

# Q1 2017 INVESTOR PRESENTATION

*as of May 9, 2017*

SEAWORLD  
ENTERTAINMENT.



# Disclosures

## **Statement Regarding Forward-Looking Statements**

This presentation contains “forward-looking statements” within the meaning of U.S. federal securities laws. All statements contained in this presentation other than statements of historical facts are forward-looking statements. Words such as “might,” “will,” “may,” “should,” “estimates,” “expects,” “continues,” “contemplates,” “anticipates,” “projects,” “plans,” “potential,” “predicts,” “intends,” “believes,” “forecasts,” “future,” “guidance,” “targeted” and variations of such words or similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not historical facts, and are based upon management’s current expectations, beliefs, estimates and projections, and various assumptions, many of which are inherently uncertain and beyond our control. Such expectations, beliefs, estimates and projections are expressed in good faith and management believes there is a reasonable basis for them. However, there can be no assurance that management’s expectations, beliefs, estimates and projections will be achieved and actual results may differ materially from what is expressed in or indicated by the forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the forward-looking statements, including risks detailed in SeaWorld Entertainment, Inc.’s (“SeaWorld” or the “company”) 2016 Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission (the “SEC”), as such risk factors may be updated from time to time in our periodic filings with the SEC. Forward-looking statements speak only as of the date the statements are made. The company assumes no obligation to update forward-looking statements to reflect actual results, subsequent events or circumstances or other changes affecting forward-looking information except to the extent required by applicable securities laws.

## **Statement Regarding Non-GAAP Financial Measures**

This presentation includes several metrics which are not calculated in accordance with the generally accepted accounting principles in the United States (“GAAP”), including Adjusted EBITDA and Free Cash Flow. These metrics have important limitations and should not be considered in isolation or as a substitute for measures of a company’s financial performance or liquidity prepared in accordance with GAAP. In addition, these metrics, as presented, may not be comparable to similarly titled measures of other companies due to varying methods of calculations.

Adjusted EBITDA is defined as net income (loss) before income tax expense, interest expense, depreciation and amortization, as further adjusted to exclude certain non-cash, and other items permitted in calculating covenant compliance under the credit agreement governing the company’s Senior Secured Credit Facilities. Management believes the presentation of Adjusted EBITDA is appropriate as it eliminates the effect of certain non-cash and other items not necessarily indicative of the company’s underlying operating performance. Management uses Adjusted EBITDA in connection with certain components of its executive compensation program. In addition, investors, lenders, financial analysts and rating agencies have historically used EBITDA-related measures in the company’s industry, along with other measures to estimate the value of a company, to make informed investment decisions and to evaluate a company’s ability to meet its debt service requirement. The presentation of Adjusted EBITDA also provides additional information to investors about the calculation of, and compliance with, certain financial covenants in the company’s Senior Secured Credit Facilities. Adjusted EBITDA is a material component of these covenants.

Free Cash Flow is defined as net cash provided by (used in) operating activities less capital expenditures. Management believes that Free Cash Flow is useful to investors, equity analysts and rating agencies as a liquidity measure. The company uses Free Cash Flow to evaluate its ability to generate cash flow from business operations. Free Cash Flow does not represent the residual cash flow available for discretionary expenditures, as it excludes certain expenditures such as mandatory debt service requirements, which are significant. Free Cash Flow is not defined by GAAP and should not be considered in isolation or as an alternative to net cash provided by (used in) operating, investing and financing activities or other financial data prepared in accordance with GAAP. Free Cash Flow as defined above may differ from similarly titled measures presented by other companies. Prior to the second quarter of 2016, the company’s definition of Free Cash Flow differed from the above. The company changed the definition of Free Cash Flow to provide a more meaningful metric to investors. Prior year amounts have been calculated using the above definition in all periods presented. For a reconciliation of Adjusted EBITDA to net income (loss) and Free Cash Flow to net cash provided by (used in) operating activities, please refer to the Appendix in this presentation or our Quarterly Earnings Release, which can be found at our website [www.seaworldentertainment.com](http://www.seaworldentertainment.com).

## **Statement Regarding Use of Registered Trademarks**

The company owns or has rights to use a number of registered and common law trademarks, service marks and trade names in connection with its business in the United States and in certain foreign jurisdictions, including *SeaWorld Entertainment*, *SeaWorld Parks & Entertainment*, *SeaWorld*®, *Busch Gardens*®, *Aquatica*®, *Discovery Cove*®, *Sea Rescue*®, and other names and marks that identify our theme parks, characters, rides, attractions and other businesses. In addition, the company has certain rights to use *Sesame Street*® marks, characters and related indicia through certain license agreements with Sesame Workshop (f/k/a Children’s Television Workshop).

