



Cineworld Group 2016 Results

9th March 2017

Cineworld
Group plc

Overview

Summary of 2016 – another record year

- Reached the milestone of 100m admissions
- Overall strong financial performance for the Group, EBITDA growth of 13.2%, 8.4% in constant currency

The background of the slide features a large, illuminated 'cineworld' logo in a modern, lowercase sans-serif font. The logo is set against a dark, possibly metallic, wall. Below the logo, the interior of a cinema is visible, showing a staircase with glass railings and a brightly lit screen displaying a colorful scene, likely from a movie. The overall atmosphere is one of a high-tech, modern entertainment venue.

cineworld

- Record growth achieved in Poland, Romania, Hungary & Czech Republic
- Clear progress made against our strategy

Financial Review

Financial Highlights

	Group 2016	Group 2015	Statutory Movement
Admissions	100.3m	93.6m	7.2%
	£m	£m	
Box office	500.9	451.6	10.9%
Retail	190.8	162.7	17.3%
Other	106.1	91.5	16.0%
Total revenue	797.8	705.8	13.0%
EBITDA¹	175.8	155.3	13.2%
Adjusted profit before tax	111.4	99.0	12.5%
Adjusted diluted EPS	34.7p	29.7p	16.8%
Dividend per share	19.0p	17.5p	8.6%

- Statutory revenue growth of 13.0% (constant currency 8.7%)
- Statutory EBITDA¹ growth of 13.2% (constant currency 8.4%)
- Adjusted diluted EPS up 16.8% to 34.7p (adjustments no longer made for the translation impact of the ROW results)
- Net debt of £282.3m (31 December 2015: £245.2m) – Net debt to EBITDA ratio remained at 1.6.
- Final full year dividend increased by 8.6% to 19.0p

1. EBITDA is defined as profit before interest, tax, depreciation and amortisation, onerous leases and other non-recurring charges, impairments and reversals of impairments, transaction and reorganisation costs, profit on disposals of assets and the settlement of the defined benefit pension liability.

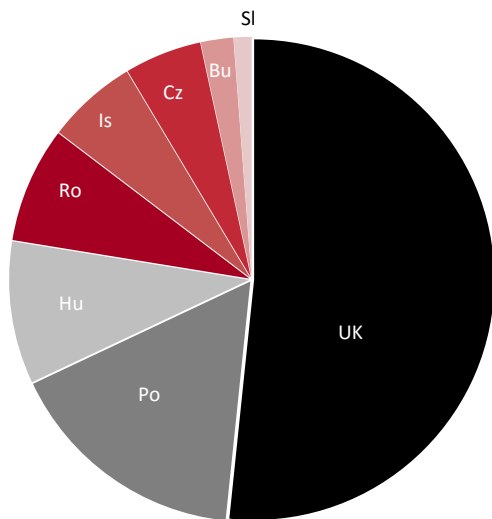
Performance summary constant currency

	UK & Ireland		ROW		Group	
	2016	Movement versus 2015	2016	Movement versus 2015	2016	Movement versus 2015
Admissions	51.8m	1.8%	48.5m	13.6%	100.3m	7.2%
	£m		£m		£m	
Box office	324.0	3.9%	176.9	13.2%	500.9	7.0%
Retail	117.5	9.6%	73.3	17.9%	190.8	12.6%
Other	52.5	12.2%	53.6	7.6%	106.1	9.8%
Total revenue	494.0	6.0%	303.8	13.3%	797.8	8.7%
EBITDA¹	97.1	1.5%	78.7	15.5%	175.8	8.4%
EBITDA Margin	19.7%	-0.8%	25.9%	1.1%	22.0%	-

- Group revenue growth of 8.7%
- 3.9% increase in the UK box office revenues (total market decreased by 0.1% - source IBOE)
- Group EBITDA growth of 8.4%
- Group EBITDA margin maintained at 22.0%
- Benefit of operating in nine territories in mature and developing markets

Box Office & Retail Performance

2016 Admissions (m)



- UK - 51.8m
- Poland - 16.4m
- Hungary - 9.6m
- Romania - 7.8m
- Israel - 6.1m
- Czech - 5.2m
- Bulgaria - 2.2m
- Slovakia - 1.2m

UK

- Admissions = 51.8m +1.8%
- ATP = £6.25 +2.0%
- SPP = £2.27 +7.6%

ROW (constant currency)

