



## Kinopolis Group

### Business Update Q3 2013

14 November 2013

#### Regulatory release

Highlights YTD Q3<sup>1</sup> and Q3 2013<sup>2</sup>, always compared to the corresponding period in 2012

- ★ Through to the third quarter of 2013, Kinopolis welcomed 12.5 million visitors, 8.8% less than in the previous year.
- ★ In the third quarter Kinopolis welcomed 4.2 million visitors, 3.7% less than in the third quarter of the previous year. The decrease was mainly caused by the hot summer in Belgium and France and the continuing consumer spending crisis in Spain.
- ★ Ticket sales revenue evolved in line with the visitors numbers in the third quarter.
- ★ In-theatre sales<sup>3</sup> (ITS) revenue, per visitor and in total, rose in Q3, thanks to the group's proactive product management.
- ★ Brightfish's total revenue further increased in this quarter.
- ★ Business-to-business revenue was under pressure in Q3 and YTD Q3 as a consequence of the economic crisis.
- ★ Real estate revenue decreased slightly YTD Q3 due to the lower variable rental income in Poland.
- ★ Current<sup>4</sup> EBITDA<sup>5</sup> per visitor increased YTD Q3 thanks to higher revenue per visitor, the higher revenue from Brightfish and improved operational efficiency.
- ★ Net financial debt decreased compared to 30 June 2013, despite the continuation of the share buy-back program.

#### Notes

Kinopolis Group welcomed 4.2 million visitors in the third quarter (1 July to 30 September 2013), 3.7% less than in the same period in 2012. Visitor numbers were adversely affected by the heat wave in Belgium and France in July and early August, the economic crisis in Spain and its ensuing consequences, such as the government measure to increase VAT in September 2012 and the lack of promising Spanish film productions.

The **top five in the third quarter** consisted of 'Despicable Me 2', 'The Smurfs 2', 'Now You See Me', 'World War Z' and 'The Conjuring'. The highest ranking local films were 'Piet Piraat en het Zeemonster' in Belgium, 'Paris à tout Prix' in France and 'La gran familia española' in Spain.

Between 1 January and 30 September Kinopolis welcomed 12.5 million visitors, 8.8% less than in the same period in 2012.

	Belgium	France	Spain	Switzerland	Total
Q3 2013 (millions)	2.07	1.29	0.79	0.03	4.18
Q3 2012 (millions)	2.01	1.35	0.94	0.04	4.34
2013 vs 2012	3.0%	-4.3%	-16.4%	-24.3%	-3.7%

**Box office revenue** evolved in line with visitor numbers in the third quarter.

**In-theatre sales (ITS)** increased compared to the third quarter of 2012. Intensive range management in the self-service shops generated not only higher consumption per visitor, but also more customers visiting the shops. The above-average share of Hollywood productions in the third quarter resulted in higher consumption by visitors, which also had a positive impact on in-theatre sales per visitor.

**Business-to-business (B2B)** revenue decreased in the third quarter due to fewer publicity deals.

**Real estate revenue** decreased slightly in the third quarter due to lower rental income in Poland, which is partly linked to ticket sales.

The revenue of **Kinopolis Film Distribution (KFD)** decreased in the third quarter compared to the third quarter of 2012 when KFD released the successful movie 'The Expendables 2'. KFD's main titles in the past quarter were 'Piet Piraat en het Zeemonster', 'You're Next' and 'Riddick'.

**Brightfish** generated higher screen advertising revenue in the third quarter, also thanks to the success and effectiveness of digital cinema advertising.

**Current EBITDA** and current EBITDA per visitor were higher in the third quarter compared to the same period last year. The current EBITDA per visitor is also higher in YTD Q3 due to higher revenue per visitor, higher revenue from screen advertising (Brightfish), further cost control and improved operational efficiency.

