies** – Agreement announced today with accesso to roll out a new ticketing and admissions solution
- ★ **Destination positioning** – New accommodation at Alton Towers Resort and LEGOLAND Florida
- ★ **Midway roll out** – Six new openings to date, including new brand ‘DreamWorks Tours – Shrek’s Adventure!’ in London
- ★ **LEGOLAND Parks Development** – Dubai and Japan remain on track to open in line with previous guidance. LEGOLAND Korea likely to open in 2018

# FINANCIAL RESULTS

*Andrew Carr, Chief Financial Officer*

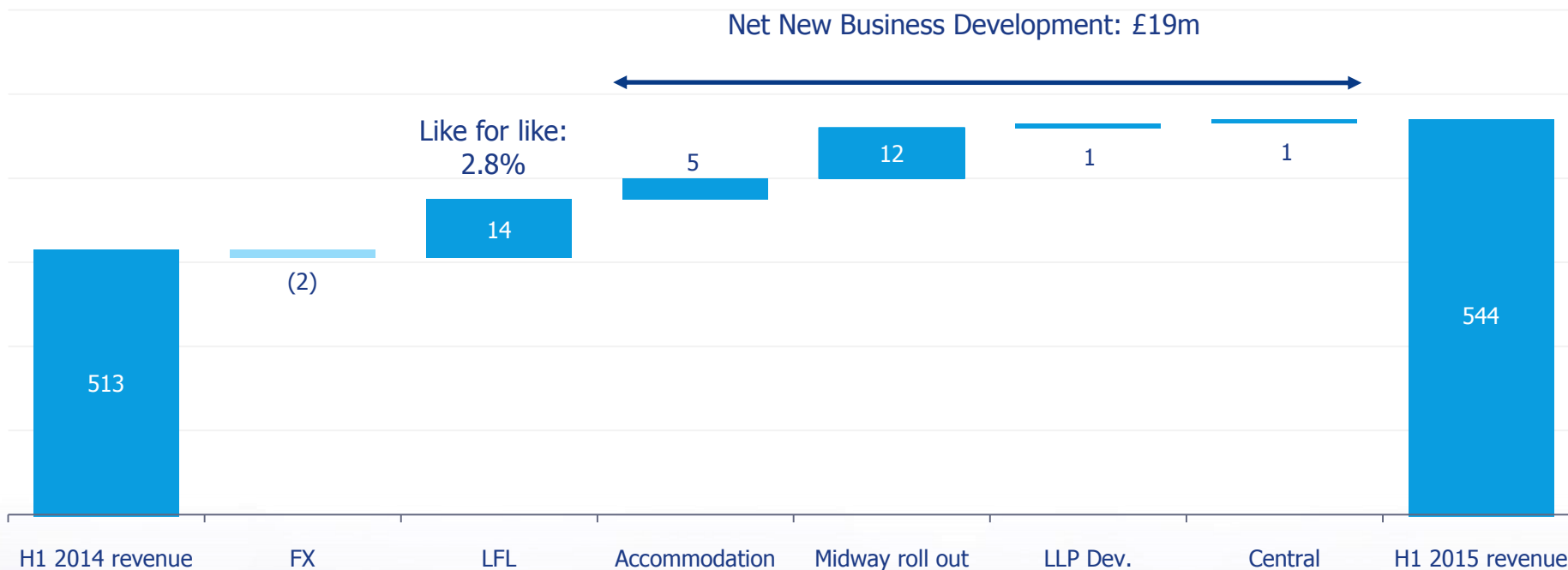
# SUMMARY FINANCIALS



£ millions, unless stated	H1 2015	H1 2014	Constant Currency	Reported Currency	Like for like
Revenue	544	513	6.6%	6.1%	2.8%
EBITDA	123	120	0.3%	2.7%	
Margin	22.6%	23.3%			
Operating Profit	71	71	(3.6)%	1.2%	
PBT	49	40		23.9%	
Underlying profit for the period	35	29		24.0%	
Adjusted EPS	3.5p	2.8p		24.0%	
Dividend per Share	2.1p	2.0p		5.0%	



