

Merlin Entertainments — credit comps (Stage 1 + Stage 2)

Target: Merlin Entertainments Group (Octus ID 1405) | Latest Fundamentals period: 2026Q1

Certain information referring to private companies subject to access restrictions has been redacted.

Stage 1 — comp screen

Company	Pub/Priv	Tier	Ccy	LTM Revenue	Rev YoY	Adj. EBITDA	EBITDA Margin	Net Leverage
Merlin Entertainments Group	Private	Target	GBP	1,975	-3.1%	546	27.6%	9.82x
Six Flags Entertainment Corp.	Public	1	USD	3,123.9	+11.2% ¹	839.8	26.9%	6.27x
United Parks & Resorts Inc.	Public	1	USD	1,653.9	-3.6%	595.7	36.0%	3.53x
Parques Reunidos (Piolin BidCo)	Private (EQT-led)	1						
Herschend Entertainment	Private (family-controlled)	1						
Center Parcs UK & Ireland	Private	2	GBP	666.9	+2.6%	284.5	42.7%	7.47x ⁴
Compagnie des Alpes	Public (Euronext Paris)	1	EUR	—	—	—	—	—
PortAventura	Private	1	EUR	—	—	—	—	—
Universal Destinations (Comcast)	Public	3	USD	—	—	—	—	—
Disney Experiences	Public	3	USD	—	—	—	—	—
Europa-Park (Mack)	Private	1	—	Not found	—	—	—	—

Footnotes. All figures are the issuer's latest reported Octus LTM period; fiscal periods are not aligned (Merlin, Six Flags, United Parks, Parques and Herschend to 2026Q1; Center Parcs FY ends late April, shown to FY2026). Currencies are shown as reported and are not translated. Metric definitions are consistent within the table: revenue and adj. EBITDA are the Octus canonical lines; Net Leverage is the Octus standard "Net Leverage" line for every name.

¹ Six Flags LTM growth is inorganic — the Cedar Fair merger closed July 2024, so LTM 2025Q1 was not a full combined period. Organically, FY2025 revenue fell roughly 7% to 8% and full-year attendance was 47.39 million, down 5.7% versus pre-merger combined.

⁴ Center Parcs net leverage shown at 2026Q3, the most recent period with the line populated.

⁵ Octus standard Net Leverage differs from company-defined and Octus Intel cap-structure metrics. Six Flags is shown at 4.9x net leverage post-refinancing and park sales in Octus' Q1'26 sector work; Merlin at 9.8x on a pre-IFRS 16 run-rate EBITDA basis excluding leases.

Target profile

Merlin operates 137 attractions and 5,632 rooms across 22 countries, split between LEGOLAND resort theme parks, regional resort theme parks and a Midway/Gateway estate of indoor branded attractions. Revenue is gate-driven, discretionary, acutely seasonal (Q2 and Q3 carry the bulk of EBITDA) and weather-exposed. The Midway estate is disproportionately dependent on international tourist flows and city-centre footfall rather than local repeat visitation, which is a materially different demand driver from a US regional park. Capital intensity is high, at roughly 13% of revenue on an LTM basis and higher historically. Owned by Blackstone, KIRKBI and CPP Investments, with the LEGOLAND trademark licensed from KIRKBI to 2075.

Selection approach and access limits

Pool built from the Octus Hotels, Restaurants & Leisure universe with Fundamentals coverage in Europe (66 companies) and the Americas (112, capped at 100 and therefore treated as unranked), then narrowed to true competitors identified in Octus Intel, ratings actions and issuer disclosure. Tier hierarchy applied first, then the 40/35/20/5 weights. Private-company Fundamentals

access is confirmed on this seat, so private names were selected on merit and are flagged in the table as requested. No competitor was added from open web search; the web was used only for the non-Octus names and listing verification.

Why each comp

- Six Flags (Tier 1, roughly 1.2x Merlin revenue). Same product, same season-pass mechanic, same weather and seasonality exposure, same integration-and-leverage overhang. Principal limitation: purely North American, no international-tourist dependence, and the merger makes reported growth uninterpretable without organic adjustment.
- United Parks (Tier 1, roughly 0.6x). The cleanest structural analogue for Merlin's resort-park economics: destination parks plus accommodation plus paid-pass base. Highest-margin name in the set, which is precisely the point. Limitation: single-country, and marine-life exposure carries reputational risk Merlin does not have.
- Parques Reunidos (Tier 1, roughly 0.25x). The only other sponsor-owned pan-European multi-format platform and the single best European demand read. Limitation: below the 0.5x scale band, and the perimeter change makes YoY comparison meaningless without adjustment. Retained on economic fit, which the framework allows to override scale.
- Herschend (Tier 1, roughly 0.45x). Included specifically because it bought Parques' US estate — it is the live market-clearing valuation event for regional attraction assets and shows what leverage a buyer will underwrite. Limitation: below the scale band, lowest margin in the set, and reported growth is entirely inorganic.
- Center Parcs UK (Tier 2, roughly 0.34x). Distinct signal, not filler: it is the control case for UK domestic discretionary demand. If UK families are not spending, Center Parcs should show it. It does not. Limitation: not a theme park operator; booked-accommodation revenue model with far better visibility than a gate.