Solely for convenience, trademarks, service marks and trade names referred to in this presentation may be without the ® and ™ symbols, but such references are not intended to indicate, in any way, that the company will not assert, to the fullest extent under applicable law, its rights or the rights of the applicable licensors to these trademarks, service marks, and trade names.

# COMPANY OVERVIEW

SEAWORLD  
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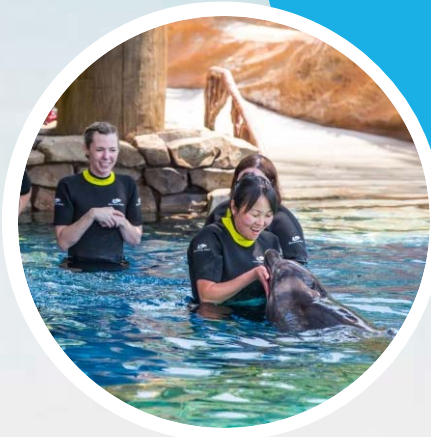




# A Unique Theme Park and Entertainment Company



*Providing experiences  
that matter and  
inspiring guests to  
protect animals and the  
wild wonders of our  
world*



# Who We Are

- **12 parks** in 5 states, with park clusters in 5 of 6 markets
- **Over 63M people** located within 150 miles of our parks<sup>1</sup>
- **4 of the top 20 theme parks** by attendance in North America<sup>2</sup>
- **3 of the top 10 water parks** by attendance in North America<sup>2</sup>
- More than **600 rides and attractions**<sup>1</sup>
- One of the largest zoological collections in the world
- Approximately **2,000 acres** of owned land, with nearly **400 acres** available for future development<sup>3</sup>
- **LTM 2017<sup>4</sup> Revenue: \$1,310M**
- **LTM 2017<sup>4</sup> Adjusted EBITDA: \$308M**



<sup>1</sup> As of December 31, 2016.

<sup>2</sup> Source: Theme Index: The Global Attractions Attendance Report TEA / AECOM, 2016.

<sup>3</sup> Defined as unimproved acreage outside park perimeter, including unpaved guest parking lots but excluding paved parking lots.

<sup>4</sup> Represents the twelve month period ended March 31, 2017 which does not include any Easter holiday and the related spring break benefit.

# Experiences That Matter

SEAWORLD  
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*We Inspire People to Protect Animals  
and the Wild Wonders of Our World*



**EXPLORE**



**INSPIRE**



**ACT**

Committed to the safety of our guests and employees and the health and well being of our animals



# Care for Our Community and the Wild Wonders We Share

## *A Global Leader in Animal Rescue, Rehabilitation, Release and Research*

- More than **1,500 ambassadors** dedicated to the care of our animals<sup>1</sup>
- One of the **world's most respected rescue programs** for ill and injured marine animals, with the goal to rehabilitate and return them to the wild
- Our ambassadors have helped **more than 29,000** ill, injured, orphaned and abandoned animals for more than five decades<sup>1</sup>
- Contribute to wildlife research, habitat protection, animal rescue and conservation education
- Follow our progress at [www.seaworldcares.com](http://www.seaworldcares.com)



# Successfully Transforming the Company

- 1 Taking Action to Address the Challenges ✓
- 2 Repositioning Brand to Experiences that Matter ✓
- 3 Investing in Distinct Guest Experiences: Fun and Meaningful ✓
- 4 Driving Organic and Strategic Revenue Growth ✓
- 5 Enhancing Financial Discipline ✓

*We are moving quickly and continue to execute a clear and deliberate strategy to improve performance and increase value for investors*



# 1 Taking Action to Address the Challenges

## Leadership

- Recruited Chief Executive Officer who established Five Point Plan with support of the Board of Directors
- Recruited Chief Financial Officer to enhance financial discipline and focus on driving margin improvement
- Recruited Chief Creative Officer to deliver more attractions with less capital
- Recruited new Chief Marketing Officer to focus on driving increased visitation

## Reputation

- Announced the ending of the Orca breeding program and transitioned orca entertainment show into greater educational focus
- Initiated a partnership with the Humane Society of the United States

## Refocus

- After Orca Announcement, determined not to pursue the \$300M Blue World project
- Redeployed capital to more cost-effective and higher return attractions to better drive revenue

## 2

## Repositioning Brand to Experiences that Matter

### Repositioning

- Fundamentally repositioning SeaWorld brand from animal entertainment to “Experiences that Matter”
- Existing show pools and viewing areas will be redesigned into a more naturalistic setting
  - Beginning in SeaWorld San Diego in Summer 2017 and will be at all SeaWorld parks by 2019
- Highlighting role as a global leader in animal rescue, rehabilitation, release and research

