Cineworld Group FY 2018 Results

14 March 2019

Key Highlights

Strategic Progress

- Successful acquisition of Regal Entertainment for $5.8bn
- Record 308m[1] admissions
- Combination with Regal has exceeded our expectations
- Synergies are greater than originally expected ($150m run-rate) and delivered at a faster pace

Financial Review

- Group pro forma[1] revenue of $4,711m up 7.2%
- Group pro forma Adj. EBITDA[2] of $1,072m up +9.4% and margin up 0.7% to 22.8%
- Strong performance in the US with revenue up 8.6%
- Solid performance in the UK and ROW[3]
- Deleveraging on track

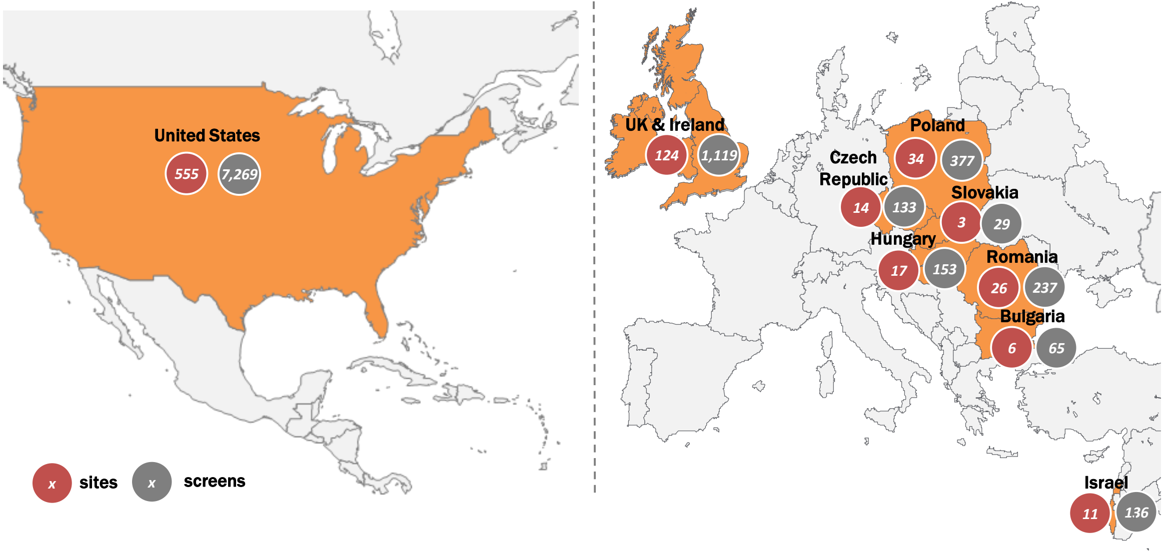
Operating Development

- Continued investment in technology with ScreenX, 4DX and IMAX agreements
- Roll-out across our estate: 13 new sites across the US, UK and ROW
- In addition to the UK and ROW, the refurbishment programme is progressing well in the US with a number of strategic sites to be refurbished in 2019

1. Pro-forma ("PF") results reflect the Group and US performance had Regal been consolidated for the entirety of the period from 1 January 2018. For the purposes of percentage movements, the same comparative period has been applied.
2. Adjusted EBITDA is defined as Operating profit plus share of profits from joint ventures using the equity accounting method net of tax adjusted for depreciation and amortisation, onerous lease charges and releases, impairments and reversals of impairments, transaction and reorganisation costs, gains/losses on disposals of assets and subsidiaries, share based payment charges, and share of profits received from associates in excess of distributions or any undistributed such profits
3. ROW is defined as Rest of the World and includes Poland, Israel, Romania, Hungary, Czech Republic, Bulgaria, Slovakia and Israel.

