Kinepolis Group

Results Half 1 2016

25 August 2016

KINEPOLIS GROUP

Business review H1 2016

CEO, Mr. Eddy Duquenne

KINEPOLIS GROUP

KEY FINANCIALS

€m	H1 2016*	H1 2015	Better / - Worse
Visitors ('000)	***11.231***	***9.799***	***14,6%***
Revenue	148,3	130,2	13,9%
EBITDA	**38,3**	**34,8**	**10,0%**
REBITDA	**39,6**	**35,8**	**10,4%**
REBITDA Margin	€ 3,52 /Vis *26,7%*	€ 3,66 /Vis *27,5%*	*-84 bps*
EBIT	**23,8**	**23,6**	**0,9%**
REBIT	**25,1**	**24,7**	**1,6%**
REBIT Margin	*16,9%*	*19,0%*	*-206 bps*
Profit	**13,2**	**14,4**	**-8,2%**
Current Profit	**14,0**	**15,1**	**-7,3%**
EPS (in €)	*0,48*	*0,54*	*-11,1%*
Free Cash Flow	**9,8**	**9,4**	**4,2%**

€m	30 June 2016	31st Dec 2015	Better / -Worse
Net Financial Debt (NFD)	**213,6**	**162,0**	**-51,6**

* Excluding Utopolis Belgium, except for profit

HIGHLIGHTS

- Revenue up by 13,9%
  - Visitors (+14,6%)
  - Increase Box Office (+15,7%)
  - Increase In-theatre Sales (+16,4%)
  - Increase B2B (+12,7%)
    - Increase Sales and Events (+11,7%)
    - Increase Screen Advertising (+17,4%)
  - Decrease Brightfish (-29,4%)
  - Increase Film Distribution (+81,8%)
  - Increase Real Estate (+9,8%)

- REBITDA +10,4%
  - Increased visitor numbers
  - Impact expansion
  - Decrease relative share Belgium

Opening Kinepolis Breda, NL

HIGHLIGHTS

- REBITDA margin at 26,7% (27,5% H1 2015)
- Depreciation, amortization and provisions: € 14,5 m (€ 11,2 m H1 2015)
- Current profit at € 14,0 m (€ 15,1 m H1 2015)
- Free cash flow of € 9,8 m (€ 0,4 m higher)
- NFD at € 213,6 m (€ 51,6 m higher)
- Revenue growth and further cost efficiency of existing business (excluding 2014 & 2015 expansion)
- Continued contribution to revenue and REBITDA of companies acquired in 2014/2015 and in existing businesses
- Revenue +13,9% with 14,6% more visitors and REBITDA +10,4%

KINEPOLIS

MAJOR EVENTS

- H1 2016 results reflect Strategic Pillars set out in 2008
  - Best Marketer
  - Best Cinema Operator
  - Best Property Manager

Opening Kinepolis Dordrecht, NL

- Further development and implementation of strategy in 2016
- Further steps in expansion strategy
  - January 2016: Acquisition of Rouen (France) (€ 0,4 m)
  - February 2016: Opening Dordrecht (The Netherlands)
  - March 2016: The decision of the anti trust authorities re Takeover Utopia Belgium
  - April 2016: Acquisition of Utopia Belgium
  - June 2016: Start of the Brétigny complex construction (France), start of the construction of Kinepolis Fenouillet (France) and Kinepolis Nevada, Granada (Spain)
  - August 2016: Opening Breda (The Netherlands)

KINEPOLIS COMPLEXES TODAY

Countries	Complexes		Screens		Complexes in Ownership	
					#	% Visitors
Belgium *	12		148		11	98%
France	10	+1	120	+14	8	96%
Spain	5		91		2	53%
The Netherlands	15	+2	94	+16	6	60%
Poland *	1		18		1	n/a
Switzerland	1		8		1	100%
Luxembourg	3		22		1	64%
Total	**47**	**+3**	**501**	**+30**	**30**	**83%**

- Market Share: Belgium: to be announced **
  - France: 3,5%
  - Spain: 5,0%
  - The Netherlands: 7,5%
  - Luxembourg: 93,7%
- 473 digital screens (100% digitized***)
- Of which 168 screens with 3D***