### Unique Experiences

- Going beyond standard theme and water parks with unique, never before seen experiences
- Turning parks inside out and engaging the community with SeaWorld’s wildlife enrichment programs
- World class attractions will tell SeaWorld’s mission and vision (e.g., Mako / Guy Harvey partnership)



**EXPLORE**



**INSPIRE**



**ACT**

3

## Investing in Distinct Guest Experiences: Fun and Meaningful



### Wave Breaker: The Rescue Coaster

- A new generation of coaster, the first of its kind in North America, combining the thrill of the sea, the adrenaline rush of a multi-launch roller coaster and the inspiration of animal rescue is coming to SeaWorld San Antonio
- *Opening in San Antonio in June*



### Kraken® Unleashed: Virtual Reality Experience

- SeaWorld Orlando's popular Kraken roller coaster will be transformed into our first virtual reality coaster experience taking riders on a mission alongside sea creatures inspired by extinct and legendary animals of the past
- *Coming to Orlando in June*



### InvadR

- A new wooden roller coaster, InvadR, has joined Busch Gardens Williamsburg as the park's first wooden coaster and eighth roller coaster in total
- Features exciting ride elements, including a more than 70 foot drop, nine airtime hills, and more than 2,100 feet of travel through a wooded terrain and underground tunnel
- *Now Open in Williamsburg*



3

## Investing in Distinct Guest Experiences: Fun and Meaningful



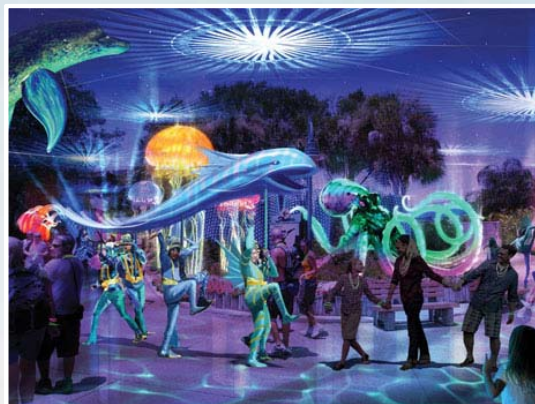
### New Orca Encounter

- Introducing new, inspiring, educational orca encounters, rather than theatrical shows, as part of our ongoing commitment to education, marine science research, and rescue of marine animals. These live documentaries will focus on orca enrichment, exercise, and overall health
- *Opening in **San Diego** in May, and will be at all SeaWorld parks by 2019*



### Ocean Explorer

- A new 3-acre realm combining multiple aquariums, exciting rides and digital technologies
- Multiple aquariums, five exciting new rides and digital technologies combine to create an experience centered on exploration and adventure
- Guests can get up close to real giant Pacific octopuses, Japanese spider crabs and California moray eels in three uniquely designed aquariums
- *Opening in **San Diego** this May*



### Electric Ocean

- A brand new, end-of-day spectacle event. As the sun goes down, the lights and energy go up, offering guests a different kind of fun after dark. The ocean comes to life with bioluminescent lighting, music and pathway entertainment, immersing guests in a glowing sea of wonder
- *Coming to **San Diego** and **Orlando** in June*

## 4 Driving Organic and Strategic Revenue Growth

### New Pricing Strategies

- Launched dynamic pricing initiatives for general admission products in Virginia
- In May, will implement dynamic pricing initiatives for general admission products in Texas and Pennsylvania
- Anticipate achieving an admissions per-cap increase in 2017

### Capex Driving Attendance

- Capital expenditure changed attendance trends
  - Positive swing in attendance after Mako (2016) and InvadR (2017) opened

### Season Pass Growth

- Drove early season pass sales revenue above the same period last year
  - 2017 season pass sales revenue through April are up nearly 6% over the same period last year

### Strategic Partnerships

- Announced a partnership to develop SeaWorld Abu Dhabi, set to open by 2022
  - Capital-lite partnership is a great template for international expansion
- Announced advisory services and support agreements with Zhonghong Holding Co.
  - Concept development and design of theme parks, water parks, and family entertainment centers in China, Taiwan, Hong Kong and Macau

# Enhancing Financial Discipline

## Cost Alignment and Margin Enhancement

- Implementing a cost optimization program that targets (\$40M) in net savings by the end of 2018 (~300bps in margin improvement)
- Targeting Adjusted EBITDA margin improvement to 28-30% near term, 32% longer term
- Implemented a restructuring program on December 6, 2016, to reduce costs, increase efficiencies, reduce duplication of functions, and improve the company's operations

## Cost Savings on Track

- In Q1 2017, the company is on track to achieve \$20M in cost savings in 2017 as it continues to implement its Cost Optimization Program.

