



Kinopolis Group

Business Update Q3 2016

Regulatory release - 17 November 2016

Third quarter 2016¹

The continuous implementation of the strategic pillars led to a further rise in revenue per visitor and a further improvement in operating efficiency in the third quarter of 2016. The expansion is going according to plan. The contribution of the acquired and new cinemas to the Group's turnover and EBITDA growth rose. A less successful film offer and less favourable weather exerted downward pressure on visitor numbers in virtually all countries. As such, the rise in the total number of visitors in the third quarter is entirely due to the expansion of the Group.

Key figures Q3:

- ★ A 9.5% rise in **visitor numbers** to 5.3 million, due to the expansion of the Group. Visitor numbers to the end of the third quarter (YTD) rose by 12.9% to 16.6 million.
- ★ Turnover outpaced visitor numbers, thanks to the **higher revenue per visitor**.
- ★ **Current² EBITDA³** rose, as a total and per visitor, thanks to the further improvement of operating efficiency and the increased contribution of acquired and new cinemas.
- ★ **Net current profit** fell, due to higher write-downs, higher financial charges and an increased tax burden. However, **net profit** was significantly higher due to the positive impact of the sale of Utopolis Belgium.
- ★ **Free cash flow** (YTD) was higher, thanks to a positive working capital effect, in spite of higher maintenance investments and a higher interest payment.
- ★ **Net financial debt** fell compared to 30 June 2016, due to the revenue from the sale of Utopolis Belgium and the positive working capital effect.

From 1 July to 30 September 2016, Kinopolis Group welcomed 5.3 million visitors, 9.5% more than in the same period the previous year. This rise is almost entirely due to the addition of the French, Luxembourg and Dutch Utopolis cinemas in November 2015, the opening of Kinopolis Dordrecht and Breda (the Netherlands), and the acquisition of a cinema in Rouen (France) earlier this year. When the expansion is excluded, visitor numbers fell in all countries except Spain. The fine summer weather and the less successful film offer, especially in July and September, meant that the strong third quarter of 2015, with 'Minions' and 'Jurassic World', could not be matched.

The top five in the third quarter of 2016 were 'Suicide Squad', 'Finding Dory', 'The Secret Life of Pets', 'The Legend of Tarzan' and 'Ice Age: Collision Course'. The most successful local films were 'Camping 3' in France and 'Heroes wanted' in Spain.

¹ From 1 January through 30 September. The third quarter of 2016 is compared to the third quarter of 2015.

² After eliminating non-current transactions.

³ EBITDA is not a recognized IFRS term. Kinopolis Group NV has defined this concept by adding depreciations, amortizations and provisions to the operating profit and subtracting any reversals or uses of the same items.



Kinepolis Group Business Update Q3 2016 Regulatory release - 17 November 2016

Visitors (in millions)	Belgium	France	Spain	Nether- lands	Luxem- bourg	Switzer- land	Total
Number of cine- mas*	11	10	5	15	3	1	45
Q3 2016	1.8	1.5	1.0	0.7	0.2	0.03	5.3
Q3 2015	2.1	1.4	1.0	0.3	0.0	0.03	4.9
Q3 2016 vs. Q3 2015	-10.7%	+4.4%	+0.4%	+124.1%	+100.0%	-3.7%	+9.5%

(*) Operated by Kinepolis. Another two cinemas (in Belgium and Poland) are leased to third parties.

Total revenue increased faster than visitor numbers, particularly due to the higher revenue per visitor in all countries, with regard to both ticket sales (Box Office, BO) and sales of beverages and snacks (in-theatre sales, ITS). **Box Office revenue** rose due to more alternative content and higher sale of 3D. **In-theatre sales** rose due to an increase of the number of products sold per visitor.

Business-to-business (B2B) revenue rose, due to more events and higher revenue from the sale of vouchers and advertising in the cinema.

Real estate revenue also increased compared to the same period last year, due to the expansion, higher parking revenue and more revenue from concessions operated by the company.