- Admissions = 48.5m +13.5%
- ATP = £3.65 -0.2%
- SPP = £1.51 +3.9%

Other income

- Other income includes revenue from advertising, distribution, screen and event hire and online booking fees
- Overall it has increased by 16.0% (9.8% on a constant currency basis)
- **UK & Ireland performance + 12.2%**
 - Advertising broadly flat in-line with admissions
 - Trend towards online booking continued
 - Growth in screen and event hire
- **ROW performance + 7.6% (constant currency)**
 - Strong performance from advertising revenues
 - Decline in distribution revenues largely due to the strong comparative of 2015

Group profit and loss

£m	2016	2015
Revenue	797.8	705.8
EBITDA	175.8	155.3
Depreciation and amortisation	(58.6)	(49.4)
Exceptional cost	(4.4)	(2.8)
Operating profit	112.8	103.1
Finance (expense) / income	(14.6)	(3.4)
Profit before tax	98.2	99.7
Tax charge	(16.2)	(18.4)
Profit after tax	82.0	81.3
Adjustments	11.8	(2.0)
Adjustment profit after tax	93.8	79.3

Includes £4.6m of amortisation related to intangible assets which were identified as part to the Cinema City business combination.

The £4.4m net exceptional items includes the following items:

- (£4.8m) cost on settlement of the defined benefit pension liability
- (£1.5m) of reorganisation costs
- £1.5m of onerous lease and non-recurring property charges
- £0.4m impairment charges and reversals

Net finance expense of £14.6m includes a foreign exchange charge of £6.1m and £1.9m exceptional finance credit from the change in fair value of cash flow hedges. 2015 included a foreign exchange gain of £7.7m

Adjusted profit and adjusted diluted EPS

£m	2016	2015
EBITDA	175.8	155.3
Depreciation and amortisation	(54.0)	(45.2)
Adjusted Operating profit	121.8	110.1
Finance income / expense	(10.4)	(11.1)
Adjusted profit before tax	111.4	99.0
Tax on adjusted profit	(17.6)	(19.7)
Adjusted profit after tax	93.8	79.3
Adjusted diluted EPS	34.7	29.7

£m	2016	2015
Adjusted items		
Amortisation of Cinema City intangibles	4.6	4.2
Exceptional items	4.4	9.2
Foreign exchange translation movements on Euro Term Loan and exceptional hedge item	4.2	(7.7)
Profit on disposals	-	(6.4)
Total adjustments	13.2	(0.7)
Tax	(1.4)	(1.3)
Total post tax adjustments	11.8	(2.0)

- Adjustment is no longer made for the translation impact of the ROW results
- Growth in the adjusted diluted EPS of 16.8%

Cash flow statement and net debt

£m	Cash	Debt	Other	Net Debt
Opening position at 1 January 2016	62.5	(299.3)	(8.4)	(245.2)
Operating profit	112.8			112.8
Non-cash movements	47.1			47.1
Cash generated from operations	159.9			159.9
Tax paid	(9.8)			(9.8)
Net cash flows from investing activities	(130.3)			(130.3)
Net cash flows from financing activities	(33.9)	(13.4)		(47.3)
Forex and other non-cash movements	7.4	(9.3)	(7.7)	(9.6)
Closing position at 31 December 2016	55.8	(322.0)	(15.9)	(282.3)

- Of the £47.1m net non-cash movement, £58.6m relates to the add back of depreciation and amortisation
- Investing activities include £47.0m paid for Empire and £83.7m of capital expenditure
- Financing activities primarily include
 - Drawdown on facility of £28.0m
 - £47.0m dividend payment
 - Loan repayments of £12.5m
 - FX loss on Euro loan of £6.1m
 - Interest paid of £7.8m
- EBITDA to net debt ratio remaining at 1.6 times

Financial Outlook

- Strong film slate for 2017, with an exciting number of sequels and new titles
- Encouraging performance for 2017 YTD
- Capital expenditure for 2017 expected to be approximately £85m
- Continue to capitalise on our strong Balance Sheet and cash generation
- Underlying effective tax rate expected to remain at a similar level between 16%-17%.