Cineworld Today

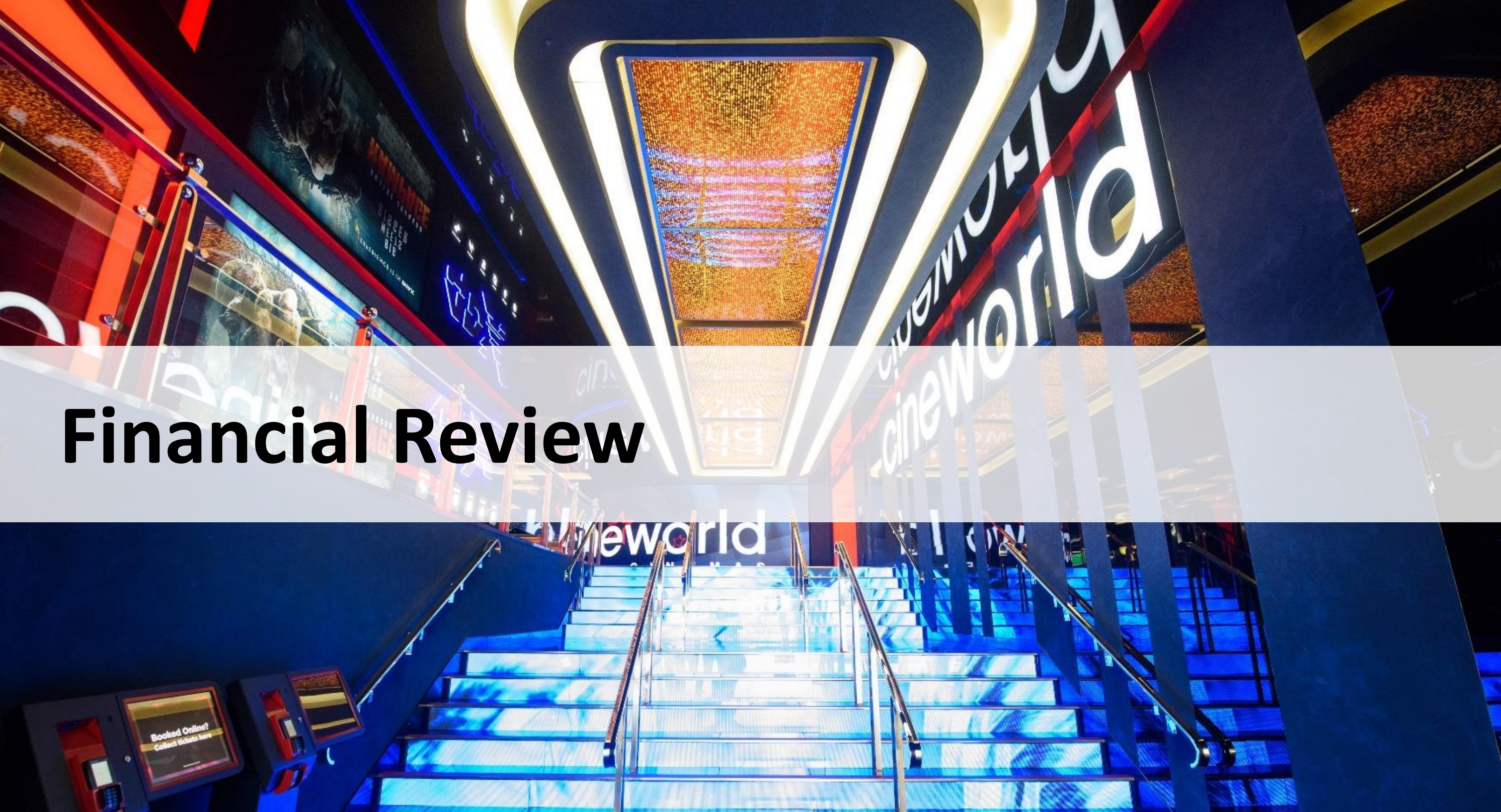
Transformative acquisition with operations in 10 countries with 790 sites and 9,518 screens



IMAX	130
SUPER SCREEN RPX	116
4DX	53
SCREENX	19

Note: as of 31 December 2018

Financial Review



Record Performance

2018 PF Admission

308m

+2.6%

2018 PF Revenue

$4.7bn

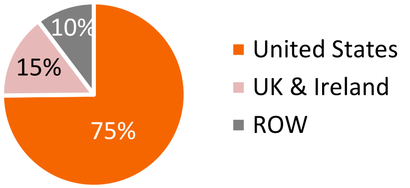
+7.2%

2018 PF EBITDA

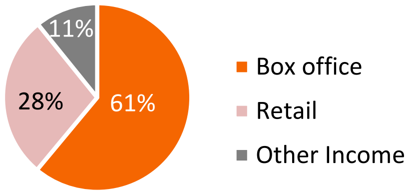
$1,072m

+9.4%

Revenue by geography



Revenue by product and services



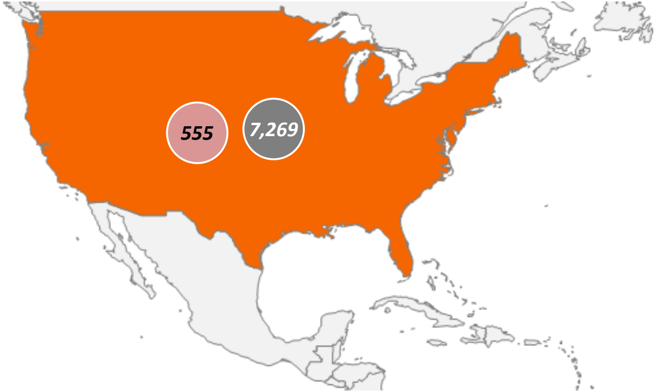
Note: Pro forma figures and actual movements