* 1 complex in Belgium (Brussels) operated by UGC and in Poland operated by Cineworld and excluding Utopolis Belgium
** New platform Cinedata operational, but not all operators are participating yet

*** Excluding Cineworld in Poland and UGC Brussels in Belgium

REALIZED ACQUISITIONS AND GREENFIELDS (2014 – 2016)

Country	City	# Complexes	# Screens	Est. Visitors / Year	Realized
Spain	Alicante	1	16	1,0 mio	Q2 2014
	Alcobendas - Madrid	1	12		
The Netherlands	Wolff Bioscopen	9	46	1,6 mio	Q3 2014
	Acq. Building Enschede (Wolff)				Q2 2015
France	Bourgoin	1	12	0,6 mio	Q3 2015
NL, LUX, FR	Utopolis Group	9	63	2,4 mio	Q4 2015
France	Rouen	1	14	0,4 mio	Q1 2016
The Netherlands	Dordrecht (greenfield)	1	6	0,3 mio	Q1 2016
	Breda (greenfield)	1	10	0,5 mio	Q3 2016
Total		**24**	**179**	**6,8 mio**	

Kinepolis Dordrecht, NL

Utopolis Almere, NL

PLANNED GREENFIELDS*

Country	City	# Screens	Est. Visitors / Year	Estimated opening
The Netherlands	Utrecht**	14	1,2 mio	Q1 2017
France	Brétigny-sur-Orge	10	0,5 mio	Q1 2018
	Fenouillet	8	0,4 mio	Q1 2017
Spain	Nevada-Granada	8	0,4 mio	Q4 2016
Total		**40**	**2,5 mio**	

* The listed planned greenfields are greenfields for which an irrevocable license was obtained

** Following the opening of the new multiplex in Utrecht, some of the former complexes will be closed

Sketch of Kinepolis Brétigny, FR

REVENUE BY COUNTRY

H1 2016

H1 2015

REVENUE BY ACTIVITY

H1 2016

H1 2015

* Including Cinema Screen Advertising

VISITORS

Visitors (000's)	H1 2016	% of Tot	H1 2015	% of Tot	% Δ YoY
Belgium	3.967	35,3%	4.048	41,3%	-2,0%
France	3.494	31,1%	3.015	30,8%	15,9%
Spain	1.998	17,8%	1.933	19,7%	3,4%
The Netherlands	1.167	10,4%	734	7,5%	59,0%
Luxembourg	540	4,8%	0	0,0%	100,0%
Switzerland	65	0,6%	69	0,7%	-5,8%
Total	**11.231**	**100%**	**9.799**	**100%**	**14,6%**

Top 5 Movies H1 2016	3D	Visitors (000's)
1. The Revenant		595
2. The Jungle Book	✓	586
3. Zootopia	✓	542
4. Deadpool		513
5. Star Wars: Episode VII – The Force Awakens	✓	497
Top 5		**2.733**
Weight Top 5		**24,3%**

Top 5 Movies H1 2015	3D	Visitors (000's)
1. Fast and Furious 7		700
2. Fifty Shades of Grey		635
3. Jurassic World	✓	586
4. Avengers: Age of Ultron	✓	494
5. American Sniper		331
Top 5		**2.747**
Weight Top 5		**28,0%**

* H1 2014 restated due to the application of IFRIC 21 as from 1 January 2015

*: 12 months rolling

NET FINANCIAL DEBT EVOLUTION

€m	30 June 2016	31 Dec 2015	Better/-Worse	% Better/-Worse
Net Financial Debt (NFD)	**213,6**	**162,0**	**-51,6**	**-31,9%**
Leverage ratio*: NFD / EBITDA	2,3	1,8		