## Improved Balance Sheet Health

- Renewed, and increased the capacity of our revolving credit facility to \$210 million
- Refinanced \$1 billion, or two-thirds, of our existing term debt
- The new term loans are competitively priced and stagger our debt maturities more effectively, greatly enhancing our financial flexibility

## Capex Optimization

- Increased cadence of capital deployment at SeaWorld parks to accelerate turnaround – 6 new rides and attractions scheduled for 2017.
- Reduced capital expenditure budget maximum from \$195M to \$175M (10% decrease) while increasing number of new rides & attractions in 2017 – doing more with less

## Disciplined Investment

- Target a minimum of 20% cash-on-cash project returns while prioritizing capital deployment where highest returns are generated





# INVESTMENT THESIS

*Why SeaWorld Entertainment?*

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# Why SeaWorld?

**1**

**A One of a Kind Portfolio**

**2**

**Strategic Growth Opportunities**

**3**

**Significant, Recurring Free Cash Flow**

**4**

**Disciplined Capital Deployment**

**5**

**Experienced and Focused Leadership Team**

**6**

**Carrying Momentum Through 2017**

1

# A One of a Kind Portfolio

## *Award-winning Theme Parks and Attractions*

- 8 of our 12 theme parks are ranked among the **top 25 amusement parks or water parks in the U.S.** by TripAdvisor Traveler's Choice Awards in 2016
- Busch Gardens Williamsburg named **most beautiful amusement park in the world** for 26 consecutive years<sup>1</sup>
- Busch Gardens Williamsburg also received **Best Landscaping** honor each year since 1998<sup>2</sup>
- Winner of the top three spots for **Best Marine Life Park** since 2006<sup>2</sup>
- Busch Gardens Tampa received the prestigious Liseberg Applause Award<sup>3</sup>



Busch Gardens Williamsburg



Discovery Cove



SeaWorld Orlando

<sup>1</sup> National Amusement Park Historical Association, 2016.

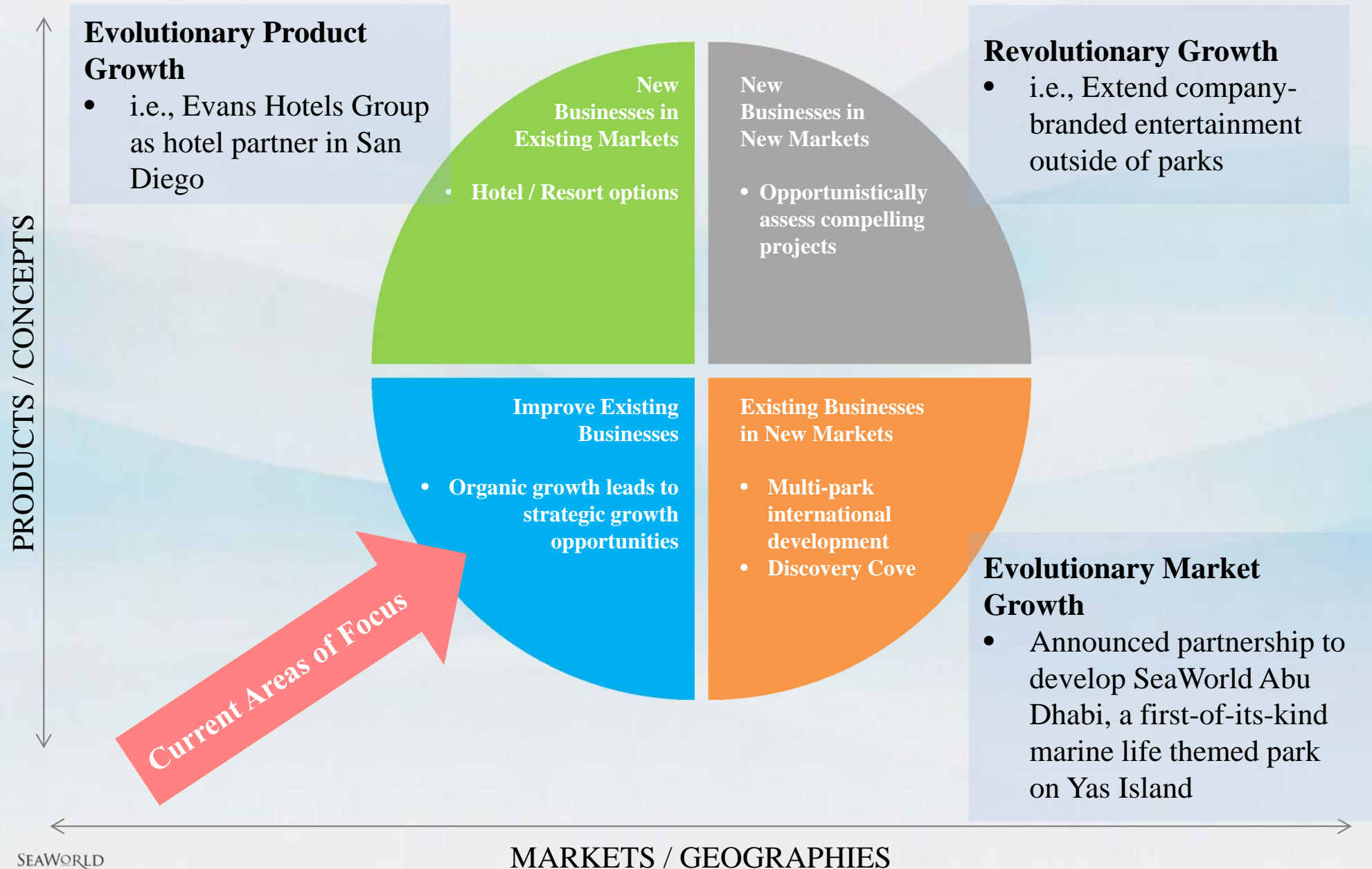
<sup>2</sup> Amusement Today, Inc. Golden Ticket Awards, 2016.