Plausible alternatives, excluded

- Compagnie des Alpes — genuine Tier 1 European competitor but no Octus Fundamentals coverage. Carried as flagged non-Octus context below.
- Europa-Park (Mack) — largest single European park by attendance and a real competitor to Merlin's continental estate; no Octus coverage and no public financials.
- Vail Resorts, Life Time, Lucky Strike, Dave & Buster's — Octus-covered leisure names but comparability veto: inverted or absent seasonality, membership or comparable-store revenue models, no gated single-visit economics.
- Awaze, Landal GreenParks, European Camping Group — holiday-park operators; Tier 3 accommodation economics, and Center Parcs already covers that read at better scale and data quality.
- Cirsia, Allwyn, Lottomatica, Entain — same GICS industry, entirely different demand and regulatory model. Classification-only similarity is not a comp.

Comp-set limitations

The set has no European Tier 1 name at comparable scale, because none exists — Merlin is roughly 3.5x Parques and roughly 4x Compagnie des Alpes' parks division. The US Tier 1 names are the right economics at the right scale but the wrong geography and carry no international-visitation exposure. Fiscal calendars are unaligned (Center Parcs especially) and four currencies are in play untranslated. Two of five comps have perimeter changes in the LTM window. Read growth rates against the footnotes, not off the table.

Stage 2 — competitive color

Merlin Entertainments (target)

Global visitor-attraction operator across LEGOLAND, resort theme parks and Midway. Direction: down on both volume and value. LTM revenue fell to £1,975m from £2,038m and adj. EBITDA to £546m from £561m, a 27.6% margin versus 30.5% two years ago. H1'25 visitors fell to 27.5m from 28.5m with underlying EBITDA down 10.8% to £188m and North America EBITDA down 23.6%. Q3'25 UK footfall fell 5.7%. Q1'26 revenue fell 7.5% to £297m.

Drivers: post-Covid Midway footfall never recovered (28.7m in 2022 versus 40.2m in 2019, offset by revenue-per-cap rising to £21.18 from about £17), so the whole recovery was price, and the price lever is now exhausted. Cost programmes (“Smart Spending”, £50m annualised target; restructuring, £21m cash) are doing the margin work, not operating leverage. Capex has been cut from £357m to £255m LTM, which is management's own signal that it is running toward maintenance-only.

Red flags fired: volume decline no longer masked by price (both now negative); LTM FCF of –£147m against 9.82x leverage; margin held only by cost cuts; deferred/under-market capex; sponsor-side transaction (the £221m LEGO Discovery Centres sale to shareholder KIRKBI, described by one source as a de facto equity injection rather than deleveraging); adverse ratings trend. Disclosure conflict to flag: Merlin's spokesperson stated Q1'26 revenue was flat with visitors up over 4% year on year, against a reported 7.5% revenue decline. The two statements cannot both be describing the same perimeter and basis. Do not carry the +4% forward without reconciling it.

Ratings: Moody's downgraded the CFR to Caa1 from B3 in October 2025, with adjusted debt/EBITDA of 11.2x, EBITA/interest below 1x and FCF of about –£135m forecast for 2026, calling the capital structure unsustainable. The \$305m and €323m SUNs due November 2027 spring the secured maturities on Aug. 15, 2027, which hands the junior notes leverage they should not structurally have; Octus recovery work puts base-case SUNs recovery at 22.5% on a 114% LTV, and estimates roughly €1bn of sponsor money to get to 7x.

Six Flags Entertainment (Tier 1)

Largest North American regional theme park operator, post-Cedar Fair merger. Direction: stabilising off a bad base. Q1'26 revenue rose 11.7% to \$225.6m on attendance up 4% to 2.9m and per capita spending up 6% to \$69.26, splitting into admissions per cap +3% and in-park per cap +10%. That follows a genuinely poor 2025: full-year attendance 47.39m, down 5.7%, Q4 attendance down 13.3%, and EBITDA guidance cut twice, from \$1.08bn–\$1.12bn to \$860m–\$910m to \$780m–\$805m.