* Not Bank definition

LINE-UP H2 2016

	2D	3D
Major sequels	• Independence Day: Resurgence (Q3) • Bridget Jones's baby (Q3) • Now you see me 2 (Q3) • Jason Bourne(Q3) • Star Trek Beyond (Q3) • Jack Reacher: Never Go Back (Q4) • Inferno (Q4)	• Ice Age: Collision Course (Q3) • Ghostbusters (Q3)
New titles	• The magnificent 7 (Q3) • Ben-Hur (Q3) • Miss Peregrine's Home for Peculiar Children (Q3) • Allied (Q4) • Passengers (Q4) • Fantastic beasts and where to find them (Q4) • Rogue One – a Star Wars Story (Q4) • The girl on the train (Q4)	• The Secret Life of Pets (Q3) • The Legend of Tarzan (Q3) • The BFG (Q3) • Suicide Squad (Q3) • Trolls (Q4) • Moana(Q4) • Ballerina (Q4) • Doctor Strange (Q4) • Assassin's Creed (Q4)
Local	•Camping 3 (FR-Q3) • Débarquement immédiat (FR – Q3) • Radin! (FR - Q3) • El hombre de las mil caras (SP – Q3) • Zipi y Zape y la Isla del Capitan (SP-Q3) • Pippa / De Premier (BE – Q4) • Papa ou Maman 2/ Brice de Nice 3 (FR – Q4) • Soof 2 (NL – Q4) • Prooi (NL – Q4) • Villaviciosa de al lado (SP-Q4)	
Alternative content	• Opera, Ballet • Art: Exhibition on Screen (BE, FR, ES) • Concerts	

Financial Review H1 2016

CFO, Mr. Nicolas De Clercq

KINEPOLIS GROUP

DISLOSURE IN THE CONDENSED INTERIM FINANCIAL STATEMENTS 2016

Acquisition of the Belgian Utopolis cinemas

On 24 March 2016, the Belgian Competition Authority (BCA) approved the acquisition of the Belgian Utopolis cinemas by Kinepolis Group, on the condition that the complexes in Mechelen and Aarschot are sold with a view to their continued operation. After this decision Kinepolis acquired the Belgian Utopolis cinemas in Lommel, Turnhout, Mechelen and Aarschot on 14 April 2016, in pursuance of the agreement signed on 9 November 2015 with the shareholders of Utopia SA. Ahead of the sale of at least the complexes in Mechelen and Aarschot, operations at these cinemas will be continued under the conditions imposed by the BCA. All four complexes are included in the single legal entity Utopolis Belgium NV. This entity has been classified as held for sale.

REVENUE BY COUNTRY

€m	H1 2016	% of Tot	H1 2015	% of Tot	% Δ YoY	% Δ Y Vis
Belgium	70,2	47,3%	70,4	54,1%	-0,3%	-2,0%
France	33,9	22,9%	29,7	22,8%	14,3%	15,9%
Spain	19,6	13,2%	18,1	13,9%	8,3%	3,4%
The Netherlands	15,3	10,3%	9,6	7,4%	58,5%	59,0%
Luxembourg	7,1	4,8%			100,0%	100,0%
Other	2,2	1,5%	2,4	1,8%	-6,6%	-5,8%
Total	**148,3**	**100%**	**130,2**	**100%**	**13,9%**	**14,6%**

Kinepolis Breda, NL

Kinepolis Dordrecht, NL

Magic Forest, Kinepolis Madrid, ES

EVOLUTION BOX OFFICE

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

EVOLUTION ITS

B2B REVENUE

* Excluding Brightfish

* Excluding Brightfish

REAL ESTATE AT FLAT FX

FILM DISTRIBUTION

# releases	14	19

BRIGHTFISH

€m
7
6
5
4
3
2
1
0
5,8
-29,4%
4,1
3,3
2,0
2,5
2,1
H1 2015
H1 2016
Screen Advertising
Events

REVENUE BY ACTIVITY

CURRENT OPERATING COSTS

€m	H1 2016	H1 2015	% Better / -Worse
Current Marketing & Selling Expenses	-7,7	-6,6	-17,0%
Current Administrative Expenses	-10,0	-8,4	-19,6%
Other Currrent Operating Income/(Costs)	0,5	0,4	16,4%
Current Operating Costs	**-17,2**	**-14,5**	-18,6%
Non-Current Operating Costs	-0,9	-0,7	-33,2%
Total Operating Costs	**-18,2**	**-15,2**	-19,2%

