



Kinopolis Group Business Update Q3 2020 Regulatory release -30 October 2020

Kinopolis stands strong amid COVID-19 crisis

Kinopolis restarted its activities in almost all countries at the beginning of the summer after it was forced to close all cinemas in mid-March as a result of the COVID-19 outbreak. On 1 July, all European cinemas were open to the public again. Most cinemas in Canada were able to reopen during the course of July. The MJR complexes, Kinopolis' cinemas in the US (Michigan), remained closed until 9 October. Earlier this week, all Belgian and French cinemas have been closed again. Also, the cinema in Granada (Spain) and 8 Canadian cinemas are currently closed, including in Ontario due to COVID-19 restrictions.

In each country, the operation of the cinemas has been subject to significant, constantly changing capacity restrictions since reopening, as well as other measures to protect the health of staff and visitors. These measures have a direct impact on cinema attendance, in addition to the indirect effect of the global market situation and the associated postponed releases of blockbusters.

Despite the lack of Hollywood content - which under normal circumstances accounts for 80% of turnover - and the drastic COVID-19 measures in all markets, visitor numbers are encouraging. The only blockbuster in the third quarter 'Tenet' did particularly well, and smaller titles tend to do better than in normal conditions due to the absence of competition.

In this context, Kinopolis continues to work on the planned new construction projects and on the further development of innovative ideas, in addition to a constant focus on cost control in order to limit the loss of cash in a controlled manner. Even in the event of a worldwide closure, the available financial resources are sufficient to meet all of the Group's commitments for 12 months, without additional measures.

Key figures¹ for the third quarter 2020²

- ★ Kinopolis received **2.4 million** visitors in the third quarter, or a quarter of last year's visitors, due to the impact of the coronavirus measures and the postponement of international blockbusters.
- ★ **Total revenue** fell less sharply in all countries than the visitor numbers.
- ★ The **adjusted EBITDA** was positive thanks to the cost control measures taken.
- ★ **Net profit** was negative due to the lower operating result, the depreciation associated with owned property and financial expenses, somewhat offset by a tax asset.
- ★ **Free cash flow** in the third quarter amounted to € -5.6 million.
- ★ The **net financial debt**, excluding lease liabilities, increased from € 462.8 million to € 478.9 million compared to 30 June 2020; this is due to the negative free cash flow combined with investments in the construction of new complexes.

¹ Glossary and APMs can be found on the investor relations website of Kinopolis Group.

² Figures from 1 July up to and including 30 September 2020, compared to the same period the previous year.



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- ★ At the end of September, available financial resources amounted to € 127.3 million.

Important realisations

- ★ Successful 'Kinopolis on Tour' drive-in cinema campaign in Belgium.
- ★ Opening of a new cinema in Haarlem, the Netherlands.
- ★ Progress of construction works in Leidschendam (NL), South East Edmonton (CA) and Metz (FR) on track.

Eddy Duquenne, CEO Kinopolis Group: "This global crisis is hitting us hard both directly and indirectly, on the one hand because of the restrictive measures inside our cinemas and, on the other, because almost all blockbusters have been postponed. I remain positive about the future, as we are seeing that many movie lovers keep coming in spite of everything and feel safe inside the cinema. The fact that the studios are constantly postponing the vast majority of their films until a moment when they can secure their income, proves the importance and value of a cinema release. We are currently in pause mode, but the intermission of 'this film' is lasting longer than foreseen. Fortunately, Kinopolis is in good financial shape."

Notes

Kinopolis welcomed a quarter of the number of visitors in the third quarter (24.1%) compared to the same period last year. If we only consider the cinemas that were open throughout the third quarter, they welcomed 26.7% of the visitors compared to the same period last year. The visitor trend, at Group level, rose from 16% in July to 32% in September, which can be attributed to the release of 'Tenet' in late August, the success of some smaller or local productions, and the influence of the weather at the start of the autumn season. Given the fact that 80% of turnover is generated by Hollywood blockbusters under normal circumstances - which cinemas had to miss out on last quarter - this is a rather encouraging trend. Thanks to 'Tenet', up to 70% of the planned total visitor numbers were realised on certain days, driven by just one film. Moreover, 86% of customers³ indicated, after their visit, to be satisfied or extremely satisfied with the safety measures applied in the light of the COVID-19 pandemic.

