

2011 Preliminary Results

8th March 2012



Today's Presentation Team

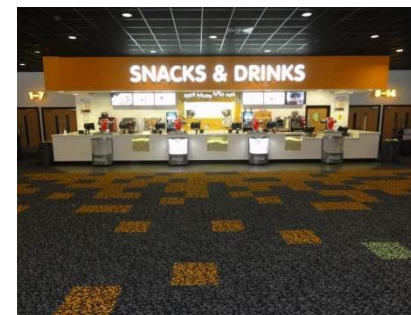


- **Steve Wiener**
Founder & Chief Executive Officer
- **Philip Bowcock**
Chief Financial Officer
- **Crispin Lilly**
Vice President of Business Affairs

2011 Full Year Highlights



- Number 1 cinema operator in combined UK & Irish market with a box office market share of 24.6%
- Cineworld box office increased 2.7%
- Average ticket price up 0.4% to £5.01
- EBITDA up 7.3% to £63.3m
- EPS up 6.1% to 19.2p
- Increase in proposed total dividend to 11.0p
- New cinema at Leigh (7 screens) and new concept cinema “The Screening Rooms” opened in Cheltenham
- Customer First programme initiated and introduction of IMAX





Financial Review

2011 Financial Highlights

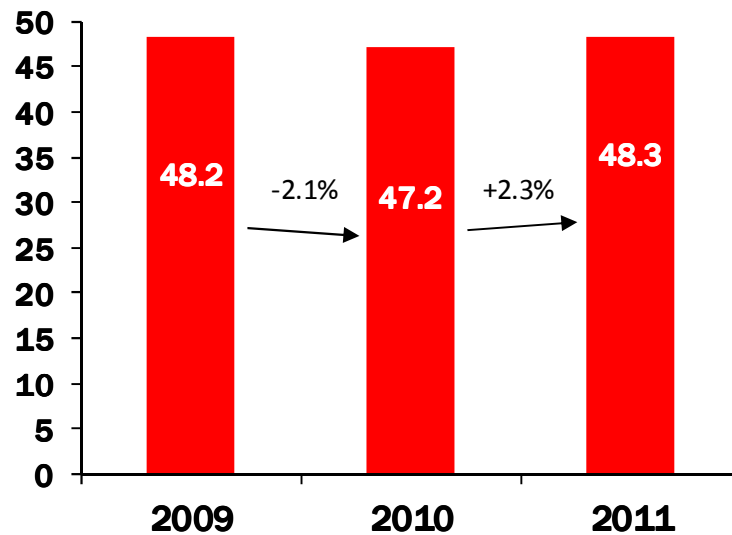


- Revenue up £5.2m (1.5%) to £348.0m
- EBITDA up £4.3m (7.3%) to £63.3m
- Adjusted EPS up 1.1p (6.1%) to 19.2p
- Net debt broadly flat at £101.4m (2010: £100.8m) after £14.8m investment in digital technology
- New 5 year debt facility of £170.0m

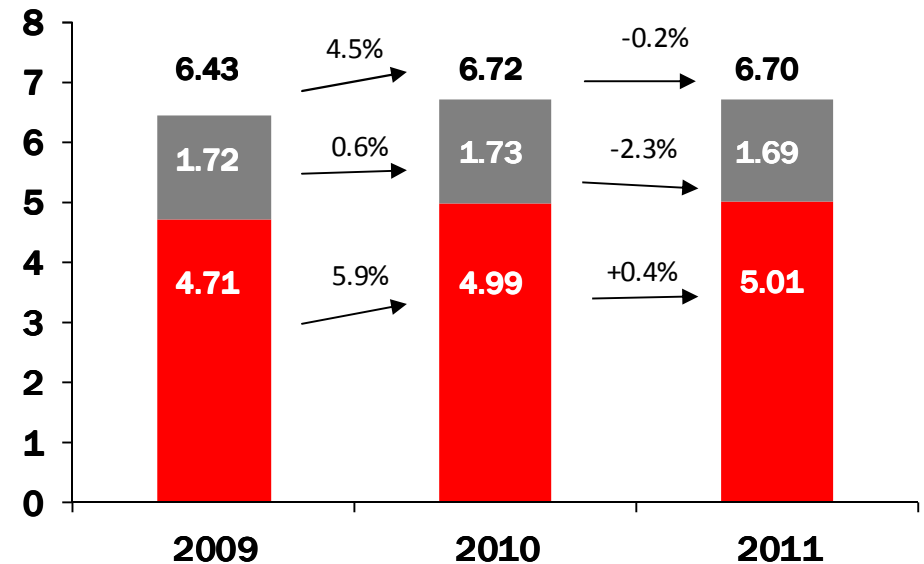
KPIs show consumer resilience



Admissions (m)



Prices (£)



