



## Kinopolis Group Business Update Q3 2014 14 November 2014

### Regulatory release

Highlights YTD Q3<sup>1</sup> and Q3 2014<sup>2</sup>, always compared to the corresponding period in 2013

- ★ Through to the end of the third quarter of 2014, Kinopolis welcomed 13.5 million visitors, 7.7% more than the previous year.
- ★ In the third quarter, 4.7 million visitors came to Kinopolis, a rise of 12.2% compared to the prior year. This increase is mainly the consequence of the acquired cinemas in Spain and the Netherlands, the poor July and August weather in Belgium and France and the success of local and international films in France at that moment. The World Cup Football in the first half of July, the nice September weather in Belgium and France and the consequences of the continuing economic crisis in Spain somewhat limited the increase.
- ★ In the third quarter, box office revenue increased faster than visitor numbers.
- ★ In-theatre sales<sup>3</sup> (ITS) increased in Q3, both per visitor and overall.
- ★ Total revenue of advertising agency Brightfish fell in Q3.
- ★ Business-to-business revenue increased in Q3.
- ★ Real estate revenue increased in Q3, as a consequence of the purchase of the cinema building Toison d'Or in Brussels (Belgium), which is leased.
- ★ Current<sup>4</sup> EBITDA<sup>5</sup> increased YTD Q3 and in Q3. The current EBITDA per visitor decreased slightly due to the addition of leased complexes in Spain and the Netherlands.
- ★ The net financial debt increased compared to 30 June 2014, as a consequence of the acquisition of the Dutch Wolff Bioscopen group, the purchase of the cinema building Toison d'Or in Brussels (Belgium) and the launch of a new phase in the share buyback program.

### Notes

In the third quarter (1 July to 30 September 2014), Kinopolis Group welcomed 4.7 million visitors, 12.2% more than in the same period in 2013. This rise is mainly due to the increase in the visitor numbers in France, the two acquired cinemas in Spain, which were included for a full quarter for the first time, and the nine cinemas acquired in the Netherlands, which have been part of the Group since 22 July 2014.

The poor July and August weather in Belgium and France and the successful local and international films in France at that moment led to an increase in visitor numbers. This increase was partly influenced by the World Cup Football in the first half of July, the nice September weather in Belgium and France and the consequences of the continuing economic crisis in Spain.

The top 5 in the third quarter 2014 consisted of 'Lucy', 'Dawn of the Planet of the Apes', 'How to Train Your Dragon 2', 'Guardians of the Galaxy' and 'Transformers: Age of Extinction'. The biggest local films were 'Qu'est-ce qu'on a fait au Bon Dieu' and 'Les Vacances du Petit Nicolas' in France and 'El Niño' in Spain. There were no major local films in Belgium in the third quarter.

Between 1 January and 30 September Kinopolis welcomed 13.5 million visitors, 7.7% more than in the same period in 2013.

	Belgium	France	Spain	The Netherlands	Switzerland	Total
Q3 2014 (millions)	2.07	1.44	0.88	0.28	0.03	4.69
Q3 2013 (millions)	2.07	1.29	0.79	0.00	0.04	4.18
2014 vs 2013	-0.2%	+11.4%	+11.4%	+100.0%	0.0%	+12.2%

**Box office** revenue increased, both in total and per visitor, in the third quarter. This was mainly thanks to the addition of the Netherlands to the existing portfolio of cinemas, where box office revenue per visitor is higher than the Group's average. Box office revenue in the other countries as a whole also grew faster than visitor numbers, in spite of the negative impact of the sector-based initiatives 'Cine Miercoles' in Spain, with across-the-board ticket price reductions on Wednesdays, and 'Actions jeunes' in France, a campaign offering discounts on movie tickets to the under 14s. France's larger share in total box office revenue excluding expansion also somewhat reduced the average box office revenue per visitor.

**In-theatre sales (ITS)** increased in the third quarter, both overall and per visitor. This was mainly thanks to the new cinemas in the Netherlands, as ITS per visitor are generally higher in the Netherlands than the Group's average. Consumption per visitor also rose in Belgium and France, partly influenced by a decrease in Spain, where the 'Cine Miercoles' attracts a different audience, which generally consumes less.

