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Cineworld Group plc

Cineworld 2017 Interim Results

10th August 2017

Financial Review

Financial Highlights

	Group H1 2017	Group H1 2016	Statutory Movement
Admissions	50.7m	46.1m	10.0%
	£m	£m	
Box office	267.2	227.0	17.7%
Retail	103.3	84.7	22.0%
Other	49.7	45.0	10.4%
Total revenue	420.2	356.7	17.8%
EBITDA¹	84.3	70.5	19.6%
Adjusted profit before tax	50.2	41.0	22.4%
Adjusted diluted EPS	15.4p	12.7p	21.3%
Dividend per share	6.0p	5.2p	15.4%

- Statutory revenue growth of 17.8% (constant currency 12.4%)
- Statutory EBITDA¹ growth of 19.6% (constant currency 12.9%)
- Adjusted diluted EPS up 21.3% to 15.4p
- Net debt of £309.1m after early payment of 2016 final dividend of £37.4m (31 December 2016: £282.3m)
- Interim dividend increased by 15.4% to 6.0p

1. EBITDA is defined as operating 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 and the settlement of the defined benefit pension liability.

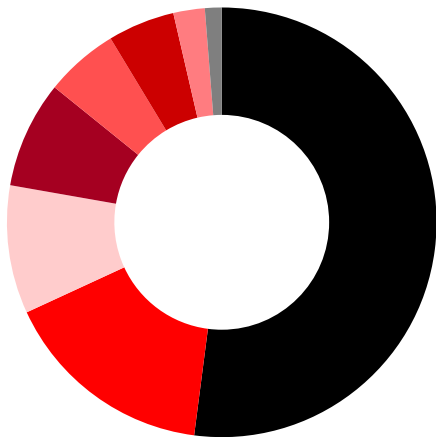
Performance summary constant currency

	UK & Ireland		ROW		Group	
	H1 2017	Movement versus H1 2016	H1 2017	Movement versus H1 2016	H1 2017	Movement versus H1 2016
Admissions	26.3m	9.6%	24.4m	10.4%	50.7m	10.0%
	£m		£m		£m	
Box office	167.7	11.8%	99.5	14.1%	267.2	12.6%
Retail	60.8	13.6%	42.5	20.4%	103.3	16.3%
Other	23.4	4.5%	26.3	2.7%	49.7	3.5%
Total revenue	251.9	11.5%	168.3	13.7%	420.2	12.4%
EBITDA¹	40.0	6.1%	44.3	19.7%	84.3	12.9%
EBITDA Margin	15.9%	-0.8%	26.3%	1.2%	20.1%	0.3%

- Admissions growth of 10.0%
- Group revenue constant currency growth of 12.4%
- Group EBITDA constant currency growth of 12.9%
- Group EBITDA margin increased by 0.3%
- UK margin impacted in H1 by the loss of VPF income and increase in business rates

Box Office & Retail Performance

Group Admissions - 50.7m



Admissions by territory (m)

■ UK & I	26.3
■ Poland	8.4
■ Hungary	4.3
■ Romania	4.5
■ Israel	3.0
■ Czech Republic	2.4
■ Bulgaria	1.1
■ Slovakia	0.7

UK

Admissions	ATP	SPP
26.3m	£6.38	£2.31
+ 9.6%	+ 2.1%	+ 3.6%

ROW (constant currency)

Admissions	ATP	SPP
24.4m	£4.08	£1.74
+ 10.4%	+ 3.3%	+ 9.0%

Other income

- Other income includes revenue from advertising, distribution, screen and event hire and online booking fees
- Overall it has increased by 10.4% (3.5% on a constant currency basis)
- **UK & Ireland performance + 4.5%**
 - Advertising performed well benefitting from the stronger film slate
 - Disposal of small alternative content distribution outfit
- **ROW performance + 2.7% (constant currency)**
 - Strong distribution revenue performance from key titles including “Beauty and the Beast”, “Guardians of the Galaxy Vol. 2” and “Pirates Of The Caribbean: Salazar's Revenge”
 - Advertising revenue increased but not at the same rate as admissions due to the nature and timing of the contracts

