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May 3, 2017

COMPANY UPDATE / ESTIMATE CHANGE / PRICE TARGET CHANGE

Cedar Fair Entertainment Co.

FUN — NYSE — Long-term Buy-3

Lower 1Q Results But Key Annual Projections on Track; Raising Two-Year Price Target

Key Metrics

FUN - NYSE (as of 5/2/17)		$72.22
Two Year Price Target		$80.00
52-Week Range		$56.17 - $72.56
Shares Outstanding (mil) (basic)		56.0
Market Cap. ($mil)		$4,045
3-Mo. Average Daily Volume		123,140
Institutional Ownership		53%
Total Debt ($mil) (3/17)		$1,623
Total Partners' Equity (13/17) ($mil)		($48)
Book Value/Share (3/17)		NM
Price/Book Value		NM
Annual Cash Distribution & Yield ~	$3.42	4.7%
Adjusted EBITDA Margin (TTM ended 3/17)		37%

EPS FY 12/31 (GAAP-based figures)

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	($0.87)		($1.16) A		
2Q	$1.03		$1.10		
3Q	$3.10		$3.40		
4Q	($0.12)		$0.05		
Year	$3.14	$3.55	$3.45		$3.80
P/E	23.0x		20.9x		19.0x

Note: Quarterly EPS figures may not add to annual figure due to rounding and the impact of quarterly results fluctuating between profits and net losses.

Revenue ($mil)

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	$58		$48 A		
2Q	$388		$401		
3Q	$650		$680		
4Q	$192		$211		
Year	$1,289	$1,340	$1,340		$1,395

Company Description: *Cedar Fair Entertainment Co. owns and operates eleven amusement parks, three water parks, and five hotels. Cedar Fair is structured as a limited partnership and as such has historically paid the majority of cash flow to unit holders in the form of quarterly cash distributions. Investors receive an annual K-1 statement to help determine their tax liability.*

Investment Highlights

- **Results for the typically low volume March quarter were below the year ago period.** The majority of the company's parks do not operate during the quarter, which typically represents less than 5% of FUN's annual revenues. Net revenues for this year's 1Q declined by $10 million from one year ago, while adjusted EBITDA (earnings before interest, taxes, depreciation & amortization) was also $10 million lower. The GAAP-based net loss widened as well.

- **Results were below year ago levels for several reasons.** This year's Easter and Spring Break business occurred in April (2Q) compared to March (1Q) last year. In addition, adverse weather held back business at the one year-round park, Knott's Berry Farm in California. On a year-over-year basis, revenues for the first four months of the year (capturing Easter and Spring Break business in both periods) were up 2%.

- **We remain optimistic on FUN's business outlook.** Capital spending projects, well-managed operations, new revenue streams, growing cash flow, and a decent economy remain key factors in our thesis. We expect record financial results in 2017 and again in 2018. We also expect annual increases in the cash distribution, which currently yields 4.7%.

- **We reiterate our Long-term Buy rating and are raising our two-year price target by $7 to $80 per unit.** We believe the company's future is bright. Our higher price target reflects progression of time and a higher forward earnings base; it does not assume valuation expansion from the current level. Based on the current unit price, we believe annualized total return potential, including cash distributions, is about 10%. Our Suitability rating remains 3.

Note Important Disclosures on Pages 6-7
Note Analyst Certification on Page 6.

Exhibit 1
1Q Financial Highlights (figures in millions except percentages and per share data)

	Three Months Ended		
	3/26/17	**3/27/16**	**% chg.**
Admissions	$22.6	$28.7	(21.3%)
Food, Merchandise and Games	18.2	21.8	(16.4%)
Accommodations and Other	7.5	8.0	(5.8%)
Net Revenues	48.3	58.4	(17.3%)
Cost of Food, Merch., Games Rev.	5.5	6.2	(12.1%)
Operating Expenses	84.3	84.6	(0.4%)
Selling, General & Admin. Exp.	27.6	25.6	7.8%
Depeciation & Amortization	5.4	5.2	3.4%
Nonrecurring Items	1.5	2.6	(41.6%)
Operating Income (Loss)	($76.0)	($65.8)	15.4%
Net Income (Loss)	($64.8)	($48.5)	33.5%
N.I. (Loss) Per Diluted Unit	($1.16)	($0.87)	33.3%
Adjusted EBITDA (Loss)	($65.5)	($55.5)	18.1%
Avg. Number of Units Outst.	56.0	55.9	0.2%
Balance Sheet Data			
Cash and Equivalents	$34.2	$64.6	(47.0%)
Total Assets	$1,958.3	$2,003.8	(2.3%)
Long-term Debt	$1,623.0	$1,604.9	1.1%
Total Partners' Equity	($47.6)	($41.8)	13.7%

