

# Q2 2016 INVESTOR PRESENTATION

*as of August 4, 2016*

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” 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”) 2015 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, Free Cash Flow and Net Free Cash Flow. These metrics have important limitations and should not be considered in isolation or as a substitute for measures of the 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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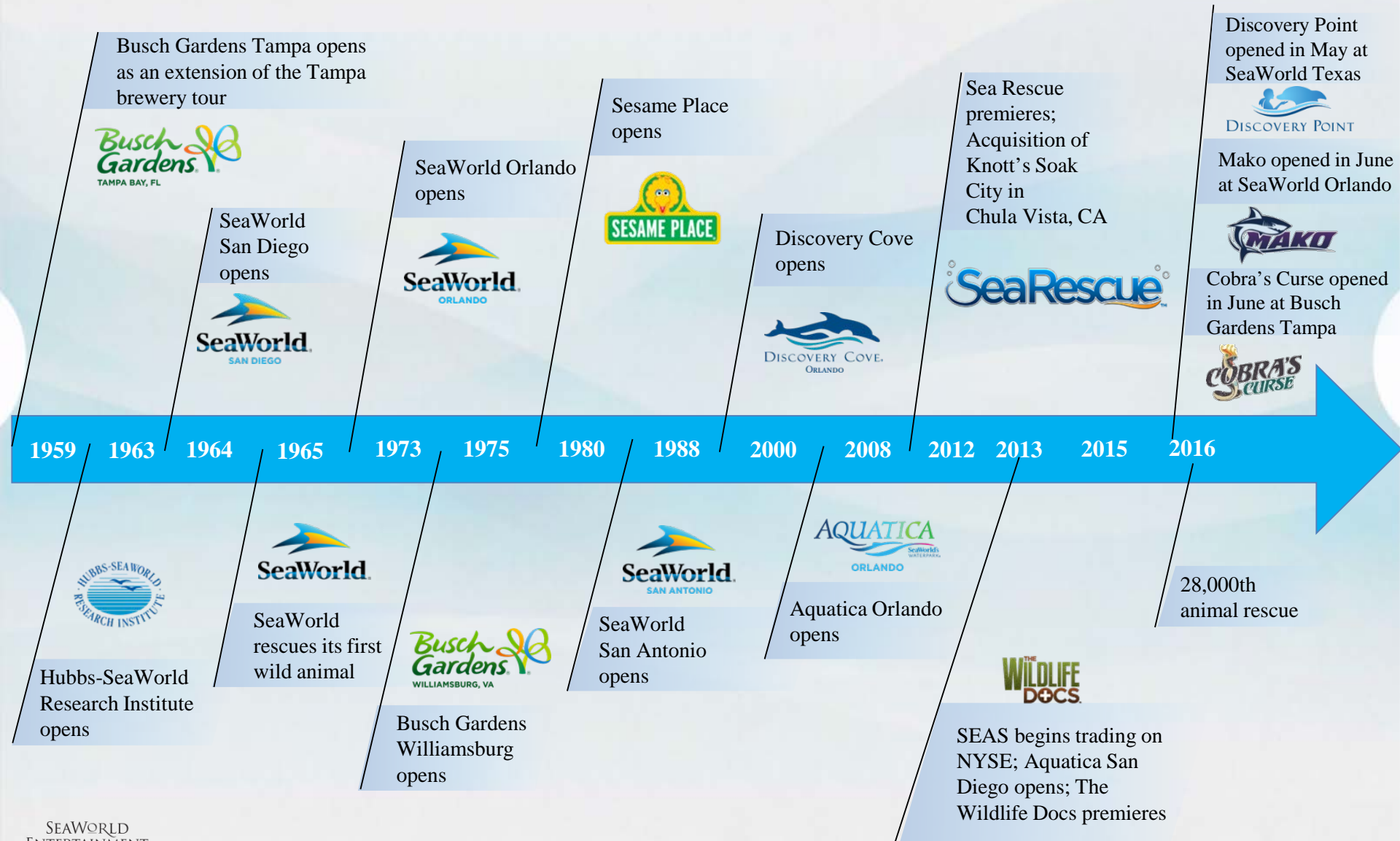


# A Leading Theme Park and Entertainment Company



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

# More than 50 Years of History



# Operational Overview

- **12 parks** in 5 states, with park clusters in 5 of 6 markets
- **4 of the top 20 theme parks** by attendance in North America<sup>1</sup>
- **3 of the top 10 water parks** by attendance in North America<sup>1</sup>
- Care for more than **800 animal species**<sup>2</sup>
- More than **600 rides and attractions**<sup>2</sup>
- Approximately **2,000 acres** of owned land, with nearly **400 acres** available for future development<sup>3</sup>



<sup>1</sup> Source: Theme Index: The Global Attractions Attendance Report TEA / AECOM, 2015.