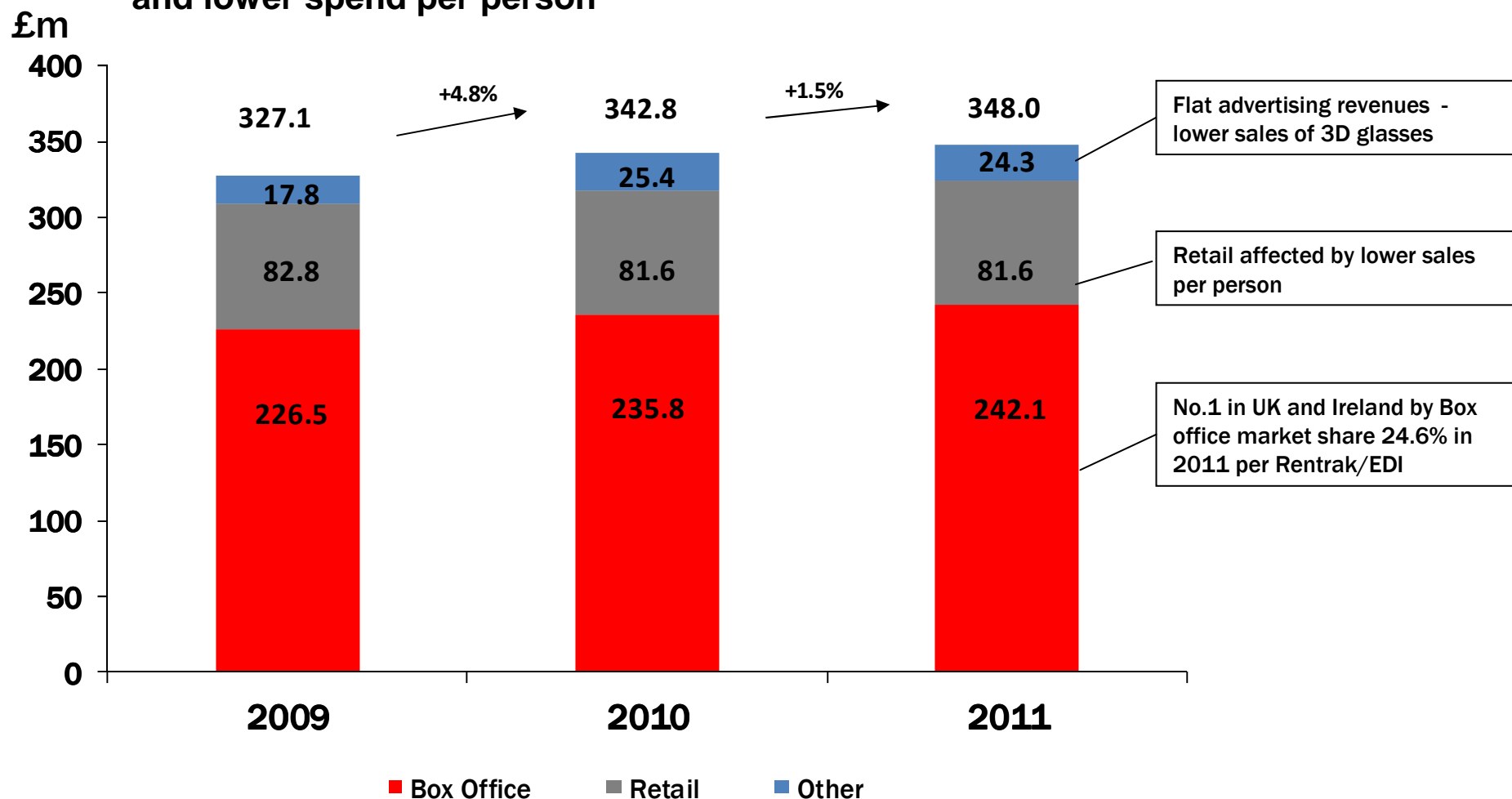
■ Average ticket price ■ Retail spend per person

2009 Stated on a pro-rata 52 week basis

Revenue analysis

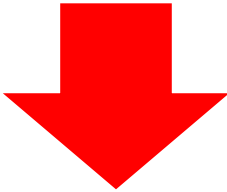



Revenues up, with higher admissions offsetting flat ticket price and lower spend per person

