



Kinopolis Group Business Update Q3 2012 14 November 2012

Regulatory release

Highlights YTD Q3¹ and Q3 2012², always compared with the corresponding period in 2011

- ★ Year to end of Q3 2012, 13.8 million visitors, a decrease of 8.4% compared to prior year
- ★ Admissions 19.6% lower in Q3 due to the limited number of blockbusters
- ★ Catch-up in Q4 thanks to 'James Bond' and 'Lo Impossible', as a result of which the decline over the year to 12 November 2012 is just 6,5%
- ★ Proportionate evolution of box office revenue³
- ★ Continued rise in In-theatre sales⁴ (ITS) per visitor
- ★ More business-to-business revenue (B2B)
- ★ Real estate revenue stable through to the end of Q3
- ★ Rise in current⁵ EBITDA⁶ per visitor
- ★ Higher net financial debt due to completion of share buy-back program and acquisition of non-controlling interest in Forum Kinopolis Nîmes

Comment

CEO Eddy Duquenne says of the third quarter: "What was exceptional about the quarter just ended was the fact that most international film production companies held back their major releases during the Olympic Games. Nevertheless, we were able to increase our earnings per share by consistently pursuing our strategy and continuing the share buy-back program."

Notes

In the **third quarter (1 July to 30 September)**, Kinopolis welcomed **4.3 million visitors**, 19.6% less than in the same period in 2011. Film production companies held back their big releases during the Olympic Games, which resulted in a shortage of summer blockbusters.

This especially took its toll in Belgium and France, where previous accumulative growth in the number of visitors as at the end of the second quarter made way for a fall compared with 2011.

Visitor numbers only started to turn the corner in those two countries in September.

Spain, home to the current European football champion, performed better than the other countries in August thanks to the delayed release of 'Prometheus' and 'Madagascar', originally scheduled for June (European Football Championship). However, Spain does continue to labour under the economic crisis and its consequences, such as the government measure to increase VAT in September 2012 and the lack of promising Spanish film productions.

The **top 5 in the third quarter** was 'Ice Age 4: Continental Drift', 'The Dark Knight Rises', 'The Marvel Avengers Assemble', 'The Hunger Games' and 'Snow White and the Huntsman'. Hollywood productions claimed the highest positions in the chart in all countries.

Between **1 January and 30 September** Kinopolis welcomed **13.8 million visitors**, 8.4% less than in the same period in 2011.

	Belgium	France	Spain	Switzerland	Total
Q1 to Q3 2012 (million)	6.4	4.5	2.8	0.1	13.8
Q1 to Q3 2011 (million)	7.0	4.8	3.1	0.1	15.0
2012 vs 2011	-8.0%	-7.0%	-11.2%	-16.8%	-8.4%

Between 1 January and 12 November the fall in the number of visitors was limited to 6,5% owing to the strong movie offering in the autumn, headed by the new James Bond movie 'Skyfall', which attracted more visitors to the multiplexes.

In-theatre Sales (ITS) per visitor rose in the third quarter after the range was optimized to better suit the tastes of moviegoers. The continued rollout in the course of 2011 and the success of the Mega Candy self-service shops generated higher consumption per visitor. This partly offsets the impact of lower ticket sales.

Business-to-business (B2B) revenue rose considerably in the third quarter compared with the previous year, thanks to, among other things, the intensive efforts of the B2B sales teams, who concentrate on the sale of cinema vouchers and business events among others.

Real estate revenue from rental agreements was stable in the third quarter. Lease revenue for the Polish multiplex, which is linked in part to visitor numbers, fell as a consequence of the low summer visitor numbers in Poznan.

The revenue of **Kinopolis Film Distribution (KFD)** rose compared with the previous year. KFD's hot releases in the third quarter was 'The Expendables 2'.

Kinopolis Group acquired **advertising agency Brightfish** at the end of 2011, whose revenue, after deduction of the intra-group transactions, is also recognised in the consolidated figures of the Group.

