



Cineworld Group FY 2019

12 March 2020

Key highlights of 2019



\$4.4bn
Revenue



\$1,033m
EBITDA



275m
Admissions



\$190m
Regal synergies



787
Sites



300,000+
Members



386
Premium Formats

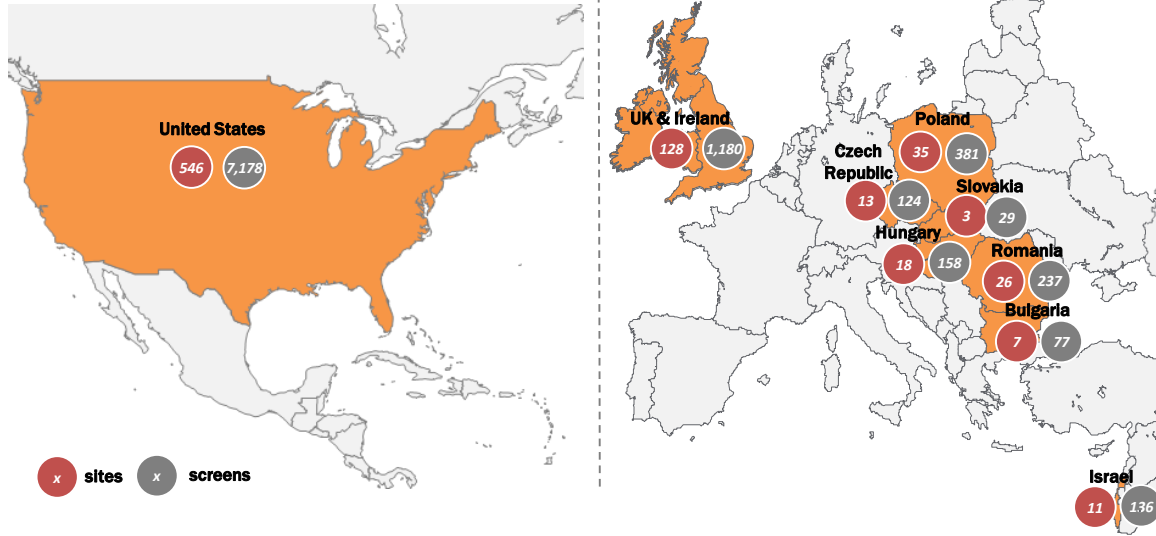


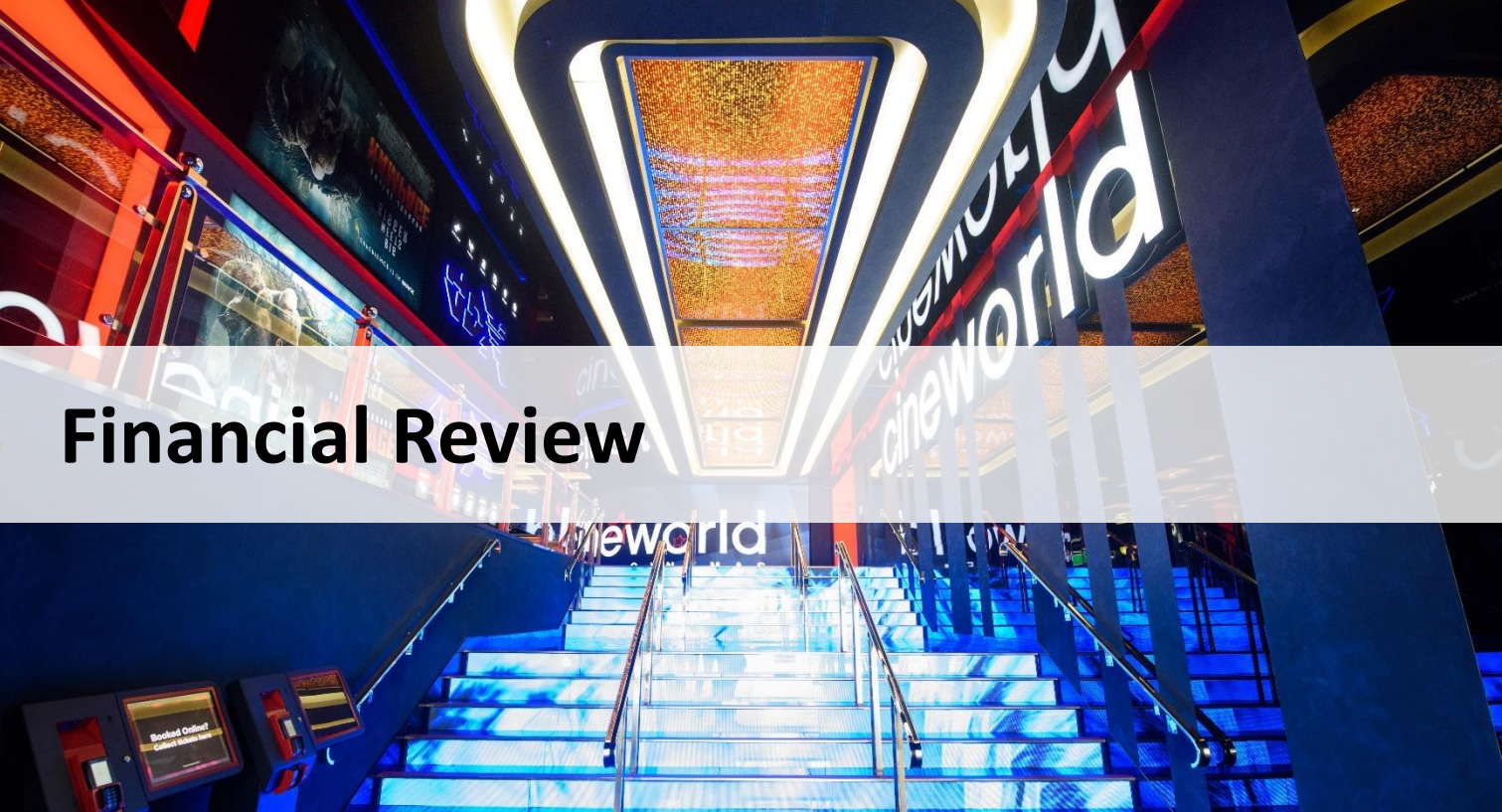
10
2019
major refurbishments

Note: Unless stated all figures are presented under IAS 17 to provide comparability following the adoption of IFRS 16 leasing standard on 1st January 2019. Movements are shown under Pro-forma basis and constant currency basis. Revenue is shown on a constant currency basis.

Cineworld Today – 787 sites and 9,500 screens

Transformative acquisition with operations in 10 countries with 787 sites and 9,500 screens





Financial Review

FINANCIALS AT A GLANCE

Admissions

275m

-10.8%

Revenue

\$4.4bn

-6.2%

Adj. EBITDA

\$1,033m

23.6% (+0.8%)

Adj. PBT

475m

+13.8%

Free Cash Flow
pre growth Capex

\$821m

Net Debt

\$3.5bn

3.4x ND/EBITDA

Adj. EPS

28.0c

+8.9%

Full year Dividend

15.5c

+3.3%

Note: Unless stated all figures are presented under IAS 17 to provide comparability following the adoption of IFRS 16 leasing standard on 1st January 2019. Movements are shown under Pro-forma basis and constant currency basis. Revenue is shown on a constant currency basis.

