Cineworld Group H1 2018 Results

9 August 2018

Key Highlights

Strategic Progress

- Completion of milestone transaction
- Acquisition of Regal Entertainment for $5.8bn financed through $2.3bn rights issue and $4.1bn debt facility
- Integration progressing well
- On track to deliver synergy plans for 2018 and 2019

Financial Review

- Group Pro Forma[2] revenue of $2,456m up 10.8%[3]
- Group Pro Forma Adj. EBITDA[1] of $554m up +14.1%[3] and margin up 0.7% to 22.5%
- Strong performance in the US with box office revenue up 14.3%
- Solid performance in the UK and CEE & I in the context of a challenging first half

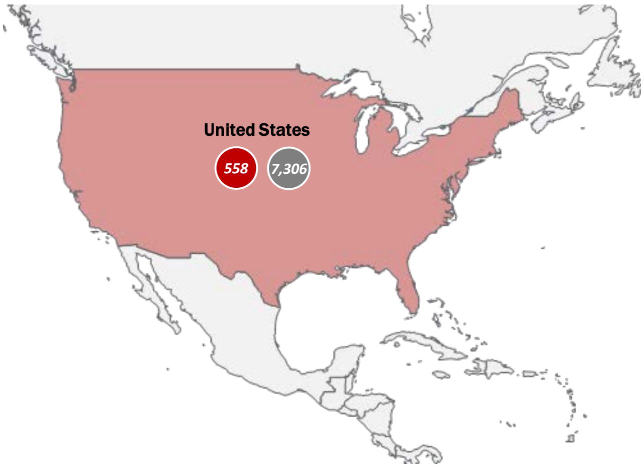
Operating Development

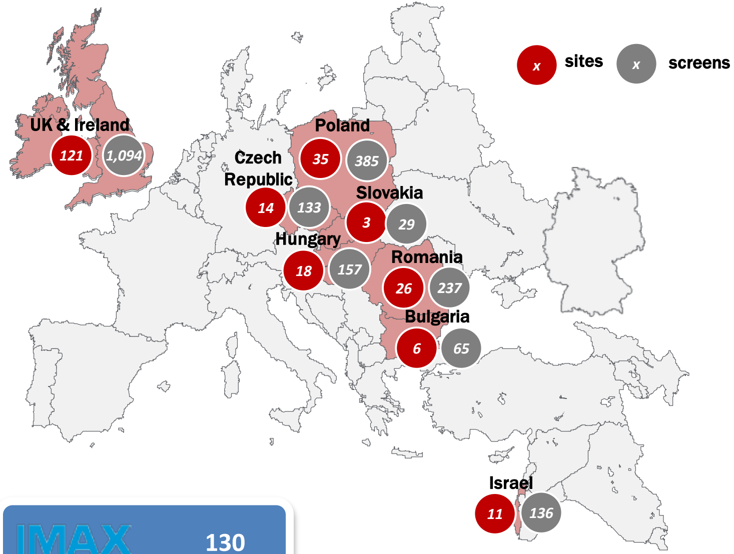
- Continued investment in technology with ScreenX, 4DX and IMAX agreements
- Roll-out across our estate: 6 new sites across the US, UK and CEE & I
- Refurbishment programme progressing well

1. Adjusted EBITDA is defined as Operating profit plus share of profits from joint ventures using the equity accounting method net of tax adjusted for depreciation and amortisation, onerous lease charges and releases, impairments and reversals of impairments, transaction and reorganisation costs, gains/losses on disposals of assets and subsidiaries, share based payment charges, and share of profits received from associates in excess of distributions or any undistributed such profits
2. Pro-forma ("PF") results reflect the Group and US performance had Regal been consolidated for the entirety of the period from 1 January 2018. For the purposes of percentage movements, the same comparative period has been applied.
3. Constant currency ("cc") movements have been calculated by applying the 2018 average exchange rates to the 2017 performance

Cineworld Today

Leading and global Cinema Group operating in 10 countries with 792 sites[1] and 9,542 screens[1]





4DX 43

SUPER SCREEN RPX 121

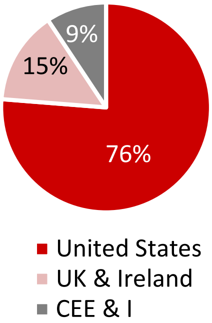
IMAX 130

1. As of 30 June 2018

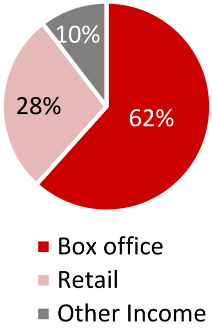
Financial Review

Group Pro Forma Performance summary

Revenue by geography



Revenue by product & services



H1 2018
PF Admissions / Growth[1]

