



SEA LIFE Shenyang

MERLIN ENTERTAINMENTS 2019 INTERIM RESULTS PRESENTATION

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HI SUMMARY

GROUP PERFORMANCE TO DATE BROADLY IN LINE WITH BOARD EXPECTATIONS

- Better Midway and RTP revenue performance
- Challenging trading in LEGOLAND Parks
- EPS decline impacted by ongoing cost pressures, D&A and Tax

GOOD STRATEGIC PROGRESS

- 372 new rooms opened
- Eight new Midways
- Productivity Agenda



PRESENTATION OF FINANCIALS

- **IFRS 15 (Revenue)**
 - Reported since the start of 2018
 - Both years therefore reported under IFRS 15
- **IFRS 16 (Leases)**
 - Reported since the start of 2019
 - Presentation restates H1 2018 financials for IFRS 16
 - £41m increase to reported H1 2018 EBITDA
- **Discontinued operations**
 - Ski fields disposal treated as discontinued operations
 - H1 2018 restated for Revenue of £3m and EBITDA loss of £(4)m
- **Exceptional items**
 - £2m exceptional costs in H1 2019

Reconciliation from H1 2018 as reported to H1 2018 as restated is shown in the appendix

SUMMARY FINANCIALS

Performance broadly in line with Board expectations

£ millions (unless stated)	HI 2019	HI 2018 (restated)	Reported growth	Organic growth ¹	Like for like growth
Revenue	763	706	8.1%	6.5%	2.3%
Underlying EBITDA	191	188	1.4%	(0.8)%	
D&A	(112)	(100)	(12.1)%	(10.9)%	
Underlying operating profit	79	88	(10.8)%	(14.2)%	
Underlying profit after tax	25	33	(24.4)%		
Adjusted EPS (p)	2.5	3.3	(24.7)%		
DPS (p)	-	2.5p	n/a		
Operating free cash flow ²	110	107	2.4%		

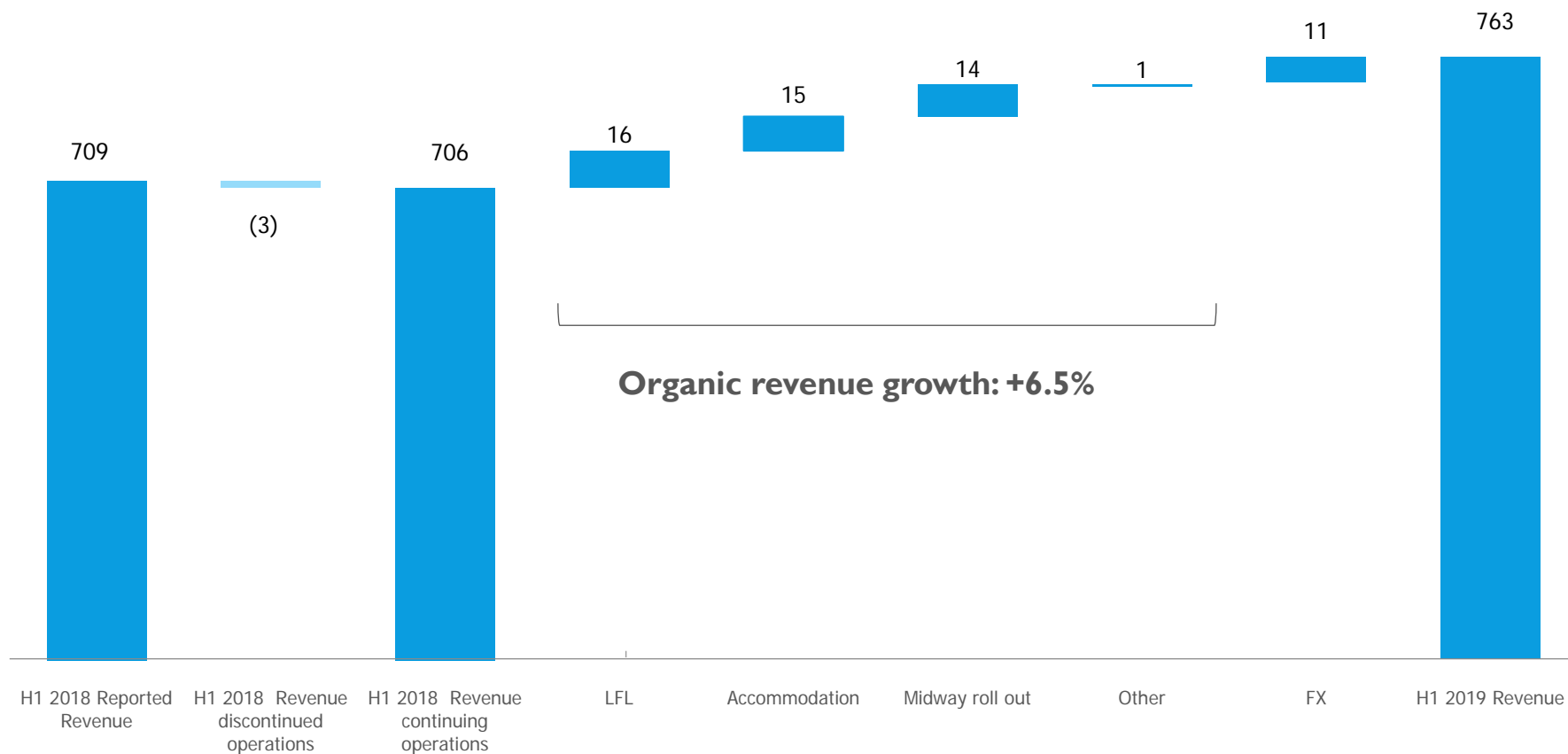
All based upon continuing operations, excluding the Ski Fields sold in April. Presentation references continuing operations unless otherwise stated