<sup>2</sup> As of December 31, 2015.

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

# Financial Overview

*In millions, except per capita data*

	2011	2012	2013	2014	2015	2016 LTM <sup>1</sup>
Theme Park Attendance	23.631	24.391	23.391	22.399	22.471	22.060
Total Revenue per Capita <sup>2</sup>	\$56.31	\$58.37	\$62.43	\$61.51	\$61.01	\$61.48
Total Revenue	\$1,331	\$1,424	\$1,460	\$1,378	\$1,371	\$1,356
Adjusted EBITDA	\$382	\$415	\$439	\$370	\$361	\$343
Capital Expenditures	\$225	\$192	\$166	\$155	\$157	\$177

<sup>1</sup> 2016 LTM represents latest twelve months through June 30, 2016.

<sup>2</sup> Calculated as total revenue divided by attendance.



# Experiences That Matter

SEAWORLD  
ENTERTAINMENT®

*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 Husbandry, Veterinary Care, Enrichment and Animal Behavior.*

- Approximately **1,500 animal 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 animal ambassadors have helped **more than 28,000** 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)



# Top Rated Parks

## *Industry Recognized Theme Parks and Attractions.*

- 7 of our 12 theme parks rank among the **top 25 amusement parks or water parks** in the U.S.<sup>1</sup>
- Busch Gardens Williamsburg named **most beautiful amusement park in the world** for 25 consecutive years<sup>2</sup>
- Busch Gardens Williamsburg also received **Best Landscaping** honors each year since 1998<sup>3</sup>
- Winner of the top three spots for **Best Marine Life Park** since 2006<sup>3</sup>



Busch Gardens Williamsburg



Discovery Cove



SeaWorld Orlando

<sup>1</sup> TripAdvisor Traveler's Choice Awards, 2016.

<sup>2</sup> National Amusement Park Historical Association, 2015.

<sup>3</sup> Amusement Today, Inc. Golden Ticket Awards, 2015.



# Investing in Growth - 2016 Attractions



- **Tallest, longest and fastest** coaster in Orlando
- Centerpiece of newly themed **shark realm**; includes walkthrough attraction *Shark Encounter* and signature dining experience *Sharks Underwater Grill*
- Opened in June 2016



- Puts guests in touch with **dolphins, beluga whales and sea lions** through up-close animal encounters<sup>1</sup>
- Reflects our **ongoing commitment** to improve animal habitats and provide new ways for guests to connect with animals
- Opened in May 2016



- Family-friendly **spin coaster** located in the park's Egypt realm
- Features an elevator-like vertical lift and an 80-foot cobra icon
- Opened in June 2016