FY 18 Pro Forma Performance

	Group		United States		UK & Ireland		ROW	
Admissions:	*308m*	+2.6%	*207m*	+4.9%	*52m*	-2.6%	*50m*	-1.0%
Revenue:	*$4,711m*	+7.2%	*$3,525m*	+8.6%	*$698m*	+3.3%	*$488m*	+3.6%
Adj. EBITDA:	*$1,072m*	+9.4%	*$817m*	+13.2%	*$126m*	-3.7%	*$129m*	+1.7%
EBITDA margin:	*22.8%*	+0.7%	*23.2%*	+1.0%	*18.0%*	-1.4%	*26.4%*	-0.5%

Note: Pro forma figures and actual movements

Pro Forma Performance - United States

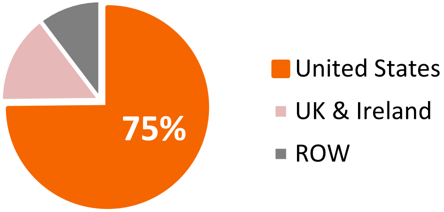


2018
PF Revenue / Growth
$3,525m / +8.6%

2018
PF EBITDA / Margin
$817m / 23.2% / +1.0%

x **sites** x **screens**

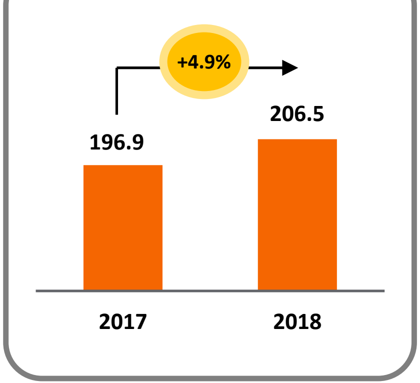
FY 2018 Pro Forma Revenue



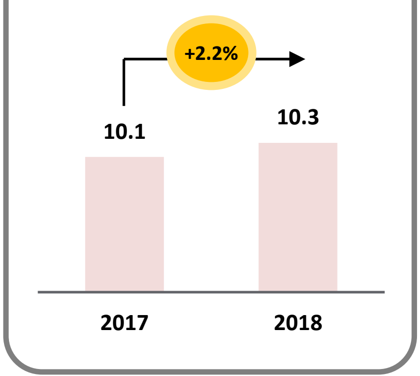
- US pro forma revenue of $3,525m up 8.6% driven by
  - **Admissions** +4.9%
  - **Box office** +7.2%
  - **Retail** +8.2%
  - **Other Income** +18.3%
- US pro forma EBITDA of $817m up 13.2% vs. $722m in 2017

United States - KPI

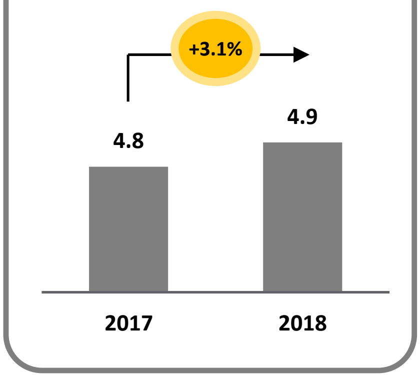
Pro Forma Admissions (m)



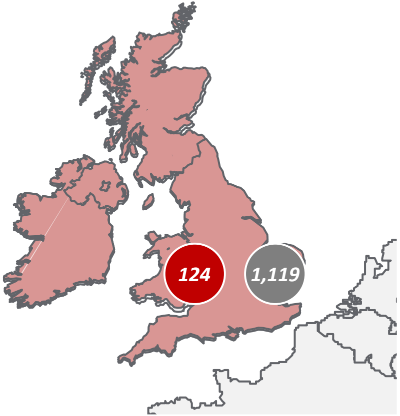
Pro Forma ATP ($)



Pro Forma SPP ($)



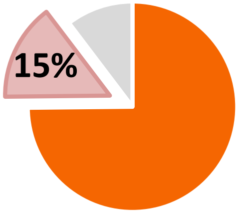
UK & Ireland



2018 Revenue / Growth	2018 EBITDA / Margin
$698m / +3.3%	$126m / 18.0% / -1.4%

x sites x screens

2018 Revenue

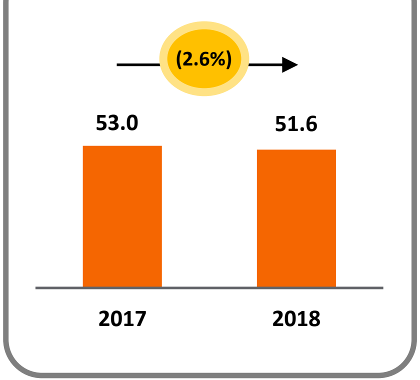


- UK & Ireland revenue of $698m up 3.3% driven by
  - **Admissions** -2.6%
  - **Box office** +2.0%
  - **Retail** +3.5%
  - **Other Income** +10.8%
- EBITDA of $126m down -3.7%

