

Press release Kinopolis Group

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Press release – regulated information

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Kinopolis Group records net profit of 22 million euros and 46% growth in 2009

Kinopolis Group recorded revenue of € 231.2 million in 2009, up 6.6% on the previous year. This stems from a 10.3% rise in the current¹ EBITDA² to € 58.1 million. Current net profit grew by 34% to € 20.4 million. The group reports a free cash flow of € 39.9 million (up 316%). Net financial debt was € 89.4 million as at 31 December 2009.

- Continued development of the group's strategy as regards marketing, cinema operation and property value enhancement is successful. The effects can be seen in sales growth, profit growth and retention of staff, despite a climate of recession.
- Continued investments in innovation and customer appreciation pay off.
- High cash flow thanks to very good results in 2009, sale of CinemaxX and one-off decrease in working capital, resulting in significant debt reduction.
- A dividend of € 0.92 is proposed, a rise of 39% vis-à-vis 2008 (€ 0.66).

KEY FIGURES IN MILLIONS OF €	2009	2008	% trend
<i>Visitors ('000)</i>	21,980	21,870	0.5%
Revenue	231.2	216.9	6.6%
EBIT	31.8	28.7	10.8%
Current EBIT (REBIT) ¹	34.2	28.8	18.9%
<i>REBIT margin</i>	14.8%	13.3%	11.2%
EBITDA²	57.6	52.6	9.5%
Current EBITDA (REBITDA) ¹	58.1	52.7	10.3%
<i>REBITDA margin</i>	25.1%	24.3 %	3.3%
Net profit	22.2	15.2	46.0%
Current net profit ¹	20.4	15.2	34.1%
Profit per share (in €)	3.31	2.22	49.1%
Free cash flow³	39.9	9.6	315.6%
Net financial debt (NFS)	89.4	129.2	30.8%

¹ After elimination of non-current transactions (for more detailed information, see page 4).

² EBITDA is not a recognised data item under IFRS. Kinopolis Group defined the term by adding up the depreciation booked in the operating result, the write-downs and provisions and deducting any write-backs or use in the same headings.

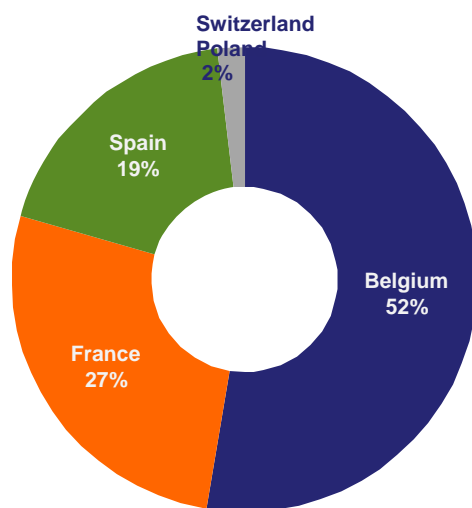
³ Kinopolis Group defines free cash flow as the cash flow generated from operating activities, less investments in intangible assets, property, plant and equipment and investment property, interest expenses paid, the purchase of own shares and dividend payments, including sales of property, plant and equipment and other financial assets.

Notes to consolidated results

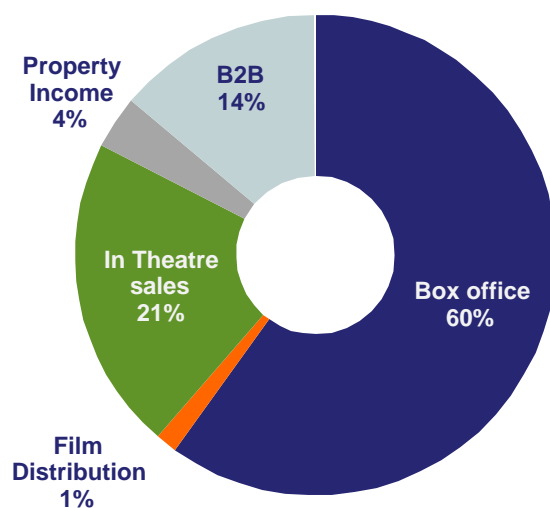
Revenue

The revenue of € 231.2 million was up almost 7% compared with 2008, and can be broken down as follows:

Revenue per country



Revenue per activity



- **Box office income¹** rose by 8% in 2009.
 - Kinopolis Group welcomed 22.0 million visitors in 2009 (0.5% more than in 2008).
 - Thanks to a good range of films, particularly in the summer period and in the second half of the year, decent visitor numbers were recorded in all countries. Despite the difficult economic circumstances, France and Spain recorded growth. Belgium too, did outstandingly well, with a limited downturn, although there was no equivalent in 2009 for the success enjoyed by the Flemish film 'Loft' in 2008. The following blockbusters fared extremely well: 'Ice Age 3: Dawn of the Dinosaurs', 'Harry Potter and the Half-Blood Prince', 'Avatar' (a big hit from mid December), 'Up' and '2012'. Alternative Content and 3D are playing an increasingly important role in programming. The 3D genre ('Ice Age 3', 'Up', 'Avatar') were enthusiastically received, while culture and sports-loving audiences were also regaled with a host of events such as live opera, theatre, ballet, concerts and sporting finals. 'Opera in de Cinema' led the way here, bringing more than 70,000 opera lovers to our theatres in 2009. This new cinema experience is the result of the group's continuous investments in innovation.
 - Local films, including 'De Helaasheid der Dingen' (Belgium), 'Le Petit Nicolas' (France) and 'Agora' (Spain) also enjoyed good box office figures.

Visitors (in millions)	Belgium	France	Spain	Switzerland	Total
Number of cinemas	11	7	3	1	22
2009	9.5	7.2	5.1	0.2	22.0
2008	9.7	7.0	5.0	0.2	21.9
% difference	-1.4%	2.3%	1.8%	-2.2%	0.5%

- **In-theatre sales (ITS)²** rose by 5% compared with 2008. Despite the crisis affecting purchasing power, the ITS revenue per visitor continues to rise, especially in Belgium. This is due to the success of the new self-service shops (Mega Candy), which offer cinema goers a wider range and greater convenience. The aim is to invest further in this shop concept and plan this for virtually all Kinopolis cinemas.
- **Business-to-business revenue (B2B)** has fared better than expected, with a rise of 3% compared with 2008, despite the sharp fall in income from screen advertising. B2B events such as congresses and corporate celebrations continue to do well. Thanks to digital showings, appropriate and extensive congress infrastructure and services, media campaigns and successful partnerships, the Kinopolis cinemas are strongly promoted as B2B locations. Screen advertising, however, is suffering as a result of the economic crisis.
- The turnover of **Kinopolis Film Distribution (KFD)** grew to € 3.5 million in 2009. Highlights included 'De Helaasheid der Dingen' by Felix van Groeningen, 'Dossier K.' by Jan Verheyen, and the Studio 100 productions 'Het Geheim van Mega Mindy' and 'Plop en de Kabouterbaby'. The distribution of non-Flemish films such as the musical 'Fame', the teenager comedy '17 Again' and the low-budget horror film 'Paranormal Activity' also hit the mark.
- **Income from property** is evolving positively thanks to the rise in the level of occupation of commercial premises and various activities aimed at turning the property potential to good account.

REBITDA

REBITDA rose in 2009 to € 58.1 million, up 10% on 2008 (€ 52.7 million in 2008). This can be attributed to the positive trend in sales, margin-enhancing measures (product mix, Mega Candy investments, B2B, etc.) and cost control.

¹ Income from ticket sales.

² Income from the sale of drinks, snacks and retail in the cinema.

Efficiency improvements made it possible almost completely to offset the effect of index adjustments on wage costs.