Group profit and loss

£m	2017	2016
Revenue	420.2	356.7
EBITDA	84.3	70.5
Depreciation and amortisation	(32.7)	(27.0)
Exceptional items	0.3	(1.7)
Operating profit	51.9	41.8
Net finance expense	(3.6)	(11.1)
Share of loss from joint venture	(0.1)	(0.1)
Profit before tax	48.2	30.6
Tax charge	(7.9)	(6.2)
Profit after tax	40.3	24.4
Adjustments	1.7	9.6
Adjustment profit after tax	42.0	34.0

Includes £2.3m (2016:£3.0m) of amortisation related to intangible assets which were identified as part to the Cinema City business combination.

The £0.3m net exceptional items includes the following items:

- £2.2m gain resulting from the disposal of Picturehouse Entertainment and the transfer of Haymarket
- (£0.7m) of transaction and reorganisation costs
- £(0.6)m of non-recurring property charges
- £(0.6m) impairment charges and reversals

Net finance expense of £3.6m no longer includes foreign exchange gains and losses on the Euro Term loan as the Group entered into a net investment hedge in H2 2016.

Adjusted profit and adjusted diluted EPS

£m	2017	2016
Profit after tax	40.3	24.4
Adjustments:		
Amortisation	2.3	3.0
Transaction and reorganisation costs	0.7	1.0
Impairments	0.6	0.7
Other non-recurring charges	0.6	-
Profit on disposal	(2.2)	-
FX on loan	-	5.7
Tax affect of adjusted items	(0.3)	(0.8)
Adjustments total	1.7	9.6
Adjusted profit after tax	42.0	34.0
Diluted earnings per share denominator	271.9	267.3
Diluted EPS	14.8p	9.1p
Adjusted diluted EPS	15.4p	12.7p

£2.3m of amortisation related to intangible assets which were identified as part to the Cinema City business combination.

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- (£0.7m) of transaction and reorganisation costs
- £(0.6)m of non-recurring property charges
- £(0.6m) impairment charges and reversals

Foreign exchange movements no longer included in net finance costs as the Group entered into a net investment hedge in H2 2016.

Cash flow statement and net debt

£m	Cash	Debt	Other	Net Debt
Opening position at 1 January 2017	55.8	(322.0)	(16.1)	(282.3)
Operating profit	51.9	-	-	51.9
Non-cash movements	19.6	(0.7)	(1.2)	17.7
Cash generated from operations	71.5	(0.7)	(1.2)	69.6
Tax paid	(5.6)	-	-	(5.6)
Net cash flows from investing activities	(49.5)	-	-	(49.5)
Net cash flows from financing activities	(42.7)	1.0	1.0	(40.7)
Forex and other non-cash movements	0.7	(1.3)	-	(0.6)
Closing position at 30 June 2017	30.2	(323.0)	(16.3)	(309.1)

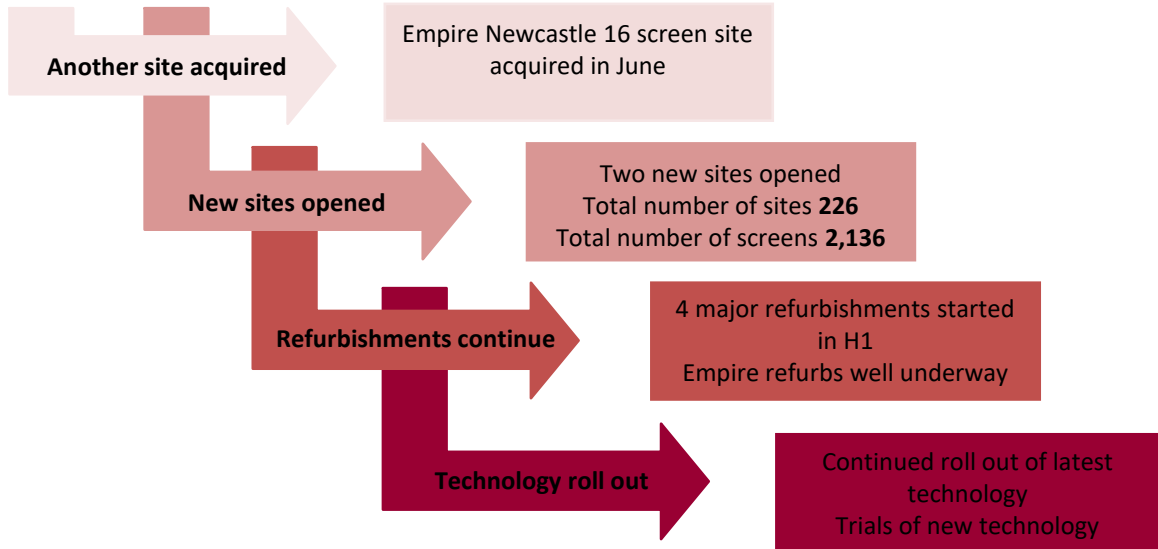
- The £19.6m net non-cash movement which includes depreciation, amortisation and movements on working capital
- Investing activities include £44.9m of capital expenditure
- Financing activities primarily relates to the final 2016 early dividend payment of £37.4m