Drivers: management admits Cedar Fair pricing harmonisation was implemented too aggressively and disrupted the critical May–June season-pass window; a 70/30 EBITDA split between outperforming and underperforming parks; operating-day management (24 fewer days in Q1) used as a cost lever; \$180m of merger synergies targeted by end-2026; margin target of 30%+ against 27% in FY2025.

Red flags fired: guidance cuts and withdrawal (no FY'26 guidance at all under the new CEO); management turnover (CEO Zimmerman departed, CFO Witherow departed May 2026); inorganic growth masking organic decay through most of 2025.

Ratings: Moody's cut the CFR to B2 in November 2025; S&P; to BB– with negative outlook. A \$1bn 8.625% senior unsecured issue in early 2026 cleared the 2027 wall to 2028, and the \$331m park sale to EPR Properties funds debt reduction.

Salience to Merlin: Six Flags is the counterfactual. Same demand environment, same integration and leverage stress, but it has already refinanced its wall, sold assets to real buyers at real prices, and is now growing volume and price together. Merlin has done none of those three.

United Parks & Resorts (Tier 1)

US destination park and marine-life operator. Direction: volume down, value flat, margin eroding from a high base. LTM revenue \$1,653.9m versus \$1,714.8m, adj. EBITDA \$595.7m versus \$688.5m, and margin down to 36.0% from 40.1%. FY2025 revenue fell 3.6%, EBITDA 13.6%, attendance 1.8% to 21.17m; Q1'26 attendance fell 5%, including about 80,000 lost international visits.

Drivers: Q4'25 in-park per capita hit a record \$36.89, up 2.1%, so in-venue monetisation is intact while the gate is not. A \$50m cost programme for 2026, roughly half from labour. Paid pass sales reversed hard, from a 4% pass-base decline at year-end 2025 to +10% in Q1'26 and +12% through April. Management deployed \$157.5m on buybacks into declining trailing FCF.

Red flags fired: volume decline partially masked by in-park price; margin compression under the same demand conditions as peers; capital returned to shareholders while FCF fell 12%.

Ratings: notes rated B2/B+, trading roughly 85bp tight to the B index. Net leverage has drifted from 3.1x to 3.8x on Octus' basis.

Salience to Merlin: at 36% margin and 3.5x leverage, United Parks is the demonstration that this demand environment is survivable at 8pp better margin and 6 turns less leverage. It is also the cleanest evidence that international-visitation softness is real and not a Merlin-specific excuse. That excuse only stretches so far, because United Parks converted its pass base back to growth and Merlin has shown no equivalent.

Parques Reunidos / Piolin (Tier 1)

EQT-led pan-European regional attractions operator, now Europe-only. Direction: smaller and better.

Drivers:

Red flags fired:

Salience to Merlin:

Herschend Entertainment (Tier 1)

Family-controlled US regional attractions and waterparks operator; acquirer of Palace Entertainment. Direction: bigger, slightly lower margin.

Drivers:

Red flags fired:

Salience to Merlin:

Center Parcs UK & Ireland (Tier 2)

UK short-break destination resort operator. Direction: quietly growing. FY2026 revenue £666.9m, up 2.6%, with adj. EBITDA of £284.5m at a 42.7% margin, essentially unchanged from 43.7% a year earlier. Net leverage 7.47x.

Drivers: booked-accommodation revenue model with forward visibility a gate business does not have; occupancy and rate rather than footfall; a £285m 6.875% secured note priced in October 2025 for refinancing and a dividend.

Red flags fired: sponsor-side dividend recapitalisation at above 7x leverage.

Salience to Merlin: this is the control experiment and it is damning. Same country, same year, same UK family discretionary wallet, same weather. Center Parcs grew revenue 2.6% at a 42.7% margin while Merlin's UK footfall fell 5.7%. UK consumers were spending on domestic leisure. They were spending less of it at Merlin. Note also that Center Parcs sustains 7.5x leverage comfortably because it converts to cash; Merlin does not, which is why 9.8x is a different animal.

Non-Octus context (excluded from the table and from any statistics)

Compagnie des Alpes (public, Euronext Paris; no Octus Fundamentals coverage). Fourth-largest European park operator with Parc Astérix, Walibi, Futuroscope and Grévin. H1 FY25/26 group sales of €883m were up 3.9%, with EBITDA of €328m up 5.0% and margin of 37.1%; the Leisure Parks division posted sales of €229m, up 2.9%, with EBITDA swinging to -€3m from +€4m on higher personnel costs and seasonality. Nine-month sales reached €1.16bn, up 2.6%, but Leisure Parks sales fell 0.5% to €428.1m on adverse Q3 weather, and full-year EBITDA growth guidance was cut to 2%–5% from close to 10% excluding Tignes disposal gains, against FY24/25 EBITDA of €409.4m. Net debt to EBITDA excluding IFRS 16 was 1.7x at H1 24/25.