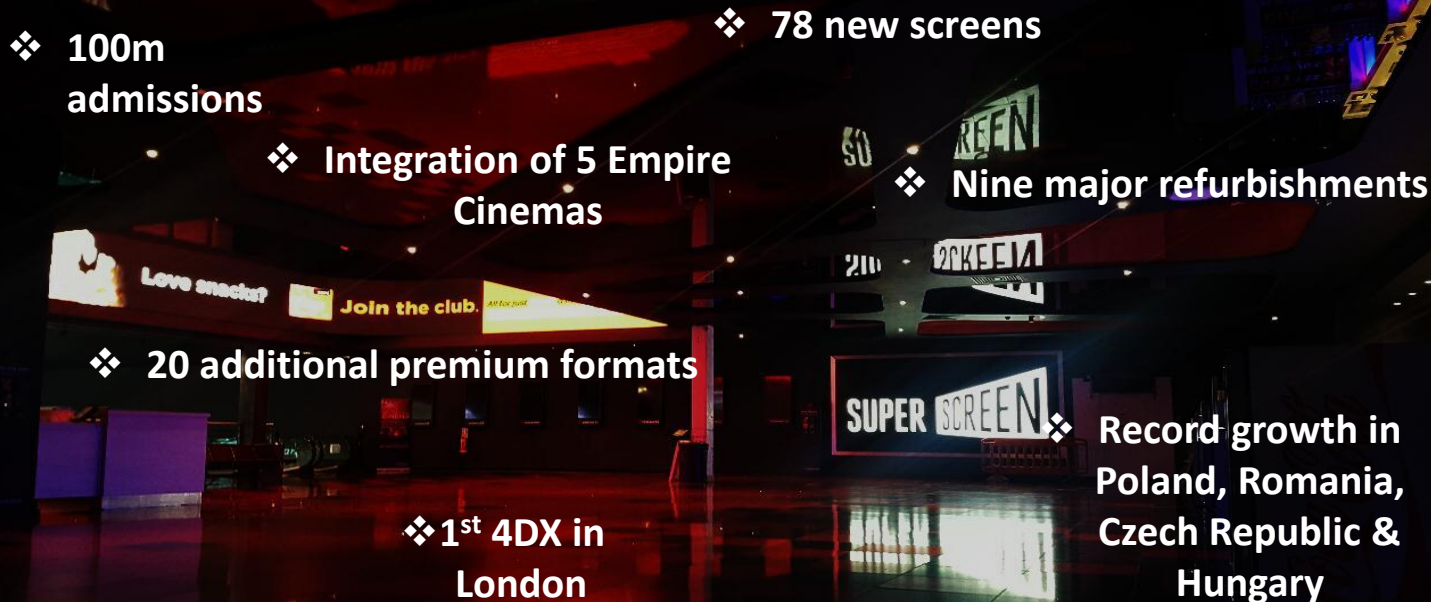
Business Update

Our Strategy

Our strategy is to:

- Deliver a great cinema experience every time;
- Expand & identify profitable opportunities to grow;
- Have consistent high quality, next generation cinemas across the estate;
- Be leaders in the industry through offering the latest audio and visual technology, and
- Drive value for shareholders.

2016 Key Achievements

- 
- ❖ 100m admissions
 - ❖ Integration of 5 Empire Cinemas
 - ❖ 20 additional premium formats
 - ❖ 1st 4DX in London
 - ❖ 78 new screens
 - ❖ Nine major refurbishments
 - ❖ Record growth in Poland, Romania, Czech Republic & Hungary

Customer experience

We provide up to **six** different ways of how to watch a movie

IMAX[®]

