



# Cineworld Group – FY Results 2020

25 March 2021

# Overview

- ☆ **COVID-19 global pandemic has significantly impacted the industry and the Group's results**
- ☆ **All sites across the Group closed since mid-March with a short re-opening during the summer**
- ☆ **Re-opening starting 2nd April 2021**
- ☆ **Key liquidity actions taken during closure including cost reduction to ensure cash preservation**
- ☆ **Secured over >\$800m additional liquidity in 2020 and anticipated to receive 200m tax refund by April 2021**
- ☆ **Further liquidity secured in the form of a new \$213m convertible bond**
- ☆ **Group covenants waived until June 2022**
- ☆ **Achieved significant cost cutting measures which will improve future performance post re-opening**
- ☆ **Signed multi-year agreement with Warner this week**



# Financial Review

# 2020 FINANCIALS AT A GLANCE

**Admissions**

**54m**

(80%)

**Revenue**

**\$852m**

(80%)

**Adj. EBITDA**  
*IFRS 16*

**(\$115m)**

**Adj. EBITDA**  
*IAS 17*

**(~\$652m)**

**Adj. PBT**

**(\$1,327m)**

**Free Cash Flow**

**(\$691m)**

**Net Debt**  
**Pre-IFRS 16**

**\$4.5bn**

**Adj. EPS**

**(\$67c)**

Note: % Indicate performance vs 2019  
Net debt excludes shareholder liability of \$202m

# Key Liquidity Actions

**Secured rent relief and deferral with most of our landlords**

**Curtailed non-essential spending (operating expenses and capex)**

**Discussed with all key suppliers to reduced costs and implement payment plans**

**Furloughed the majority of our part time, hourly cinema employees and head office employees**

**Accessed government support programs: US CARES Act, UK furlough scheme, Business rates relief**

**Secured >1bn additional liquidity and additional \$200m Tax refund expected by end of April 2021**

**Streamlined operations and closed an additional 20 loss making sites in the US**

**Suspended quarterly dividend**



# Adj. Profit and Loss – IFRS 16

\$m	2020	2019
Revenue	852.3	4,369.7
Cost of sales	(888.1)	(2,735.9)
<b>Gross profit / (loss)</b>	<b>(35.8)</b>	<b>1,633.8</b>
G&A	(102.7)	(103.1)
Cash generated from JV	23.4	49.6
<b>Adjusted EBITDA</b>	<b>(115.1)</b>	<b>1,580.3</b>
D&A <sup>1</sup>	(617.6)	(702.0)
<b>Adj. Operating (Loss) / Profit</b>	<b>(732.7)</b>	<b>878.3</b>
Net finance costs <sup>2</sup>	(594.2)	(522.9)
<b>Adj. (Loss) / Profit before tax</b>	<b>(1,326.9)</b>	<b>355.4</b>
Tax charge	413.7	(62.4)
<b>Adj. (Loss) / Profit after tax</b>	<b>(913.2)</b>	<b>293.0</b>
<b>Adjusted diluted EPS (cents)</b>	<b>(66.5c)</b>	<b>21.3c</b>

- ★ COVID-19 materially impacted our half year results starting March
- ★ Incurred \$1,344m impairment charge resulting in Net statutory loss of (\$2,651.5m)

**Includes:** \$23.4m cash contribution from JVs

**Excludes:**

- Transaction costs \$60.8m
- COVID-19 related costs of \$19.9m
- Refinancing costs of \$46.6m
- Other costs of \$4.1m

**Net finance costs are:**

- interest expense on bank loans of \$166.3m
- Interest income of \$7.4m
- non-cash interest of \$435.3m

