Cineworld Cinemas
Capital Markets Event
November 28th 2012

Agenda

First Session

- Trading Update – November IMS
- The Cineworld Strategy
  - Customer Acquisition & Retention
  - The Cinema Experience
  - Our People, Effectiveness & Efficiencies
  - Growth
- Q&A

Second Session

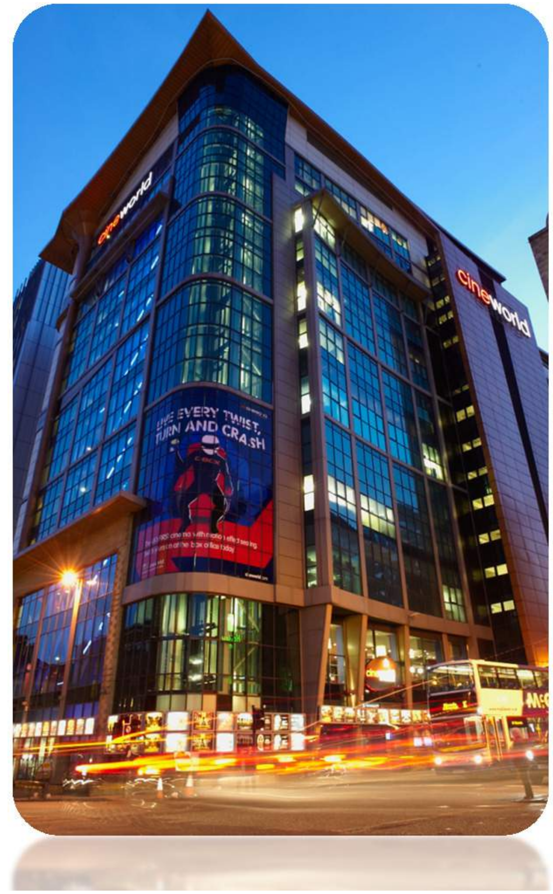
- DCM Presentation
- NEC Presentation
- Paramount Pictures Presentation
- 2013 Slate
- Q&A

IMS Summary

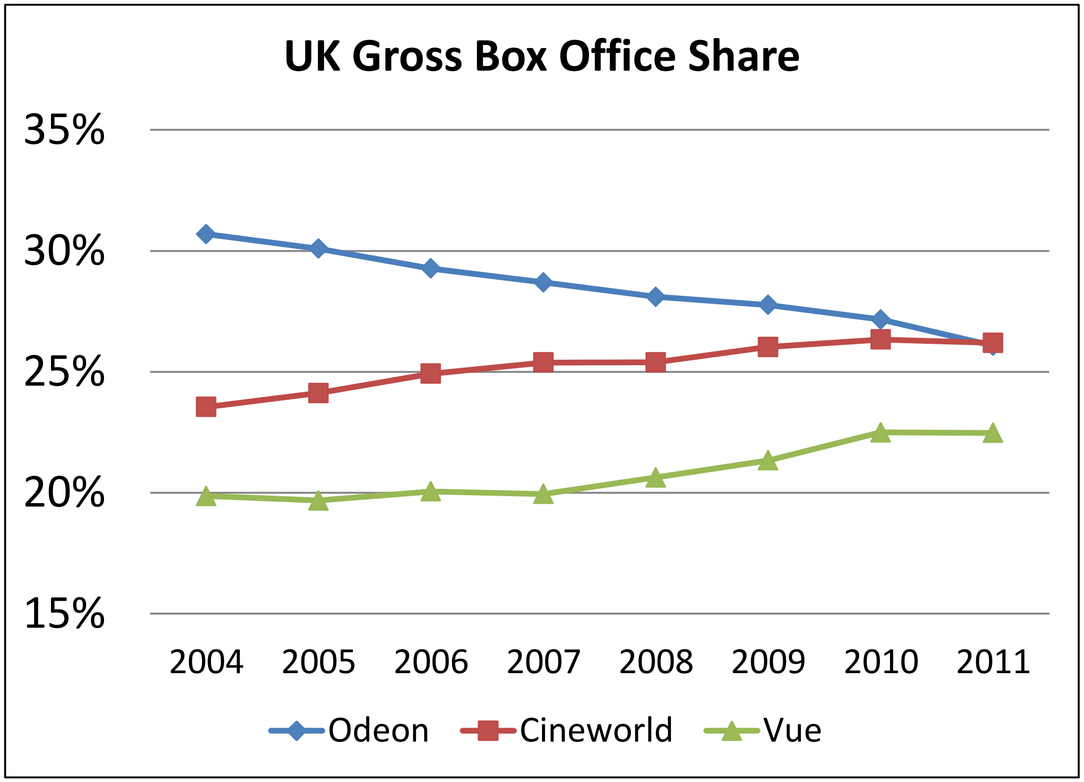
- Third quarter trading weak – recent releases performed well
- Total Revenue for 19 weeks to 8 November down 1.4%
- Ticket price up 4.0%, admissions down 4.1%
- Spend per person up 4.3%
- Advertising revenues flat
- Full year results expected to be in line with current market expectations

A Brief History Of Cineworld

- 1996 – First Cinema Opens In Stevenage
- 1997 – Feltham Opens: Massive Bollywood Success
- 2004 – UGC Cinemas Acquired
- 2005 – Renfrew Street Becomes UK's Busiest Cinema
- 2007 – Cineworld IPO
- 2010 – Acquire The O2 Cinema
- 2012 – Our 80th Cinema Opens In Aldershot



Consistent Growth



Source: Rentrak Reporting

Our Long View

LONG-TERM VISION
To be the favourite cinema

TODAY 2012

- No.1 market share in admissions
- A good overall experience (clean, tidy, comfortable)
- BUT low brand awareness
- Undifferentiated
- Functional but unemotional
- Not favourite → low brand score amongst customers and staff

BY 2015

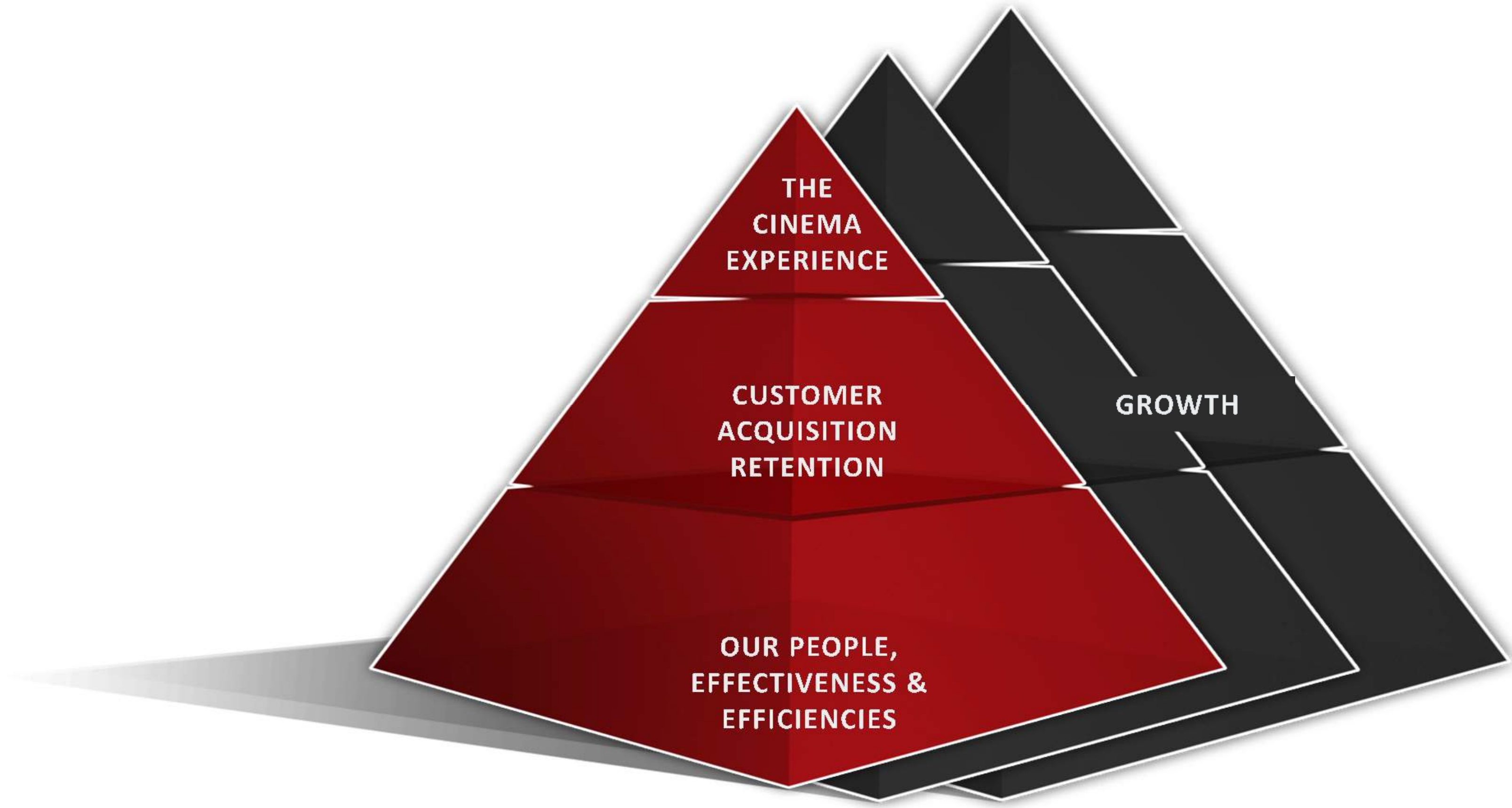
- No.1 market share and high positive brand awareness
- Recognised by our regular customers to provide the best cinema experience in our categories
- Staff are more engaged, our customers feel more welcomed and valued
- Communications are fun and different
- Our cinema environment is clean, efficient, engaging and relaxed

BY 2017

- No.1 market share and favourite
- We have the best reputation in the business for mass market cinema
- We have greater customer loyalty and advocacy than any of our main competitors
- We provide the best customer experience bar none

Customer First Strategy

Putting The Customer At The Heart Of Our Business



The Core Four Areas

CUSTOMER ACQUISITION & RETENTION

Customer Strategy
- MyCineworld
- Unlimited
- CRM/Customer Insight

Marketing Communications
- E-comms/online experience
- Brand Comms
- P.O.S.

