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Cineworld Group plc

Cineworld 2017 Interim Results

10th August 2017

Financial Review

Financial Highlights

| | Group H1 2017 | Group H1 2016 | Statutory Movement |
|-----------------------------------|------------------|------------------|-----------------------|
| Admissions | 50.7m | 46.1m | 10.0% |
| | £m | £m | |
| Box office | 267.2 | 227.0 | 17.7% |
| Retail | 103.3 | 84.7 | 22.0% |
| Other | 49.7 | 45.0 | 10.4% |
| Total revenue | 420.2 | 356.7 | 17.8% |
| EBITDA¹ | 84.3 | 70.5 | 19.6% |
| Adjusted profit before tax | 50.2 | 41.0 | 22.4% |
| | | | |
| Adjusted diluted EPS | 15.4p | 12.7p | 21.3% |
| Dividend per share | 6.0p | 5.2p | 15.4% |

- Statutory revenue growth of 17.8% (constant currency 12.4%)
- Statutory EBITDA¹ growth of 19.6% (constant currency 12.9%)
- Adjusted diluted EPS up 21.3% to 15.4p
- Net debt of £309.1m after early payment of 2016 final dividend of £37.4m (31 December 2016: £282.3m)
- Interim dividend increased by 15.4% to 6.0p

1. EBITDA is defined as operating profit before 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.

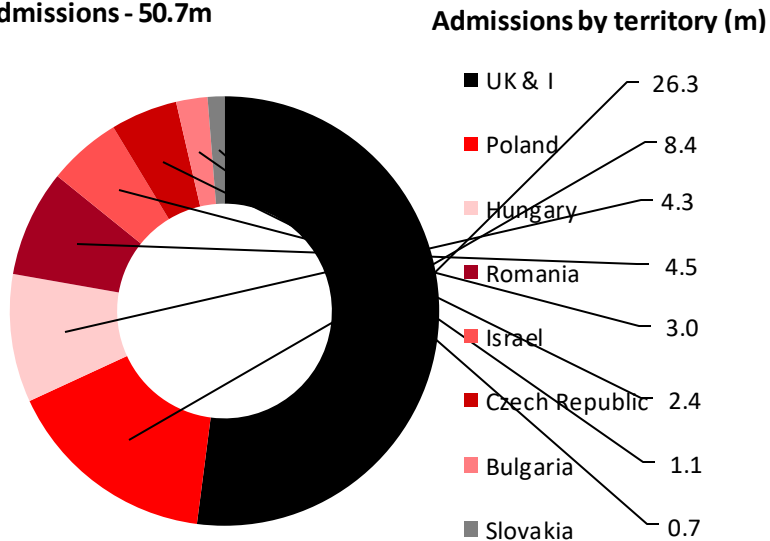
Performance summary constant currency

| | UK & Ireland | | ROW | | Group | |
|---------------------------|--------------|-------------------------|--------------|-------------------------|--------------|-------------------------|
| | H1 2017 | Movement versus H1 2016 | H1 2017 | Movement versus H1 2016 | H1 2017 | Movement versus H1 2016 |
| Admissions | 26.3m | 9.6% | 24.4m | 10.4% | 50.7m | 10.0% |
| | £m | | £m | | £m | |
| Box office | 167.7 | 11.8% | 99.5 | 14.1% | 267.2 | 12.6% |
| Retail | 60.8 | 13.6% | 42.5 | 20.4% | 103.3 | 16.3% |
| Other | 23.4 | 4.5% | 26.3 | 2.7% | 49.7 | 3.5% |
| Total revenue | 251.9 | 11.5% | 168.3 | 13.7% | 420.2 | 12.4% |
| EBITDA¹ | 40.0 | 6.1% | 44.3 | 19.7% | 84.3 | 12.9% |
| EBITDA Margin | 15.9% | -0.8% | 26.3% | 1.2% | 20.1% | 0.3% |

- Admissions growth of 10.0%
- Group revenue constant currency growth of 12.4%
- Group EBITDA constant currency growth of 12.9%
- Group EBITDA margin increased by 0.3%
- UK margin impacted in H1 by the loss of VPF income and increase in business rates

Box Office & Retail Performance

Group Admissions - 50.7m



UK

| Admissions | ATP | SPP |
|------------|--------|--------|
| 26.3m | £6.38 | £2.31 |
| + 9.6% | + 2.1% | + 3.6% |

ROW (constant currency)

| Admissions | ATP | SPP |
|------------|--------|--------|
| 24.4m | £4.08 | £1.74 |
| + 10.4% | + 3.3% | + 9.0% |

