

# 2013 Preliminary Results

6<sup>th</sup> March 2014

# Cineworld Full Year Highlights

- 27.4% Group market share in UK/Ireland<sup>1</sup>
- 25.4% (2012 : 24.7%) Cineworld Cinemas market share in UK/Ireland<sup>1</sup>
- Revenue growth of 13.2%
- Growth in MyCineworld and Unlimited membership
- Picturehouse performance in line with expectations
- Proposed final dividend of 6.4p<sup>2</sup> taking full year bonus-adjusted dividend to 10.1p
- Combination with CCI

<sup>1</sup>Source: Rentrak : January to December 2013

<sup>2</sup> Bonus-adjusted for the revised share capital following the rights issue (14 February 2014)



# Group Financial Review

(incl Picturehouse)

# 2013 Financial Highlights

Group Reported Results	FY 2012 <sup>(2)</sup>		FY 2013	Change
Group revenue	£358.7m		£406.1m	+13.2%
EBITDA <sup>1</sup>	£66.9m		£72.3m	+8.1%
Adjusted Proforma Pre-tax profit	£40.5m		£44.7m	+10.4%
Net debt	£126.9m		£112.3m	-£14.5m
Dividend <sup>3</sup>			10.1p <i>per share</i>	+6.3% <sup>4</sup>
Adjusted EPS	21.1p <i>per share</i>		22.6p <i>per share</i>	+7.1%

<sup>1</sup> 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.

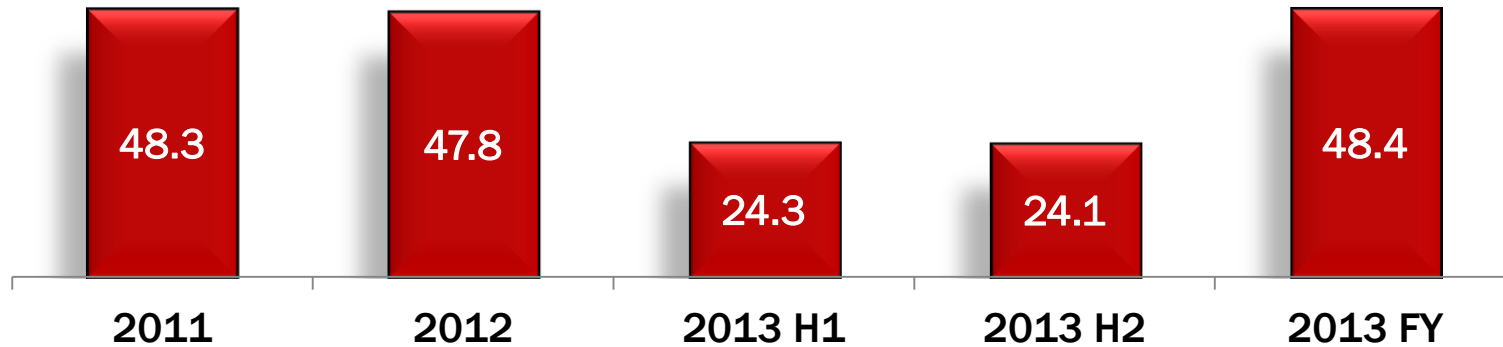
<sup>2</sup> FY 2012 restated to reflect adoption of IAS 19 "Employee Benefits" revised. The impact being a £0.2m reduction in EBITDA compared to that stated in the 2012 published results for the Group

<sup>3</sup> Current year dividend bonus-adjusted for the revised share capital following the rights issue (14 February 2014)