Pricing Strategy

Customer Service Support

THE CINEMA EXPERIENCE

Content
- Film Strategy
- Alternative Content

Retail
- Retail Strategy
- Retail stand development
- Coffee/Bar Offer

Environment
- New Cinema Design
- Cinema Refurbishment

Auditorium Experience
- IMAX, D-Box
- Digital Conversion

Customer Service in-Cinema

OUR PEOPLE, EFFECTIVENESS, & EFFICIENCIES

Employee Engagement
- Internal Comms
- Employer Brand and Values

Workload Efficiencies
- Till sharing
- New audit process
- Service Pilots

HR/L&D Strategy

IT Infrastructure (EOS, Vista & Systems)

GROWTH

Standard Site Acquisition

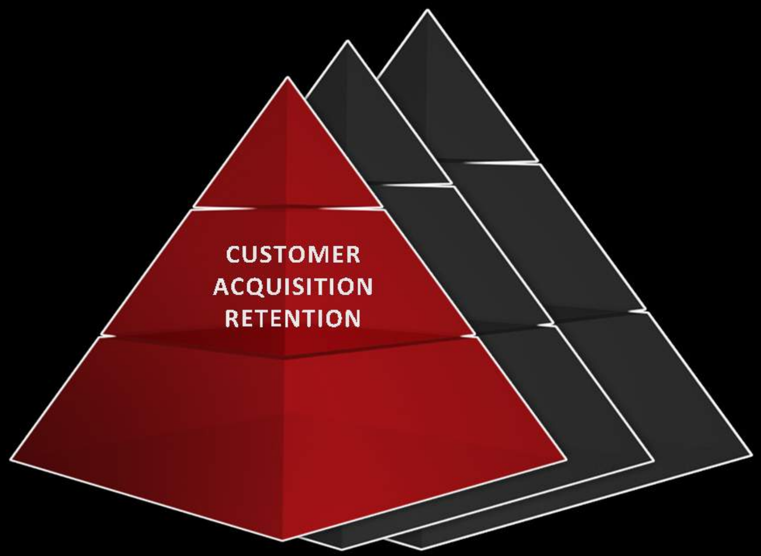
New format development

The Screening Rooms

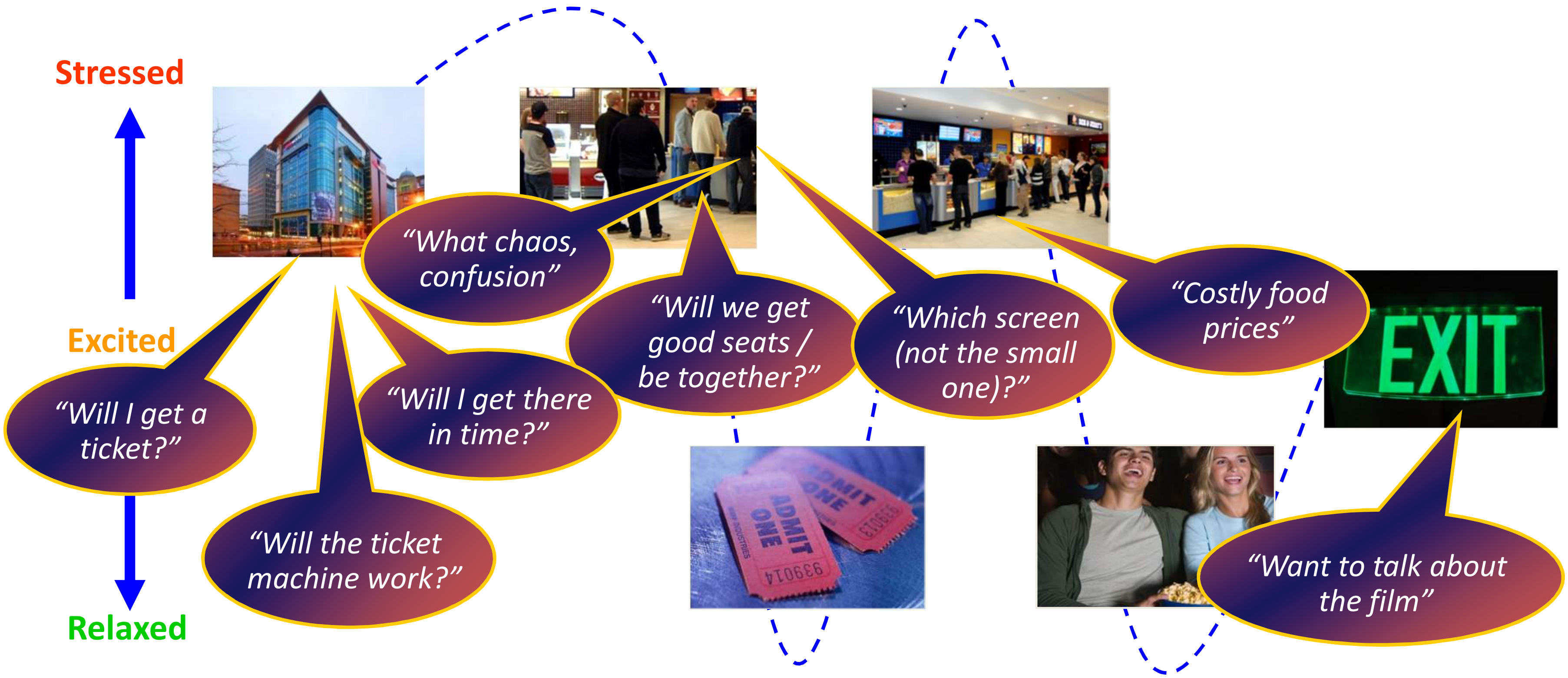
UK Acquisition

International

Customer Acquisition and Retention



Back to 2010…


Stressed
Excited
Relaxed
"Will I get a ticket?"
"Will the ticket machine work?"
"What chaos, confusion"
"Will I get there in time?"
"Will we get good seats / be together?"
"Which screen (not the small one)?"
"Costly food prices"
"Want to talk about the film"
EXIT
ADMIT ONE

In The Beginning….We Created A Vision…

A cinema where most customers book their tickets before they come to the cinema. They do so because it's cheaper and it's only a couple of clicks to book. The tickets arrive on their mobile a couple of minutes later.

A Vision In-Cinema

On the day, they arrive before their friends, so they casually grab a coffee in the foyer. When their friends arrive, they head upstairs and pick up some popcorn, coke and a bag of sweets. As they head past the drop box, the friendly cinema team member scans their ticket and wishes them happy viewing.

And A Vision Post-Cinema

A couple of days later, the customer who booked the tickets online receives an email thanking them for their visit and reminds them of the trailers they watched before the film. One click on the email and they can book again or upgrade to Unlimited.

And We Said We Wanted To Do This…

cineworld CINEMAS

Unlimited

- Expand added value offerings
  - Free screenings
  - Retail discounts
  - 3rd Party offers
- Create 'Unlimited Plus'
  - Includes 3D
  - Other benefits

Unique In Market

3% Customers → 30% Admissions

MyCineworld

- Create relationship with many more, less regular customers
  - Upsell films
  - Upsell Unlimited

Innovative & Market Leading

20% Customers → 30% Admissions

Because if…Then…

\+

>60%

of admissions

Print-at-home/E-ticketing

Online Retail Pre-Purchasing

- **Only 2 in 5 customers will need to be sold a ticket in foyer**
- **Box offices can be replaced with greeters and advanced ATM technology**
- **Foyers become more relaxed, meeting places, where there is a secondary retail opportunity**
- **Environment more welcoming, enticing places**
- **More flexible staff management**

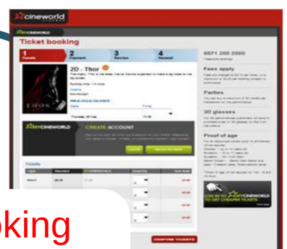
And Since Then We've Made Good Progress… Pre-cinema

16th March price change

16th March MyCineworld rolled out

Unlimited advance booking online

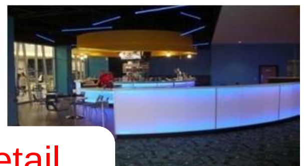
A cinema where most customers book their tickets before they come to the cinema. They do so because it's cheaper and it's only a couple of clicks to book. The tickets arrive on their mobile a couple of minutes later.



Booking process redesigned

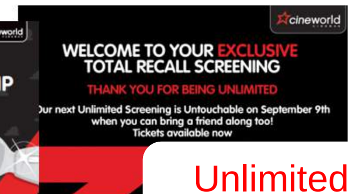
E-ticketing live

In-Cinema…



Retail Strategy

Refer a friend



Unlimited screenings

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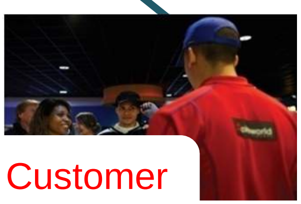
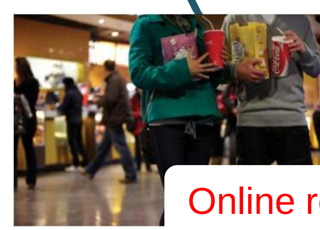


Customer First pilot

E-ticketing live

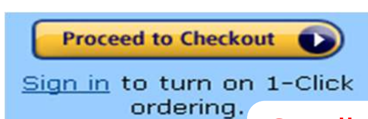


Online retail trial

Post-Cinema…

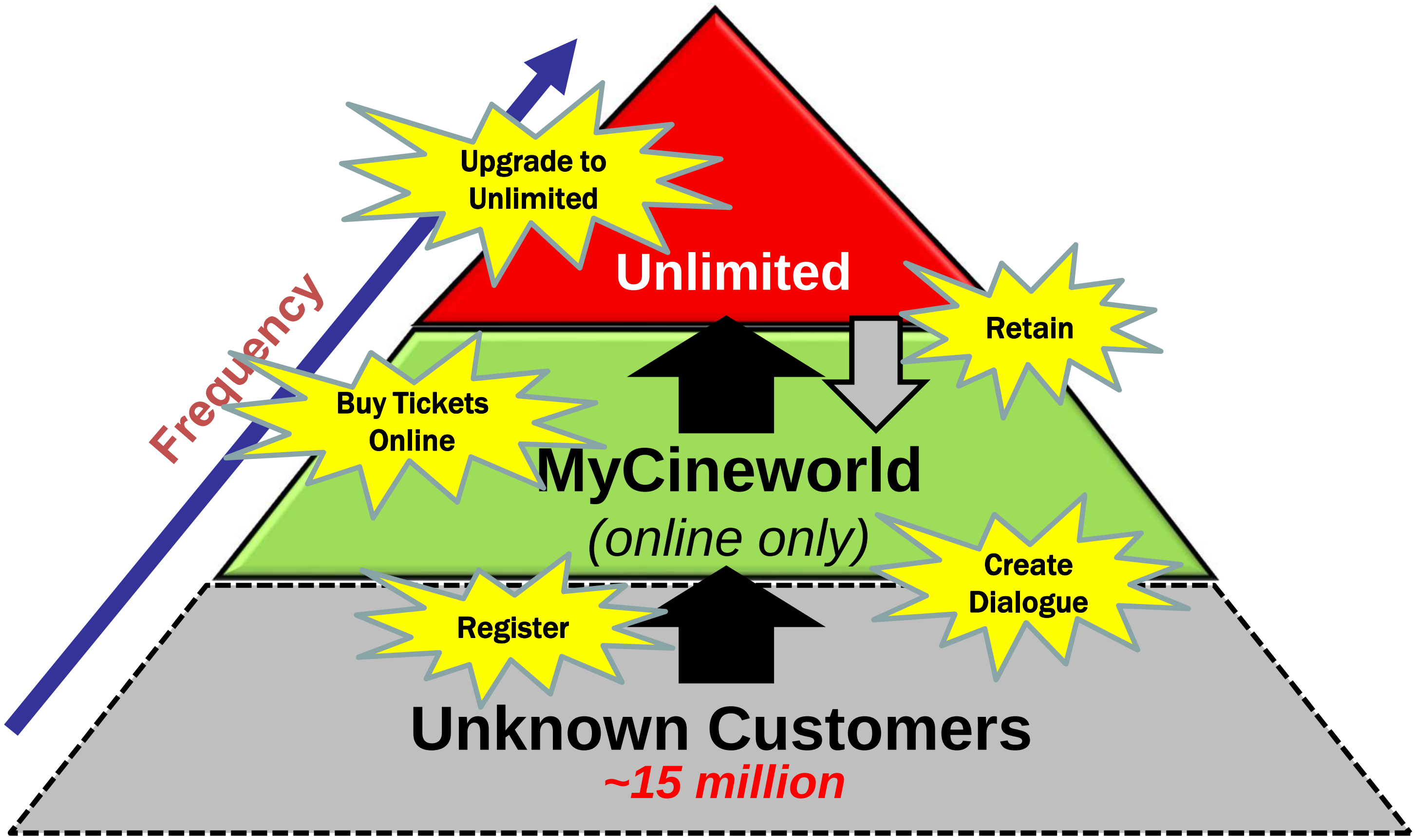
E-marketing / CRM

A couple of days later, the customer who booked the tickets online receives an email thanking them for their visit and reminds them of the trailers they watched before the film. One click on the email and they can book again or upgrade to Unlimited.

