

# 2016 Interim Results

11<sup>th</sup> August 2016

# The best place to watch a movie

During 2016 we have continued to deliver on the Group's strategy through:

- Expanding our estate, both organically and through acquisition;
- Enhancing our existing estate;
- Installing leading edge technology; and
- Delivering value for our shareholders.



# Introductions

- **Financial review** – Nisan Cohen – Deputy CFO
- **Empire deal** – Israel Greidinger – Deputy CEO
- **Business update** – Mooky Greidinger – CEO

# Financial Review

# Financial Highlights

	Group H1 2016	Group H1 2015	Movement
Admissions	46.1m	44.9m	+ 2.7%
	£m	£m	
Box office	227.0	217.1	+ 4.6%
Retail	84.7	76.5	+ 10.7%
Other	45.0	35.5	+ 26.8%
<b>Total revenue</b>	<b>356.7</b>	<b>329.1</b>	<b>+ 8.4%</b>
EBITDA <sup>1</sup>	70.5	64.7	+ 9.0%
Adjusted profit before tax	39.4	39.3	+0.3%
Adjusted diluted EPS	12.2p	11.6p	+5.2%
Dividend per share	5.2p	5.0p	+4.0%

- Statutory revenue growth of 8.4%
- Statutory EBITDA<sup>1</sup> growth of 9.0%
- Net cash generated from operating activities of £44.4m and net debt broadly flat at £250.3m (31 December 2015: £245.2m)
- Adjusted diluted EPS up 5.2% to 12.2p
- Final dividend increased by 4.0% to 5.2p

1. EBITDA is defined as profit before depreciation and amortisation, onerous leases and other non-recurring charges, impairments and reversals of impairments, transaction and reorganisation costs, profit on disposals of assets.

# Performance summary – constant currency

	UK & Ireland		ROW		Group	
	H1 2016 £m	Movement versus H1 2015	H1 2016	Movement versus H1 2015 <sup>2</sup>	H1 2016	Movement versus H1 2015 <sup>2</sup>
Admissions	24.0	- 4.0%	22.1	+ 11.1%	46.1	+ 2.7%
Box office	150.0	- 0.3%	77.0	+10.6 %	227.0	+ 3.1%
Retail	53.5	+ 5.7%	31.2	+ 15.1%	84.7	+ 9.0%
Other	22.4	+22.4%	22.6	+ 25.0%	45.0	+ 23.8%
<b>Total revenue</b>	<b>225.9</b>	<b>+3.0%</b>	<b>130.8</b>	<b>+13.9%</b>	<b>356.7</b>	<b>+ 6.8%</b>
EBITDA <sup>1</sup>	37.7	- 5.8%	32.8	+ 27.2%	70.5	+ 7.2%
EBITDA Margin	16.7%	-1.6%	25.1%	+2.6%	19.8%	+ 0.1%

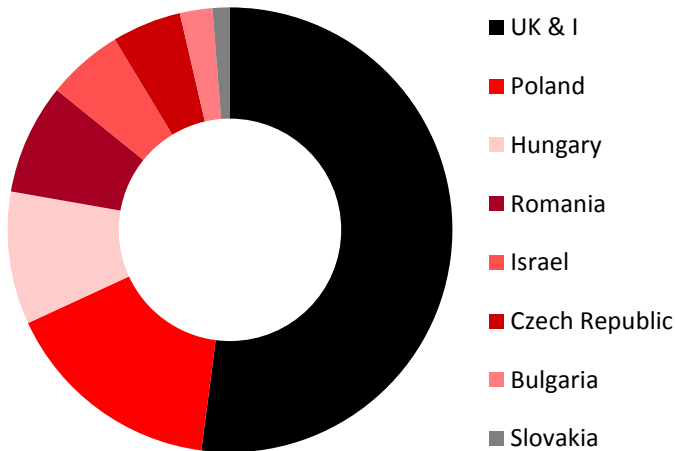
- Group revenue growth of 6.8%
- Group EBITDA growth of 7.2 %
- Group EBITDA margin of 19.8%, an improvement of 0.1 percentage points
- Benefit of operating across nine territories in mature and developing markets

1. EBITDA is defined as profit before depreciation and amortisation, onerous leases and other non-recurring charges, impairments and reversals of impairments, transaction and reorganisation costs, profit on disposals of assets.