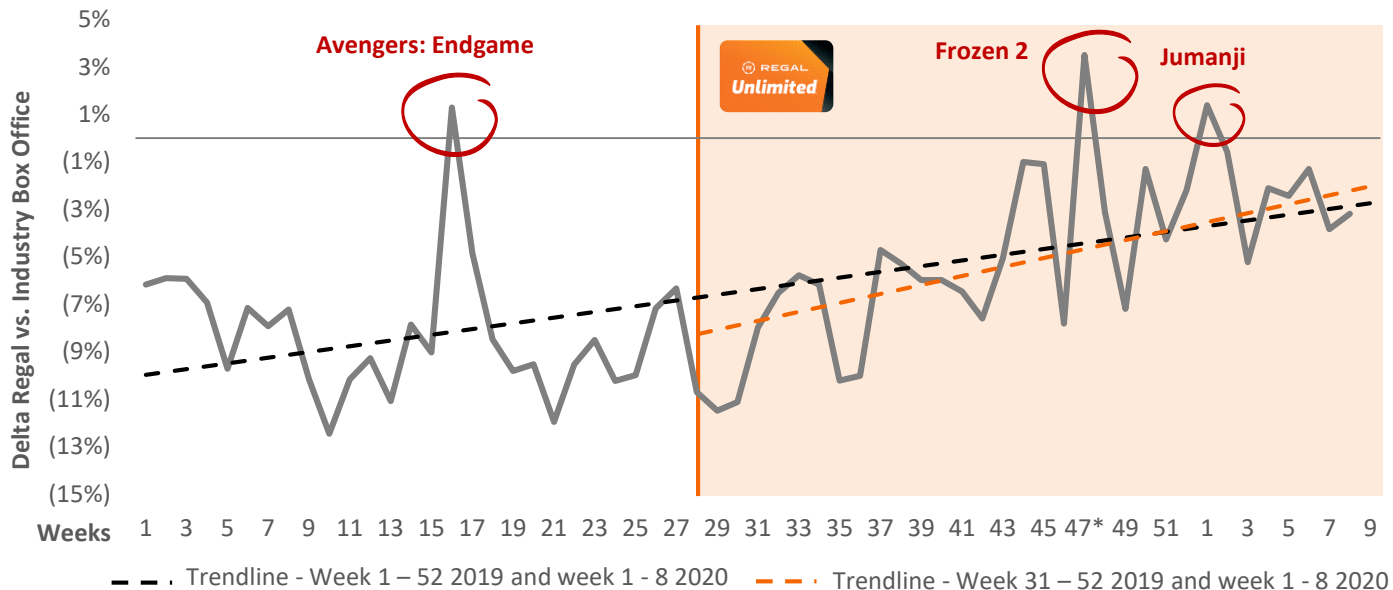
2019 Performance by Segment

	United States	UK & Ireland	ROW
Revenue:	\$3,210m -9.0%	\$648m -2.7%	\$512m +10.0%
ATP	\$10.5 +1.6%	\$8.4 +0.3%	\$5.5 +3.4%
SPP	\$5.4 +9.1%	\$3.3 +4.8%	\$2.6 +9.6%
Adj. EBITDA:	\$776m -5.0%	\$117m -7.3%	\$140m +8.5%
EBITDA margin:	24.2% +1.1%	18.0% - %	27.4% +1.0%

Note: Unless stated all figures are presented under IAS 17 to provide comparability following the adoption of IFRS 16 leasing standard on 1st January 2019. Movements are shown under Pro-forma basis and constant currency basis for revenue.

Improvement in Regal market share

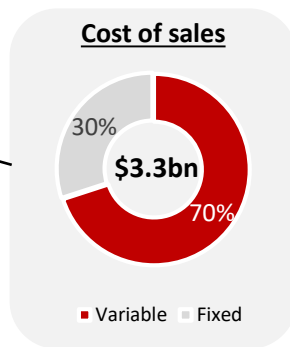
North American Market Share: Delta Regal vs. Industry Box Office



Notes: Comscore - weekend box office data.

Group Profit and Loss – Pre IFRS 16

\$m	2019	Statutory 2018
Revenue	4,369.7	4,119.1
Cost of sales	(3,280.9)	(3,125.4)
Gross profit	1,088.8	993.7
G&A	(105.8)	(100.5)
Cash generated from JV	49.6	32.2
Adjusted EBITDA	1,032.6	925.4
D&A ¹	(321.3)	(295.5)
Adj. Operating profit	711.3	629.9
Net finance costs	(236.8)	(212.9)
Adj. Profit before tax	474.5	417.0
Tax charge	(89.2)	(91.1)
Adj. Profit after tax	385.3	325.9
Adjusted diluted EPS (cents)	28.0	25.7



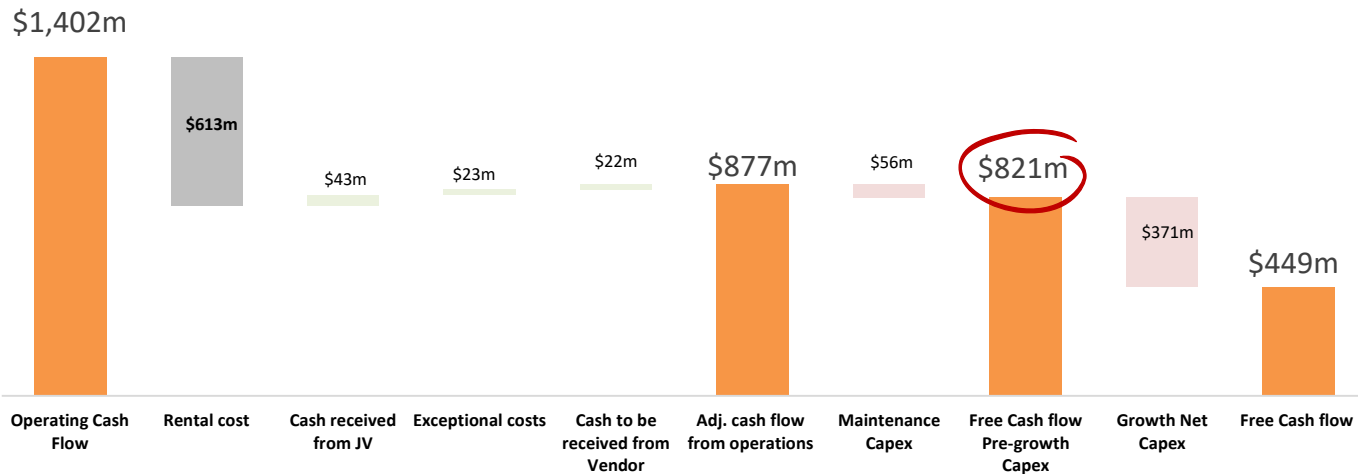
- (\$167.1m) interest on bank loans
- (\$69.7m) non-cash interest