1) Excludes amortisation of intangibles created on acquisition of \$25.7m

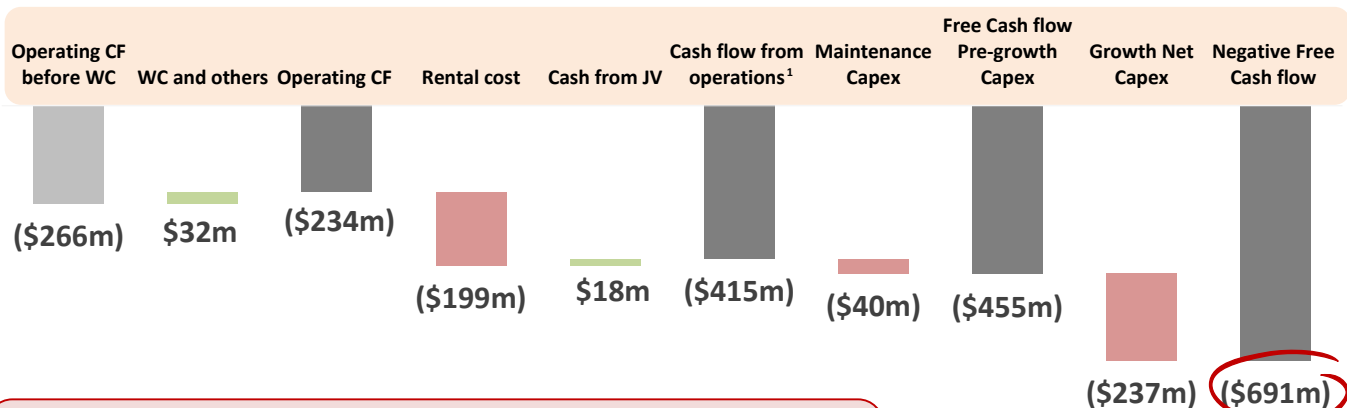
2) Excludes Movement on financial derivatives, Unwind of net investment hedge, debt issuance costs, gain on extinguishment of debt, remeasurement loss on financial instrument, lifetime credit loss on asset and Foreign exchange translation gains and losses

# Statutory Profit and Loss – IFRS 16

\$m	2020	2019
Revenue	852.3	4,369.7
Cost of sales	(888.1)	(2,735.9)
<b>Gross profit / (loss)</b>	<b>(35.8)</b>	<b>1,633.8</b>
G&A	(102.7)	(103.1)
Cash generated from JV	23.4	49.6
<b>Adjusted EBITDA</b>	<b>(115.1)</b>	<b>1,580.3</b>
Exceptional cost & JV adjustment	(154.8)	(125.8)
Impairment	(1,344.5)	0.0
D&A	(643.3)	(729.8)
<b>Operating profit / (loss)</b>	<b>(2,257.7)</b>	<b>724.7</b>
Share of profit from JV	(33.0)	29.3
Net finance costs	(717.2)	(541.7)
<b>Profit / (loss) before tax</b>	<b>(3,007.9)</b>	<b>212.3</b>
Tax charge	356.4	(32.0)
<b>Profit / (loss) after tax</b>	<b>(2,651.5)</b>	<b>180.3</b>

- ☆ COVID-19 materially impacted our half year results starting March
- ☆ Incurred \$1,344m impairment charge resulting in Net statutory loss of (\$2,651.5m)

