

PRESS RELEASE OF THE BELGIAN COMPETITION COUNCIL

1st of October 2008

The Belgian Competition Council partially maintains the conditions imposed on the Kinepolis group in 1997 but only for a limited period in time

On the 1st of October 2008, the Competition Council decided, after an extensive market investigation, to partially maintain the conditions imposed on Kinepolis by the Council in 1997. Because of the changing market conditions, their extension is limited to three years.

The decision comes upon a request from Kinepolis to lift the conditions imposed by the Competition Council when it approved the merger between the group Bert and the group Claeys in 1997. This merger led to the creation of the current Kinepolis group.

The conditions which Kinepolis had to respect involved inter alia that it could not request exclusivity for films and that it was obliged to demand the prior approval of the Council every time a new cinema complex would be constructed or an existing complex taken over or altered.

The following three years, Kinepolis still has to comply with a few conditions, however in a modified form. Thus, the obligation to obtain the approval of the Council for every new project is restricted to the construction of new cinemas or the take-over of existing cinemas from competitors. The expansion, renovation or replacement of its own complexes is no longer subject to this obligation.

Every market has its specific characteristics which the Council has to take into account. According to the Council, the significant market share of Kinepolis in the cinema market is not as such detrimental for consumers. As market leader, Kinepolis encourages innovation without being able, as a consequence, to, for example, raise prices.

The relatively significant market share of Kinepolis can still lead to some concerns, for example regarding access to a sufficiently large film offer for competitors and consumers. These concerns justify the partial extension of the conditions for a limited period in time while the market evolves further. The Council refers in this respect, amongst other things, to the digitalisation of the cinema sector, allowing cinemas better access to films.

At the same time, the Council warns competitors: the validity of the conditions is limited in time to three years, afterwards they will automatically end. The conditions have been in force for more than ten years and in the meantime much has changed. These measures limit the possibilities for growth of Kinepolis but can also reduce incentives for innovation by competitors. It is nor in the interest of consumers, nor

sound competition policy to submit a company to such important behavioural restrictions for an indefinite time.