Source: Cedar Fair Entertainment Co. Note: December fiscal year

Additional comments on 1Q. We expected calendar-related challenges in 1Q such as the timing of Easter and common Spring Break weeks in FUN's operating footprint. Some heavy rains following a drought period in parts of California negatively impacted business at Knott's Berry Farm in Buena Park (about 25 miles from downtown Los Angeles). With expenses related to the coming operating season, the net loss for 1Q widened. However, we do not consider our previous financial outlook to be at additional risk and are maintaining our annual revenue and adjusted EBITDA estimates. We are encouraged by a strong rebound in business in April at Knott's and higher season pass sales at this point versus a year ago for the company in general. In sum, we continue to expect a good year from FUN in 2017.

Financial condition. The company is leveraged, consistent with its operating history and somewhat of an industry norm. Total debt at 3/31/17 was $1.622 billion, comprised of $940 million in fixed rate notes, $597 million of variable rate term debt (converted to fixed rate debt through the use of swap agreements), and $80 million on a revolving credit facility (used for seasonal needs). Total assets were $1.958 billion, including cash of $34 million. Partners' equity, reflective of seasonality and the leveraged capital structure, was a negative $47 million.

In April 2017, the company completed a refinancing of its debt structure. This included issuance of a $750 million term loan and $500 million of senior unsecured notes, as well as a $275 million revolving credit facility. This extended some maturities and improved the company's financial flexibility to act on future growth initiatives.

We remain comfortable with FUN's financial condition. The consolidated leverage ratio (long-term debt divided by trailing adjusted EBITDA) has gradually declined in recent years as EBITDA has grown. This figure was 3.2x at year-end 2016, down from 3.4x one year earlier. Debt covenants are being comfortably met and interest coverage is sufficient, in our view. Perhaps most importantly, debt service has not impeded capital spending, pursuit of growth initiatives, or cash distributions in recent years nor do we expect it to in the coming years.

Cash distribution update. In November 2016, FUN's Board approved a 4% increase to the cash distribution, taking the quarterly rate to $0.855 per unit. The current annualized rate of $3.42 per unit produces a yield of 4.7% based on the current unit price. Going forward, we expect similar increases in the rate at about the same time of the year. This is possible, in our view, due to free cash flow after capital expenditures and interest payments, both of which are at considerable levels. We consider FUN's cash distribution an important part of total return potential.

Outlook. We were pleased with the company's results in 2016 and satisfied with 2017 year-to-date results. Management reiterated the company remains on track to reach its annual adjusted EBITDA goal of $500 million by the end of 2017, one year earlier than its original target of 2018. Based mainly on our confidence in the business, we are maintaining key 2017 financial estimates, including revenues and adjusted EBITDA. Our adjusted EBITDA estimate of $503 million represents growth of 4.5% from 2016. We are also maintaining our recently initiated 2018 adjusted EBITDA estimate of $525 million, up 4.4% from our 2017 estimate.

Unit price and valuation. As noted in Exhibit 2, Enterprise Value (using year-end net debt figures) divided by our estimate of 2017 adjusted EBITDA is 10.8x, while the valuation on our projections of 2018 adjusted EBITDA and net debt is 10.3x. These are above levels at the time of our last research report, dated 2/16/17, and near the upper end of a range we find reasonable.

Exhibit 2
Valuation Analysis (figures in millions except ratios and per share data)

		2018E	2017E	2016	2015	2014	2013
Share Price (5/2/17)	$72.22						
Recent Share Count, diluted	56.0						
Market Capitalization	$4,044.3						
Total Debt, year end, net of cash		$1,365.0	$1,390.0	$1,414.0	$1,439.0	$1,427.0	$1,402.6
Enterprise Value (EV)		$5,409.3	$5,434.3	$5,458.3	$5,483.3	$5,471.3	$5,446.9
Adj. EBITDA (exclud. nonrecurring items)		$525.0	$503.0	$481.2	$459.2	$431.3	$425.4
% chg.		4.4%	4.5%	4.8%	6.5%	1.4%	8.8%
EV / Adj. EBITDA		**10.3x**	**10.8x**	**11.3x**			

Note: Valuation multiples are based on current market capitalization figures and projected year-end net debt levels.

Source: Cedar Fair Entertainment Co. and Hilliard Lyons estimates Note: December fiscal year

Although the current valuations are above levels that existed one quarter ago and one year ago, we view fundamentals as being stronger today than in the past. Existing assets are performing well, in our view, and new assets (such as a new sports complex for hosting amateur/youth sporting events) and new endeavors (such as Christmas events planned at several parks) add potential for meaningful growth. The current 10.8x multiple on our 2017 adjusted EBITDA estimate compares to a recent historical range that we estimate at 8-12x.