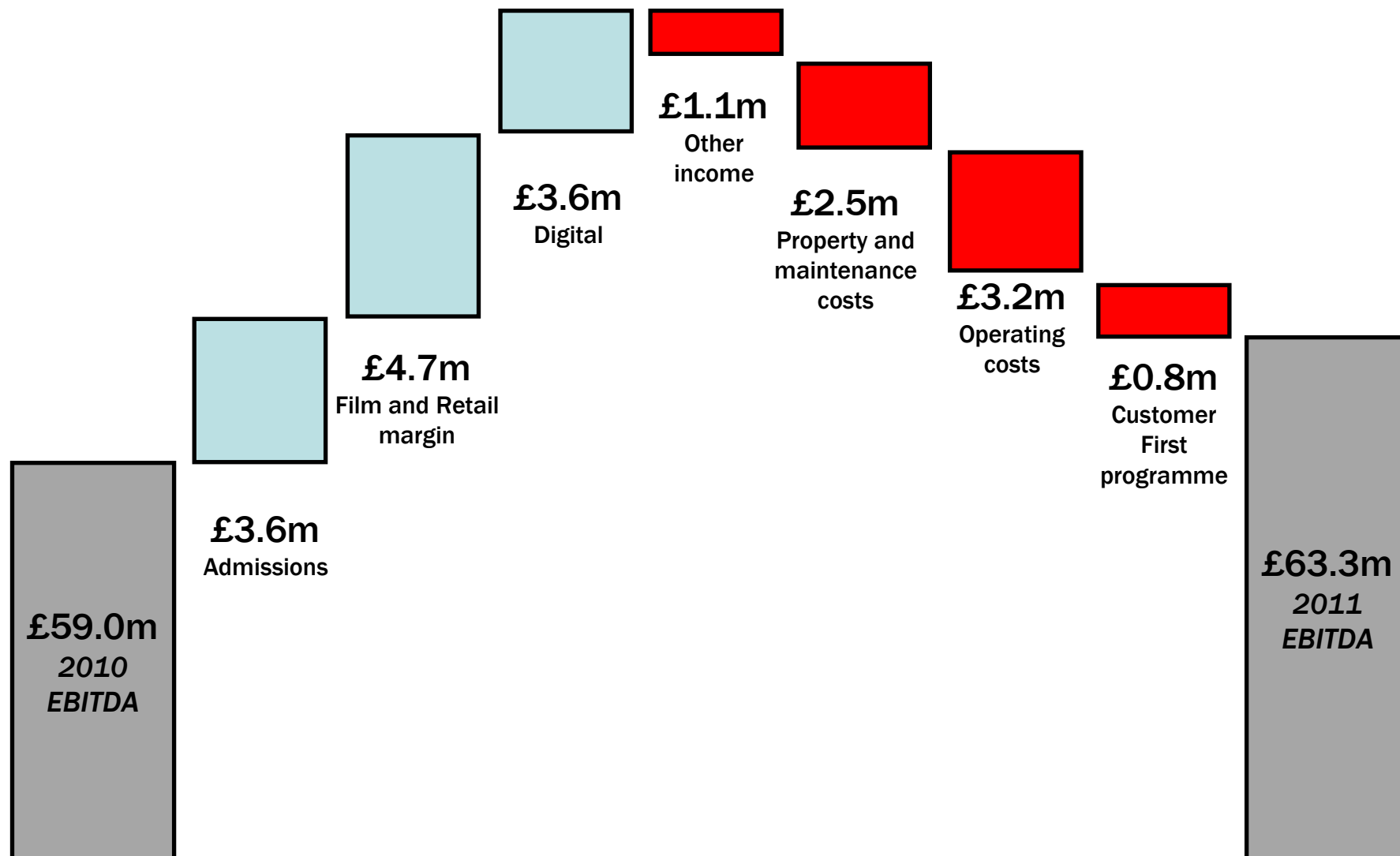


2009 Stated on a pro-rata 52 week basis

2011/12 Trading split

	H1	H2	FY
2011			
Admissions (m)	23.2 (48%)	25.1 (52%)	48.3
Revenue (£m)	163.6 (47%)	184.4 (53%)	348.0
	Royal wedding		
			
2012 key events			
	Euro Championships	Olympics	
	Diamond Jubilee	Greater H2 film weighting	

EBITDA Bridge



Profit & Loss Account



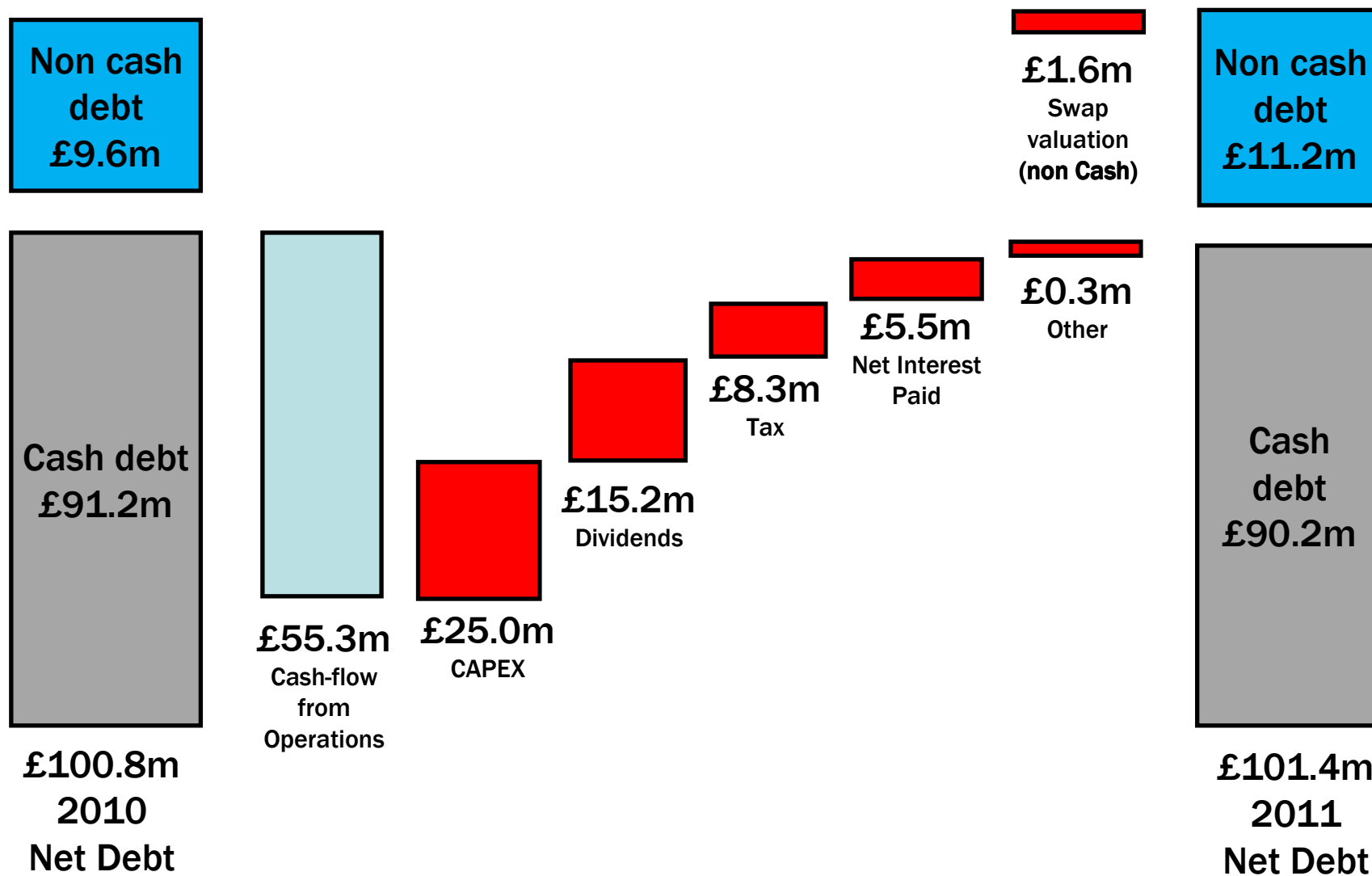
(£m)	2011	2010	Growth
Revenue	348.0	342.8	+1.5%
EBITDA	63.3	59.0	+7.3%
EBITDA margin	18.2%	17.2%	+1.0pp
Depreciation and amortisation	(18.9)	(17.2)	+9.9%
Net interest payable	(8.1)	(6.6)	
Share of profit of joint venture	-	(0.1)	
Profit before tax (Pre exceptionals)	36.3	35.1	+3.4%
Exceptionals	(2.9)	(4.7)	
Profit before tax (Reported)	33.4	30.4	+9.9%
Tax	(9.5)	(9.4)	+1.1%
Profit after tax	23.9	21.0	+13.8%
Adjusted EPS	19.2p	18.1p	+6.1%