Other income

- Other income includes revenue from advertising, distribution, screen and event hire and online booking fees
- Overall it has increased by 10.4% (3.5% on a constant currency basis)
- **UK & Ireland performance + 4.5%**
 - Advertising performed well benefitting from the stronger film slate
 - Disposal of small alternative content distribution outfit
- **ROW performance + 2.7% (constant currency)**
 - Strong distribution revenue performance from key titles including “Beauty and the Beast”, “Guardians of the Galaxy Vol. 2” and “Pirates Of The Caribbean: Salazar's Revenge”
 - Advertising revenue increased but not at the same rate as admissions due to the nature and timing of the contracts

Group profit and loss

| £m | 2017 | 2016 |
|------------------------------------|-------------|--------|
| Revenue | 420.2 | 356.7 |
| EBITDA | 84.3 | 70.5 |
| Depreciation and amortisation | (32.7) | (27.0) |
| Exceptional items | 0.3 | (1.7) |
| Operating profit | 51.9 | 41.8 |
| Net finance expense | (3.6) | (11.1) |
| Share of loss from joint venture | (0.1) | (0.1) |
| Profit before tax | 48.2 | 30.6 |
| Tax charge | (7.9) | (6.2) |
| Profit after tax | 40.3 | 24.4 |
| Adjustments | 1.7 | 9.6 |
| Adjustment profit after tax | 42.0 | 34.0 |

Includes £2.3m (2016:£3.0m) of a mortisation related to intangible assets which were identified as part to the Cinema City business combination.

The £0.3m net exceptional items includes the following items:

- £2.2m gain resulting from the disposal of Picturehouse Entertainment and the transfer of Haymarket
- (£0.7m) of transaction and reorganisation costs
- £(0.6)m of non-recurring property charges
- £(0.6m) impairment charges and reversals

Net finance expense of £3.6m no longer includes foreign exchange gains and losses on the Euro Term loan as the Group entered into a net investment hedge in H2 2016.

Adjusted profit and adjusted diluted EPS

| £m | 2017 | 2016 |
|--|--------------|-------|
| Profit after tax | 40.3 | 24.4 |
| Adjustments: | | |
| Amortisation | 2.3 | 3.0 |
| Transaction and reorganisation costs | 0.7 | 1.0 |
| Impairments | 0.6 | 0.7 |
| Other non-recurring charges | 0.6 | - |
| Profit on disposal | (2.2) | - |
| FX on loan | - | 5.7 |
| Tax affect of adjusted items | (0.3) | (0.8) |
| Adjustments total | 1.7 | 9.6 |
| Adjusted profit after tax | 42.0 | 34.0 |
| Diluted earnings per share denominator | 271.9 | 267.3 |
| Diluted EPS | 14.8p | 9.1p |
| Adjusted diluted EPS | 15.4p | 12.7p |

£2.3m of a mortisation related to intangible assets which were identified as part to the Cinema City business combination.

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- (£0.7m) of transaction and reorganisation costs
- £(0.6)m of non-recurring property charges
- £(0.6m) impairment charges and reversals

Foreign exchange movements no longer included in net finance costs as the Group entered into a net investment hedge in H2 2016.

Cash flow statement and net debt

| £m | Cash | Debt | Other | Net Debt |
|---|-------------|----------------|---------------|----------------|
| Opening position at 1 January 2017 | 55.8 | (322.0) | (16.1) | (282.3) |
| Operating profit | 51.9 | - | - | 51.9 |
| Non-cash movements | 19.6 | (0.7) | (1.2) | 17.7 |
| Cash generated from operations | 71.5 | (0.7) | (1.2) | 69.6 |
| Tax paid | (5.6) | - | - | (5.6) |
| Net cash flows from investing activities | (49.5) | - | - | (49.5) |
| Net cash flows from financing activities | (42.7) | 1.0 | 1.0 | (40.7) |
| Forex and other non-cash movements | 0.7 | (1.3) | - | (0.6) |
| Closing position at 30 June 2017 | 30.2 | (323.0) | (16.3) | (309.1) |

