



Kinopolis Group

Business Update Q3 2017

Regulatory release - 16 November 2017

Third quarter 2017¹

Visitor numbers rose in virtually every country in the third quarter, due, on the one hand, to the Group expansion and, on the other, to a relatively strong third-quarter film offer. Furthermore, the ongoing focus on the strategic pillars and product innovation resulted in a further rise in revenue per visitor and improved commercial and operational performance. The contribution of the acquired and new cinemas to the Group's turnover and EBITDA growth also rose.

Key figures Q3:

- ★ **Visitor numbers** increased by 7.8% to 5.8 million. Visitor numbers to the end of the third quarter (YTD) rose by 5.8% to 17.5 million.
- ★ Turnover outpaced visitor numbers, due to the **higher revenue per visitor and higher revenue from screen advertising and real estate**.
- ★ **Current² EBITDA³** rose, as a total and per visitor, due to the further improvement of operational performance and the higher contribution of acquired and new cinemas.
- ★ **Net current profit** increased, in spite of higher depreciations and the increased tax burden. However, **net profit** was lower due to the one-off positive impact of the sale of Utopolis Belgium in 2016.
- ★ **Free cash flow (YTD)** was lower due to a negative working capital effect as a result of the payment of investments realized in the first quarter, higher maintenance investments and a rise in paid taxes.
- ★ **The net financial debt** fell compared with 30 June 2017, due to the revenue from the sale of the Toison d'Or building in Brussels (Belgium) and the higher result.

From 1 July to 30 September 2017 Kinopolis welcomed 5.8 million visitors, 7.8% more than in the same period the previous year. This rise is due, among other things, to the expansion of the Group, with the opening of Kinopolis Breda and Utrecht Jaarbeurs (the Netherlands), Fenouillet (France) and Nevada (Granada, Spain) in the second half of 2016. However, even when the expansion is excluded, visitor numbers rose in all countries, except for Spain and Switzerland. Growth in the summer months was around average, particularly due to movies such as 'Dunkirk' and 'Despicable Me 3' in July and the less good weather in the first half of August. September was relatively strong, mainly due to the success of the movie 'It' in all countries. The share of local content increased in the third quarter compared with the same period last year.

¹ From 1 January through 30 September. The third quarter of 2017 is compared to the third quarter of 2016.

² After eliminating non-current transactions.

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



Kinepolis Group

Business Update Q3 2017

Regulatory release - 16 November 2017

The top 5 in the third quarter of 2017 were 'Despicable Me 3', 'Dunkirk', 'War for the Planet of the Apes', 'It' and 'Spider-Man: Homecoming'. The most successful local movies were 'Cargo' in Belgium, 'Valerian and the City of a Thousand Planets' in France, 'Ostwind 3: Aufbruch nach Ora' in Luxembourg, '100% Coco' in the Netherlands and 'Tadeo Jones 2' in Spain.

Visitors (in millions)	Belgium	France	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	11	6	15	3	1	47
Q3 2017	2.0	1.6	1.1	0.8	0.2	0.03	5.8
Q3 2016	1.8	1.5	1.0	0.7	0.2	0.03	5.3
Q3 2017 vs. Q3 2016	9.0%	8.7%	3.3%	10.3%	5.1%	-3.8%	7.8%

Visitors (in millions)	Belgium	France	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	11	6	15	3	1	47
YTD Q3 2017	6.0	5.3	3.1	2.3	0.8	0.1	17.5
YTD Q3 2016	5.8	5.0	3.0	1.9	0.8	0.1	16.6
YTD Q3 2017 vs. YTD Q3 2016	2.6%	5.5%	3.3%	22.8%	1.1%	-4.4%	5.8%

(* Operated by Kinepolis. In addition, one cinema in Poland is leased to third parties.

Total revenue increased faster than visitor numbers, particularly due to the higher revenue per visitor in all countries. Both ticket sales (Box Office, BO) and the sale of beverages and snacks (in-theatre sales, ITS) increased per visitor.

Box Office revenue increased as a result of more alternative content, the positive effect of the country mix because of the higher share of the Netherlands and a higher average ticket price, due, among other things, to the success of Cosy Seats and price increases after the renovation of acquired cinemas.

In-theatre sales increased in all countries due to the rise in the number of products sold per visitor in Belgium and France, and more shop visitors in Belgium, France, Spain and the Netherlands.

Business-to-business (B2B) revenue rose in all countries, due, among other things, to more screen advertising, more events and higher revenue from the sale of vouchers.

Real estate revenue increased compared to the same period last year, due to the renting out of concessions in Luxembourg, higher variable and fixed revenue in Poland, higher parking revenue and more revenue from concessions operated by the company.



Kinopolis Group Business Update Q3 2017 Regulatory release - 16 November 2017

Kinopolis Film Distribution (KFD) saw its revenue fall due to fewer releases in the third quarter.

Brightfish revenue rose in the third quarter due to more national campaigns and more events.