Kinepolis Film Distribution (KFD) reported better results than in the third quarter of 2015, thanks to a number of successful releases, including 'Mechanic: Resurrection' and 'Dirty Grandpa'.

Brightfish experienced a less strong quarter, with a fall in revenue due to fewer national campaigns and a low average campaign budget.

Current EBITDA was higher than in the same period last year. Current EBITDA per visitor also rose, thanks to the further successful implementation of efficiency-raising measures and the higher sales per visitor, in spite of a negative impact due to the changed country mix, with a lower share for Belgium.

Net financial debt fell compared to 30 June 2016, due to the revenue from the sale of Utopolis Belgium and a positive working capital effect.



Kinopolis Group

Business Update Q3 2016

Regulatory release - 17 November 2016

Important events since 30 June 2016

Opening of Kinopolis Breda, Europe's first all-laser cinema

Kinopolis Breda (the Netherlands) opened to the general public on 1 August 2016. The cinema has 10 screens and 1,727 seats and is part of the 'Breepark' event area. Kinopolis targets 450,000 visitors per year in Breda. Kinopolis Breda is the first cinema in Europe to be exclusively equipped with laser projectors. One Barco Flagship laser projector and nine Barco laser phosphor projectors ensure superior quality in every theatre. In the 'Laser ULTRA' theatre, Barco's flagship laser projector is combined with the immersive Dolby Atmos sound system.

Kinopolis sells Belgian Utopolis cinemas and completes acquisition of the Utopolis group

On 30 September 2016, Kinopolis Group sold the four Belgian Utopolis cinemas in Aarschot, Lommel, Mechelen, and Turnhout to the French group UGC.

On 9 November 2015, Kinopolis Group reached an agreement with the shareholders of Utopia SA for the takeover of the Utopolis group for a total takeover sum of 66 million euros in terms of enterprise value. The takeover included five cinemas in the Netherlands (Almere, Den Helder, Oss, Zoetermeer, and Emmen), three in the Grand Duchy of Luxembourg (two in Luxembourg City and one in Esch-sur-Alzette), one in France (Longwy), and four in Belgium. The takeover of the cinemas in Belgium remained subject to the approval of the Belgian Competition Authority (BCA). On 25 March 2016, the BCA approved the acquisition of the Belgian Utopolis cinemas on the condition that the complexes in Mechelen and Aarschot were resold with a view to their further exploitation. Following this decision, on 14 April 2016, Kinopolis Group took over the Belgian Utopolis cinemas, which, since then, have continued to operate in accordance with the conditions imposed by the BCA. Kinopolis then opted to sell all Belgian Utopolis activities to UGC for an enterprise value of 36.2 million euros.

With the sale of the four Belgian Utopolis cinemas, Kinopolis Group has completed the takeover process of the Utopolis group (Utopia SA).

Kinopolis Jaarbeurs to open first six halls on 14 December

Kinopolis Jaarbeurs (Utrecht, the Netherlands) opens six halls on 14 December 2016. The opening in December is a partial opening; the rest of the 14 halls will open gradually until the cinema is completed in February 2017 and can run on full capacity. 'Rogue One: A Star Wars Story' is the first film which the public can see in the brand new cinema on the Jaarbeursplein.

With 14 screens and about 3,300 seats, Kinopolis Jaarbeurs will be the biggest cinema in Utrecht and one of the biggest in the Netherlands. All cinema rooms will have laser projection, ensuring razor-sharp image quality in every room. Kinopolis Jaarbeurs will be the second all-laser cinema in the Netherlands, after Kinopolis Breda. For visitors looking for an even more intense movie experience there is also a 'Laser ULTRA' theatre.

Kinopolis to open new cinemas in Granada (Spain) and Fenouillet (France)

On 23 November 2016, Kinopolis will open a cinema in the brand-new 'Nevada' shopping centre in Armilla, in the southwest of Granada. The cinema will have eight screens, all equipped with laser projectors, and 1,693 seats. It is Spain's first all-laser cinema and it targets 400,000 visitors per year. Kinopolis already has a cinema with 15 screens and 4,600 seats in Granada. This brand-new second complex will enable Kinopolis to strengthen its position in the region and offer the unique Kinopolis cinema experience to an even wider audience.