**Business-to-business (B2B)** revenue increased in the third quarter, mainly as a consequence of increased sales of cinema vouchers to companies. This increase was tempered to some degree by lower revenue from screen advertising.

**Real estate revenue** increased in the third quarter. This was mainly due to the rental income generated by the Group through the purchase of the Toison d'Or cinema building and higher revenue from the lease of commercial spaces.

The revenue of **Kinopolis Film Distribution (KFD)** increased in the third quarter, thanks to the increase in revenue from video on demand and DVD distribution, as KFD now holds the full film rights to a larger number of films (including the after theatrical film rights). In the third quarter, KFD distributed 'Walking on Sunshine', 'Sin City 2' and 'Plan Bart' among other films.

**Brightfish** generated lower screen advertising revenue in the third quarter, as a consequence of lower national advertising revenue.

**Current EBITDA** (excluding acquisition costs) was higher in the third quarter and YTD, than in the same period last year. Current EBITDA per visitor decreased. The acquired complexes in Spain and the Netherlands are leased, which results in a lower current EBITDA per visitor.

The **net financial debt** increased versus 30 June 2014, as a consequence of the acquisition of the Dutch Wolff Bioscopen group, the purchase of the cinema building Toison d'Or in Brussels (Belgium) and the launch of a new share buyback program.

## Important events since 30 June 2014

### Expansion in the Netherlands

On 22 July 2014 Kinopolis acquired 100% of the shares of Wolff Bioscopen group. This group comprises 9 multiplexes in the Netherlands, located in Huizen, Groningen, Enschede (two sites), Rotterdam, Nieuwegein and Utrecht (3 sites). Wolff Bioscopen is also active as a film programmer and purchasing centre for third-party cinemas, activities that Kinopolis has also acquired. With the acquisition of Wolff Bioscopen Holding BV, Kinopolis Group adds a new country to its portfolio of cinemas in Belgium, France, Spain, Switzerland and Poland. The acquisition is part of the expansion strategy of the Group, which wishes to offer its film experience concepts to a wider public and in doing so create value for its shareholders.

As part of the deal, Kinopolis also acquired two new-build cinema projects, one in Utrecht and one in Dordrecht. Construction officially starts in Dordrecht on 17 November. Kinopolis wishes to further expand its position in the Netherlands and is evaluating additional green-field projects to this end. Planning permission has been sought in Breda in view of obtaining a building permit later this year.

The acquired cinemas together with the three ongoing new-build projects have to enable Kinopolis to attract more than 3.5 million visitors in the Netherlands in three years' time, largely to cinemas housed in property controlled by the Group.

#### **Kinopolis acquires property at Toison d'Or (Brussels)**

Immobilière de la Toison d'Or has sold the building housing the ten auditoria of the UGC Toison d'Or multiplex to Kinopolis. The premises, which are located in Galerie Toison d'Or (Avenue de la Toison d'Or 8) in Brussels, are leased to UGC. This purchase is in line with the Group's real estate strategy. The Kinopolis real estate portfolio not only includes multiplexes operated by Kinopolis, but also multiplexes leased to third parties, such as the 18-screen Cinema City Kinopolis Poznan in Poland, which is leased to the Cinema City group. Kinopolis also owns sites and business spaces for retail, cafés and restaurants, and leisure activities (such as fitness, climbing wall and bowling) which are complementary to the cinema activity. Kinopolis either runs these sites itself or signs leases with third parties. The composition of its real estate portfolio is increasingly diversified.

With regard to the Toison d'Or property, Kinopolis took over as lessor from Immobilière de la Toison d'Or without taking control of running the multiplex. UGC will continue to run UGC Toison d'Or completely independently.

#### **Opening of 'The Magic Forest' at Kinopolis Madrid**

In July Kinopolis opened 'The Magic Forest' at Kinopolis Madrid (Spain). 'The Magic Forest' is an indoor playground covering no less than 1,000 m<sup>2</sup>. Up to 350 children can enjoy a magical play experience, with or without a film. In the meantime, parents and child-minders can go to the film or relax with something to eat or drink in the 'Magic Forest Lounge', which seats 300. 'The Magic Forest' is also the ideal venue for birthday parties with activities.