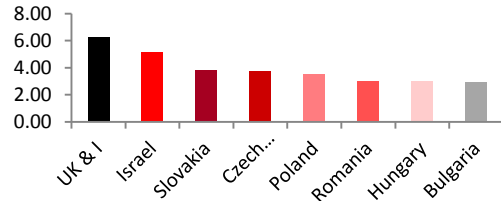
2. To provide information on a comparable basis, where % change vs. prior period information includes performance generated in currencies other than sterling, the % is presented on a constant currency basis.

# Box Office and Retail Performance

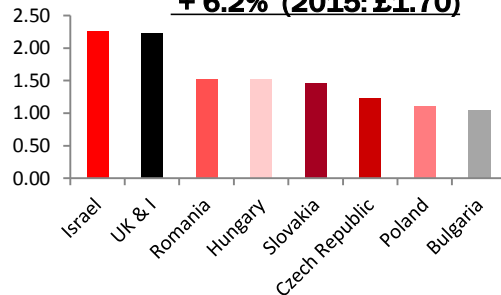
**Group Admissions – 46.1m**  
**+ 2.7% (2015: 44.9m)**



**Group Average Ticket Price – £4.92**  
**+ 0.5% (2015: £4.84)**



**Group Retail Spend Per Person – £1.84**  
**+ 6.2% (2015: £1.70)**



# Other Income

- Other income includes advertising, distribution, booking fees and other revenue
- Increase of 23.8% on a constant currency basis
- On screen advertising increasingly popular
- Strong performance through distribution of key titles including “Star Wars: The Force Awakens”, “Zootopia”, “The Jungle Book” & “Me Before You”
- Continuing trend of customers using online sales
- Increase in the non-core cinema activity including hire of cinemas for event space and conferences



**NEW AGE MEDIA**  
MULTIPLEX ADVERTISING



# Group Income Statement

£m	Adjusted basis		Statutory basis	
	H1 2016	H1 2015	H1 2016	H1 2015
Revenue	356.7	329.1	356.7	329.1
<b>EBITDA</b>	<b>70.5</b>	<b>64.7</b>	<b>70.5</b>	<b>64.7</b>
Depreciation and amortisation	(24.0)	(20.8)	(27.0)	(23.7)
Exceptional cost	-	-	(1.7)	2.8
Foreign exchange movement <sup>1</sup>	(1.6)	1.3		-
<b>Operating profit</b>	<b>44.9</b>	<b>45.2</b>	<b>41.8</b>	<b>43.8</b>
Finance (expense) / income <sup>2</sup>	(5.4)	(5.6)	(11.1)	3.3
Share of JV losses	(0.1)	(0.3)	(0.1)	(0.3)
<b>Profit before tax</b>	<b>39.4</b>	<b>39.3</b>	<b>30.6</b>	<b>46.8</b>
Tax on adjusted profit	(6.7)	(8.3)	(6.2)	(9.9)
<b>Profit after tax</b>	<b>32.7</b>	<b>31.0</b>	<b>24.4</b>	<b>36.9</b>
Diluted EPS			9.1	13.8
Adjusted diluted EPS	12.2	11.6		

- Includes depreciation of £22.2m, of which £12.7m relates to the UK and £9.5m relates to the ROW
- Of the £4.8m amortisation, £3.0m is acquisition accounting related and £1.8m is the amortisation of acquired movie rights

- The £1.7m net exceptional income includes the following items:
  - (£1.0m) of reorganisation costs
  - (£0.7m) impairment charges

- Net finance expense of £11.1m includes £4.0m of underlying net cash interest paid on bank loans, £6.1m foreign exchange movement, and £1.0m other non-cash finance charges

1. Foreign exchange losses relates to translation losses recognised in EBITDA.

2. Adjusted finance expense presented after eliminating the £5.7m forex loss on the translation of the Euro term loan (2015: £7.7m gain)

# Cash Flow & Net Debt

£m	Cash	Debt	Other	Net debt
<b>Opening position at 1 January 2016</b>	<b>62.5</b>	<b>(299.3)</b>	<b>(8.4)</b>	<b>(245.2)</b>
Operating profit	41.8	-	-	41.8
Non-cash movements	6.2	-	-	6.2
<b>Cash generated from operations</b>	<b>48.0</b>	-	-	<b>48.0</b>
Tax paid	(3.6)	-	-	(3.6)
Net interest paid	(3.8)	-	-	(3.8)
Capital related items	(38.6)	-	-	(38.6)
Proceeds from share issue	0.1	-	-	0.1
Repayment of bank loans	(36.6)	31.9	0.5	(4.2)
Dividends paid	-	-	-	-
Forex and other non-cash movements	4.5	(6.4)	(1.1)	(3.0)
<b>Closing position at 30 June 2016</b>	<b>32.5</b>	<b>(273.8)</b>	<b>(9.0)</b>	<b>(250.3)</b>