# INVESTMENT THESIS

*Why SeaWorld Entertainment?*

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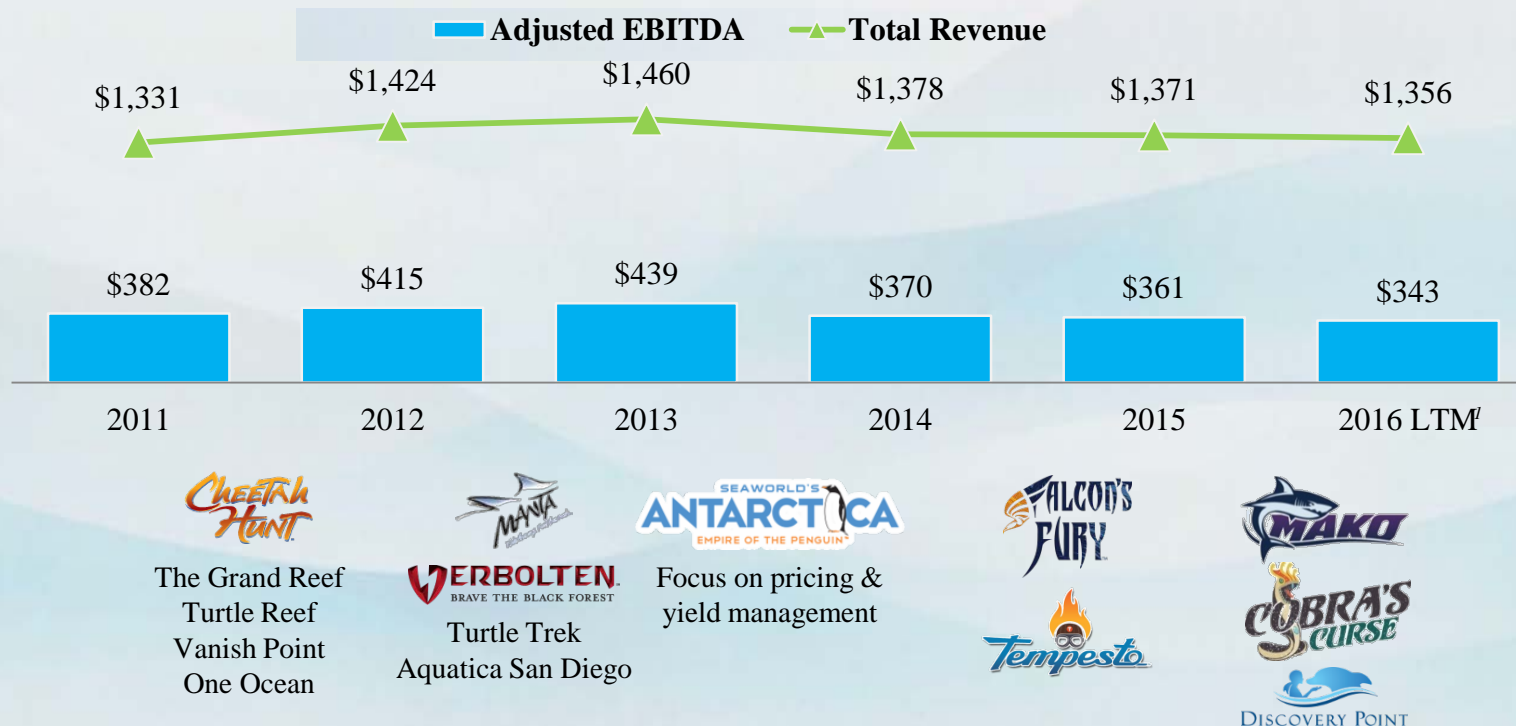


# Well Positioned for Success

- Proven Business Model
- Significant, Recurring Free Cash Flow
- Disciplined Capital Deployment
- Efficient Debt
- Strategic Growth Opportunities
- Experienced and Focused Leadership Team

# Proven Business Model

\$ in millions



- Notwithstanding recent challenges in key markets, a **proven** business model
- California and Texas are **stabilizing**
- Expect improved performance as we **focus** on our brand and make **targeted** capital investments

# Significant, Recurring Free Cash Flow

*\$ in millions*

	2014	2015	2016 LTM <sup>1</sup>
Net cash provided by operating activities	\$262	\$286	\$256
Capital expenditures	155	157	177
<b>Free Cash Flow</b>	<b>\$107</b>	<b>\$129</b>	<b>\$79</b>

- Strong Free Cash Flow business with **Positive Free Cash Flow**, even in challenging years
- **Stable and inexpensive** debt service
- Tax shield from current Federal NOL balance, estimated full usage by 2019 – 2020
- Free Cash Flow will be deployed to **maximize shareholder value** over long term

<sup>1</sup> 2016 LTM represents latest twelve months through June 30, 2016.