# REVENUE BRIDGE H1'14 – H1'15



REVENUE GROWTH DRIVEN BY LIKE FOR LIKE AND NEW BUSINESS DEVELOPMENT



# MIDWAY FINANCIALS



£ millions, unless stated	H1 2015	H1 2014	Constant Currency	Reported Currency
Revenue	252	233	7.9%	8.1%
Like for like growth	2.9%			
EBITDA	87	85	1.7%	2.8%
Margin	34.7%	36.4%		
Operating Profit	62	61	(0.6)%	1.1%
Margin	24.7%	26.4%		
Existing Estate Capex	24	18		

★ Robust like for like revenue performance

★ Asia strong, excluding Hong Kong

★ London softer on weak Euro

★ Eurozone inbound

★ UK domestic

★ Strong NBD contribution

★ Earlier phasing versus 2014

★ Strong openings in Michigan and Orlando

★ Margins suppressed

★ Lower revenue growth

★ Pre-opening costs

# LEGOLAND PARKS FINANCIALS



£ millions, unless stated	H1 2015	H1 2014	Constant Currency	Reported Currency
Revenue	178	162	8.1%	10.0%
Like for like growth	6.0%			
EBITDA	58	50	11.9%	17.2%
Margin	32.5%	30.5%		
Operating Profit	47	39	15.1%	21.8%
Margin	26.4%	23.8%		
Existing Estate Capex	19	18		

★ Strong H1 like for like revenue growth

- ★ Continued momentum in US parks
- ★ LEGO 'Friends' product launches

★ Driven by admissions RPC (+5%)

★ Strong EBITDA margin

★ Strong US Dollar supports >20% reported profit growth

★ 152 room LEGOLAND Florida hotel opened in May

# RESORT THEME PARKS FINANCIALS



£ millions, unless stated	H1 2015	H1 2014	Constant Currency	Reported Currency
Revenue	112	117	0.7%	(3.8)%
Like for like growth	(2.0)%			
EBITDA	(6)	2	<i>nm</i>	<i>nm</i>
Margin	<i>nm</i> <sup>1</sup>	<i>nm</i>		
Operating Loss	(20)	(12)	(68.3)%	(65.8)%
Margin	<i>nm</i>	<i>nm</i>		
Existing Estate Capex	21	20		

✦ Trading at Alton Towers Resort and UK RTP impacted by the accident on 2 June 2015

✦ Positive trading in Gardaland, following successful launch of 'Oblivion'

✦ 125 lodge 'Enchanted Village' opened at Alton Towers Resort

☀ Accommodation bookings resilient

# SUMMARY UNDERLYING P&L



£ millions, unless stated	H1 2015	H1 2014	Constant Currency	Reported Currency
Op. Group EBITDA	139	137	0.2%	2.3%
Central Costs	(16)	(17)	0.4%	0.6%
<b>EBITDA</b>	<b>123</b>	<b>120</b>	<b>0.3%</b>	<b>2.7%</b>
D&A	(52)	(49)	(6.4)%	(5.0)%
<b>Operating Profit</b>	<b>71</b>	<b>71</b>	<b>(3.6)%</b>	<b>1.2%</b>
Net Finance Costs	(22)	(31)		28.4%
<b>PBT</b>	<b>49</b>	<b>40</b>		<b>23.9%</b>
Tax	(14)	(11)		(23.7)%
<b>Underlying profit for the period</b>	<b>35</b>	<b>29</b>		<b>24.0%</b>

- ★ Central costs broadly in line with last year
- ★ FY'15 Net finance costs benefit from refinancing
  - ★ Expected FY15 net finance costs of £40-45m
- ★ Tax rate in line with full year guidance
- ★ Small adverse FX impact for full year at current rates



# CAPITAL EXPENDITURE AND ACQUISITIONS



£ millions, unless stated	H1 2015	H1 2014
Existing Estate <sup>1</sup>	70	61
New Business		
- Accommodation	27	17
- Midway	29	23
- LLP Development	1	-
Total Capital Expenditure	127	101

## Existing estate capex

- Uplift driven by increase in Midway high year projects
- In line with full year expectations

