



Cineworld Group Interim Results 2019

8 August 2019

Key Highlights – H1 2019

Strategic Progress

- ☆ Combination and synergies of \$150m on track – Reviewing further potential opportunities
- ☆ Successful launch of Unlimited program in the US
- ☆ US refurbishment program:
 - ☆ 6 sites currently under refurbishment
 - ☆ 60 landlord agreements signed
 - ☆ Targeting 100 over the next 3 years
- ☆ Continue to expand all premium formats

Financial Review

- ☆ Group revenue of \$2.2bn (-11.1%¹)
- ☆ Group Adj. EBITDA²:
 - ☆ \$488m (-11.8%¹)
 - ☆ margin up +0.2%¹ to 22.7%¹
- ☆ Trading for the six months in line with our expectations
- ☆ Declared special dividend of \$20.27c
- ☆ Deleveraging on track

Operating Development

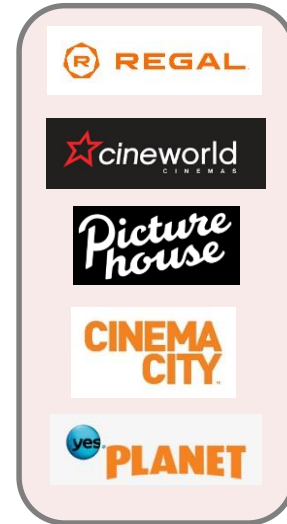
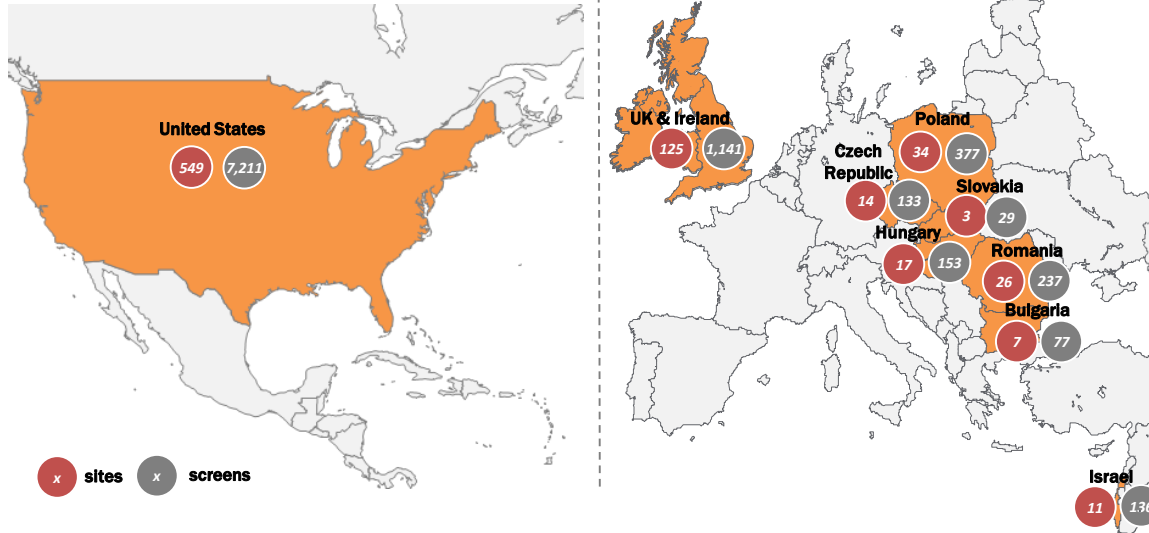
- ☆ Roll-out across our estate:
 - ☆ 7 new sites opened in H1 19
 - ☆ 9 additional new sites in H2 19
- ☆ \$556m proceed from the Sale and Leaseback transactions
- ☆ Continued investment in technology with Christies and Barco agreements for new laser projectors
- ☆ Strong performance in July (Lion King, Spiderman and more) with a strong film slate to follow in H2 19

Note: Unless stated all figures are presented under IAS 17 to provide comparability following the adoption of IFRS 16 leasing standard on 1st January 2019.