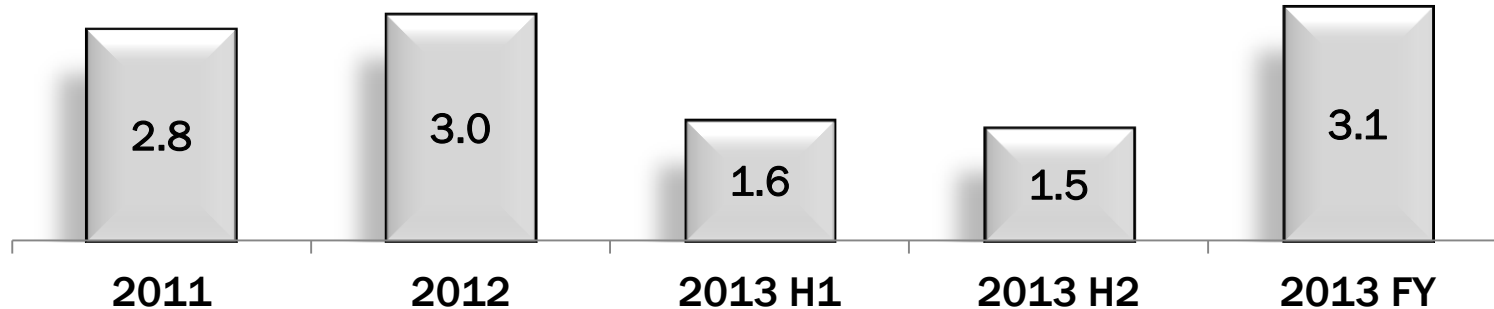
<sup>4</sup> Increase reflects cash dividend growth for shareholders who took up rights in full

# Admissions (m)

## Cineworld



## Picturehouse

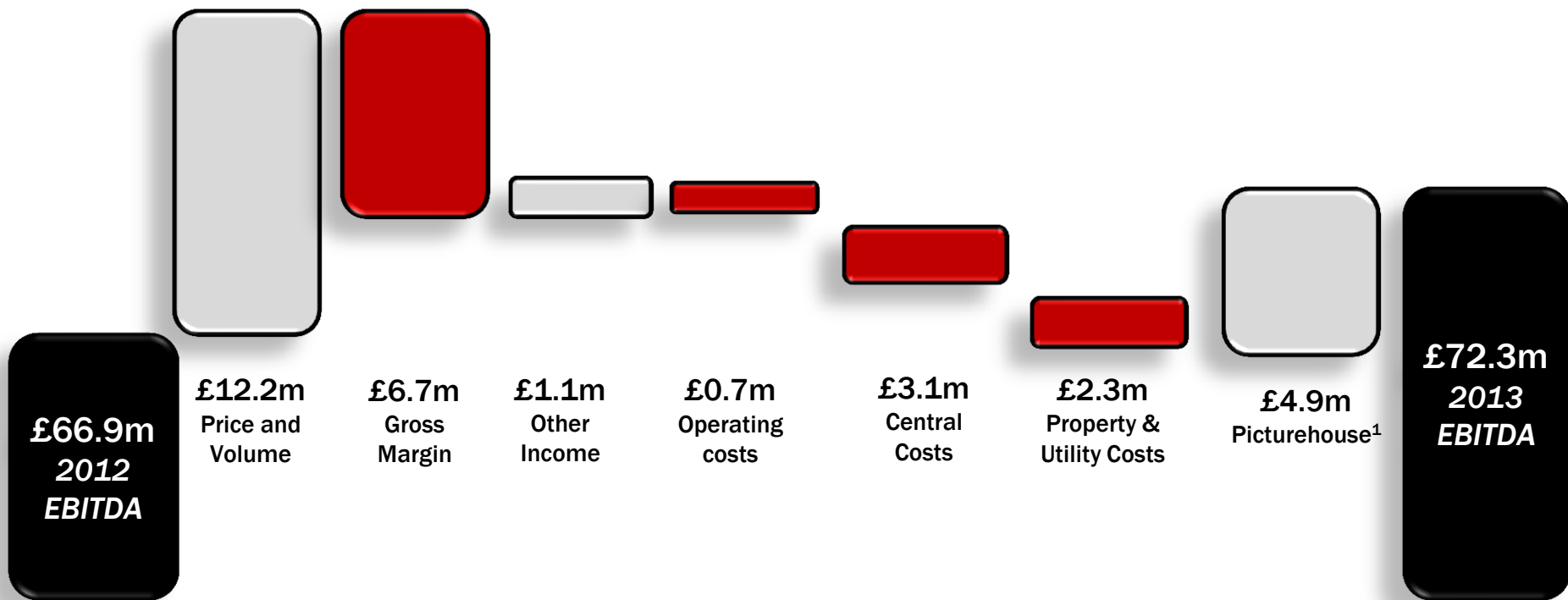


# Revenues

Cineworld Cinemas	FY2012 £m	FY2013 £m	13 v 12 %	Picturehouse Cinemas	FY 2012 £m	FY 2013 <sup>(1)</sup> £m	13 v 12 <sup>(1)</sup> %
Box Office	251.6	261.5	+3.9%	Box Office	17.8	18.4	+3.4%
Retail	82.3	84.6	+2.8%	Retail	8.4	9.5	+13.1%
Other	22.3	23.4	+4.9%	Other	7.8	8.7	+11.5%
	356.2	369.5	+3.7%		34.0	36.6	+7.6%
	£	£			£	£	
Average Ticket Price	5.26	5.40	+2.7%	Average Ticket Price	5.93	5.93	-
Spend per person	1.72	1.75	+1.7%	Spend per person	2.80	3.06	+9.3%