<sup>3</sup> International Association of Amusement Parks and Attractions, 2016.

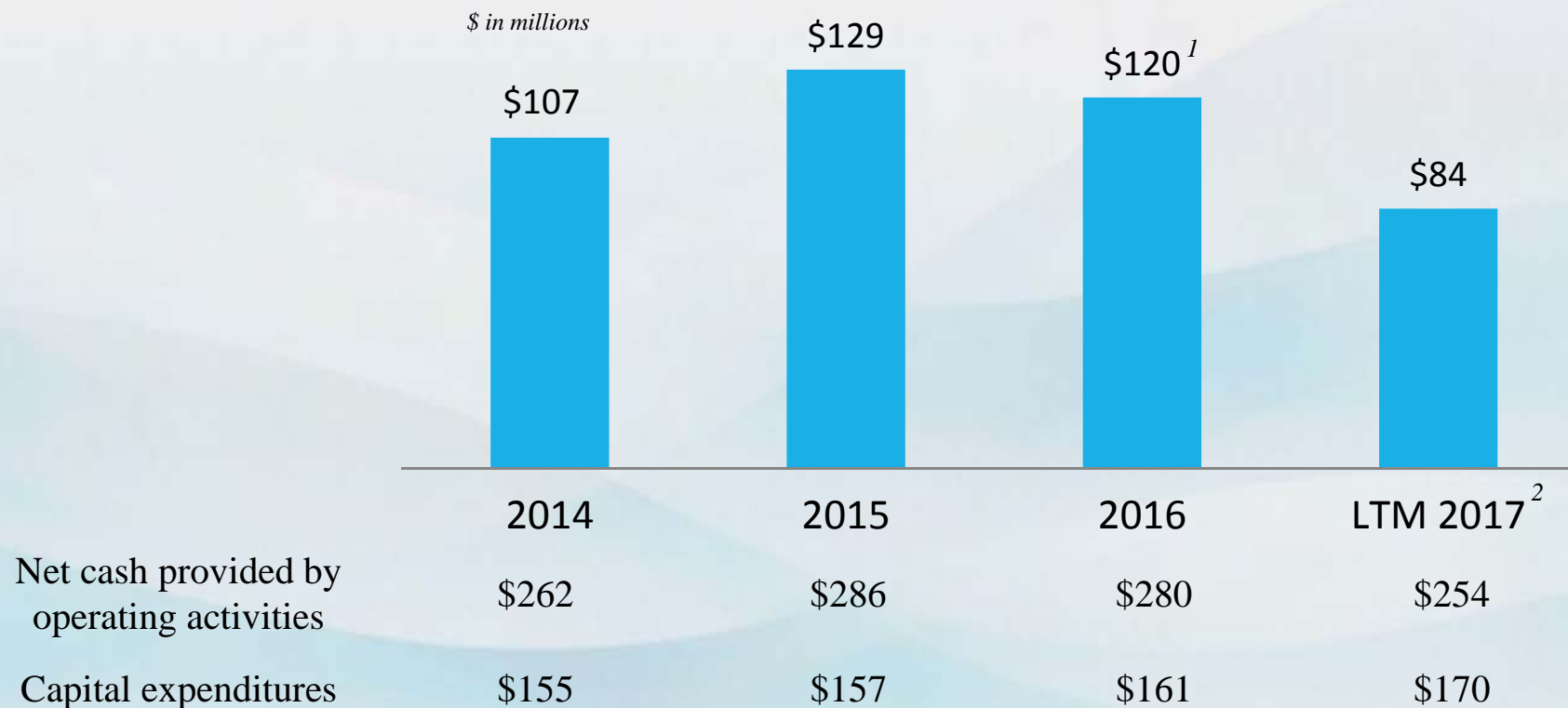


2

# Strategic Growth Opportunities



### 3 Significant, Recurring Free Cash Flow



- Strong Free Cash Flow business with **Positive Free Cash Flow**, even in challenging years
- **Stable and inexpensive** debt
- Tax shield from current Federal NOL balance, estimated full usage by 2021
- Free Cash Flow will be deployed to **maximize shareholder value** over long term

<sup>1</sup> May not foot due to rounding.