In recent weeks, additional measures have been introduced in almost all countries as a result of the re-increasing spread of the virus, including the closure of the Belgian and French cinemas and a ban on the sale of drinks and snacks in some countries. The evolution of the attendance rate therefore remains uncertain in the short term, despite the favourable influence of the weather during the winter months and a larger number of film releases that have been announced.

The top 5 of the third quarter 2020 was made up of 'Tenet', 'Padre no hay más que uno 2: la llegada de la suegra', 'Scoob', 'Greenland' and 'Unhinged'. The most successful local films were 'Padre no hay más que uno 2: la llegada de la suegra' in Spain, 'Bigfoot Family' in Belgium, 'Les Blagues de Toto' and 'Divorce Club' in France and 'Alles is zoals het zou moeten zijn' as well as 'Piraten van Hiernaast' in the Netherlands.

³ Source: Customer Satisfaction Index (CSI), the permanent customer satisfaction survey in all European Kinopolis cinemas.



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Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	United States	Luxembourg	Switzerland	Total
Number of cinemas*	11	13	46	8	18	10	3	1	110
YTD Q3 2020	2,11	1,83	2,41	1,32	1,63	0,98	0,24	0,03	10,55
YTD Q3 2019	5,52	5,29	8,61	4,39	3,18		0,68	0,08	27,74
YTD Q3 2020 vs YTD Q3 2019	-61,8%	-65,4%	-72,0%	-70,0%	-48,7%		-64,3%	-60,0%	-62,0%

Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	United States	Luxembourg	Switzerland	Total
Number of cinemas*	11	13	46	8	18	10	3	1	110
Q3 2020	0,50	0,54	0,42	0,39	0,50		0,06	0,01	2,41
Q3 2019	2,05	1,71	3,13	1,70	1,19		0,23	0,03	10,03
Q3 2020 vs Q3 2019	-75,7%	-68,8%	-86,5%	-76,8%	-58,1%		-74,0%	-68,0%	-75,9%

* Operated by Kinepolis. In addition, one cinema (in Poland) is leased to third parties.
Number of cinemas at 30/09/2020.

Total revenue has decreased less compared to the decrease in visitor numbers. Revenue per visitor from ticket sales (Box Office), as well as revenue from beverage and snack sales (In-Theatre Sales) showed a slight decrease, due to the lack of blockbusters and the consequential drop in sales of 3D and premium experiences. ITS revenue per visitor decreased due to assortment restrictions and the lack of so-called 'popcorn content'. Since the reopening, ITS revenue per visitor did show a positive trend during the quarter, to return to last year's level in October (this of course applies to the period prior to the sales ban on drinks and snacks in a number of countries).

Revenue from nearly all other business lines fell less sharply than the number of visitors.

Revenue from **B2B activities** and **screen advertising** were strongly impacted by the COVID-19 pandemic, in part due to a strong decrease in the number of events.

Income from **real estate activities** was also under pressure due to the impact of the COVID-19 crisis on the hospitality industry.

Despite the sharp drop in revenue, **EBITDA** was positive in the third quarter thanks to all cost control measures that were taken.

Free cash flow at the end of the third quarter amounted to € -5.6 million (€ -1.87 million on average per month), a loss that is considerably lower than the cash burn if the cinema complexes had been forced to remain closed (€ -5.8 million per month).

An amount of € 10.8 million was invested in the third quarter, of which € 10.2 million went to new construction projects and internal expansion, and € 0.6 million to maintenance.

As stated earlier, the **net financial debt**, excluding lease liabilities, increased from € 462.8 million to € 478.9 million compared to 30 June 2020. This is due to the negative free cash flow combined with investments in the construction of new complexes.



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COVID-19 impact and measures

The strategy and nature of the company, characterised by maximum cost variability, a solid real estate position, with a large proportion of cinema real estate owned, a decentralised organisation and a facts-and-figures driven corporate culture, help Kinopolis Group to manage this crisis optimally and contain its impact.

Kinopolis will continue to take all measures necessary to further reduce the impact at all cost levels, including the fixed costs and outgoing cash flows. All investments that were not urgent or to which no commitment had yet been made, have been stopped. The ongoing investments in new construction projects to which a commitment had already been made are continuing as planned.

