

# Kinepolis Group

## Results H1 2014

August 28, 2014



# Business Review Half 1 2014

CEO, Mr Eddy Duquenne



# Key financials

€m	H1 2014	H1 2013	Better / (Worse)
<i>Visitors ('000)</i>	8.827	8.369	5,5%
Revenue	115,1	109,7	4,9%
<b>EBITDA</b>	<b>30,5</b>	<b>30,9</b>	<b>(1,5)%</b>
<b>REBITDA</b>	€ 3,56/Vis <b>31,4</b>	€ 3,66/Vis <b>30,7</b>	<b>2,6%</b>
<i>REBITDA Margin</i>	27,3%	27,9%	
<b>EBIT</b>	<b>20,7</b>	<b>21,6</b>	<b>(3,8)%</b>
<b>REBIT</b>	<b>21,3</b>	<b>21,0</b>	<b>1,5%</b>
<i>REBIT Margin</i>	18,5%	19,1%	
<b>Profit</b>	<b>13,3</b>	<b>14,3</b>	<b>(7,0)%</b>
<b>Current Profit</b>	<b>13,7</b>	<b>13,9</b>	<b>(1,1)%</b>
<i>EPS (in €)</i>	2,52	2,59	(2,7)%
<i>EPS impact share split (in €)</i>	0,50	0,52	(2,7)%
<b>Free Cash Flow</b>	<b>11,6</b>	<b>7,6</b>	<b>52,3%</b>
€m	30 <sup>th</sup> Jun 2014	31 <sup>st</sup> Dec 2013	Better / (Worse)
<b>Net Financial Debt (NFD)</b>	<b>97,9</b>	<b>88,1</b>	<b>(9,8) €m</b>

# Highlights

- ❑ Revenue up by 4,9%
  - ❑ Visitors +5,5%, thanks to mild winter weather in Q1 and good international and local film content, partly offset by impact of World Cup football and nice summer weather in June
  - ❑ Increase Box Office revenue (+4,3%)
  - ❑ Increase In-theatre Sales (+3,6%)
  - ❑ Increase Sales and Events (+1,6%)
  - ❑ Decrease Screen Advertising revenue (-9,8%)
  - ❑ Decrease revenue Brightfish (-8,8%)
  - ❑ Significant increase film distribution revenue (+241,5%)
- ❑ REBITDA + 2,6%
  - ❑ Increased visitor number
  - ❑ Improved operational efficiency
  - ❑ Higher overhead costs due to expansion
- ❑ REBITDA margin at 27,3% (27,9% in H1 2013)
- ❑ Current profit at € 13,7 m (€ 13,9 m in H1 2013)
- ❑ Free cash flow of € 11,6 m (€ 4,0 m higher)
- ❑ NFD at € 97,9 m (€ 9,8 m higher)

# Major events (1)

- ❑ H1 2014 results reflect strategic pillars set out in 2008
  - ❑ Best Marketer
  - ❑ Best Cinema Operator
  - ❑ Best Property Manager
- ❑ Further development and implementation of strategy in 2014
- ❑ First steps in expansion strategy
  - ❑ H1 2014: Acquisition 2 cinemas in Spain (Alicante and Madrid)
  - ❑ July 2014: Acquisition Dutch cinema group Wolff (9 cinemas in the Netherlands)
- ❑ Global achievement award in exhibition

# Major events (2)

- ❑ Strategic partnership Barco
- ❑ NEO-agreement Kinopolis Brussels
- ❑ Opening playground Madrid
- ❑ Real estate investment in Brussels
- ❑ Share split as from 1 July 2014
  - ❑ Each company share split into five
  - ❑ Total shares outstanding from 5.582.654 to 27.913.270 shares
  - ❑ Total treasury shares from 303.603 to 1.518.015 shares

# Kinepolis complexes on 30/6

KINEPOLIS GROUP	Complexes	Screens
Belgium	11	138
France	7	87
Spain	5	91
Poland *	1	18
Switzerland	1	8
<b>Total</b>	<b>25</b>	<b>342</b>

Market Share: Belgium: to be announced\*\*  
 France: 3,1%  
 Spain: 4,0%

324 digital screens (100% digitised\*\*\*)

Of which 96 screens with 3D\*\*\*



\* Operated by ITIT

\*\* New data platform expected to be available in 2014

\*\*\* Excluding ITIT

# Kinepolis complexes today

KINEPOLIS GROUP	Complexes	Screens
Belgium *	12	148
France	7	87
Spain	5	91
The Netherlands	9	46
Poland *	1	18
Switzerland	1	8
<b>Total</b>	<b>35</b>	<b>398</b>



- ❑ Market Share: Belgium: to be announced\*\*
- France: 3,1%
- Spain: 4,0%
- ❑ 370 digital screens (100% digitised\*\*\*)
- ❑ Of which 120 screens with 3D\*\*\*

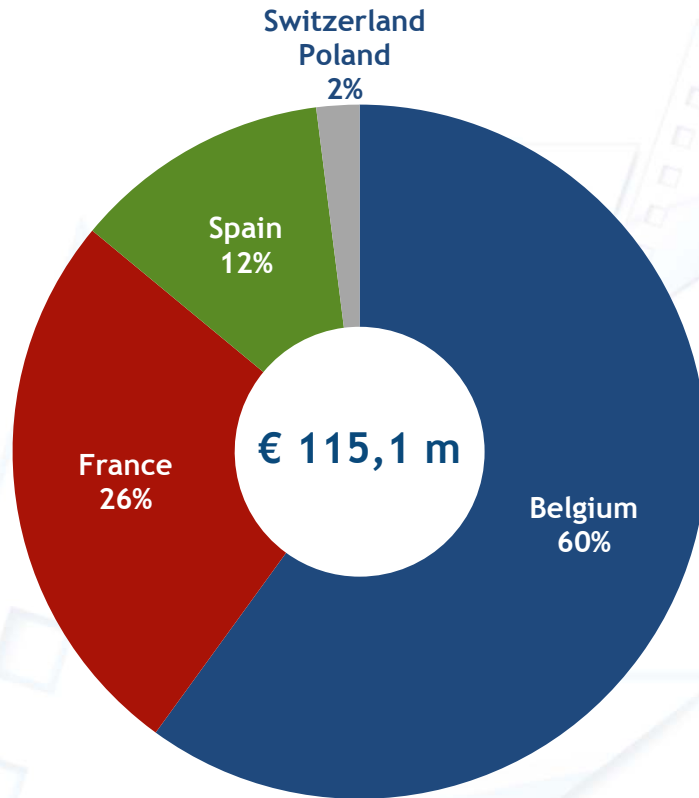
\* Operated by ITIT in Poland and 1 complex by UGC in Belgium (Brussels)

\*\* New data platform expected to be available in 2014

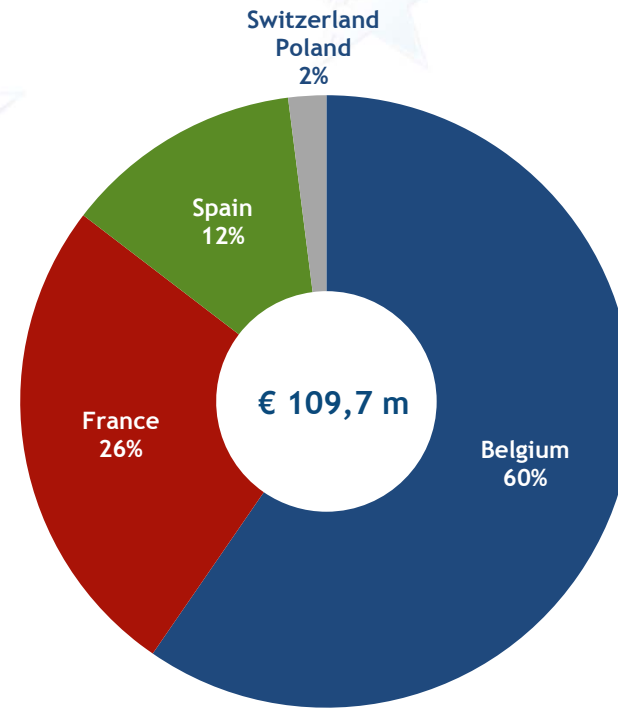
\*\*\* Excluding ITIT in Poland and UGC Brussels in Belgium