159m / +4.9%

H1 2018
PF Revenue / Growth[1]

$2,456m / +10.8%

H1 2018
PF Adj. EBITDA / Margin / Growth[1]

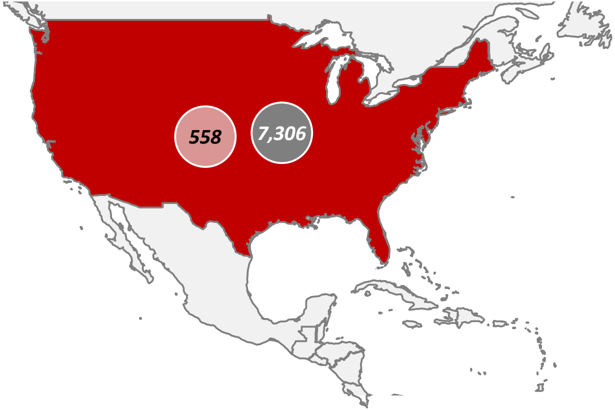
$554m / 22.5% / +14.1%

1. Constant currency (“cc”) movements have been calculated by applying the 2018 average exchange rates to the 2017 performance

H1 18 Pro Forma Performance By Geography

	Group		United States		UK & Ireland		CEE & I	
Admissions:	*159m*	↑ 4.9%	*110m*	↑ 9.2%	*26m*	↓ -2.7%	*23m*	↓ -5.7%
Revenue:	*$2,456m*	↑ 10.8%	*$1,873m*	↑ 14.3%	*$354m*	↑ 2.5% cc	*$229m*	↓ -1.3% cc
Adj. EBITDA:	*$554m*	↑ 14.1%	*$441m*	↑ 20.0%	*$58m*	↑ 3.2% cc	*$55m*	↓ -11.1% cc
EBITDA margin:	*22.5%*	↑ 0.7%	*23.5%*	↑ 1.1%	*16.3%*	↑ 0.1%	*24.0%*	↓ -2.4%

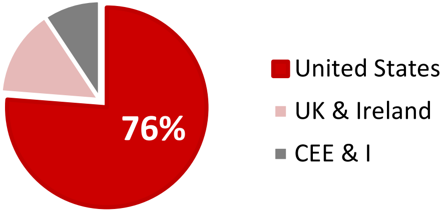
Pro Forma Performance - United States



H1 2018 PF Revenue / Growth	*H1 2018 PF EBITDA / Margin*
$1,873m / 14.3%	***$441m / 23.5% / +1.1%***