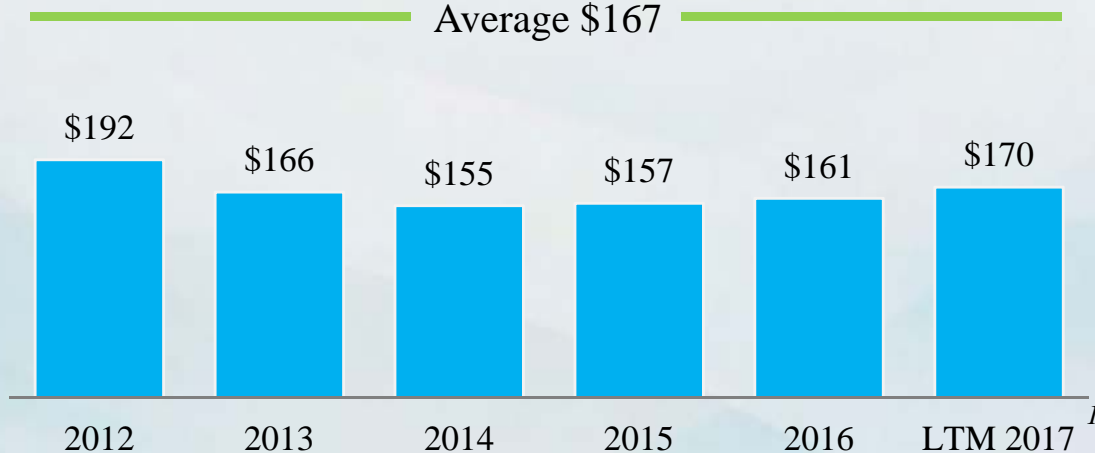
<sup>2</sup> Represents the twelve month period ended March 31, 2017 which does not include any Easter holiday and the related spring break benefit.

# Disciplined Capital Deployment

\$ in millions

## Capital Expenditures

Average \$167



### Growth Capital Approach (~75%)

New attractions	Drive revenue growth across portfolio of parks, target key markets at regular intervals
Events	Unique offerings aimed at driving repeat visitation and providing value
Revenue initiatives	Drive per capita growth through culinary, merchandise, animal experiences and interactions, etc.

### Sustainment Capital Approach (~25%)

Infrastructure	Safety, animal welfare, maintain guest expectations and cleanliness
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- **Committed to reinvesting** in the business
- **Disciplined capital spend** and ROI hurdles
  - Generally target a minimum 20% cash on cash project returns
  - Prioritize capital deployment where highest returns are generated
- Establish **cadence of capital** with customer-facing major and minor attractions
  - Helps address competition in key tourist markets with most upside
  - Focus on uniqueness of brands and guest preferences
- Leverage **value add technology** in unique and differentiated ways
  - Increase mobile engagement utilizing in-park Wi-Fi
  - Reduce lines and hassles for guests
  - Deliver personalized experience
- Ongoing analysis to **measure and manage performance**



5

## Experienced and Focused Leadership Team

Name	Title	Years with SEAS	Years in Industry
Joel K. Manby	President & Chief Executive Officer, Director	2	18
Peter J. Crage	Chief Financial Officer	1.5	28
Anthony Esparza	Chief Creative Officer	1.5	33
John Reilly	Chief Parks Operations Officer	31.5	31.5
Marc G. Swanson	Chief Accounting Officer	16.5	16.5
G. Anthony (Tony) Taylor	Chief Legal Officer, General Counsel & Corporate Secretary	16.5	16.5
Jack Roddy	Chief Human Resources and Culture Officer <i>20+ years experience including Starbucks and Luxottica</i>	<1	<1
Dr. Chris Dold	Chief Zoological Officer	11.5	11.5
Denise Godreau	Chief Marketing Officer	<1	20

Note: Tenure as of May 9, 2017.