#### **Kinopolis and Barco bring Barco Escape to Europe**

In October Kinopolis and Barco introduced Barco Escape at Kinopolis Antwerp and Kinopolis Brussels. By combining three digital projectors with three screens, one at the front and one at each side, the Barco Escape-technology creates a panoramic effect that draws the audience into the story. 20th Century Fox's 'The Maze Runner' is the first-ever film to be made for this technology. The decision to launch Barco Escape at the biggest Kinopolis complexes is part of the strategic partnership agreement that the two cinema trailblazers signed at the beginning of this year to take the film experience to the next level.

#### **Share split**

As a consequence of the adoption of the share split resolution by the Extraordinary General Meeting on 16 May 2014, each regular share was split into five new shares on 1 July 2014. The split shares will be traded as from this date on Euronext Brussels' regulated market. Kinopolis aims to improve the tradability of its shares without diluting the position of shareholders. The transaction also improves the share liquidity and accessibility for private investors. The capital of Kinopolis Group NV is currently represented by 27,913,270 shares.

#### **Share buyback**

On 8 September 2014 a next phase of the share buyback program was launched under the authorisation to purchase up to 5,865,505 shares for destruction (taking into account the share split on 1 July 2014), issued by the Board of Directors on 18 December 2013. The share buyback is part of the optimisation of the capital structure of Kinopolis Group and the creation of greater value for the shareholders.

In September and October 2014 the Group bought back 258,584 own shares for € 7.7 million. In 2014 273,984 shares have been bought back up to and including 31 October. As of that date, the Group held 1,746,599 treasury shares out of the total number of shares (27,913,270), with the possibility of buying back another 4,200,061 shares under the current authorisation. The number of dividend eligible shares was 26,166,671 as of 31 October.

## Art in the Cinema

This year Kinopolis has established art as the third segment alongside opera and ballet in its cultural programming.

Starting in October, the 'Art in the Cinema' program features eight artistic presentations. Art lovers are given detailed information on historic works of art and the opportunity to take a look behind the scenes at the creative and technical aspects of life at the world's most famous museums. Kinopolis exhibits the works of Henri Matisse at Tate Modern in London, the paintings of Vincent Van Gogh in Amsterdam and opens the doors of the Hermitage in Saint Petersburg, providing a peek behind the scenes at one of the world's oldest and largest museums.

## Line-up 2014

'Annabelle', 'The Maze Runner' and 'Gone Girl' are currently at the top of the film charts. Hits in the making in the fourth quarter of 2014 include 'The Loft', 'Fury', 'Interstellar', 'The Hunger Games: Mockingjay - Part 1', 'Horrible Bosses 2', 'The Penguins of Madagascar', 'Paddington' and 'The Hobbit: The Battle of the Five Armies'.

The program is enriched with various local productions, such as the Flemish films 'Welp', 'Brabançonne' and 'Bowling Balls', the French films 'Tu veux ou tu veux pas', 'Samba', 'La French' and 'La Famille Bélier' and the Spanish films 'Torrente V : Misión Eurovegas' and '[REC] 4 : Apocalipsis'.

Live opera and ballet are complemented by concerts by 'One Direction' and 'Les Vieilles Canailles', the musicals '14-18', 'Robin des Bois' and 'Billy Elliot' and the expositions 'Art in the Cinema'.

## Financial calendar

Tuesday 24 February 2015  
Wednesday 13 May 2015  
Wednesday 13 May 2015

Annual results 2014  
Business update first quarter 2015  
Shareholders Meeting

## Contact

Kinopolis Press Office  
Tel: +32 9 241 00 16  
Email: [pressoffice@kinopolis.com](mailto:pressoffice@kinopolis.com)

Kinopolis Investor Relations  
Tel: +32 9 241 00 22  
Email: [investor-relations@kinopolis.com](mailto:investor-relations@kinopolis.com)

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<sup>1</sup> From 1 January through 30 September

<sup>2</sup> Third quarter of 2014, that is from 1 July through 30 September

<sup>3</sup> Revenue from the sale of drinks, snacks and merchandise in cinemas

<sup>4</sup> After eliminating non-current transactions.

<sup>5</sup> EBITDA is not a recognized IFRS term. Kinopolis Group has defined this concept by adding depreciations, amortizations and provisions to the operating profit and subtracting any reversals or uses of the same items.