**Net financial debt** decreased compared to 30 June 2012 in spite of the share buy-back.

## Important events since 30 June 2013

### Share buy-back update

A new share buyback program was launched in 2013 (under the authorisation to buy back up to 1,171,301 shares for cancellation). As of 31 October 2013, 267,353 shares had already been bought back for € 27.8 million. There are currently 5,856,508 shares in circulation, 565,238 of which are held by Kinopolis Group. Of that number, 297,885 shares are held to cover share options issued under the share option plan and 267,353 are earmarked for cancellation. There were 5,291,270 dividend eligible shares as at 31 October 2013. The share buy-back program is part of the optimisation of the capital structure of Kinopolis Group and the creation of greater value for the shareholders.

### Kinopolis and Tintoonstellingspark van Brussel (TPB) reached amicable agreement

Kinopolis and TPB recently reached an amicable agreement following the judgement in the court case regarding Kinopolis Brussels. The continued operation of Kinopolis Brussels on the Heysel plateau is no longer disputed and the hosting of non-film-related B2B activities in the multiplex will be resumed.

### Mobile ticketing and seat reservation

Kinopolis recently introduced mobile ticketing in all countries. Customers can now buy Kinopolis tickets on their smartphone or tablet and do not need a print to enter the theatre. The evolutions in the mobile payment market are followed closely. Kinopolis is now also offering PayPal to further facilitate online payments.

The seat numbering and reservation system has been successfully extended to the French multiplexes in recent months. Based on the results in Belgium and Spain, the system not only contributes to the customer experience, but also stimulates online sales.

## Alternative content

Culture-lovers are increasingly discovering Kinopolis as a new channel for live and recorded opera, ballet, theatre and concerts. Besides opera performances, concert performances are gaining in importance. Since the start of this year concert fans have visited Kinopolis to experience shows by Metallica, Robbie Williams and Bruce Springsteen.

## Family Card

The Family Card has been successfully introduced in Belgium, Spain and France. With the Family Card, the whole family watches a family film at the child rate and gets 10% discount in the self-service shops.

## Green Star program

Within the scope of Kinopolis' Green Star sustainability project, AEDs (automated external defibrillators) have been installed in all Belgian multiplexes. An AED is a machine that delivers an electric shock to the heart when someone is having a cardiac arrest.

Again under Green Star, Kinopolis is also working on a waste sorting system, which will be introduced in Belgium by the end of the year.

## Real estate

Kinopolis recently enlarged its premises in Lomme (France) by almost 1,000 m<sup>2</sup>. Kinopolis leases this space to climbing wall operator Altissimo, which opened a new climbing wall at the beginning of July.

Renovation work on the Kinopolis Leuven arcade begins at the end of this year.

## The Magic Forest by Kinopolis (Madrid)

In February 2014 Kinopolis launches The Magic Forest at Kinopolis Madrid. The Magic Forest will be a play forest for children covering no less than 1,000 m<sup>2</sup>. Up to 350 children can enjoy a magical play experience, optionally combined with a movie. 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.

## Ola Happiness Station by Kinopolis (Antwerp)

Mid-October Kinopolis opened a soft ice-cream shop at its Antwerp multiplex that goes by the name Ola Happiness Station, where customers can create their own soft ice-cream swirl with their favourite toppings.

The above projects are part of the implementation of the third strategic pillar to allow Kinopolis to make optimal use of its real estate portfolio.

## Line-up

'Thor', 'Gravity' and 'Turbo' currently top the film charts. Hits in the making in the fourth quarter of 2013 include 'The Hobbit: The Desolation of Smaug', 'Hunger Games: Catching Fire', 'Frozen', 'The Counselor', 'Escape Plan' and 'Walking with Dinosaurs'. The program is enriched with various local productions, such as the Flemish films 'Het Vonnis', 'FC De Kampioenen' and 'Marina', the French films 'Casse-tête Chinois', 'L'extravagant Voyage du Jeune et Prodigeux Spivet' and '9 mois ferme' and the Spanish films 'Séptimo', '¿Quién mató a Bambi?' and 'Tres bodas de más'. Concerts by Keane, Muse and Roberto Alagna complement live opera and ballet.

## Financial calendar

Thursday 20 February 2014  
Thursday 15 May 2014  
Friday 16 May 2014

Annual results 2013  
Business update first quarter 2014  
Annual general meeting

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

<sup>2</sup> Third quarter of 2013, that is 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. Kinepolis 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.