- Of the £6.2m net non-cash movement, £27.0m relates to the add back of depreciation and amortisation
- Movement in working capital resulted in a £20.8m outflow

- UK: £22.8m, ROW: £15.8m
- Capex breakdown: £20.6m New sites  
£11.3m Refurbishments  
£6.7m Maintenance

- Scheduled term loan repayments and £25m Revolving Credit Facility repayments made
- Following the acquisition from Empire the Group extended its Revolving Credit Facility by £25m.
- Exchange loss on Euro denominated loan of £5.7m

- Full year performance expected to be in-line with market expectations
- Stronger film slate for H2
- Encouraging performance for July with the release of key titles including The BFG, Finding Dory and Jason Bourne compared to 2015 (UK market increased 21.7%\* in the period 1 July 2016 – 7 August 2016 compared to 2015)
- Capital expenditure for 2016 expected to be £75m
- Net debt to increase to circa £290m as a result of the Empire acquisition
- Underlying effective tax rate expected to be 17.0%

\*Source Rentrak

# Empire Deal

- Expands and complements our existing estate with 5 cinemas, 64 screens
  1. Empire Leicester Square
  2. Basildon
  3. Poole
  4. Hemel Hempstead
  5. Bromley
  
- Aggregate consideration of £94m, 50% cash and 50% new ordinary Cineworld shares plus the Cineworld Haymarket site.
  
- EBITDA for the LTM to March 2016 of £9.0m<sup>1</sup>, £11.0m including full run rate.
  
- Transaction will be marginally earnings enhancing for the Group in 2016 and we expect high single digit earnings enhancement for 2017, including some anticipated synergies.

# Empire sites acquired



**Empire Hemel Hempstead <sup>1</sup>**  
**17 screens**  
**1 IMAX screen**



**Empire Leicester Square <sup>2</sup>**  
**9 screens**  
**1st Laser IMAX screen**



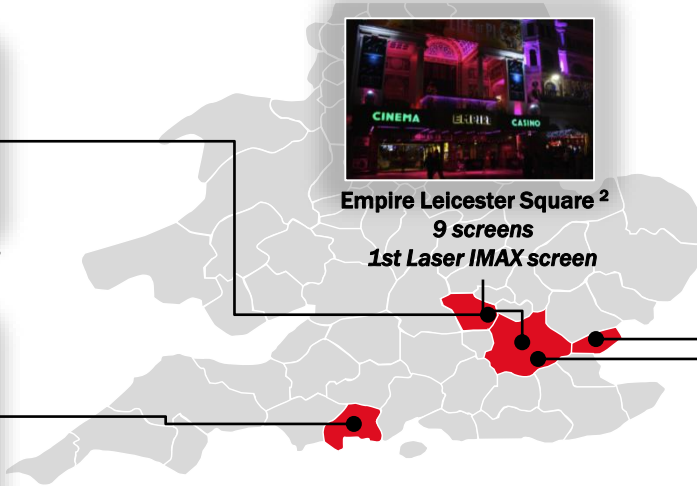
**Empire Basildon**  
**18 screens**  
**1 IMAX screen**



**Empire Poole**  
**16 screens**



**Empire Bromley <sup>3</sup>**  
**4 screens**



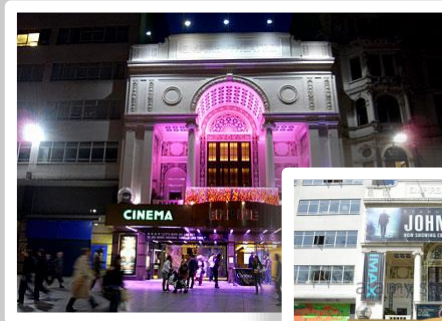
1) 9 screens were only opened in H2 2015

2) The IMAX laser opened December 2015

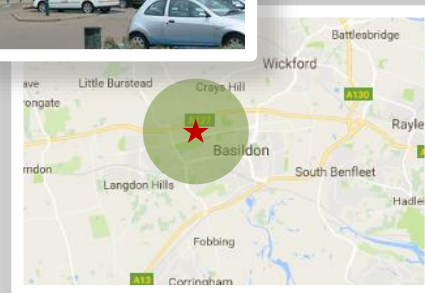
3) All sites will take on the Cineworld branding apart from Bromley which will become a Picturehouse