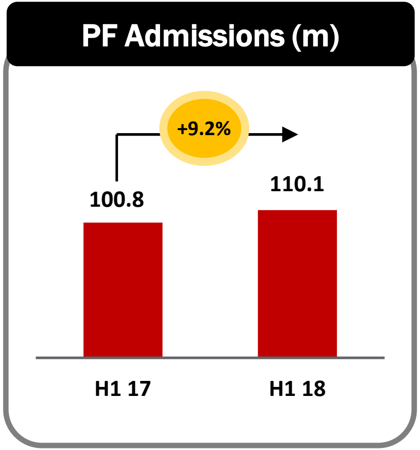
x sites x screens

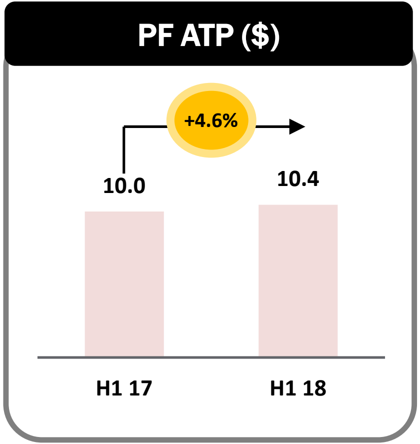
H1 2018 Pro Forma Revenues

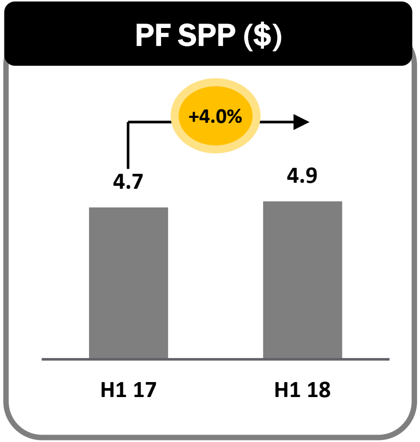


- US pro forma revenue of $1,873m up 14.3% driven by
  - **Admissions** growth +9.2%
  - **Box office** revenue growth +14.3%
  - **Retail** revenue growth +13.6%
  - **Other Income** growth +16.4%
- US pro forma EBITDA of $441m up 20.0%

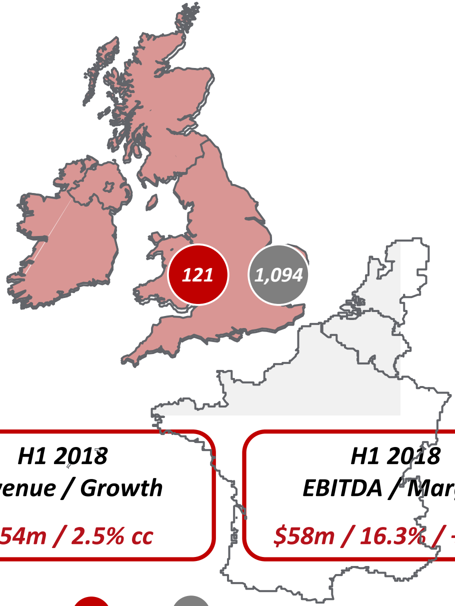
United States - KPI







H1 18 Performance – UK & Ireland

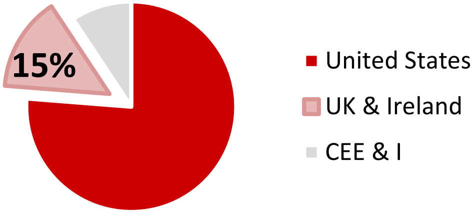


H1 2018
Revenue / Growth
$354m / 2.5% cc

H1 2018
EBITDA / Margin
$58m / 16.3% / +0.1%

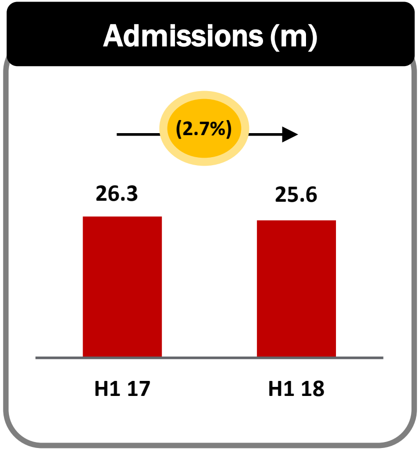
x sites x screens

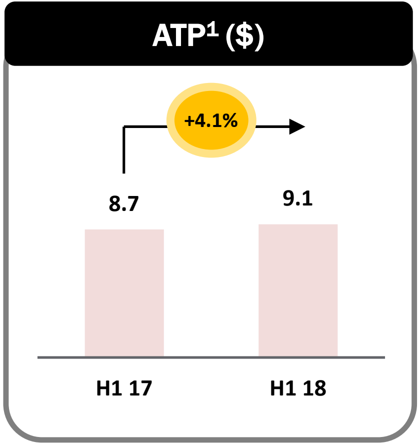
H1 2018 Revenues

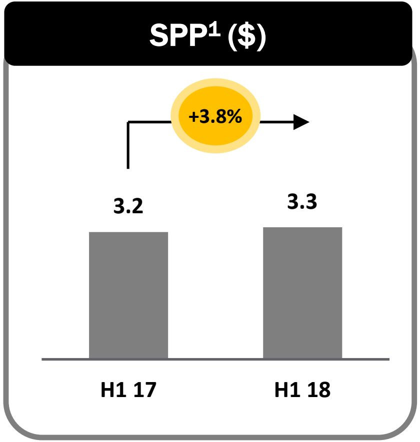


- UK & Ireland revenue of $354m up 2.5% in cc driven by
  - **Admissions** decline of -2.7%
  - **Box office** revenue growth +1.3% in cc
  - **Retail** revenue growth +1.0% in cc
  - **Other Income** growth +15.0% in cc
- EBITDA of $58m up 3.2%