1. Pro-forma results reflect the Group and US performance had Regal been consolidated for the entirety of the comparative period from 1 January 2018 to 30 June 2018. Revenue is shown on a constant currency basis for the UK & I and the ROW reporting segments by applying the 2019 average exchange rates to the 2018 performance
2. Adjusted EBITDA is defined as operating profit adjusted for profits for jointly controlled entities using the equity accounting method net of tax and excess cash distributions, depreciation and amortisation, one-off property related charges and releases, transaction and reorganisation costs, gains/losses on disposals of assets and subsidiaries and share based payment charges.
3. ROW is defined as Rest of the World and includes Poland, Israel, Romania, Hungary, Czech Republic, Bulgaria, Slovakia and Israel.

Cineworld Today – 786 sites and 9,494 screens

Transformative acquisition with operations in 10 countries with 786 sites and 9,494 screens



A low-angle, upward-looking shot of a modern cinema lobby. A wide staircase with blue-lit steps and metal railings leads up towards a large, glowing 'cineworld' sign. The ceiling is a complex, geometric structure with a central rectangular panel that glows with a warm, orange light. To the left, a movie poster for 'AMERICAN BEAST' is visible. In the bottom left corner, there are some small digital screens and a sign that says 'Booked Online? Collect tickets here'.

Financial Review

H1 2019 Performance

H1 19 Admission

136m

-14.4%

H1 19 Revenue

\$2.2bn

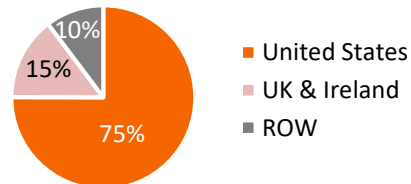
-11.1%

H1 19 EBITDA

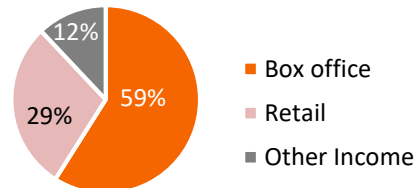
\$488m

-11.8%

Revenue by geography



















Revenue by product and services



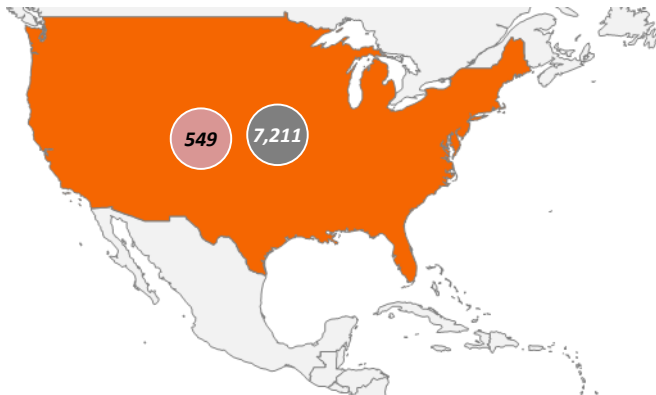
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H1 19 Performance

	Group	United States	UK & Ireland	ROW
Admissions:	136m  -14.4%	90m  -18.5%	24m  -8.2%	23m  -1.3%
Revenue:	\$2,151m  -11.1%	\$1,614m  -13.8%	\$316m  -5.2%	\$221m  +3.4%
Adj. EBITDA:	\$488m  -11.8%	\$385m  -12.7%	\$51m  -11.9%	\$53m  -4.4%
EBITDA margin:	22.7%  +0.2%	23.9%  +0.4%	16.1%  -0.2%	23.8%  -0.2%