Note: Unless stated all figures are presented under IAS 17 to provide comparability following the adoption of IFRS 16 leasing standard on 1st January 2019

1) Excludes amortisation of intangibles created on acquisition of \$27.8m

2019 Free Cash Flow

★ *Free cash flow generation of \$821m excluding growth capex*



Note: Unless stated all figures are presented under IAS 17 to provide comparability following the adoption of IFRS 16 leasing standard on 1st January 2019. Movements are shown under Pro-forma basis and constant currency basis for revenue.

2019 Capex

 **FY normalised Cash flow of \$351m**

\$m	New Sites	Refurbishment	Theatre Enhancement	Maintenance & Equipment	Digital Projector	Other	2018 Capex Recognised in 2019	Total
US	72	64	51	39	49	10	30	315
UK	49	44	4	12	-	2	6	117
ROW	2	8	2	5	-	3	3	23
Landlord contribution	-	(28)	-	-	-	-	-	(28)
Total	123	88	57	56	49	15	39	427
Adjustments	(53)	8	-	(16)	(30)	-	15	(76)
Normalised Capex	70	96	57	40	19	15	54	351

Capital allocation

1

Maintenance Capital Expenditure

2

Deleveraging

3

Dividend

4

Growth Capital Expenditure

Strong focus on deleveraging post acquisitions

CINEMA CITY

2013 PF for Cinema City acquisition

2.4x

2013 PF



1.2x

2017A

2017 PF for Regal acquisition

REGAL

4.1x

2017 PF



3.4x

2019A

4.8x

2019 PF for Cineplex acquisition

CINEPLEX

4.1x

2019A PF



Towards 3.0x

2021E

Note: Pre IFRS16 impact and excluding \$202m of dissenting shareholders
Pro forma leverage for the Cineplex acquisition includes run-rate synergies (\$130m)

● Lease adjusted net leverage

2020 Outlook

- ☆ **Solid performance year to date**
- ☆ **Additional \$40m synergies from the Regal acquisition to be achieved**
- ☆ **No material impact so far from coronavirus with robust contingency plans in place across our business**
- ☆ **Group to maintain historical dividend policy¹**
- ☆ **Proposed acquisition of Cineplex for \$2.3bn**
 - ☆ **Expected to complete in H1 2020**
 - ☆ **Expected to deliver synergies of \$130m by 2021**
- ☆ **Focus on cash generation with deleveraging profile – target of towards 3.0x by 2021 post acquisition**

1. Pre IFRS16 impact



Business Update

2019 Operational highlights



Customer Experience

- **Synergies** upgraded from \$100m at the time of the acquisition to \$190m
- **Refurbishment plan** on track – 87 landlord agreements achieved
- Strengthened our partnership with **NCM**

- **Enhanced concession offering** in the US: Lavazza coffee bars and alcohol bars (+35 locations)
- New strategic **partnership** with PepsiCo in the US
- **More Starbucks and VIP offering** in the UK and ROW

Technology and innovation

- Opened 31 **ScreenX** and 30 **4DX** screens globally
- Invested in 2,000 **next-generation laser projectors** - considerable operating savings
- Increase in **online ticket sales**

Expansion and refurbishments

- **10 sites refurbished** in 2019: 8 in the UK and 2 in the US
- **Closed 26 loss-making sites** in the US since the completion of the acquisition of Regal
- **Opened 14 cinemas**: seven in the US, five in the UK and two in ROW