# Revenue by country

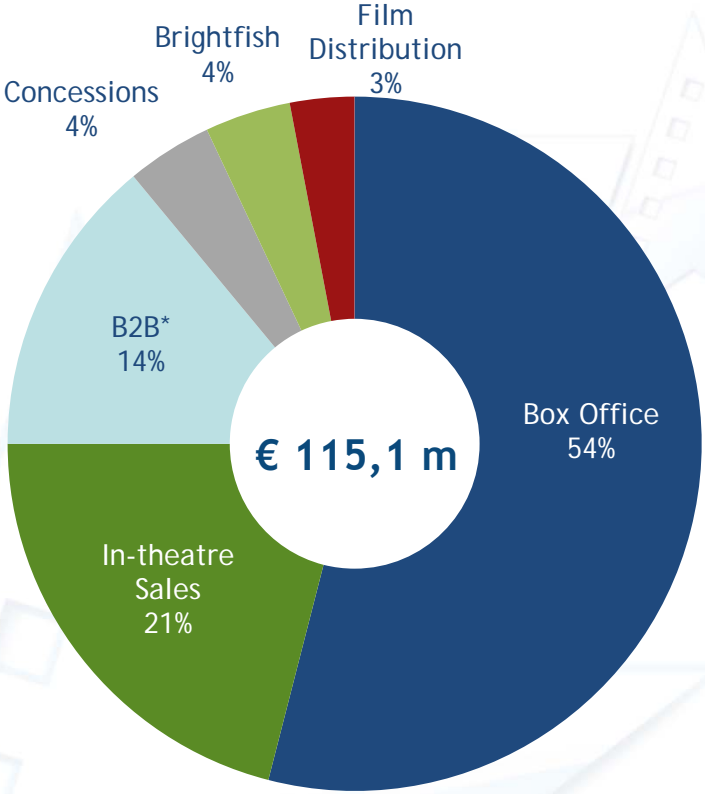


H1 2014

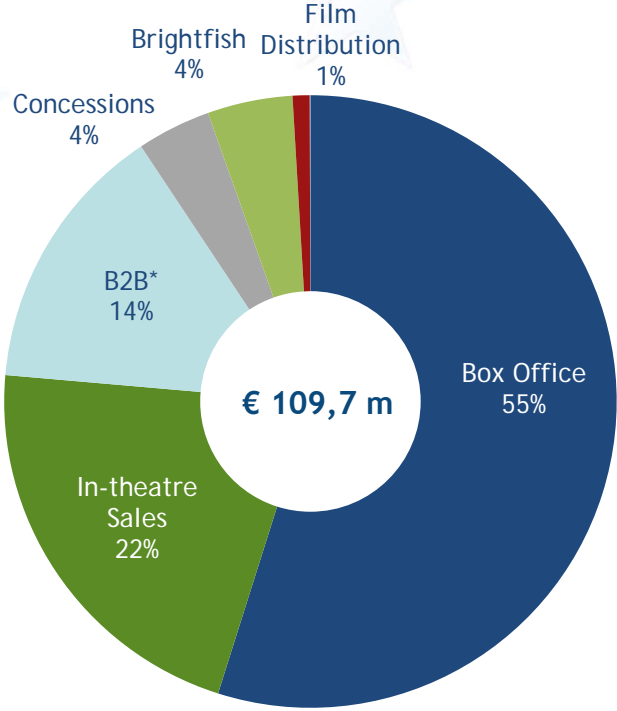


H1 2013

# Revenue by activity



H1 2014



H1 2013

\* Including Cinema Screen Advertising



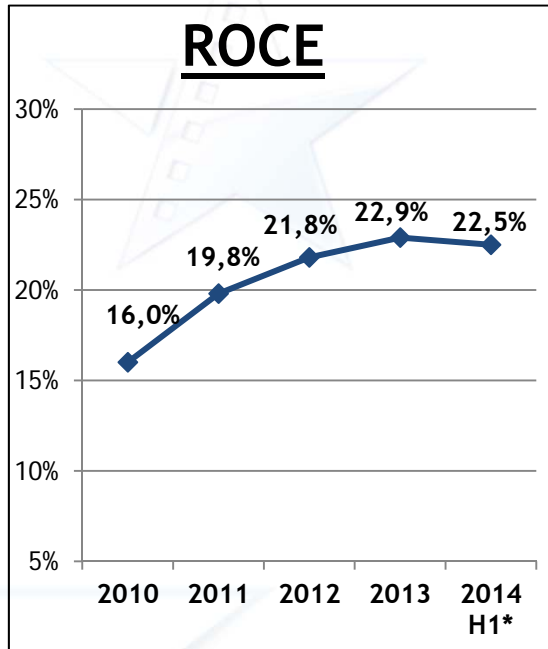
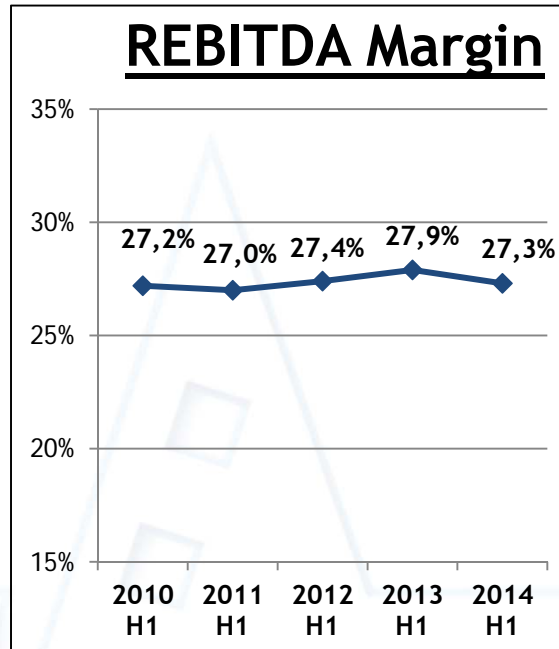
# Visitors & Movies

Visitors (000's)	H1 2014	% of Tot	H1 2013	% of Tot	% Δ YoY
Belgium	4.166	47,2%	4.051	48,4%	2,8%
France	3.064	34,7%	2.848	34,0%	7,6%
Spain	1.536	17,4%	1.398	16,7%	9,9%
Switzerland	61	0,7%	72	0,9%	(15,3)%
<b>Total</b>	<b>8.827</b>	<b>100%</b>	<b>8.369</b>	<b>100%</b>	<b>5,5%</b>

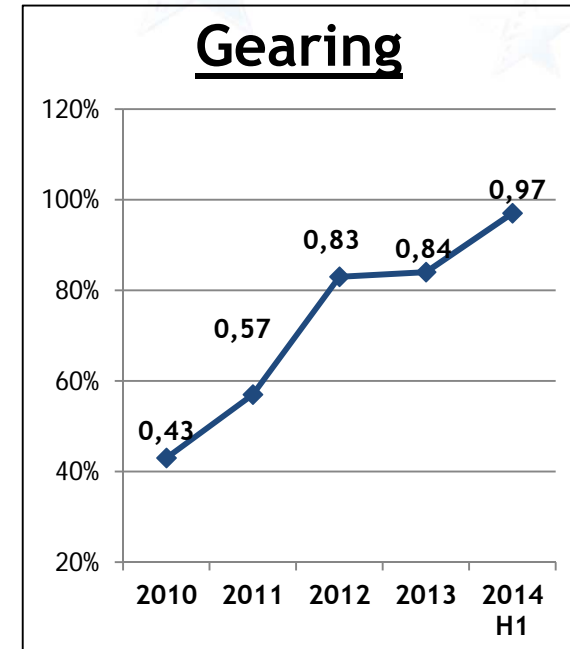
Top 5 Movies H1 2014	3D	Visitors (000's)
1. Qu'est-ce qu'on a fait au Bon Dieu		354
2. The Wolf of Wall Street		326
3. Supercondriaque		299
4. Ocho Apellidos Vascos		298
5. Rio 2	✓	296
<b>Top 5</b>		<b>1.574</b>
<b>Weight Top 5</b>		<b>17,8%</b>

Top 5 Movies H1 2013	3D	Visitors (000's)
1. Iron Man 3	✓	415
2. Fast and Furious 6		399
3. Django Unchained		364
4. The Croods	✓	359
5. The Hobbit: An Unexpected Journey	✓	240
<b>Top 5</b>		<b>1.777</b>
<b>Weight Top 5</b>		<b>21,2%</b>