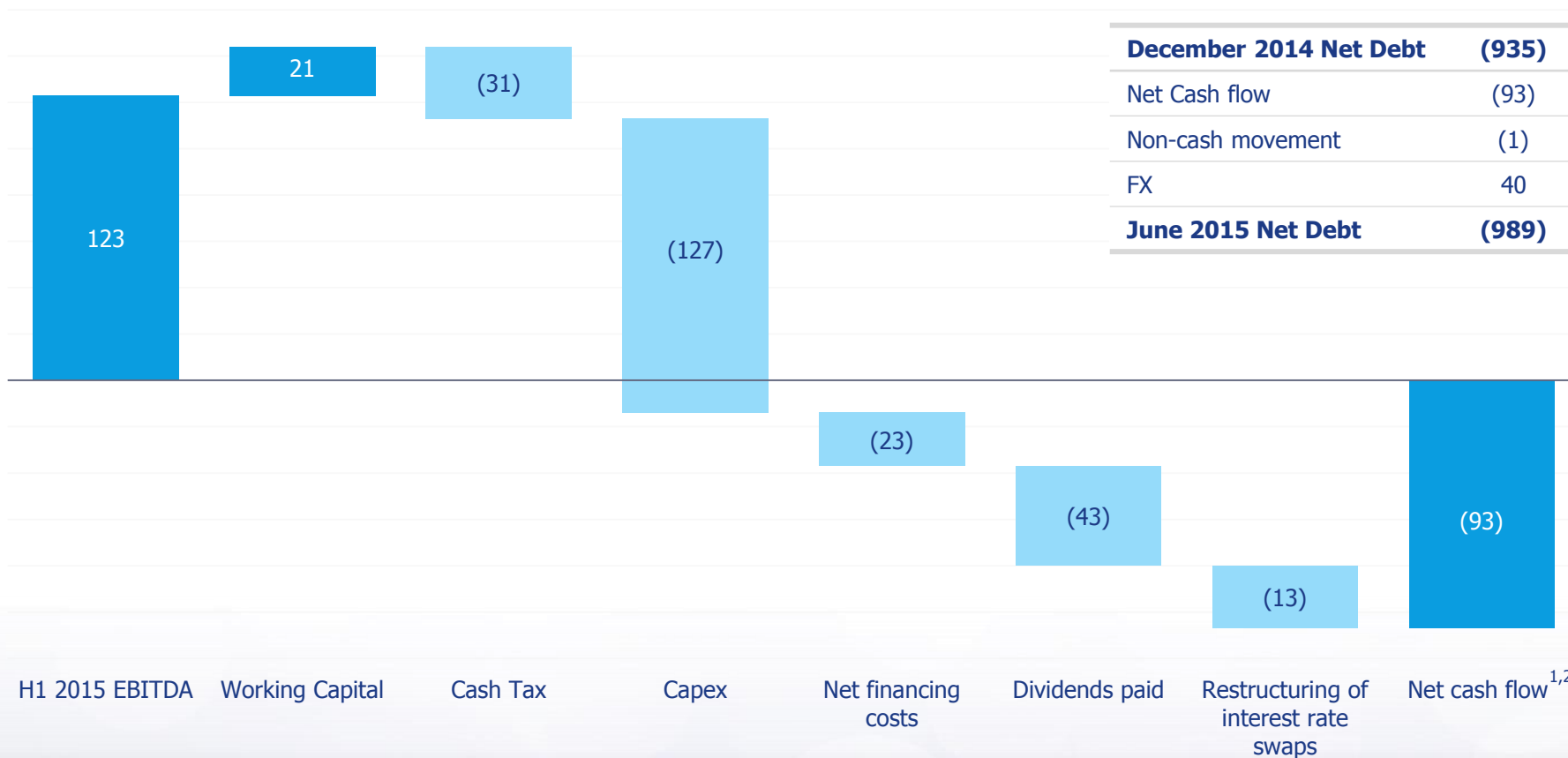
## New Business

- Accommodation increase reflects 277 rooms in 2015 and earlier openings versus 2014
- Midway increase due to earlier openings and new Shrek attraction

FY'15 guidance of £230-250m for 2015 reiterated

CAPEX CONSISTENT WITH FULL YEAR EXPECTATIONS

# CASHFLOW



<b>December 2014 Net Debt</b>	<b>(935)</b>
Net Cash flow	(93)
Non-cash movement	(1)
FX	40
<b>June 2015 Net Debt</b>	<b>(989)</b>

NET CASH FLOW REFLECTS SEASONALITY OF TRADING AND CAPEX, AND 2014 FINAL DIVIDEND

# OUTLOOK

*Nick Varney, Chief Executive Officer*



- ★ Soft launch on 1 July on London's South Bank
- ★ Excellent early guest feedback
- ★ Key criteria to assess further roll out:
  - ★ Guest satisfaction
  - ★ Financial performance
  - ★ Extent of cluster benefit



# ACCESSO ROLL OUT



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

## ★ Key benefits:

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

[Tickets & Prices](#)[Products](#)[News](#)[Sign up](#)[Jobs](#)[Events, Groups & Schools](#)[Visitor Information](#)[More](#)

### Individual Tickets

For spectacular views of Orlando, including entry to our 4D cinema experience, book online today and take advantage of our Early Bird offers.