2020 Priorities

★ *To be “The Best Place to Watch a Movie”*

- 1 **Continue to expand and enhance our estate**
Generate return on investment from refurbishments
- 2 **Continue to provide the best cinema experience**
- 3 **Continue to be a innovating operators**
- 4 **Continue to deliver on synergies**
Integration of Cineplex

1 Refurbishments

★ *Continued investment in our US asset*

Key Targets

20 sites to be refurbished in 2020

100 sites over next 3 years

87 agreements signed

Capex per site: \$5m - \$8m



Key assumptions post refurbishment per site

- **Admissions:** +5% to +10%
- **ATP:** +10%
- **SPP:** +10%
- **Other savings:** Maintenance
- **Landlord contribution:** \$1-\$3m



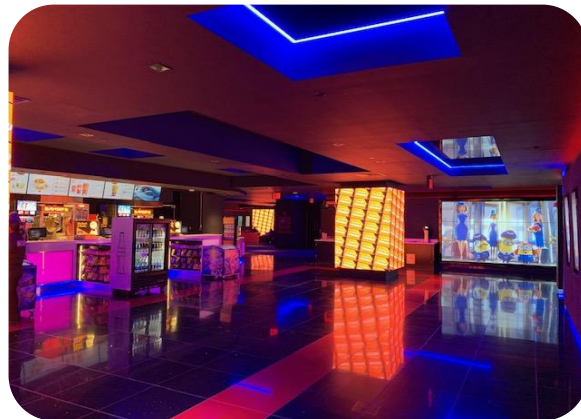
Expected Payback: 2-4 years

1 Refurbishments

BEFORE



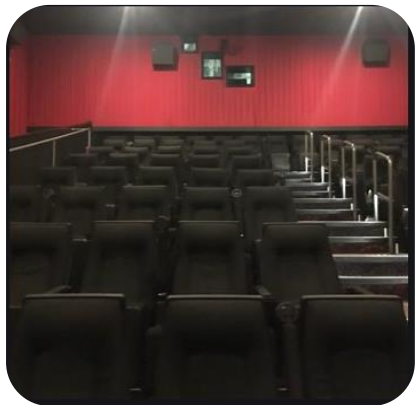
AFTER



Union Square, NY - April 2020

1 Refurbishments

BEFORE



AFTER



Union Square, NY - April 2020

1

Expansion

★ *Expand our estate in 2020 with 12 new sites and 127 screens*

United States

7
sites

90
screens

UK & Ireland

2
sites

19
screens

ROW

3
Site

18
screens



Essex, NY



York, UK



Mammut, Hungary

2

Provide the best cinema experience

★ *Further expansion of concession offerings*

 **REGAL**



**>120
Lavazza Coffee shops**

 **REGAL**



**>120
B.Fresh**

 **REGAL**



**>100
Bars**

 **cineworld**
CINEMAS



**> 50
Starbucks**

3

Be Innovating Operators

★ Continued investment in premium formats driving volume and ticket price growth

December
2019

IMAX

135

SUPER SCREEN
RPX

118

4DX

83

SCREEN X

50

Medium
Term Plans

~150

~150

~150

~150

3

Be Innovating Operators

★ *Roll out of laser projectors across the estate*



Energy saving of up to 30%
Brighter picture

significant operating cost savings

Execution of synergies

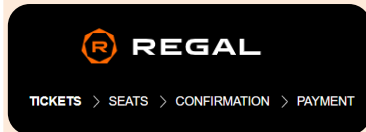
★ *\$150m synergies achieved in 2019 – additional \$40m to be achieved in 2020*



300,000+ members
EBITDA and margin accretive



Post-show advertising
Platinum spot
\$10-15m EBITDA Impact



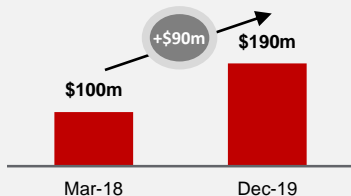
Online penetration: 40%
Online booking +14%

4 Integration of Cineplex

Regal acquisition

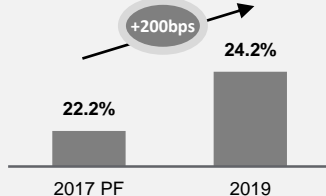
We upgraded synergy guidance...

Target combination benefits (\$m)



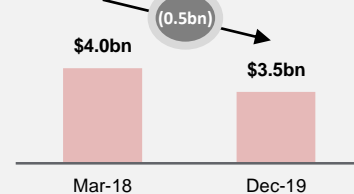
... increased US profitability...

