
Press release - regulatory information - 24 February 2011

Kinopolis realises € 239.2 million revenue and € 28.1 million profit

Strategic Kinopolis objectives visible in 2010 results¹

Kinopolis Group resolutely perpetuates its strategic objectives to be the best marketeer, the best cinema operator and the best cinema real estate manager. This is reflected in the 2010 results as follows:

- ❑ The customer experience-focused approach, the online media strategy and the breakthrough of 3D, lead to an increase in the box office (revenue from ticket sales) by 4.1%, whereas the visitors have decreased by 3.0 %.
- ❑ In theatre sales (ITS, revenue from the sale of drinks, snacks and retail in the cinema) and business-to-business (B2B) revenue grew too.
- ❑ The further differentiation of the costs structure and efficiency-improving measures contribute to the growth of the current ² EBITDA³ by 14.5% to € 66.5 million and the increase of the current profit by 37.3% to € 28.0 million.
- ❑ Kinopolis continues to invest in customer experience, digitisation, 3D, remodelling, diversification and new concepts, which supports higher comfort for the film lover, experience and a wider assortment of food and drinks.
- ❑ Free cash flow⁴ is € 38.6 million as targeted, € 19.0 million lower than in 2009 (€ 57.6 million) as a result of activity-related fluctuations of the working capital, the time of incoming and outgoing payments and higher advance payments of tax.
- ❑ Net financial debt further decreases by € 22.4 million to € 67.0 million.
- ❑ Real estate revenue continues to rise. The profitability of the land and buildings has further increased. A number of property projects are in an advanced development stage.
- ❑ Kinopolis realises a gain of € 2.3 million on a first phase of the total development of the Ghent location.

Key figures

In million €	2010	2009	% difference
Visitors ('000)	21,320	21,980	(3.0)%
Revenue	239.2	231.2	3.4%
EBITDA ³	68.0	57.6	18.0%
Current ² EBITDA ³ (REBITDA ⁵)	66.5	58.1	14.5%
REBITDA-margin	27.8%	25.1%	
EBIT	45.2	31.8	42.0%
Current ² EBIT (REBIT)	43.4	34.2	26.8%
REBIT-margin	17.7%	14.8%	
Profit	28.1	22.2	26.5%
Current ² profit	28.0	20.4	37.3%
Earnings per share (in €)	4.19	3.31	26.4%
Free cash flow ⁴	38.6	57.6	(33.0)%

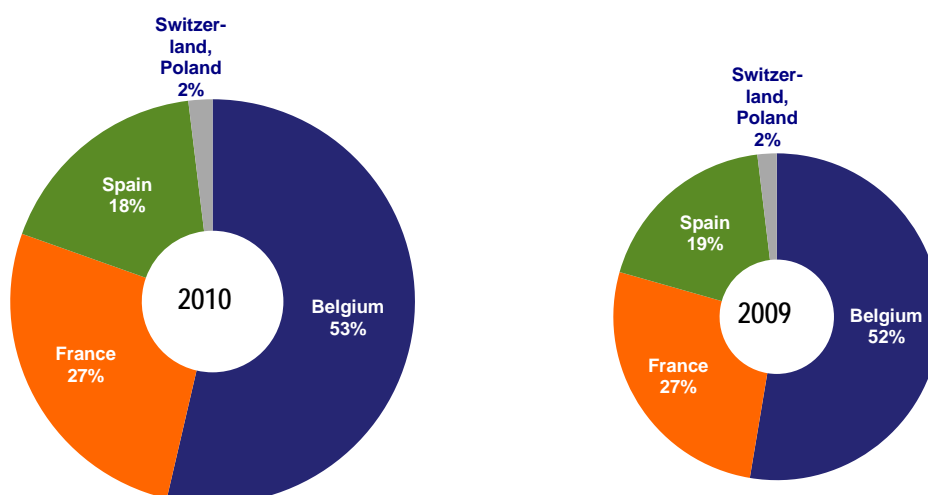
In million €	31 dec 2010	31 dec 2009	% difference
Total assets	326.0	343.5	(5.1)%
Equity	157.3	132.5	18.7%
Net financial debt (NFD)	67.0	89.4	25.1%