Cash interest comprises:
£5.2m Bank
£0.5m Finance lease

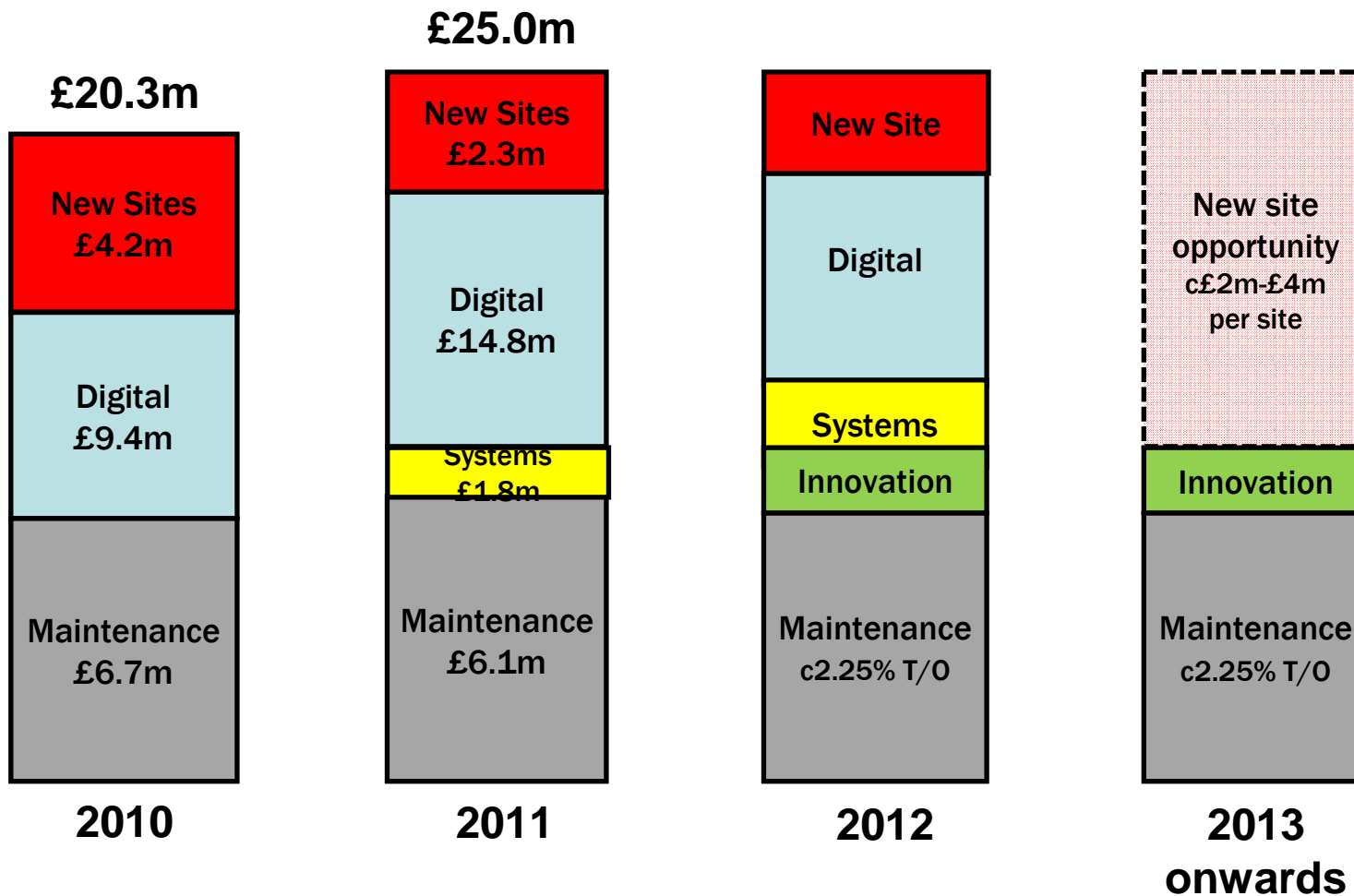
Non cash interest
£1.2m onerous leases
£0.7m Amort.Fin costs
£0.6m WACC change
£(0.1)m Other

Comprising
£3.2m reorg costs
£0.7m transaction
£1.1m refinance cost
Offset by
£1.7m pension credit
£0.4m dilaps reduction

