

# Interim Results

16<sup>th</sup> August 2012

# Today's presentation team



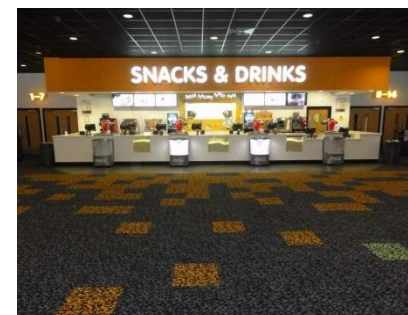
- **Steve Wiener**  
*Founder & Chief Executive Officer*
- **Philip Bowcock**  
*Chief Financial Officer*
- **Crispin Lilly**  
*Vice President of Business Affairs*



# 2012 Half Year Highlights



- Number 1 in UK/Ireland with 24.7% market share<sup>(1)</sup>
- Cineworld net Box Office increased 4.1%
- Digital conversion now completed
- 48% growth in MyCineworld<sup>(2)</sup> to 1.5m
- Development pipeline continuing to progress well
- Increase in proposed interim dividend to 3.8p (H1 2011 : 3.6p)



<sup>1</sup> Source: Rentrak EDI: January to June 2012

<sup>2</sup> As at 28 June 2012 since MyCineworld launch (16 March)

# Financial Review



# 2012 Financial Highlights



	FY 2011		H1 2011	H1 2012	Growth
Group revenue	£348.0m		£163.6m	£165.4m	+1.1%
EBITDA <sup>(1)</sup>	£63.3m		£25.7m	£26.3m	+2.3%
Pre-tax profit	£33.4m		£6.9m	£13.4m	+94.2%
Net debt	£101.4m		£100.7m	£99.2m	
Dividend	11.0p <i>per share</i>		3.6p <i>per share</i>	3.8p <i>per share</i>	+5.6%
Adjusted EPS	19.2p		6.7p	7.1p	+6.0%

1. EBITDA is defined as operating profit before depreciation, impairments, reversals of impairments and amortisation, onerous lease and other non-recurring charges, transaction, pension, refinancing and reorganisation costs.

# Admissions



	FY 2011		H1 2011	H1 2012
Total Admits (m)	48.3		23.2	23.0
Unlimited (m)	9.4		4.7	4.9
Standard (m)	38.9		18.5	18.1
2D	81.7%		83.3%	84.9%
3D	18.3%		16.7%	15.1%
Weekend	54.3%		55.7%	55.1%
Midweek	45.7%		44.3%	44.9%
Online bookings	9.9%		7.9%	13.1%

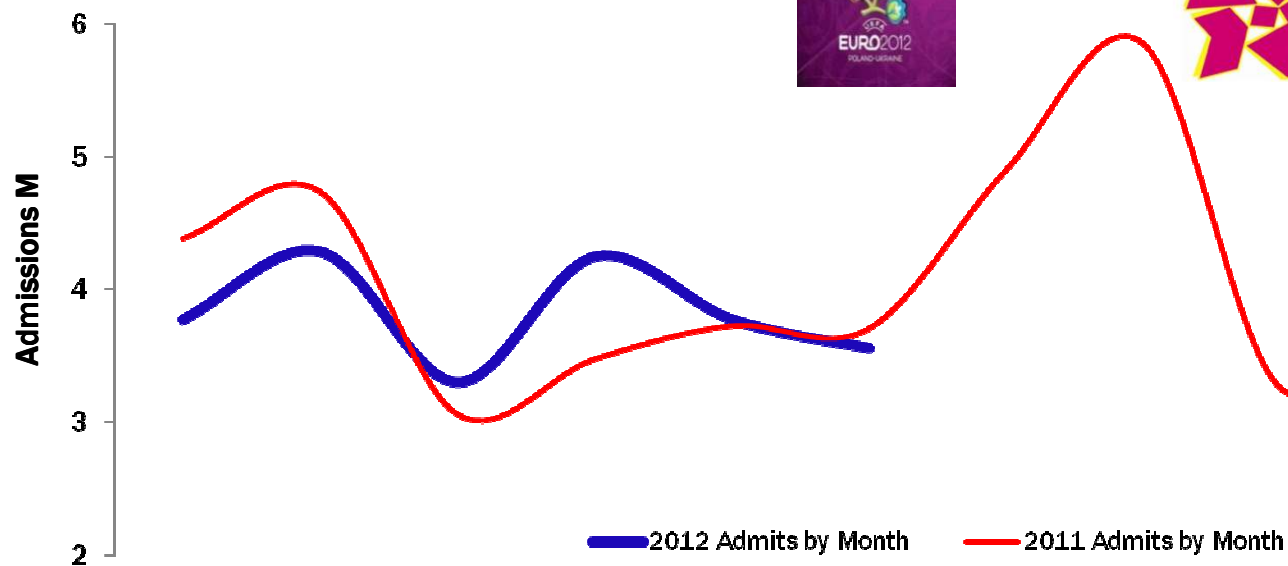
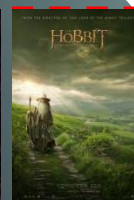
# Revenues