Adults from  
**\$18.00**

[More information >](#)

### Combination Tickets

Make the most of your time in Orlando by combining your Orlando Eye experience with any of our other top attractions such as Madame Tussauds, SEA LIFE or even LEGOLAND Florida Resort.

Adults from  
**\$29.00**

[More information >](#)

### Special Tickets

Choose our Flex Ticket to enjoy full flexibility & Fly at Any Time.

Looking for that little bit Extra? Try our VIP experience and enjoy a glass of Champagne served by your host, while you relax and enjoy another side of Orlando.

Adults from  
**\$25.00**

[More information >](#)

# SUMMARY AND OUTLOOK



- ✦ Mixed H1 performance, dominated by the Alton Towers accident and subsequent UK RTP trading
- ✦ Recent trading in RTP would suggest full year EBITDA of £40-50m
- ✦ Softer Midway London performance likely to continue whilst FX rates remain at current levels
- ✦ LEGOLAND Parks momentum remains strong
- ✦ Accommodation forward bookings positive
- ✦ 2015 Underlying profit before tax expected to be broadly in line with last year



Q&A

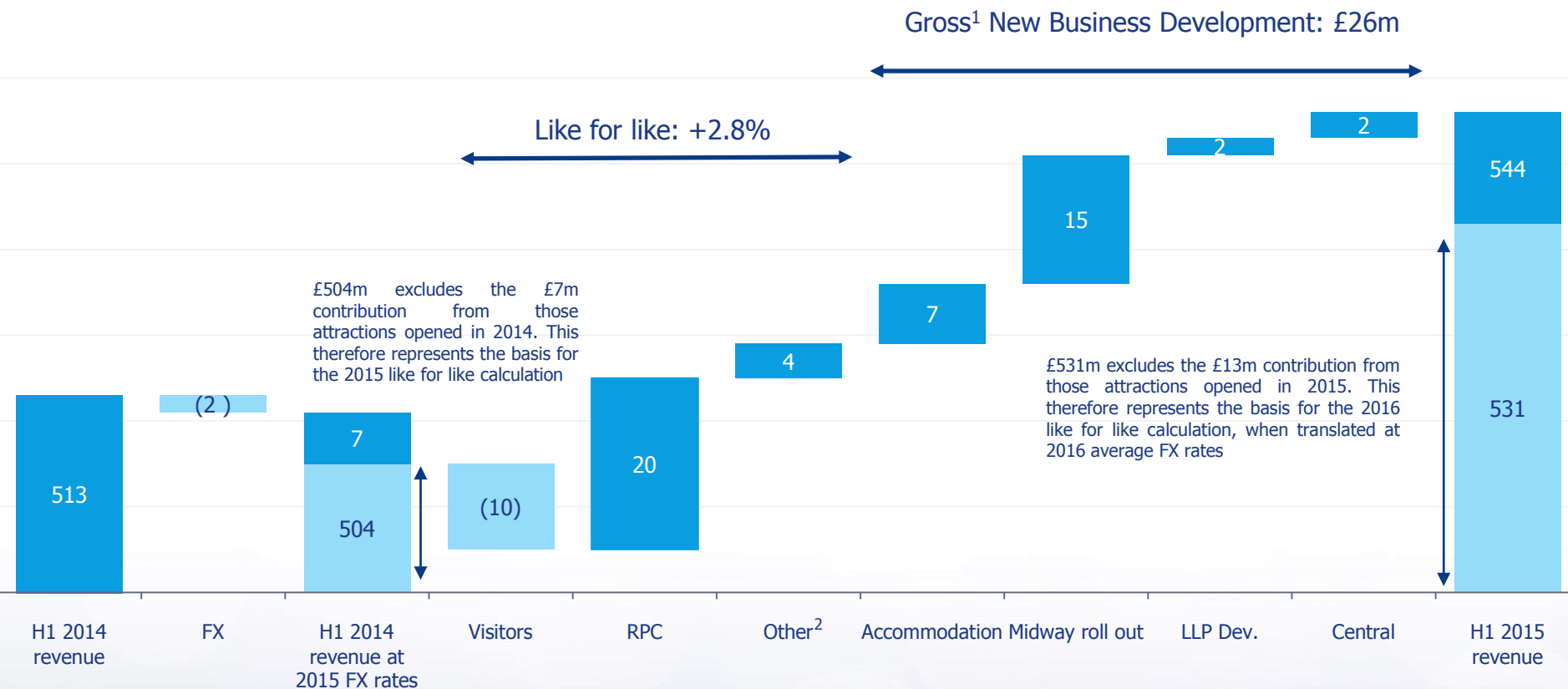


# APPENDIX



# REVENUE BRIDGE H1'14-H1'15

Showing the impact of 'Gross' NBD



REVENUE GROWTH DRIVEN BY LIKE FOR LIKE AND NEW BUSINESS DEVELOPMENT

# EXCEPTIONAL ITEMS



£ millions, unless stated	H1 2015	H1 2014
Refinancing	13	-
<b>Net exceptional items</b>	<b>13</b>	<b>-</b>
Tax impact	(3)	-
<b>Post tax exceptional items</b>	<b>10</b>	<b>-</b>

# DEBT FACILITIES POST-REFINANCING



## New unsecured bank facilities

	Total (£m)	Maturity	Margin
5Y Term Loan	620	2020	L/E + 200 bps
Bond	352	2022	275 bps
<b>Drawn Term Debt<sup>1</sup></b>	<b>972</b>		
£300m RCF (Undrawn)	300	2020	L/E + 175 bps