# Ratios

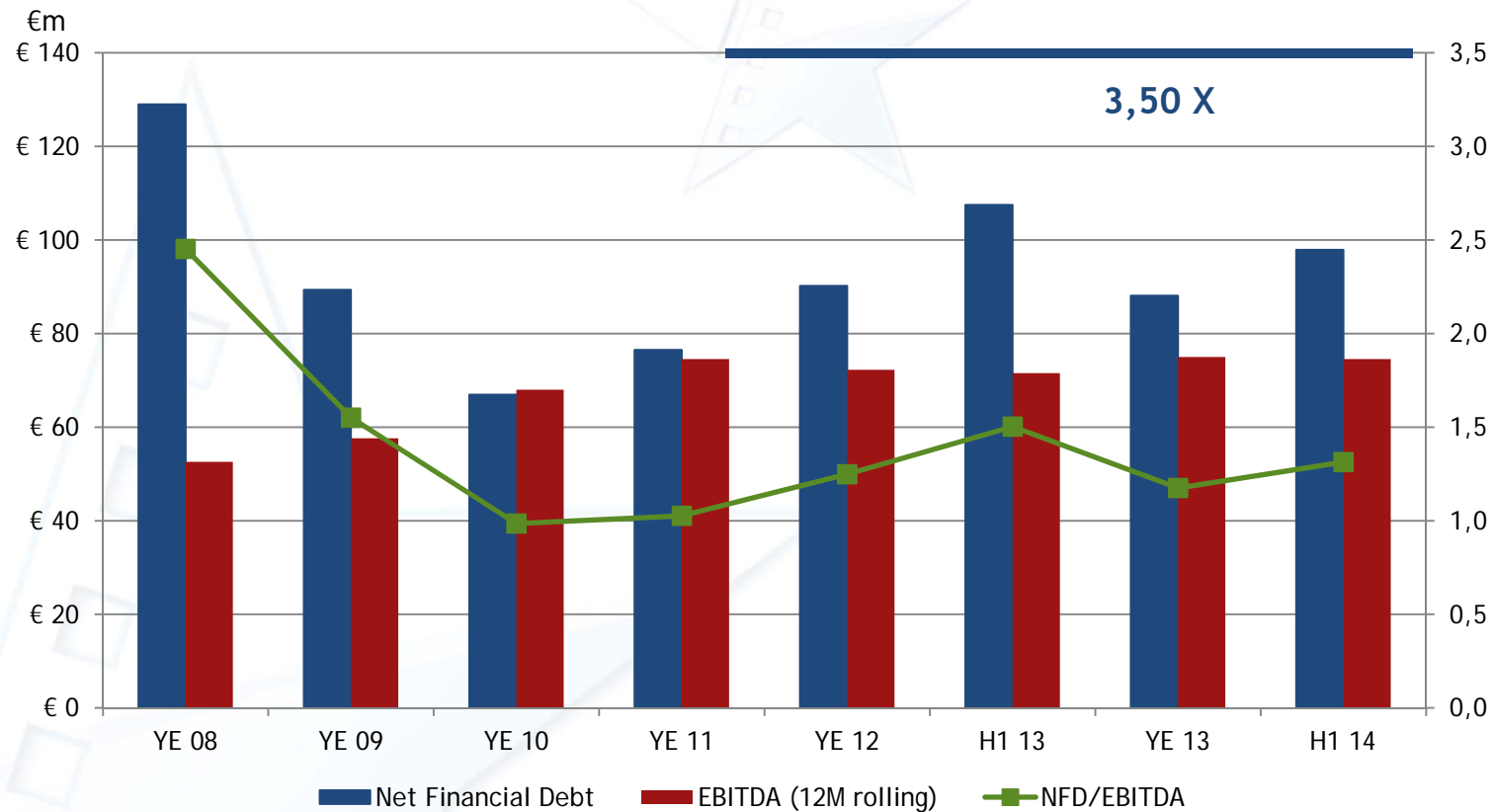


\*: 12 months rolling



# Net Financial Debt Evolution

€m	30 Jun 2014	31 Dec 2013	Better/(Worse)	% Better/(Worse)
Net Financial Debt (NFD)	97,9	88,1	(9,8)	(11,1)%
Leverage ratio*: NFD / EBITDA	1,3	1,2		



\* Not Clubdeal definition

# Line-up Half 2 2014

	2D	3D
Major sequels	<ul style="list-style-type: none"> <li>• The Expendables 3 (Q3)</li> <li>• The Hunger Games: Mockingjay - Part 1 (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>• How to Train Your Dragon 2 (Q3)</li> <li>• Transformers: Age of Extinction (Q3)</li> <li>• Step Up: All In (Q3)</li> <li>• Dawn of the Planet of the Apes (Q3)</li> <li>• The Hobbit: The Battle of the Five Armies (Q4)</li> </ul>
New titles	<ul style="list-style-type: none"> <li>• The Maze Runner (Q4)</li> <li>• Gone Girl (Q4)</li> <li>• The Loft (BE, Q4)</li> <li>• Interstellar (Q4)</li> <li>• Fury (Q4)</li> <li>• Horrible Bosses 2 (Q4)</li> </ul>	<ul style="list-style-type: none"> <li>• Teenage Mutant Ninja Turtles (Q4)</li> <li>• The Penguins of Madagascar (Q4)</li> <li>• Paddington (Q4)</li> </ul>
Local	<ul style="list-style-type: none"> <li>• Les vacances du Petit Nicolas (FR, Q3)</li> <li>• Brabançonne (BE VL, Q4)</li> <li>• Welp (BE VL, Q4)</li> <li>• Bowling Balls (BE VL, Q4)</li> <li>• Samba (FR, Q4)</li> <li>• Tu veux ou tu veux pas (FR, Q4)</li> <li>• La French (FR, Q4)</li> <li>• Torrente V: Misión Eurovegas (ES, Q4)</li> <li>• [REC] 4: Apocalipsis (ES, Q4)</li> </ul>	<ul style="list-style-type: none"> <li>• Mortadelo y Filemón (ES, Q4)</li> </ul>
Alternative content	<ul style="list-style-type: none"> <li>• Opera, Ballet</li> <li>• Shows: Monty Python Live (mostly) (BE, ES, Q3)</li> <li>• Art: Exhibition on screen (BE, FR, ES, Q4)</li> <li>• Concert: One Direction (BE, FR, ES, Q4)</li> <li>• Musical: Robin des Bois (BE FR, FR, Q4)</li> </ul>	<ul style="list-style-type: none"> <li>• Musical: 1789, Les Amants de la Bastille en 3D (BE, FR, Q3)</li> </ul>

# Financial Review Half 1 2014

CFO, Mr Nicolas De Clercq

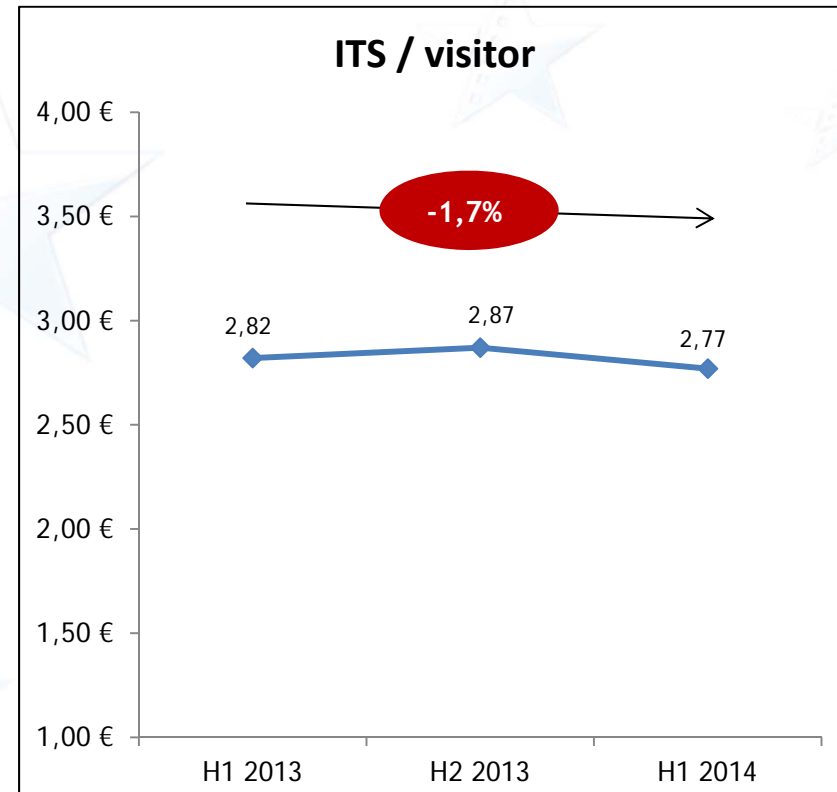
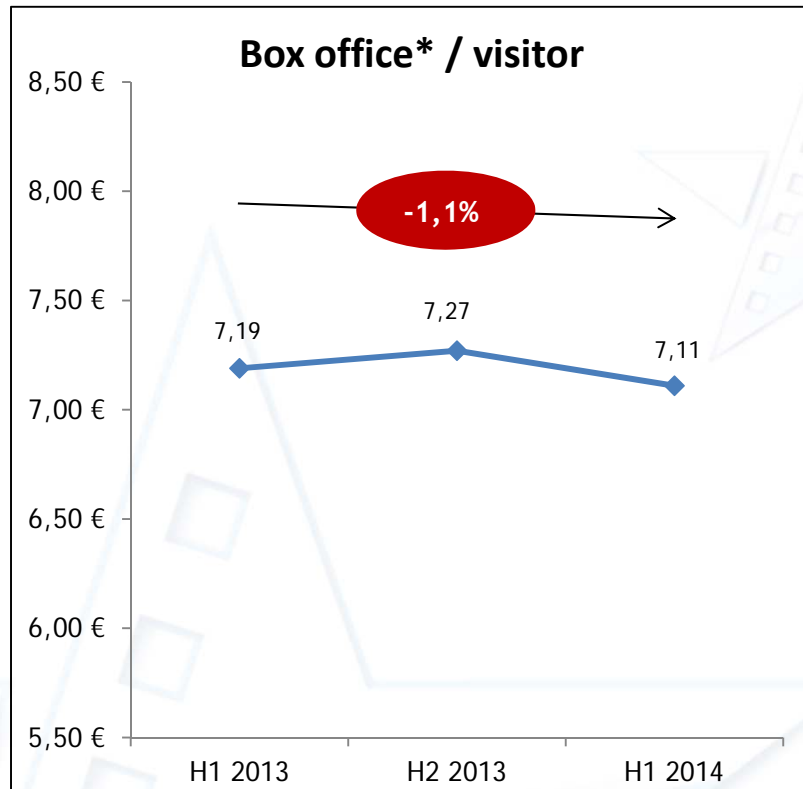


# Revenue by country

€m	H1 2014	% of Tot	H1 2013	% of Tot	% Δ YoY
Belgium	69,5	60,3%	65,4	59,6%	6,2%
France	29,6	25,7%	28,3	25,8%	4,5%
Spain	14,1	12,3%	13,8	12,6%	2,7%
Switzerland & Poland	1,9	1,7%	2,2	2,0%	(13,2)%
<b>Total</b>	<b>115,1</b>	<b>100%</b>	<b>109,7</b>	<b>100%</b>	<b>4,9%</b>

