



Cineworld Group – Full year 2021

17 March 2022

Overview

☆ Operational Update:

- ☆ All sites across the Group opened since June and operating with no restrictions since early March
- ☆ Recovery has been driven by a strong slate of movies including record breaking Spider-Man: No Way Home, Shang-Chi and the Legend of the Ten Rings, Venom, and No Time to Die
- ☆ January and February 2022 have been impacted by a record number of new COVID-19 cases due to the Omicron variant and lack of new releases
- ☆ March started strong in light of decline in COVID-19 cases and outstanding performance of Batman

☆ Key management actions taken during 2021:

- ☆ Commercial initiatives: studio and landlord agreements
- ☆ Operational measures: cash preservation, cinema reopening and permanent cost reduction
- ☆ Financing initiatives: secured additional financing and covenant waivers

☆ Business now well positioned to benefit from the strong movie slate in 2022 and beyond



Financial Review

FINANCIALS AT A GLANCE

	H1 2021	H2 2021	FY 2021
Admissions	14m	81m	95m
Revenue	\$293m	\$1,512m	\$1,805m
Adj. EBITDA	(\$21m)	\$476m	\$455m
Adj. EBITDAaL¹	(\$103m)	\$158m	\$54m

Note: on IFRS 16 basis

1) Adj. EBITDAaL refer to Adj. EBITDA net of Payment of lease liabilities

Adj. Profit and Loss – IFRS 16

	2021	2020	2019
Revenue	\$1,805m	\$852m	\$4,370m
Cost of sales	(\$1,262m)	(\$888m)	(\$2,736m)
Gross profit / (loss)	\$543m	(\$36m)	\$1,634m
G&A	(\$88m)	(\$103m)	(\$103m)
Cash generated from JV	-	\$23m	\$50m
Adjusted EBITDA	\$455m	(\$115m)	\$1,580m
D&A ¹	(\$511m)	(\$618m)	(\$702m)
Adj. Operating (Loss) / Profit	(\$56m)	(\$733m)	\$878m
Net finance costs ²	(\$766m)	(\$594m)	(\$523m)
Adj. (Loss) / Profit before tax	(\$823m)	(\$1,327m)	\$355m
Tax charge	\$167m	\$414m	(\$62m)
Adj. (Loss) / Profit after tax	(\$656m)	(\$913m)	\$293m
Adjusted diluted EPS (cents)	(47.8c)	(66.5c)	21.3c

★ COVID-19 materially impacted our results with cinemas partly closed during the period

★ Excludes \$127m impairment reversal charge

Includes: cash contribution from JVs – no amounts received 2021

Excludes:

- Transaction and reorganisation costs \$38m
- COVID-19 related costs of \$2m
- Refinancing costs of \$9m

Net finance costs are:

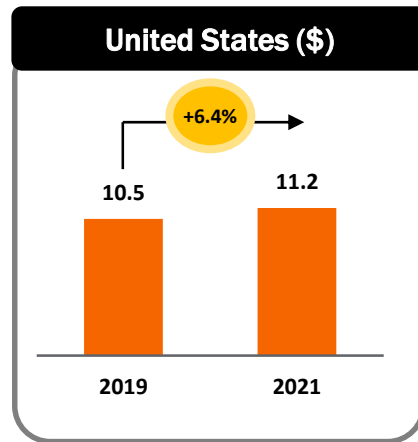
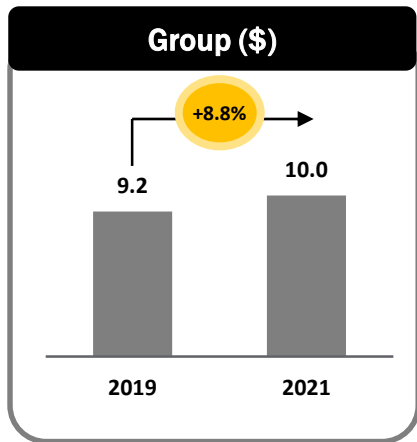
- Net interest expense on bank loans of \$273m (2020: \$159m)
- Lease interest (non-cash) of \$445m (2020: \$349m)
- Others (non cash) interest of \$49m (2020: \$86m)