At the start of the COVID-19 pandemic, Kinopolis had a cash position of almost € 190.0 million. At the end of September, Kinopolis still had € 127.3 million in cash and unused available credit lines. Thanks to the measures taken, Kinopolis therefore has ample liquidity to deal with this crisis for a considerable period of time. In recent years, Kinopolis has pursued a cautious financial policy. This has resulted in an average term of nearly five years of the outstanding financial liabilities. The next major repayment of its bonds will not take place until 2022. Kinopolis also has a strong and healthy balance sheet with a substantial real estate portfolio.

Key events since 1 July 2020

Successful 'Kinopolis on Tour' drive-in campaign

Kinopolis launched the 'Kinopolis on Tour' drive-in cinema concept in Belgium at the beginning of the summer. Over the whole summer period, 'Kinopolis on Tour' visited various locations to allow visitors to enjoy a film on the largest mobile LED screen in the world from the comfort of their car. 'Kinopolis On Tour' hosted more than 16,000 cars this summer, spread over ten different locations.

Opening of Kinopolis Haarlem

Kinopolis has opened a new cinema in the Schalkwijk centre in Haarlem (NL) on 8 October 2020. The cinema has 6 screens and 937 seats, and all screens are equipped with laser projection, including one with Laser ULTRA technology. The opening of a new cinema fits in with the redevelopment of the Schalkwijk centre. The project for the new cinema in Haarlem was acquired by Kinopolis as part of the acquisition of NH Bioscopen in January 2018.

Progress on 'Mall of the Netherlands' new-build project

Kinopolis also plans to open a new cinema as part of the 'Mall of the Netherlands' project in Leidschendam. The 'Mall of the Netherlands' is a project by Unibail-Rodamco, in which the Leidsenhage shopping centre will be transformed into the largest shopping centre in the Netherlands. The cinema will have 11 screens, and Kinopolis expects to receive about 500,000 visitors a year. The opening of this new cinema is scheduled for the first quarter of 2021.

Progress on Metz Waves new-build project

In 2021, Kinopolis plans to open a new cinema in the Waves-Actisud commercial centre in Moulins-lès-Metz, France. The cinema will have 6 screens and around 900 seats. Kinopolis expects to receive approximately 300,000 visitors per year in this new French cinema.



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Progress on South East Edmonton new-build project

Landmark Cinemas Canada and the Forster Harvard Development Corp. announced in 2019 that Landmark Cinemas is bringing its premium 'recliner' cinema experience to the 'Grove on 17' site in the Tamarack region in south-eastern Edmonton, Canada. All eight film theatres will be equipped with the Landmark luxury 'recliner' seat concept in a full stadium layout. The new eight-screen cinema will be fully equipped with Cinionic Barco laser projection and will also have a 'MarketPlace' shop, in line with the well-known Kinopolis shop concept. The opening is scheduled for December of this year.

Line-up

The most successful films at the moment are 'Tenet', 'Trolls World Tour', 'After We Collided' and 'Honest Thief'. The following blockbusters are due to hit cinemas later this year: 'The Craft: Legacy', 'The Witches', 'Death on the Nile', 'Free Guy', 'The Croods 2' and 'Wonder Woman 1984'. The local film programme includes the titles '30 jours max' and 'Les Tuches 4' in France and Wallonia, 'Rookie' and 'K3: Dans van de Farao' in Flanders, 'De Club Van Sinterklaas', 'De Oost', 'Soof 3' and 'Expeditie Vos' in the Netherlands, and 'Sentimental', 'El Verano que Vivimos', and 'Mamá o Papá' in Spain. Live opera and ballet will be complemented by art, sports and concerts.

Financial calendar

25 February 2021
12 May 2021
12 May 2021

Annual results 2020
Business Update Q1 2021
General Meeting

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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 56 cinemas spread across Belgium, the Netherlands, France, Spain, Luxembourg, Switzerland and Poland. Since the acquisition of Canadian movie theatre group Landmark Cinemas and American movie theatre group MJR, Kinopolis also operates 45 cinemas in Canada and 10 in the US.

In total, Kinopolis Group currently operates 111 cinemas worldwide, with a total of 1,081 screens and almost 200,000 seats. Kinopolis employs 4,600 people, all committed to giving millions of visitors an unforgettable movie experience. More information on www.kinopolis.com/corporate.