<sup>1</sup> 2012 comparative information for Picturehouse Cinemas presented on a pro-forma basis to demonstrate underlying performance of the brand, the information is based on the 2012 management accounts. Results for Picturehouse were only included in the published 2012 Cineworld Group plc results for the 22 days from 6 December 2012

# EBITDA Bridge



<sup>1</sup> Picturehouse results consolidated for 22 days covering 6 December – 27 December 2012 and contributed £0.5m EBITDA to that period

# Group Profit & Loss Account

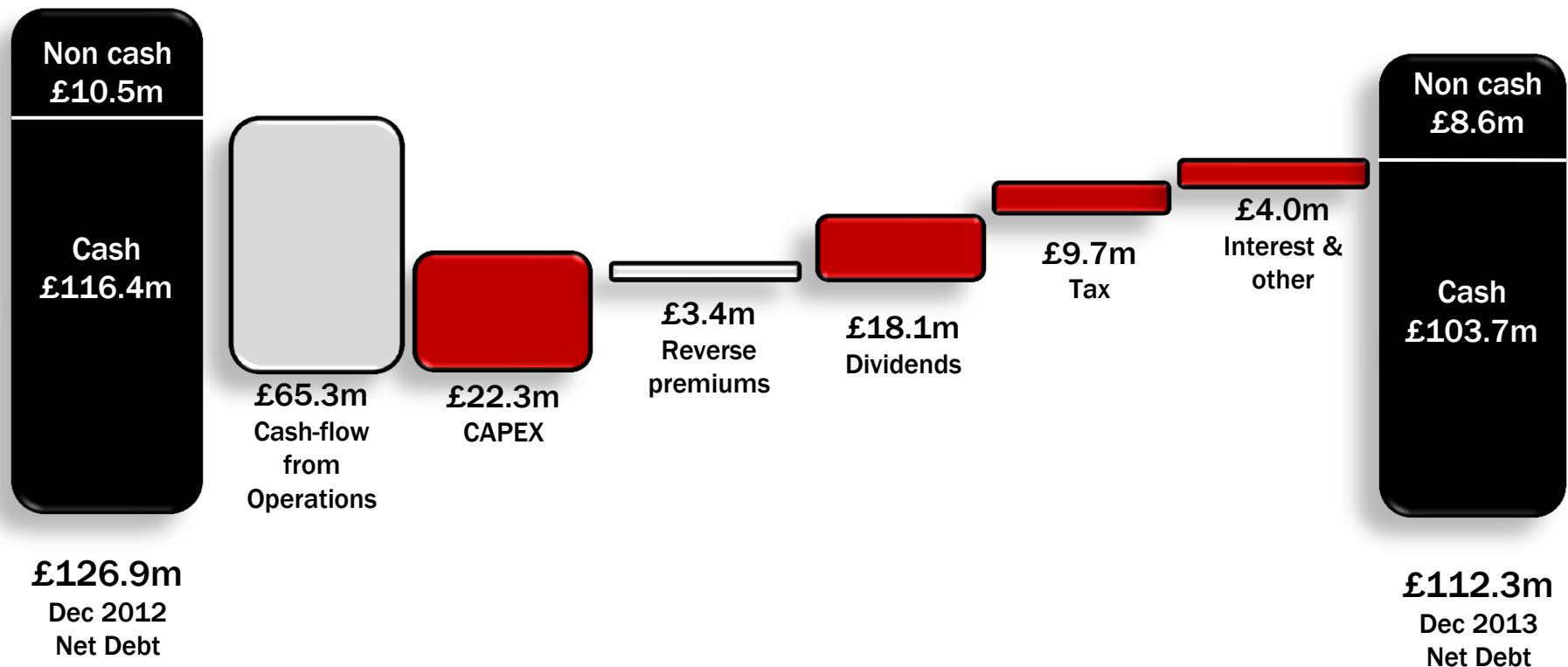
(£m)	2012 <sup>1</sup>	2013	Growth	
Revenue	358.7	406.1	+13.2%	
EBITDA	66.9	72.3	+8.1%	
EBITDA margin	18.7%	17.8%	-0.9pp	
Other non-cash & non-recurring costs	(1.4)	(10.8)		Includes £6.1m in respect of CCI acquisition
Depreciation and amortisation	(21.5)	(24.0)		
Operating profit	44.0	37.5	-14.8%	Includes £1.6m in respect of amortisation on Picturehouse intangibles
Net interest charge	(6.6)	(6.5)		
Refinancing costs	1.0	-		
Share of loss in joint venture	(0.1)	(0.1)		
Profit before tax	38.3	30.9	-19.7%	Expiry of hedge in the prior year
Tax	(10.8)	(9.9)		
Profit after tax	27.5	21.0	-23.6%	
EPS – adjusted <sup>2</sup>	21.1	22.6	+6.6%	
DPS – proposed	10.6	10.1		