Net debt



The Expansion Opportunity





Now Showing

National Box Office 2011

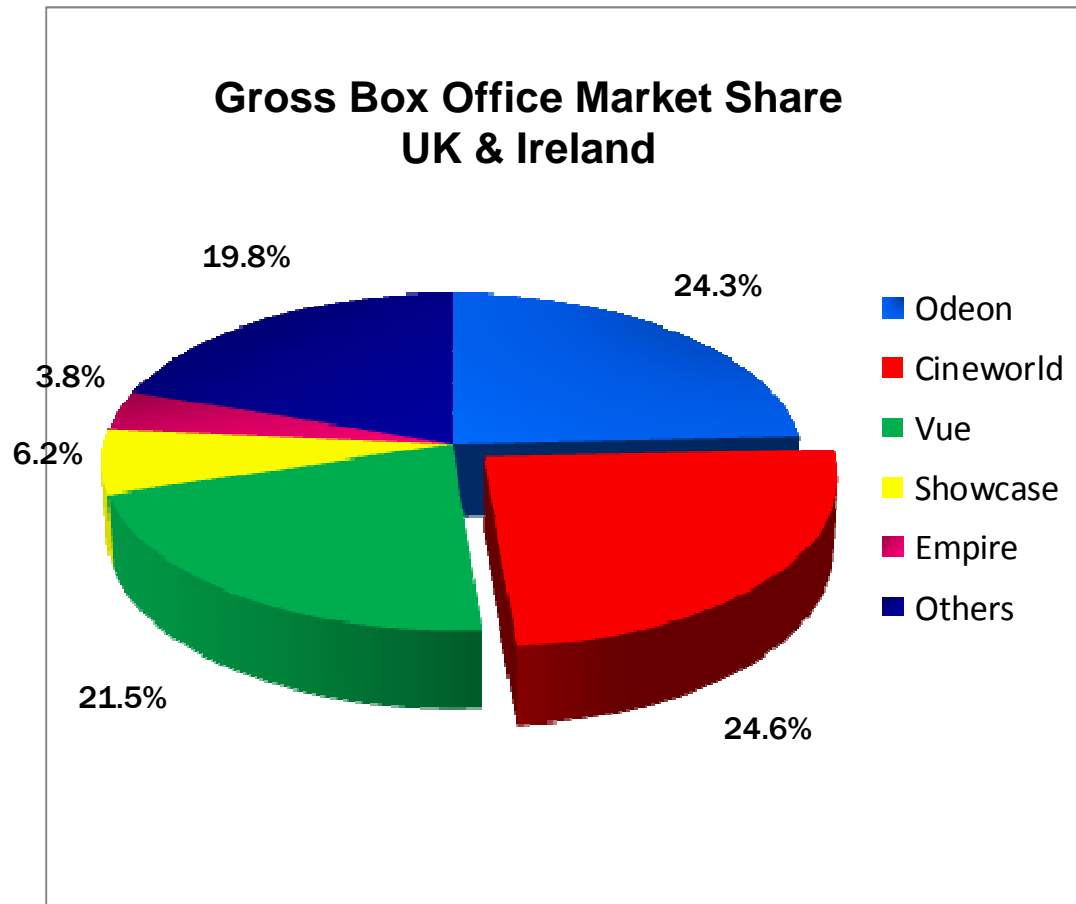
	Top 10 Film Releases 2011	National Gross
★ 1	Harry Potter & The Deathly Hallows: Part 2	£73m
2	The King's Speech	£46m
3	The Inbetweeners	£45m
4	Pirates Of The Caribbean 4	£33m
5	The Hangover Part 2	£33m
★ 6	Twilight Saga: Breaking Dawn Part 1	£31m
★ 7	Transformers: Dark of the Moon	£28m
8	Sherlock Holmes: Game Of Shadows	£26m
9	Bridesmaids	£23m
10	Rise Of The Planet Apes	£21m

★ 3D Release

- Solid range of films delivering highest ever box office of £1.14bn
 - Only one £50m+ title
 - Disproportionate contribution by mid-range films (£5m-£15m)
 - Comedies significantly over-performed
 - 3D product contribution maintained despite tough YOY comparable (Avatar)



Market Performance 2011



- **#1 in combined UK & Ireland for first time with 24.6% share**
- **UK & Ireland market grew +4.9%**
 - Decline in Ireland of **-2.7%**
 - UK strong at **+5.6%**
- **Cineworld gross box office +4.9%**
 - In line with overall market
 - Ahead of multiplex average
 - Strong performance of smaller “niche” films boosted independent operator share

Big Screen Propositions



IMAX

- 3 site deal with IMAX signed in September
- First screen in Edinburgh opened in December with Mission Impossible: Ghost Protocol
- Revenues and profits significantly enhanced
- Next two locations opening March 9th at Sheffield & Crawley, with further options for six more sites being explored



D-Box

- 4D (motion seat) concept being tested with D-Box – first location opens in Glasgow Renfrew Street March 9th
- Five further sites rolled out by Summer

Operations: Investing In People



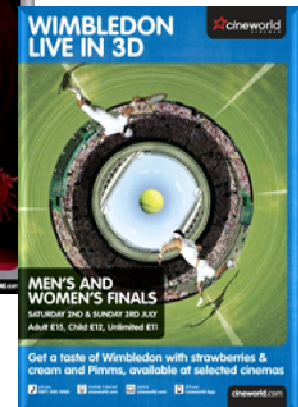
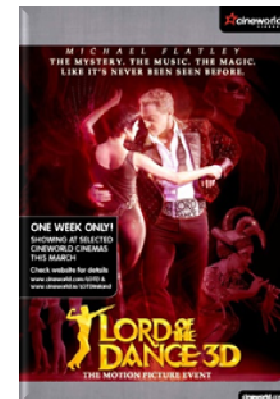
- Current training structure promotes on the job learning and internal succession planning
 - Supervisor development program
 - Manager development program
 - GM professional development
- 2010 saw the launch of the Cineworld Academy
 - 2 year course for high performing GMs
 - Equivalent to post graduate qualification
- 2012 planned participation in Government Apprenticeship scheme
 - Targeted workplace opportunities for 16-18 year olds
 - Front end of 'acorn to oak' strategy.



- Challenging consumer environment
 - SPP down slightly YOY (flat at gross level)
- Spend on key nights still strong, but overall level affected by migration of admissions to value nights
- More targeted consumer propositions including future use of CRM systems
 - Value day combos
 - Tesco Clubcard bundles
 - High discount family offers
 - Unlimited member discounts
- Starbucks franchise opens March 9th in Sheffield