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United States

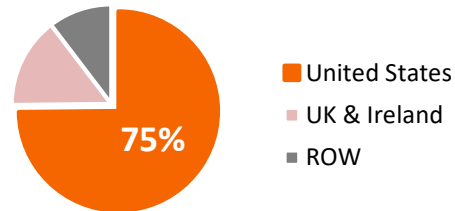


**H1 19
Revenue / Growth**
\$1,614m / -13.8%

**H1 19
EBITDA / Margin**
\$385m / 23.9% / +0.4%

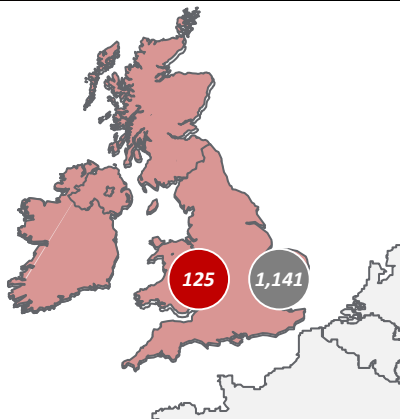
x sites **x screens**

H1 19 Revenue



➤ Admissions	-18.5%
➤ Box office	-17.9%
➤ ATP	+0.8% / \$10.5
➤ Retail	-9.9%
➤ SPP	+10.8% / \$5.4
➤ Other Income	+0.1%

UK & Ireland



**H1 19[®]
Revenue / Growth**

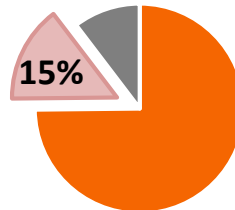
\$316m / -5.2%

**H1 19
EBITDA / Margin**

\$51m / 16.1% / -0.2%

x sites x screens

H1 19 Revenue

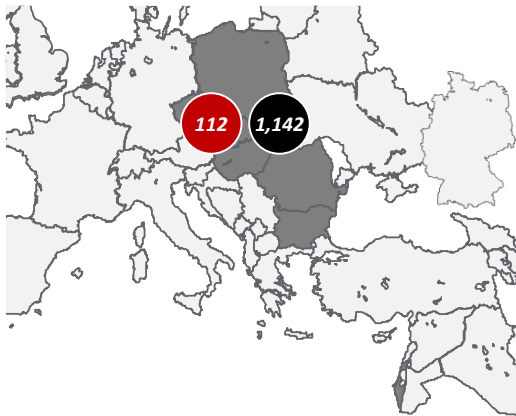


■ United States
■ UK & Ireland
■ ROW

➤ Admissions	-8.2%
➤ Box office	-8.8%
➤ <i>ATP</i>	-0.7% / \$8.5
➤ Retail	-3.3%
➤ <i>SPP</i>	+5.5% / \$3.3
➤ Other Income	+12.6%

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ROW



**H1 19
Revenue / Growth**

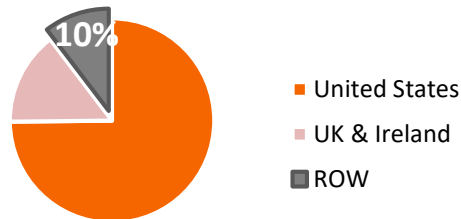
\$221m / +3.4%

**H1 19
EBITDA / Margin**

\$53m / 23.8% / -0.2%

x sites x screens

H1 19 Revenue



- **Admissions** -1.3%
- **Box office** +1.8%
 - **ATP** +3.0% / \$5.6
- **Retail** +6.3%
 - **SPP** +7.4% / \$2.6
- **Other Income** +4.5%

Group Profit and Loss – Pre IFRS 16

\$m	H1 2019	H1 2018
Revenue	2,151.2	1,862.9
Adjusted EBITDA	488.5	413.6
Depreciation and amortisation	(176.8)	(144.4)
Gain on sale and leaseback	80.4	-
Exceptional cost & other adjustments	(23.7)	(62.0)
Operating profit	368.4	207.2
Net finance costs	(123.8)	(53.2)
Share of profit/(loss) from JV	7.1	6.2
Profit before tax	251.7	160.2
Tax charge	(50.9)	(31.8)
Profit after tax	200.8	128.4
Adjustments	(38.3)	24.0
Adjusted profit after tax	162.5	152.4
Adjusted diluted EPS (cents)	11.8c	13.1c

Includes \$24.7m cash contribution from jointly controlled entities

- (\$24.7m) cash distributions from JV profit share
- \$1.0m other exceptional income (costs) and adjustments

- (\$88.7m) interest on bank loans
- (\$35.1m) non-cash interest (unwind of discount on deferred revenue, unwind of the discount and interest charges on property-related leases, amortisation of prepaid finance costs)

- (\$80.4m) gain on sale and leaseback
- \$17.6m excess cash from JV
- \$14.2m Amortisation
- (\$1.1) other adjustments
- \$11.4m tax effect on adjustments