¹ Growth from like for like and New Business Development, at constant currency

² EBITDA less Existing Estate Capex

REVENUE BRIDGE HI'18 - HI'19

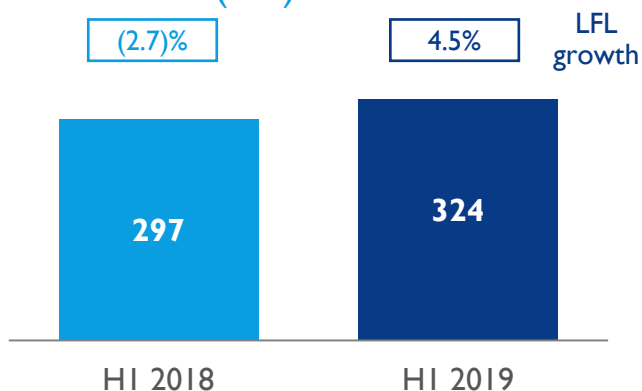
Balanced growth from like for like and New Business Development



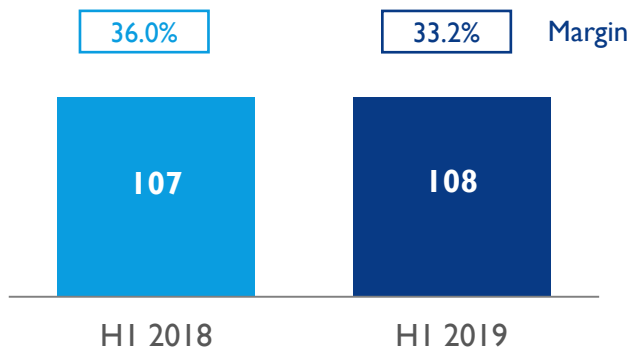
MIDWAY PERFORMANCE

Revenue growth balanced between LFL and new openings

REVENUE (£m)



EBITDA (£m)



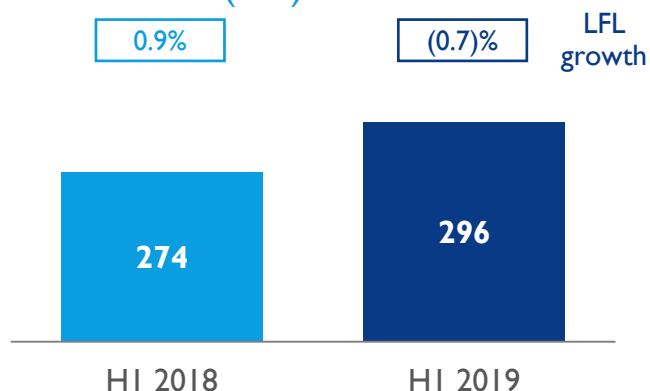
- Organic revenue growth of 8.1%
- LFL revenue growth of 4.5%
 - Steady recovery in London
 - Chang Feng Ocean World Beluga whale impact as anticipated
 - Re-opening of LDC Shanghai
 - Solid growth elsewhere
- Eight new Midway attractions opened to date¹
- Decrease in margin
 - Improvement in London margin
 - Investment in new brands and markets
 - Continued cost pressures

¹ Includes The Alton Towers Dungeon reported under Resort Theme Parks results and SEA LIFE Malaysia reported under LEGOLAND Parks results

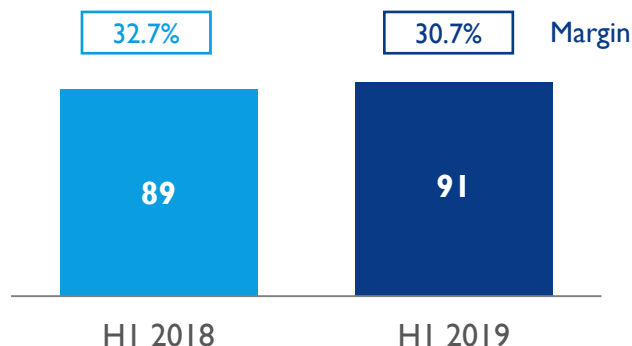
LEGOLAND PARKS PERFORMANCE

New accommodation partly offsets disappointing trading

REVENUE (£m)



EBITDA (£m)