<b>Total Facilities</b>	<b>1,272</b>		

- ✦ €500 Eurobond replaces £350m 3-year term loan previously in place but not drawn
- ✦ Greater flexibility compared to previous structure
- ✦ Sources of funding have been diversified, and maturities extended
- ✦ P&L Interest charge of £40-45m expected in 2015
- ☀ Includes £3-4m of non-cash amortisation

# NET DEBT



<b>£ millions, unless stated</b>	<b>June 2015</b>	<b>Dec 2014</b>	<b>June 2014</b>
Bank loans and borrowings	976	1,136	1,161
Cash and cash equivalents	(68)	(285)	(268)
Net bank debt	908	851	893
Finance lease obligations	81	84	84
Net Debt	989	935	977



# MIDWAY REVENUE SPLIT



£ millions, unless stated	H1 2015	H1 2014	Reported Growth
Statutory visitors <sup>1</sup> (m)	18.1	17.4	3.4%
Revenue per capita (£)	13.41	12.82	4.6%
Visitor revenue	242	224	8.2%
Other revenue	10	9	5.7%
<b>Total revenue</b>	<b>252</b>	<b>233</b>	<b>8.1%</b>

# LEGOLAND PARKS REVENUE SPLIT



£ millions, unless stated	H1 2015	H1 2014	Reported Growth
Statutory visitors <sup>1</sup> (m)	4.5	4.6	(1.1)%
Revenue per capita (£)	31.71	29.44	7.7%
Visitor revenue	143	134	6.6%
Other revenue	35	28	26.4%
<b>Total revenue</b>	<b>178</b>	<b>162</b>	<b>10.0%</b>

# RESORT THEME PARK REVENUE SPLIT



£ millions, unless stated	H1 2015	H1 2014	Reported Growth
Statutory visitors <sup>1</sup> (m)	4.1	4.4	(5.7)%
Revenue per capita (£)	21.01	21.22	(1.0)%
Visitor revenue	87	93	(6.6)%
Other revenue	25	24	6.9%
<b>Total revenue</b>	<b>112</b>	<b>117</b>	<b>(3.8)%</b>

# FX SENSITIVITY



£ millions, unless stated	H1 2015	H1 2014	% Change	Revenue impact, £m
USD	1.53	1.66	8.2%	11
EUR	1.37	1.21	(13.0)%	(11)
AUD	1.93	1.84	(4.9)%	(1)
Other				(1)
<b>Total</b>				<b>(2)</b>