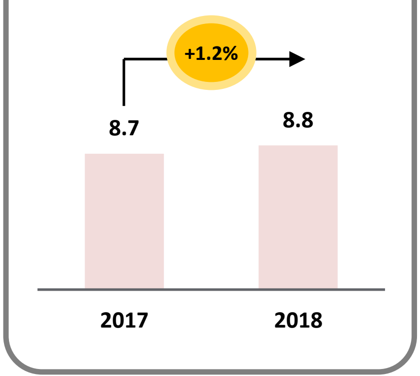
Note: Restated figures. Actual currency movements

UK & Ireland - KPI

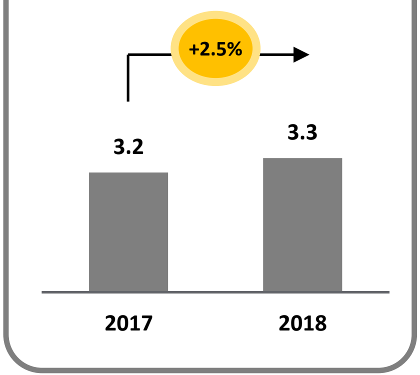
Admissions (m)



ATP[1] ($)

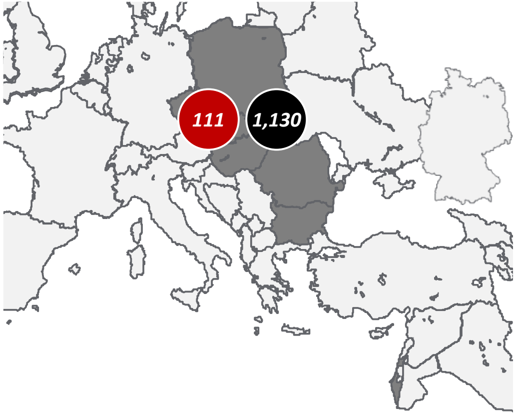


SPP[1] ($)



1. Constant currency ("cc") movements have been calculated by applying the 2018 average exchange rates to the 2017 performance

ROW

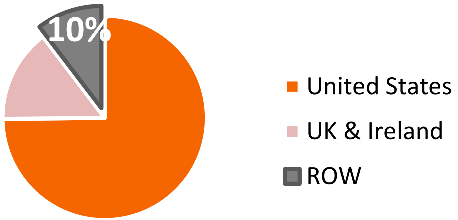


2018	*2018*
Revenue / Growth	***EBITDA / Margin***
$488m / +3.6%	***$129m / 26.4% / -0.5%***

x sites x screens

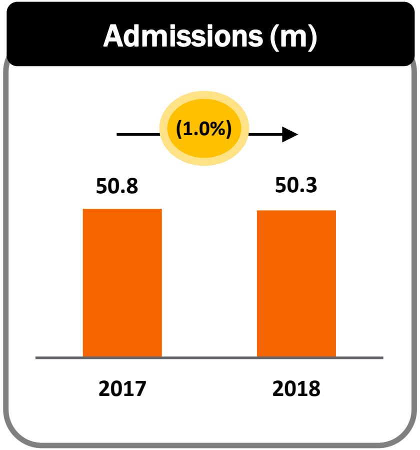
Note: Restated figures. Actual currency movements

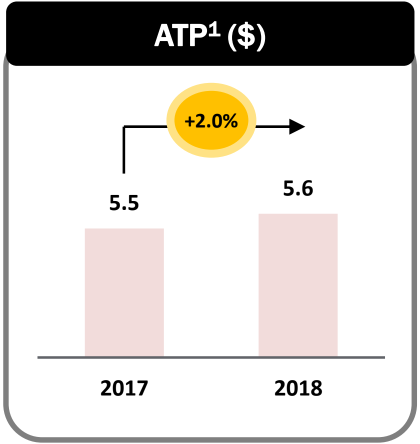
2018 Revenue

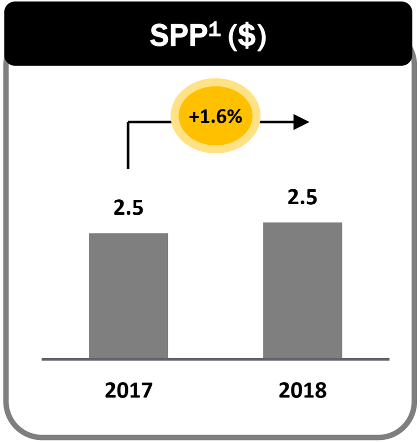


- ROW revenue of $488m up 3.6% driven by
  - **Admissions** -1.0%
  - **Box office** +4.5%
  - **Retail** +3.4%
  - **Other Income** +0.7%
- EBITDA of $129m up +1.7%

