

Cineworld  
Group plc

IMAX  
LIVE IT



# Cineworld Group 2017 Results

15<sup>th</sup> March 2018

# Overview

# Summary of 2017 – another record year

❖ Group revenue growth of 11.6%

❖ Adjusted diluted EPS growth of 12.1% to 38.9p

❖ Adjusted EBITDA growth of 12.7%

❖ Full year dividend increased by 12.6% to 21.4p



# Financial Review



# Financial Highlights

	Group 2017	Group 2016	Statutory Movement
Admissions	103.8m	100.3m	3.5%
	£m	£m	
Box office	553.7	500.9	10.5%
Retail	220.4	190.8	15.5%
Other	116.6	106.1	9.9%
<b>Total revenue</b>	<b>890.7</b>	<b>797.8</b>	<b>11.6%</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>198.2</b>	<b>175.8</b>	<b>12.7%</b>
<b>Adjusted profit before tax</b>	<b>127.5</b>	<b>111.4</b>	<b>14.5%</b>
<b>Adjusted diluted EPS</b>	<b>38.9p</b>	<b>34.7p</b>	<b>12.1%</b>
<b>Adjusted diluted (rights adjusted) EPS</b>	<b>17.3p</b>	<b>15.4p</b>	<b>12.3%</b>

- Statutory revenue growth of 11.6% (constant currency at 8.0%)
- Statutory Adjusted EBITDA<sup>(1)</sup> growth of 12.7% (constant currency 7.4%)
- Adjusted diluted EPS up 12.1% to 38.9p
- Adjusted diluted EPS (rights adjusted) of 17.3p
- Net debt of £278.3m (31 December 2016: £282.3m) – Net debt to EBITDA ratio reduced to 1.4
- Increased the full year cash dividend paid by 14.5%. Final adjusted dividend per share of 3.1p

<sup>1</sup> Adjusted EBITDA is defined as Operating profit before depreciation and amortisation, onerous leases and other non-cash items, impairments and reversals of impairments, transaction and reorganisation costs, gains and losses on disposals of assets and subsidiaries and the settlement of the defined benefit pension liability.

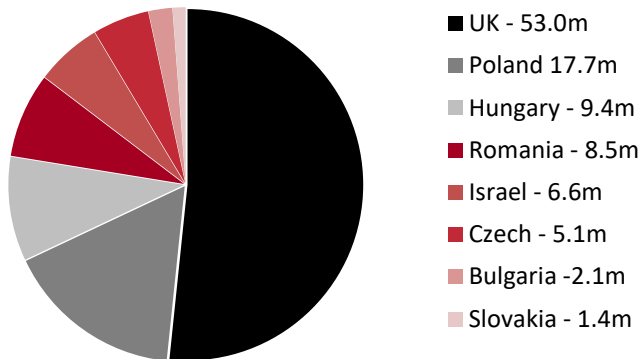
# Performance summary

	UK & Ireland		ROW		Group	
	2017	Movement versus 2016	2017	Movement versus 2016	2017	Movement versus 2016
Admissions	53.0m	2.3%	50.8	4.7%	103.8	3.5%
	£m		£m		£m	
Box office	345.0	6.5%	208.7	8.2%	553.7	6.4%
Retail	125.8	7.1%	94.6	18.7%	220.4	11.1%
Other	53.7	2.3%	62.9	8.3%	116.6	5.4%
<b>Total revenue</b>	<b>524.5</b>	<b>6.2%</b>	<b>366.2</b>	<b>10.7%</b>	<b>890.7</b>	<b>8.0%</b>
<b>Adjusted EBITDA</b>	<b>99.7</b>	<b>2.7%</b>	<b>98.5</b>	<b>12.5%</b>	<b>198.2</b>	<b>7.4%</b>
<b>Adjusted EBITDA Margin</b>	<b>19.0%</b>	<b>(0.7)%</b>	<b>26.9%</b>	<b>1.0%</b>	<b>22.3%</b>	<b>0.3%</b>