UK & Ireland - KPI

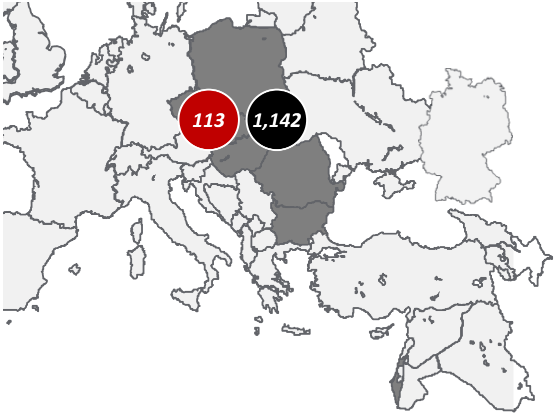






1. Constant currency ("cc") movements have been calculated by applying the 2018 average exchange rates to the 2017 performance

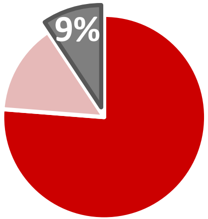
H1 18 Performance – CEE & I



H1 2018 Revenue / Growth	*H1 2018 EBITDA / Margin*
$229m / -1.3% cc	*$55m / 24.0% / -2.4%*

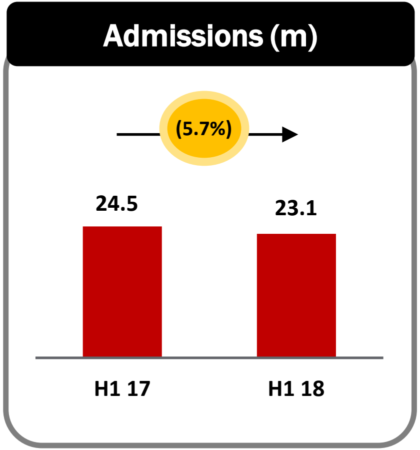
x sites x screens

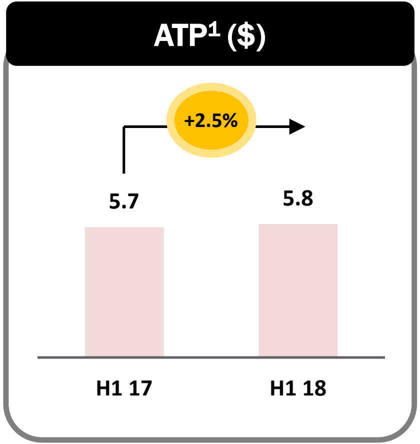
H1 2018 Revenues

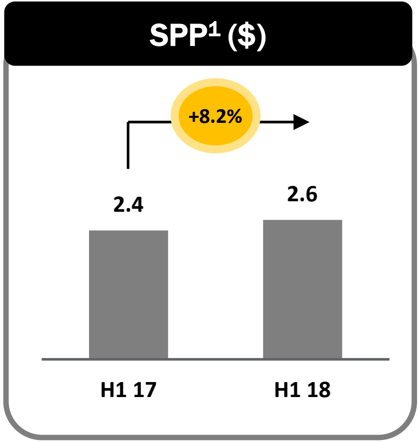


- CEE & I revenue of $229m down -1.3% in cc driven by
  - **Admissions** decline of -5.7%
  - **Box office** revenue decline -3.2% in cc
  - **Retail** revenue growth +2.0% in cc
  - **Other Income** growth +0.6% in cc
- EBITDA of $55m down -11.1%

CEE & I – KPI







1. Constant currency ("cc") movements have been calculated by applying the 2018 average exchange rates to the 2017 performance

Statutory Group Profit and Loss

$m	H1 2018	H1 2017	FY 2017
Revenue	1,862.9	528.7	1,147.0
Adjusted EBITDA	**413.6**	**107.5**	**257.7**
Depreciation and amortisation	(144.4)	(41.5)	(87.8)
Exceptional cost & other adjustments	(55.8)	(1.1)	(4.8)
Operating profit[1]	**213.4**	**64.9**	**165.1**
Net finance costs	(53.2)	(4.4)	(10.0)
Profit before tax	**160.2**	**60.5**	**155.1**
Tax charge	(31.8)	(9.9)	(25.6)
Profit after tax	**128.4**	**50.6**	**129.5**
Adjustments	24.0	3.4	9.5
Adjusted profit after tax	**152.4**	**54.0**	**139.0**