£ millions, unless stated	H1 2015	H1 2014	% Change	EBITDA impact, £m
USD	1.53	1.66	8.3%	4
EUR	1.44 <sup>1</sup>	1.22	(18.4)%	(2)
AUD	1.92	1.84	(4.0)%	-
Other				1
<b>Total</b>				<b>3</b>

28 | Tables show impact of translating 2014 reported results at actual, 2015 average rates

<sup>1</sup> 1.44, which is greater than the simple average exchange rate for the period, includes the impact of translating EBITDA losses in the early part of the year and EBITDA profits later in the period at differing FX rates

# COST BREAKDOWN



£ millions, unless stated	H1 2015	H1 2014	Constant Currency	Reported Growth
Employment costs	157	147	8.2%	6.5%
% of revenue	28.8%	28.7%		
Rent	42	40	7.1%	6.5%
% of revenue	7.8%	7.8%		
Marketing	38	34	13.1%	11.7%
% of revenue	6.9%	6.6%		
Other	103	97	7.7%	5.8%
% of revenue	18.9%	19.0%		



# ATTRACTION COUNT



	UK			Cont. Europe			Americas			Asia Pacific			Group		
	2 May 2015	Mov't	27 June 2015	2 May 2015	Mov't	27 June 2015	2 May 2015	Mov't	27 June 2015	2 May 2015	Mov't	27 June 2015	2 May 2015	Mov't	27 June 2015
SEA LIFE	13	-	13	18	-	18	7	1	8	8	-	8	46	1	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	-	2	7	-	7	2	-	2	12	-	12
Eye	2	-	2	-	-	-	-	1	1	1	-	1	3	1	4
Other	-	-	-	-	-	-	-	-	-	6	-	6	6	-	6
Midway	23	-	23	26	-	26	20	3	23	25	-	25	94	3	97
LLP	1	-	1	2	-	2	2	-	2	1	-	1	6	-	6
RTP	4	-	4	2	-	2	-	-	-	-	-	-	6	-	6
<b>Group</b>	<b>28</b>	<b>-</b>	<b>28</b>	<b>30</b>	<b>-</b>	<b>30</b>	<b>22</b>	<b>3</b>	<b>25</b>	<b>26</b>	<b>-</b>	<b>26</b>	<b>106</b>	<b>3</b>	<b>109</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 taking account of a normalised long term effective tax rate divided by end of period net operating assets
ROIC	Average EBITDA over the first five years divided by total development capex
RPC	Revenue per Cap, defined as Visitor Revenue 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

# 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



Atlanta  
Boston  
Chicago  
Dallas  
Kansas City  
Toronto  
Westchester



Orlando\*

## ▲ EUROPE ATTRACTIONS



Benalmadena  
Berlin  
Blankenberge  
Bray  
Gardaland  
Hannover  
Helsinki  
Istanbul  
Jesolo  
Königswinter  
Konstanz  
München  
Oberhausen  
Paris  
Porto  
Scheveningen  
Speyer  
Timmendorfer Strand



Amsterdam  
Berlin  
Vienna



Amsterdam  
Berlin  
Hamburg



Lake Garda



Milan



Soitau



Billund  
Günzburg



Berlin  
Istanbul\*  
Oberhausen

## ● UK ATTRACTIONS



Birmingham  
Blackpool  
Brighton  
Great Yarmouth  
Hunstanton  
Loch Lomond  
London  
Manchester  
Scarborough  
Weymouth  
and Tower



Gweek  
Oban  
Blackpool  
Edinburgh  
London  
Warwick  
York



Blackpool  
London



Alton



Chessington



Warwick



Chertsey



London\*



Windsor



Manchester



London  
Blackpool

## ■ ASIA ATTRACTIONS



Bangkok  
Busan  
Shanghai



Bangkok  
Beijing  
Hong Kong  
Singapore  
Shanghai  
Tokyo  
Wuhan



Malaysia



Osaka\*  
Tokyo

## ◆ AUSTRALIA / NEW ZEALAND ATTRACTIONS



Auckland  
Melbourne  
Mooloolaba  
Sydney



Manly



Sydney  
Hamilton Island



Sydney



Sydney



Otway  
Illawarra



Mount Hotham



Falls Creek

MERLIN  
ENTERTAINMENTS

\*Opening 2015





MERLIN  
ENTERTAINMENTS