Note: Please refer to note 2. Alternative Performance Measures

1) Excludes amortisation of intangibles created on acquisition of \$23.6m

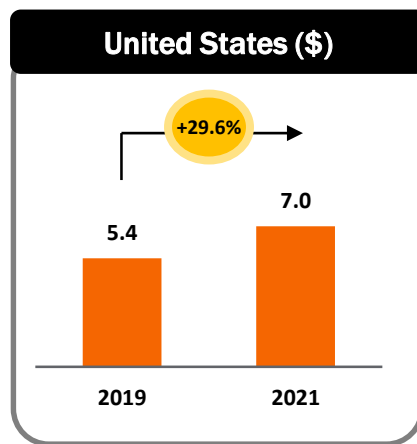
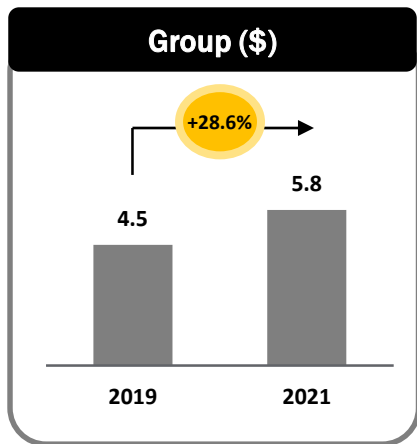
2) Excludes Amendment fees for refinancing costs, Movement on financial derivatives, Recycle of net investment hedge, Foreign exchange translation gains and losses, Gain on extinguishment of debt, remeasurement loss on financial instrument and Remeasurement of financial asset amortised cost

KPI – Average ticket price (ATP)



☆ ATP growth driven by higher proportion of premium formats and price increase

KPI – Spend Per Person (SPP)



☆ SPP growth driven by higher purchase frequency, basket size and a small price increase

Key Liquidity Actions

Secured >\$400m additional liquidity (convertible bond and term loan)

Received \$203m of US CARES act tax refund

Deferred \$92m to 2022 of dissenting shareholders payment out of \$265m¹ due

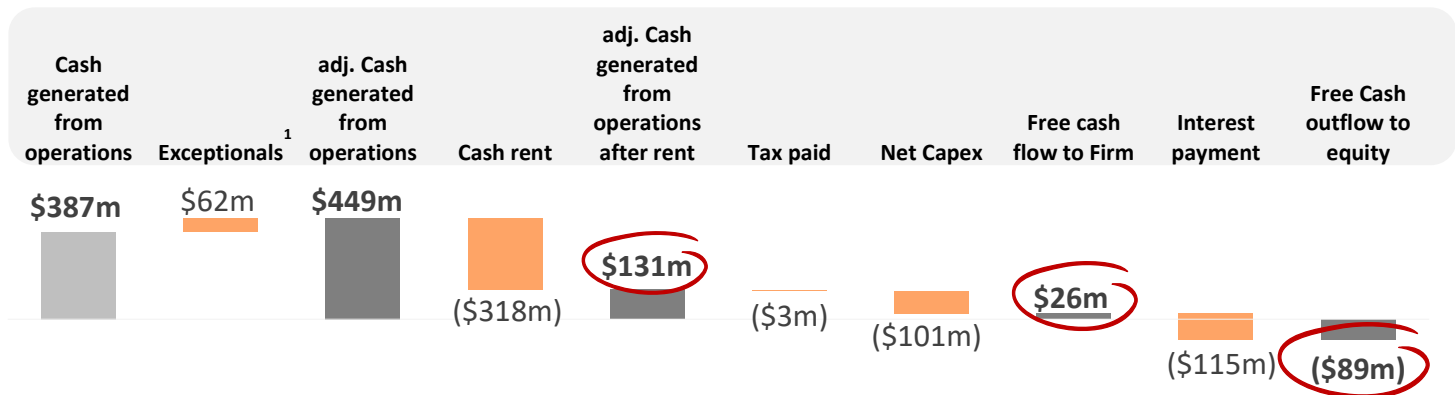
Curtailed non-essential spending (operating expenses and capex)

Secured rent relief and deferral with majority of our landlords

Achieved material permanent cost reductions while retaining operational capability

1) Includes \$3.7m fees (please refer to note 10 of the preliminary report)