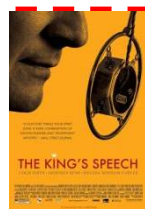
	FY 2011 £m		H1 2011 £m	H1 2012 £m
Box Office	242.1		113.9	118.6
Retail	81.6		38.8	38.0
Other	24.3		10.9	8.8
	348.0		163.6	165.4
	£		£	£
Average Ticket Price	5.01		4.91	5.15
Spend per person	1.69		1.67	1.65

# Annual Comparison

**2012\***



**2011\***



January



June

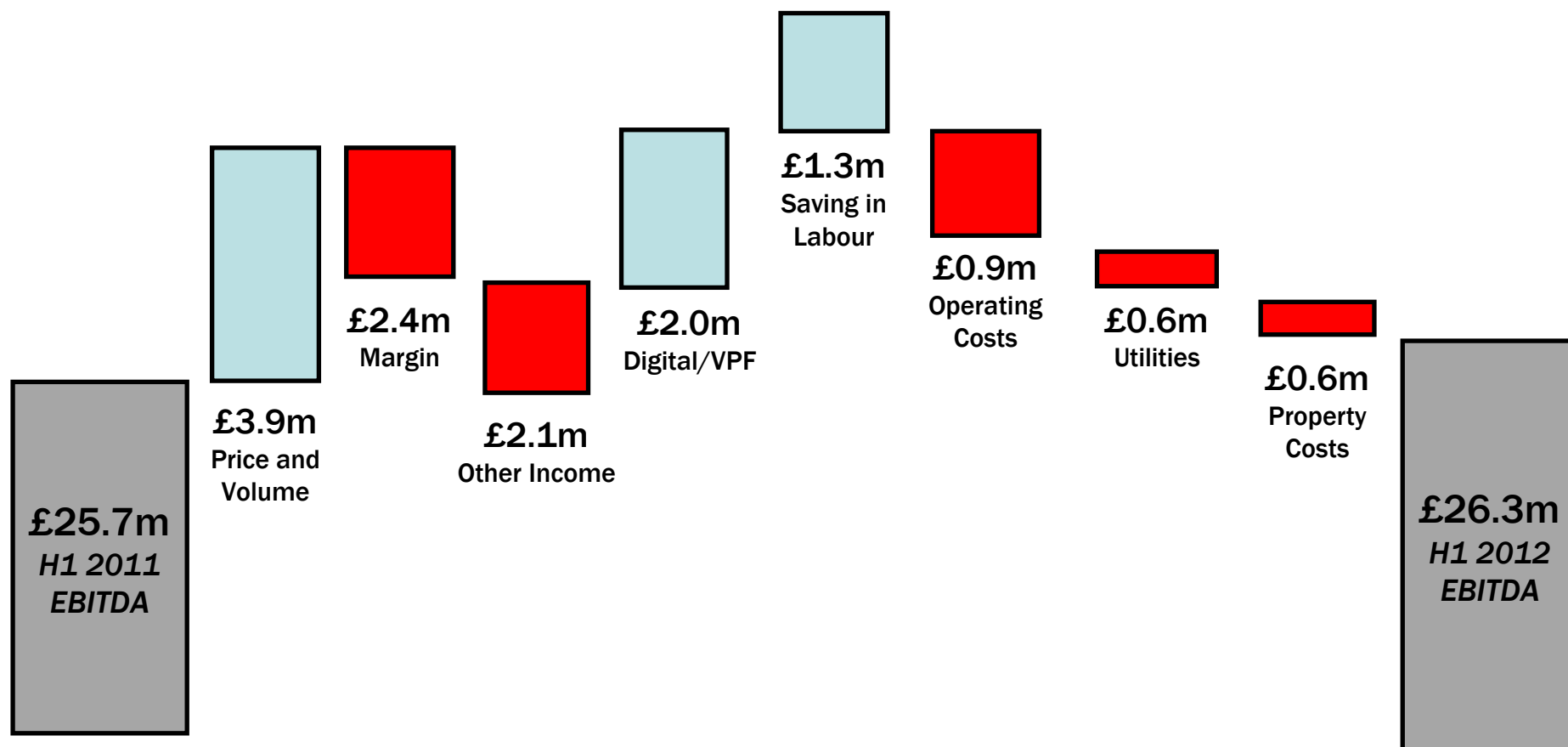


November/December

\* Major events and top 5 national grossing films (either actual or forecast)