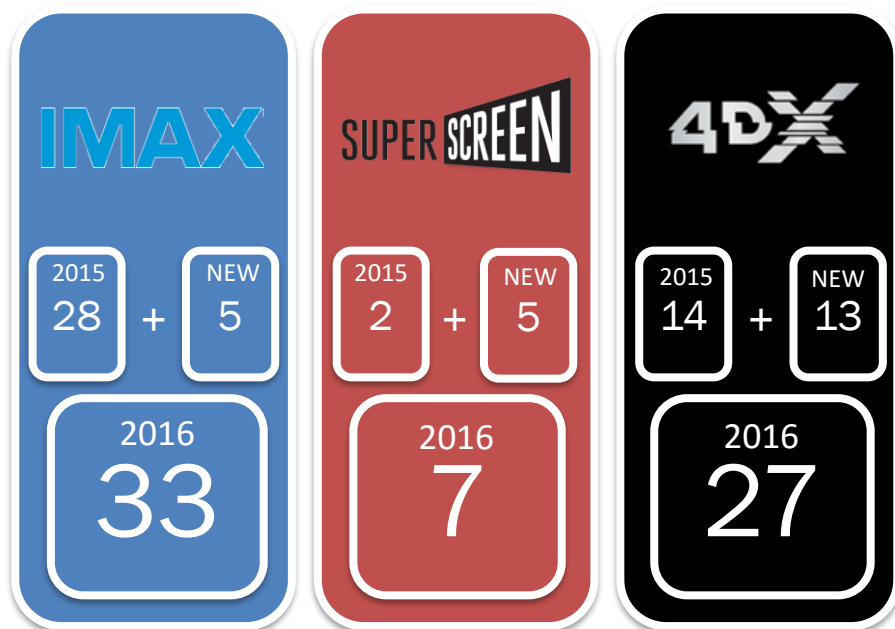
4DX



VIP

SUPER SCREEN

Technological innovation



- Continued roll out of 4DX in the UK and ROW
- 1st 4DX opened in London in our Wandsworth site
- Largest IMAX partner in Europe, including 2 Laser IMAX in the UK

Retail Offering



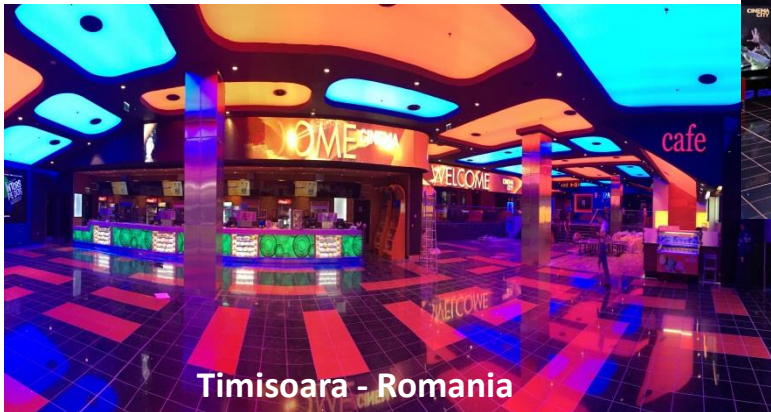
The next generation cinemas

- **8 new sites with 78 screens opened in 2016**
 - 4 in the UK&I with 27 screens
 - 4 in the ROW with 51 screens
- **9 major refurbishments completed in 2016**
 - 6 in the UK&I - Stevenage, Glasgow Renfrew Street, Crawley, Cardiff, Wandsworth, Birmingham Broad Street
 - 3 in the ROW - Au Park, Polus (Slovakia), Campona (Hungary)

New Openings

UK & Ireland

- Yate – 6 screens
- Loughborough – 8 screens
- Dalton Park – 7 screens
- Harlow – 6 screens



Timisoara - Romania

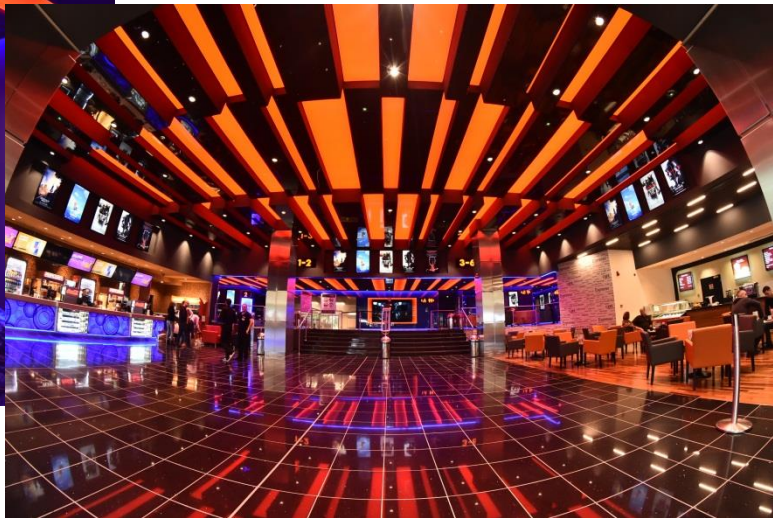


Bucharest Titan - Romania

ROW

- Beer Sheva – Israel – 18 screens
- Timisoara Nepi – Romania – 13 screens
- Bucharest Titan – Romania – 14 screens
- Piatra Neamt – Romania – 6 screens