We feel the current multiple can be justified by strong fundamentals (seven consecutive years of record results), an encouraging cash flow outlook, and favorable cash distribution decisions. We believe the current valuation is reasonable and could be maintained in future years if adjusted EBITDA growth meets or beats our projected rate of approximately 4.5%.

Opinion. We maintain our Long-term Buy rating on FUN and believe the units have appeal for total return potential or as a pure income vehicle. Our two-year price target is raised by $7 to $80 per unit. In determining our target, we assume a valuation level—10.6x our 2019 adjusted EBITDA projection — slightly below the current 10.8x multiple on our 2017 adjusted EBITDA estimate. This is moderately above our previous valuation assumption, yet we feel this is reasonable based on our growing confidence in new incremental revenue streams, a favorable fundamental outlook, and the historical valuation range. We assume annual adjusted EBITDA growth of about 4.5%. Based on the current unit price and our target, annualized total return potential is about 10%, including expected cash distributions.

We consider cash distributions adequately covered by cash flow and believe modest annual increases are likely. We view the current yield of 4.7% favorably and consider future cash distributions a significant part of expected total return.

Suitability. Our Suitability rating of 3 (see definitions in the Important Disclosures section) is primarily based on a leveraged balance sheet, with other factors being market capitalization, the discretionary nature of the business, and our perception of FUN's overall risk profile.

Risks. Factors that could impact Cedar Fair's results and therefore our profit projections include general economic conditions, overall levels of leisure spending, pricing power, the competitive landscape, weather conditions, the pace of new project construction, potential asset sales, prevailing interest rates, and other factors. We believe swings in gasoline prices can affect attendance levels to some degree but this factor has historically had more of an impact on in-park spending. Also, cash flow utilization (capital spending, debt reduction, and cash distributions) may be subject to investor scrutiny.

As a limited partnership, Cedar Fair has historically paid out the majority of available cash flow to unit holders in the form of cash distributions. Cedar Fair does not pay federal income tax as a corporation or small business would. In 1998, however, the partnership became subject to a relatively small tax on gross income that allows FUN to retain the limited partnership status. Investors, particularly long-term holders, may be subject to a tax on their pro rata share of the partnership's taxable income. The income allocated to each unit holder is based on the number of units held and the unit acquisition date. Information needed for filing federal, state, and local tax returns is presented annually to the unit holder on a Schedule K-1 form.

This entity is classified as a Partnership for US income tax purposes. Tax information is provided by the Partnership directly to the investor on Form 1065, Schedule K-1. Please discuss the tax implications of this investment with a qualified tax advisor.

Annual yield is calculated by dividing the distribution amount by the current price of the security. All or a portion of the Company's distributions are paid from the Partners Capital Account at the Company's discretion. Actual classification for income tax purposes is reported on IRS Form 1065, Schedule K-1 and is provided directly to the investor by the Company. For U.S. income tax purposes, the Company will make a determination regarding all allocable tax information after calendar year end on Form 1065, Schedule K-1. Partnership interests held in tax-exempt accounts including retirement plans and Individual Retirement accounts may be subject to Unrelated Business Income Tax (UBIT). We urge each investor to consult with his or her own tax advisor to determine the tax consequences of ownership of partnership interests, including any state, local, or foreign tax considerations.

Exhibit 3
GAAP-based Income Statement (figures in millions except percentages and per share data)