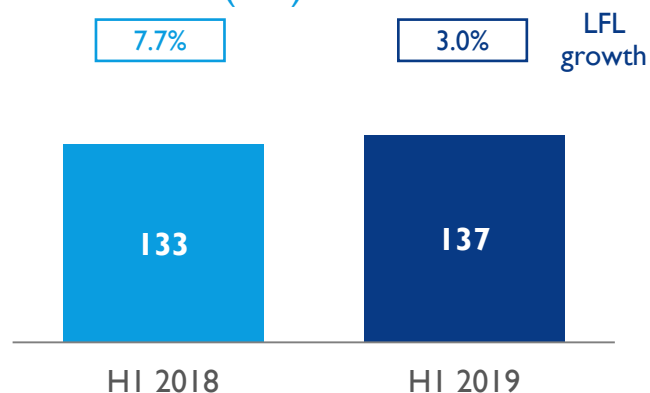


- Organic revenue growth of 4.6%
- Uplift from 142 rooms opened to date and 2018 openings
- Decline in LFL revenue
 - Poor weather, particularly in California
 - Market challenges
 - Limited benefit from 'The LEGO Movie 2'
- Accommodation revenue: 25% of total revenue (2018: 22%)
- Margin lower due to LFL revenue performance and continued cost pressures

RESORT THEME PARKS PERFORMANCE

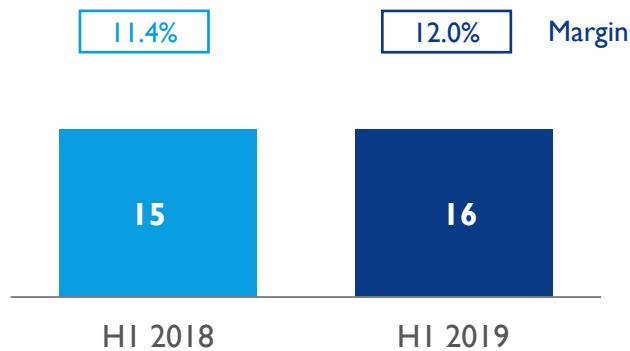
Good performance despite difficult comparatives

REVENUE (£m)



- Organic revenue growth of 4.1%
- LFL growth of 3.0% despite difficult comparatives
 - Favourable Easter weather in the UK
 - ‘Colossos’ launch at Heide Park
- 230 new accommodation rooms opened
- Accommodation revenue: 21% of total revenue (2018: 21%)

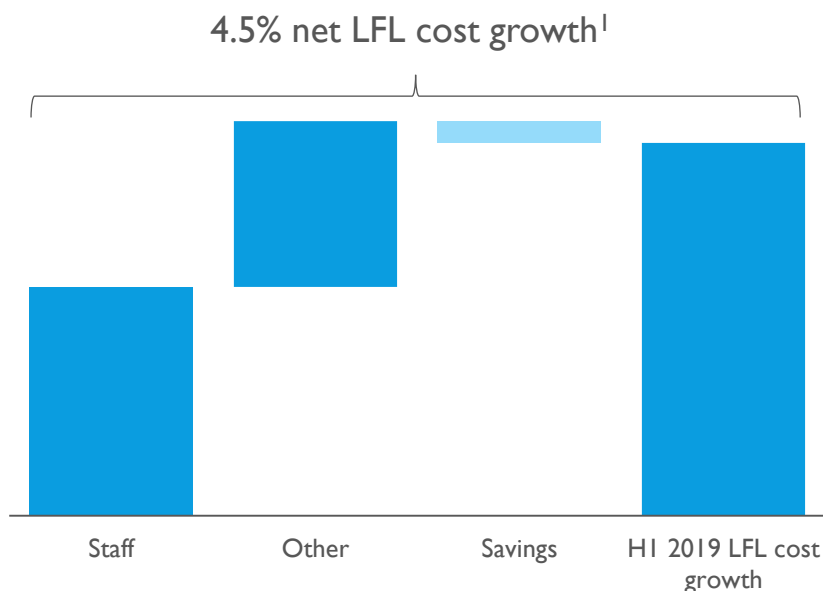
EBITDA (£m)