Kinopolis Group Business Update Q3 2016 Regulatory release - 17 November 2016

In late December 2016, Kinopolis will also open its cinema to the public in Fenouillet, near Toulouse. The eight-screen, 1,100-seat cinema will be part of 'La Galerie Espaces Fenouillet', the new shopping and recreation centre in the north of Toulouse. The cinema in Fenouillet is the first in France to be fully equipped with laser projectors. It will also have a 'Laser ULTRA' screen, providing an even more intense film experience.

Kinopolis re-opens IMAX theatre in Brussels

Kinopolis Group and IMAX Corporation are working on the opening of a 400-seat IMAX theatre with 4K laser projection in Kinopolis Brussels. IMAX with laser will offer film lovers in Brussels the sharpest, clearest and most lifelike digital images on a screen of 532 m², combined with an unparalleled immersive audio experience. The opening is planned for 14 December, to coincide with the release of 'Rogue One: A Star Wars Story', the first film that will be shown there. Kinopolis is convinced that IMAX next-generation laser projection, combined with blockbusters adapted to the IMAX format, will provide Belgian film lovers with an additional, exclusive movie experience.

New Kinopolis website

Kinopolis launched a new website in Belgium, France, Spain, the Netherlands and Switzerland at the beginning of July. The new website has been given an updated look and a responsive design for smartphones and tablets, while also taking more account of the diversity of the Kinopolis offer. This offer is presented in a more structured way to help customers find their way easily. The various aspects of the 'My Kinopolis' profile are also integrated better to personalize the web experience. The website will be complemented with new mobile apps in the near future.

Biggest Belgian film premier at Kinopolis Antwerp

Kinopolis Antwerp hosted the premier of 'De Premier' on Wednesday 19 October. It was the first time that an entire Kinopolis cinema was devoted to a single Flemish film. Almost 8,000 film-lovers watched Erik Van Looy's new film across 24 screens. A 270 m² red carpet, the longest ever seen at a Belgian film premier, was rolled out especially for the event. In the meantime, 'De Premier', distributed by Kinopolis Film Distribution, attracted more than 250.000 visitors.

Line-up

Current hits are 'Inferno', 'The Girl on the Train', 'Trolls', 'Doctor Strange', 'The Accountant' and 'Miss Peregrine's Home for Peculiar Children'. Hits in the making include 'Jack Reacher: Never Go Back', 'Fantastic Beasts and where to find them', 'Moana', 'Rogue One: A Star Wars Story', 'Allied', 'Passengers' and 'Assassin's Creed'. The local film programme is also promising, including 'De Premier', 'De Buurtpolitie' and 'Pippa' in Flanders, 'Radin' and 'Papa ou Maman 2' in France, 'Que Dios nos perdone' and 'Villaviciosa' in Spain, and 'Prooi' and 'Soof 2' in the Netherlands. The alternative program of opera and ballet is complemented with art exhibitions ('Exhibition on Screen') and concerts.

Financial calendar

Thursday 16 February 2017
Wednesday 10 May 2017
Wednesday 10 May 2017

Annual results 2016
Business update first quarter 2017
Shareholders' meeting



Kinopolis Group
Business Update Q3 2016
Regulatory release - 17 November 2016

Contact

Kinopolis Press Office
+32 (0)9 241 00 16
pressoffice@kinopolis.com

Kinopolis Investor Relations
+32 (0)9 241 00 22
investor-relations@kinopolis.com

About Kinopolis

Kinopolis Group NV was formed in 1997 as a result of the merger of two family 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. Kinopolis Group NV has 47 cinemas spread across Belgium, the Netherlands, France, Spain, Luxembourg, Switzerland and Poland. In addition to its cinema business, the Group is also active in film distribution, event organization, screen publicity and property management. 2,300 employees are committed each day to providing millions of cinema visitors an unforgettable movie experience.

