



Kinopolis Group Business Update Q1 2019 Regulatory release – 8 May 2019

After a weaker first quarter, Kinopolis is back on track thanks to ‘Avengers: Endgame’

First quarter results 2019 suffered from a lack of successful blockbusters and the difficult comparison with the strong first quarter of 2018. ‘Avengers: Endgame’ set unprecedented records over the past few weeks, offsetting the weaker first months of the year. In the first quarter, sustained investments in the ultimate movie experience resulted in a further increase in revenue per visitor in all countries, also thanks to the growing share of premium products like Laser ULTRA, 4DX and Cosy Seats. In the meantime, significant steps were taken towards the Group’s expansion with the acquisition of the Spanish El Punt cinemas, the continued roll-out of Kinopolis’ corporate strategy in Canada, and the announcement of various new greenfields.

Business highlights Q1 2019:

- ★ Finalisation of the acquisition, and start of the integration, of the El Punt cinemas in Barcelona and Alzira (Valencia).
- ★ Further investments in the ultimate movie experience with the accelerated roll-out of laser projection, the opening of various Laser ULTRA and 4DX theatres, and the roll-out of RealD 3D.
- ★ Opening of the first Laser ULTRA theatre in Canada (Shawnessy).
- ★ Agreement with CJ 4DPLEX on the opening of six ScreenX theatres.
- ★ Announcement of new greenfield projects in France (Servon) and Canada (Regina and South East Edmonton).

Financial highlights Q1 2019^{1 2}:

- ★ The number of visitors declined by 6.0% to 8.8 million due to less successful content in the first months of the year and the strong first quarter of the previous year.
- ★ Revenue per visitor increased in all countries, total revenue decreased due to the decline in visitor numbers.
- ★ Adjusted³ EBITDA⁴ (REBITDA), excluding the impact of the introduction of IFRS 16, also fell due to the decline in visitor numbers, compounded by the effect of the country mix.
- ★ Net adjusted earnings were down, as was the free cash flow (YTD), due to a lower operating result.

¹ From 1 January until and including 31 March. The first quarter of 2019 is compared with the first quarter of 2018.

² Glossary and APMs are available on the investor relations website of Kinopolis Group.

³ After elimination of non-recurring transactions.

⁴ Under IFRS, EBITDA is not recognized as an item. Kinopolis Group defined the concept by adding to the operating result the depreciations, write-downs and provisions booked and deducting any reversals or practices from the same headings.



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- ★ **Net financial debt** rose compared with 31 December 2018 due to investments in expansion, including the acquisition of El Punt, and movie experience (laser projection, 4DX, RealD 3D).

Eddy Duquenne, CEO of Kinopolis Group, on the first quarter:

“In our business, content is a determining factor. Last year we had a strong first quarter with international blockbusters like ‘Star Wars: Episode VII’, ‘Black Panther’, ‘Fifty Shades’ and ‘Jumanji’ and a number of local hit movies like ‘FC De Kampioenen’, ‘Patser’ and ‘De Buurtpolitie’ in Belgium. This has led to disappointing results in the first quarter of 2019, but then ‘Avengers: Endgame’ was released and has offset, in only two weeks, the decline recorded in the first quarter.”

The top 5 of the first quarter of 2019 were ‘Captain Marvel’, ‘How to Train Your Dragon 3’, ‘Aquaman’, ‘Qu’est-ce qu’on a encore fait au Bon Dieu’ and ‘Alita: Battle Angel’. The most successful local films were ‘Qu’est-ce qu’on a encore fait au Bon Dieu’ in Wallonia and France, ‘Nicky Larson’ and ‘Astérix: Le Secret de la Potion Magique’ in France, ‘Nachtwacht : Poort der Zielen’ in Flanders, ‘Verliefd op Cuba’ in the Netherlands, ‘Perdiendo el este’ in Spain and ‘Superjhep Retörns’ in Luxembourg.

Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	12	44	8	17	3	1	96
Q1 2019	1,84	1,99	2,56	1,09	1,08	0,24	0,03	8,82
Q1 2018	2,41	1,93	2,66	1,06	1,04	0,25	0,03	9,38
Q1 2019 vs Q1 2018	-23,5%	2,8%	-4,0%	2,7%	4,7%	-6,3%	-19,4%	-6,0%

* Operated by Kinopolis. In addition, one cinema (in Poland) is leased to third parties.
Number of cinemas at the date of publication.

Total revenue at Group level fell due to the decline in visitor numbers. Revenue per visitor rose in all countries, both in terms of sales of beverages and snacks (in-theatre sales, ITS) and ticket sales (Box Office, BO). The growing share of premium movie experiences such as Laser ULTRA, 4DX and Cosy Seats significantly contributed to the increase in **Box Office revenue** per visitor in all countries. In the first quarter of 2019, an additional number of Laser ULTRA theatres (in Almere, Braine-l’Alleud, Kortrijk and Shawnessy) and 4DX theatres (in Rocourt, Ghent and Kirchberg) were opened.

Business-to-business (B2B) revenue increased, mainly due to the Group’s expansion.

Income from real estate activities was down compared to the same period last year, due to reduced income from parking, in line with the decline in visitor numbers and a decreased variable rental income in Poland.

Adjusted EBITDA (REBITDA), excluding the impact of the introduction of IFRS 16, decreased due to the decline in visitor numbers, compounded by the effect of the country mix. The decline in visitor numbers was strongest in Belgium, where the average return per visitor is highest. Belgium’s lower share in the country mix also explains the decrease in **REBITDA per visitor**, excluding the impact of IFRS 16.

Net financial debt showed a slight increase compared to 31 December 2018 due to the acquisition of El Punt, ongoing investments in the roll-out of laser projection, 4DX and RealD 3D, the roll-out of recliner seats and the self-service shop in Canada, and investments in new construction projects.



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Key events since 1 January 2019

Acquisition of Spanish cinema group El Punt finalised

Following approval by the Spanish competition authority, Kinopolis Group has, on 28 February 2019, completed the acquisition of the 'Full' cinema complex in Barcelona and 'El Punt Ribera' in Valencia. Both cinemas were part of the El Punt cinema group, which is owned by the Sallent family.

The 'Full' megaplex in Barcelona has 28 screens with in total 2,689 seats and welcomes more than 1.3 million cinema-goers every year. The complex is rented and situated in the commercial centre 'Splau' in Cornellá de Llobregat, close to the airport and 14 km south of Barcelona.

The 'El Punt Ribera' cinema is located in a commercial district in Alzira, 44 km south of Valencia. The complex, of which the property is in ownership, has 10 screens and 2,528 seats, and attracts more than 300,000 visitors annually. The integration of 'El Punt Ribera' was completed on 26 April 2019, and the cinema was renamed 'Kinépolis Alzira'.

New, long-term partnership with RealD for 3D equipment

Kinopolis and RealD have announced a new partnership for RealD 3D equipment and 3D glasses in France, Belgium, the Netherlands, Switzerland, Spain and Luxembourg. Kinopolis will use RealD 3D equipment in all its cinemas to provide all its customers with the best 3D cinema experience. The agreement is part of a larger deal that also includes the Canadian Landmark Cinemas. RealD 3D offers maximum depth and clarity for an ultra-realistic cinema experience. RealD 3D glasses are designed to comfortably watch a movie in 3D while reducing ghosting and image blur.

Canada's first Laser ULTRA theatre in the Landmark cinema at Shawnessy

In the first quarter, Landmark Cinemas Canada renovated its cinema at Shawnessy, Calgary. Alongside the conversion of the theatres to the recliner seat concept, Canadian visitors can now for the first time also experience Kinopolis' well-known Laser ULTRA concept in one of the theatres. Laser ULTRA combines Barco's state-of-the-art laser projection with Dolby Atmos sound for a unique, immersive film experience with the best picture and sound quality.