6

# Carrying Momentum Through 2017

*Executing a clear strategy to improve performance and increase value for shareholders*

- Repositioned brand
- Introduced innovative new rides and attractions
- Implementing new pricing strategies
- Enhancing financial discipline with greater focus on margin improvement

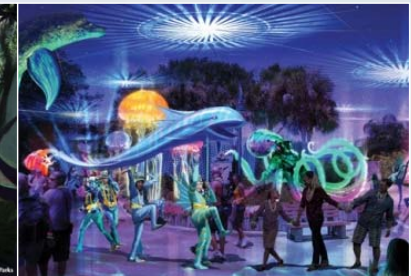
*Delivering tangible results against our Five-Point Plan in every key area*

- Positive shift in Williamsburg attendance after InvadR was introduced, and in Orlando attendance after Mako was introduced
- Accelerating season pass sales revenue
- Efficient capital deployment strategy – more attractions with less capital

*Ongoing actions to continue positive trends*

- Delivering robust lineup of new rides and attractions for 2017 –most compelling initiatives in 50-year history
- Building centralized pricing team to achieve stronger ticket yields and season pass improvements
- Executing a comprehensive cost optimization plan

*Progress and clear path forward give us confidence in 2017 improvement*



# FINANCIAL OVERVIEW

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# Q1 2017 Financial Results

*In millions, except per capita data*

	Q1 2017 <sup>1</sup>	Q1 2016	Variance	
Admissions	\$115.1	\$136.9	(\$21.8)	(15.9%)
Food, merchandise and other	\$71.3	\$83.3	(\$12.0)	(14.5%)
Total revenues	\$186.4	\$220.2	(\$33.8)	(15.4%)
Adjusted EBITDA	(\$30.4)	(\$5.9)	(\$24.5)	(415.3%)
Attendance	2.806	3.297	(0.491)	(14.9%)
Admission per capita <sup>2</sup>	\$41.01	\$41.53	(\$0.52)	(1.2%)
In-park per capita spending <sup>3</sup>	\$25.40	\$25.27	\$0.13	0.5%



*Variance favorable / (unfavorable); Columns may not foot due to rounding*

<sup>1</sup> Q1 2017 represents the quarter ended March 31, 2017 which does not include the Easter holiday and related spring break benefit

<sup>2</sup> Defined as admissions revenue divided by attendance

<sup>3</sup> Defined as food, merchandise, and other revenue divided by attendance

# Why SeaWorld?

**1**

**A One of a Kind Portfolio**

**2**

**Strategic Growth Opportunities**

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**Significant, Recurring Free Cash Flow**

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**Experienced and Focused Leadership Team**

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**Carrying Momentum Through 2017**



# APPENDIX

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# Historical Financial Highlights

*\$ in millions, except per capita data*

	2012	2013	2014	2015	2016	LTM 2017 <sup>2</sup>
Theme Park Attendance	24.391	23.391	22.399	22.471	22.000	21.509
Total Revenue per Capita <sup>1</sup>	\$58.37	\$62.43	\$61.51	\$61.01	\$61.10	\$60.92
Total Revenue	\$1,424	\$1,460	\$1,378	\$1,371	\$1,344	\$1,310
Adjusted EBITDA	\$415	\$439	\$370	\$361	\$332	\$308
Capital Expenditures	\$192	\$166	\$155	\$157	\$161	\$170

<sup>1</sup> Calculated as total revenue divided by attendance.

<sup>2</sup> Represents the twelve month period ended March 31, 2017 which does not include any Easter holiday and the related spring break benefit.

# Reconciliation of Non-GAAP Financial Measures

\$ in millions

	2012	2013	2014	2015	2016	LTM 2017 <sup>2</sup>	Q1 2016	Q1 2017 <sup>3</sup>
<b>Net income (loss)</b>	<b>\$74</b>	<b>\$52</b>	<b>\$50</b>	<b>\$49</b>	<b>\$(13)</b>	<b>\$10</b>	<b>\$(84)</b>	<b>\$(61)</b>
Provision for (benefit from) income taxes	37	26	29	24	9	18	(50)	(42)
Loss on early extinguishment of debt	2	30	--	21	--	8	--	8
Interest expense	111	90	82	66	63	66	15	18
Depreciation & amortization	167	166	176	183	200	163	75	39
Equity-based compensation expense	2	6	2	7	38	12	30	4
Other non-cash expenses	10	10	5	6	9	3	7	--
Other business optimization expenses	--	--	12	2	12	15	1	2
Other items	--	--	--	1	--	--	--	--
Other adjusting items	1	1	3	1	3	2	1	1
Estimated cost savings	--	--	10	2	10	10	--	--
Secondary offering costs	--	1	1	--	--	--	--	--
Debt refinancing costs	5	4	--	--	--	--	--	--
Termination of advisory agreement	--	50	--	--	--	--	--	--
Advisory fees	6	3	--	--	--	--	--	--
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$415</b>	<b>\$439</b>	<b>\$370</b>	<b>\$361</b>	<b>\$332</b>	<b>\$308</b>	<b>\$(6)</b>	<b>\$(30)</b>

<sup>1</sup> Columns may not foot due to rounding.