Net profit over the financial year

The net profit over the 2009 financial year amounted to € 22.2 million compared with € 15.2 million in 2008, an increase of 46%. Once the non-current transactions have been taken out, the current net profit for 2009 (€ 20.4 million) was still considerably better than the current net profit for 2008 (€ 15.2 million). This can be attributed mainly to a sharp rise in the operating result and a steep fall in financial costs.

The non-current items are: the gain of € 3 million recorded on the sale of the holding in CinemaxX, a provision for non-recoverable invoices to the sum of € -1.7 million (Screenvision), costs for transformation of the organisation amounting to € -1.2 million, the retirement of property, plant and equipment that had not been completely written off to the sum of € -0.5 million, the downward valuation of the discontinued cinema project Mediacité (Liège) to the sum of € -0.5 million, the adjustment of VAT provisions to the sum of € 1.5 million and taxes on the aforementioned items to the sum of € 1.1 million.

Free cash flow and net financial debt

The free cash flow amounted to € 39.9 million in 2009, compared with € 9.6 million in 2008. This strong cash flow generation is the result of the growth in the result, the fall in interest expenses paid and a better management of the working capital, on the one hand. On the other hand there are also a number of one-off items, including the capital gain recorded on the sale of CinemaxX (€ 3.0 million) and a one-off improvement in the working capital (€ 12.0 million). The standardised free cash flow thus amounts to almost € 24.9 million.

Supplier trade debts increased as a result of the timing of a number of investment expenses and the management of payment periods. The remaining debts rose among other things on account of advances received on property projects, higher film distribution royalties payable, pre-paid sales and capital subsidies in France.

In 2009 a total of € 18.8 million was invested in new assets, a rise of € 4.6 million compared with the previous year (€ 14.2 million).

The sale of other financial fixed assets resulted in a positive cash flow of € 3.0 million.

The conservative financial policy was continued and is aimed at further reinforcing the balance sheet by means of debt reduction. The net financial debt position of Kinopolis fell by 30% from € 129.2 million at the end of 2008 to € 89.4 million as at 31 December 2009. The NFS/EBITDA ratio of 1.6 is therefore at its lowest level ever.

Kinopolis is financed by means of a syndicated credit facility that runs until 2014, of which € 30 million less was drawn in 2009. In addition, at the end of 2009 a first instalment of € 9.5 million was raised from the Commercial Paper programme (launched in the autumn of 2009).

Since 2008 Kinopolis has used derived financial instruments to cover the interest risk, the movement in real terms of which relates directly to the equity and therefore does not have any impact on the financial year (cash flow hedge accounting). In 2009 the impact on equity amounted to € 0.1 million compared with € -3.3 million in 2008, to be attributed to the sharp fall in interest rates.

Balance sheet

At € 298.1 million, non-current assets (including those held for sale) accounted for 87% of the balance sheet total as at 31 December 2009. This includes land and buildings (including those available for sale and the investment property) with a book value of € 219.5 million.

As at 31 December 2009 equity amounted to € 132.5 million or 38.6% of the balance sheet total, an improvement of 5.4% compared with the solvency level at the end of 2008.

Dividend: € 0.92 per share

The Board of Directors will propose to the General Meeting of 21 May 2010 that a gross dividend of € 0.92 per share be paid out for the 2009 financial year (the dividend will be available for payment from 2 June 2010). This represents an increase of 39% in comparison with 2008 (€ 0.66 per share). The pay-out ratio of 30%, which is to be applied to the current net profit from this year onwards, was adhered to for the sixth year in a row.

Purchase of shares in the company's own capital

In implementation of the discretionary mandate granted by the Board of Directors to Bank Degroof under the conditions of Transitional Provision no. 2 of the Articles of Association, a total number of 66,113 shares were bought in 2009, for an amount of € 997,613. The shares were bought with a view to covering the granting of share options in the framework of the 2007-2016 Share Options Plan. No shares were sold.

On 31 December 2009 Kinopolis Group NV held a total of 277,231 shares in its own capital, representing 4% of the total number of shares.