US Adj. EBITDA margin



... and reduced leverage

Net debt (US\$bn)



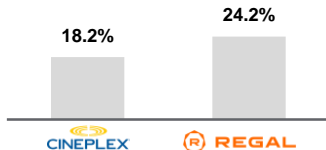
Cineplex acquisition

Significant combination benefits (US\$m)...



...improvement of Cineplex profitability...

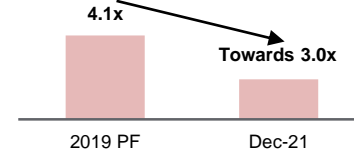
2019 EBITDA margin



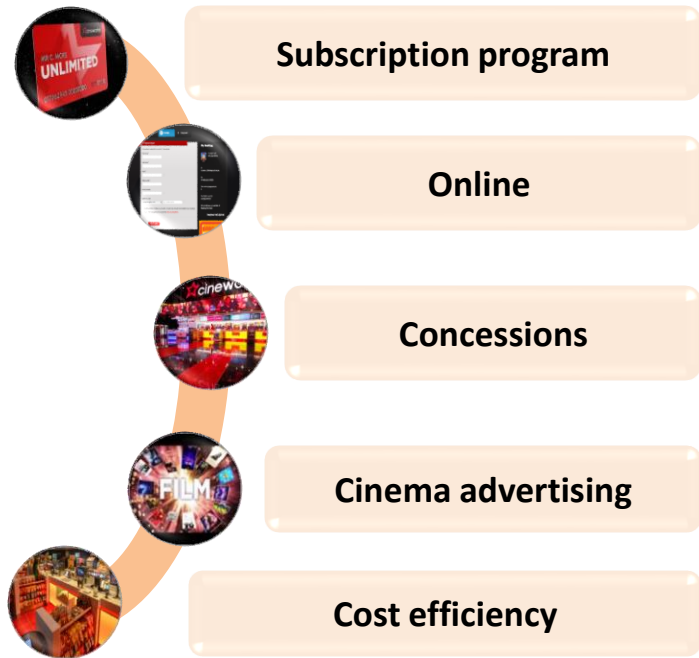
Theatre exhibition

...targeting leverage to return towards 3x

Net debt / EBITDA (pre-IFRS 16)