# EBITDA Bridge



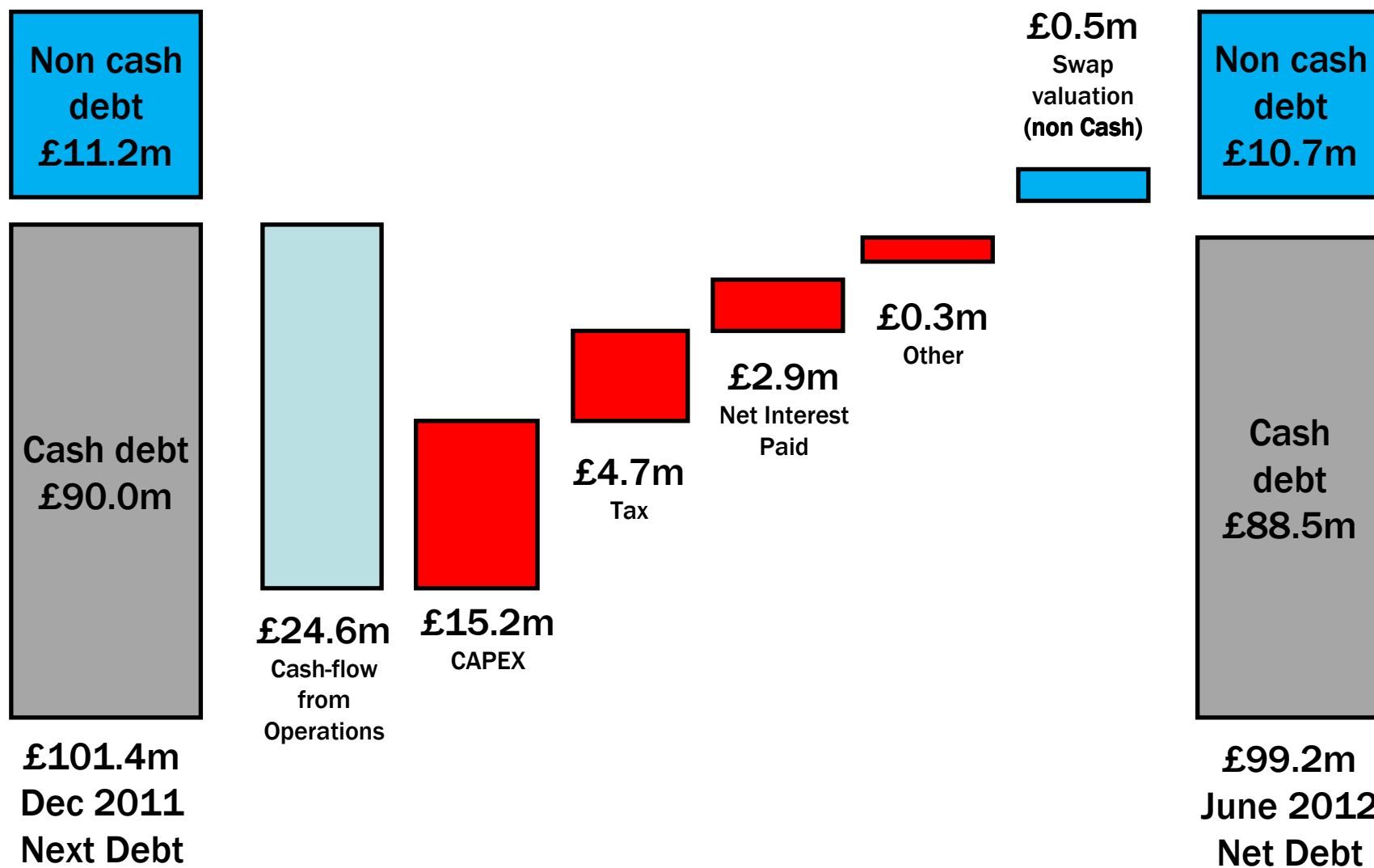
# Profit & Loss Account



(£m)	2011	2012	Growth	
Revenue	163.6	165.4	+1.1%	
EBITDA	25.7	26.3	+2.3%	
EBITDA margin	15.7%	15.9%	+0.2pp	
Other non-cash & non-recurring costs	(3.3)	-		2011 included £2.6m Reorganisation £0.5m Cinesur
Depreciation and amortisation	(9.4)	(10.5)		Include £0.8m impaired assets
Operating profit	13.0	15.8	+21.5%	
Net interest charge	(3.6)	(3.2)	-11.1%	
Refinancing costs	(2.2)	1.0		Write off of hedge on expiry of swap
Share of loss in joint venture	(0.3)	(0.2)		
Profit before tax	6.9	13.4	+94.2%	
Tax	(1.8)	(3.6)		
Profit after tax	5.1	9.8	+92.2%	
EPS - adjusted <sup>1</sup>	6.7	7.1	+6.0%	
DPS - proposed	3.6	3.8	+5.6%	

1. EPS - adjusted and fully diluted: based on normalised tax of 24.5% (2011: 26%) and weighted average shares in the period.

# Net debt





# Business Review

# Customer Focus



- **Box Office performance**
- **Customer Strategy & CRM**
  - **MyCineworld**
  - **Unlimited**
- **Cinema Experience**
  - **Starbucks**
  - **Big Screen Investment**
- **Advertising (DCM)**