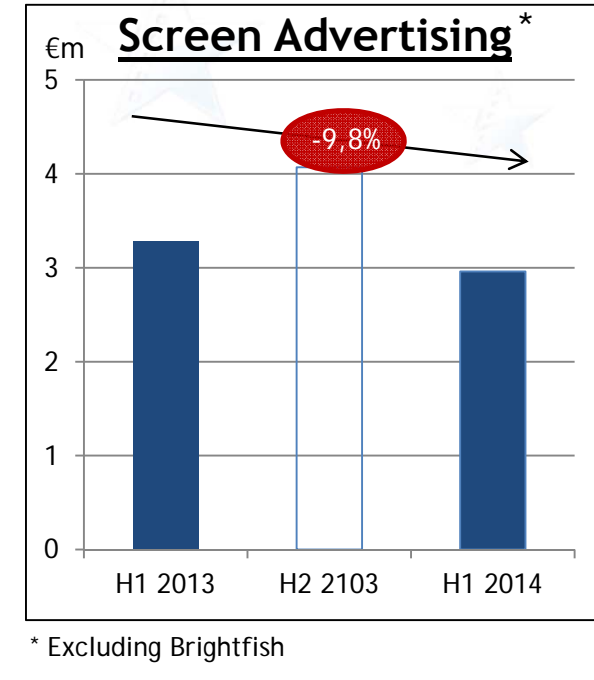
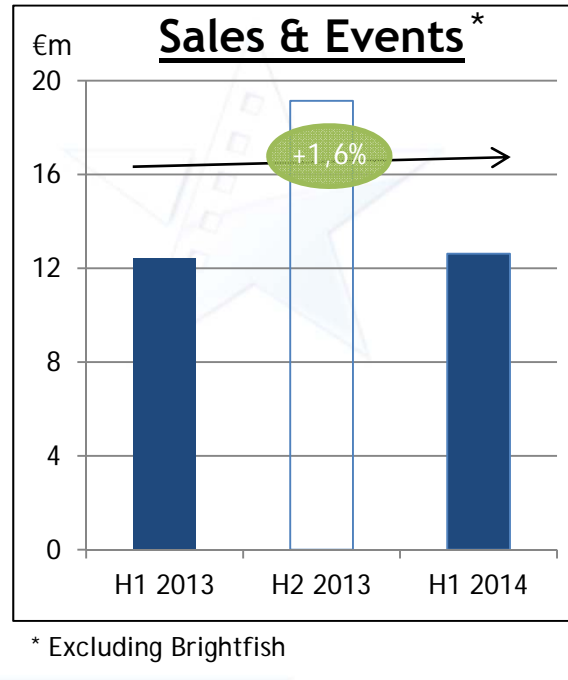
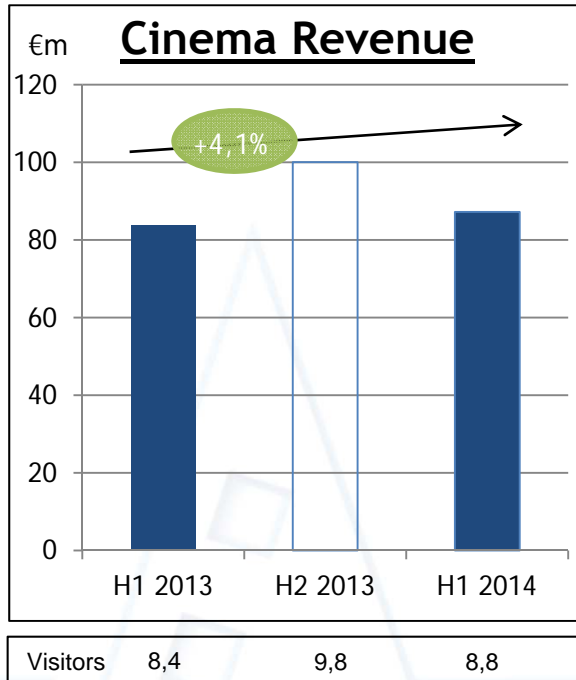


# Evolution Box Office & ITS

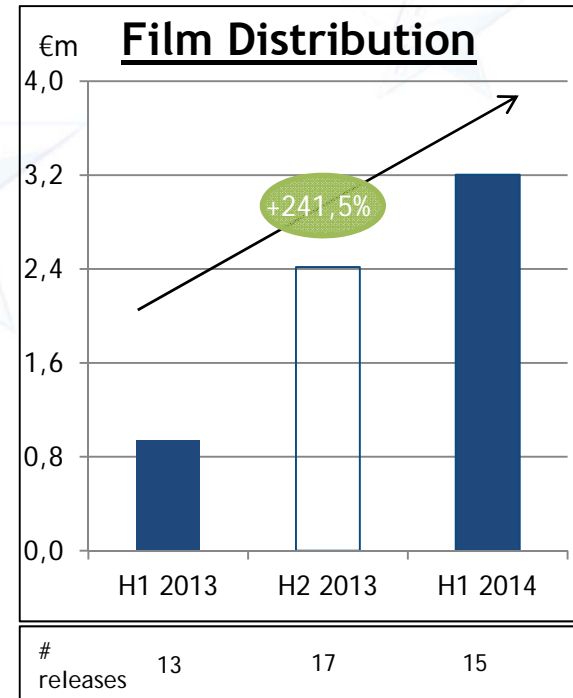
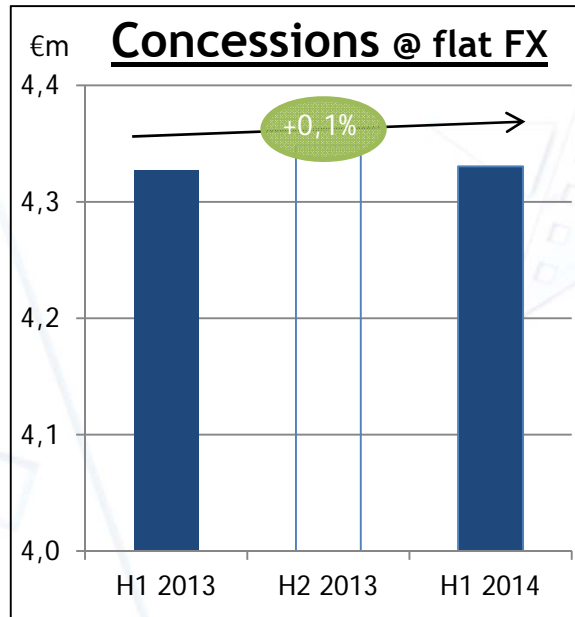


\* Box Office revenue after deduction of indirect taxes, including VPF revenue

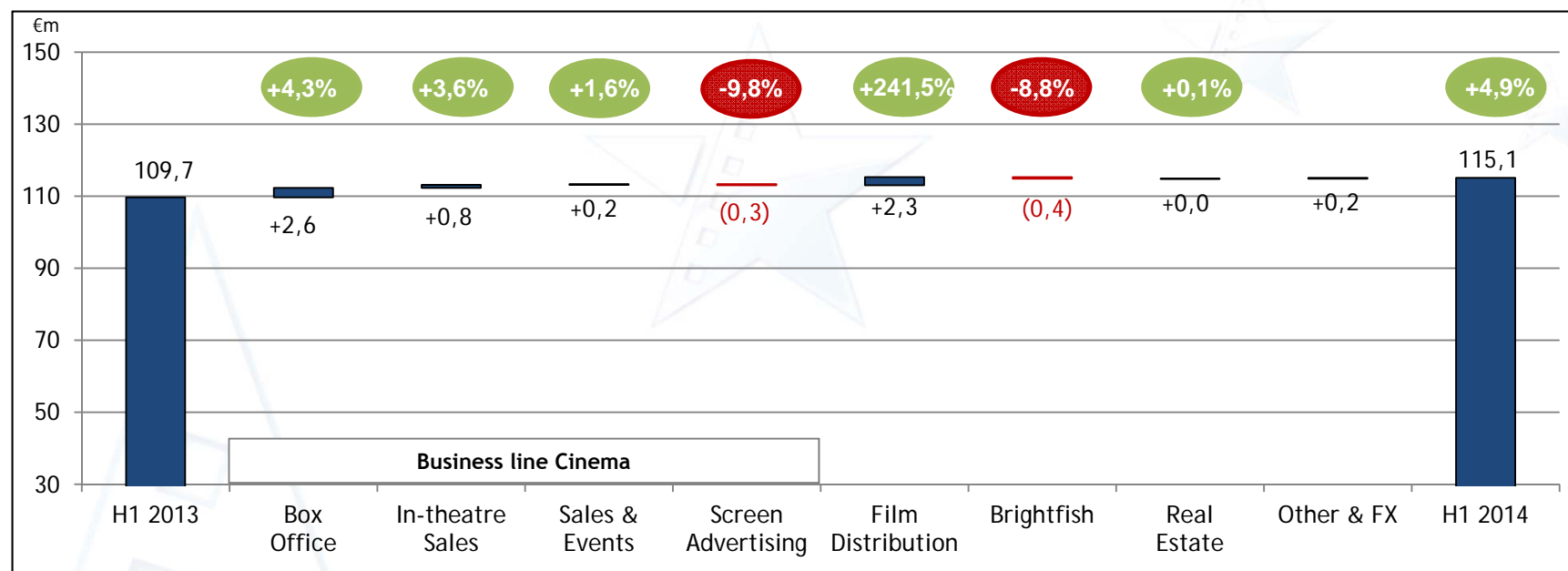
# Revenue by Business (1)