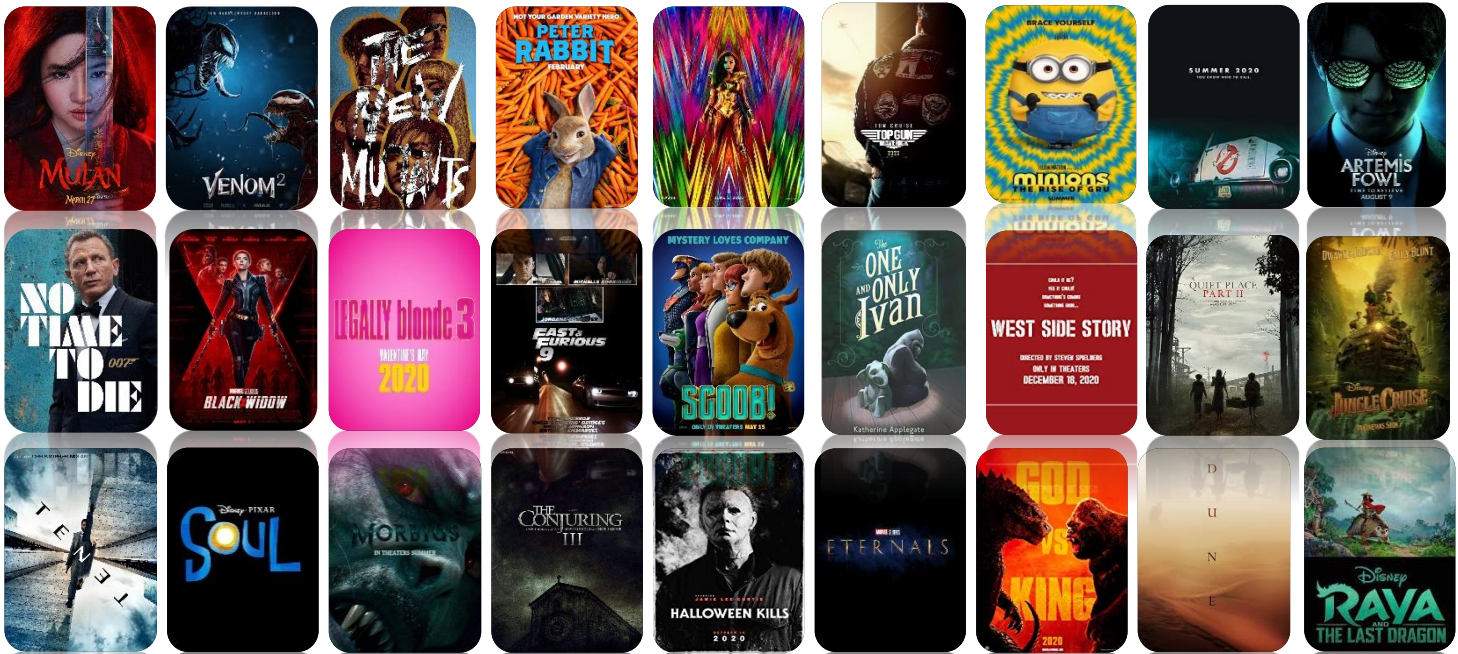
Integration of Cineplex



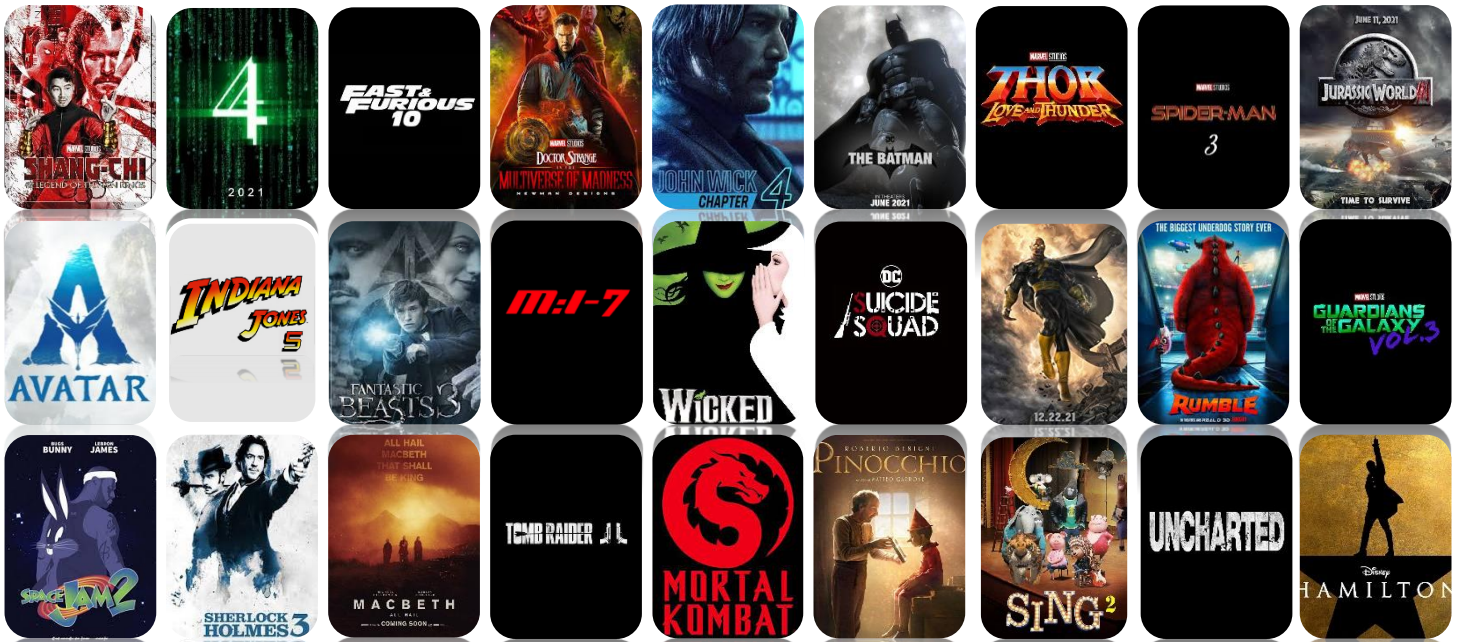
US\$130m synergies


**Double-digit accretive
to earnings and free
cash flow**

2020 film slate




2021 and beyond





Q&A



Appendix

Sites and Screens

	Sites				Screens			
	01/01/2019	Opening	Closing	31/12/2019	01/01/2019	Opening	Closing	31/12/2019
Slovakia	3	-	-	3	29	-	-	29
Romania	26	-	-	26	237	-	-	237
Poland	34	1	-	35	377	4	-	381
Israel	11	-	-	11	136	1	(1)	136
Hungary	17	1	-	18	153	5	-	158
Czech	14	-	(1)	13	133	-	(9)	124
Bulgaria	6	1	-	7	65	12	-	77
Picturehouse	24	2	-	26	81	12	-	93
Cineworld	100	5	(3)	102	1,038	67	(18)	1,087
Regal	555	7	(16)	546	7,269	77	(168)	7,178
Total	790	17	(20)	787	9,518	178	(196)	9,500