Notes to the consolidated results

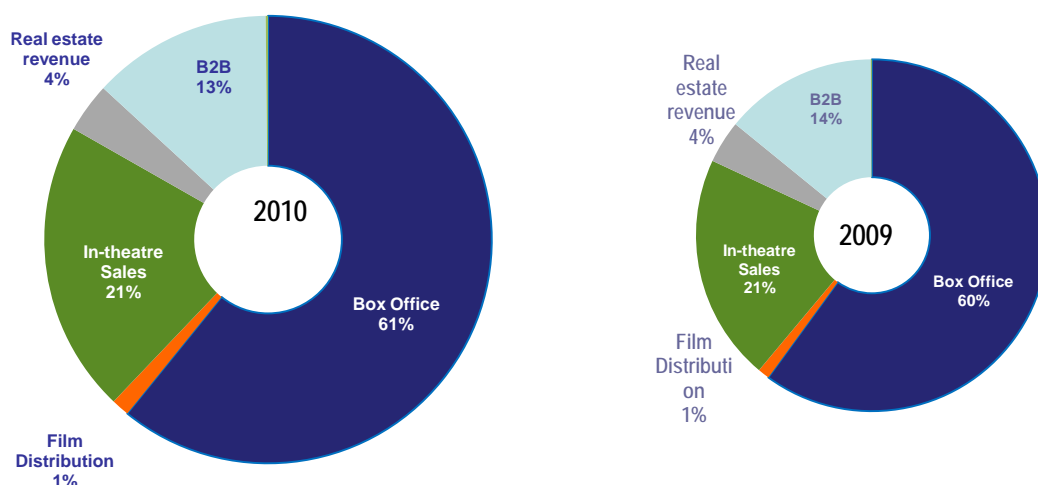
Revenue

Revenue of € 239,2 million grew by 3.4% compared to 2009, and can be broken down as follows:

Revenue by country



Revenue by activity



All activities experienced growth, with the exception of film distribution. The box office activity grew proportionally more and therefore represented 1% more of the total revenue than in 2009.

Box office of Kinopolis Group totalled € 145.5 million in 2010 and thus increased by 4.1%, whereas the visitors' numbers dropped by 3.0%. The breakthrough of 3D, the improved product mix and inflation compensating price adjustments supported the growth of the average box office by visitor.

- In 2010 Kinopolis Group welcomed 21.3 million **visitors**, 3.0% less than in 2009.
- The Kinopolis top 5 of 2010 was respectively 'Avatar', 'Inception', 'Harry Potter and the Deathly Hallows', 'Alice in Wonderland' and 'Twilight 3: Eclipse'.
- The 3D format clearly was a success with film lovers. The jewels on the crown were respectively 'Avatar', 'Alice in Wonderland' and 'Toy Story 3'.
- Live opera was again successful with 73 000 visitors in 2010. Live football and basketball, live ballet, theatre and musicals took to the stage too and won interest in new public groups.
- Despite the FIFA Football World cup and the exceptionally hot weather the **first half of the year** was 5% ahead on the first semester 2009. This was also thanks to the exceptional success of 'Avatar' in the beginning of the year, whereas 2009 started with a weak film offering.
- It was impossible for the film offering in the **second half** ('Inception', 'Twilight 3: Eclipse', 'Harry Potter and the Deathly Hallows') to equal that of the year before ('Avatar', 'Ice Age 3', 'Harry Potter and the Half-Blood Prince'). In addition, the winter weather completely annihilated the end of the year visitors' attendance and the year lead of the visitors' level.
- In Spain the lack of strong Spanish films, the economic crisis and the impact of the Football World Cup clearly took their toll.

Visitors (in millions)	Belgium	France	Spain	Switzerland	Total
Number of cinemas	11	7	3	1	22
2010	9.6	6.9	4.6	0.2	21.3
2009	9.5	7.1	5.1	0.2	22.0
2010 vs 2009	+1.1%	-3.2%	-10.3%	-3.5%	-3.0%

- ❑ **In-theatre Sales (ITS)** ⁶ increased by 3.4%. ITS revenue by visitor continued to increase thanks to the continued roll-out and the success of the new Mega Candy self-service shops which offer the cinema visitor a broader assortment and more convenience
- ❑ **Business-to-business (B2B)** revenue increased by 3.3% in 2010, mainly thanks to the thorough actions of the B2B sales teams committed to the sale of film vouchers and business events, among others. In 2010 Kinopolis saw a recovery of the screen advertising market in France and Spain.
- ❑ **Real estate revenue** increased by 5.0% thanks to a rent increase and the use of vacant spaces and despite a negative index adjustment of a number of current rental agreements and lower variable rental income in Poland. At flat currency exchange rates the increase was 3.6%.
- ❑ In 2010 the revenue of **Kinopolis Film Distribution (KFD)** was € 3.1 million, a drop by 9.4% compared to 2009, a top year for the Flemish film industry. The most successful Flemish films distributed by KFD in 2010 were 'Zot van A', 'Dossier K', 'Adem', 'Sammy's Avonturen', 'Bo', 'Mega Mindy en het Zwarte Kristal' and 'Smoorverliefd'. The international highlights for KFD were 'Paranormal Activity', 'Killers' and 'Piranha 3D'.

