



## **MERLIN ENTERTAINMENTS LIMITED**

### **COVID-19 Update Statement - 7 April 2020**

In light of the ongoing business disruption caused by the COVID-19 virus, Merlin Entertainments is providing an update to lenders and bondholders as to the measures undertaken and being pursued in order to preserve our financial condition and maintain liquidity.

First and foremost, our primary objective has been to protect the well-being of our guests and employees. Within each of our geographies we have proactively engaged with public health and local government officials to implement their guidance as regards to hygiene and social distancing.

However, we are starting to be able to re-open attractions in Asia with several of our Midway attractions in Shanghai re-opening in the second week of March and LEGOLAND Japan re-opening on 24 March 2020. However, the situation in parts of Asia remains fluid, and we are monitoring developments closely.

We started taking action early in the crisis, particularly as the pandemic was emerging in Asia during January, and we are taking every step possible to manage the business in order to reduce our cost base, access government support and delay discretionary capital expenditures.

We have enacted measures to significantly reduce our variable operating expenses (including staff, marketing, rent, motor & travel) and fixed costs in the UK, Europe and North America. Where attractions have been closed, we are operating with a core group of employees in order to maintain the sites and did not hire seasonal staff as we would typically have done.

We expect to benefit from various government measures, such as contribution to salaries for employee furloughs, business rates holiday and reduced tax payments. Most countries where we operate have implemented some form of financial package to support businesses impacted by COVID-19.

Based on the measures taken to date, we will reduce our annualised cost base by at least £400 million and we are pursuing a number of additional measures which can be enacted to reduce cost further, as necessary.

We are also reviewing our planned capital projects and, where possible, re-phasing project spend to improve near term cashflow whilst ensuring that we have exciting new attractions in the next year as the business recovers once our domestic markets cease sheltering-in-home and restrictions on international travel are lifted.

As at 28 March 2020 the Group maintained total liquidity of over £500 million (following the drawdown of our £400m Revolving Credit Facility in combination with additional cash reserves held on balance sheet). We will continue to monitor the evolving situation in each of our markets and will take further action as required in order to ensure that the business maintains its financial condition whilst also continuing to adhere to public health guidelines, re-opening our sites only when it is safe to do so.

Our spread of sites across the world and in different formats means that we will be able to re-open sites gradually across the portfolio in line with prevailing local conditions. For example, in Asia this is already taking place. Site re-openings will also be timed to meet consumer demand taking into consideration the additional marginal cost of opening, for example, Midway attractions, which have less marginal cost to open relative to Theme Parks.

Our shareholders, KIRKBI, Blackstone, and CPPIB, remain fully supportive of the business and the leadership team in delivering the revised plan and are confident that the business will be well positioned to recover once the temporary impacts of COVID-19 are lifted.

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