New Openings – Piatra Neamt Romania



New Openings – Yate & Harlow



Refurbishments – Birmingham Broad Street



Before Refurbishment



After
Refurbishment

Refurbishments - Crawley

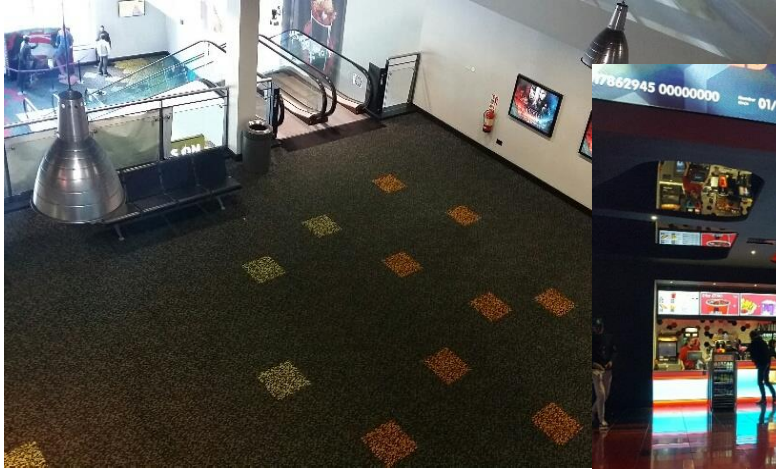


Before Refurbishment

After Refurbishment



Refurbishments - Wandsworth



Before Refurbishment

After Refurbishment



Empire sites



Empire Hemel Hempstead
17 screens
1 IMAX screen



Empire Poole
16 screens



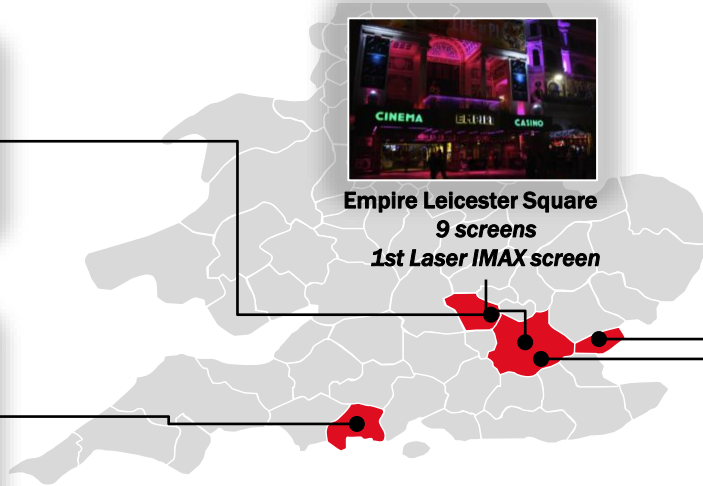
Empire Leicester Square
9 screens
1st Laser IMAX screen



Empire Basildon
18 screens
1 IMAX screen



Empire Bromley
4 screens



- 5 Empire Cinemas acquired and integration well under way

The UK&I estate 3 years post the combination

1 st March 2014	→	31 December 2016
103 sites	+ 15 sites	118 sites
893 screens	+ 149 screens	1,042 screens
9 IMAX screens	+ 11 IMAX screens	20 IMAX screens
0 4DX screens	+ 9 4DX screens	9 4DX screens
0 Super Screens	+ 6 Super Screens	6 Super Screens
0 VIP sites	+ 2 VIP sites	2 VIP sites
11 Starbucks sites	+ 13 sites	24 Starbucks sites



The ROW estate 3 years post the combination

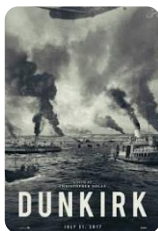
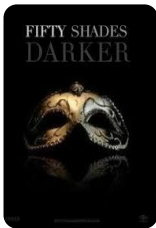
1 st March 2014	→	31 December 2016
99 sites	+ 9 sites	108 sites
966 screens	+ 107 screens	1,073 screens
10 IMAX screens	+ 3 IMAX screens	13 IMAX screens
5 4DX screens	+ 13 4DX screens	18 4DX screens
0 Superscreen	+ 1 Superscreen	1 Superscreen
5 VIP sites	+ 2 VIP sites	7 VIP sites



What's next?

- Complete Empire integration
 - Bromley site to become a Picturehouse
 - Basildon and Poole to be refurbished
 - 4DX and Super Screen expected to be installed in Leicester Square
- 13 sites, 132 screens planned to open in 2017
 - 6 sites in the UK
 - 7 sites in the ROW
- Over 300 additional screens planned to open between 2018 and 2020
- Further refurbishments, primarily in the UK
- Focus on our customer services including our CRM system, web applications and point of sale process
- Realise the benefits from completing the transfer of the back office functions to the shared service centre
- Continue to consider expansion opportunities

2017 – Key Titles



Q&A