# Revenue by Business (2)



# Revenue by activity waterfall



# Operating Costs

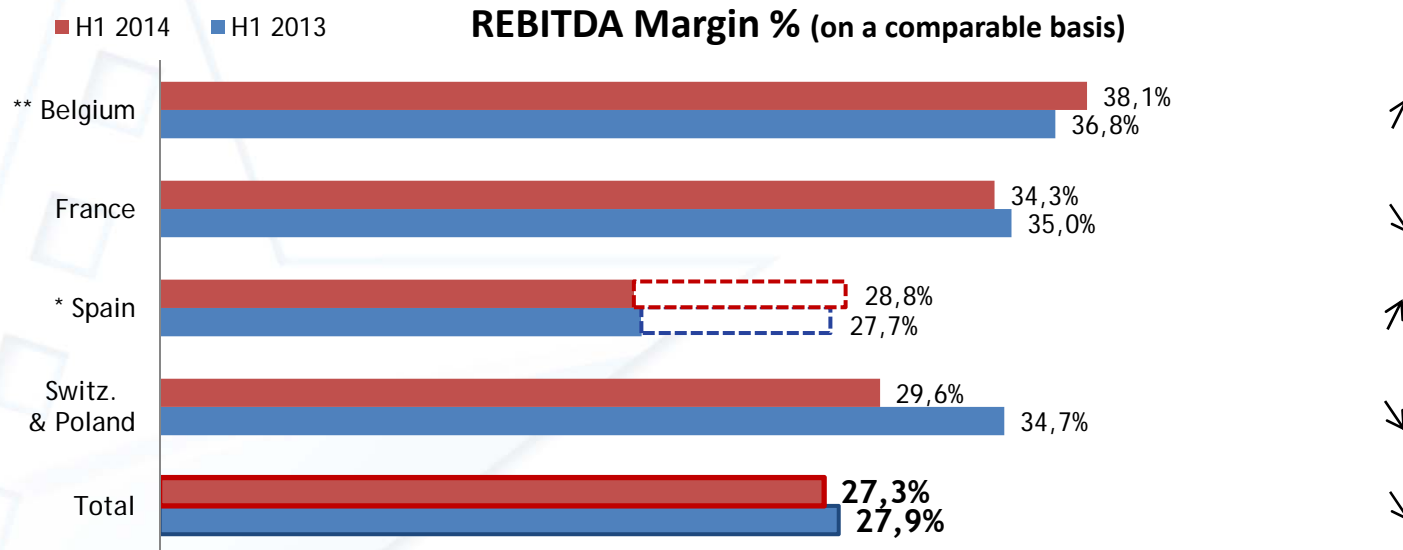
€m	H1 2014	H1 2013	% Better / (Worse)
Marketing & Selling Expenses	(6,3)	(5,7)	(10,8)%
Administrative Expenses	(7,7)	(7,1)	(8,7)%
Other Operating Income/(Costs)	0,1	1,6	(91,7)%
<b>Total Operating Costs</b>	<b>(13,8)</b>	<b>(11,1)</b>	<b>(24,0)%</b>
Non-Current	(0,4)	0,9	
<b>Current Operating Costs</b>	<b>(13,4)</b>	<b>(12,0)</b>	<b>(12,1)%</b>

# Non-Current items

€m	H1 2014	H1 2013	Impacts
Gain on sale land Poland		0,9	
Transformation expenses	(0,8)	(0,5)	<b>EBITDA</b>
Loss on disposal property, plant and equipment	(0,0)	(0,1)	
Other costs	(0,1)		
<b>EBITDA</b>	<b>(0,9)</b>	<b>0,3</b>	
Write-down disposed of fixed assets	(0,2)	(0,4)	<b>Depreciation</b>
<b>Depreciation</b>	<b>(0,2)</b>	<b>(0,4)</b>	
Transformation provisions	0,4	0,1	<b>Provisions</b>
Other provisions	0,1	0,5	
<b>Provisions</b>	<b>0,5</b>	<b>0,6</b>	
Tax on above items	0,2	(0,1)	<b>Taxes</b>
<b>Taxes</b>	<b>0,2</b>	<b>(0,1)</b>	
<b>Net impact of non-current items</b>	<b>(0,4)</b>	<b>0,4</b>	<b>Net Earnings</b>

# REBITDA by Country

REBITDA €m	H1 2014	% of Total	H1 2013	% of Total	% Better/(Worse)
Belgium	17,8	56,5%	17,0	55,6%	4,3%
France	10,2	32,6%	10,1	32,8%	2,1%
Spain	2,8	9,0%	2,8	9,1%	1,3%
Switzerland & Poland	0,6	1,9%	0,8	2,5%	(25,5)%
<b>TOTAL</b>	<b>31,4</b>	<b>100,0%</b>	<b>30,7</b>	<b>100%</b>	<b>2,6%</b>

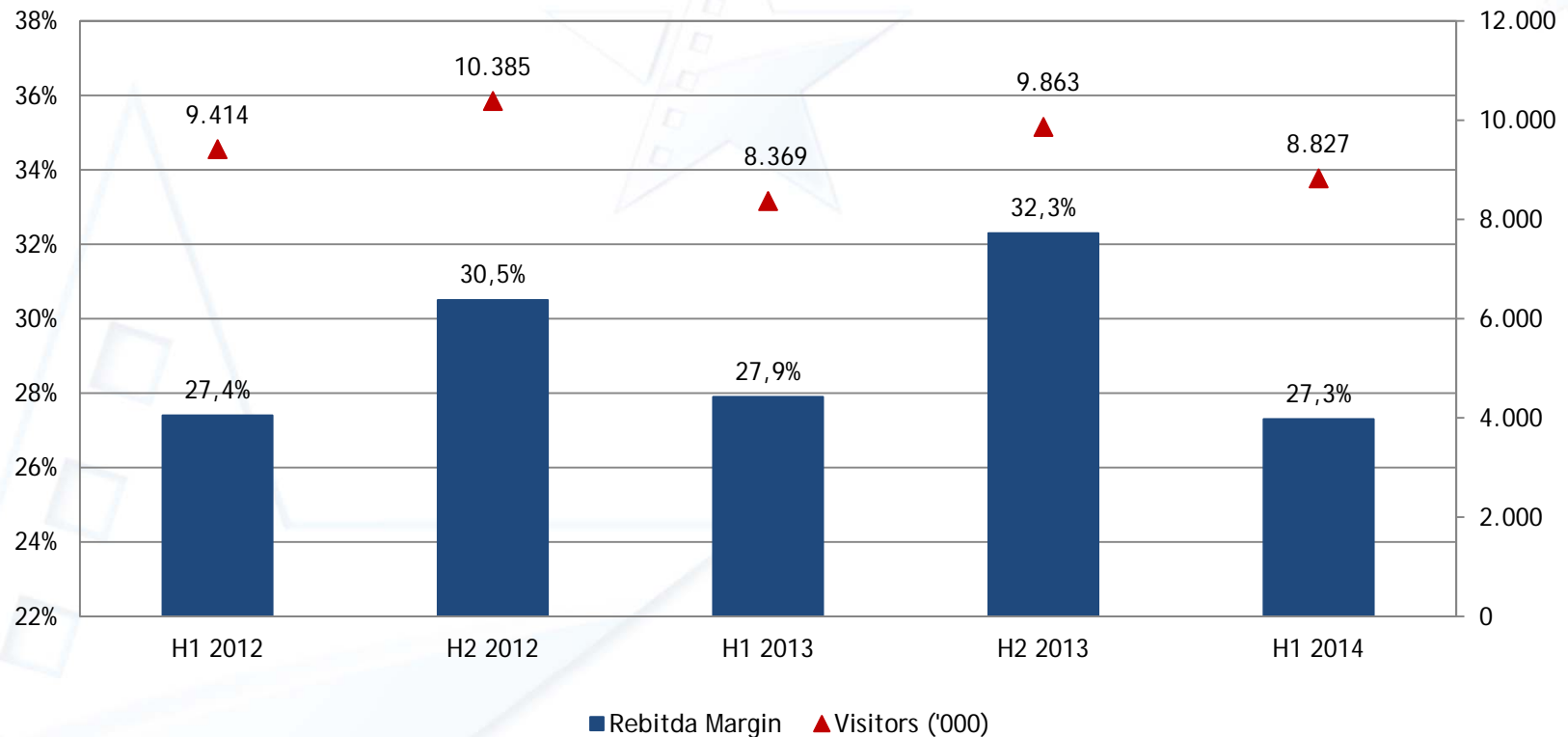


\* REBITDAR (i.e. REBITDA excluding rent for the Valencia, Plaza Mar 2 and Alcobendas complexes)