ROW – KPI







1. Constant currency ("cc") movements have been calculated by applying the 2018 average exchange rates to the 2017 performance

Statutory Group Profit and Loss (10m Regal)

$m	FY 2018 10m Regal	FY 2017
Revenue	4,119.1	1,147.0
Adjusted EBITDA	**925.4**	**257.7**
Depreciation and amortisation	(320.5)	(87.8)
Exceptional cost & other adjustments	(84.6)	(4.8)
Operating profit[1]	**520.3**	**165.1**
Net finance costs	(171.3)	(10.0)
Profit before tax	**349.0**	**155.1**
Tax charge	(64.7)	(25.6)
Profit after tax	**284.3**	**129.5**
Adjustments	61.0	9.5
Adjusted profit after tax	**345.3**	**139.0**

1. Operating profit plus share of loss of joint ventures using equity accounting method net of tax

Includes $32.2m cash contribution from jointly controlled entities

The $84.6m net exceptional and other items includes the following:

- $58.8m of transaction and reorganisation costs
- ($1.5m) credit from the release of onerous lease provisions
- $18.3m impairment charges
- $3.2m share-based charges
- $1.0m loss on disposal of assets
- $4.8m cash distributions in excess of JV profit share

Net finance costs of $171.3m includes:

- $146.7m in respect of interest on bank loans
- ($47.0m) of foreign exchange gain
- $44.2m unwind of discount on deferred revenue
- $17.9m unwind of the discount and interest charges on property-related leases
- $11.0m amortisation of prepaid finance costs
- ($1.5m) other net finance income

EPS growth of 20.4% - Deal accretive from year 1

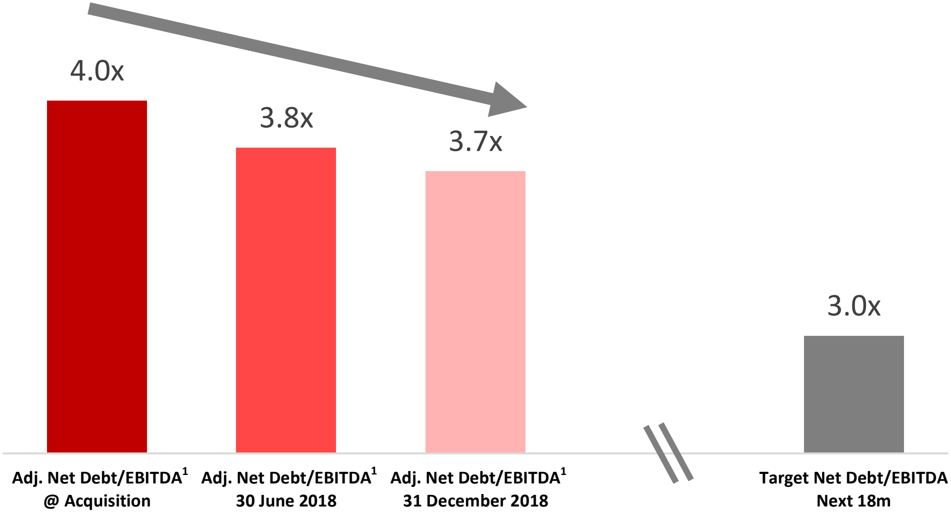
$m	FY 2018	FY 2017
Profit after tax	**284.3**	**129.5**
Adjustments:		
Amortisation on acquired intangibles	25.0	6.6
Transaction and reorganisation costs	58.8	10.0
Impairments	18.3	(6.7)
Share based payment charges	3.2	2.4
Onerous lease charges and releases	(1.5)	1.7
Profit on disposal	1.0	(2.6)
Excess cash distributions from JV	4.8	-
Recycle of fair value on hedging reserve	3.5	-
Impact of foreign exchange translation	(45.1)	-
Tax affect of adjusted items	(7.0)	(1.9)
Adjustments total	**61.0**	**9.5**
Adjusted profit after tax	**345.3**	**139.0**
Diluted earnings per share denominator	1,268.3	615.6
Diluted EPS	22.4c	21.0c
Adjusted diluted EPS	**27.2c**	**22.6c**

The exceptional items includes the following:

- $58.8m of transaction costs
- ($1.5m) credit from the release of onerous lease provisions
- $18.3m impairment charges
- $3.2m share-based charges
- $1.0m loss on disposal of assets
- $4.8 Excess cash distributions from JV
- $3.5m unwind of net investment hedge
- ($45.1m) FX movements on monetary assets and liabilities