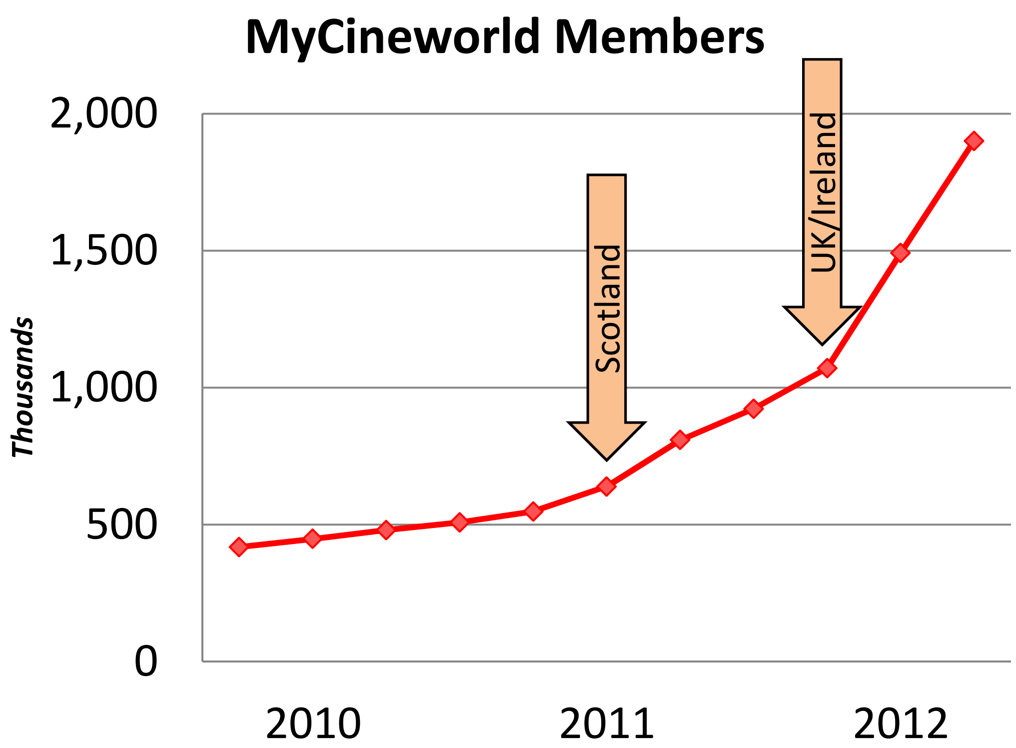


Credit card store live

So This Was The Theory…



MyCineworld Is Growing Fast



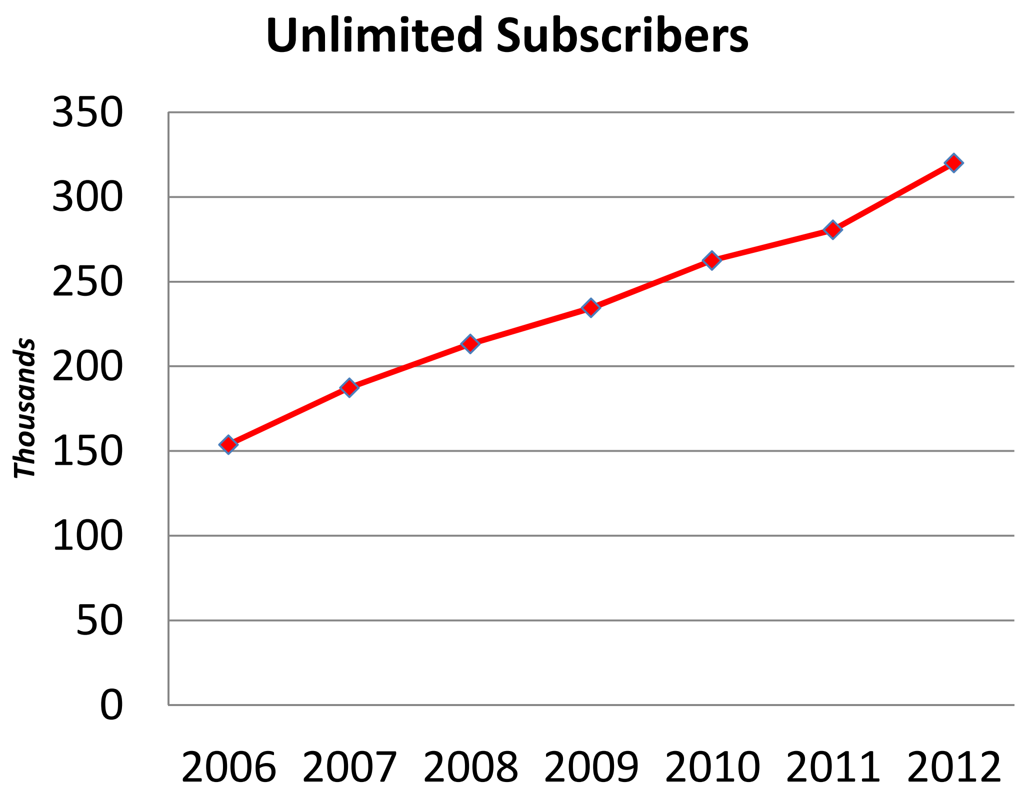
>2.1million Members

20% Online Bookings

80% Bookings MyCineworld Registered

And There's More To Come

Unlimited Is Growing Fast



316,000
Subscribers

Doubled in 6 Yrs
+10% in 12 mths

And There’s More To Come

Which Means Next Year…

+

>40%

of admissions

Print-at-home/E-ticketing

Online Retail Pre-Purchasing

Unlimited Advance booking

Some Reactions


MoneySavingExpert.com » News » Cineworld first big cinema chain to axe payment charges

Cineworld first big cinema chain to axe payment charges

Helen Knapman
News Reporter
16 March 2012

Filmgoers in England and Wales will no longer be charged payment fees when buying cinema tickets online or over the phone from Cineworld.

The chain has become the first of the big silver screen operators to axe all such charges for customers buying film tickets.

It already costs nothing to book tickets for Cineworld's Scottish cinemas.

It follows Government plans to ban surcharges on debit and credit card payments on flights, entertainment tickets and more, and puts pressure on other firms to drop the fees before new laws come in at the end of this year.

Companies will be banned from profiteering on all forms of payment, and businesses will only be able to charge what it actually costs them to process the transaction.

KEY POINTS
- Cineworld axes online booking fee
- First of the big cinema chains to do so
- Card surcharges to be banned this year under new laws


MailOnline

Cinema chain axes 'rip-off' credit card fees for online tickets

By SEAN POULTER

PUBLISHED: 00:03, 16 March 2012 | UPDATED: 07:32, 16 March 2012

Businesses are under pressure to scrap 'rip-off' card payment charges after Cineworld announced it was dropping them from all internet ticket purchases.

The firm, which operates 79 multiplex cinemas, has previously charged customers between 70p and £4.20 to buy tickets online with debit or credit cards.

Cineworld is scrapping card fees from today. It is also offering a discount of 10 per cent on ticket prices to those who book via the internet, if they have signed up to MyCineworld via the firm's website.

Scrapping fees: Other businesses are under pressure to axe credit card fees after Cineworld announced it will scrap additional cost for card purchases online

Times Top 10 Lifestyle Subscriptions

cineworld CINEMAS

1. Cineworld Unlimited
Price £14.99 a month, or £179.88 a year (£17.99/£215.88 to include Central London; thirteenth month is free online with SUMMER09 code)
This card provides unlimited access to film screenings that would otherwise cost up to £8 a film, plus invitations to exclusive advance screenings. The country's second-largest cinema operator shows mostly mainstream films, but with some non-Hollywood choices such as *The Skin I Live In* (2011). According to Cineworld, its members average three visits a month. Members who are also Orange mobile-phone customers can take a friend free on Wednesdays. Discounts at restaurants are included.
Worth it for People who live near a Cineworld and go to two or more films a month.

No. 1


THE TIMES | Saturday September 3 2011 55

Looking at the bright side of customer service
Page 61

thetimes.co.uk/money

Money

Culture, gardens … real ale: the UK's ten best membership deals

Consumer affairs
Exclusive events and privileges abound at many organisations, as Mark Bridge discovers

Organisations from cinemas to countryside groups offer large discounts to mem[illegible] The best membership deals [illegible]es quickly and provide [illegible] to [illegible] special events. The [illegible] simply [illegible]n an impulse buy and [illegible]tra car[illegible]ur wallet. Here, *Times* [illegible] up the ten best-value [illegible] of ca[illegible]ies. We quote pri[illegible]vidua[illegible]oint memberships, but most pr[illegible]rs offer goo[illegible] family rates and concessions for group[illegible] such as students and pensioners.
In many cases your money will also benefit a good cause.