<sup>2</sup> Represents the twelve month period ended March 31, 2017, which does not include any Easter holiday and the related spring break benefit.

<sup>3</sup> Q1 2017 does not include the Easter holiday and related spring break benefit

# Reconciliation of Non-GAAP Financial Measures

*\$ in millions*

	2014	2015	2016	LTM 2017 <sup>2</sup>
<b>Net cash provided by operating activities</b>	\$262	\$286	\$280	\$254
Capital expenditures	155	157	161	\$170
<b>Free Cash Flow<sup>1</sup></b>	<b>\$107</b>	<b>\$129</b>	<b>\$120</b>	<b>\$84</b>

<sup>1</sup> Columns may not foot due to rounding.

<sup>2</sup> Represents the twelve month period ended March 31, 2017, which does not include any Easter holiday and the related spring break benefit.



# Efficient Debt

\$ in millions

	Ratings	Coupon	Floor	Maturity	Amount <sup>1</sup>	xEBITDA <sup>2</sup>
Cash and Cash Equivalents <sup>3</sup>	Corp: B1 / B+ (Stable / Neg)				\$32	
Revolver \$210		L + 275	--	Mar-22 <sup>5</sup>	65	
Term Loan B-2	B1 / BB-	L + 225	0.75%	May-20	567	
Term Loan B-5	B1 / BB-	L + 300	0.75%	Mar-24	998	
<b>Total Debt<sup>4</sup></b>					<b>\$1,631</b>	<b>5.30x</b>
<b>Total Net Debt<sup>4</sup></b>					<b>\$1,599</b>	<b>5.20x</b>

- Effectively staggered maturities by extending approximately \$1 billion of term loan debt through March 2024
- Inexpensive debt** with no near-term maturities
- WACD = 4.71%
- Approximately 64% of debt fixed through hedging until May 2020
- Revolver capacity **sufficient for liquidity** needs for the foreseeable future

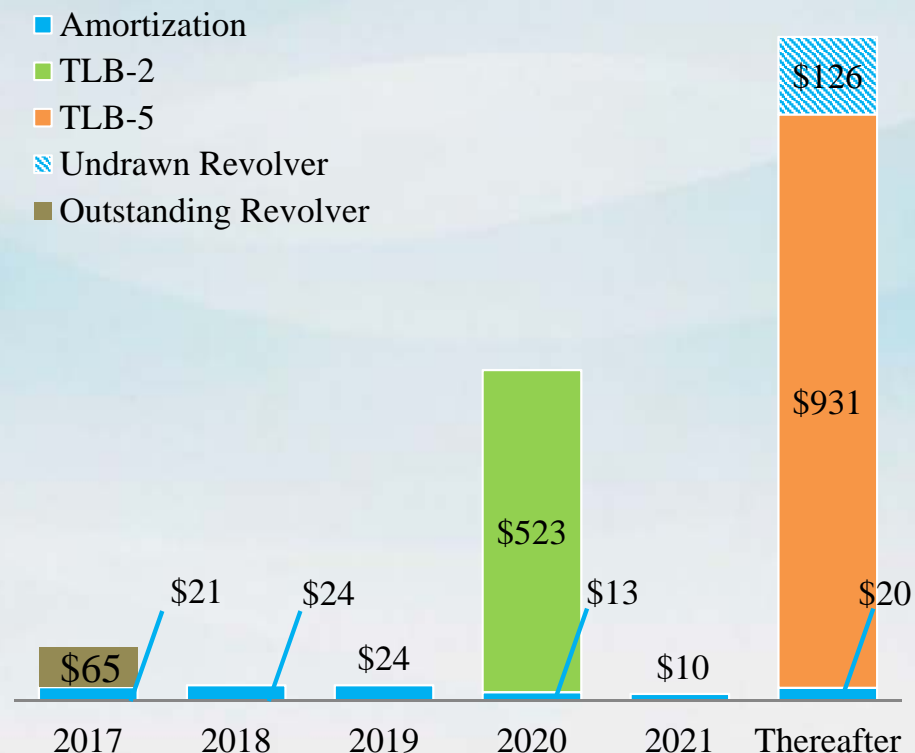
<sup>1</sup> As of March 31, 2017.

<sup>2</sup> Calculated using Adjusted EBITDA for the twelve month period ended March 31, 2017 which does not include any Easter holiday and the related spring break benefit.

<sup>3</sup> Excludes Parent Company-only cash balance.

<sup>4</sup> Column may not foot due to rounding.

<sup>5</sup> The Revolving Credit Facility will mature on the earlier of March 31, 2022 and a springing maturity of 91 days prior to the maturity of the Term B-2 Loans.



# Q1 2017 INVESTOR PRESENTATION

*as of May 9, 2017*

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