\*\* Excluding corporate entities, KFD, Brightfish

# REBITDA Margin

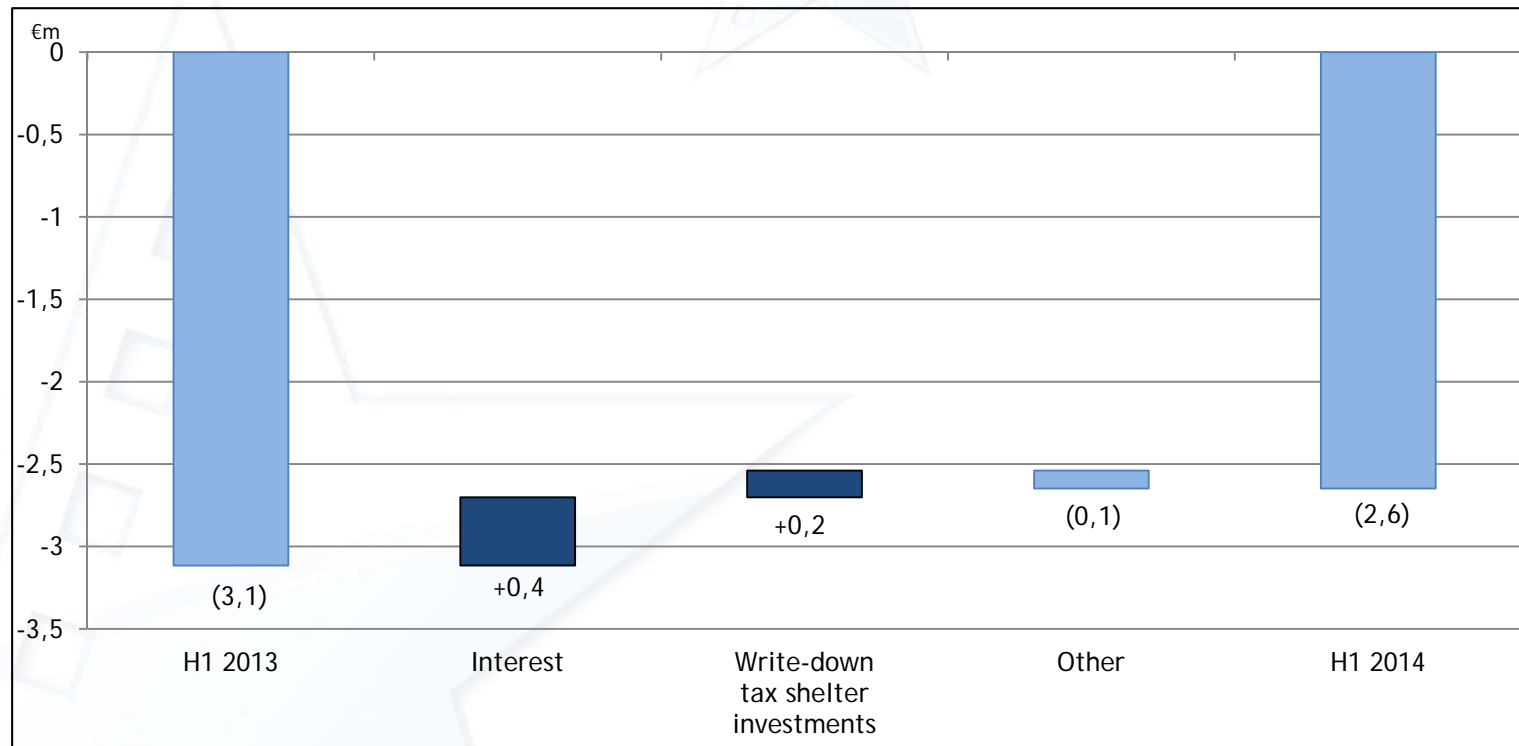
REBITDA /Visitor	€ 3,41	€ 4,03	€ 3,66	€ 4,46	€ 3,56
------------------	--------	--------	--------	--------	--------





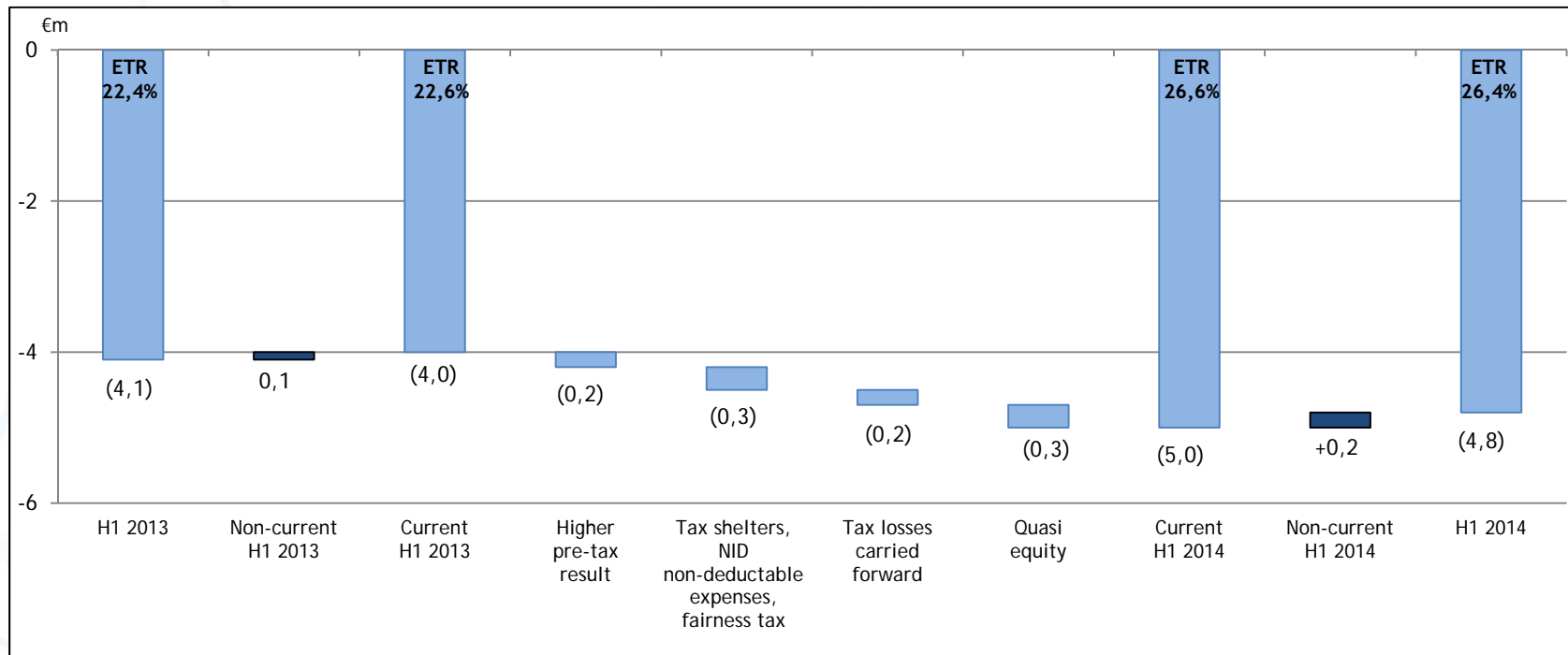
# Financial Result

€m	H1 2014	H1 2013	% Better/(Worse)
Interest Expense	(2,0)	(2,4)	16,8%
Other (CNC, Tax Shelters, Derivatives, FX)	(0,6)	(0,6)	(8,1)%
<b>Financial (Cost) / Income</b>	<b>(2,6)</b>	<b>(3,1)</b>	<b>15,0%</b>