Strong deleveraging profile

Adjusted Net Debt[1]/ LTM Adjusted EBITDA: 3.7x



- Strong deleveraging profile
- $150m USD Term loan repaid in February 2019
- Target leverage: 3.0x over next 18 months
- $78m investment in NCM

1. Includes $202m payable to Regal dissenting shareholders

IFRS 16 Update

No impact on Operations	No impact on Economics	No impact on Cash

- Impact on financial statements:
  - Debt and assets increase as Leases brought on balance sheet
  - EBITDA and margin to increase
  - PBT and EPS to decrease
- Estimated IFRS 16 lease adjusted 2018 leverage: 4.2x-4.4x
- No change in deleveraging profile and financial plans
- First IFRS 16 statement to be published: Interim 2019

No bearing on our plans or financial ambitions

Dividend Payments

- **Full year dividend of 15.0c for 2018 up 17.6%**
  - Final dividend of 10.15c per share to be paid in July 2019
  - Interim dividend of 4.85c paid in October 2018
- **From 2019 onwards, the company will pay four interim dividends for each financial year:**
  - First three quarters of the year will be equal to **25% of the full year dividend** of the prior year (3.75c per share per quarter for 2019)
  - Final payment will be reflective of the Group’s full year earnings performance and resulting in a full year dividend payment aligned with the Group’s pay-out ratio of approximately 55%

Financial Outlook

- Business on track to deliver revised synergy plans for 2019
- Total capital expenditure for 2019 expected to be approximately $300m
- Tax rate expected to trend towards 19%-20%
- Focus on cash generation with deleveraging profile on track - target of 3.0x over next 18 months
- Group to maintain historical dividend payout of 55% adjusted EPS[1]
- IFRS 16 to be implemented from the interim results: No impact on operations, economics and cash
- Trading for the current full year remains in line with our expectations

1. Pre IFRS16 impact

Business Update

REGAL

the **best** place to watch a movie

Our successful integration

1
Restructuring
New management team in place from Day 1

New operating structure

2
Leadership
Senior management fully engaged

3
Cost optimisation
Public to private company savings

Opex Procurement

Capex savings

4
Revenue initiatives
Premium formats

Seat reservation & online booking

Best practices across sales and marketing

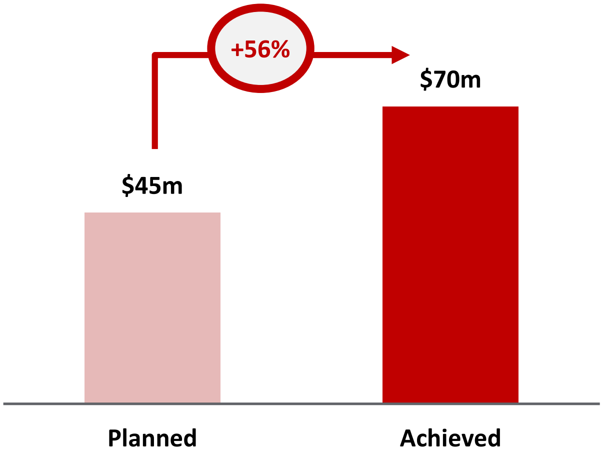
5
Refurbishments
Plans progressing well

Selected strategic sites to be refurbished this year

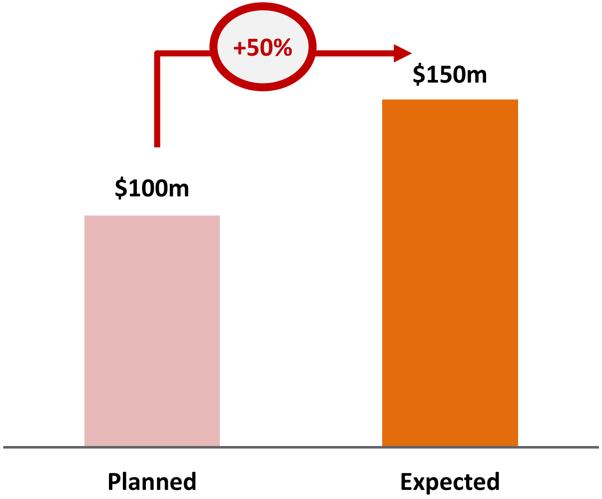
Upgrading Integration Benefits

Upgrading our run-rate guidance to $150m

2018



2019E



Our Strategy

Enhance Customer Value

- ☆ Refurbishment of cinemas in the US and UK
- ☆ Introduce next generation cinemas in the US
- ☆ Stadium seating, leather seats and refurbished foyers