H2 Cash flow

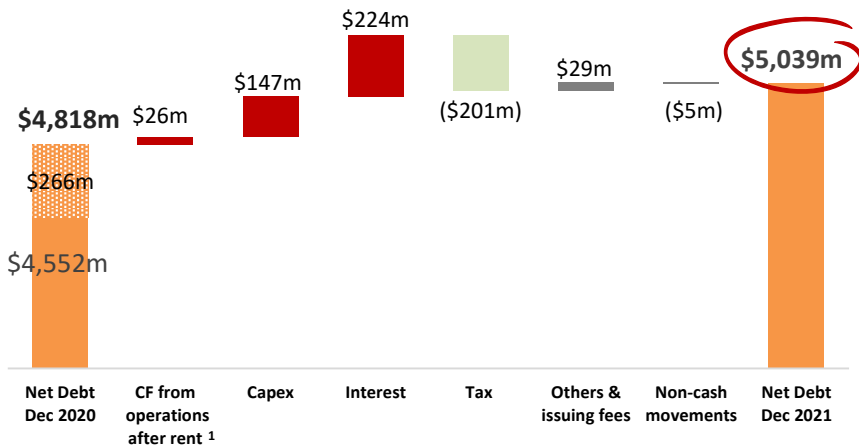


- ★ Cash generated from operations after rent of \$131m
- ★ Cash flow generation in Q4 2021
- ★ Excludes \$170m paid to dissenting shareholder and \$92m postponed to H1 2022

1) Exceptional items as per note 2 APM – including Transaction and organisation costs, COVID-19 costs and cost of refinancing including dissenting shareholder fees (interest and fees) as per note 10

December 2021 Net Debt

★ *Net debt increase by 5% in 2021 (\$221m)*



Liquidity

\$413m raised 2021:

- + \$213m convertible bond (April 2021)
- + \$200m new term loan (July 2021)
- Cash (liquidity) of \$354.3m at December 2021
- Deferred to H2 2022 \$92m of \$265m payable to dissenting shareholders

Covenants


- Group leverage covenant waived until June 2022 testing (5.0x thereafter)
- Group subject to minimum liquidity covenant of \$100m

Note: Face value of debt liability as per note 10 of preliminary statement net of cash on balance sheet

Excludes lease liability and includes \$265m dissenting shareholder liability

1) CF from operations of \$354.0m, net of lease liability of \$400.5m and adjusted for dissenting shareholders exceptional costs of \$20.5m as per note 2 (APM)

Cost savings initiatives and operational actions



- ★ **Optimised Cinema payroll vs pre-pandemic level**

- ★ **Margin upside from cinema closure operating cost cutting measures over the longer-term**

- ★ **Repaid & maintenance savings** - roll-out of ~2,000 laser projectors and refurbishments

- ★ **Rent reduction achieved**

- ★ **G&A** - reduction of corporate headcount and others

- ★ **Digitalisation & systems** – click and collect on concessions and contactless orders through kiosk

\$50-\$75m net annual cost savings
partly offset by cost inflation (payroll and energy costs)

Financial Outlook

- ☆ **Business now well positioned to benefit from the strong movie slate in 2022 and beyond**
- ☆ **Continue improvement in revenue per customer into 2022**
- ☆ **Tight cost control and mitigation of structural cost increase in payroll and utilities**
- ☆ **Targeting cash generation, deleveraging in 2022 and debt refinancing**
- ☆ **2022 capital expenditure expected to be approximately ~\$150m**
- ☆ **Dissenting shareholder payment: \$92m to be paid in H1 2022 (\$33m paid to date)**
- ☆ **Ontario Superior Court awarded C\$1.23 billion in damages to Cineplex. The Group strongly disagrees with this judgment and has appealed the decision. The Group does not expect damages to be payable whilst any appeal is ongoing. No liability has been recognised in respect of the judgement**

The image shows a modern movie theater lobby. The floor is a glossy black and red checkered pattern. The walls and ceiling are dark, with bright red and blue neon lights creating a futuristic atmosphere. Large digital screens are mounted on the walls, displaying movie posters and information. In the background, there are movie racks and a staircase. The overall scene is dynamic and visually striking.

Business Update

2021 Operational highlights

Re-opening & Recovery

- Estate now fully reopened since June and operating with no capacity restrictions since early March
- Gradual recovery of admissions and demand since re-opening
- Anticipate strong trading in 2022 starting March supported by an exciting film slate

Customer Experience

- Continued expansion of Food and Beverage offering to support future SPP growth
- Continue strategic partnership with PepsiCo in the US and UK
- More offering: Lavazza and alcohol bars in the US and Starbucks and VIP offering in the UK