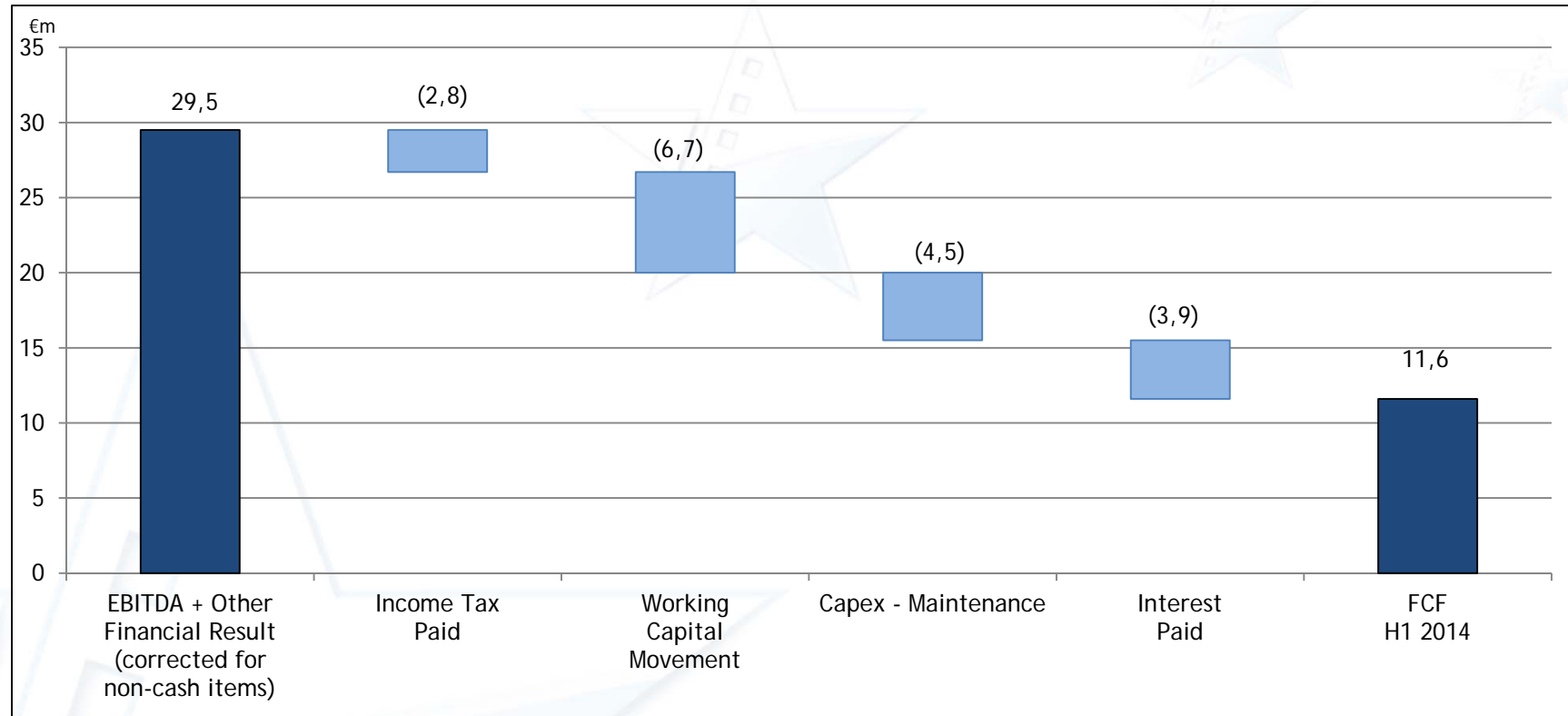


# Taxes

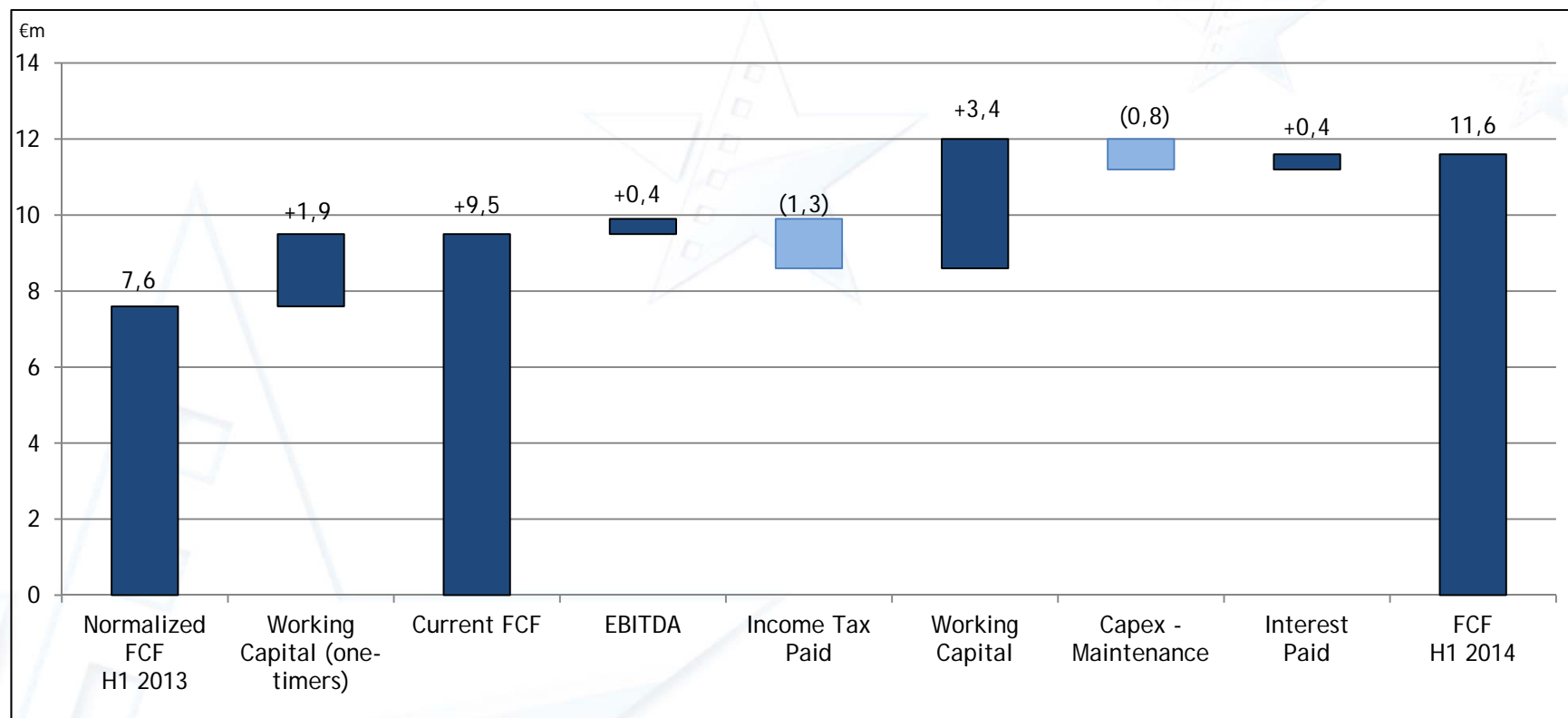
€m	H1 2014	H1 2013	% Better /(Worse)
Profit before taxes	18,1	18,4	(1,9)%
<b>Taxes</b>	<b>(4,8)</b>	<b>(4,1)</b>	<b>(15,8)%</b>
Profit	13,3	14,3	(7,0)%
<i>Effective Tax Rate ('ETR')</i>	<i>26,4%</i>	<i>22,4%</i>	



# Free Cash Flow H1 2014

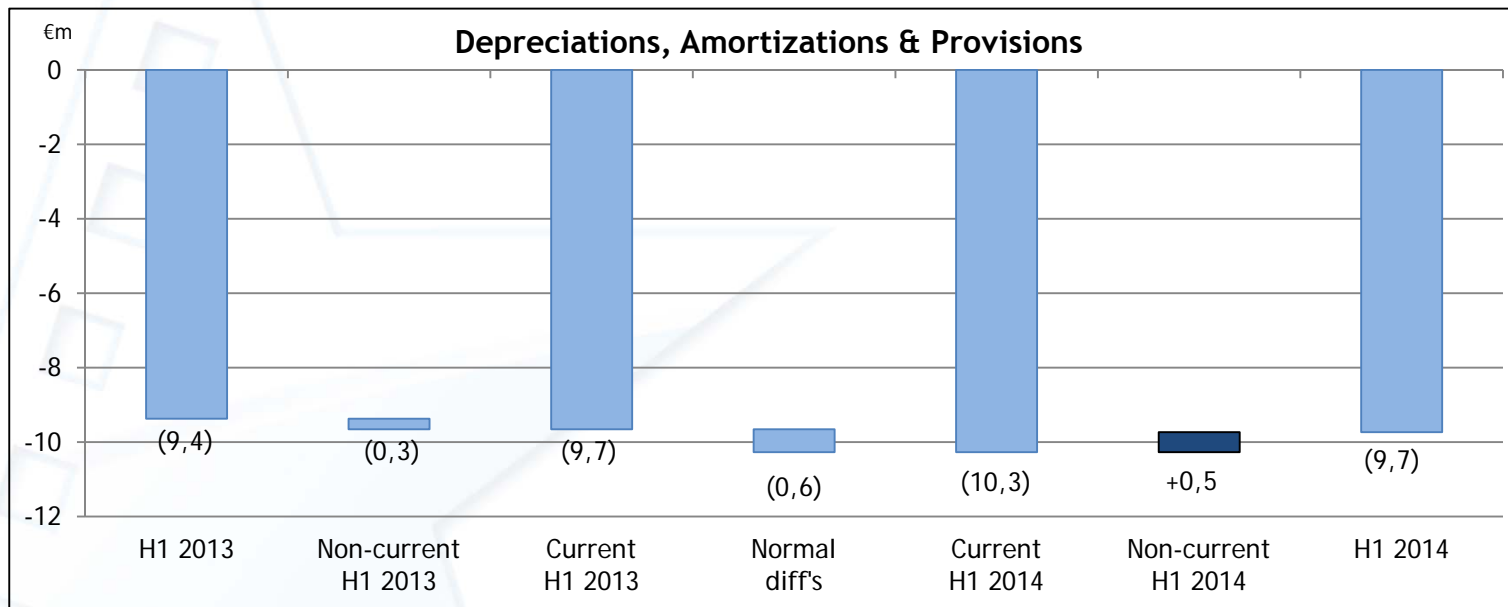
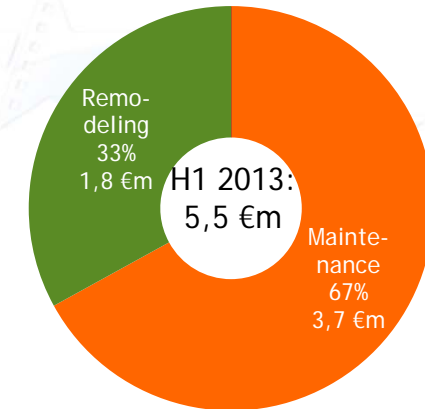
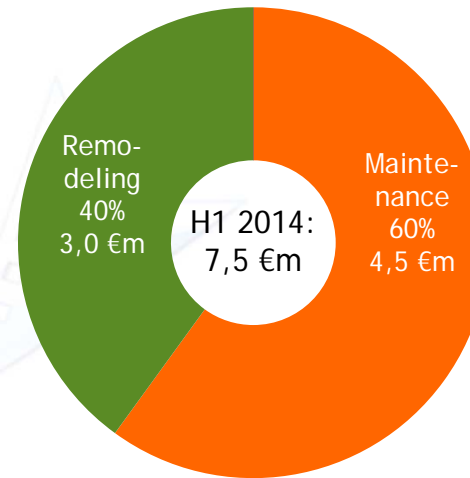


