



# Kinopolis Group

## Business Update Q1 2017

Regulatory release - 10 May 2017

Kinopolis registered an increase in revenue, REBITDA and net current profit, while the visitor number decreased slightly in the first quarter of 2017<sup>1</sup>

Compared to the same period last year, revenue per visitor increased in all countries and also REBITDA in total and per visitor, while the visitor number declined slightly with 0.8% in the first quarter of 2017. In addition, the net current profit increased per visitor.

### Key Figures first quarter:

- \* A decline in the number of visitors by 0.8% to 6.6 million, which is due to the strong first quarter of 2016 and, in comparison, less holidays and a weaker film offer in the first quarter of 2017. The Easter holidays included, the visitor number increased with 5.43%;
- \* A stronger increase in revenue in all countries compared to the visitor numbers, thanks to the higher revenue per visitor;
- \* An increase of the current<sup>2</sup> EBITDA<sup>3</sup>, both in total and per visitor, due to the increased total revenue and a further improvement in operational efficiency;
- \* Growth of the net current profit, despite the higher depreciations and increased tax burden;
- \* An increase of the net financial debt compared to 31 December 2016, due to the payment of the investments done in the last months of 2016 as part of the further expansion of the Group.

From 1 January until 31 March 2017, Kinopolis welcomed 6.6 million visitors, which is 0.8% less compared to the same period last year. The five newly opened cinemas in 2016 in Spain, France and the Netherlands, as well as the acquired cinema in Rouen, France, all contributed to the total number of visitors, but were unable to compensate the less appealing film offer compared to the first quarter of 2016, with films such as 'The Revenant', 'Star Wars - Episode 7', 'Deadpool' and 'Zootopia'. In the Netherlands, total growth of 19.2% was entirely attributable to the opening of cinemas in Dordrecht, Breda and Utrecht in 2016. The latter opened 6 of its screens in December 2016 and has been fully operational with all 14 screens as from March 2017.

The top 5 in the first quarter of 2017 were "Fifty Shades Darker", "Sing", "La La Land", "Beauty & the Beast" and "Logan". The most successful local films were "D5R" in Belgium, "Raid Dingue" in France, "Rusty Boys" in Luxembourg, "Soof 2" in the Netherlands, "Es por tu bien" in Spain and "Bibi & Tina" in Switzerland.

<sup>1</sup> From 1st January through 31st March 2017. The first quarter of 2017 is compared to the first quarter of 2016.

<sup>2</sup> After eliminating non-current transactions

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



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Visitors (in millions)	Bel- gium	France	Spain	Nether- lands	Luxem- bourg	Switzer- land	Total
Number of cine- mas*	11	11	6	15	3	1	47
Q1 2017	2.28	2.04	1.13	0.82	0.31	0.03	6.6
Q1 2016	2.43	2.04	1.15	0.69	0.31	0.04	6.7
Q1 2017 vs Q1 2016	-6.1%	-0.2%	-1.7%	+19.2%	-1.6%	-23.8%	-0.8%

(\*) Operated by Kinepolis. In addition, two cinemas (in Belgium and Poland) are leased to third parties.

**Total revenue** increased faster than the visitor numbers, in particular due to the higher earnings per visitor in all countries. Ticket sales (Box Office, BO) and sales of snacks and beverages (In-Theatre Sales, ITS) rose per visitor. Box Office revenue peaked in January thanks to 'Star Wars - Rogue One' and the associated higher sales of 3D. In-Theatre Sales per visitor rose due to a higher share of blockbusters and more items purchased per visitor.

**Business-to-business revenue (B2B)** increased thanks to the higher revenues from the sale of vouchers, events and advertising, both on the screen and in the cinema.

**Real estate revenue** increased in the first quarter of 2017 as a result of more revenue from the acquired Utopolis cinemas, due to the rental of vacant premises and more income from the rental of the cinema in Poland, as well as higher income from existing concessions.

Compared with the exceptional successful first quarter of last year, which was characterised by the success of 'Safety First', revenue decreased for **Kinepolis Film Distribution (KFD)**.

**Brightfish** generated more revenue as a result of more deals with partners, but the revenue from national screen advertising remains under pressure.

**Current EBITDA** rose, both in total and per visitor, thanks to the further increase of sales per visitor and despite the lower share of Belgium, which has a negative impact on the average EBITDA per visitor.

**Net financial debt** increased compared to 31 December 2016 due to the payment of the investments made in cinemas in the Netherlands, France and Spain that opened in Q4 of 2016.



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### Important events since 31 December 2016:

#### Start of Remodelling Utopolis Luxembourg

Utopolis Kirchberg and Utopolis Belval in Luxembourg switched to the software system of Kinopolis Group on 5 April 2017 and the website [www.utopolis.lu](http://www.utopolis.lu) was replaced by [www.kinopolisluxembourg.lu](http://www.kinopolisluxembourg.lu).