IFRS 16 Update

**No impact on
Operations**

**No impact on
Economics**

**No impact on
Cash Flow**

- ☆ Elected “modified retrospective” approach with no restatement of prior year results
- ☆ Impact on financial statements:
 - ☆ Debt and assets increase as operating leases are brought onto the balance sheet
 - ☆ Adjusted EBITDA increases
 - ☆ PBT and EPS decreases
- ☆ IFRS 16 lease adjusted leverage: 4.7x at June 2019
- ☆ Lease liabilities based on minimum rent obligations
- ☆ No change in deleveraging profile and financial plans
- ☆ No bearing on our plans or financial ambitions

IFRS 16 – H1 2019 - Income Statement Impact

\$m	H1 2019 Before IFRS 16	H1 2019 IFRS 16 impact	Profit Related to sale and leaseback	H1 2019 After IFRS 16
Revenue	2,151.2	-	-	2,151.2
Cost of sales – Rent	(1,626.4)	269.8	-	(1,356.6)
Other operating income	3.0	(0.3)	-	2.7
Adjusted EBITDA	488.5	270.1	-	758.6
Depreciation and amortisation	(176.8)	(183.3)	-	(360.1)
Gain on sale of asset (S&LB)	80.4	-	(62.9)	17.5
Exceptional cost & other adjustments	(23.7)	(3.1)	-	(26.8)
Operating profit	368.4	83.7	(62.9)	389.2
Net finance costs	(123.8)	(132.8)	-	(256.6)
Share of profit from JV	7.1	-	-	7.1
Profit on ordinary activities before tax	251.7	(49.1)	(62.9)	139.7
Tax on profit on ordinary activities	(50.9)	12.3	16.3	(22.3)
Profit for the period	200.8	(36.8)	(46.6)	117.4
Adjustments (net of tax)	(38.3)	2.9	46.6	11.2
Adjusted profit after tax	162.5	(33.9)	-	128.6
Adj. EPS	11.8c	(2.4c)	-	9.4c

H1 19 Impact

EBITDA	+270.1m
Depreciation	(183.3m)
Finance cost	(132.8m)
Tax & other	+12.1m
Net Impact	(33.9m)

IFRS 16 – Balance Sheet Impact

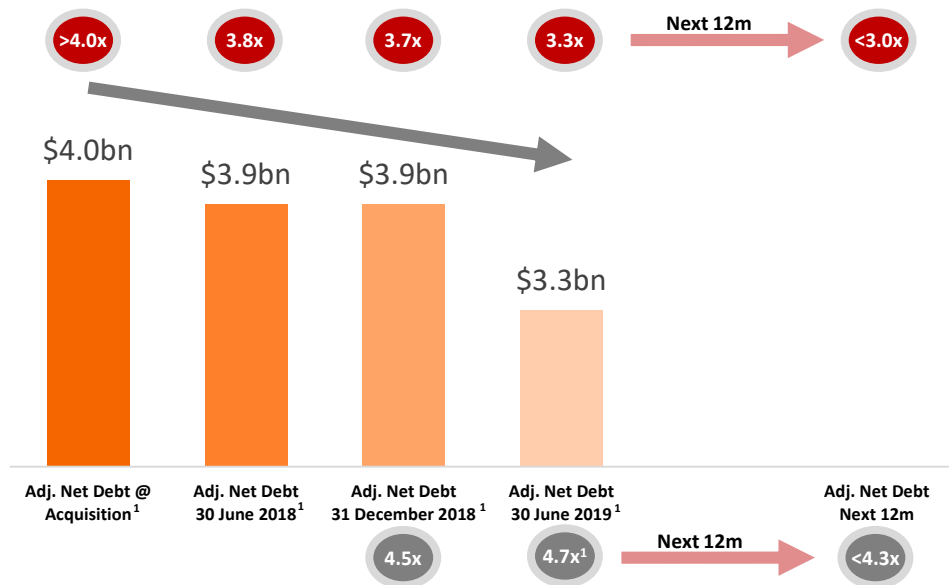
\$bn	Pre IFRS 16 31 Dec 2018	Impact	Post IFRS 16 1 Jan 19
Property, plant and equipment and Right of use assets	2.4	↑ 2.8	5.2
Deferred tax asset and other receivables	0.6	↓ (0.1)	0.5
Total assets	9.7	↑ 2.8	12.5
Gross Debt (including finance leases)	(4.0)	↓ (3.3)	(7.3)
Other liabilities	(2.3)	↑ 0.5	(1.8)
Total liabilities	(6.3)	↓ (2.8)	(9.1)
Total Equity	3.4	(0.1)	3.3