# Empire Leicester Square

Statistics	2015
Revenue	£6.3m
Screens	9
Seat	1,725
Features	<ul style="list-style-type: none"><li>- 1st IMAX Laser opened in the UK (opened July 2015)</li><li>- 1 Impact screen</li></ul>



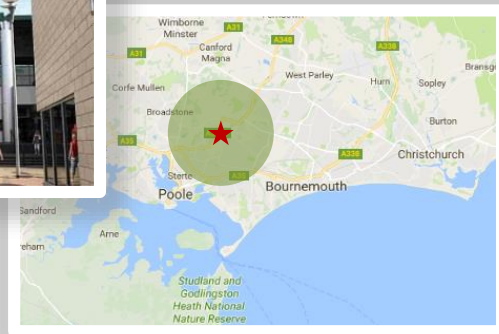
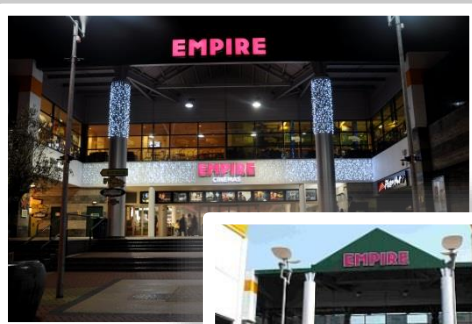
Statistics	2015
Revenue	£9.9m
Screens	18
Seat	2,865
Features	1 Imax screen 1 Impact screen





# Poole

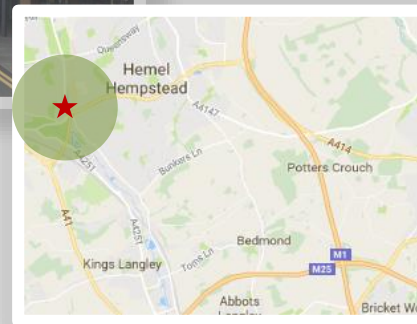
Statistics	2015
Revenue	£7.2m
Screens	16
Seat	2,121



# Hemel Hempstead

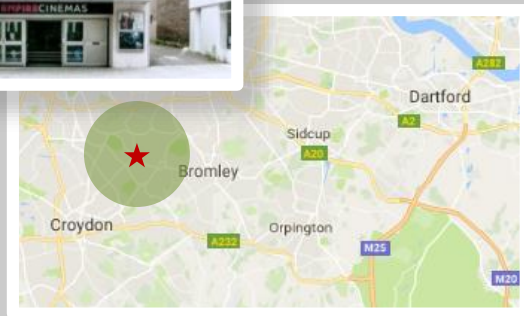
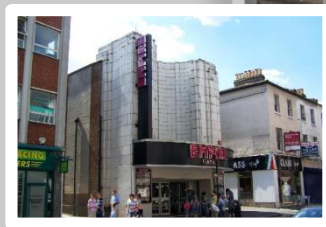
- Undergone full refurbishment - 9 additional screens added in H2 2015
- One additional Super - screen to be opened by the end of 2016

Statistics	2015
Revenue	£3.5m
Screens	17
Seat	2,006
Features	1 Imax screen 1 Impact screen



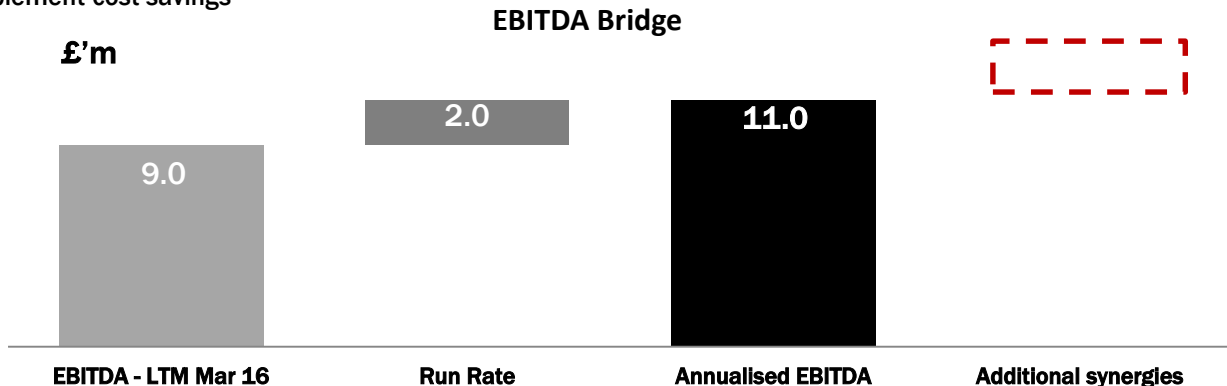
- To be renovated and rebranded as a Picturehouse