In addition to the changes of the commercial names to "Kinopolis Kirchberg" and "Kinopolis Belval", the two cinema complexes are also being renovated according to the Kinopolis Look & Feel. In an initial phase, automatic ticket machines will be installed in both the Kirchberg and Belval cinemas. Also, the existing seats and carpet inside the cinemas of Kinopolis Kirchberg will be replaced and Kinopolis' Cosy Seating and Laser ULTRA concepts will be installed. The renovated cinema will also have its very own 'Laser ULTRA' screen.

At a later stage and when the required permits are obtained, a bigger renovation of the Kirchberg cinema complex will occur.

#### Finalisation of roll-out of Vista

At the end of 2014, the green light was given to Vista Entertainment Solutions UK and Parallax BV to equip all our cinemas with a new "Cinema ERP" system (= a software package supporting all interactions with the customer) and "Rostar Cas", an integrated personnel planning tool. The implementation of this new automation project was launched in January 2014 and finalised in mid-April 2017. All cinemas in Belgium, the Netherlands, France, Luxembourg, Spain and Switzerland now report fully on Vista software.

The roll-out of this project leads to a clear-cut reduction in workspace related administrative tasks and offers opportunities to allocate more time to the Kinopolis customers.

#### Sale of Toison d'Or Brussels

Kinopolis, owner of the property located in the Galerie Toison d'Or in Brussels (Belgium), and UGC, the tenant of this property, reached an agreement to sell the aforementioned property to UGC as of 27 April. The deed will be certified at the latest during the month of August 2017.

#### Start of construction on Kinopolis Den Bosch

On 1 May 2017, the construction of Kinopolis Den Bosch started. The cinema will be situated in the Paleiskwartier and will feature 7 screens, and around 1000 seats. The Paleiskwartier is a part of the inner city, an area that is currently undergoing a full revamp, close to the Central Station of 's Hertogenbosch (Den Bosch) in the Netherlands. The cinema will be surrounded by offices, apartments, a supermarket and a restaurant.

On 9 June of this year, the symbolic cornerstone will be laid. Official opening is due for Q2 of 2018. Kinopolis is aiming to attract 350,000 filmgoers a year in Den Bosch.



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### Eddy Duquenne receives "International Exhibitor of the Year Award"

Eddy Duquenne, CEO of Kinopolis Group, will be receiving the "International Exhibitor of the Year Award" during the CineEurope in Barcelona, Spain. Each year at CineEurope, the award is given by UNIC and Film Expo Group to a cinema exhibitor whose accomplishments, new developments, growth, and market leadership make them the standard-bearer for the industry. Albert Bert also received this award in 1997, the year in which Kinopolis Group was formed.

UNIC President Phil Clapp:

"Kinopolis have been at the forefront of recent innovations by European cinema operators in terms of the big screen experience and continue to be a standard bearer for new and exciting approaches. But they have never forgotten that it is the customer who should remain at the center of the business. This award is a fitting acknowledgement of the achievements of Eddy and his company colleagues."

### New corporate website

Following the completely revamped Kinopolis website in July 2016, the corporate website will also receive a new look. Moving further on the Kinopolis Look & Feel, the focus of the new website will be placed on easy and clear navigation. You'll find all current and future communication and publications, as well as the history of Kinopolis Group and description of the strategic pillars and activities, on [corporate.kinopolis.com](http://corporate.kinopolis.com).

### Line-up

The international cinema hits of the moment are 'Guardians of the Galaxy Vol. 2', 'The Fate of the Furious', 'Beauty and the Beast', 'The Boss Baby' and 'Smurfs: The lost Village'. Upcoming blockbusters in the second quarter include 'Pirates of the Caribbean: Dead Men Tell No Tales', 'King Arthur: Legend of the Sword', 'Wonder Woman', 'The Mummy' and 'Alien: Covenant'. The local films on offer are also promising and include 'Plan de Fuga' and 'Tad Jones: The Hero Returns'. The alternative programme features opera and ballet performances, art exhibitions ('Exhibition on Screen') and concerts.

### Financial calendar

16 May 2017	Dividend payment
24 August 2017	Communication of H1 2017 results + press and analyst presentation
16 November 2017	Q3 2017 Business update
22 February 2018	Communication of FY 2017 results + press and analyst presentation



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### About Kinopolis

Kinopolis Group was formed in 1997 as a result of the merger of two family cinema groups and was listed on the stock exchange in 1998. Kinopolis offers an innovative cinema concept which serves as a pioneering model within the industry. Kinopolis Group has 49 cinemas spread across Belgium, the Netherlands, France, Spain, Luxembourg, Switzerland and Poland. In addition to its cinema business, the Group is also active in film distribution, event organization, screen publicity and property management. 2,300 employees are committed each day to providing millions of cinema visitors an unforgettable movie experience.