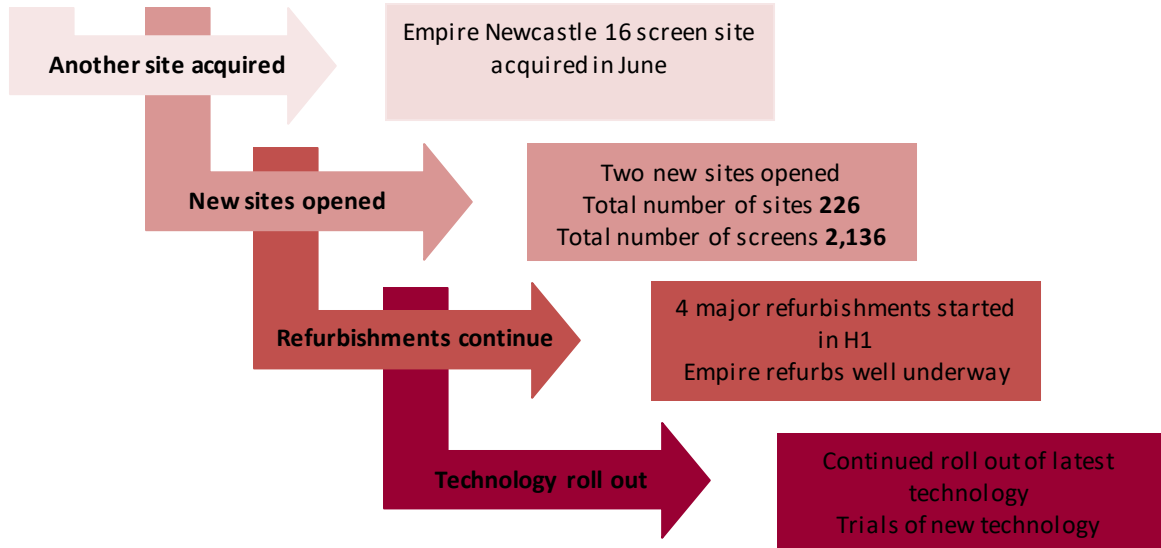
- The £19.6m net non-cash movement which includes depreciation, amortisation and movements on working capital
- Investing activities include £44.9m of capital expenditure
- Financing activities primarily relates to the final 2016 early dividend payment of £37.4m

Financial Outlook for H2

- Good film slate for H2 2017
- Pleasing performance during July and start of August
- Total capital expenditure for 2017 expected to be approximately £90-100m
- Current forecast of net debt at year end £260-270m
- Underlying effective tax rate expected to remain at a similar level between 16%-17%
- We remain confident of delivering a performance for the year as a whole in line with current market expectations

Business Update

H1 2017 Key Achievements



Empire Newcastle

- Acquired in June
- 16 screen site



- Prime location in the city centre of Newcastle

- Refurbishment planned to start asap
- Superscreen and 4DX coming....

SUPER SCREEN



New sites opened

- Ely – UK – 6 screens



- Ruislip – UK – 11 screens



- Zichron – Israel – 12 screens





Refurbishments – next generation cinemas



H1 Refurbishments

Continued delivery of refurbishments with the following commencing in H1...

- **Ipswich** – Extension and refurbishment
- **The O2** – Phase 1 includes refurbishment and installation of Dolby Atmos
- **Northampton** – Refurbishment including a Superscreen
- **Solihull** - Refurbishment including Superscreen and Starbucks

Empire acquisition – one year on



**Hemel
Hempstead**

Basildon

**Leicester
Square**

Bromley

Poole

Completed

Refurbishment
completed

4DX open

Ongoing

Starbucks open

Refurbishment
commenced

Refurbishment
starting

Refurbishment to
start

Planned

Starbucks coming

4DX planned

Site to become a
Picturehouse

Refurbishment in
planning phase

Hemel Hempstead – Post refurbishment



Investment in technology

Investment into a wide range of new and exciting technologies including...

- Digital Laser Projectors
- More 4DX and IMAX screens
- Trials starting of digital retail
- Virtual reality



Still to come in 2017

- 10 further new sites to open
 - 5 in the UK
 - 5 in the ROW – Poland / Romania / Czech

- Refurbishment programme will continue to create the next generation cinemas

NEW: Wrocław – Poland

- 20 screens
- 1 4DX
- 3 VIP halls
- 1 IMAX



NEW: Leeds – UK

- 11 screens
- 1 IMAX

Still to come in 2017

- Technology – delivering on our strategy of offering customers the latest audio and visual technology
 - More 4DXs and IMAX screens
 - Dolby Atmos
 - Laser projectors
 - Digital retail trials
 - Virtual reality
- Retail offerings – further roll out of Starbucks sites – at least a further 4 scheduled to open

NEW: Chodov – Czech

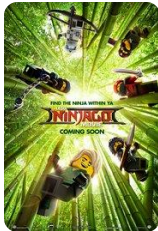
- 18 screens
- 1 4DX
- 3 VIP halls



NEW: Bracknell – UK

- 12 screens
- 1 4DX

H2 2017 – Key Titles



Q&A