1. Operating profit plus share of loss of joint ventures using equity accounting method net of tax

Includes $6.2m of share of profit from jointly controlled entities adjusted for undistributed profits of $4.8m

The $55.8m net exceptional items includes the following:

- $49.8m of transaction costs
- ($2.2m) credit from the release of onerous lease provisions
- $0.4m impairment costs
- $1.6m share-based charges
- $1.4m loss on disposal of assets
- $4.8m non-cash profits from jointly controlled entities

Net finance costs of $53.2m includes:

- $61.2m in respect of interest on bank loans
- ($37.3m) of foreign exchange gain
- $13.6m unwind of discount on deferred revenue
- $6.3m amortisation of prepaid finance costs
- $9.4m of other charges

Growth in the adjusted diluted EPS of 50.0%

$m	H1 2018	H1 2017	FY 2017
Profit after tax	**128.4**	**50.6**	**129.5**
Adjustments:			
Amortisation	11.0	3.0	6.6
Transaction and reorganisation costs	49.8	0.9	10.0
Impairments	0.4	0.8	(6.7)
Share based payment charges	1.6	1.4	2.4
Onerous lease charges and releases	(2.2)	0.8	1.7
Recycle of fair value from hedging reserve	3.5	-	-
Profit on disposal	1.4	(2.8)	(2.6)
FX gain on loan	(35.5)	-	-
Tax affect of adjusted items	(6.0)	(0.7)	(1.9)
Adjustments total	**24.0**	**3.4**	**9.5**
Adjusted profit after tax	**152.4**	**54.0**	**139.0**
Diluted earnings per share denominator	1,161.5	613.5	615.6
Diluted EPS	11.1c	8.2c	21.0c
Adjusted diluted EPS	**13.2c**	**8.8c**	**22.6c**

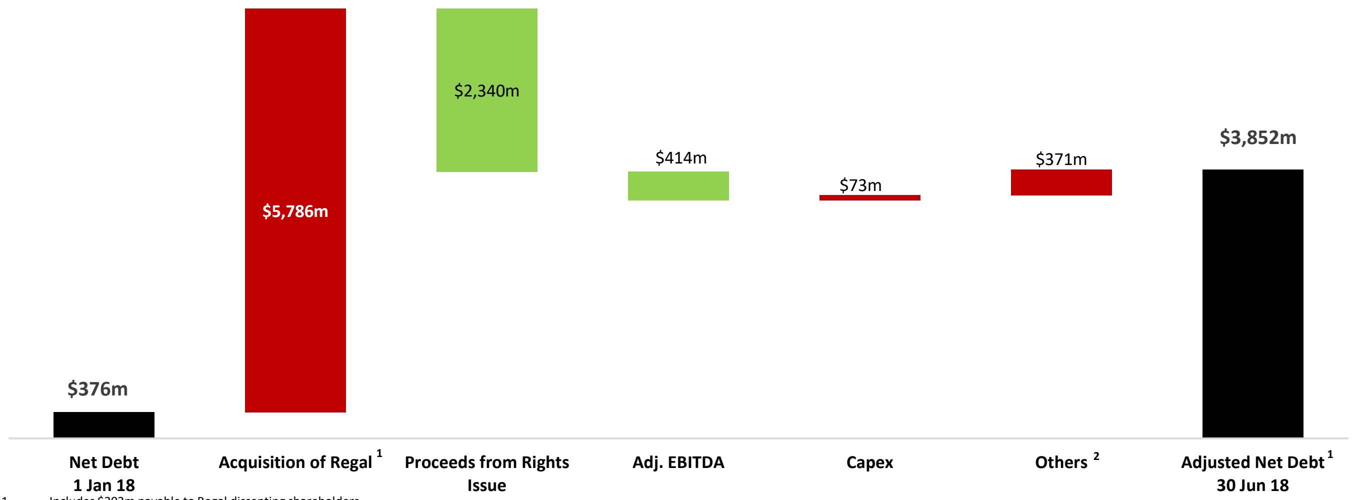
The exceptional items includes the following:

- $49.8m of transaction costs
- $0.4m impairment costs
- $1.6m share-based charges
- ($2.2m) credit from the release of onerous lease provisions
- $3.5m recycle of fair value on hedging reserve
- $1.4m profit on disposal of assets
- ($35.5m) foreign exchange gain recognized on the retranslation on the Euro term loan