Right of use assets is initially equal to the lease liability, less any landlord incentives received, plus provisions for lease exit costs

Lease liability is measured at the present value of the lease payments over the life of the lease (includes contractual term plus any reasonably certain renewal options)

Strong deleveraging profile

Adjusted Net Debt / LTM Adjusted EBITDA: 3.3x



- Strong deleveraging profile
- \$570m USD Term Loan repaid in H1 2019 including one-off repayment following the Sale & Leaseback transaction
- Target leverage: <3.0x over next 12 months



Pre IFRS 16 adjusted leverage

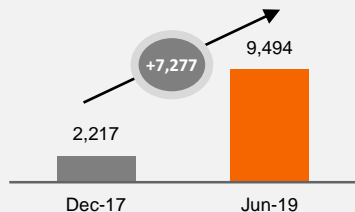


IFRS 16 lease adjusted leverage

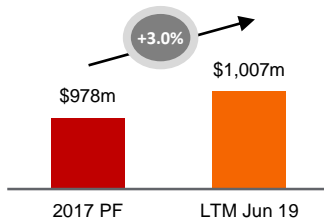
1. Includes \$202m payable to Regal dissenting shareholders. Including the \$278.1m special dividend paid on 5th July 2019, adjusted leverage is at 3.6x LTM EBITDA as of June 2019

Performance since the Acquisition

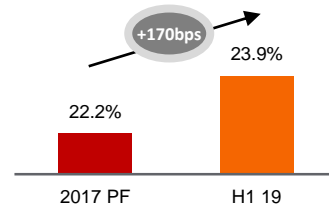
of screens



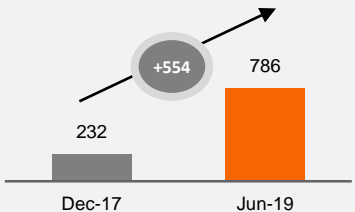
Adjusted EBITDA



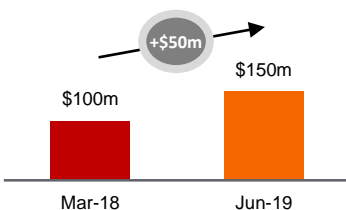
US Adj. EBITDA margin



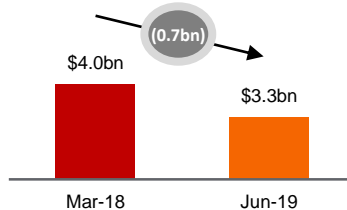
of sites



Synergies



Net Debt



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Financial Outlook

- ☆ **Total net capital expenditure remains unchanged and expected to be approximately \$300m in 2019**
- ☆ **Tax rate expected to trend towards 19%-20% pre IFRS 16**
- ☆ **Focus on cash generation with deleveraging profile on track - target of $<3.0\times^1$ over next 12 months**
- ☆ **Group to maintain historical dividend payout of 55% adjusted EPS pre IFRS 16 impact**
- ☆ **Trading for the current full year remains in line with our expectations**

The image shows a modern movie theater lobby. The ceiling is dark with numerous orange and blue neon light strips. A large digital screen hangs from the ceiling, displaying a colorful scene. The floor is black with a red and white checkered pattern. In the background, there are movie posters, a staircase, and a sign that says "SCREEN". The overall atmosphere is high-tech and cinematic.

Business Update

Regal Unlimited

A collage of movie posters and character images, including Elsa from Frozen, various actors, and a zombie, arranged in a grid-like fashion.