REBITDA

The REBITDA increased by 14.5% to € 66.5 million in 2010. The continuing investments in customer experience and service supported the volume and revenue growth. Further focus on improved efficiency, margin increasing measures and control of fixed costs led to an increase of the REBITDA margin to 27.8% compared to 25.1% in 2009, despite the drop in visitors' numbers.

Profit for the period

The current profit was € 28.0 million in 2010, an increase by 37.3% compared to 2009 (€ 20.4 million). This strong increase can be attributed to the significant growth in operating profit and a great drop in interest charges.

The total profit for 2010 was € 28.1 million compared to € 22.2 million in 2009, an increase by 26.5%.

The main non-current items in 2010 are the gain realised on two real estate projects in Ghent for € 2.3 million (sale to Brummo and first phase Blijweert project), the realisation of translation differences (non-cash), which were previously included in the Group's equity following the liquidation of a dormant Polish subsidiary for € -1.3 million and the reversal of a provision of € 0.7 million in relation to the same liquidation.

The effective tax rate increased up to 29.9%.

Free cash flow and net financial debt

The free cash flow was € 38.6 million in 2010 compared to € 57.6 million in 2009.

The free cash flow movement results from the increased EBITDA (corrected for a number of non-cash elements) (€ 7.5 million) compensated by higher tax advance payments (€ -5.5 million) and working capital movements (€ -21.0 million).

The evolution of the working capital mainly results from an exceptionally strong year end 2009 and can be explained by:

- 1) a number of project-linked and one-off impacts.
- 2) fluctuations in cinema activity and differences in timing of release dates of blockbusters in the film programming on an annual basis.
- 3) effects as a result of variations in the timing of the payment of trade payables, the timing of the implemented investments, collection and payment of other receivables and payables.

In addition, the free cash flow was influenced by the sale of CinemaxX-shares in 2009.

In 2010 € 14.2 million were invested in the acquisition of new fixed assets, a decrease of € 4.6 million versus last year (€ 18.8 million), mainly due to the timing of a number of projects.

The net financial debt position of Kinopolis dropped by € 22.4 million from € 89.4 million on 31 December 2009 to € 67.0 million on 31 December 2010. The NFD/EBITDA-ratio was 1.0 on 31 December 2010.

Kinopolis is financed by a syndicated credit facility running until 2014. The total gross financial debt decreased by € 29.7 million to € 79.8 million on 31 December 2010 compared to 31 December 2009.

Balance sheet

The fixed assets (including those held for sale) amounted to € 290.0 million as at 31 December 2010 and represented 88.9% of the balance sheet total. The land and buildings are included herein (including those held for sale and investment property) with a carrying value of € 199.7 million.

On 31 December 2010 equity was € 157.3 million or 48.3% of the balance sheet total, an improvement of 25.1% compared to the solvency at the end of 2009.

Dividend: € 1.26 per share

The Board will propose to the General Meeting of 20 May 2011 to pay a gross dividend of € 1.26 per share for the financial year 2010 (payable: 27 May 2011), an increase of 37.0% compared with 2009 (€ 0.92 per share). The payout-ratio of 30% applied to the current net profit has now been maintained for the seventh year consecutively.

The Board consults about the optimisation of the group's capital structure.

Important events in 2010

Kinopolis realised a gain (before tax) of € 2.3 million in 2010 on the first phase of the **total development of the Ghent location**.

* In the first half a real estate project was sold to the Brummo group. This realisation led to a gain (before tax) of € 0.9 million.

* In the second half of 2010 the first of three phases of a residential building project adjacent to Kinopolis Ghent was delivered. This building project is a co-operation of Kinopolis Group with the Blijweert Group. Kinopolis brought in the land in 2008 and received 23 apartments as compensation, which are intended for sale. In 2010, 10 apartments were delivered, which led to a gain (before tax) of € 1.4 million. In 2011 the remaining apartments and the ancillary garage complex will also be delivered with an expected gain of € 2.8 million (before tax).

In view of a partial consolidation of the financial debt in the long term, the **digital projectors** were refinanced for an amount of € 10 million through a **sale & lease back operation** over a 6 year period.