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'Terrific value, especially at member rates'

Case study
Gerry Smith and his wife, Barbara, left, joined the Youth Hostel Association (YHA) 20 years ago so that they and their children could enjoy affordable family breaks.
Mr Smith, 65, retired this summer and remains a regular hostelgoer.
The couple, from Ormskirk, Lancashire, spend about three weeks a year at hostels across the UK and in France and say that membership pays for itself within one week.
In addition, they often use the 10 per cent members' discounts at Blacks and Millets, the outdoor clothing retailers.
Mr Smith says: "YHA hostels offer fantastic value, especially at members' rates. The standard of comfort has improved considerably since we joined — for instance, dormitories are

Current Trends

Ageing Population

Increasing 35+
Decreasing 15-24

Increased Frequency

MyCineworld &
Unlimited

Breadth Of Content

Range of films
Alternative Content

Technology

Web booking, ATMs,
paperless/e-ticketing

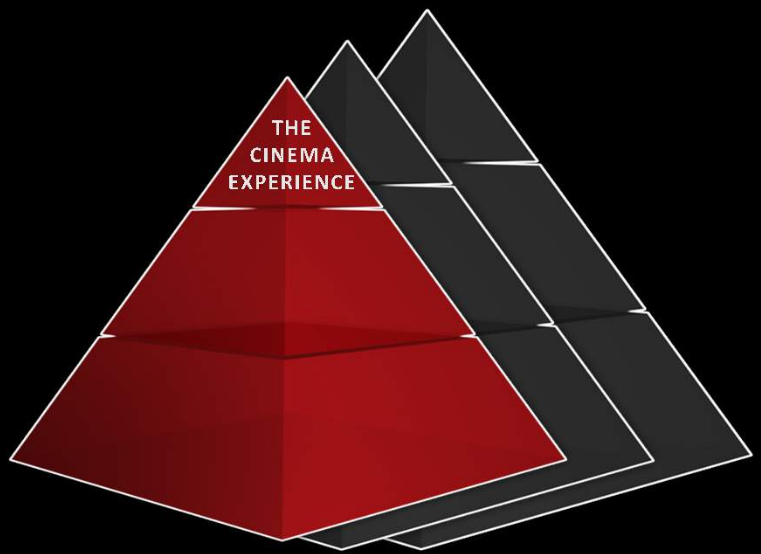
Changing Customer Profile

Changing Customer Demands & Expectations

Why?

Increase Admissions By 1% → + ~£2m EBITDA

The Cinema Experience



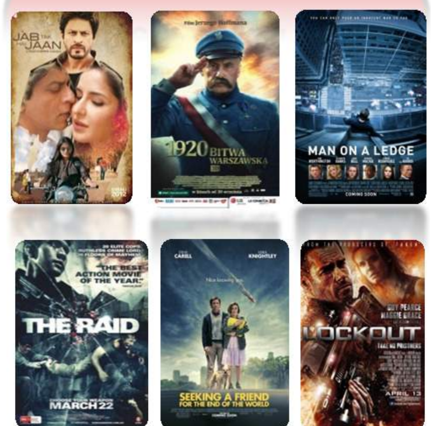
Film And Alternative Content Strategy

Bringing a broader range of filmed product to a wider audience

Major Blockbusters

Other Wide Release Product

Limited Release/ Specialised Film



Alternative Content

Film Is Core

Film strategy is supported by:

- Distributor partnerships
- Programming policy
- Unlimited
- Long term third party partnerships
- In-house media assets

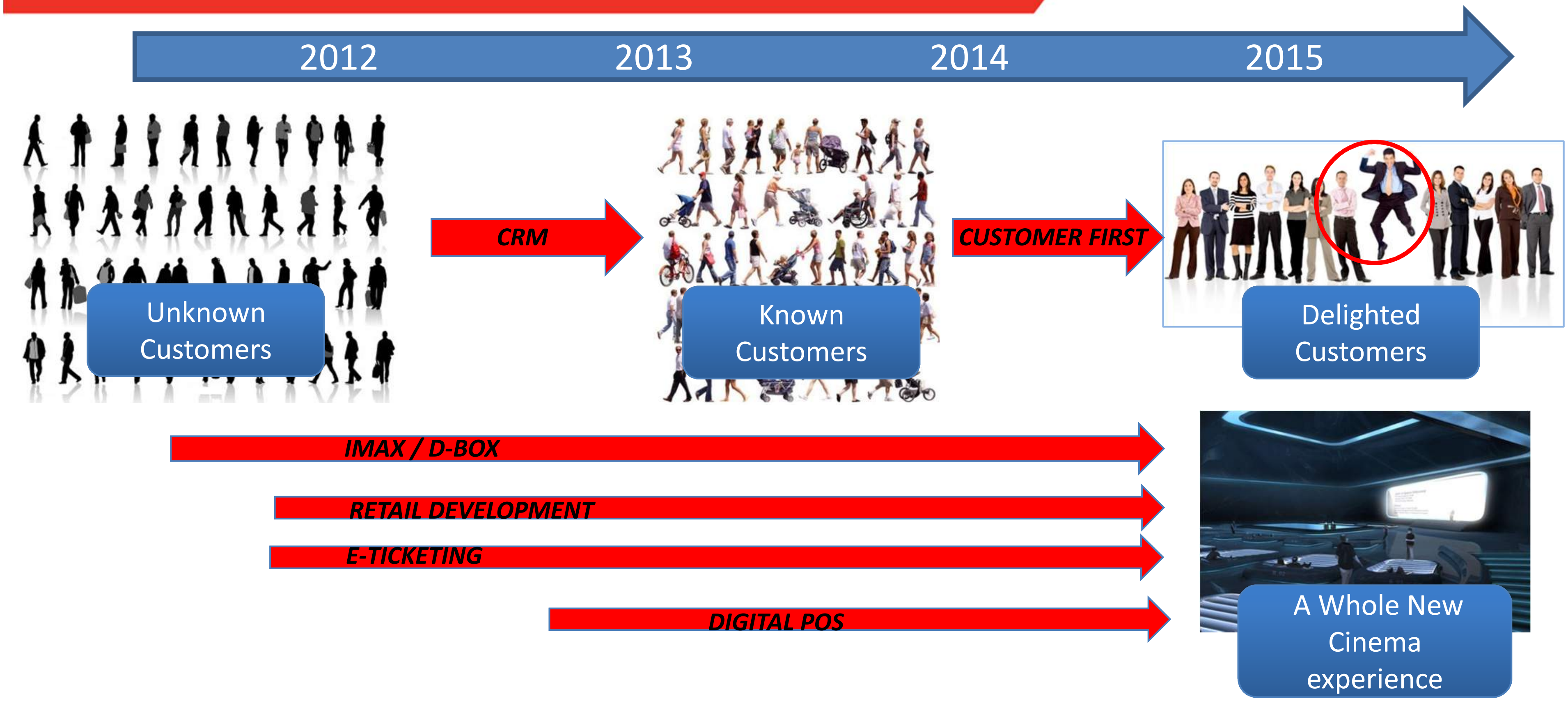
Changing Demands Of A Changing Customer

- Older customers…
- Going more frequently…
- To a much wider range of films…
- Booking online…
- Using advanced technology…

What would encourage more cinema visits?

72%	Cheaper tickets
49%	Promotions
27%	Wider variety of films
19-22%	Better quality and choice of concessions An unlimited monthly ticket Screening for over 18s Mobile phone blockers
12-16%	More convenient screening times Special events / screenings Allocated seating Premium/private seating Film in 3D
8-9%	More to do at the cinema before & after More to do around the cinema before & after Easier ways of pre-booking Waiter service to your seat
4%	Mother-baby screenings

The Journey

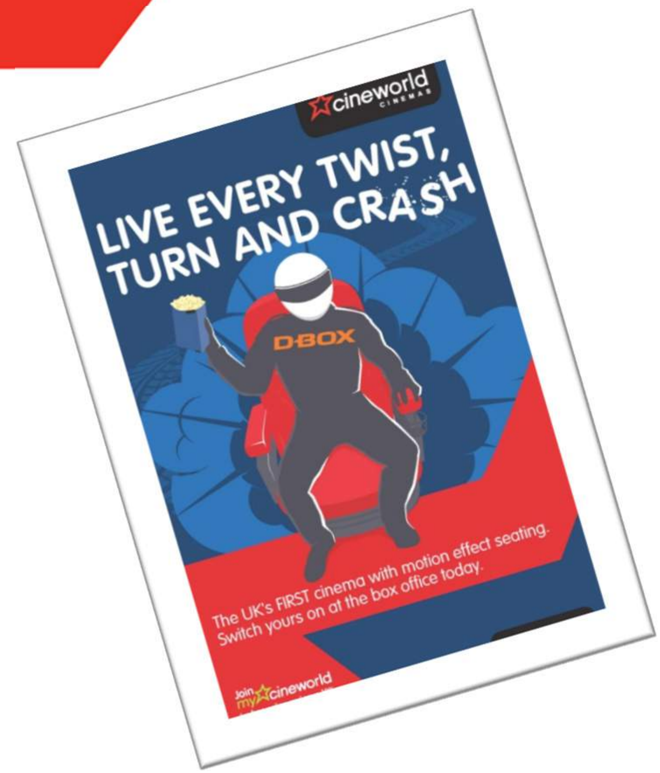

2012
2013
2014
2015
Unknown Customers
CRM
Known Customers
CUSTOMER FIRST
Delighted Customers
IMAX / D-BOX
RETAIL DEVELOPMENT
E-TICKETING
DIGITAL POS
A Whole New Cinema experience

IMAX

- 6^{th} IMAX screen opened in Enfield
- Sheffield, Crawley & Ipswich all in the top 5 IMAX screens in the country
- Solid return on investment of between 2 & 3 years
- Excellent local PR & customer feedback
- Two new IMAX locations for ‘The Hobbit’
  - Dublin & Nottingham
  - Circuit total of 3,393 seats

D-Box

- First cinemas in the country to have 4D motion technology
- Now in seven locations (*total 225 seats*)
- Excellent local PR & customer feedback
- Good commercial results
  - Average occupancy 45%
  - Sub 3 year return on investment
- Plans for expansion in 2013



Glasgow Renfrew St., Crawley, Milton Keynes, Didsbury, Castleford, The O2, Aldershot

Retail Strategy Review

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Driving Retail Spend ⟷ ***No. 1 & Favourite***

- Stress reduction
- Pre-awareness
- Online retail

- Customer foyer
- Behaviour & experience

- Physical retail offer

- Product
- Pricing
- Promotion

- Customer aftercare
- Retention
- Advocacy

Starbucks

- First site opened in Sheffield in March
  - Commercial and public success
  - 20p incremental spend
  - Sub 3 year return on investment
- New site opened in Crawley in November
- ‘We Proudly Serve’ tested in Solihull & Aldershot
- Additional activity in 2013:
  - SB Mini at Braintree
  - Exciting new vending opportunity
  - Roll out plan development across circuit

Website & E-Ticketing

- Developments during 2012
  - Facebook connect & Facebook ticketing
  - Android app launch
  - MyCineworld launch
  - iPad magazine
- New website live on 8th October
  - Totally new design
  - Unlimited adv booking
  - Online retail trial
  - Print at home & e-ticketing live
  - E-vouchers