Expand Revenue Opportunities

- ☆ Increase investments in premium formats (4DX, IMAX, Screen X)
- ☆ Better facilities: concessions and food offering, VIP offering
- ☆ Loyalty and subscription program

Cost Control

- ☆ Effective planning
- ☆ Procurement, centralised purchasing and systems
- ☆ Increased productivity

Continued Roll-out Across the US and Europe

13 new sites and 108 screens across our estate in 2018

United States		UK & Ireland		ROW	
6 sites	**59** screens	**6** sites	**43** screens	**1** Site	**6** screens

Lynbrook, NY

Speke, UK

Ramnicu Valcea, Romania

Next generation cinemas – refurbishments

Continued delivery of our refurbishments program

- Full refurbishment of our flagship cinema in **Leicester Square** in 2018
- Refurbishment of our **Enfield, Newport and Castleford** cinema in the UK in 2018
- Includes premium formats: Premium Large Format, ScreenX and 4DX
- Selected strategic sites in the US anticipated to be refurbished in 2019

Leicester Square

Newport

Enfield

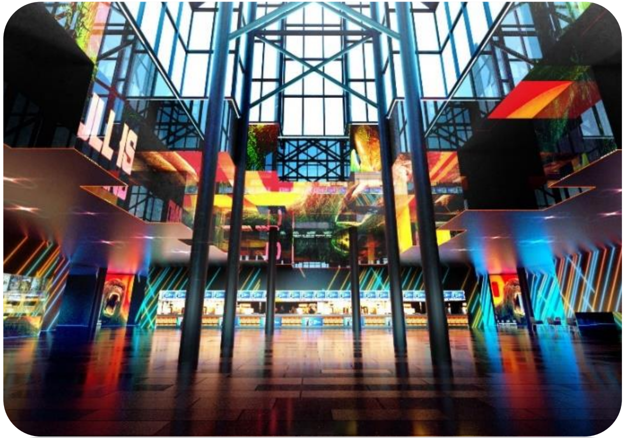
Our US Refurb Program

Union Square, NY

Over 25 Agreed and Signed Renovations

Irvine Spectrum, CA

Our US Refurb Plan



Hacienda Crossing, CA

Our US Refurb Plan

Atlantic Station, GA

Our US Refurb Plan

Sawgrass, FL

Warrington, PA

First Look: New Build for 2019 and more

Essex, NY

Bricktown, NY

First Look: New Build for 2019 and more

Mission Market, CA

Yorda Linda, CA

First Look: New Build for 2019 and more

BL, Texas

Technology Investments

Investment into a wide range of new and exciting technologies including

- Digital **Laser Projectors**
- New **4DX** (80 screens) and **IMAX** (55 screens) agreements
- **ScreenX** (100 screens): 270 degree panoramic film-viewing experience
- Digital posters
- Large format LED screens

2018	
IMAX	130
SUPER SCREEN RPX	116
4DX	53
SCREENX	19

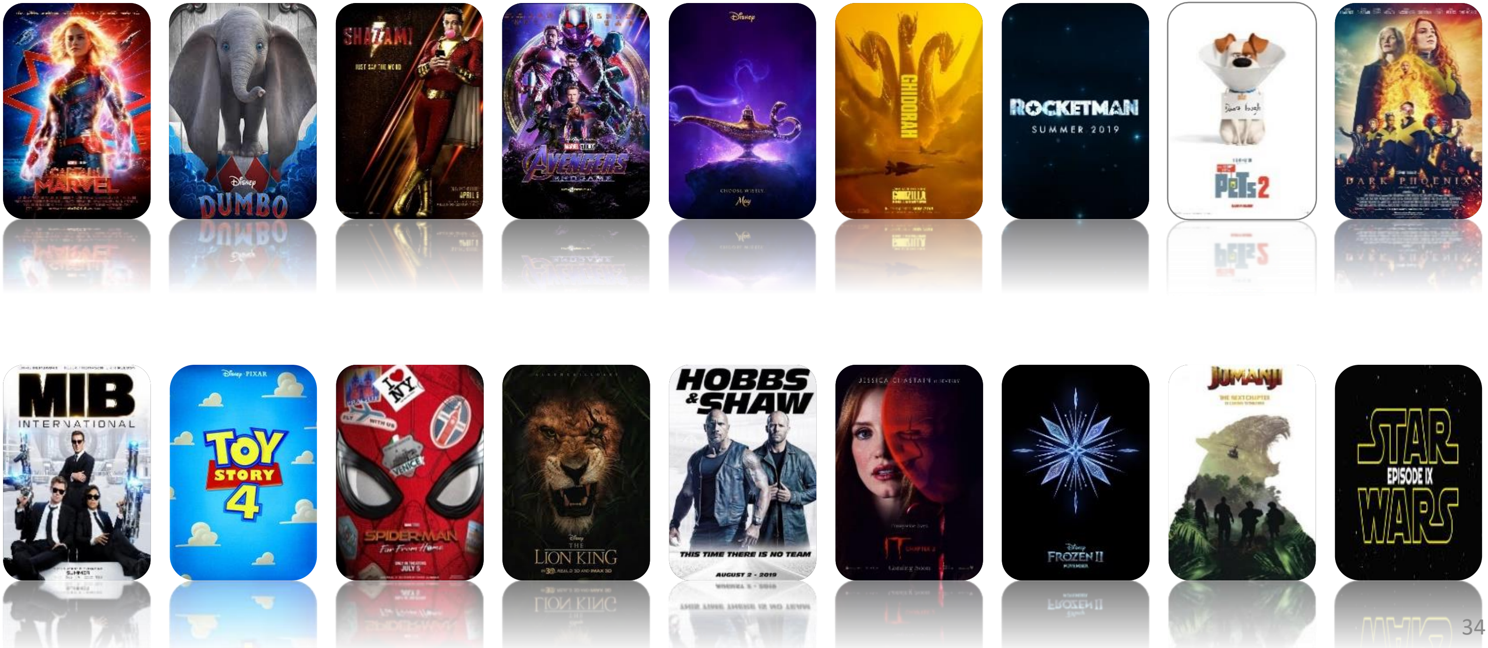
What is coming?