Kinopolis to open new cinema in Servon at the end of the summer

Kinopolis will be opening a new cinema in the 'Eden' commercial zone in Servon (France) at the end of the summer of 2019. The cinema is leased and will have 9 screens with 1,208 seats. The building has already been completed and will in the coming months be outfitted and finished by Kinopolis. The new complex is part of a leisure centre with facilities for bowling, karting, fitness and numerous food establishments. Kinopolis expects to receive 400,000 visitors per year in Servon.

Landmark Cinemas working on new cinema in Regina

The opening of a new Landmark cinema in Regina, in the province of Saskatchewan (Canada), is planned for the third quarter of 2019. The cinema, which will have 8 screens and a total of 887 recliner seats, will be part of the 'Aurora' retail park, a new commercial centre offering a wide variety of entertainment, catering and shopping facilities.

Landmark Cinemas to open new cinema in South East Edmonton

Landmark Cinemas Canada and Forster Harvard Development Corp. announced that Landmark Cinemas will bring its premium recliner seating movie-going experience to the 'Grove on 17', in the south east Edmonton neighbourhood of Tamarack. Construction is scheduled to begin in August 2019, with completion in early summer 2020.



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All eight of the theatre's auditoriums feature Landmark's luxury recliner seating in a full-stadium configuration. This premium movie-going experience features a motorised, fully reclining seat with extended footrest to provide each guest with a significant increase in personal space and a relaxing, disruption-free movie experience. The new eight-screen theatre will also include Barco Laser Projection from Cinionic. Laser projection provides rich dynamic colours, superior contrast ratios and sharper images, to create an unsurpassed presentation experience.

Start construction of Landmark cinema at Calgary Market Mall

Construction of Landmark's new, premium movie theatre at CF Market Mall in Calgary has commenced on Tuesday, April 23rd. The grand opening of this new cinema complex is scheduled for December 2019. Located on the southwest corner of the centre, in the space formerly occupied by Staples, the new five-screen theatre will feature the dynamic combination of Landmark's signature recliner seating experience and Barco Laser Projection from Cinionic.

Closure Nîmes Forvm

The Forvm cinema (with 4 theatres and 464 seats) in the centre of Nîmes (France) closed its doors on 10 March 2019. Kinopolis chooses to concentrate its activities at its multiplex Kinopolis Nîmes, where visitors can enjoy maximum comfort, optimal projection quality, broad programming and numerous events, all distinctive features of Kinopolis.

Sale of Kamloops

In the course of 2018, the building in Kamloops, Canada, (with 2 theatres and 792 seats) was put up for sale. The sale was finalised on 18 April 2019 at a price of \$1.0 million (CAD).

Opening of various 4DX theatres

In the first quarter of 2019, Kinopolis again opened a number of 4DX theatres, notably at Kinopolis Rocourt and Ghent (Belgium) and at Kinopolis Kirchberg (Luxembourg). Another opening at Kinopolis Nîmes (France) is planned for the second quarter. 4DX takes the cinema experience to a four-dimensional level: visitors are not simply watching a film, they actually become part of the action. Moving seats and environmental effects such as wind, water, scents and light, perfectly synchronised with the action on the screen, ensure an unrivalled, immersive 4D film experience that stimulates all the senses.

Laser strategy progress

As part of an agreement with Barco's cinema joint venture Cinionic, concluded in June 2018, Kinopolis will install an estimated number of 300 Barco laser projectors by 2021. This number includes both installations in new cinemas to be built and replacements of older models at existing sites. Laser projectors deliver crystal-clear image quality and also consume less energy than Xenon lamp projectors. To date, approximately 150 Kinopolis screens have been equipped with Barco laser projection, including 21 Laser ULTRA theatres.