Digital POS Solution

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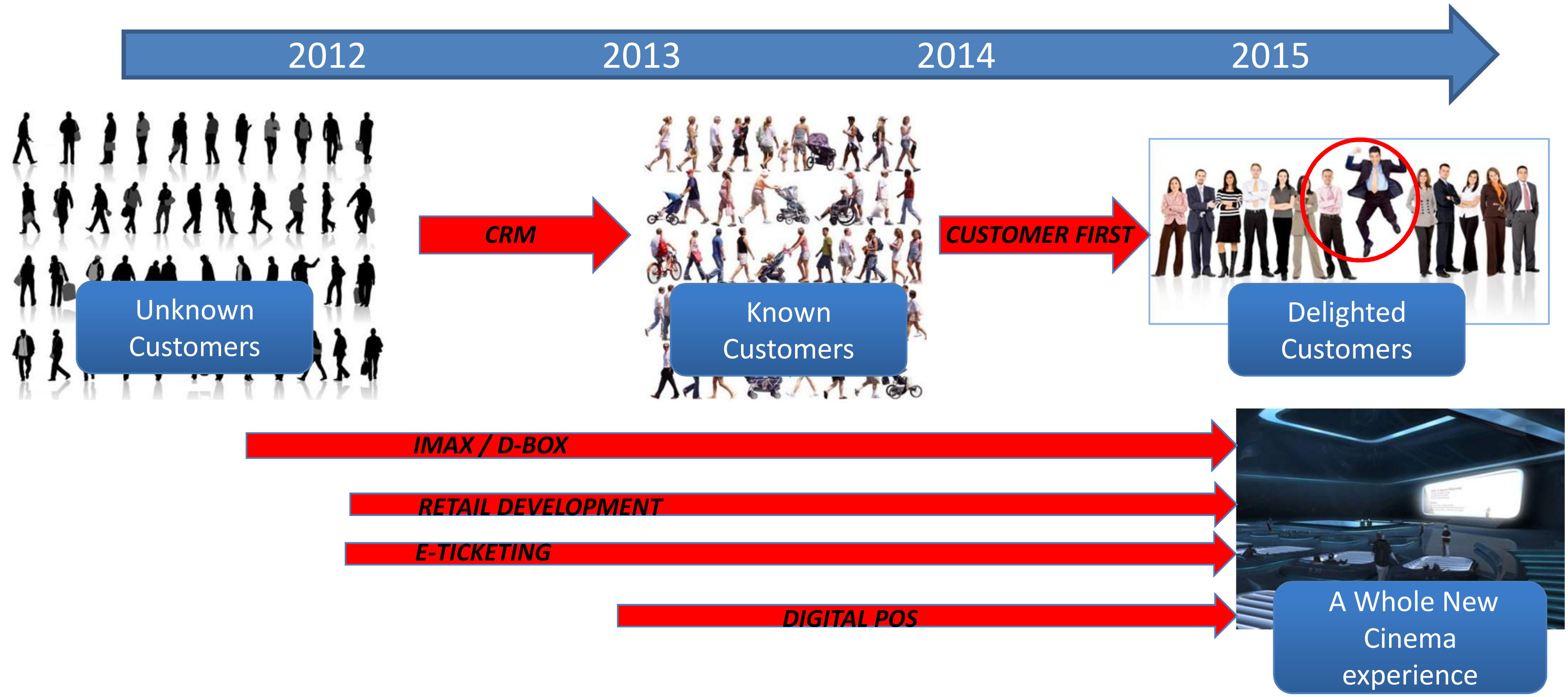
- Moving to integrated digital POS solution
- Retail signage, film material and DCM requirements
- Provides
  - Impact
  - Efficiency
  - Cost savings
  - Clever selling
- Tests in 2013

The Journey



2012
2013
2014
2015
Unknown Customers
CRM
Known Customers
CUSTOMER FIRST
Delighted Customers
IMAX / D-BOX
RETAIL DEVELOPMENT
E-TICKETING
DIGITAL POS
A Whole New Cinema experience

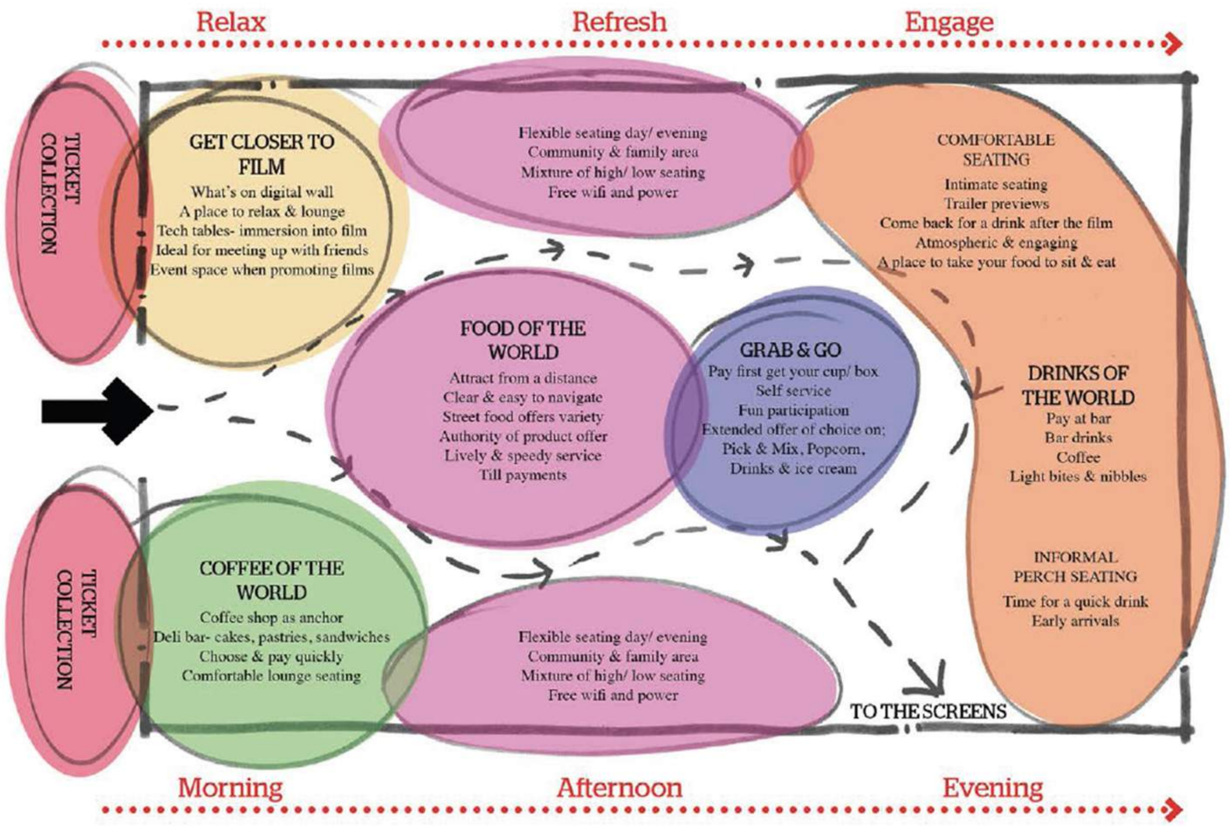
Bringing It All Together… In Cinema Design

- Cinema design needs to surprise and delight, but balanced with operational ease
- Designs aim to create a foyer that can become a destination in its own right
  - And by delivering online retail & ticketing, the foyer should be able to deliver a secondary retail opportunity

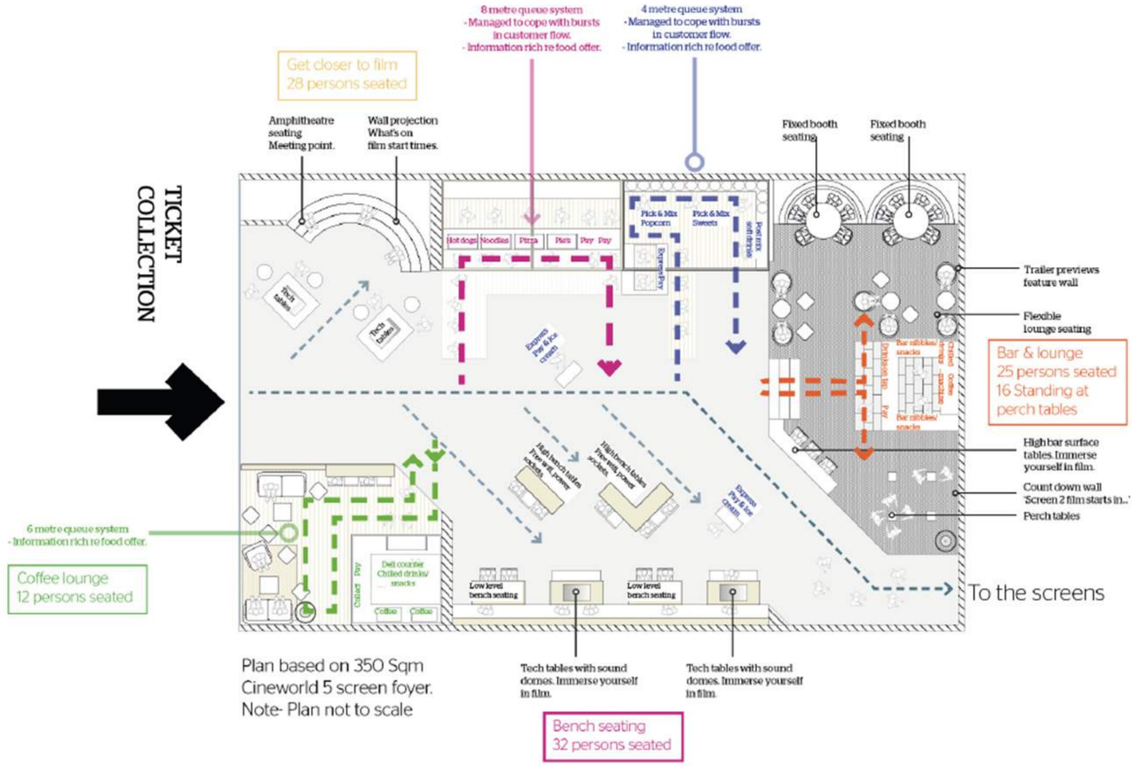
- Three agencies have been pitching to help design a foyer of the future
- Designs to eventually impact new sites & refurbishment programme
  - Trial site to test concepts, traffic flows, operational implications, customer feedback

Concept Traffic Flow

- Understanding & affecting traffic flow is key
- Assumed majority of ticket sales pre-purchased
- Maximising the retail opportunity to drive increased value
- Encourage increased dwell and engagement



Concept Design



Why?