NON-CURRENT ITEMS

€ k	H1 2016	H1 2015
Dismissal fees	-639	-626
Legal fees	-126	-286
Expansion costs	-421	-87
Gain/-Loss on disposal PPE	-128	-66
EBITDA	**-1.314**	**-1.065**
Accelerated depr Camera / Mob Ticketing / Sound		-61
Depreciation		**-61**
Provision dismissal fees	23	10
Provisions	**23**	**10**
Income tax expense	407	362
Net impact of non-current items	**-884**	**-754**
Result from discontinued operations	51	
Net impact of non-current items	**-883**	**-754**

EVOLUTION REBITDA PER VISITOR

* Excluding corporate entities, KFD, Brightfish revenue

REBITDA BY COUNTRY

REBITDA €m	H1 2016	% of Total	H1 2015	% of Total	% Better/-Worse
Belgium	17,4	44,1%	18,1	50,5%	-3,7%
France	11,6	29,4%	11,1	31,0%	4,8%
Spain	5,3	13,5%	4,1	11,4%	31,4%
The Netherlands	2,8	7,2%	1,8	4,9%	61,5%
Luxembourg	1,6	4,1%			
Switzerland & Poland	0,7	1,7%	0,7	2,2%	-13,5%
TOTAL	**39,6**	**100%**	**35,8**	**100,0%**	**10,6%**

REBITDA MARGIN EXCL. CORPORATE ENTITIES. KFD. BRIGHTFISH

** REBITDAR (i.e. REBITDA excluding rent for Valencia, Plaza Mar 2 and Alcobendas in Spain, Rouen in France and complexes in The Netherlands and Luxembourg)
Impact rent added back indicated with dotted lines

DEPRECIATION, AMORTIZATION, PROVISIONS

FINANCIAL RESULT

€m	H1 2016	H1 2015	% Better/-Worse
Interest Expense	-3,6	-3,2	-14,3%
Other (CNC, Derivatives, FX)	-0,5	-0,9	48,0%
Financial (Cost) / Income	**-4,1**	**-4,1**	**-0,7%**

TAXES

€m	H1 2016	H1 2015	% Better /-Worse
Profit before taxes	19,7	19,5	0,9%
Taxes	**-6,6**	**-5,2**	-27,3%
Profit from discontinuing operations	0,1		
Profit	13,2	14,4	-8,2%
Effective Tax Rate ('ETR')	***33,4%***	***26,5%***	*-690 bps*

- On 11 January 2016, The European Commission published a decision that a purported regime of Belgian tax rulings with regard to 'Excess Profit' should be considered as illegal state aid. On 22 March 2016, the Belgian government appealed against the European Commission's decision before the European General Court. The European Commission's decision requires the Belgian government to assess back taxes from companies that received a tax ruling as if such a ruling did not exist.
- The Belgian tax authority has granted such a tax ruling to Kinepolis Group in 2012. As a result of the European Commission's decision, Kinepolis has recorded a provision of € 9.4 m per 31 December 2015, in compliance with IAS 12, to cover the potential mandatory assessment of taxes on the excess profits. The amount fully covers the potential liability, including interest charges. The Belgian government issued different communications in June 2016, in which information is provided on the methodology that should be used to determine the amount of the taxes to be recovered. The € 9.4 m EPR provision complies with the methodology included in these communications.
- In June 2016, the Belgian government presented the possibility of ring fencing the amounts to be recovered pursuant to the EU decision. Kinepolis Group may proceed with ring fencing in order to suspend any further interest expenses. The ring fenced payment is expected to take place in H2 2016.
- On 1 July 2016, Kinepolis Group, together with other companies affected by the EU decision, appealed the decision of the European Commission. If the appeal is successful, all ring fenced amounts will be refunded. The final judgement of the European Court of Justice is not to be expected before several years.
- The EPR provision relating to the EPR of 2012-2015 is reclassified from current tax liabilities (YE 2015) to short term provisions (H1 2016).