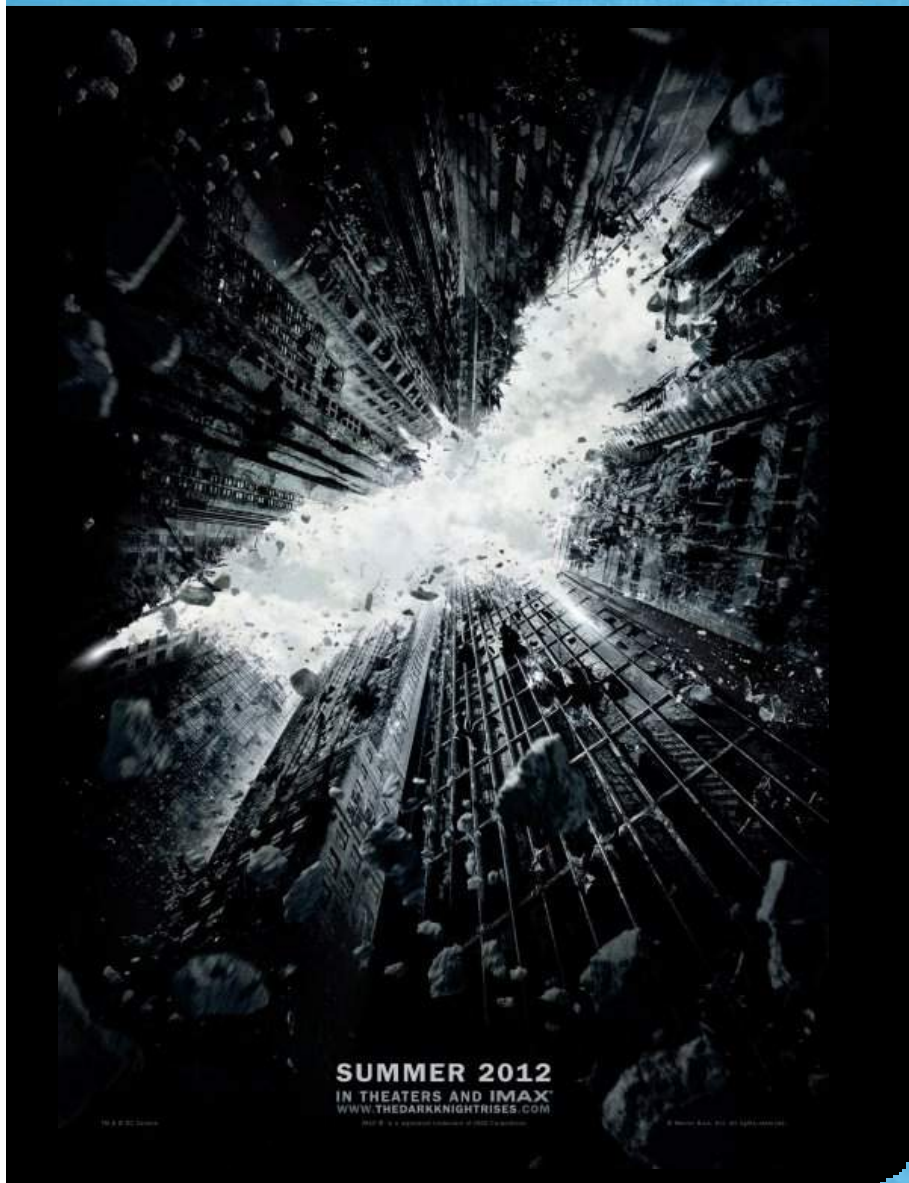


- Conversion currently 80% complete (75% 2011) with target completion (100%) by Summer 2012
- VPF deal performing well and delivering ahead of expectations
- Opportunities that digital enables continue to be evolved and developed:
 - Operational efficiencies still being realised
 - 3D film content continuing to grow
 - Increased alternative content opportunities and growth in performance of established product
 - More flexible, creative release patterns for conventional films
 - Enhanced on screen advertising opportunities



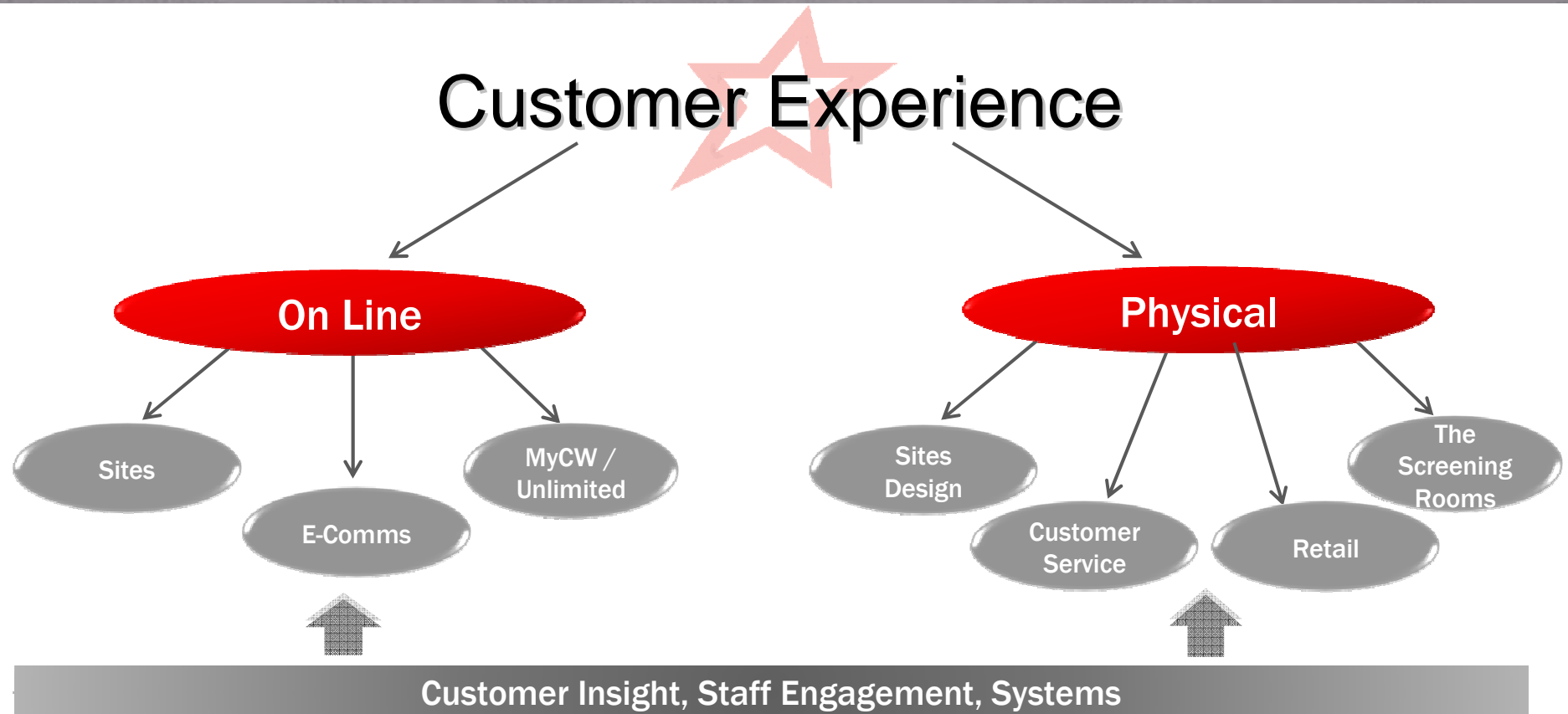
- Ad revenues marginally lower during 2011
 - Total UK Cinema advertising –6.6%
 - Cineworld –1.0%
 - Vue contract win (from January 2011)
- Benefits of scale & Digital
- Development of ‘end to end’ digital supply and management
 - 2012 tests for London region
 - Main 3 UK operators committed to be fully digital during 2012
 - Reduction in lead time from four weeks to hours
 - Realise late monies
 - Increased streamlining of processes, reduced costs
 - Premium sales opportunity
- Digital poster test with Primesight