Increase ATP by 10p → + ~£3m EBITDA

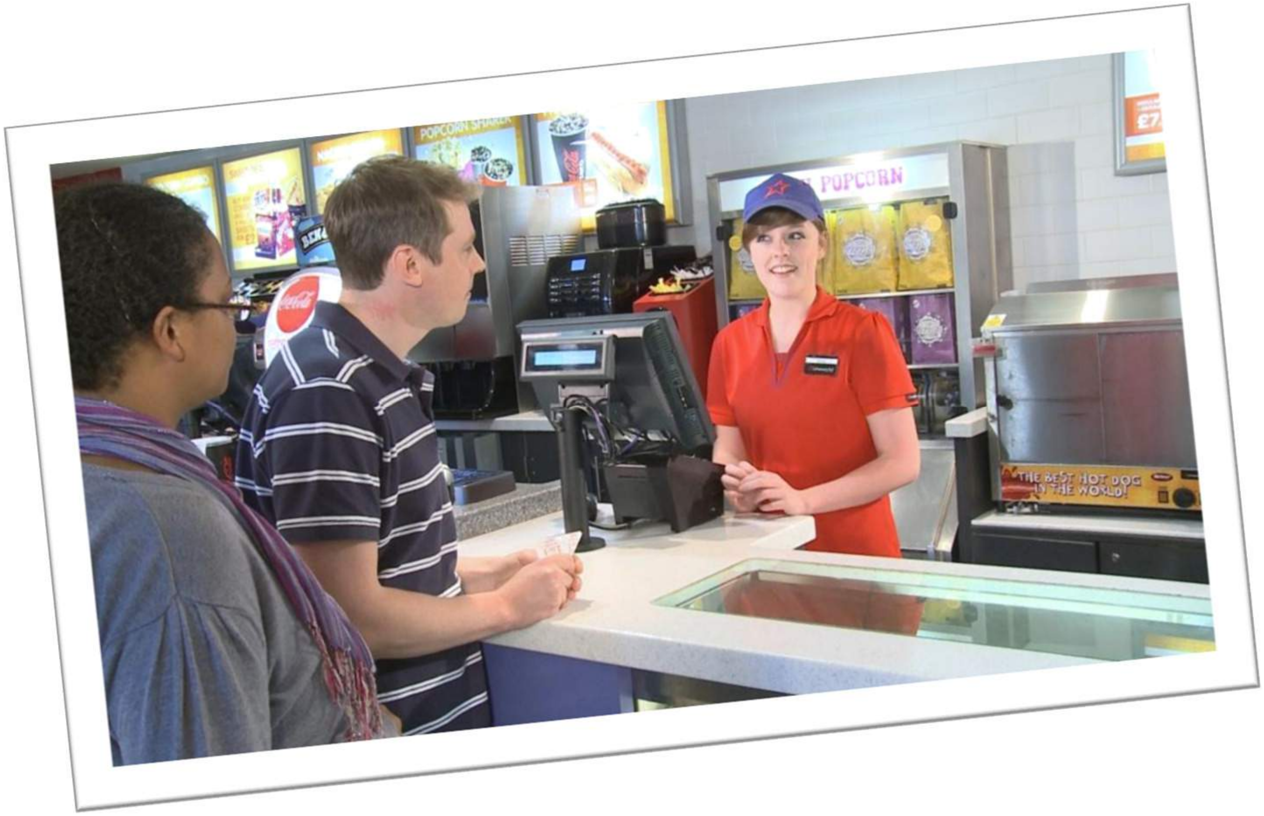
Increase SPP by 5p → + ~£2m EBITDA

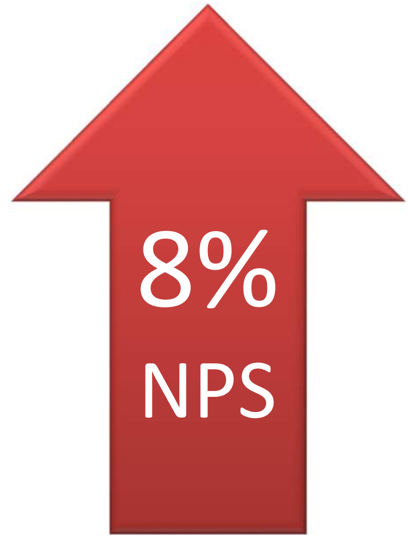
Our People, Effectiveness & Efficiencies

Delivering on the Ground

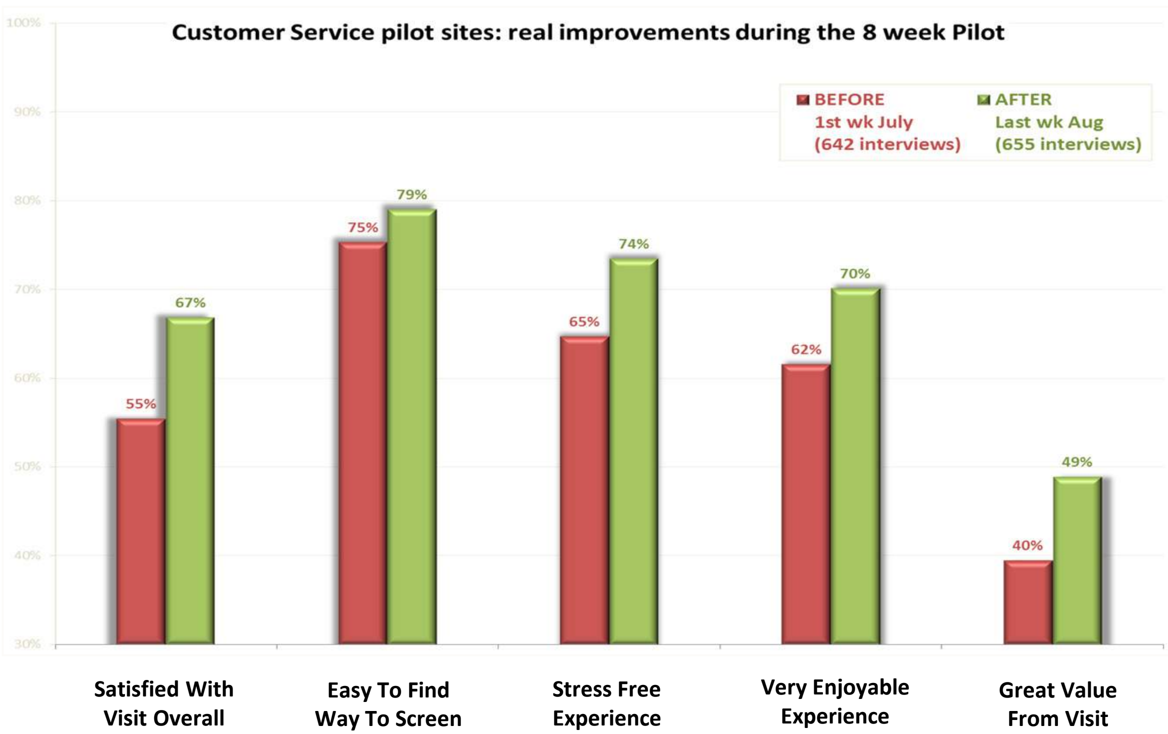
- Digital roll out
- IT POS System
- Removal of online booking fees
- MyCineworld introduced
- Unlimited best in class

Putting the Customer First





Putting the Customer First



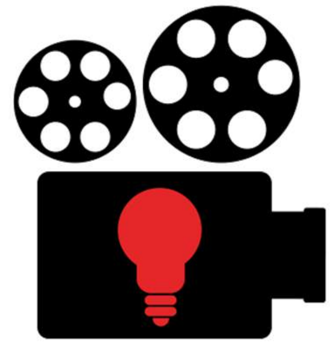
8%

NPS

Our Passions

PEOPLE WITH PASSION

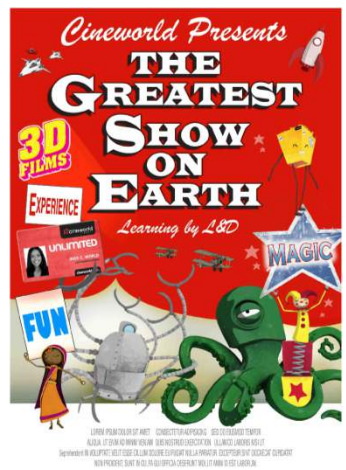
PASSION FOR ACHIEVING



INNOVATORS

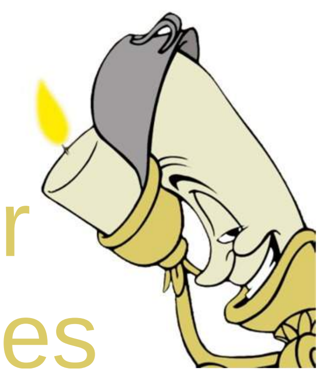
Continued Development

BACK TO BASICS



MAXIMUM IMPACT

Be
Our
Gues



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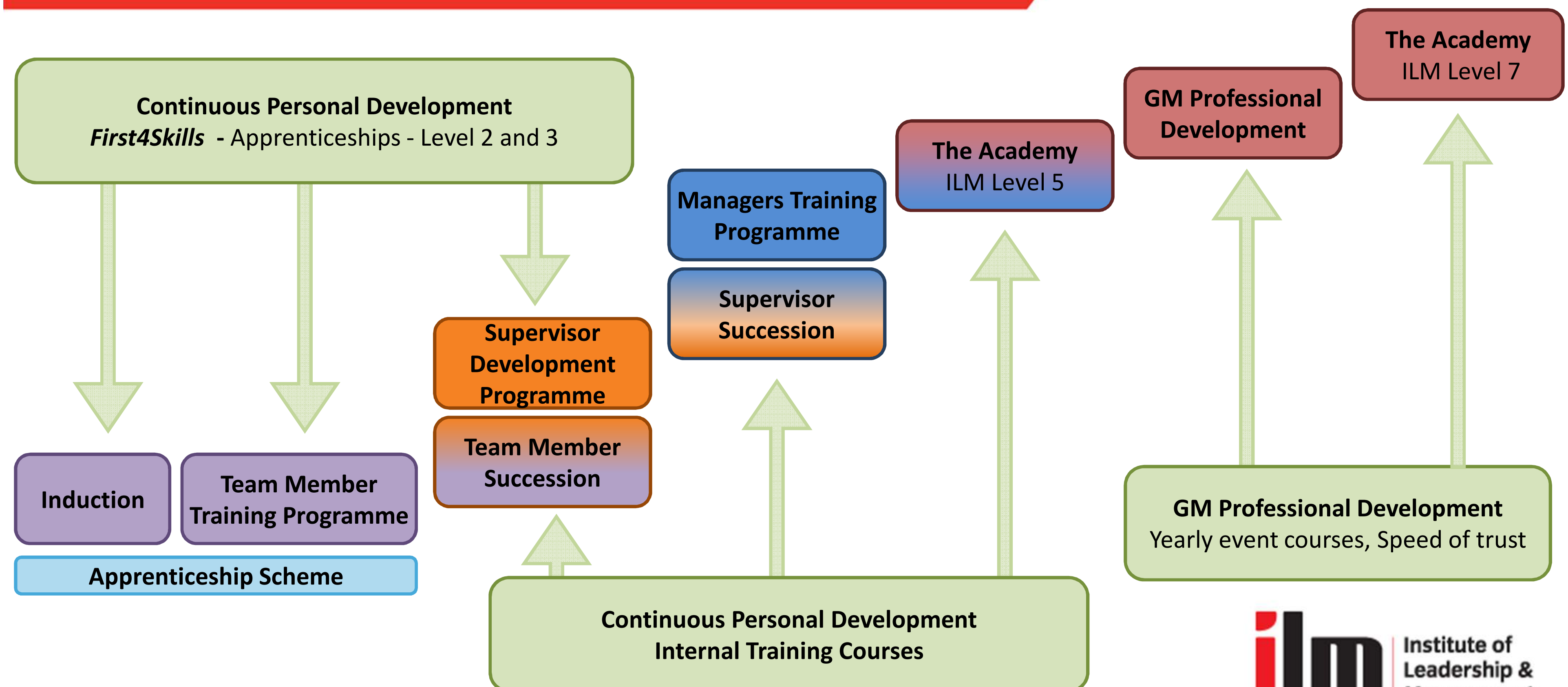
The Academy