The permanent focus on raising efficiency, increasing margins and controlling fixed costs helped drive up **current EBITDA** per visitor, despite the lower visitor numbers. Total current EBITDA was more or less stable. Overhead costs rose mainly due to the acquisition of Brightfish.

The **net financial debt** of Kinopolis rose further as a consequence of the continued share buy-back and the acquisition of the non-controlling interest in Forum Kinopolis Nîmes.

Important events since 30 June 2012

Share buy-back update

After the purchase of the maximum number of the company's shares as provided for by the Extraordinary General Meeting of 20 May 2011, the Board of Directors convened a new Extraordinary General Meeting on 19 October 2012, which approved a new authorization to purchase 1,171,301 of the company's own shares with a view to their destruction. After the destruction of 724,847 treasury shares in September 2012, 5,856,508 shares were in circulation on 30 September 2012, 311,885 of which are held by Kinopolis Group. The share buy-back program is part of the optimization of the capital structure of Kinopolis Group and creation of greater value for the shareholders.

Kinepolis France ups majority interest in Forum Kinepolis Nîmes to 100%

Kinepolis France, a subsidiary of Kinepolis Group, upped its majority interest in Forum Kinepolis Nîmes from 79.92% to 100%. Forum Kinepolis Nîmes is the operating company that runs the Kinepolis multiplex in Nîmes (12 screens, 2928 seats) and the inner-city Forum multiplex (4 screens, 465 seats). Kinepolis France acquired the remaining shares from the Martin-Baloge family. Kinepolis Group thanks the Martin-Baloge family for its work and its many years of devotion.

Kinepolis Group breaks new ground with Passbook

On 19 September 2012 Kinepolis started to also deliver its cinema tickets through Apple's Passbook application, which allows users to store all tickets, membership cards, loyalty cards and discount vouchers in digital form on an iPhone. The functionality is also available on Android devices. Kinepolis is the first international cinema operator to adopt the application. And the launch has been a success. Smartphone-owning moviegoers are delighted that Kinepolis has adopted the Passbook platform. In less than two months Kinepolis delivered no fewer than 60,000 movie tickets through Passbook in Belgium, France and Spain. Users appreciate the convenience of the Passbook app, and especially the scanning speed at the entrance.

VAT on cinema tickets in Spain

The Spanish government increased the VAT rate on cinema tickets from 8% to 21% as of 1 September 2012 as part of its budgetary measures.

Expansion of Kinepolis Lomme

Work has begun to expand the premises at Kinepolis Lomme (France) by almost 1000 m² after the building permit was granted in September 2012. Kinepolis will rent the new space to climbing wall company Altissimo, which will build an impressive climbing structure there. It is scheduled to open in the spring of 2013.

Line-up

The new James Bond movie 'Skyfall', the Flemish KFD release 'The Broken Circle Breakdown', the French film 'Astérix et Obélix: Au Service de sa Majesté' and the Spanish feature 'Lo Imposible' opened the international fall movie season. 'Twilight Breaking Down - Part 2', 'Life of Pi' and 'The Hobbit: An Unexpected Journey' are among the expected blockbusters. Various local films, such as 'Brasserie Romantiek' in Flemish and 'Le Plan Parfait' in French enrich the program. As well as live opera, ballet, theatre and musicals, alternative content will include big concerts and concert movies featuring Led Zeppelin, Queen, Coldplay, The Doors, and Guns N' Roses. This music experience in phenomenal sound quality has proven to be a smash hit. Kinepolis Madrid rolls out the red carpet for Kristin Stewart and Robert Pattinson on the occasion of the Twilight première on 16 November.

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¹ Accumulated through to the end of the third quarter, that is 1 January to 30 September

² Third quarter, that is 1 July to 30 September

³ Revenue from ticket sales

⁴ Revenue from the sale of drinks, snacks and merchandising in cinemas

⁵ After eliminating non-current transactions

⁶ EBITDA is not a recognized IFRS term. Kinopolis Group has defined this concept by adding depreciations, amortisations and provisions to the operating profit and subtracting any reversals or uses of the same items