Coming Soon

Customer First Programme



- Increase admissions from existing cinemas
- Increase dwell-time in cinema foyers
- Increase footprint – accelerate new-build expansion plan

MyCineworld & Unlimited



MyCineworld

- Removal of booking fees and 10% reduction in on-line ticket prices
 - Encourage pre-booking
 - CRM data capture
- Successful test running in Scotland since April 2011
 - Online bookings increased 4x faster than elsewhere
 - Total admission customer information now >40% (including Unlimited)
- Irish launch March 2nd
- Enables national CRM marketing campaigns, customer segmentation and targeted cooperative campaigns

Unlimited

- Core admission driving proposition, with continued growing subscriber base and accelerated growth plans for 2012



Physical Design

- Increased online booking reduces on-site queuing and enhances dwell time, propensity to spend and retail opportunities
- Reconfiguration of foyers
 - Increased ATMS/removal of box offices
 - Improved Bar/Coffee Bar offers
 - Fast track/pre-booked collection retail areas
- Removal of box offices and de-clutter of obstacles allows improvement to smooth, exciting customer journey
 - Improved retail offers
 - Dynamic electronic POS
 - Increased customer/staff interaction



New Sites



- **UK market has capacity to support more cinemas**
 - ▶ **UK: c17,000 people per screen¹**
 - ▶ **US: c8,000 people per screen¹**
- **Cinema seen as key anchor tenant in new developments**
- **Cineworld is the most attractive partner for developers**
 - ▶ **Covenant strength**
 - ▶ **Position in the market**
 - ▶ **Investment in customer**
 - ▶ **Drive higher footfalls than competitors**

¹ per Dodona research

Pipeline Openings

Year of opening	2012	2013	2014	2015 +
Sites signed with planning	Aldershot	St Neots Swindon Wembley	Oswestry	Preston Hinckley
Sites in legals	-	3	7	2
Approximate potential sites	1	6	8	*

*** Significant number of sites at various stages of progress**



Current Trading and Outlook

2012 Film line



H1

H2

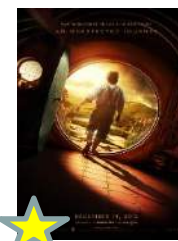
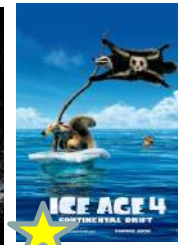
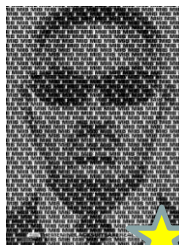
2012 Key events

Euro Championships

Olympics

Diamond Jubilee

Greater H2 film weighting



3D Release

2012 Outlook



- **Started in line with our expectations**
 - ▶ Reasonable carryover of films from 2011
 - ▶ Films so far have performed in line with expectations
 - ▶ Anticipate lighter Q2 comparative
- **Film slate for remainder of year is encouraging**
- **Investment in CRM**
- **New site pipeline is growing**





Thank You



Appendices

2011 Financial Highlights



	2011	2010	Growth
Group revenue	£348.0m	£342.8m	+1.5%
EBITDA ⁽¹⁾	£63.3m	£59.0m	+7.3%
Pre-tax profit	£33.4m	£30.4m	+9.9%
Net debt	£101.4m	£100.8m	
Dividend	11.0p <i>per share</i>	10.5p <i>per share</i>	+4.8%
Adjusted EPS	19.2p	18.1p	+6.1%

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

Balance Sheet



(£m)	2011	2010
Goodwill	217.1	217.1
Fixed Assets	124.2	114.2
Other non current assets	16.5	17.5
Total non current assets	357.9	348.8
Receivables and Stock	28.5	25.7
Cash	5.5	10.6
Total current assets	34.0	36.3
Trade and other current payables	(57.7)	(55.4)
Bank Debt less fees	(95.7)	(101.8)
Finance Lease and Swap liability	(11.2)	(9.6)
Provisions and LT payables	(67.2)	(66.3)
Total liabilities	(231.8)	(233.1)
Net Assets	160.3	152.0
Net Debt	101.4	100.8
Debt : Net Assets	63.3%	66.3%