IFRS 16 Update

**No impact on
Operations**

**No impact on
Economics**

**No impact on
Cash Flow**

- ☆ Elected “modified retrospective” approach with no restatement of prior year results
- ☆ Impact on financial statements:
 - ☆ Debt and assets increase as operating leases are brought onto the balance sheet
 - ☆ Adjusted EBITDA increases
 - ☆ PBT and EPS decreases
- ☆ IFRS 16 lease adjusted leverage: 4.8x at December 2019
- ☆ Lease liabilities based on minimum rent obligations
- ☆ No change in deleveraging profile and financial plans
- ☆ No bearing on our plans or financial ambitions

IFRS 16 – Income Statement Impact

Income Statement on a adjusted basis

\$m	2019 Before IFRS 16	2019 IFRS 16 impact	2019 After IFRS 16 (statutory accounts)	2018 (statutory accounts)
Revenue	4,369.7	-	4,369.7	4,119.1
Cost of sales	(3,280.9)	545.0	(2,735.9)	(3,125.4)
Gross profit	1,088.8	545.0	1,633.8	993.7
G&A and others	(105.8)	2.7	(103.1)	(100.5)
Cash distribution from JV	49.6	-	49.6	32.2
Adjusted EBITDA	1,032.6	547.7	1,580.3	925.4
Depreciation	(321.3)	(380.7)	(702.0)	(295.5)
Adj. Operating profit	711.3	167.0	878.3	629.9
Net finance costs	(236.8)	(286.1)	(522.9)	(212.9)
Adj. Profit before tax	474.5	(119.1)	355.4	417.0
Tax charge	(89.2)	26.8	(62.4)	(91.1)
Adj. Profit after tax	385.3	(92.3)	293.0	325.9
Adjusted diluted EPS (cents)	28.0	-	21.3	25.7

IFRS 16 – Income Statement Impact

Income Statement on a statutory basis

\$m	2019 Before IFRS 16	2019 IFRS 16 impact	Profit Related to sale and leaseback	2019 After IFRS 16
Revenue	4,369.7	-	-	4,369.7
Cost of sales and other costs	(3,342.4)	547.3	-	(2,795.1)
Other income	5.3	0.4	-	5.7
Adjusted EBITDA	1,032.6	547.7	-	1,580.3
Depreciation and amortisation	(349.1)	(380.7)	-	(729.8)
Gain on sale of asset (S&LB)	80.4	-	(62.9)	17.5
Exceptional cost & other adjustments	(105.0)	(38.3)	-	(143.3)
Operating profit	658.9	128.7	(62.9)	724.7
Net finance costs	(255.6)	(286.1)	-	(541.7)
Share of profit from JV	29.3	-	-	29.3
Profit on ordinary activities before tax	432.6	(157.4)	(62.9)	212.3
Tax on profit on ordinary activities	(84.5)	36.2	16.3	(32.0)
Profit for the period	348.1	(121.2)	(46.6)	180.3
Adjustments (net of tax)	37.2	28.9	46.6	112.7
Adjusted profit after tax	385.3	(92.3)	-	293.0
Adj. EPS	28.0	-	-	21.3

2019 Impact

EBITDA	+547.7m
Depreciation	(380.7m)
Finance cost	(286.1m)
Tax & other	+26.8m
Net Impact	(92.3m)

Disclaimer

This presentation contains forward-looking statements that may or may not prove accurate. Forward-looking statements are statements that are not historical facts; they include statements about Cineworld's beliefs and expectations and the assumptions underlying them. For example, statements regarding expected revenue growth and operating margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to Cineworld as of the date of the statement. All written or oral forward-looking statements attributable to Cineworld are qualified by this caution. Cineworld does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Cineworld's expectations.

This presentation does not constitute an offer of securities by the Company and no investment decision or transaction in the securities of the Company should be made on the basis of the information contained in this presentation.



cineworld

Cineworld
Group plc