Read-through: European parks demand is soft but not collapsing, the weakness is weather-driven rather than structural, and the pricing lever still works. A competitor operating the same French and Benelux catchment at under 2x leverage has strategic optionality Merlin does not.

Universal Destinations (Comcast) (public). Q2 2026 theme park revenue of approximately \$2.4bn was up 2.7%, led by Epic Universe, but broader resort performance was below expectations with attendance softening from June into Q3; adjusted EBITDA fell 5.1% to \$609m, reflecting pressure at Universal Japan from China-related travel restrictions. Management attributed the slowdown to higher fuel prices and weaker consumer sentiment.

Disney Experiences (public). Q3 FY26 revenue reached nearly \$10.0bn, up 11%, with divisional operating income of \$3.0bn, up 20%, domestic park attendance up over 3% and guest spending up over 4%. In the prior quarter, domestic attendance had fallen 1% on international-visitation softness while Experiences revenue still grew 7%.

Read-through from the two majors: the premium end is compounding and the mid-market is not. Merlin's Midway and Gateway estate sits squarely in the exposed middle, and its LEGOLAND resorts compete for exactly the family trip that Disney is winning.

Net competitive read-through

	Volume trend	Price/per-cap trend	Margin direction	Leverage	LTM FCF
Merlin	Down	Down	Compressing (27.6%)	9.8x	-£147m
Six Flags	Up (Q1'26 +4%)	Up (+6%)	Recovering off 27%	6.3x	-\$21m
United Parks	Down (-5%)	Flat to up	Compressing (36.0%)	3.5x	Positive
Parques Reunidos	n/a (perimeter)	Up			
Herschend	n/a (perimeter)	Flat			
Center Parcs	Up	Up	Stable (42.7%)	7.5x	Positive

Share verdict: Merlin is losing share, not weathering a cycle. The mechanism is specific. Merlin's post-Covid recovery was built entirely on price — Midway footfall stayed roughly 30% below 2019 while revenue per capita rose from about £17 to £21.18 and LEGOLAND per capita from about £43 to £47.29. That is a yield strategy applied to a declining volume base, and it works until the price ceiling is reached. It has been reached. Volume and value are now falling together, which no other Tier 1 name in this set is doing. Center Parcs grew in the same UK market. Parques expanded margin in the same European market. Six Flags reversed both its volume and its per-capita in the same US market Merlin's North America division reported down 23.6% at the EBITDA line. When three direct competitors across three geographies are stabilising or growing and the target is not, the diagnosis is competitive position and cost structure, not the consumer.

Red flags ranked by severity

- 1 Negative FCF against a 2027 maturity. LTM cash burn of £147m with £616m equivalent of SUNs due November 2027 and springing maturities on all secured debt at Aug. 15, 2027. Q3'25 is the quarter that is supposed to fund the year; it did not. A market refinancing on these metrics is not available.
- 2 Unsustainable capital structure per Moody's, with EBITA/interest below 1x and adjusted leverage above 11x.
- 3 LME optionality that runs against the secured creditors. Octus covenant analysis identifies capacity for uptiering the 2027s pari with the SSNs, or a drop-down/pari-plus priming, executable without SSN consent. That is why the SUNs trade roughly 10 points above the secured paper despite being junior. Inter-sponsor dynamics between KIRKBI (47.5%), Blackstone (31.9%) and CPPIB (15.5%) with no majority holder complicate any consensual outcome.
- 4 Sponsor-side transaction dressed as deleveraging. The £221m LEGO Discovery Centres sale went to shareholder KIRKBI and the proceeds funded RCF paydown and cash burn.
- 5 Margin held by cost programmes, not operating leverage, with capex already cut toward maintenance.
- 6 Disclosure inconsistency on Q1'26 volume and revenue direction.

What the peers collectively indicate for the credit. The comp set removes the sector defence. It also sets the marks. Herschend's Palace purchase says regional attractions clear below 4x for a strategic buyer; █████ Center Parcs says 7.5x is fine if the business converts to cash; United Parks says 36% margin is achievable in this demand environment. Merlin fails each of those tests. Value breaks in the SUNs on Octus' base case. The secured paper is the exposed instrument here, not the junior — the 2027s hold the timing leverage and the documents to use it.

Next steps (pick any, or done)

- Excel — validated comp workbook on this final set, period-aligned with market data (Stage 3).
- More names — add PortAventura on a stale-data caveat, or extend non-Octus work to Europa-Park, Looping Group and Merlin's Asia-Pacific competitive set.
- Deeper on one name — full trajectory and covenant read on Six Flags or Parques as the primary read-through comp.