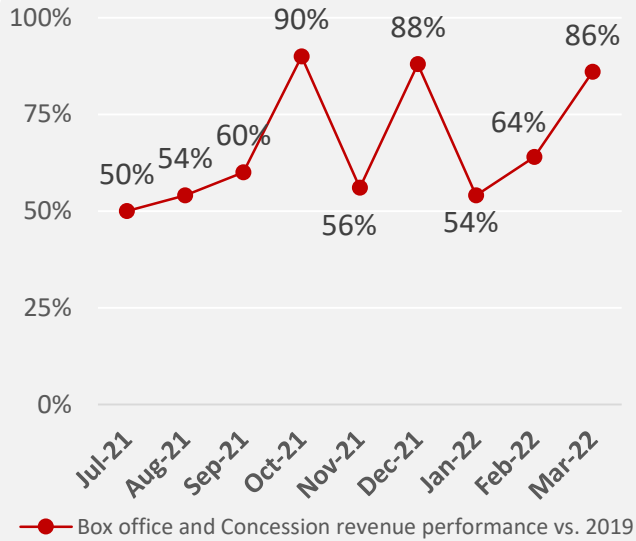
Technology and innovation

- 132 IMAX, 98 4DX, 73 ScreenX 120 Premium large format and 17 VIP
- Invested in 2,000 next-generation laser projectors - considerable operating savings
- Significant increase in online ticket sales across all geographies

Expansion and refurbishments

- 7 sites refurbished in 2021: 6 in the US and 1 in the UK
- Closed 25 underperforming sites across the Group and opened 10 cinemas
- Secured rent relief and deferral with majority of our landlords (85% agreed)

Recovery & Current Trading



Note: constant currency
March data from 1 to 13th March

- ☆ Recovery has been driven by an excellent slate of movies including record breaking “Spider-Man: No Way Home”, “Shang-Chi and the Legend of the Ten Rings”, “Venom”, “Black Widow”, “Dune”, “Free Guy”, “Eternals” and “No Time to Die
- ☆ January and February 2022 has been impacted by a record number of new COVID-19 cases due to the Omicron variant and lack of new releases.
- ☆ March started strong with the release of Batman (+\$450m global box office)
- ☆ Well positioned to benefit from the strong movie slate in 2022 and beyond

Cinema provides a unique and superior experience

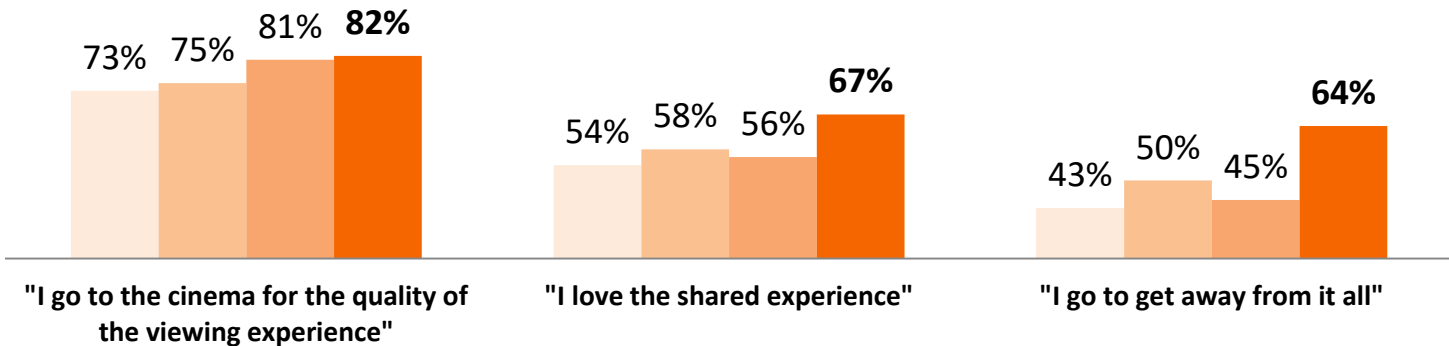
Attitudes towards going to the cinema – total sample

Sep-14

Nov-18

Dec-19

Jan-22



★ Cinema provides a unique and superior social experience which cannot be replicated at home