# 2020 Free Cash Flow



★ **Free cash flow during the period of (\$691m)**

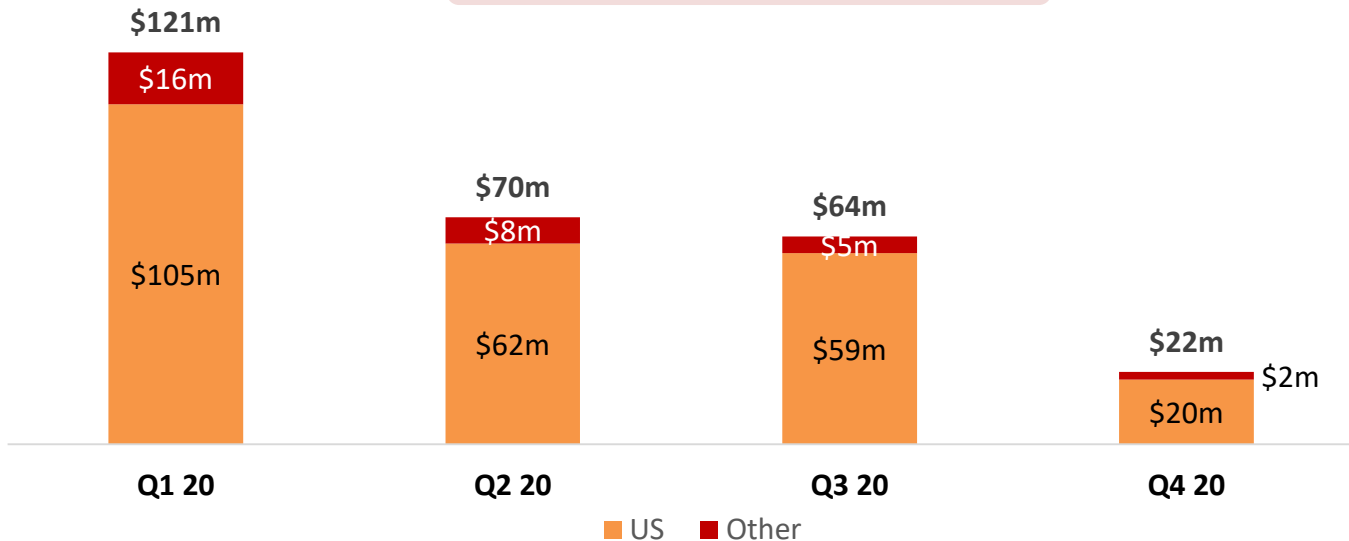
★ **Reduced monthly cash burn to \$60m during closure**

1) Cash (used) / generated from operations adjusted for distributions received from equity accounted investees and Payment of lease liabilities



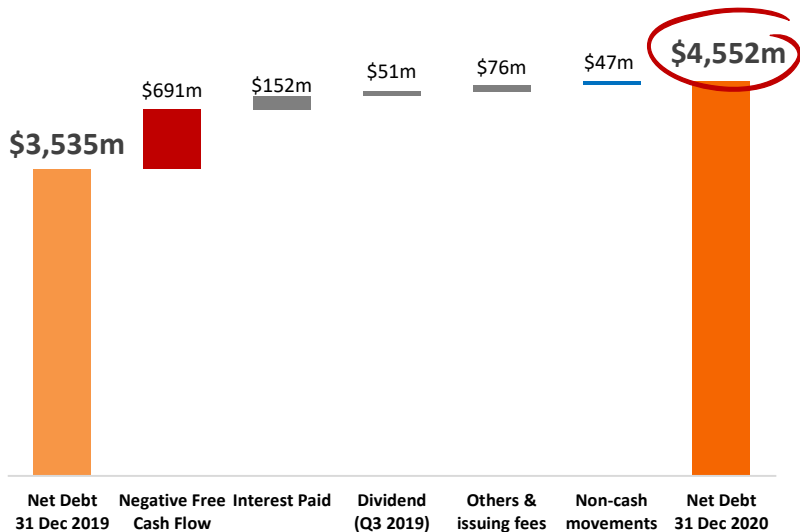
# 2020 Net Capex

★ **Total 2020 Net Capex \$277m**



# 2020 Net Debt

★ *4.5bn Net debt as of December 2020*



## Liquidity

### **\$810.8m raised 2020:**

- + \$250m ROW private loan
- + \$450m Term loan facility
- + \$110.8m incremental RCF facility converted into term loan

Incremental \$367m drawn on RCF facility in 2020

## Covenant

- Waiver until June 2022 testing (5.0x thereafter)
- Company subject to minimum liquidity and cash disbursement covenants

## Rent:

- Rent negotiations ongoing for further deferral and discount
- Rent liability of ~\$350m to be deferred over 3 years on average