- Group revenue growth of 8.0%
- 2.3% increase in the UK box office revenues (total market increased by 1.4% - source IBOE)
- Group Adjusted EBITDA growth of 7.4%
- Group Adjusted EBITDA margin increased to 22.3%
- Benefit of operating in nine territories in mature and developing markets

# Box Office & Retail Performance

## 2017 Admissions



### UK

- Admissions = 53.0m +2.3%
- ATP = £6.51 +4.0%
- SPP = £2.27 +4.4%

### ROW (constant currency)

- Admissions = 50.8m +4.7%
- ATP = £4.11 +3.3%
- SPP = £1.86 +13.4%

# Other income

- Other income includes revenue from advertising, distribution, screen and event hire and online booking fees
- Overall it has increased by 9.9% (8.0% on a constant currency basis)
- **UK & Ireland performance + 2.3%**
  - Advertising performed well benefitting from increase in admissions
  - Disposal of small alternative content distribution outfit in Picturehouse
- **ROW performance + 8.3% (constant currency)**
  - Strong performance from advertising revenues
  - Distribution revenues largely in-line year on year



# Group profit and loss

£m	2017	2016
Revenue	890.7	797.8
<b>Adjusted EBITDA</b>	<b>198.2</b>	<b>175.8</b>
Depreciation and amortisation	(68.1)	(58.6)
Exceptional cost	(1.9)	(4.4)
<b>Operating profit</b>	<b>128.2</b>	<b>112.8</b>
Finance expense	(7.8)	(14.6)
<b>Profit before tax</b>	<b>120.5</b>	<b>98.2</b>
Tax charge	(19.9)	(16.2)
<b>Profit after tax</b>	<b>100.6</b>	<b>82.0</b>
Adjustments	5.6	11.8
<b>Adjusted profit after tax</b>	<b>106.2</b>	<b>93.8</b>

Includes £5.1m of amortisation related to intangible assets which were identified as part of the Cinema City business combination.

The £1.9m net exceptional items includes the following items:

- £7.8m of reorganisation costs
- £1.3m of onerous lease property charges
- £(5.2)m net credit in relation to impairments
- £(2.0)m one off gain relating to the disposal of Picturehouse Entertainment

Net finance expense of £7.8m includes £6.3m in respect of interest on bank loans and overdrafts. 2016 included a foreign exchange loss of £6.1m

# Growth in the adjusted diluted EPS of 12.1%

£m	2017	2016
<b>Adjusted EBITDA</b>	<b>198.2</b>	<b>175.8</b>
Depreciation and amortisation	(68.1)	(54.0)
<b>Adjusted Operating profit</b>	<b>130.1</b>	<b>121.8</b>
Finance expense	(2.6)	(10.4)
<b>Adjusted profit before tax</b>	<b>127.5</b>	<b>111.4</b>
Tax	(21.3)	(17.6)
<b>Adjusted profit after tax</b>	<b>106.2</b>	<b>93.8</b>
<b>Adjusted diluted EPS</b>	<b>38.9</b>	<b>34.7</b>

£m	2017	2016
<b>Adjusted items</b>		
Amortisation of Cinema City intangibles	5.1	4.6
Exceptional items	3.9	4.4
Foreign exchange translation movements on Euro Term Loan and exceptional hedge item	-	4.2
Profit on disposals	(2.0)	-
<b>Total adjustments</b>	<b>7.0</b>	<b>13.2</b>
<b>Tax</b>	<b>(1.4)</b>	<b>(1.4)</b>
<b>Total post tax adjustments</b>	<b>5.6</b>	<b>11.8</b>