COST AND PRODUCTIVITY AGENDA UPDATE



HI LFL COST GROWTH



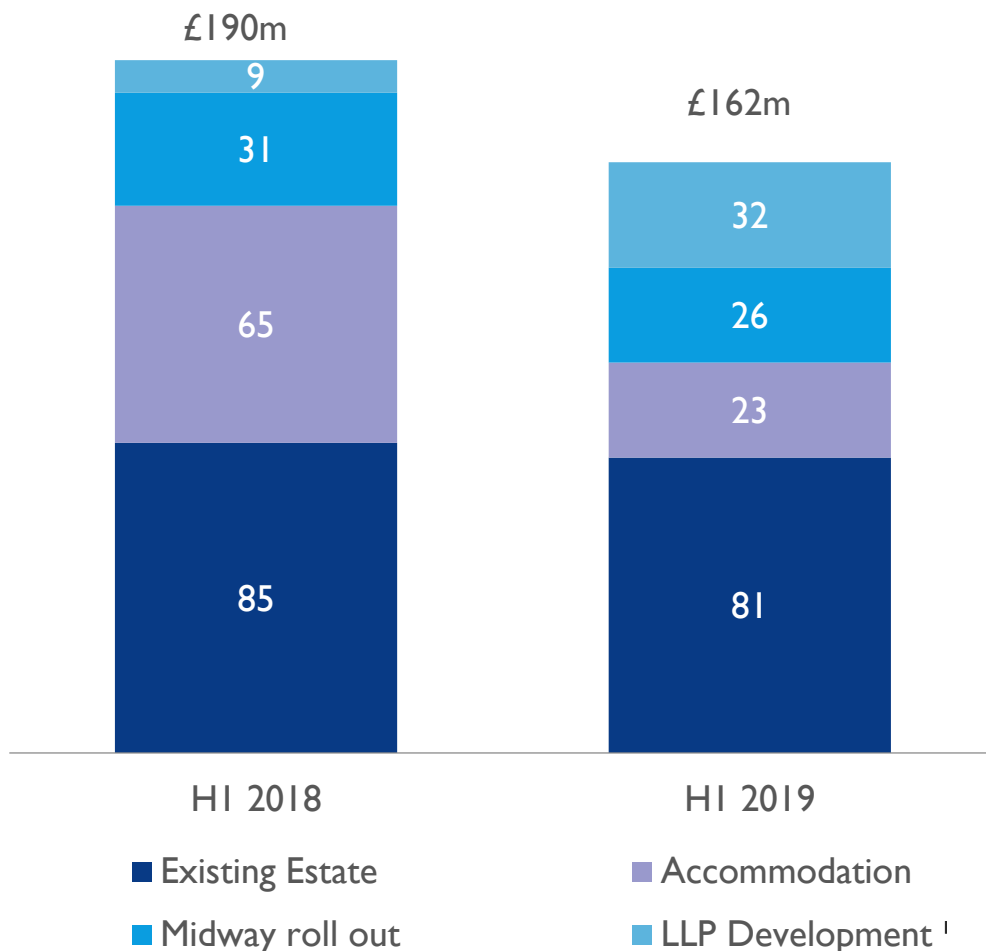
PRODUCTIVITY AGENDA UPDATE

- Shared Service Centre opening shortly in Basingstoke, UK, as part of 'Finance 21'
- Standardisation and simplification of processes at smaller Midways
- 'Lean' projects at theme parks
- Rationalisation of some Central functions
- Financial guidance unchanged
 - c£10m savings in 2019
 - c£35m savings by 2022

¹ In line with full year guidance and excludes certain costs related to the Recommended Offer