Effective tax rate of 19.9% applied to the adjustments

Net Debt Analysis

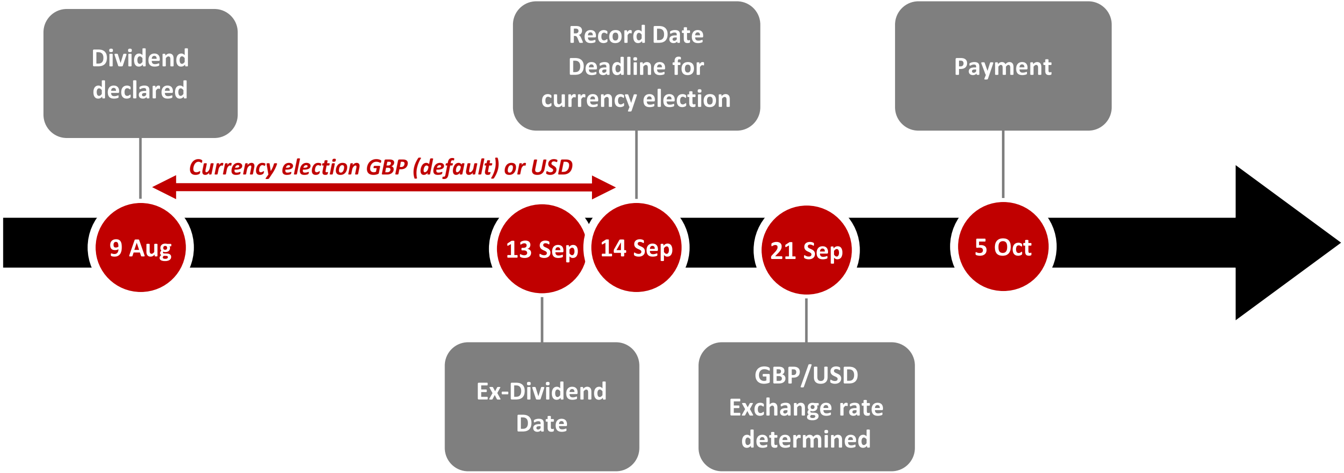
Adjusted Net Debt[1] / LTM Adjusted EBITDA: 3.8x



1. Includes $202m payable to Regal dissenting shareholders
2. Includes working capital movements, interest, tax, deal related fees, foreign exchange and others

Interim Dividend

Cineworld declares $4.85c dividend per share



Financial Outlook

- Business on track to deliver synergy plans for 2018 and 2019
- Total capital expenditure for 2018 expected to be approximately $220m-$240m on a statutory basis
- Normalised tax rate expected to trend towards 19%-20%
- Focus on cash generation with deleveraging profile on track
- Group to maintain historical dividend payout

Business Update

Integration Update

People

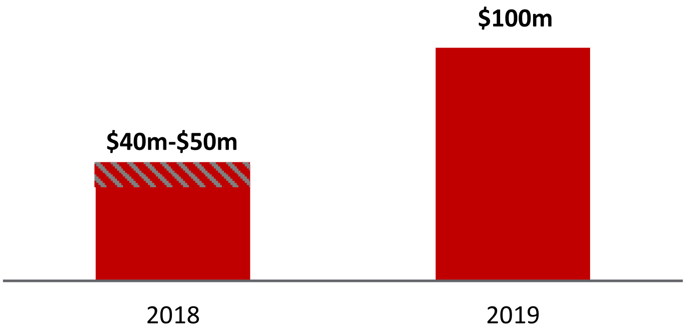
- New management team in place from Day 1
- New operating structure in the US with new regional heads
- Global head office remains in London, UK and Regal office to remain in Knoxville, Tennessee
- Senior management team fully engaged in the integration of Regal

Strategy

- Best practice sharing across all areas of the business: procurement and benchmarking initiatives
- Alignment of IT and reporting systems
- Key actions to date:
  - Corporate expense optimisation
  - Roll-out of allocated seating
  - Online penetration
  - Marketing & Advertising (NCM)
- Plans for first cinemas refurbishments progressing well

Integration Benefits

Expected Combination Benefits (excluding tax)



- Total run-rate synergies of $100m to be achieved in 2019
  - $60m costs reduction
  - $40m business initiatives
- Phasing: 40%-50% expected to be realised in 2018 and 100% in 2019
- Significant efficiencies achieved to date including rationalising of public company costs and optimisation of functions
- Further integration benefit opportunities being reviewed by management