# Disciplined Capital Deployment

\$ in millions

## Capital Expenditures

Average \$179



### Growth Capital Approach

New attractions	Drive 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

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**

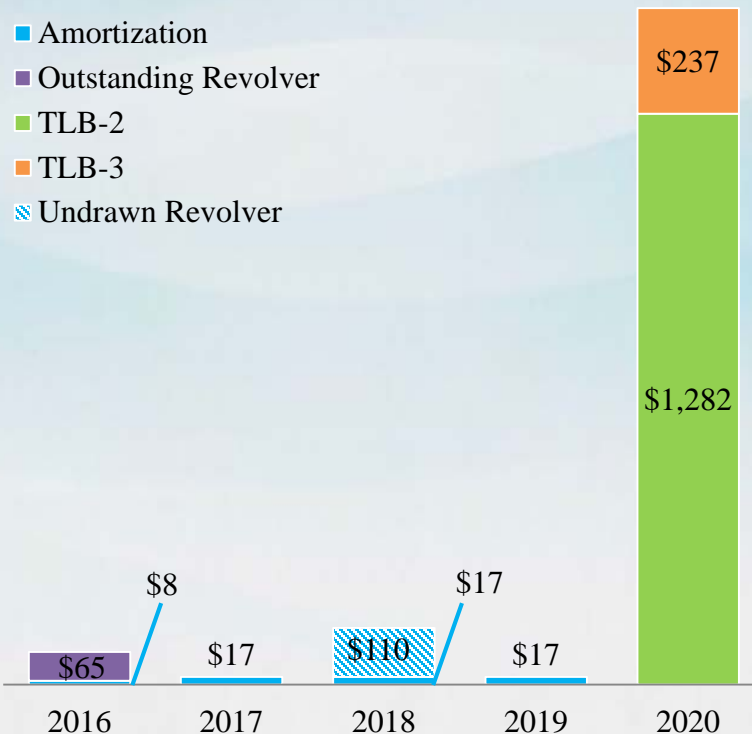


# Efficient Debt

\$ in millions

	Ratings	Coupon	Floor	Maturity	Amount <sup>1</sup>	xEBITDA <sup>2</sup>
Cash and Cash Equivalents <sup>3</sup>	Corp: B1 / BB- (Stable / Neg)				\$29	
Revolver \$192.5		L + 250	--	Apr-18	65	
Term Loan B-2	B1 / BB	L + 225	0.75%	May-20	1,331	
Term Loan B-3	B1 / BB	L + 325	0.75%	May-20	247	
<b>Total Debt</b>					<b>\$1,643</b>	<b>4.79x</b>
<b>Total Net Debt</b>					<b>\$1,614</b>	<b>4.71x</b>

- **Inexpensive debt** with no near-term maturities
- WACD = 3.37%
- Approximately 79% of debt fixed through hedging until September 2016 (after which WACD will be 4.24%)
- Revolver capacity **sufficient for liquidity** needs for the foreseeable future
- Monitoring capital markets to extend maturity profile and other financing opportunities



# Strategic Growth Opportunities



# Experienced and Focused Leadership Team<sup>1</sup>

Name	Title	Years with SEAS <sup>1</sup>	Years in Industry <sup>1</sup>
Joel K. Manby	President & Chief Executive Officer, Director	1	17
Peter J. Crage	Chief Financial Officer	<1	27
John Reilly	Chief Parks Operations Officer	31	31
Anthony Esparza	Chief Creative Officer	<1	32
Marc G. Swanson	Chief Accounting Officer	15	15
G. Anthony (Tony) Taylor	Chief Legal Officer, General Counsel & Corporate Secretary	16	16
Jack Roddy	Chief Human Resources and Culture Officer	<1	<1
Dr. Chris Dold	Chief Zoological Officer	10	10

<sup>1</sup> Tenure as of August 4, 2016.

# Reasons to Consider SeaWorld (SEAS)

- Proven Business Model
- Significant, Recurring Free Cash Flow
- Disciplined Capital Deployment
- Efficient Debt
- Strategic Growth Opportunities
- Experienced and Focused Leadership Team



# APPENDIX

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# Reconciliation of Non-GAAP Financial Measures

\$ in millions

	2011	2012	2013	2014	2015	2016 LTM <sup>1</sup>
<b>Net income</b>	<b>\$15</b>	<b>\$74</b>	<b>\$52</b>	<b>\$50</b>	<b>\$49</b>	<b>\$21</b>
Provision for income taxes	11	37	26	29	24	3
Loss on early extinguishment of debt	15	2	30	--	21	1
Interest expense	98	111	90	82	66	59
Depreciation & amortization	214	167	166	176	183	204
Equity-based compensation expense	1	2	6	2	7	35
Other non-cash expenses	12	10	10	5	6	9
Other business optimization expenses	--	--	--	12	2	4
Other items	--	--	--	--	1	1
Other adjusting items	--	1	1	3	1	4
Estimated cost savings	--	--	--	10	2	2
Secondary offering costs	--	--	1	1	--	--
Debt refinancing costs	4	5	4	--	--	--
Termination of advisory agreement	--	--	50	--	--	--
Advisory fees	6	6	3	--	--	--
Carve-out costs	6	--	--	--	--	--
<b>Adjusted EBITDA<sup>2</sup></b>	<b>\$382</b>	<b>\$415</b>	<b>\$439</b>	<b>\$370</b>	<b>\$361</b>	<b>\$343</b>

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