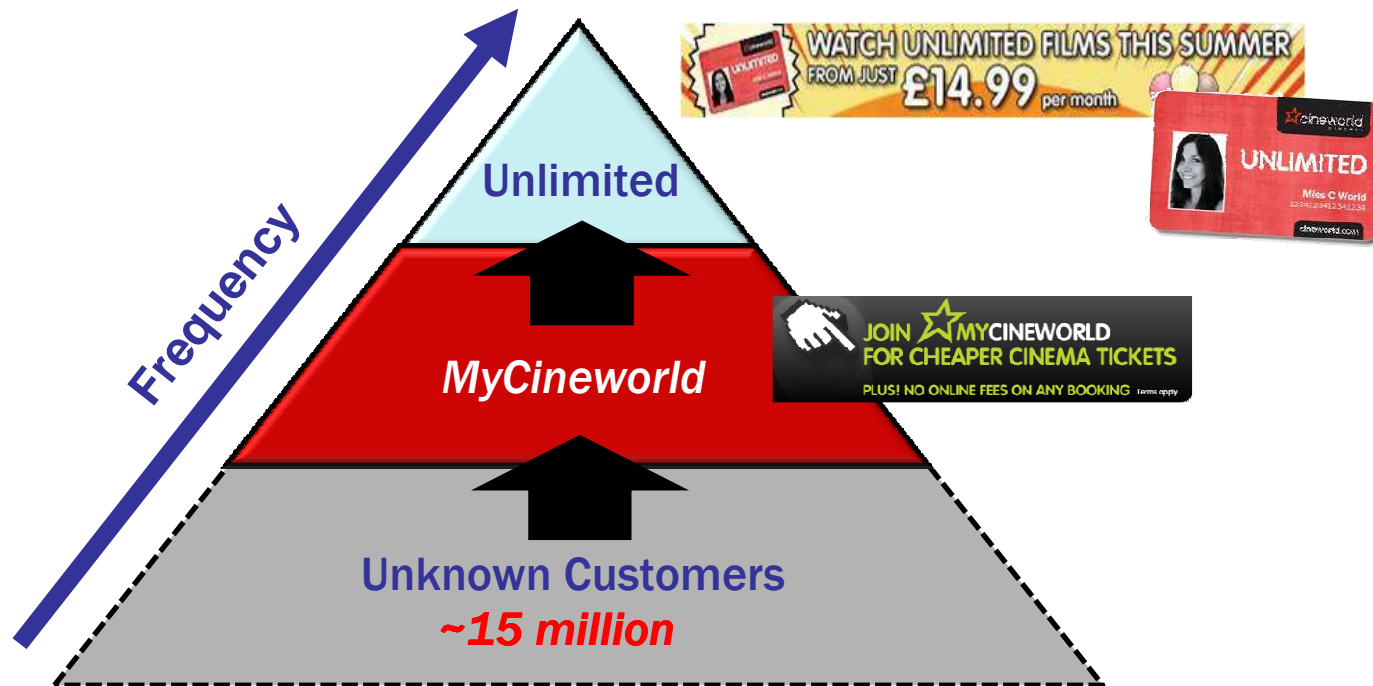
Strong Cash Generated from Operations

(£m)	2011	2010
EBITDA	63.3	59.0
Change in working capital	(1.6)	(8.1)
Non trading and non cash items	(6.4)	(2.2)
Cash generated from Operations	55.3	50.7
Net cash interest	(5.1)	(4.6)
Capex net of contributions	(25.0)	(20.2)
Tax	(8.3)	(8.7)
Dividend	(15.2)	(14.5)
Debt repayment and fees	(6.8)	(9.0)
Net cash movement	(5.1)	(6.3)

Some of the Major Films for 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
Dark Knight Rises	20th July	Batman Begins - £16m / Dark Knight - £49m
Ice Age Continental Drift (3D)	6th July	Ice Age - £15m / Ice Age: The Meltdown - £29m / Ice Age: Dawn of the Dinosaurs - £35m
Twilight Breaking Dawn Part 2	16th November	Twilight - £11m / Twilight New Moon - £27m / Twilight Breaking Dawn Part 1 - £31m
The Amazing Spider-man (3D)	6th July	Spider-man - £29m / Spider-man 2 - £26m / Spider-man 3 - £33m
Men In Black 3 (3D)	25th May	Men In Black £35m / Men In Black 2 - £22m
Pirates (3D)	30th March	Chicken Run - £29m / Wallace & Gromit : Curse of the Were-rabbit - £32m / Arthur Christmas - £20m
The Avengers (3D)	27th April	Iron Man - £17m / Iron Man 2 - £21m / Thor 3D - £14m
Madagascar 3 (3D)	19th October	Madagascar - £22m / Madagascar: Escape 2 Africa £23m
The Brave (3D)	17th August	Up - £34m / Tangled - £20m
Prometheus (3D)	1st June	Alien - £7m / Aliens - £5m / Alien 3 - £7m / Alien Resurrection - 7m
Hunger Games	23rd March	Twilight - £11m
Dictator	18th May	Ali G In Dahouse - £10m / Borat - £24m / Bruno - £16m
The Bourne Legacy	17th August	Bourne Identity - £7m / Bourne Supremacy - £11m / Bourne Ultimatum £23m
Rise of the Guardians (3D)	30th November	Despicable Me - £20m
Wrath of the Titans (3D)	30th March	Clash of the Titans 3D - £20m
Warhorse	13th January	Saving Private Ryan - £19m
Muppet Movie	10th February	Smurfs - £18m
Battleship	15th April	Transformers - £ 23m / Transformers Revenge of the Fallen - £27m / Transformers Dark of the Moon - £28m

Customer Strategy



- Customer information and database strategy developed
 - Under-pinned by successful Unlimited proposition
 - ‘MyCineworld’ pricing incentive being trialled in Scotland
- Customer strategy supported by EPOS and CRM investment, as well as new integrated systems in Payroll, Finance & for web management

L&D Strategy