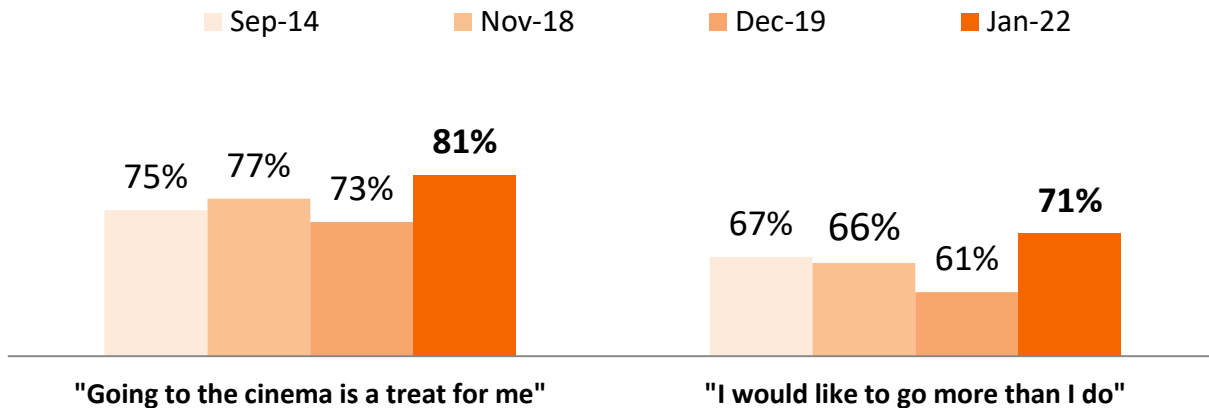
Source: Savanta study for Cineworld

Base: Sept '14 (4005); November 18 (1000), December 19 (1000), January '22 (1080)

Q14a How much do you agree or disagree with the following statements about going to the cinema?

Moviegoers keen to return to the cinema

Attitudes towards going to the cinema – total sample



★ **Moviegoers are keen return to the movies more frequently to treat themselves**

Source: Savanta study for Cineworld

Base: Sept '14 (4005); November 18 (1000), December 19 (1000), January '22 (1080)

Q14a How much do you agree or disagree with the following statements about going to the cinema?

Continued refurbishments in the US

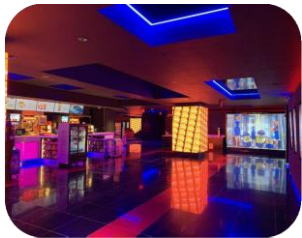


Continued delivery of our refurbishments program

- ☆ **14 refurbishments completed** in the US so far, including flagship cinemas such as Union Square and Irvine Spectrum
- ☆ **6 completed refurbishments** in 2021 with a further **10 under development**
- ☆ Includes premium formats: IMAX, VIP, Premium Large Format, ScreenX and 4DX
- ☆ Introduction of enhance food offering including bars, Lavazza coffee and B-Fresh
- ☆ New refurbs and cinemas well received by customers



Irvine, CA



Union Square, NY



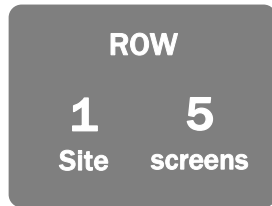
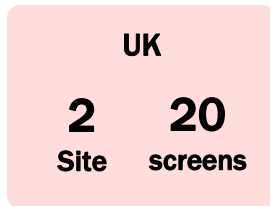
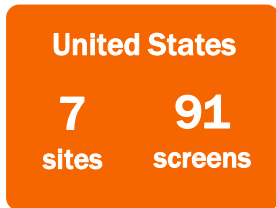
Hacienda Crossing, CA



Warrington Crossing, PA

Continued Roll-out Across the US and Europe

10 new sites 2021



★ ***8 new sites to be opened in 2022***

★ ***2 sites and 27 screens in the US***

★ ***5 sites and 55 screens in the UK***

★ ***1 site and 8 screens in ROW***

Our Strategy - Create the Best Place to Watch a Movie



**The Best Place to
Watch a Movie**

1 Continue to be innovating operators

- ☆ Continued investment in premium formats, allowing customers to select both the movie and the type of format they want to enjoy

2 Continue to provide the best cinema experience and generate returns from cinema refurbishments

- ☆ Further expansion and improvement of concession offerings

3 Diversify the revenue base

- ☆ Accelerate the scale-up of various membership programmes

4 Continue to expand and enhance our estate

- ☆ Diligent expansion both in terms of number of sites and screens

The Future of Cinemas

Improved retail offering



*Lavazza
coffee shops*



*Starbucks
coffee shops*



Bars



B.Fresh



Laser projectors



*Order concessions
in Cineworld app*

New technologies

New / premium formats

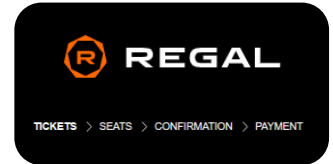
IMAX®

SUPER SCREEN

SCREEN X

RPIX
REGAL PREMIUM
EXPERIENCE

4DX



New revenue initiatives

H1 2022 Film Slate

Q1 2022



Q2 2022



H2 2022 Film Slate



Strong pipeline of movies for 2023 and beyond





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