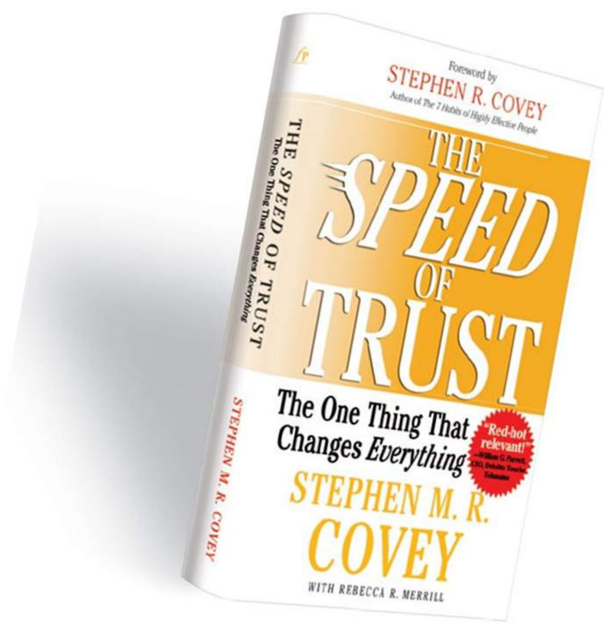
THE ACADEMY
premiere management training

Our Route to Success



The Speed of Trust

- Creates an empowered environment
- Leads to greater efficiencies
- Establishes more effective leaders
- Enables speed of change
- Improves results
- Leads to greater engagement

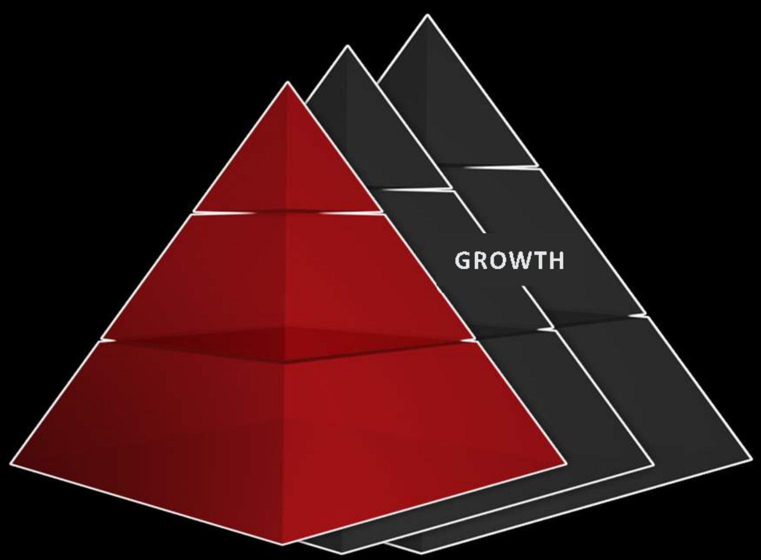


Why?

cineworld CINEMAS

Staff Turnover Decreased by 32% →	Higher Staff Engagement Lower Induction Costs
Increase Admissions By 1% →	+ ~£2m EBITDA
Increase ATP by 10p →	+ ~£3m EBITDA
Increase SPP by 5p →	+ ~£2m EBITDA

Growth



Just Opened! Our New Arrival…

New Sites: Large Market

cineworld CINEMAS

Wembley

2013
9 Screens
1807 Seats

Telford

2014
11 Screens
1835 Seats

Bracknell

2015
12 Screens
1850 Seats

Macclesfield

2015
8 Screens
TBC

New Sites: Small Market

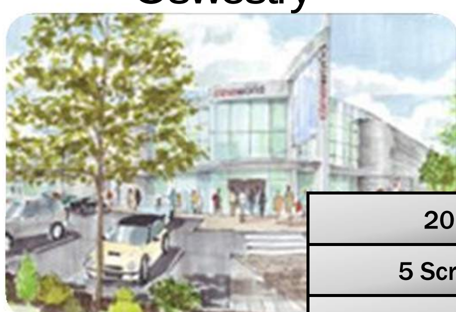
St. Neots

2013
6 Screens
886 Seats

Hinckley

2014
5 Screens
801 Seats

Oswestry



2015
5 Screens
901 Seats

Trowbridge

2015
8 Screens
1442 Seats

New Sites: Upgrades and Replacements

Gloucester Quays

2013
10 Screens
1650 Seats

Harlow

2014
6 Screens
987 Seats

Swindon

2014
6 Screens
814 Seats

Broughton

2014
11 Screens
1705 Seats

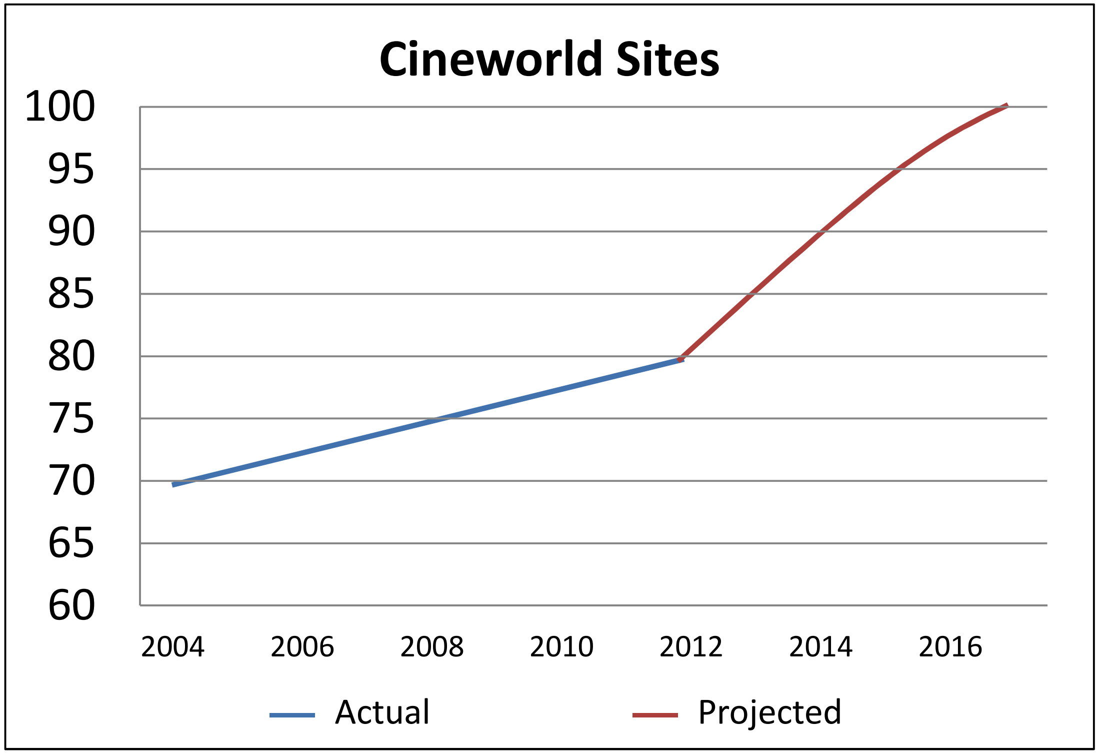
Newport

2015
8 Screens
1042 Seats

Growth Summary

Year of Opening	2013	2014	**2015**	2016+	**2017+**
Sites contracted	• Gloucester Quay • St Neots • Wembley	• Broughton • Harlow • Hinckley • Swindon • Telford	• Bracknell • Macclesfield • Newport • Oswestry • Trowbridge		
Sites under discussion		7 • 2 Town Centre • 5 Edge of Town	12 • 9 Town Centre • 3 Edge of Town	3 • 2 Town Centre • 1 Edge of Town	2 • 2 Town Centre
Total Screens	25	96	155	24	25

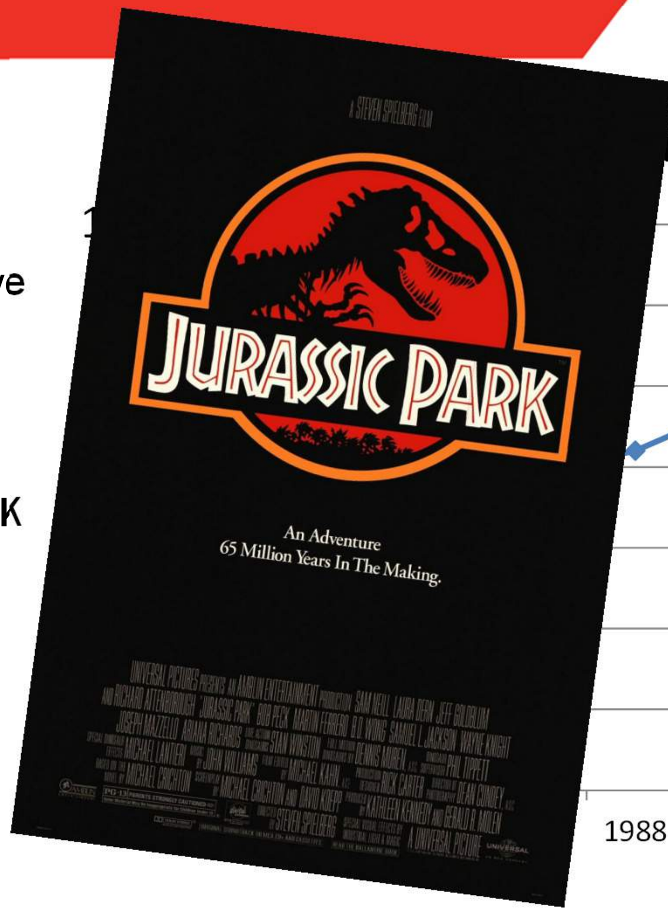
Cineworld In Growth

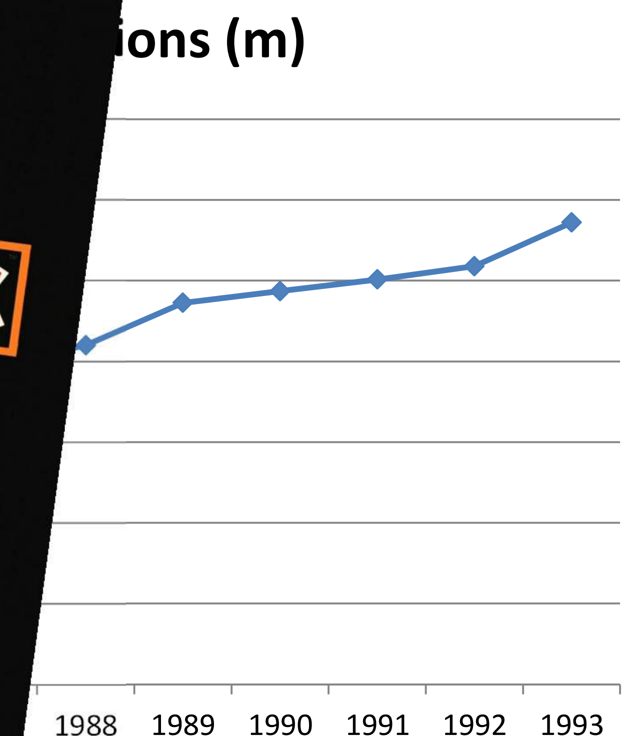


2013 Slate

1993 – A Record Year

- **Continuous growth in admissions for ten consecutive years**
- **After beginning to stabilise, UK admissions suddenly rose +10%**