<sup>1</sup> 2012 – restated following the adoption of IAS 19 “Employee Benefits” revised

<sup>2</sup> 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

# Business Review

- **Box Office and Film performance**
- **Retail**
- **Screen advertising**
- **Customer strategy**
- **2014 Film Slate**

# Box Office & Film

- Overall industry decline in box office and admissions
  - Broader number of £20m - £30m films, but only two £40m+ titles
  - Tough prior year comparative
    - 'Skyfall' breaks £100m mark
    - 'Dark Knight Rises' and 'Avengers Assemble' both exceed £50m
- Cineworld outperforming the market
  - Cineworld Cinemas' market share 25.4%, 27.4% including Picturehouse (UK/ROI)
  - IMAX and 3D strong during the year and premiums driving revenues
  - Continued 50%+ share of Bollywood market
  - Strong Event Cinema growth (+50%)

## Box Office \*

UK/ROI	UK
£1.8bn -1.0%	£1.09bn -1.0%

## Admissions

UK
165.5m -4.2%



# Retail

- Growth in Retail is encouraging YOY

- +2.8% Revenues
- +1.5% SPP

- Starbucks Roll Out & Growth

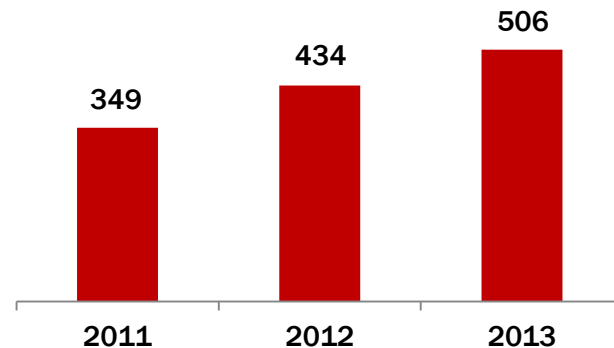
- 11 sites now open
- +20p incremental SPP (net of 10p cannibalisation)
- More planned for 2014



# Screen Advertising

- Screen advertising revenues flat vs a strong 2012
- Digital advertising delivering increased flexibility
  - Automated distribution
  - Shorter booking lead times
  - Scheduling flexibility/ media selling opportunities
- Strong start to 2014