CAPITAL EXPENDITURE

2019 capex expected to be slightly lower than previously guided

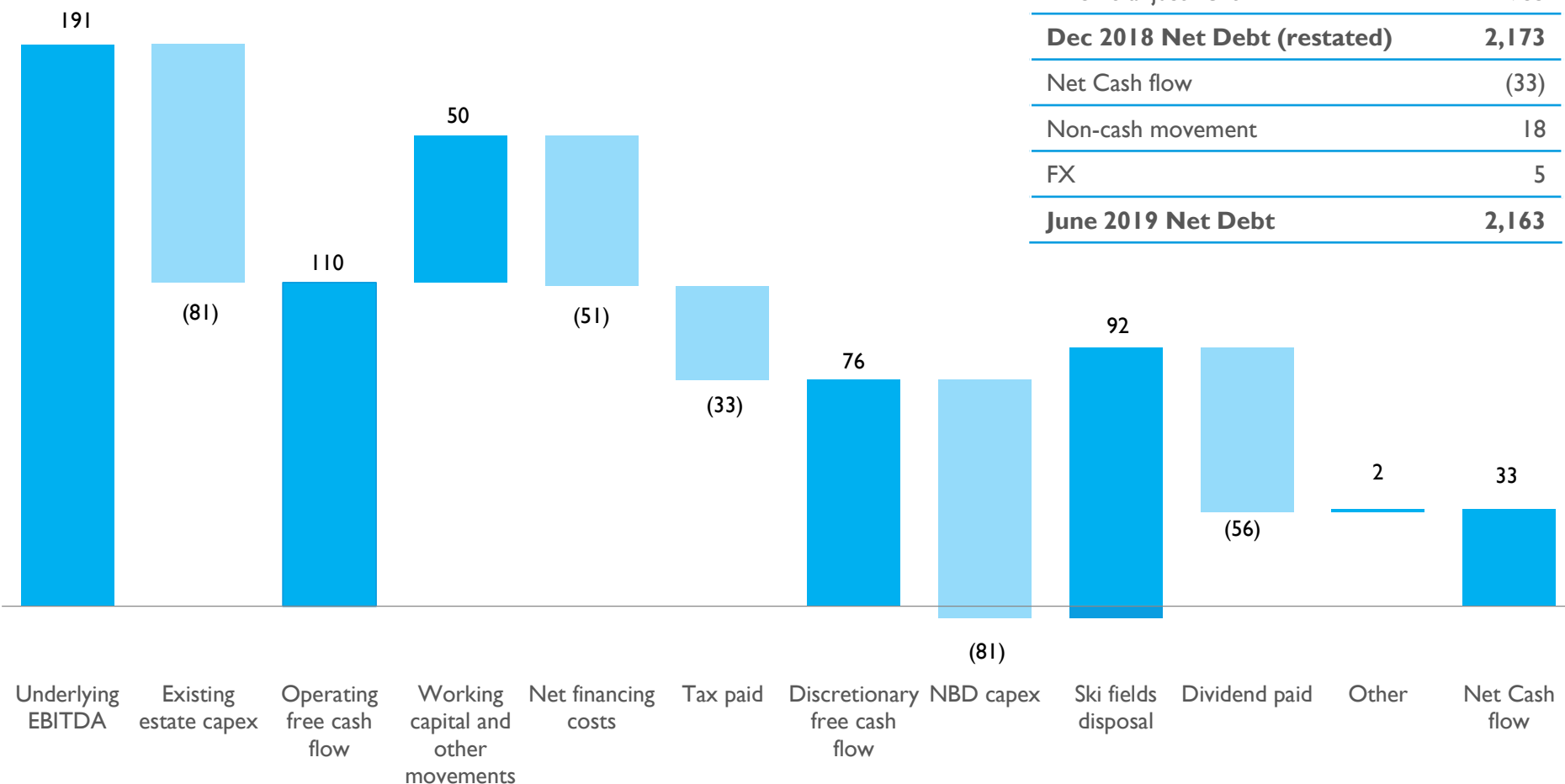


- Continued focus on existing estate efficiency
- 2019 capex below guidance due to phasing of LEGOLAND New York
 - LEGOLAND New York hotel now expected to open in 2021
- 2020 accommodation openings to comprise:
 - LEGOLAND Florida (150 rooms)
 - LEGOLAND Dubai joint venture (250 rooms)

¹ Includes expenditure on Gardaland LEGO Waterpark

CASH FLOW

Cash flow reflects seasonality of trading



	£m
Dec 2018 Net Debt (reported)	1,190
IFRS 16 adjustment	983
Dec 2018 Net Debt (restated)	2,173
Net Cash flow	(33)
Non-cash movement	18
FX	5
June 2019 Net Debt	2,163