	2018E	2017E	2016	2015	2014
Admissions	$775.0	$745.0	$716.2	$687.4	$661.5
Food, Merchandise and Games	435.0	420.0	407.7	398.0	365.5
Accommodations and Other	185.0	175.0	164.9	150.3	132.6
Net Revenues	1,395.0	1,340.0	1,288.7	1,235.8	1,159.6
% change	4.1%	4.0%	4.3%	6.6%	2.2%
Cost of Food, Merch, Games	114.0	111.5	106.6	104.8	95.2
Operating Expenses	580.0	561.0	538.9	517.6	496.1
SG&A Expenses	195.0	187.0	181.8	171.5	156.9
Depreciation & Amort.	141.0	138.0	131.9	125.6	124.3
Gain on Sale of Other Assets	0.0	0.0	0.0	0.0	(0.9)
Impairment/Retir. of Fixed Assets	5.0	6.0	12.6	20.9	9.8
Operating Income	360.0	336.5	316.9	295.3	278.3
Interest Expense, net	84.0	86.0	83.9	86.8	96.3
Net Effect of Swaps	0.0	0.0	(1.2)	(6.9)	(2.1)
Loss on Early Exting. of Debt	0.0	0.0	0.0	0.0	29.3
Unrealized Currency Loss (Gain)	0.0	0.0	(14.6)	81.0	40.9
Other Expenses (Income)	(0.5)	(0.4)	(0.2)	(0.1)	(0.0)
Income Before Taxes	276.5	250.9	249.1	134.4	114.0
Provision for Taxes	60.8	55.2	71.4	22.2	9.9
Net Income	$215.7	$195.7	$177.7	$112.2	$104.1
Net Inc. Per Diluted Unit	$3.80	$3.45	$3.14	$1.99	$1.86
Avg. Diluted Units Outstanding	56.8	56.7	56.6	56.4	56.0
Adjusted EBITDA	**$525.0**	**$503.0**	**$481.2**	**$459.2**	**$431.3**
% change	4.4%	4.5%	4.8%	6.5%	1.4%
As a % of Net Revenues:					
Cost of Food, Merch, Games	8.17%	8.32%	8.27%	8.48%	8.21%
Operating Expenses	41.58%	41.87%	41.82%	41.89%	42.78%
SG&A Expenses	13.98%	13.96%	14.11%	13.88%	13.53%
Adjusted EBITDA	37.63%	37.54%	37.34%	37.16%	37.19%
Depreciation & Amortization	10.11%	10.30%	10.23%	10.17%	10.72%

Source: Cedar Fair Entertainment Co. and Hilliard Lyons estimates Note: December fiscal year

Additional information is available upon request.

Analyst Certification

I, Jeffrey S. Thomison, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Important Disclosures

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

Investment Ratings

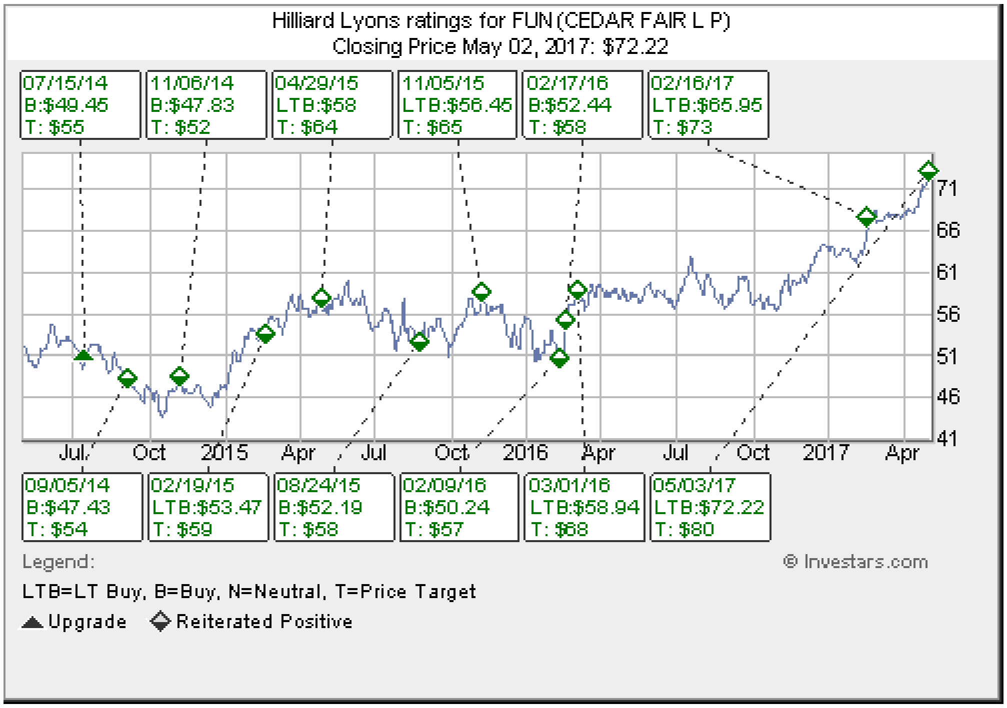
Buy - We believe the stock has significant total return potential in the coming 12 months.
Long-term Buy - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.
Neutral - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.
Underperform - We believe the stock is vulnerable to a price set back in the next 12 months.

Suitability Ratings

1 - A large cap, core holding with a solid history
2 - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks
3 - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage
4 - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base

	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
Rating	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	36	30%	14%	86%
Hold/Neutral	71	58%	6%	94%
Sell	15	12%	7%	93%

As of 5 April 2017



Note: Price targets accompanying Buy ratings reflect a one year time period while price targets accompanying Long-term Buy ratings reflect a two to three year time period.

Other Disclosures

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