Israel – Analyst Presentation

24th May 2017

Cineworld Group plc

Overview

Overview

- Israel economy and demographics
- The cinema market in Israel
- Our brands in Israel
- Israel – a case study for the UK

Israel Economy & Demographics

Israel economy and demographics

High GDP per capita, with low unemployment rate and stable inflation

- **8.6M** population
- **43%** of the population are living in **14** cities with >100,000 inhabitants
- Current NIS/GBP exchange rate is **4.7**

- **$37.3K** GDP per capita (+2.9% average for the last 8 years)
- **STABLE** low level of inflation over the last 8 years
- Unemployment rate in December 2016 **4.2%**
- **$2,550** average monthly salary

The cinema market in Israel

Market overview in 2016

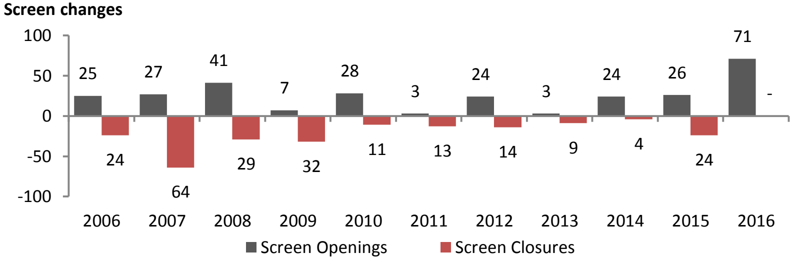
- **3** major competitors – **94%** market share
- Combination of Hollywood and local movies
- **368** screens
- **44** sites
- **23.5K** people per screen
- Increased to **2.0X** admissions per capita from **1.2X** in 2006 (Higher ratio when taking into the consideration the local demographics)

Investment in an established market

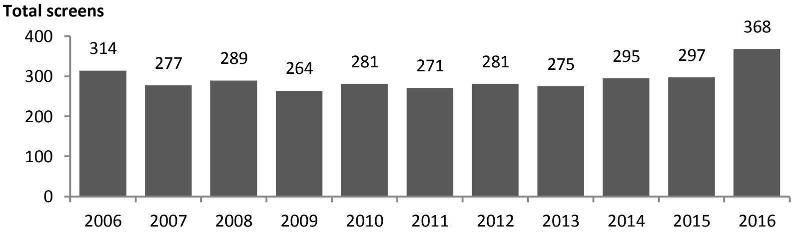
Since the end of 2006 the following took place:

- **200** screens closed in **39** old cinemas
- **254** screens opened in **23** new cinemas
- New generation cinemas launched
- Premium formats introduced:
  - 3D
  - 4DX
  - IMAX
  - VIP
  - Dolby Sound systems
- The average number of screens per site increased to **8.4** from **5.2** in 2006

Annual Screen Change



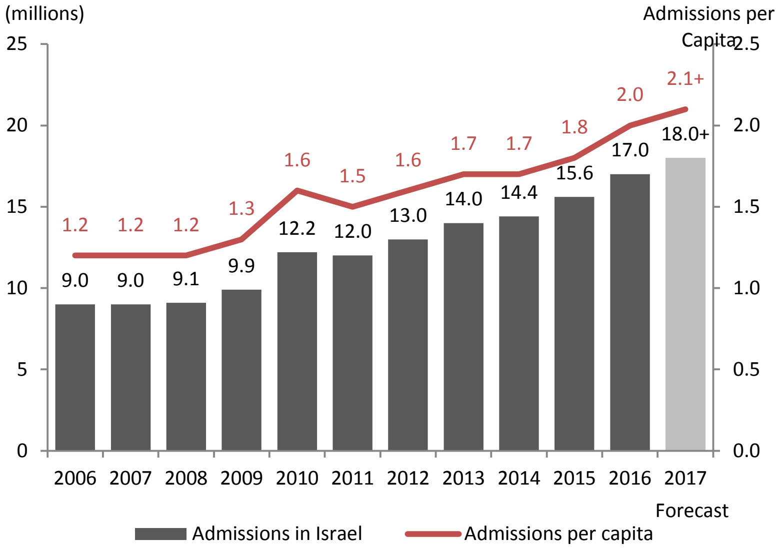
Total Screens



Growth in an established market

Investment in the cinema estate had the following impact on the national market:

- **100%** increase in admissions
- Admissions per capita – **1.2X** to **2.0X**
- **IMPROVEMENT IN KPIS**:
  - ATP
  - SPP
  - Advertising
  - EBITDA margin



Our brands in Israel

Our history

1931 — *1st cinema in Haifa*

1967 — *Acquisition of forum film (Disney)*

1982 — *1st Rav-Chen multiplex in Dizengof Tel Aviv*

1997 — *Start operation in Europe*

2006 — *1st megaplex – Yes Planet Ayalon*

2008 — *2nd Yes planet Haifa*

2012 — *Flagship megaplex – Yes Planet Rishon*

2014 — *Merging with Cineworld*

2015-2017 — *Opening of 3 megaplexes – Yes Planet Jerusalem, Beer Sheva & Zichron*