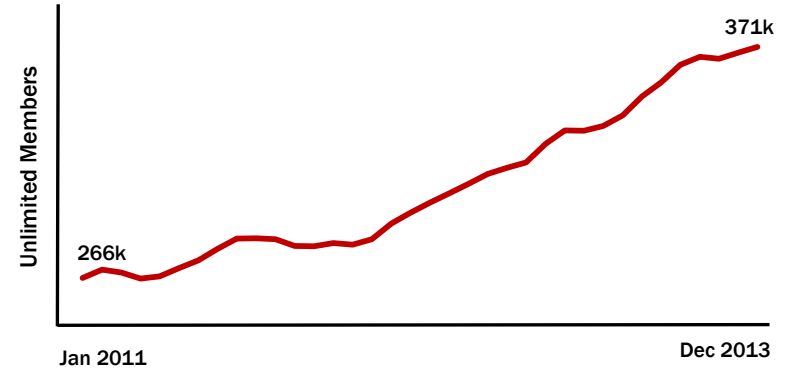
**Brand Count**



# Customer Strategy

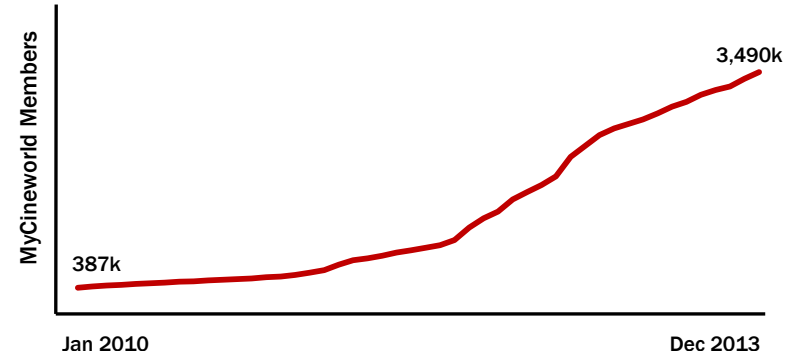
## Unlimited

- > 370,000 subscribers
- 19 Unlimited screenings
- Reduced churn



## MyCineworld

- 3.5 m members
- Targeted emails
- Newsletters



# 2014 – Key Titles

## New



## Sequels



## Family



## Older Audiences



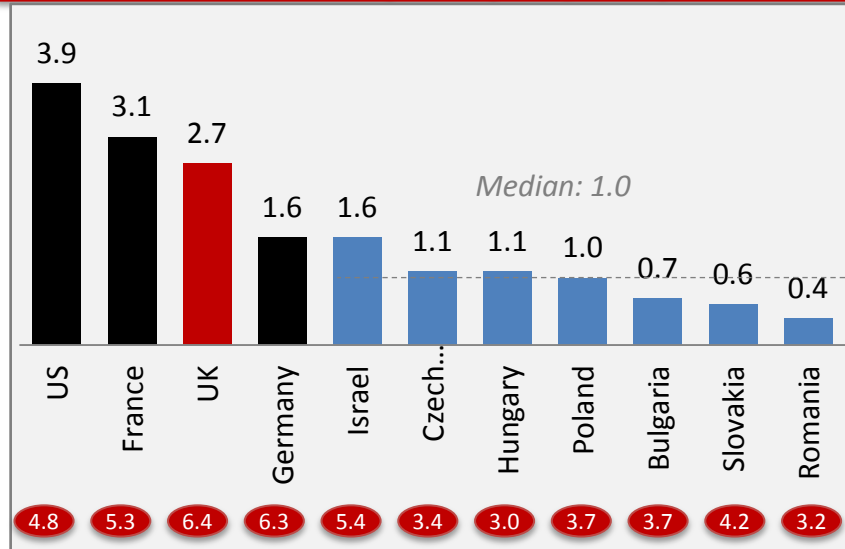


Growth

# Cineworld and Cinema City

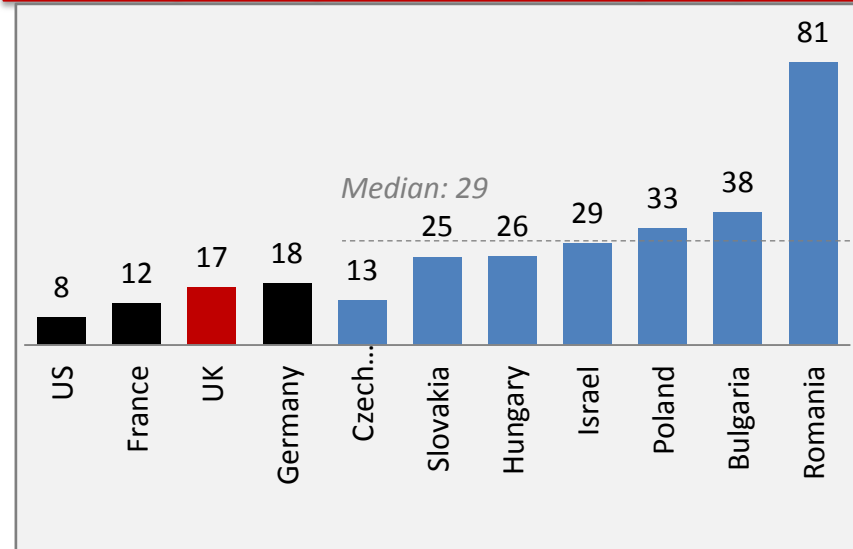
## Structural growth opportunities in the cinema markets of CEE and Israel