In the first quarter of 2019, Laser ULTRA theatres were opened in Almere (Netherlands), Braine-l'Alleud and Kortrijk (Belgium), and Shawnessy (Canada). Today, Kinopolis Braine-l'Alleud is the first Belgian cinema complex where all the theatres are equipped with laser projectors. Kinopolis Antwerp will also be fully equipped with laser projection by the end of May.

Kinopolis and CJ 4DPLEX close international ScreenX deal

In early April 2019, Kinopolis closed a deal with CJ 4DPLEX, a leading global player in cinema technology, to open six ScreenX theatres, starting in 2019. ScreenX is the world's first multi-projection cinema



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technology, designed to take the cinema experience to the next level. Using its own, exclusive system, ScreenX allows the audience to go beyond the frame of the traditional movie screen. ScreenX fits in with the continued diversification of the Kinopolis range in order to optimally meet the expectations of different target groups.

Further developments regarding the relaxation of the behavioural conditions imposed on Kinopolis Group

After the annulment, for procedural reasons, by the Court of Appeal in Brussels on 21 November 2018 of the decision by the Belgian Competition Authority (BCA) of 26 April 2018, which eased the behavioural conditions imposed on Kinopolis Group as of 26 April 2020, the aforementioned Authority has issued a new decision on 25 March 2019.

Although the Court of Appeal in Brussels had ordered the BCA to review its decision purely on procedural grounds, the BCA has decided to tighten its decision previously taken, as only the opening of new cinema complexes with seven or fewer screens and with a maximum of 1,125 seats will be no longer subject to its prior approval. An additional condition stipulates that new cinema complexes may not be located within a 10 km radius of another Kinopolis complex, whether existing or to be build. The revised conditions took effect from 25 March 2019. Kinopolis has lodged an appeal against the ruling of the Court of Appeal.

Line-up

The latest blockbusters include 'Avengers: Endgame', 'Dumbo' and 'Pokémon Detective Pikachu'. Other box-office hits in 2019 include: 'Aladdin', 'Toy Story 4', 'Men in Black: International', 'Rocketman', 'Once Upon a Time in Hollywood', 'Spider-man: Far From Home', 'Fast and Furious presents: Hobbs & Shaw', 'The Lion King', 'It: Chapter Two', 'Frozen 2', 'The Good Liar' and 'Star Wars: Episode IX'. The local films on offer are also promising and include 'FC De Kampioenen 4: Viva Boma' and 'De Buurtpolitie 3' in Belgium, 'Nous finirons ensemble' in Wallonia, Luxembourg and France, and 'Hors Norme' in France. The alternative programme features opera and ballet performances, as well as art exhibitions and concerts.

Financial calendar

Wednesday, 8 May 2019
Tuesday, 14 May 2019
Thursday, 22 August 2019
Thursday, 14 November 2019
Thursday, 20 February 2020

General meeting
Payment of dividend
Half-year results 2019
Business update third quarter 2019
Annual results 2019

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About Kinopolis

Kinopolis Group NV was formed in 1997 as a result of the merger of two family-run cinema groups and was listed on the stock exchange in 1998. Kinopolis offers an innovative cinema concept which serves as a pioneering model within the industry. In addition to its cinema business, the Group is also active in film distribution, event organization, screen publicity and property management.

In Europe, Kinopolis Group NV has 53 cinemas spread across Belgium, the Netherlands, France, Spain, Luxembourg, Switzerland and Poland. Since the acquisition of the Canadian movie theatre group 'Landmark Cinemas' in December 2017, Kinopolis also operates 44 cinemas in Canada.

In total, Kinopolis Group currently operates 97 cinemas (45 of which it owns) worldwide, with a total of 884 screens and more than 175,000 seats. Including the acquired Canadian organization, Kinopolis now employs 3,800 people, all committed to giving millions of visitors an unforgettable movie experience. More information on www.kinopolis.com/corporate.