# Liquidity Update

\$m	PF Dec -20
Cash @ 31 Dec 2020	\$337m
	+
US Cares Act Tax refund	~\$200m
	+
Convertible Bond	~\$195m
<b>Pro-forma liquidity</b>	<b>~\$732m</b>
<i>Monthly cash burn</i>	~\$60m

*Tax return filed in November 2020*

*Cash expected to be received by end of April 2021*

*Net usable proceeds of convertible issuance*



- ~\$60m cash burn during closure
- Liquidity runway until year-end if cinemas were to remain closed

# 2021 Outlook

- ☆ **Continue tight cost control and monitoring post cinema re-opening**
  - ☆ **Streamlined operations: material savings anticipated post COVID-19**
- ☆ **Continue cash preservation initiatives**
- ☆ **Monthly cash burn of ~\$60m during closure**
- ☆ **Further liquidity secured in the form of a new \$213m convertible bond**
- ☆ **Total capital expenditure for 2021 expected to be approximately ~\$150m**
- ☆ **Targeting cash generation and deleveraging**



# Business Update

# Key Operating Highlights

- ★ **Managed operations during cinema shut downs with furlough of employees in 10 countries**
- ★ **Actively negotiating terms and structures of the evolving theatrical window with Studios Partners**
- ★ **Negotiated agreements with most landlords for deferred payments/discounts**
- ★ **Achieved significant cost cutting measures which will improve future performance post re-opening**
- ★ **Re-evaluation and optimisation of workforce levels in all territories**
- ★ **Continued interaction with customers through loyalty program and social media**
- ★ **Led local discussions with governments and industry associations in all markets**
- ★ **Well maintained cinemas prepared and ready to be opened starting 2<sup>nd</sup> April with safety measures in place**

# Reopening Plans



**Easing of COVID-19 pandemic backed by successful vaccination roll-out in key markets**



**Lifting of government restrictions**

- **US:** 98% of Regal cinemas authorised to open
  - Opening of key market: California and NY
    - represent ~30% of Regal box office
  - Capacity restriction
- **UK:** cinemas allowed to re-open 17<sup>th</sup> May 2021
- **ROW:** - Israel authorised to re-open
  - CEE anticipated re-opening in May



**Planned film release schedule**

- Strong line-up of movies starting April 2021



## Current anticipated opening dates



**US : 2<sup>nd</sup> of April**

**Israel: End of April**

**UK: 17<sup>th</sup> of May**

**CEE: May**



# Safety measures implemented

## OUR SAFETY MEASURES



Online  
Booking



Contactless  
Payment



Training  
and PPE



Staggered  
Film Times



Social  
Distancing



Sanitising  
Stations



Distanced  
Seating



Additional  
Cleaning

- ☆ Daily health screenings for employees
- ☆ Employees and guests required to wear masks
- ☆ Increased fresh air intake
- ☆ Online/App purchase of concessions
- ☆ Auditorium capacity reduced
- ☆ Seat sanitizing between showings



*Implementation of  
CinemaSafe health and safety  
protocols prepared and  
launched with NATO and  
supported and developed by  
leading epidemiologists*

# Successful International re-opening



## CHINA

- ☆ China is world's first market to achieve box office recovery without Hollywood content
- ☆ Cinema re-opened in July 2020
- ☆ China's Lunar New Year Box Office Breaks \$1.2bn box office record
- ☆ *Detective Chinatown 3* tops *Avengers: Endgame* for biggest opening weekend ever in a single market



## JAPAN

- ☆ Japan is a mature market much like the US, UK and Israel
- ☆ Cinema re-opened in May 2020 with limited international content
- ☆ *Demon Slayer the Movie* which opened in mid-October generated box office record and was the top performing movie for 12 weeks



# What's next

- ☆ Re-opening cinemas starting 2<sup>nd</sup> April 2021
- ☆ Achieved significant cost cutting measures which will improve future performance post re-opening
- ☆ Ensure employee and customer health & safety through re-opening
- ☆ Continue close relationships with Hollywood studios and key industry players
- ☆ Curtailing capex spend during recovery whilst keeping technological competitive edge
- ☆ Clear demand for out of home entertainment supported by a strong line-up of movies
- ☆ Continue cooperation with our real estate partners for a successful joined future
- ☆ Ensure the continued financial health of Cineworld
- ☆ Re-launch of Unlimited membership across UK, US and Poland