# Cash flow statement and net debt

£m	Cash	Bank loans	Other	Net Debt
<b>Opening position at 1 January 2017</b>	<b>55.8</b>	<b>(322.0)</b>	<b>(16.1)</b>	<b>(282.3)</b>
<b>Operating profit</b>	<b>128.2</b>	-	-	<b>128.2</b>
Non-cash movements	56.6	(1.4)	(1.0)	<b>54.2</b>
<b>Cash generated from operations</b>	<b>184.8</b>	(1.4)	(1.0)	<b>182.4</b>
Tax paid	(12.0)	-	-	<b>(12.0)</b>
Net cash flows from investing activities	(110.7)	-	-	<b>(110.7)</b>
Net cash flows from financing activities	(54.6)	(4.8)	1.3	<b>(58.1)</b>
Forex and other non-cash movements	4.2	(1.8)		<b>2.4</b>
<b>Closing position at 31 December 2017</b>	<b>67.5</b>	<b>(330.0)</b>	<b>(15.8)</b>	<b>(278.3)</b>

- Of the net £56.6m non-cash movement, £68.1m relates to the add back of depreciation and amortisation
- Investing activities include £7.0m paid for Newcastle Empire and £106.2m of capital expenditure
- Financing activities primarily include
  - Drawdown on facility of £17.4m
  - £53.8m dividend payment
  - Loan repayments of £11.1m
  - Interest paid of £6.6m
- Adjusted EBITDA to net debt ratio reduced to 1.4 times

# Financial Outlook

- Strong film slate for 2018
- Encouraging performance for January and February across all territories
- Capital expenditure for 2018 expected to be approximately £80m for the UK/ROW
- Focus on cash generation to reduce the net debt to adjusted EBITDA ratio
- Cost of debt expected to be circa 4%

# Business Update

# Key Achievements

- 
- ❖ 103.8m admissions
  - ❖ Completion post year end of Regal Entertainment acquisition
  - ❖ Nine new openings
  - ❖ Acquisition of Empire Newcastle
  - ❖ Six refurbishments completed
  - ❖ Leading technological innovation



# Next generation cinemas – 109 new screens

## UK & Ireland

- Leeds – 11 screens
- Ely – 6 screens
- South Ruislip – 11 screens
- Bracknell – 12 screens



## ROW

- Zichron – Israel – 12 screens
- Galata – Romania – 8 screens
- Bialoleka – Poland – 11 screens
- Chodov – Czech Republic – 18 screens
- Wroclaw – Poland – 20 screens

# Next generation cinemas – refurbishments

Continued delivery of refurbishments with the following completed in 2017

- **Ipswich** – Extension and refurbishment
- **Northampton** – Refurbishment including a Superscreen
- **Solihull** – Refurbishment including Superscreen and Starbucks
- **Hemel Hempstead** – one of the Empire sites acquired, refurbishment including Starbucks
- **Arkadia (Poland)** – leading cinema in Warsaw
- **Mokotow (Poland)** – opened in 1999



# Technological Innovation



IMAX®

SUPER SCREEN

4DX®

# Retail Offerings



2016  
24

+

NEW  
5

2017  
29



2016  
9

+

NEW  
3

2017  
12



# The New Cineworld

# Regal acquisition

- Acquisition completed on 28<sup>th</sup> February 2018
- Cineworld Group is now the second largest Cinema chain in the world (by number of screens)
- Encouraging performance for US box office in January and February
- Integration plan progressing as expected



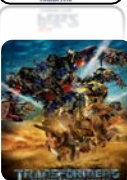
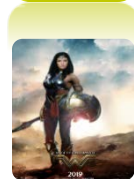
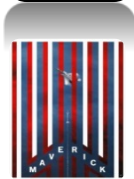
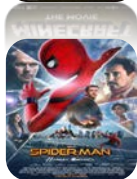
# What is coming?

- 19 sites, (3 already opened),176 screens (27 already opened)planned to open in 2018
  - 10 (1 opened) sites in the US
  - 6 (2 opened) sites in the UK
  - 3 sites in the ROW
- Further refurbishments planned in the UK and ROW
- Plans for first cinema refurbishments progressing well
- Continued focus on customer experience to be “The Best Place to Watch a Movie”

# 2018 – Key Titles



# 2019 and beyond – Key Titles



# Q&A