Kinopolis Group signed **Virtual Print Fees agreements** directly with 4 major US film distributors, including Fox and Paramount. Kinopolis continues its negotiations with other film distributors. These agreements enable Kinopolis to regain gradually and to a large extent its investments in digital equipment.

On 17 September 2010 **Albert Bert**, founder of Kinopolis, 8 years after his death, was given a **memorial** in Harelbeke, cradle of Kinopolis Group. Albert Bert was - together with his sister-in-law Marie-Rose Claeys-Vereecke - the visionary

driving force behind Kinopolis Group. The multiplex concept of Kinopolis, developed from 1970, is the basis of the international revival of the cinema sector in the last decade before the second millennium.

Important events after 31 December 2010

In early February 2011 Kinopolis was summoned by the Exhibition park of Brussels (TPB), operator of Brussels Expo. TPB requests the termination of the concession agreement regarding the establishment of Kinopolis at the Heysel location, whereas Kinopolis has a current agreement until at least 2025. TPB mainly opposes the organisation of commercial events by Kinopolis at the Heysel location. According to TPB the latter would be unlawful competition for its own activities. Kinopolis firmly rejects this allegation as the concession agreement does not contain any competition clause and Kinopolis' activities are fully conform with the operation of a modern multiplex cinema. Kinopolis is of the opinion that TPB has started this summons based on unfounded reasons. Kinopolis will defend its interests with all legal remedies and is confident in a successful outcome to this procedure.

Outlook and line-up

Kinopolis expects that the first half of 2011 will not be able to equal the first half year of 2010, characterised by the historical box office record of 'Avatar', at box office level.

The programme for 2011 offers an extensive range of films on offer, consisting of, among others, 'Tron', 'Pirates of the Caribbean 4', 'Harry Potter and the Deadly Hollows – part 2', 'Cars', 'Kung Fu Panda', 'The Adventures of Tintin', 'Happy Feet 2', 'Fast and Furious 5' and 'Twilight 4 – part 1'. These are all 3D titles except for 'Fast and Furious 5' and 'Twilight 4 – part 1'.

Numerous local films are also on the cards for 2011. 'Rundskop' enjoyed an impressive start in Flanders. In France and French-speaking Belgium people are queuing up to see 'Rien à Déclarer', and in Spain the expectations are high for 'Torrente 4'.

In addition, Kinopolis continues to complement the usual film offer with more targeted programming, such as Ladies@theMovies and Cinémanie, and live highlights like opera, ballet, theatre, musicals, football, basketball and rugby, which attract a new cinema public.

Auditor report

To: The Board of Directors of KINEPOLIS GROUP NV

The statutory auditor, KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises, represented by Sophie Brabants has confirmed that the audit procedures, which have been substantially completed, have not revealed any material adjustments which would have to be made to the accounting data included in the Company's annual announcement.

Antwerp, 24 February 2011

Klynveld Peat Marwick Goerdeler - Bedrijfsrevisoren
Represented by

Sophie Brabants
Partner

Financial calendar

Tuesday 17 May 2011	Publication business update first quarter 2011
Friday 20 May 2011	General Shareholders meeting
Thursday 25 August 2011	Publication half-yearly results 2011
Tuesday 15 November 2011	Publication business update third quarter 2011

Contact

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¹ All comparisons are in relation to figures of 2009.

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

⁴ Kinopolis Group defines the free cash flow as the cash flow generated from operating activities less the maintenance capital expenditures in other intangible assets, property, plant and equipment and investment property, interest paid, including the sale of property, plant and equipment and other financial assets.

⁵ REBITDA is not a recognized IFRS term. Kinopolis Group has defined this concept as the current operating profit increased by current depreciations, amortizations, impairments and provisions (including any reversals or uses of these items).

⁶ Income from the sale of beverages, snacks and retail in cinemas

⁷ According to the Council's decision of 1 October 2008, the prior permission of the Council was no longer required for the extension, renovation or the replacement of an existing Kinopolis cinema by another cinema, and the construction or the takeover of an additional cinema (not a replacement) in Belgium had to be formally announced till 1 October 2011.

Consolidated financial statements

- ❑ Consolidated income statement
- ❑ Consolidated statement of comprehensive income
- ❑ Consolidated statement of financial position
- ❑ Consolidated statement of cash flows
- ❑ Consolidated statement of changes in equity
- ❑ Segment reporting

The consolidated financial statements for the twelve months ending on 31 December 2010 have been prepared in accordance with IFRS as published by the International Accounting Standards Board (IASB) and approved by the European Community. The financial accounting principles applied in these consolidated financial statements are the same as those applied by the Group in the consolidated financial statements for the financial year 2009. There are no new standards or amendments to existing standards or interpretations which have an impact on the financial statements 2010.