# Box Office

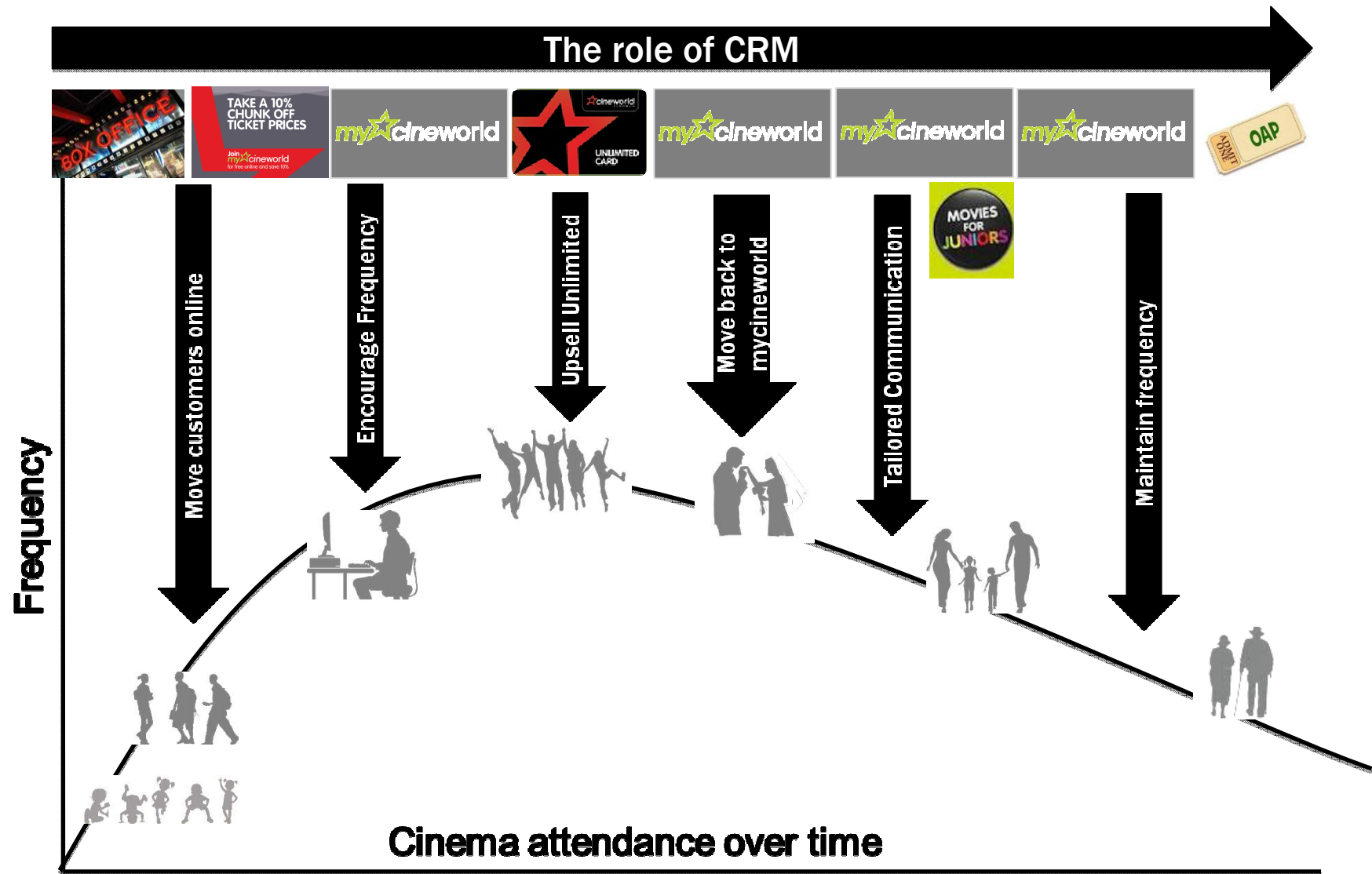


- **UK & Ireland Box Office Up YOY**
  - +4.1% (UK Only +5.7%)
  - Tough 2011 comparables
    - Q1 up against 'Kings Speech'
    - Euro Championships and Jubilee
- **Ongoing growth for Cineworld supported by**
  - IMAX & D-Box premium revenues
  - Continued 50% share of Bollywood market
  - Continued innovation including Polish films
  - Good Alternative Content growth (+30%)
- **H1 Market Share 24.7% (0.2%)**