Continued Roll-out Across Europe…

Dover, UK | **Weston-Super-Mare, UK** | **Ramnicu Valcea, Romania**

…and the United States

Lynbrook, NY

Celebration Pointe, Florida

Delta Shores, California

Next generation cinemas – refurbishments

Continued delivery of refurbishments with the following completed in H1 2018

- Full refurbishment and 4DX of our flagship cinema in **Leicester Square**
- Refurbishment of our **Enfield** cinema in the UK
- **Four new 4DX installed** in Dublin, Middlesbrough, Castleford and Leicester Square

Leicester Square

Leicester Square

Dublin

First Look: Refurbishments in the United States

Irvine, California

First Look: Refurbishments in the United States

Union Square, New York

Technology Investments

Investment into a wide range of new and exciting technologies including

- ✔ Digital **Laser Projectors**
- ✔ New **4DX** (80 screens) and **IMAX** (55 screens) agreements
- ✔ **ScreenX** (100 screens): 270 degree panoramic film-viewing experience

SCREENX

4DX®

IMAX®

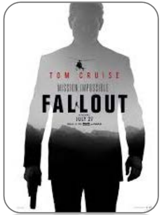
Speke: Our First ScreenX


SCREEN X

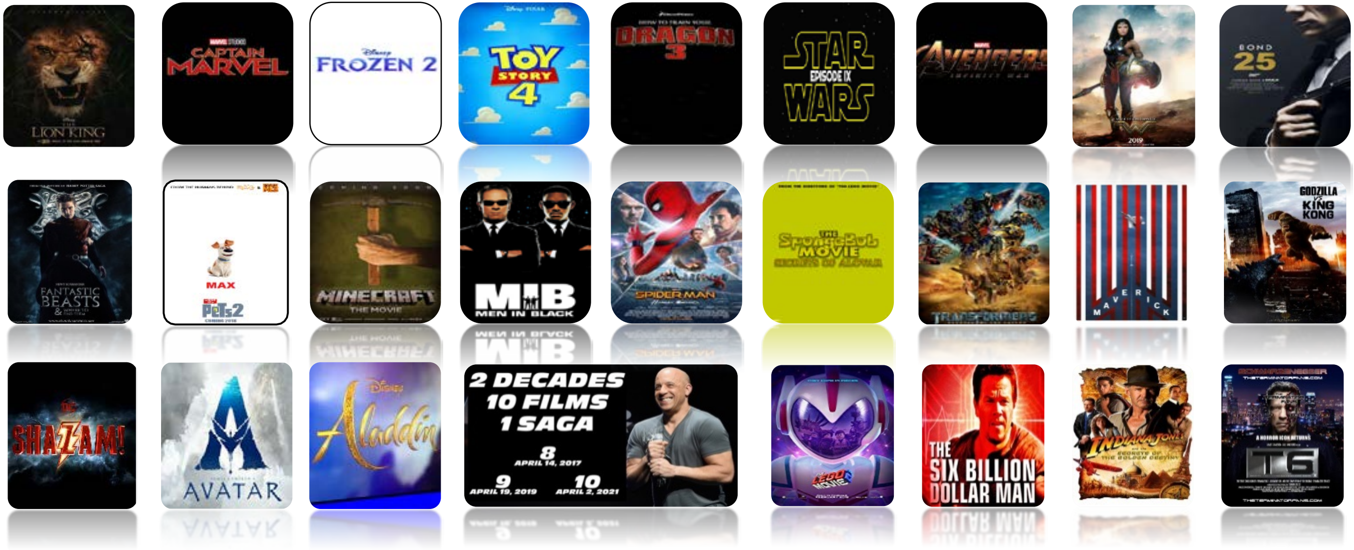
What is coming?

- 12 sites, 111 screens planned to open in H2 2018
  - 8 sites & 81 screens in the US
  - 4 sites & 30 screens in the UK
- Further refurbishments planned in the UK (4 sites) and CEE & I (1 site in Hungary)
- Plans for first cinemas refurbishments in the US progressing well
- Further integration benefits opportunities from the combination with Regal being reviewed by management
- Continued focus on customer experience to be “The Best Place to Watch a Movie”

Release Schedule: H2 2018



2019 and beyond – Key Titles



Q&A

Cineworld Group plc

Cineworld
Group plc