# US Refurbishments - Irvine, CA



# US Refurbishments



**Pinnacle, TN**



**University Town, CA**



# US Refurbishments – Union Square, NY



# New Build - Texas



Bender's Landing, TX





# 2021 film slate

Q2



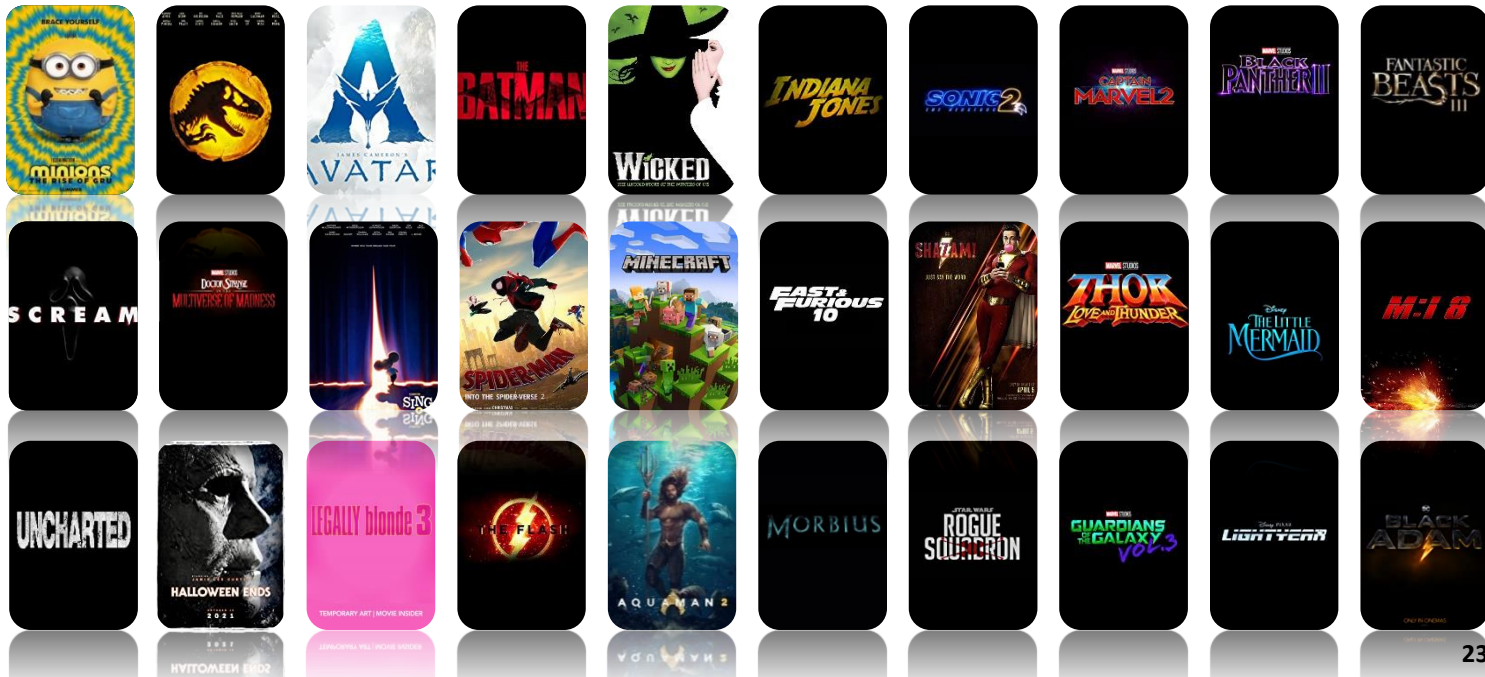
Q3



Q4



# 2022 and beyond





cineworld

Cineworld  
Group plc