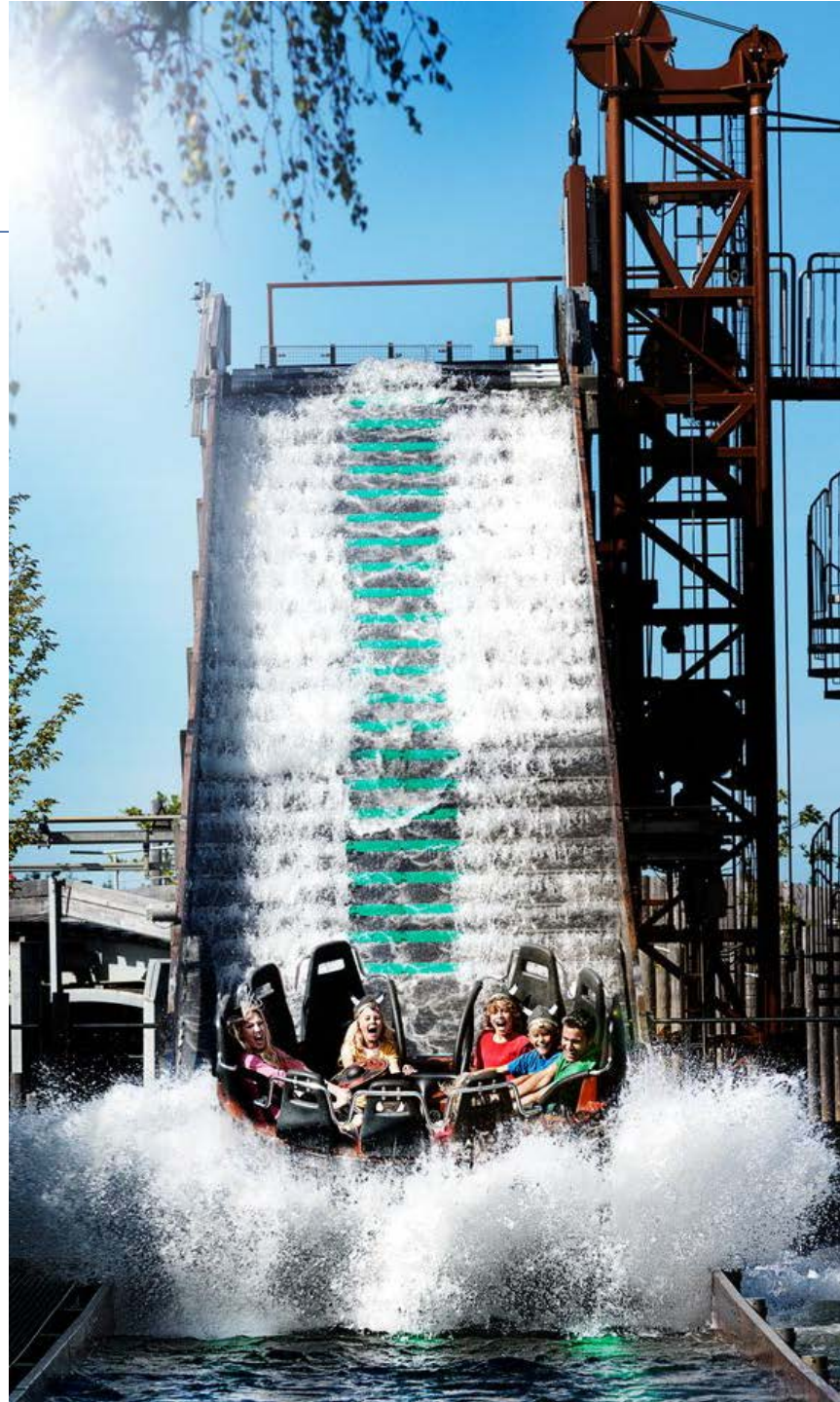
CONCLUSION

- Performance to date broadly in line with Board expectations
- Good strategic progress
- Focused on delivering peak season



RECOMMENDED OFFER: TIMETABLE UPDATE

- Scheme documents published today
- Shareholder vote and Court Meeting scheduled for 3 September
- Anti-trust filings underway
- Targeted completion in Q4



Q&A



APPENDIX



RECONCILIATION TO HI 2018 (RESTATED)

	HI 2018 (reported)	IFRS16	Discontinued operations	HI 2018 (restated)	HI 2019 (underlying)
Revenue	709	-	(3)	706	763
EBITDA	143	41	4	188	191
Operating profit	63	19	6	88	79
Profit before tax	43	(6)	6	43	34
Profit after tax	33	(5)	5	33	25
EPS (p)	3.3	(0.5)	0.5	3.3	2.5
DPS (p)	2.5	-	-	2.5	-
Operating free cash flow	58	41	8	107	110

RECONCILIATION TO HI 2018 (RESTATED)

	HI 2018 (reported)	IFRS16	Discontinued operations	HI 2018 (restated)	HI 2019 (underlying)
Midway Attractions	79	24	4	107	108
LEGOLAND Parks	87	2	-	89	91
Resort Theme Parks	1	14	-	15	16
Central	(24)	1	-	(23)	(24)
Group EBITDA	143	41	4	188	191
Midway Attractions	45	11	6	62	56
LEGOLAND Parks	64	1	-	65	62
Resort Theme Parks	(17)	7	-	(10)	(9)
Central	(29)	-	-	(29)	(30)
Group Operating Profit	63	19	6	88	79

RESTATEMENT OF 2018 FULL YEAR RESULTS

	December 2018 (reported)	IFRS16	Discontinued operations	December 2018 (restated)
Revenue	1,688	-	(35)	1,653
Underlying EBITDA	494	84	(12)	566
Underlying operating profit	327	39	(9)	357
Underlying profit before tax	289	(13)	(8)	268
Underlying profit for the period	234	(10)	(5)	219
Adjusted EPS (p)	22.9	(1.0)	(0.5)	21.4
Operating free cash flow	345	84	(7)	422

RESTATEMENT OF 2018 FULL YEAR RESULTS

	December 2018 (reported)	IFRS16	Discontinued operations	December 2018 (restated)
Midway Attractions	210	48	(12)	246
LEGOLAND Parks	242	6	-	248
Resort Theme Parks	88	29	-	117
Central	(46)	1	-	(45)
Group EBITDA	494	84	(12)	566
Midway Attractions	139	22	(9)	152
LEGOLAND Parks	194	2	-	196
Resort Theme Parks	51	15	-	66
Central	(57)	-	-	(57)
Group Operating Profit	327	39	(9)	357

MIDWAY FINANCIALS

£millions, unless stated	HI 2019	HI 2018	Reported growth	Organic growth
Revenue	324	297	8.9%	8.1%
Like for like growth	4.5%	(2.7)%		
Underlying EBITDA	108	107	0.6%	(0.1)%
Underlying Operating profit	56	62	(9.2)%	(9.7)%
Existing estate capex	22	22		

LEGOLAND PARKS FINANCIALS

£millions, unless stated	HI 2019	HI 2018	Reported growth	Organic growth
Revenue	296	274	7.9%	4.6%
Like for like growth	(0.7)%	0.9%		
Underlying EBITDA	91	89	1.3%	(2.5)%
Underlying Operating profit	62	65	(5.6)%	(9.5)%
Existing estate capex	32	25		

RESORT THEME PARKS FINANCIALS

£millions, unless stated	HI 2019	HI 2018	Reported growth	Organic growth
Revenue	137	133	3.6%	4.1%
Like for like growth	3.0%	7.7%		
Underlying EBITDA	16	15	9.8%	9.7%
Underlying Operating profit	(9)	(10)	7.0%	5.9%
Existing estate capex	15	26		