Admissions per Capita (2012)



2012 ATP (£)

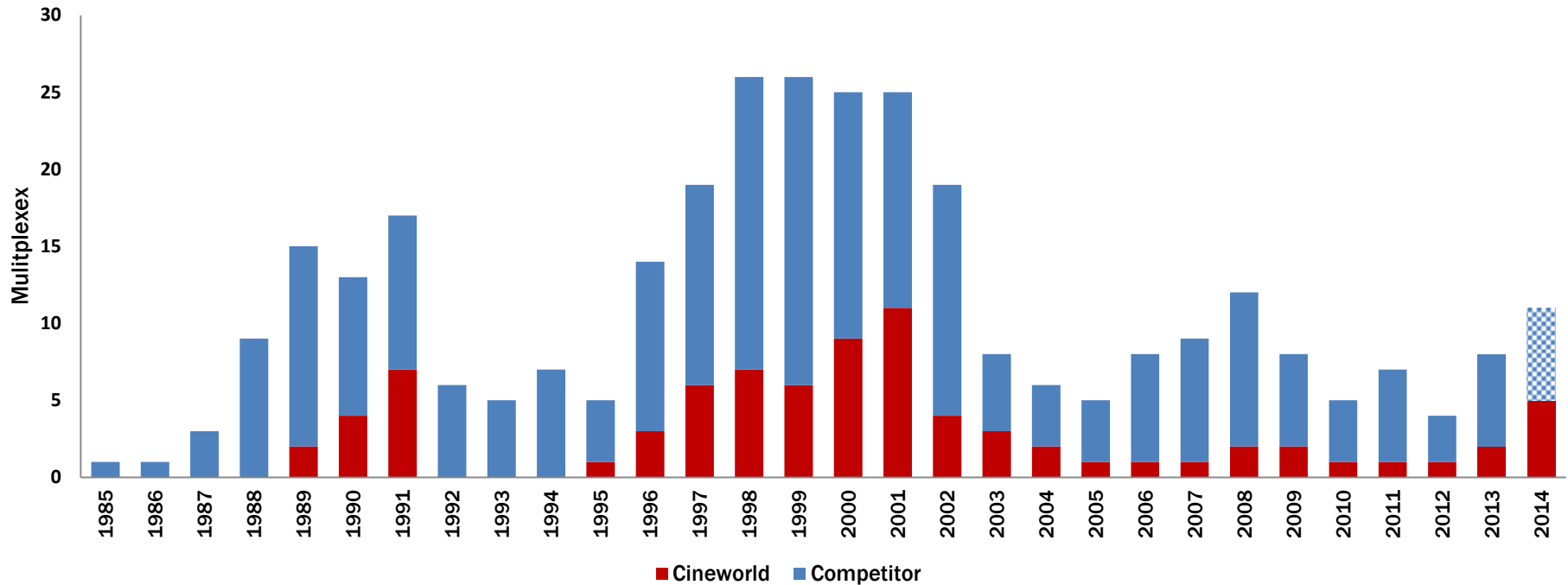
Population per Screen in '000s (2012)



Source: Dodona research except admissions per capita in Israel (sourced from the Israel Cinema Association). Bulgaria figures based on Dodona estimates in 2011 for 2012.  
Note: Average ticket prices have been converted from local currency to £ using exchange rates from Bloomberg as at 9 January 2014.