# Customer Cinema Lifecycle

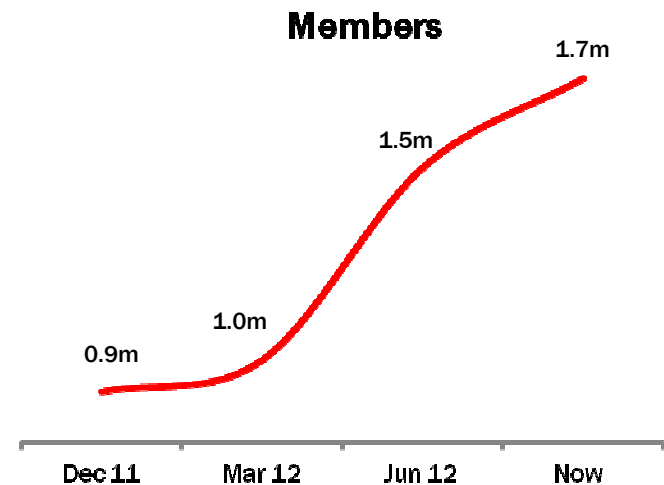


# My Cineworld



- National roll out launch in March 2012
  - Grow customer data (drive frequency)
  - Upsell (e.g. Unlimited, retail)
  - Remove queues, improve satisfaction
  - Re-commercialise foyer
- Membership grew by 48%<sup>1</sup> to almost 1.5m
  - Now at 1.7m
- Rate of advance booking doubled YOY
  - 80% advance bookings MyCW
  - Total advance booking 13%
- Customer information now at 33% admissions (inc. Unlimited)

<sup>1</sup> Between the launch in March 2012 and 28 June 2012



# Unlimited



- Unlimited continuing to grow significantly
  - +7% increase in subscriber base last six months
- Significant proposition development in 2012
  - Recognising card holders as true VIPs
    - Improved access to web, ATMs
  - Offering all card holders added value and improved benefits
    - 10% retail discount
    - Advance booking capability
    - Exclusive screenings
- Q4 launch of Premium card for 12 month+ tenure





# Cinema Experience - Starbucks



- New site in Sheffield opened in March and trading
  - Incremental 20p retail spend per admission
  - Excellent customer reaction
  - Site still in growth
- Significant learnings to be employed on future developments
- Starbucks/Cineworld development plan
  - Will test small versions through Q4 2012/2013
  - Evolve portfolio of solutions for range of sites
  - Will include review of use of bar areas



# Cinema Experience – Big Screen Investment



## **IMAX**

- Three new IMAX screens opened Dec '11 - Mar '12
  - Sheffield & Crawley top grossing digital IMAX screens in country
  - Market share on key IMAX releases grown by 1%
- Extension deal signed for further five sites between Q4 2012 and Q1 2013
  - Enfield, Birmingham, Dublin, Nottingham & Ipswich



## **D-Box**

- Installations now operating in six screens
- Significant occupancy uplift & positive feedback
- Up to 20 additional sites planned for 2013

**Sub 3 year payback on Big Screen Investment**

- **First half revenue down – reflecting current advertising environment and film product**
- **DCM now handles in excess of 80% of UK Cinema advertising spend**
- **Full rollout of digital advertising at end Q3 enabling**
  - **All adverts to be distributed digitally**
  - **Shorter booking lead times**
  - **Scheduling flexibility/ media selling opportunities**



# Growth



- **Market for new sites continues to be encouraging**
  - **Cinema / Retail**
  
- **Cinema is seen as anchor tenant in leisure/retail development**
  - **Demographic of footfall**
  - **Admissions volume**
  
- **Cineworld remains one of the most attractive partners for developers**
  - **Strong covenant/ balance sheet**
  