Main events in 2009

- ❑ April 2009: Kinopolis waives option on 50% Imagimons (Mons, Belgium) and thereby puts an end to time-consuming and costly legal proceedings.
- ❑ 1 May 2009: Henk Rogiers appointed CFO.
- ❑ 4 May 2009: The Court of Appeal rejects the petition from the French cinema group UGC to suspend the decision of the Competition Council (Belgium) of 1 October 2008¹. So the Council's decision remains in force until the ruling on the merits of the case involving the annulment petition, also brought by UGC. This ruling is expected in the spring of 2010.
- ❑ May 2009: Professor Marion Debruyne (Marion Debruyne BVBA), Associate Professor and Partner in the Marketing Skills Centre at Vlerick Leuven Gent Management School, and Mr Rafaël Decaluwé (Gobes Comm.V.), formerly CEO of Bekaert, are appointed independent directors.
- ❑ 15 May 2009: The General Meeting decides to pay shareholders a gross dividend of € 0.66 gross per share.
- ❑ June 2009: Eddy Duquenne becomes a member of the "Commission de Réflexion" of the French cinema federation FNCF. In this way Kinopolis aims to make its contribution to the development of the cinema market in France.
- ❑ July 2009: Kinopolis is no longer a shareholder in CinemaxX AG. For Kinopolis, the transaction generates a capital gain in the 2009 financial year equal to the selling price (€ 3 million).
- ❑ September 2009: Philippe Halhoutte is appointed vice-country manager Kinopolis France.
- ❑ October 2009: Kinopolis decides not to carry out the Médiacité cinema project (Liège) as a result of persistent competition law proceedings.
- ❑ November 2009: Carl Lenaerts is appointed vice-country manager Kinopolis Belgium.
- ❑ 26 November 2009: Kinopolis issues Commercial Paper with a programme scope of € 50 million, intended for short-term financing. The financing is supported by the syndicated credit facility, constitutes a diversification of the sources of financing used by Kinopolis, and reduces the interest burden.

Status Screenvision Belgium nv

Kinopolis is still considering a takeover of Screenvision Belgium nv. The conditions for the takeover have not yet been fleshed out in detail. It remains Kinopolis' intention to keep the Belgian cinema advertising market united, in the interests of all stakeholders.

¹ The decision from the Competition Council on 1 October 2008 states that prior permission from the Council is no longer required before expanding or replacing an existing cinema, and that the construction or takeover of a cinema does have to be officially reported until 2011.

Line-up

The year 2010, ushered in by the major success of 'Avatar', promises to be a good one for films, with various major sequels including 'Toy Story 3', 'Shrek 4', 'Harry Potter and the Deadly Hollows', 'The Twilight Saga: Eclipse', 'The Chronicles of Narnia: The Voyage of the Dawn Treader' and 'Step Up 3'. Other top international films will no doubt include 'Alice in Wonderland', 'Inception' and 'Prince of Persia'. The film year will be characterised in terms of format by 3D films, including 'Toy Story 3', 'Shrek 4', 'Step Up 3' and 'Alice in Wonderland'.

A host of local films are also on the bill for 2010, including 'Zot van A' (Belgium), 'L'Arnacoeur'(France) and 'Torrente 4' (Spain).

Kinepolis is to introduce a host of new initiatives in 2010 in the fields of sport, music, television series and documentaries. The UEFA football matches in Belgium in conjunction with EXQI Sport (Alfacam) have already provided a sporting foretaste of all this.

Statutory Auditor's report

To: The Board of Directors of KINEPOLIS GROUP NV

Information with respect to the annual announcement

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.

The annual announcement is attached to this document.

Antwerp, 26 February 2010

Klynveld Peat Marwick Goerdeler - Bedrijfsrevisoren
Represented by

Sophie Brabants
Partner

Financial calendar

Tuesday, 18 May 2010	Publication of business update Q1 2010
Friday, 21 May 2010	General Shareholders' Meeting
Friday, 27 August 2010	Publication of half-yearly results 2010
Tuesday, 16 November 2010	Publication of business update Q3 2010