Statistics	2015
Revenue	£1.5m
Screens	4
Seat	826



# Next steps – integration & synergies

- Incorporate into our Unlimited membership programme
- Include in our portfolio for screen advertising and sponsorship
- Potential to introduce premium offerings including 4DX, Starbucks outlets and our VIP experience
- Implement cost savings



Based on unaudited accounts

# Business Update

# Estate overview at 30 June 2016

## UK & I

- 113 sites
- 979 Screens
- 17 IMAX Screens
- 4 4DX Screens
- 2 Superscreens
- 1 VIP Site
- 2015 CAPEX: £57.7M
- Average site age 13.8 years
- 53 sites over 15 years old

## ROW

- 108 sites
- 1,074 Screens
- 13 IMAX Screens
- 14 4DX Screens
- 1 Superscreen
- 6 VIP Sites
- 2015 CAPEX: £41.9M
- Average site age 7.8 years
- 13 sites over 15 years old

# Highlights from H1

## Investment in our estate

- **45** new screens opened, **14** in the UK and **31** in the ROW
- **2,053** screens in the Group at 30 June 2016
- **19th** Starbucks coffee outlet opened in the UK
- **Major refurbishments** in progress in Crawley, Stevenage and Glasgow Renfrew Street in the UK and AuPark and Polus in Slovakia and Compana in Hungary.



# Highlights from H1

## Driving leading technology

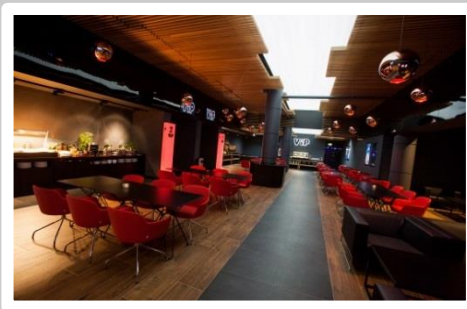
- **1st** IMAX sound experience launched in the UK in Crawley
- **1st** 4DX launched in Slovakia
- **4th** 4DX opened in the UK





# Coming in H2

- **47** new screens to be opened – **16** in the UK & **31** in the ROW
- **4** 4DX screens in the UK in Glasgow, Birmingham, Cardiff & Wandsworth
- **2** Superscreens in the UK in Glasgow and Cardiff
- **2nd** VIP experience opening in the UK in Glasgow Renfrew Street
- **5** new Starbucks coffee outlets in the UK

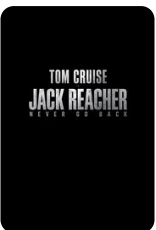
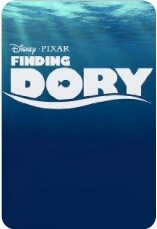


# Planned site openings

	H2 2016		2017		2018 +	
	Sites	Screens	Sites	Screens	Sites	Screens
<b>UK (including Empire)</b>	8	80	8	68	9	93
<b>Poland</b>	1	11	1	20	3	40
<b>Romania</b>	2	20	6	52	7	73
<b>Bulgaria</b>	-	-	-	-	1	12
<b>Czech Rep</b>	-	-	1	18	-	-
<b>Israel</b>	-	-	1	12	-	-
<b>Total</b>	<b>11</b>	<b>111</b>	<b>17</b>	<b>170</b>	<b>20</b>	<b>218</b>
<b>Expected closing position (net of closures)</b>	<b>229</b>	<b>2,147</b>	<b>246</b>	<b>2,317</b>	<b>266</b>	<b>2,535</b>

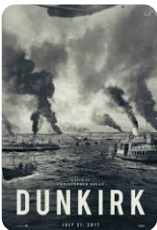
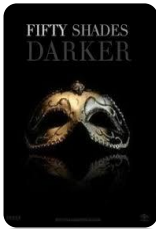
1. The new openings schedule is based on signed contracts. Management believe that the expected opening dates of the cinemas are accurate as at the time of this presentation. The Group continues to work together with third parties to develop sites and there is therefore also the risk that a site may be subject to delays which are out the control of the Group.

# H2 2016 – Key Titles



# 2017 – Key Titles

Cineworld  
Group plc



Q & A

**Cineworld**  
Group plc