COST BREAKDOWN

£millions, unless stated	HI 2019	HI 2018	Reported growth	Organic growth
Employment costs	223	208	7.0%	6.8%
% of revenue	29.2%	29.5%		
Rent	11	10	7.3%	7.6%
% of revenue	1.4%	1.4%		
Marketing	51	47	10.6%	9.9%
% of revenue	6.7%	6.6%		
Other	148	127	16.8%	17.2%
% of revenue	19.5%	18.0%		

MIDWAY REVENUE SPLIT

£millions, unless stated	HI 2019	HI 2018	Reported growth	Organic growth
Statutory visitors ¹ (m)	19.7	18.6	5.9%	5.9%
Revenue per capita (£)	16.02	15.42	3.9%	3.0%
Visitor revenue	315	286	9.9%	9.1%
Other revenue	9	11	(17.8)%	(18.3)%
Total revenue	324	297	8.9%	8.1%

¹ Statutory visitors, excluding joint ventures and management contracts

LEGOLAND PARKS REVENUE SPLIT

£millions, unless stated	HI 2019	HI 2018	Reported growth	Organic growth
Statutory visitors ¹ (m)	5.7	5.8	(0.7)%	(0.7)%
Revenue per capita (£)	36.61	35.18	4.1%	0.7%
Visitor revenue	209	203	3.4%	0.0%
Accommodation revenue	75	61	23.0%	19.6%
Other revenue	12	10	9.5%	6.7%
Total revenue	296	274	7.9%	4.6%

¹ Statutory visitors, excluding LEGOLAND Malaysia and LEGOLAND Dubai

RESORT THEME PARKS REVENUE SPLIT

£millions, unless stated	HI 2019	HI 2018	Reported growth	Organic growth
Statutory visitors (m)	4.3	4.2	1.5%	1.5%
Revenue per capita (£)	24.57	23.98	2.4%	2.9%
Visitor revenue	105	101	4.0%	4.4%
Accommodation revenue	29	28	3.4%	3.8%
Other revenue	3	4	(4.0)%	(3.8)%
Total revenue	137	133	3.6%	4.1%

FX SENSITIVITY

	HI 2019	HI 2018	% Change	Revenue impact, £m
USD	1.30	1.37	(5.2)%	(13)
EUR	1.15	1.14	1.3%	2
AUD	1.84	1.77	3.6%	1
Other				(1)
Change in 2019 revenues at 2018 FX rates				(11)

	HI 2019	HI 2018	% Change	EBITDA impact, £m
USD	1.30	1.37	(5.0)%	(4)
EUR	1.16	1.14	1.2%	-
AUD	1.83	1.74	5.4%	-
Other				-
Change in 2019 EBITDA at 2018 FX rates				(4)

Tables show the impact of translating 2019 reported results at actual 2018 average rates
The difference in average rates is a result of the seasonality of the business with the Group's portfolio of attractions operating on different trading cycles

NET DEBT

£millions, unless stated	HI 2019	HI 2018 (restated)	2018 as reported
Loans and borrowings	1,120	1,157	1,157
Cash and cash equivalents	(134)	(117)	(117)
Net Debt (excluding lease liabilities)	986	1,040	1,040
Lease liabilities	1,177	1,150	195
Net Debt	2,163	2,190	1,235

Credit Ratings¹

S&P: BB, watch negative

Moody's : Ba2, under review

¹ Updates published following the announcement of the Recommended Offer on 28 June

DEBT FACILITIES

	Total (£m)	Maturity	Interest rate
Drawn from £600m Revolving Credit Facility	168	2024	LIBOR + 1.25%
€700m Bond	627	2022	Fixed 2.75%
\$400m Bond	315	2026	Fixed 5.75%
Drawn Term Debt	1,110		
Undrawn from £600m Revolving Credit Facility (£168m drawn)	432	2024	
Total Facilities	1,542		

Excludes finance costs, accrued interest and fair value adjustments

ATTRACTION COUNT



	UK		Cont. Europe				Americas			Asia Pacific			Group		
	29 Dec 18	Mov't	29 Jun 19	29 Dec 18	Mov't	29 Jun 19	29 Dec 18	Mov't	29 Jun 19	29 Dec 18	Mov't	29 Jun 19	29 Dec 18	Mov't	29 Jun 19
SEA LIFE	11	-	11	18	-	18	8	-	8	9	2	11	46	2	48
Madame Tussauds	2	-	2	4	-	4	7	-	7	10	-	10	23	-	23
Dungeons	5	1	6	3	-	3	1	-	1	1	-	1	10	1	11
LDC	2	-	2	3	-	3	11	1	12	4	2	6	20	3	23
Eye	2	-	2	-	-	-	-	-	-	1	-	1	3	-	3
Other	2	-	2	1	-	1	-	2	2	8	(2)	6	11	-	11
Midway	24	1	25	29	-	29	27	3	30	33	2	35	113	6	119
LLP	1	-	1	2	-	2	2	-	2	3	-	3	8	-	8
RTP	4	-	4	2	-	2	-	-	-	-	-	-	6	-	6
Group	29	1	30	33	-	33	29	3	32	36	2	38	127	6	133

Attractions opened to date in 2019 comprise Alton Towers Dungeon; LDC Beijing, San Antonio and Shenyang; SLC Malaysia and Shenyang and Peppa Pig World of Play in Dallas and Michigan.