Our brands

124 screens

10 sites

- Two brands – **YES PLANET** and **RAV-CHEN**
- Market leader with more than third of market share
- Focused on continually improving the customer experience
- Forum Film established in Israel, the Group's strategic distribution arm
- In 2006 we operated 131 screens in 23 cinemas
- Closed 94 screens in 18 cinemas and opened 87 screens in 5 cinemas between 2006 and 2016
- New megaplex with 12 screens opening in Zichron Yaakov in June 2017

3	VIP
3	IMAX
4	4DX

Yes Planet Circuit

Rishon Lezion – Flagship Megaplex

- Opened in 2012
- Stand alone megaplex
- 24 screens
- 2D/3D
- Imax
- 4DX
- 3 VIP halls
- Strong ATP and SPP due to unique experience
- Strong revenue from other income e.g. advertising and rental income

Yes Planet Circuit

Yes Planet - Ayalon

- Opened in 2006
- 15 screens
- 2D/3D
- Prime location near Tel Aviv

Yes Planet - Haifa

- Opened in 2008
- 23 screens
- 2D/3D
- 4DX
- 3 VIP halls

Yes Planet Circuit

Yes Planet - Jerusalem

- Opened in 2015
- 16 screens
- 2D/3D
- Imax
- 4DX

Yes Planet – Beer Sheva

- Opened in 2016
- 18 screens
- 2D/3D
- Imax
- 4DX
- 3 VIP halls

Yes Planet Zichron – opening June 2017

- Located in a strategic location between Haifa and Tel Aviv next to the main highway
- 12 screens
- 2D/3D
- 2 VIP halls

Rav-Chen circuit

Givatayim

Dizengoff

Seven Stars

Modiin

Kiryat Ono

- 5 multiplex with 28 screens
- 2D/3D
- Located in the city centres around Tel Aviv area
- In the beginning of of 2006 we operated 22 Rav-Chen multiplexes with 116 screens
- As part of the trend of opening megaplex, we closed 18 multiplex with 94 screens and retained only those in prime locations with a strong and stable EBITDA

New generation cinemas

- **HIGHER** number of screens per cinema
- **HIGHER** ATP due to premium formats (4DX/IMAX/VIP) and greater variety of movies
- **HIGHER** SPP due to a range of products and larger concessions areas
- **HIGHER** advertisement per person due to more sponsorship opportunities
- **HIGHER** other income from hall hire and leasing of real estate

New generation cinema

Evolution of the Israeli cinema market

2006

- 60 cinemas
- 314 screens
- 5.2 avg. screens per site
- 9m tickets sold
- 1.2 admission per capita
- 45.2 viewing option (i.e. standard seating)

39 sites closed and 23 opened

Old cinemas to next generation cinemas

3D, 4DX, VIP & Dolby Atmos

2016

- 44 cinemas
- 368 screens
- 8.4 avg. screens per site
- 17m tickets sold
- 2.0 admission per capita
- 54.9K viewing option (i.e. standard seating)

Israel – a case study for the UK

The UK as an established market

- Population of **65M** in 2016 (source ONS)
- **3** major players dominating the market
- Admissions per capita in 2016: **2.6** (source: UK CA)
- Local movies popular as well as Hollywood blockbusters
- **15.8K** people per screen in 2016

- The market is currently under invested
- Higher average age of site in the UK
- Average number of screens per site in 2016 **5.3** (source: UKCA)
- Considered as a mature market with mature prices

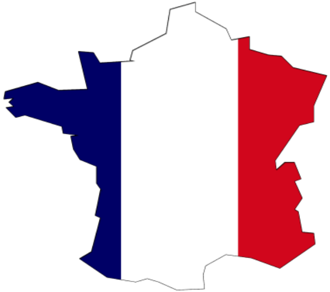
The UK market – a state of transition

- Closing of small, older cinemas
- Opening of the next generation, state of the art megaplexes
- Expansion of premium formats e.g. 4DX, Imax, Superscreen and VIP
- Refurbishment of older cinemas

Admissions per head comparison

2.6

3.2



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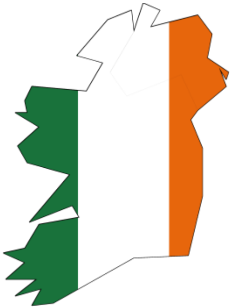

4.0

The UK Market Potential

- In Israel – strategic investment in new megaplex sites and technologies increased the admission per capita

- Other mature markets have much higher admission per capita than the UK

1) AN INCREASE IN ADMISSIONS PER CAPITA, AND

2) AN INCREASE IN REVENUE ACROSS THE INCOME STREAMS

Q&A

Cineworld
Group plc