# Multiplex Aging Profile

Number of Multiplexes Built last 28 Years

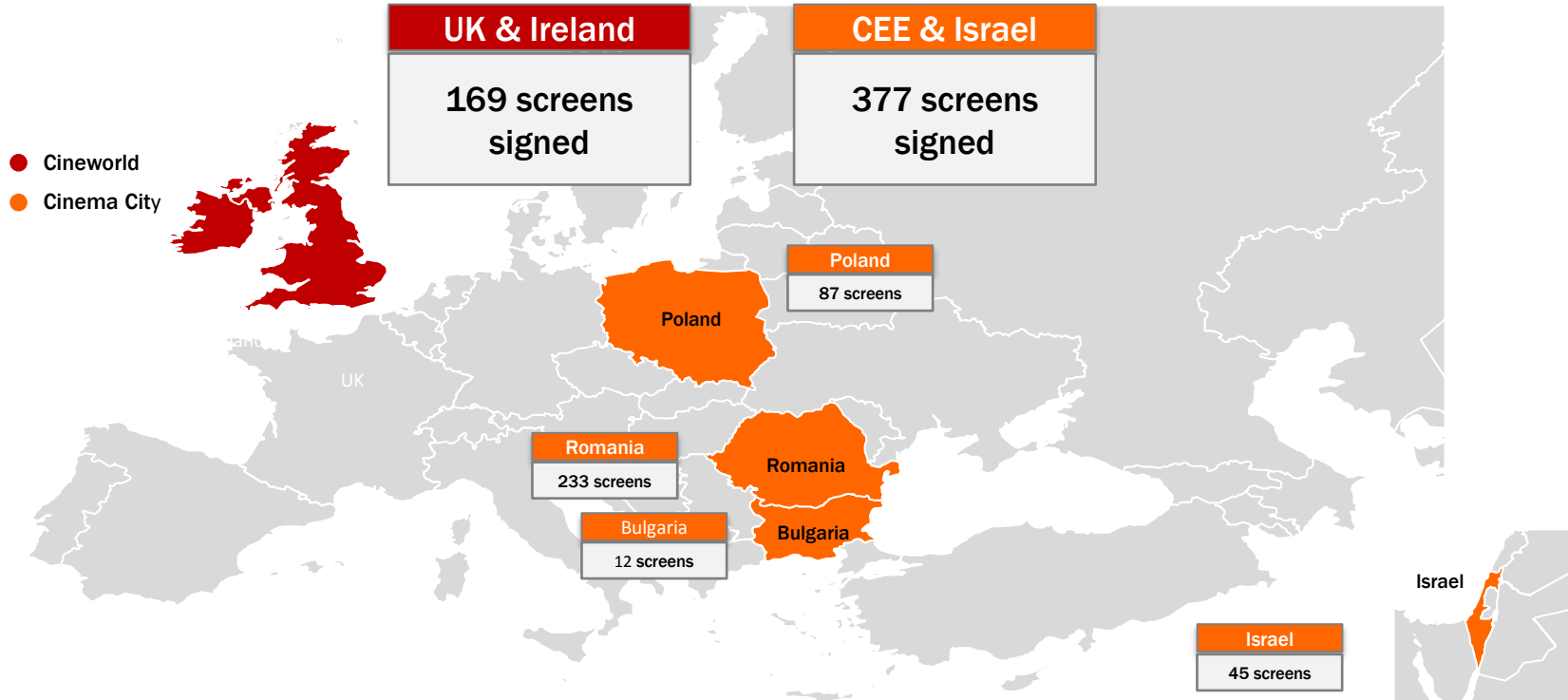


Source: Dodona - Cinemagoing 22

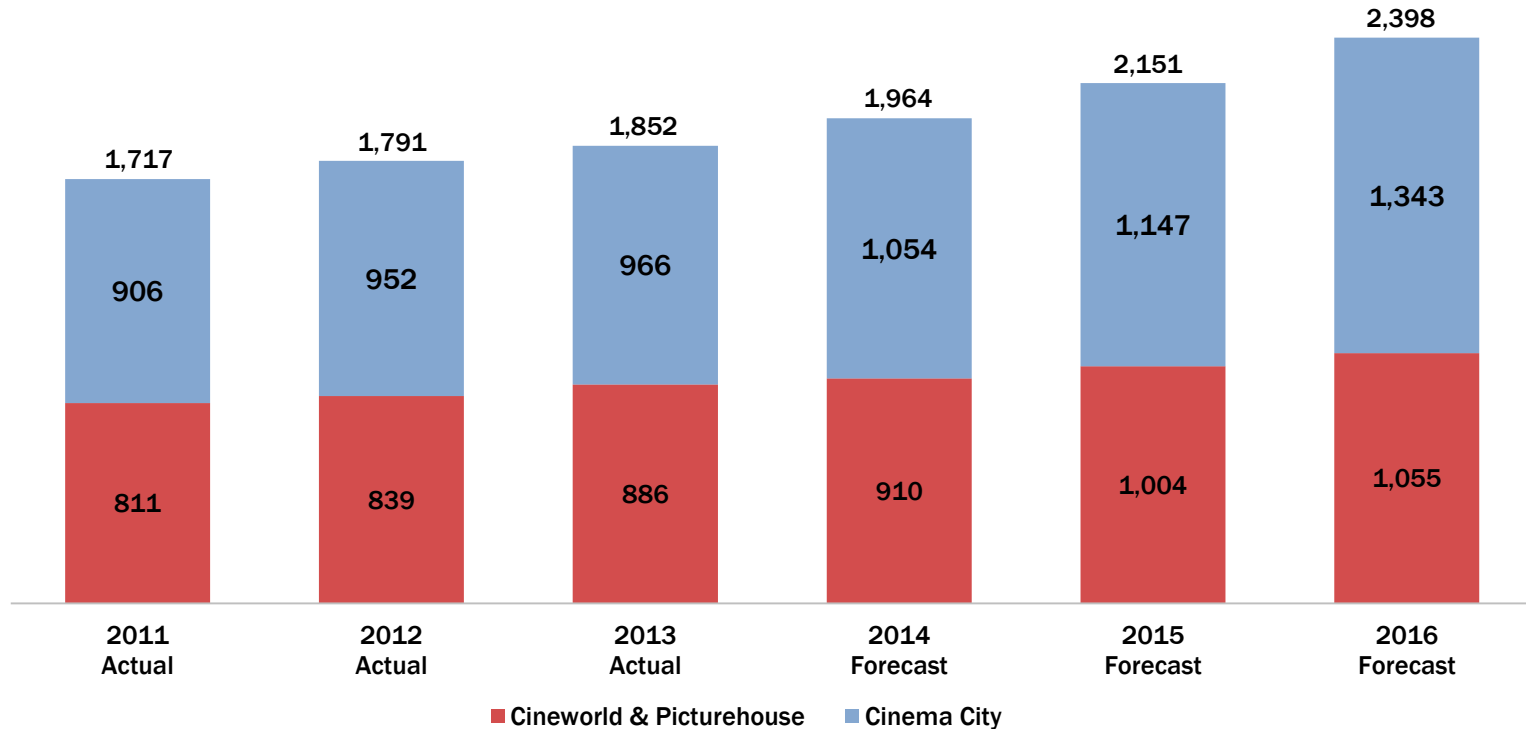
Source: 2014 onwards estimates based on various sources

# Cineworld and Cinema City

Development plan includes 546 screen openings across enlarged group within next 3 years



# Combined Number of Screens



# Strategic Highlights and Summary

## Future Strategy

### Continued Growth

- Increasing market share in existing countries of operation
- New openings – over 500 screens in the pipeline
- Increasing "cinema going" habit in the new markets
- Potential for growth in ticket prices
- Opportunities in new territories



### Providing the Top Cinema Experience

- Stadium seating
- Large screens to enhance the viewing experience
- High quality sound systems - the audience are "in" the movie
- Great comfort and friendly atmosphere - seats, lobby and service with a smile



### Commitment to Advanced Technology

- High quality offering, including IMAX, 4DX, D-Box
- Advanced technology - laser projection, advanced sound, gaming on screen
- Technologies to enhance the overall customer experience - modern ticket service, print at home, enter with your mobile



# Strategic Highlights and Summary

## Future Strategy

### Targeting Niche Markets

- Distribution activity - strategic and effective in new/ smaller markets, allowing for direct contact with the studios and product
- Expansion of the Picturehouse concept
- Support local production and alternative content



### Maximising Synergies

- Combination cost synergies
- Combination of know-how
- Combination of experienced teams
- Growing screen advertising and sponsorship opportunities
- Best practice synergies (*Unlimited*, *MyCineworld*, website, VIP, cinema design etc.)



# Current Trading and Outlook



# 2014 Outlook

- Favourable film slate
  - Strong line-up of popular sequels ('Hunger Games', 'Hobbit')
  - Similar phasing to 2013
- Priorities for the year ahead
  - Integration with Cinema City
  - Delivery of Synergies
  - Growth of Circuits



**CINEMA  
CITY**

**Picture  
house**

Q&A