Financial Outlook for H2

- Good film slate for H2 2017
- Pleasing performance during July and start of August
- Total capital expenditure for 2017 expected to be approximately £90-100m
- Current forecast of net debt at year end £260-270m
- Underlying effective tax rate expected to remain at a similar level between 16%-17%
- We remain confident of delivering a performance for the year as a whole in line with current market expectations

Business Update

H1 2017 Key Achievements



Empire Newcastle

- Acquired in June
- 16 screen site



- Prime location in the city centre of Newcastle

- Refurbishment planned to start asap
- Superscreen and 4DX coming....

SUPER SCREEN



New sites opened

- Ely – UK – 6 screens



- Ruislip – UK – 11 screens



- Zichron – Israel – 12 screens



Zichron – The Opening





Refurbishments – next generation cinemas



H1 Refurbishments

Continued delivery of refurbishments with the following commencing in H1...

- **Ipswich** – Extension and refurbishment
- **The O2** – Phase 1 includes refurbishment and installation of Dolby Atmos
- **Northampton** – Refurbishment including a Superscreen
- **Solihull** - Refurbishment including Superscreen and Starbucks



Post refurbishment plans for Cineworld at the O2

Empire acquisition – one year on



**Hemel
Hempstead**

Basildon

**Leicester
Square**

Bromley

Poole

Completed

Refurbishment
completed

4DX open

Ongoing

Starbucks open

Refurbishment
commenced

Refurbishment
starting

Refurbishment to
start

Planned

Starbucks coming

4DX planned

Site to become a
Picturehouse

Refurbishment in
planning phase

Hemel Hempstead – Post refurbishment



Leicester Square – the vision



Investment in technology

Investment into a wide range of new and exciting technologies including....

- Digital Laser Projectors
- More 4DX and IMAX screens
- Trials starting of digital retail
- Virtual reality



Still to come in 2017

➤ 10 further new sites to open

- 5 in the UK
- 5 in the ROW – Poland / Romania / Czech

NEW: Wrocław – Poland

- 20 screens
- 1 4DX
- 3 VIP halls
- 1 IMAX



➤ Refurbishment programme will continue to create the next generation cinemas



NEW: Leeds – UK

- 11 screens
- 1 IMAX

Still to come in 2017

- Technology – delivering on our strategy of offering customers the latest audio and visual technology
 - More 4DXs and IMAX screens
 - Dolby Atmos
 - Laser projectors
 - Digital retail trials
 - Virtual reality
- Retail offerings – further roll out of Starbucks sites – at least a further 4 scheduled to open

NEW: Chodov – Czech

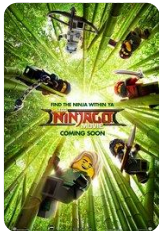
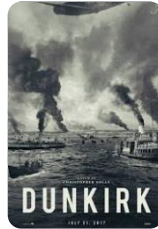
- 18 screens
- 1 4DX
- 3 VIP halls



NEW: Bracknell – UK

- 12 screens
- 1 4DX

H2 2017 – Key Titles



Q&A