17 new sites and 184 screens across our estate in 2019

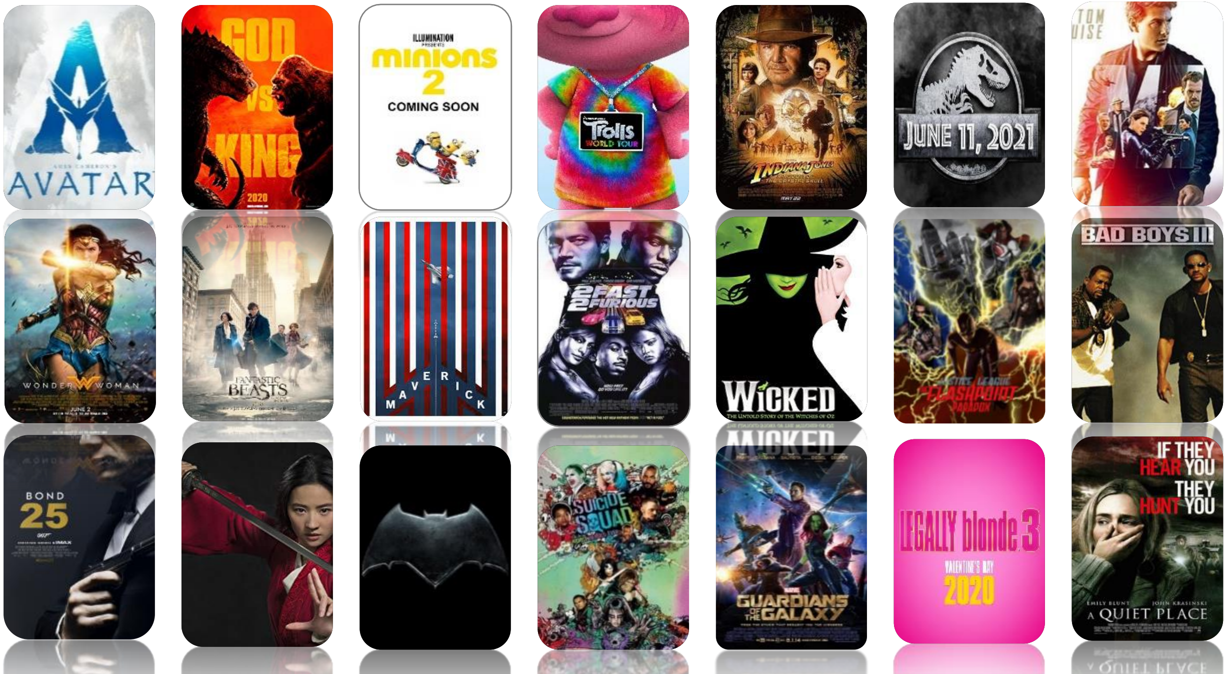
United States		UK & Ireland		ROW	
7 sites	**78** screens	**6** sites	**67** screens	**4** Site	**39** screens

- **Over 25 agreed and signed renovations in the US**
- **Further refurbishments planned in the UK (10 sites) and ROW (2 sites)**
- **Continued focus on customer experience to be “The Best Place to Watch a Movie”**

Release Schedule: 2019



2020 and beyond – Key Titles



Q&A

Cineworld Group plc

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