Box Office

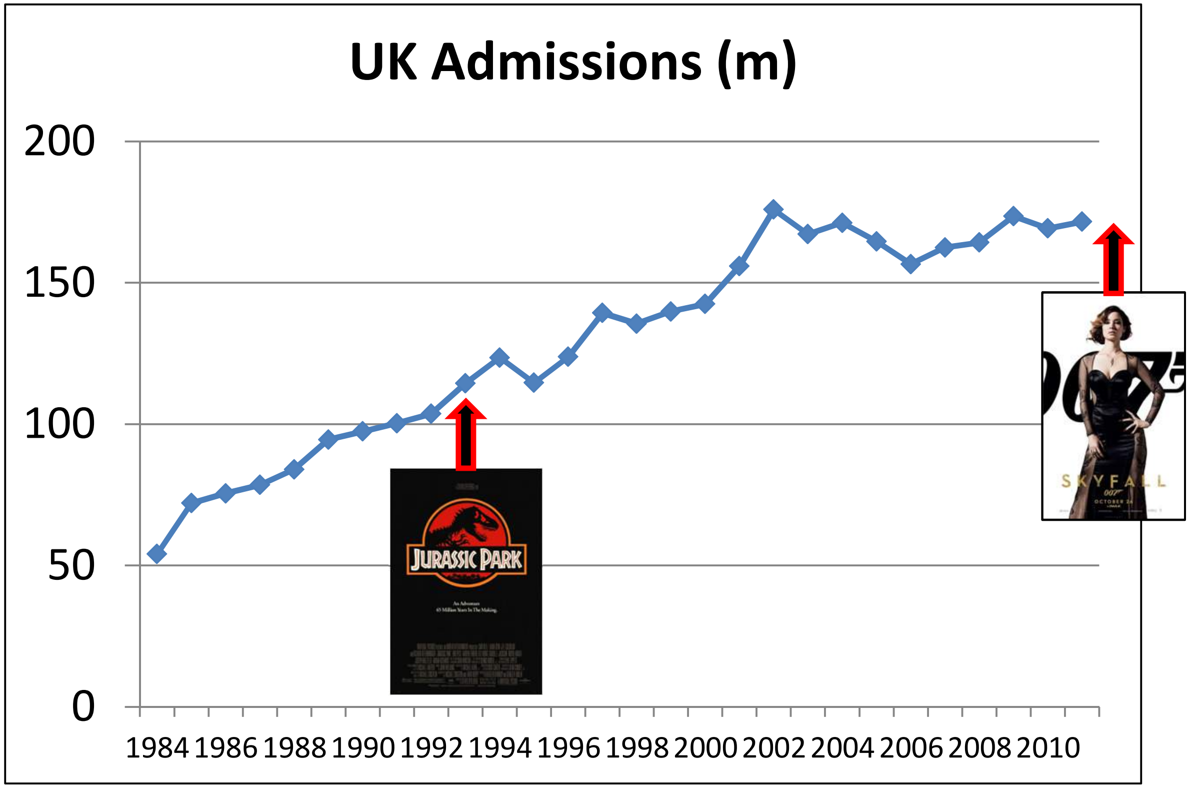
1993 Gross Box Office		
1	Jurassic Park	£44.9m
2	The Bodyguard	£13.6m
3	The Fugitive	£13.5m
4	Indecent Proposal	£11.1m
5	Bram Stoker's Dracula	£10.9m
6	Aladdin	£9.5m
7	Sleepless In Seattle	£8.9m
8	Cliffhanger	£8.7m
9	A Few Good Men	£7.6m
10	The Jungle Book	£7.2m

£299.7m

1994 Gross Box Office		
1	Four Weddings & Funeral	£26.5m
2	The Lion King	£20.2m
3	Mrs Doubtfire	£19.9m
4	The Flintstones	£19.5m
5	The Mask	£16.5m
6	Schindler's List	£13.2m
7	Forrest Gump	£13.1m
8	True Lies	£12.9m
9	Speed	£10.4m
10	Philadelphia	[illegible]

£342.9m

UK Admissions



Box Office

2012 Gross Box Office		
1	Skyfall	~£100.0m
2	Dark Knight Rises	£56.2m
3	Avengers Assemble	£51.9m
4	The Hobbit	~£35.0m
5	Twilight Breaking Dawn 2	~£34.0m
6	Ted	£30.3m
7	Ice Age Continental Drift	£29.4m
8	The Amazing Spiderman	£25.8m
9	Prometheus	£24.7m
10	The Hunger Games	£23.8m

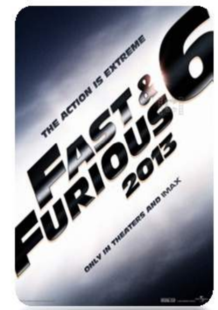
2013 Gross Box Office		
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Strong Sequels

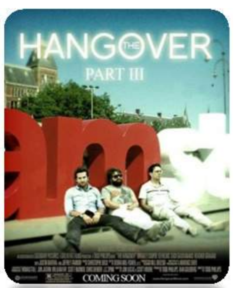
A Good Day to Die Hard
14th February

Iron Man 3
26th April

Star Trek: Into Darkness
17th May



Fast & Furious 6
24th May



Hangover 3
24th May

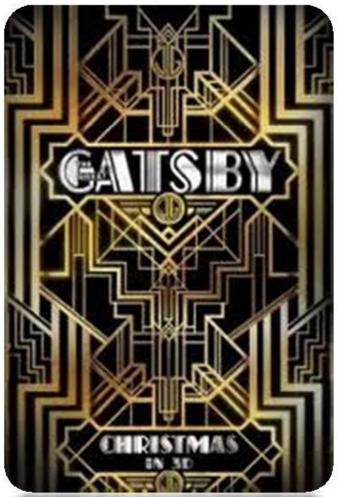
The Wolverine
26th July

Thor 2: The Dark World
8th November

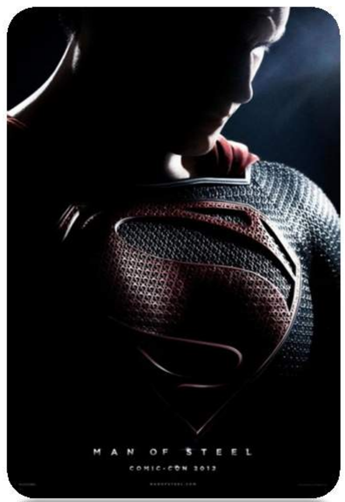
The Hunger Games: Catching Fire
22nd November

The Hobbit: Desolation of Smaug
13th December

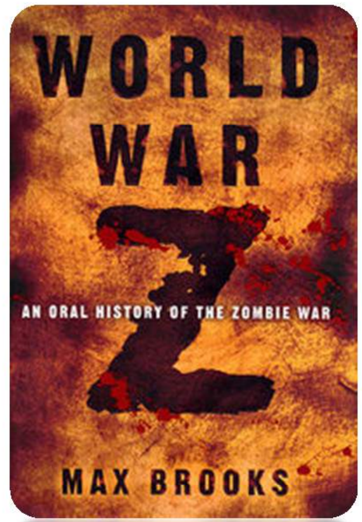
Reinvention/Regeneration



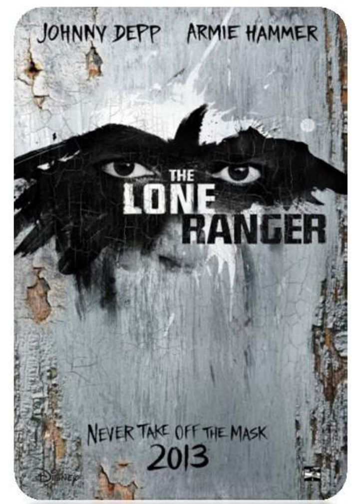
The Great Gatsby
22nd March



Man of Steel
14th June



World War Z
28th June



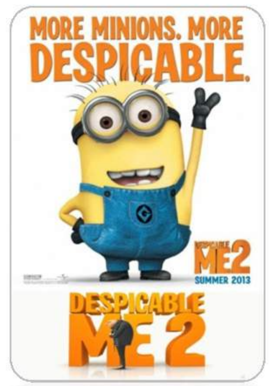
The Lone Ranger
9th August

Something For The Family…

Wreck it Ralph
8th Feb

The Croods
22nd March

Epic
24th May



Despicable Me 2
28th June

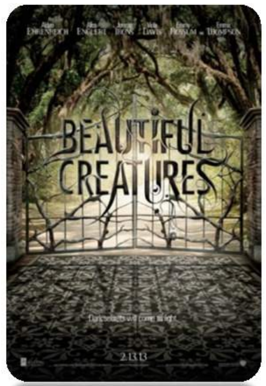
Monsters University
12th July

Smurfs 2
24th July

New And Exciting

Les Miserables
11th January

Django Unchained
18th January



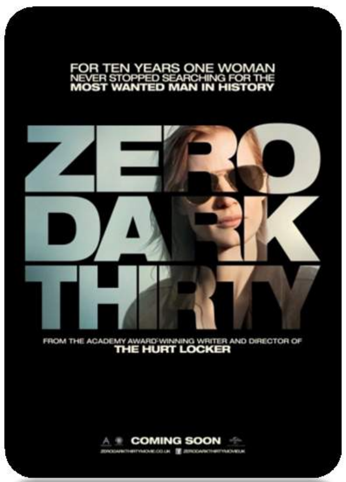
Beautiful Creatures
15th February

Oz
8th March

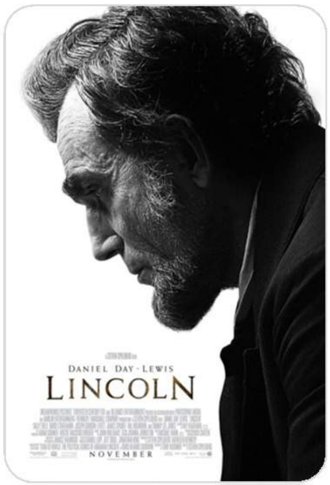
Pacific Rim
12th July

Walking with Dinosaurs
20th December

Hidden Gems

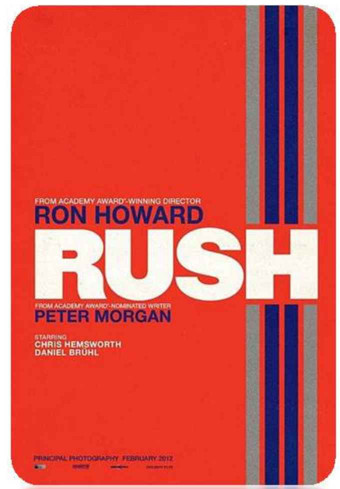


Zero Dark Thirty
25th January

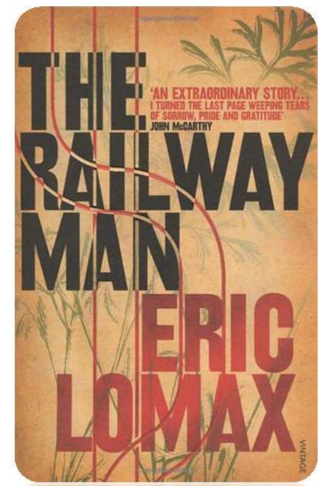


Lincoln
25th January

Hitchcock
8th February



Rush
13th September



The Railway Man
November TBC