- **Actively re-locating older cinemas in key markets**

# Pipeline Openings



Year of opening	2012	2013	2014	2015	2016+
<b>Sites contracted</b>	<b>Aldershot</b>	<b>Wembley St Neots Gloucester Quay</b>	<b>Hinckley Oswestry Swindon Telford</b>	<b>Macclesfield Trowbridge</b>	
<b>Sites in legals</b>	<b>-</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>Sites under discussion</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>9</b>	<b>11</b>
<b>Total Screens</b>	<b>7</b>	<b>43</b>	<b>96</b>	<b>118</b>	<b>142</b>

# Outlook



# 2012 Outlook



- H2 started in line with expectations
- Strong film slate for remainder of year
- Greater weighting of blockbusters to Nov/Dec 2012
- Anticipate greater Q4 weighting compared with 2011
- New site pipeline is growing
- Opening of Aldershot in Q4
- Initial view of 2013 slate is encouraging





# Appendix

# Major Films for H2 2012

Film	Expected Release Date	Comparison Films & Lifetime Gross
The Hobbit Part 1 (3D)	14th December	LOTR Fellowship - £65m / LOTR: Two Towers - £57m / LOTR: Return of the King - £61m
Skyfall	26th October	Casino Royale - £55m / Quantum of Solace - £51m
Twilight Breaking Dawn Part 2	16th November	Twilight - £11m / Twilight New Moon - £27m / Twilight Breaking Dawn Part 1 - £31m
Madagascar 3 (3D)	19th October	Madagascar - £22m / Madagascar: Escape 2 Africa £23m
The Brave (3D)	17th August	Up - £34m / Tangled - £20m
The Bourne Legacy	17th August	Bourne Identity - £7m / Bourne Supremacy - £11m / Bourne Ultimatum £23m
Rise of the Guardians (3D)	30th November	Despicable Me - £20m

# Some of the Major Films for 2013



Film	Expected Release
	Month
Les Miserables	January
A Good Day to Die Hard	February
Jack The Giant Killer – 3D	March
Oblivion	April
Iron Man 3 – 3D	May
Star Trek Sequel – 3D	May
Fast & Furious	May
Hangover Pt3	May
Man of Steel – 3D	June
Despicable Me 2 – 3D	June
Monsters University – 3D	July
The Wolverine	July
Smurfs 2 – 3D	July
Catching Fire (Hunger Games Pt2)	November
Thor 2 – 3D	Est. late 2013
Hobbit There and Back Again	December



# Balance Sheet



(£m)	FY 2011		H1 2011	H1 2012
Goodwill	217.1		217.1	217.1
Fixed Assets	124.3		119.5	131.7
Other non current assets	16.5		17.7	15.7
Total non current assets	357.9		354.3	364.5
Receivables and Stock	28.7		25.3	29.2
Cash	5.5		7.2	4.9
Total current assets	34.2		32.5	34.1
Trade and other current payables	(57.7)		(64.1)	(72.5)
Bank Debt less fees	(95.7)		(97.9)	(93.4)
Finance Lease and Swap liability	(11.2)		(6.8)	(6.7)
Provisions and LT payables	(67.2)		(68.9)	(68.3)
Total liabilities	(231.8)		(237.7)	(240.9)
Net Assets	160.3		149.1	157.7
Net Debt	101.4		100.7	99.2
Debt : Net Assets	63.3%		67.5%	62.9%



# Cashflow



(£m)	FY 2011		H1 2011	H1 2012
EBITDA	63.3		25.7	26.3
Change in working capital	(1.6)		(1.8)	(1.7)
Non trading and non cash items	(6.4)		(3.3)	-
<b>Cash generated from Operations</b>	<b>55.3</b>		<b>20.6</b>	<b>24.6</b>
Net cash interest	(5.1)		(2.2)	(2.8)
Capex net of contributions	(25.0)		(13.7)	(15.2)
Tax	(8.3)		(3.9)	(4.7)
Dividend	(15.2)		-	-
Debt repayment and fees	(6.8)		(4.3)	(2.5)
<b>Net cash movement</b>	<b>(5.1)</b>		<b>(3.5)</b>	<b>(0.6)</b>