CONSOLIDATED INCOME STATEMENT	31/12/2010	31/12/2009
IN '000 €		

Revenue	239.170	231.226
Cost of sales	-172.150	-172.008
Gross profit	67.020	59.218
<i>Gross profit / Revenue</i>	<i>28,0%</i>	<i>25,6%</i>
Distribution expenses	-10.937	-11.476
Administrative expenses	-14.667	-14.553
Other operating income and expenses	3.769	-1.367
Operating profit before financing costs	45.185	31.822
<i>Operating profit from operations / Revenue</i>	<i>18,9%</i>	<i>13,8%</i>
Finance income	4.287	4.699
Finance cost	-9.440	-7.004
Profit before tax	40.032	29.517
Income tax expense	-11.970	-7.340
Profit for the period	28.062	22.177
<i>Profit for the period / Revenue</i>	<i>11,7%</i>	<i>9,6%</i>
Attributable to:		
Equity holders of the company	27.847	22.044
Non-controlling interests	215	133
Profit for the period	28.062	22.177
Basic earnings per share (€)	4,19	3,31
Diluted earnings per share (€)	4,13	3,31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
in '000 €

31/12/2010 31/12/2009

Profit of the period	28.062	22.177
Translation differences	811	-45
Net changes in the fair value of derivative financial instruments	1.593	63
Net changes in the fair value of financial assets available for sale transferred to the income statement	0	-2.070
Total other comprehensive income for the period	2.404	-2.052
Total comprehensive income for the period	30.466	20.125
Attributable to:		
Equity holders of the company	30.251	19.992
Non-controlling interests	215	133
Total comprehensive income for the period	30.466	20.125

CONSOLIDATED STATEMENT OF FINANCIAL POSITION / ASSETS in '000 €	31/12/2010	31/12/2009
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Other intangible assets	3.386	2.894
Goodwill	18.761	18.761
Property, plant and equipment	227.446	235.586
Investment property	14.485	13.159
Deferred tax assets	1.548	1.546
Derivative financial instruments	5	0
Non-current other receivables	16.198	16.179
Other financial assets	27	29
Non-current assets	281.856	288.153

Assets classified as held for sale	8.138	9.912
Inventories	3.704	2.049
Trade and other current receivables	19.623	22.937
Current tax assets	136	154
Cash and cash equivalents	12.584	20.332
Derivative financial instruments	0	0
Current assets	44.184	55.384

TOTAL ASSETS	326.040	343.537
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION / EQUITY AND LIABILITIES in '000 €	31/12/2010	31/12/2009
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Issued capital	48.963	48.963
Share premium	1.154	1.154
Consolidated reserves	106.292	82.539
Translation differences	-629	-1.439
Total equity attributable to equity holders of the company	155.779	131.217
Non-controlling interests	1.538	1.323
Equity	157.318	132.540

Loans and borrowings	57.437	86.000
Provisions	2.274	2.886
Deferred tax liabilities	13.918	14.704
Derivative financial instruments	1.018	3.253
Trade and other payables	10.132	10.911
Non-current liabilities	84.778	117.754

Bank overdrafts	346	196
Loans and borrowings	22.017	23.500
Trade and other payables	55.550	65.220
Provisions	172	86
Derivative financial instruments	284	964
Current tax liabilities	5.576	3.277
Current liabilities	83.944	93.243

TOTAL EQUITY AND LIABILITIES	326.040	343.537
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CONSOLIDATED STATEMENT OF CASH FLOWS (in '000€)
31/12/2010 31/12/2009
Cash flows from operating activities

Profit before tax	40.032	29.517
Adjustments for:		
Depreciations and amortization	22.949	24.787
Provisions and impairments	-138	1.017
Government grants	-811	-1.138
Gains / losses on sale of fixed assets	-2.315	-7
Gains / losses on sale of financial assets	0	-3.000
Change in fair value of derivative financial instruments and unrealised foreign exchange results	-1.059	-235
Discounting long-term receivables	-905	-926
Share-based payments	439	503
Realisation translation differences due to liquidation polish company	1.324	0
Interest expense and income	4.048	5.437
	63.564	55.995
Working capital movements	-5.886	15.167
Cash from operating activities	57.678	71.122
Income taxes paid	-10.384	-4.866
Net cash from operating activities	47.293	66.256