# Free Cash Flow H1: 2014 vs 2013



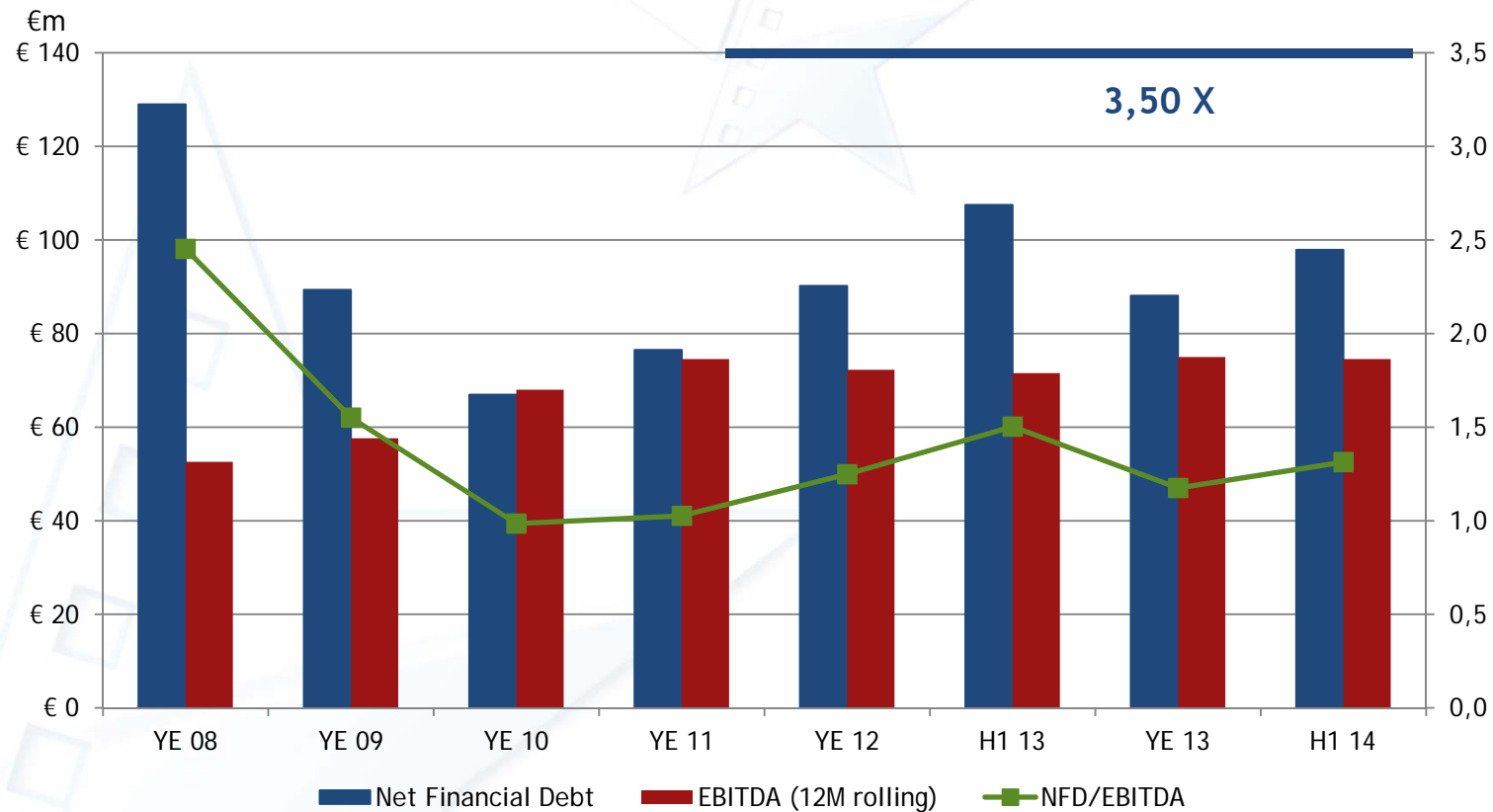
# Capex - Depreciation

Capex €m	H1 2014	H1 2013
Belgium	4,6	2,9
France	1,4	1,6
Spain	1,4	1,0
Other	0,1	0,0
<b>TOTAL</b>	<b>7,5</b>	<b>5,5</b>



# Net Financial Debt Evolution

€m	30 Jun 2014	31 Dec 2013	Better/(Worse)	% Better/(Worse)
Net Financial Debt (NFD)	97,9	88,1	(9,8)	(11,1)%
Leverage ratio*: NFD / EBITDA	1,3	1,2		



\* Not Clubdeal definition

# Balance sheet

€m	30 Jun 2014	% of Total	31 Dec 2013	% of Total	€m	30 Jun 2014	% of Total	31 Dec 2013	% of Total
Intangible assets	3,3	1%	3,0	1%	<b>Equity</b>	<b>100,9</b>	<b>34%</b>	<b>104,7</b>	<b>34%</b>
Goodwill	19,3	7%	18,8	6%	LT financial debt	78,9	26%	87,9	28%
Land & buildings	184,3	62%	180,3	58%	Provisions <sup>(1)</sup>	2,7	1%	3,0	1%
Other fixed assets	39,0	13%	38,6	12%	Deferred taxes	17,3	6%	17,5	6%
Deferred taxes	1,1	0%	1,1	0%	Other payables	7,7	3%	8,1	3%
Other receivables	14,0	5%	13,4	4%	Derivatives	0,0	0%	0	0%
<b>Non-current assets</b>	<b>261,0</b>	<b>88%</b>	<b>255,2</b>	<b>82%</b>	<b>Non-current liabilities</b>	<b>106,6</b>	<b>36%</b>	<b>116,5</b>	<b>38%</b>
Assets held for sale	0,0	0%	6,7	2%	ST financial debt	32,4	11%	19,9	6%
Working capital	21,7	8%	28,2	9%	Provisions	0,7	0%	0,7	0%
Current taxes	0,4	0%	0,5	0%	Working capital	47,7	16%	62,4	20%
Financial assets	0,4	0%	0,4	0%	Current taxes	8,2	3%	6,0	2%
Cash & cash equivalents	13,0	4%	19,3	6%	Derivatives	0,0	0%	0,1	0%
<b>Current assets</b>	<b>35,5</b>	<b>12%</b>	<b>55,1</b>	<b>18%</b>	<b>Current liabilities</b>	<b>89,0</b>	<b>30%</b>	<b>89,1</b>	<b>28%</b>
<b>Assets</b>	<b>296,5</b>	<b>100%</b>	<b>310,3</b>	<b>100%</b>	<b>Equity &amp; Liabilities</b>	<b>296,5</b>	<b>100%</b>	<b>310,3</b>	<b>100%</b>

	30 Jun 2014	31 Dec 2013
Gearing ratio*	0,97	0,84
Current ratio**	0,40	0,62
Solvency ratio***	34,0%	33,7%
ROCE****	22,5%	22,9%

(1): Including employee benefits liabilities

\*: Gearing ratio: Net Financial Debt / Equity

\*\* : Current ratio: Current Assets / Current Liabilities

\*\*\*: Solvency ratio: Total Equity / Total Equity & Liabilities

\*\*\*\*: ROCE: Current operating profit / Capital employed

# Shareholders

	1/07/2014		14/02/2014	
	# Shares	%	# Shares	%
Total shares outstanding	27.913.270	100 %	5.582.654	100 %
<b>Refence Shareholders &amp; Free Float</b>	<b># Shares</b>	<b>%</b>	<b># Shares</b>	<b>%</b>
Kinohold Bis and Mr. Joost Bert	12.908.050	46,24%	2.581.610	46,24%
Treasury shares (Own shares)	1.518.015	5,44%	303.603	5,44%
Free Float	13.487.205	48,32%	2.697.441	48,32%
<b>Other*</b>	<b># Shares</b>	<b>%</b>	<b># Shares</b>	<b>%</b>
Axa SA	1.523.555	5,45%	304.711	5,45%
BNP Paribas Investment Partners SA	1.406.080	5,04%	281.216	5,04%

□ Number of shares multiplied by five due to share split as from 1/07/2014

\* Resulting from transparency notices received



# Share Buyback Program

	# shares	€m
<b>Total shares outstanding as at 31/12/2013</b>	<b>5.582.654</b>	
<b>Treasury shares (own shares) as at 31/12/2013</b>	<b>300.523</b>	<b>8,8</b>
Share buyback YTD 30/06/2014	3.080	0,4
<b>Total shares outstanding as at 30/06/2014</b>	<b>5.582.654</b>	
<b>Treasury shares (own shares) as at 30/06/2014</b>	<b>303.603</b>	<b>9,2</b>
<b>Dividend eligible shares as at 30/06/2014*</b>	<b>5.279.051</b>	
SBB mandate (granted by Extraordinary Shareholders' Meeting of 19/10/2012)	1.171.301	
Remaining shares to buy back under SBB mandate as at 30/06/2014	891.729	
	# shares	€m
<b><u>Impact share split</u></b>		
<b>Total shares outstanding as at 01/07/2014</b>	<b>27.913.270</b>	
<b>Treasury shares (own shares) as at 01/07/2014</b>	<b>1.518.015</b>	
<b>Dividend eligible shares as at 01/07/2014*</b>	<b>26.395.255</b>	
SBB mandate (granted by Extraordinary Shareholders' Meeting of 19/10/2012)	5.856.505	
Remaining shares to buy back under SBB mandate as at 01/07/2014	4.458.645	

\*: Excluding all treasury shares

# Financial Calendar

Friday	14/11/2014	Business update Q3 2014
Thursday	19/02/2015	Analyst and Press Meeting FY 2014
Wednesday	13/05/2015	Business update Q1 2015
Wednesday	13/05/2015	Annual Shareholders' Meeting



Q & A

Thank You.