Attractions sold in the period comprise the two ski fields in Australia.

ACCOMMODATION ROOM COUNT

	29 Dec 18	Rooms opened	Other movements	29 Jun 19
Billund (Denmark)	436	142	-	578
California	500	-	-	500
Deutschland	461	-	-	461
Florida	318	-	-	318
Malaysia	263	-	-	263
Windsor (UK)	209	-	-	209
Dubai	-	-	-	-
Japan	252	-	-	252
LEGOLAND Parks	2,439	142	-	2,581
Alton Towers (UK)	592	102	-	694
Chessington World of Adventures (UK)	254	-	-	254
Gardaland (Italy)	347	128	-	475
Heide Park (Germany)	329	-	-	329
THORPE PARK (UK)	90	-	-	90
Warwick Castle (UK)	67	-	-	67
Resort Theme Parks	1,679	230	-	1,909
Group	4,118	372	-	4,490

Excludes campsite pitches at LEGOLAND Deutschland and LEGOLAND Billund

GLOSSARY



Key terms	Definition
Adjusted EPS	Adjusted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders, adjusted for exceptional items, by the weighted average number of ordinary shares in issue during the year
ARR	Average Room Rate
Capex	Capital expenditure
Cluster	A group of attractions located in a city close to one another
Constant Currency growth	Using 2018 exchange rates
EBITDA	Profit before finance income and costs, taxation, depreciation and amortisation and after taking account of attributable profit after tax of joint ventures
EPS	Earnings per share
LBC	Little BIG City
FX	Effect of movements in foreign exchange
LDC	LEGOLAND Discovery Centre
Lead price	Face value of a ticket, which may then be discounted
Like for like (LFL)	2019 LFL growth refers to the growth between 2018 and 2019 at constant currency and accounting standards and includes all businesses owned and operated before the start of 2018
LLP	LEGOLAND Parks Operating Group
MAT	Moving Annual Total
Midway	The Midway Attractions Operating Group and/or the Midway attractions within it. Midway attractions are typically smaller, indoor attractions located in city centres, resorts or shopping malls
NBD	NBD relates to attractions that are newly opened or under development for future opening, together with the addition of new accommodation at existing sites. New openings can include both Midway attractions and new theme parks. NBD combines with the existing estate to give the full estate of attractions

Key terms	Definition
Non-core	Non-core represents those businesses which Merlin has ceased the operation of during the period
Net Promoter Score (NPS)	How we measure the propensity of our customers to recommend our attractions
Organic Growth	Growth from like for like businesses and new business development at constant currency and accounting standards and excluding growth from acquisitions
Operating free cash flow	Underlying EBITDA less Existing Estate Capex
Resident Market	The total population living within a two-hour drive of the attractions
ROCE	Return on Capital Employed. The profit measure used in calculating ROCE is based on underlying operating profit after tax. The capital employed element of the calculation is based on average net operating assets which include all net assets other than deferred tax, derivative financial assets and liabilities, and net debt.
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 aquarium attractions. These are part of the Midway Attractions Operating Group.
Top Box Satisfaction	The highest level of customer satisfaction that we record in our customer surveys.
Underlying	Underlying information presented excludes exceptional items that are classified separately within the financial statements
Visitors	Represents all individual visits to Merlin owned or operated attractions
YOY	Year on year

WORLD OF ATTRACTIONS



Key

- Existing Merlin attractions
- ▽ Existing UK attractions
- 2018 new attractions

MIDWAY ATTRACTIONS



Amazing Discoveries
United Kingdom: 11
Continental Europe: 18
North America: 8
Asia Pacific: 9



Famous Fun
United Kingdom: 2
Continental Europe: 4
North America: 7
Asia Pacific: 10



Playful Learning
United Kingdom: 2
Continental Europe: 3
North America: 11
Asia Pacific: 4



Continental Europe: 1
Asia Pacific: 1



United Kingdom: 1



Asia Pacific: 2



Asia Pacific: 1¹



Asia Pacific: 1¹



Asia Pacific: 2



Scary Fun
United Kingdom: 5
Continental Europe: 3
North America: 1
Asia Pacific: 1



Eye Opening
United Kingdom: 2
Asia Pacific: 1



Asia Pacific: 1



United Kingdom: 1

THEME PARKS



Playful Learning
United Kingdom: 1
Continental Europe: 2
North America: 2
Asia Pacific: 3



Fantastic Escapism
United Kingdom



Wild Adventure
United Kingdom



Big Fantasy Adventure
Italy



Extraordinary Adventure
Germany



Insane Fun
United Kingdom



Ultimate Castle
United Kingdom

As at 29 December 2018

¹Sale of Ski Resorts to Vail Resorts Inc. completed on 5 April 2019

MERLIN ENTERTAINMENTS PLC 2019 INTERIM RESULTS

FORWARD-LOOKING STATEMENTS DISCLAIMER



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