Cash flows from investing activities

Acquisition of other intangible assets	-1.562	-1.803
Acquisition property plant and equipment and investment property	-12.695	-16.977
Proceeds from sale of other intangible assets	0	0
Proceeds from sale of property, plant and equipment	1.652	120
Proceeds from sales of other financial assets	0	3.000
Net cash used in investing activities	-12.605	-15.660

Cash flows from financing activities

New loans	9.954	9.500
Repayment of borrowings	-40.000	-44.256
Interest paid	-4.144	-5.535
Interest received	106	166
Repurchase of own shares	0	-998
Dividends paid	-6.121	-4.397
Settlement cross-currency interest rate swaps	-2.483	0
Net cash used in financing activities	-42.689	-45.520

Net cash flow	-8.001	5.076
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Cash and cash equivalents

Cash and cash equivalents at beginning of the period	20.136	15.057
Cash and cash equivalents at end of the period	12.239	20.136
Effect of exchange rate fluctuations on cash held	104	3
Net cash flow	-8.001	5.076

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	Capital	Share premium	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Treasury shares	Share-based payments reserve	Equity attributable to equity holders of the company	Non-controlling Interests	Total Equity
At 31 December 2009	48.963	1.154	-1.439	-2.803	0	91.223	-6.973	1.091	131.217	1.323	132.540
Profit for the period						27.847			27.847	215	28.062
Translation differences			811						811		811
Net changes in the fair value of derivative financial instruments				1.593					1.593		1.593
Total other comprehensive income for the period	0	0	811	1.593	0	0	0	0	2.404	0	2.404
Total comprehensive income for the period	0	0	811	1.593	0	27.847	0	0	30.251	215	30.466
Dividends paid						-6.121			-6.121		-6.121
Share-based payments transactions								439	439		439
Purchase/Sale of treasury shares							0		0		0
Total transactions with owners, recorded directly in equity	0	0	0	0	0	-6.121	0	439	-5.682	0	-5.682
At 31 December 2010	48.963	1.154	-629	-1.210	0	112.945	-6.973	1.530	155.779	1.538	157.318

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	Capital	Share premium	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Treasury shares	Share-based payments reserve	Equity attributable to equity holders of the company	Non-controlling Interests	Total Equity
At 31 December 2008	48.963	1.154	-1.394	-2.866	2.070	73.576	-5.976	589	116.116	1.190	117.306
Profit for the period						22.044			22.044	133	22.177
Translation differences			-45						-45		-45
Net change in the fair value of derivative financial instruments				63					63		63
Net changes in the fair value of financial assets available for sale transferred to the income statement					-2.070				-2.070		-2.070
Total other comprehensive income for the period	0	0	-45	63	-2.070	0	0	0	-2.052	0	-2.052
Total comprehensive income for the period	0	0	-45	63	-2.070	22.044	0	0	19.992	133	20.125
Dividends paid						-4.397			-4.397		-4.397
Share-based payment transactions								503	503		503
Purchase/sale of treasury shares							-998		-998		-998
Total transactions with owners, recorded directly in equity	0	0	0	0	0	-4.397	-998	503	-4.892	0	-4.892
At 31 December 2009	48.963	1.154	-1.439	-2.803	0	91.223	-6.973	1.091	131.217	1.323	132.540

SEGMENT INFO IN '000 €	Belgium		France		Spain		Others (PL+SWI)		Not allocated		TOTAL	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Segment revenue	139.695	131.291	64.123	61.938	42.174	43.187	4.581	4.427	0	0	250.573	240.844
Inter-segment revenue	11.403	9.617	0	0	0	0	0	0	0	0	11.403	9.617
Revenue	128.292	121.674	64.123	61.938	42.174	43.187	4.581	4.427	0	0	239.170	231.226
Segment result	18.185	10.117	16.828	14.142	8.680	6.748	1.492	815	0	0	45.185	31.822
Finance income									4.287	4.699	4.287	4.699
Finance cost									-9.440	-7.004	-9.440	-7.004
Profit before tax											40.032	29.517
Income tax expense									-11.970	-7.340	-11.970	-7.340
Profit for the period											28.062	22.177
Capex	7.117	10.891	4.508	5.015	2.341	2.685	290	190	0	0	14.256	18.780
Total assets	125.397	126.084	97.489	102.432	49.963	53.055	28.879	26.857	24.312	35.109	326.040	343.537