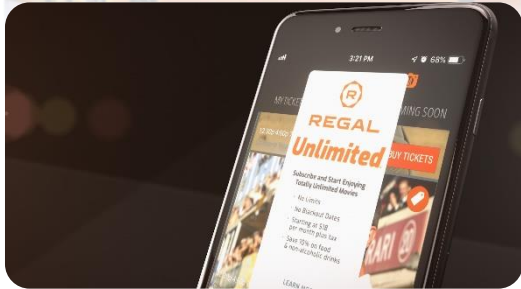
Unlimited movies.
All day, every day.

Starting at
\$18 per month plus tax
at this location and hundreds more!

The Regal Unlimited logo, featuring a stylized 'R' in a circle followed by the words 'REGAL Unlimited'.

Starting at
\$18
per month, plus tax

No Limits

A collage of movie posters and character images, including a person in a red suit, a person in a blue suit, and a person in a yellow suit, arranged in a grid-like fashion.

10%
discounts

A promotional image for Regal movie theater. It features two large cups of popcorn, one yellow and one red, both with the Regal logo. The red cup has a '10% REGAL' discount tag attached to it. The background is dark with some movie posters visible.

Our US Refurb Program



*Under Refurbishment
Union Square, NY*

**Over 60
Agreed and Signed
Renovations**



*Under Refurbishment
Irvine Spectrum, CA*

Under Refurbishment



Atlantic Station, GA



Valley Mall, MD



Texas Station, NV

New Build coming H2 2019



Mission Market, CA



Yorda Linda, CA

Technology Investments

Investment into a wide range of new and exciting technologies including

June
2019

IMAX

131

SUPER SCREEN
RPX

117

4DX

66

SCREEN X

33

Long Term
Plans

~150

~200

~150

~150

Regal Retail Plans



>120
Lavazza Coffee shops



>120
B.Fresh



>100
Bars



>65% availability of
enhanced food menu

Continued refurbishments in the UK

Continued delivery of our refurbishments program

- ☆ Extension of our flagship cinema at the O2, now the largest cinema in London with 19 screens and 4,500 seats and offers ScreenX, 4DX, ViP and Superscreen formats
- ☆ Refurbishment 5 cinemas cinema in the UK in H1 2019 with a further 6 to be completed in H2 2019
- ☆ Includes premium formats: VIP, Premium Large Format, ScreenX and 4DX



The O2



Picturehouse Bromley



Newcastle

Continued Roll-out Across the US and Europe

7 new sites and 90 screens across our estate in H1 2019

United States

5
sites

56
screens

UK & Ireland

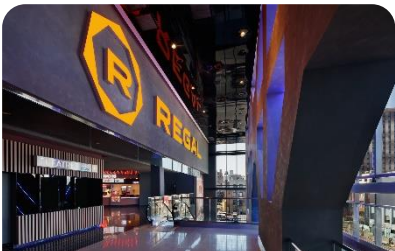
1
sites

22
screens

ROW

1
Site

12
screens



Essex, NY



Rushden, UK



Varna, Bulgaria

What is coming in H2 2019?

9 new sites and 86 screens across our estate in H2 2019

United States

2
sites **23**
screens

UK & Ireland

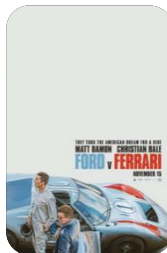
4
sites **45**
screens

ROW

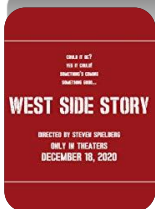
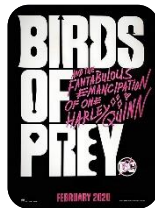
3
Site **18**
screens


- ☆ Over 60 agreed and signed renovations in the US
- ☆ Further refurbishments planned in the UK and ROW
- ☆ Roll out of premium format and enhanced food offering (Lavazza, B.Fresh, bars and enhanced menu)
- ☆ Continued focus on customer experience to be “The Best Place to Watch a Movie”

Release Schedule: H2 2019



2020 Film Slate (Christmas release to be announced)





Q&A

Disclaimer

This presentation contains forward-looking statements that may or may not prove accurate. Forward-looking statements are statements that are not historical facts; they include statements about Cineworld's beliefs and expectations and the assumptions underlying them. For example, statements regarding expected revenue growth and operating margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements.

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