KINEPOLIS

REBITDA TO NET RESULT

INVESTMENTS

€m	H1 2016	H1 2015
Belgium	2,9	3,6
France	1,9	1,2
Spain	0,8	1,5
The Netherlands	1,0	0,2
Luxembourg	0,0	0
Other	0,1	0
Maintenance & Internal Expansion	**6,7**	**6,5**
External Expansion	**39,0**	**25,1**
TOTAL	**45,7**	**31,6**

FREE CASH FLOW: H1 2016 VS H1 2015

NET FINANCIAL DEBT EVOLUTION

€m	30 Jun 16	31 Dec 15	Better/-Worse	% Better/-Worse
Net Financial Debt (NFD)	**213,6**	**162,0**	**-51,6**	-31,9%
Leverage ratio*: NFD / EBITDA	2,3	1,8		

* Not clubdeal definition

MATURITY PROFILE FINANCIAL DEBT

BALANCE SHEET

€m	30 Jun 2016	% of Total	31 Dec 2015	% of Total
Intangible assets	5,4	1,1%	5,1	1,0%
Goodwill	53,3	11,1%	53,3	10,9%
Land & buildings	259,5	54,1%	259,5	52,9%
Other fixed assets	67,4	14,0%	61,7	12,6%
Deferred taxes	1,0	0,2%	0,7	0,1%
Other receivables	12,3	2,6%	11,8	2,4%
Non-current assets	**398,9**	**83,1%**	**392,1**	**79,9%**
Working capital	27,4	5,7%	37,7	7,7%
Current taxes	0,3	0,1%	0,4	0,1%
Financial assets	0,0	0,0%	0,1	0,0%
Cash & cash equivalents	22,7	4,7%	60,4	12,3%
Assets held for sale	30,6	6,4%	0,0	0,0%
Current assets	**81,1**	**16,9%**	**98,6**	**20,1%**
Assets	**480,0**	**100,0%**	**490,7**	**100,0%**

€m	30 Jun 2016	% of Total	31 Dec 2015	% of Total
Equity	**115,6**	**24,1%**	**123,0**	**25,1%**
LT financial debt	213,6	44,5%	214,0	43,6%
Provisions(1)	6,8	1,4%	7,2	1,5%
Deferred taxes	19,4	4,1%	19,9	4,0%
Other payables	9,5	2,0%	10,1	2,1%
Derivatives	0,4	0,1%	0,0	0,0%
Non-current liabilities	**249,8**	**52,0%**	**251,2**	**51,2%**
ST financial debt	23,0	4,8%	8,8	1,8%
Provisions	10,1	2,1%	0,8	0,2%
Working capital	67,1	14,0%	87,0	17,7%
Current taxes	12,1	2,5%	20,0	4,1%
Liabilities held for sale	2,3	0,5%	0,0	0,0%
Current liabilities	**114,6**	**23,9%**	**116,5**	**23,7%**
Equity & Liabilities	**480,0**	**100,0%**	**490,7**	**100,0%**

	30 Jun 2016		31 Dec 2015	
Gearing ratio*	1,85		1,32	
Current ratio**	0,73		0,85	
Solvency ratio***	24,1%		25,1%	
ROCE*****	19,3%		21,5%	

(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

	24/08/2016		10/05/2016	
	# Shares	%	# Shares	%
Total shares outstanding	27.365.197	100%	27.365.197	100%

Refence Shareholders & Free Float	# Shares	%	# Shares	%
Kinohold Bis, Pentascoop and Mr. Joost Bert	13.254.590	48,44%	13.254.590	48,44%
Treasury shares (Own shares)	132.346	0,48%	169.846	0,62%
Free Float	13.978.261	51,08%	13.940.761	50,94%

Other*	# Shares	%	# Shares	%
Axa SA	1.523.555	5,57%	1.523.555	5,57%
BNP Paribas Investment Partners SA	1.365.695	4,99%	1.365.695	4,99%

FINANCIAL CALENDAR

Thursday	17/11/2016	Business update Q3 2016
Thursday	16/02/2017	Annual results 2016 + press & analyst meeting
Wednesday	10/05/2017	General Meeting Kinepolis Group

Q & A

Thank you

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