Current EBITDA was higher than in the same period last year. Current EBITDA per visitor also increased, due to the rise in the profitability of the acquired cinemas, further improvement of operational performance and higher sales per visitor. This was in spite of the negative impact of the changed country mix, with a lower share for Belgium.

Net financial debt fell compared to 30 June 2017, due to the revenue from the sale of the Toison D'Or building in Brussels (Belgium) and the positive working capital effect.

Important events since 30 June 2017

Kinopolis acquires 'Landmark Cinemas', Canada's second largest movie theatre group

Mid-September 2017, Kinopolis Group has reached agreement with the shareholders of Landmark Cinemas on the acquisition of the Canadian movie theatre group. The acquisition is subject to Canadian regulatory approvals including under the Investment Canada Act (ICA), the Canadian law governing acquisitions by foreign investors. Kinopolis expects to be able to complete this procedure by the end of the year. The shareholders of Landmark Cinemas include the founding management team members of Landmark Cinemas, Neil Campbell and Brian McIntosh, as well as the Canadian private equity firm, Tri-West Capital.

Landmark Cinemas operates 44 movie theatres of various sizes, all located in Central and Western Canada, and has its head office in Calgary (Alberta). The 44 Landmark Cinemas movie theatres, with a total of 55,000 seats and 303 screens, realized CAD 156.3 million turnover in 2016 with 10.2 million visitors. The company is Canada's second largest cinema operator, with a market share of 10%.

The proposed acquisition fits in with the expansion strategy pursued by Kinopolis and enables the Group to enter a new market, characterized by healthy macroeconomic prospects, a growing population and a favourable business climate. Entering a new continent creates a better geographic spread of Kinopolis' business activities and new growth opportunities, through acquisitions and new-build projects. The agreement with Landmark Cinemas already includes two new-build projects in Alberta province, one in St. Albert and one in Fort McMurray. It also includes plans for more new-build movie theatres.

Kinopolis considers this to be a medium-sized acquisition from a financial point of view. Annualized and normalized EBITDA of Landmark Cinemas in 2017 is between CAD 17 million and CAD 18 million. This is after annualization of the effects of the recliner seat rollout at 11 of the Group's 44 movie theatres. The annualized and normalized EBITDA contribution per visitor in 2017 is between CAD 1.7 and CAD 1.8 or between €1.2 and €1.25 per visitor, which is lower than the Kinopolis Group average. This is due in part to the fact that leased movie theatres account for 95% of visitors. Landmark Cinemas generated revenue of CAD 156.3 million in 2016, with 58.3% from ticket sales, 37.8% from in-theatre sales (ITS), 2.5% from screen advertising and 1.4% from other revenue.

The acquisition has an enterprise value of CAD 122.7 million, corresponding to an acquisition price of around € 84.2 million at an exchange rate of 1.46.



Kinopolis Group

Business Update Q3 2017

Regulatory release - 16 November 2017

Kinopolis will manage the Canadian company, which employs 1,450 people, through a local executive management board made up of the current Landmark Cinemas management and supported by an integration team that will introduce Kinopolis' management approaches and concepts from Europe.

Financing

In the light of financing for, among other things, the acquisition of Landmark Cinemas, the building of new cinemas in various countries, the renovation of acquired cinemas, investments in new experience concepts and other general corporate purposes, including acquisitions, Kinopolis intends to issue bonds through private placement, with an expected term of 8-10 years.

Kinopolis launches 4DX

Before the end of 2017 Kinopolis will open four cinema rooms where visitors can enjoy a 4DX experience. 4DX raises the cinema experience to a four-dimensional level: besides watching the movie, viewers are actually part of the action. Moving seats and surrounding effects such as wind, water, scent and light - perfectly synchronised with the on-screen action - provide an unprecedented immersive, 4D movie experience. Kinopolis will open a 4DX theatre at its cinemas in Antwerp and Brussels (Belgium), Lomme (France) and Madrid (Spain). The opening of the 4DX theatres is foreseen in December.

Remodelling of Kinopolis Almere

Kinopolis Almere has officially opened after an intensive renovation. The Utopolis logo on the façade was replaced with the Kinopolis logo, all seats were replaced, the ticket counters were upgraded, automatic ticket machines were installed and the well-known Kinopolis self-service shop was opened. Kinopolis Almere is the sixth Dutch cinema to bear the 'Kinopolis' name, after the renovation of Kinopolis Enschede and Groningen (formerly Wolff cinemas) and the new-build cinemas in Dordrecht, Breda and at Utrecht Jaarbeurs.

Line-up

Current hits are 'Kingsman: The Golden Circle', 'Thor: Ragnarok', 'Blade Runner 2049', 'The Lego Ninjago Movie' and 'Justice League'. Hits in the making include 'Star Wars: Episode VIII', 'Paddington 2', 'Murder on the Orient Express' and 'Jumanji: Welcome to the Jungle'. The local film program is also promising, including 'Het Tweede Gelaat', 'FC De Kampioenen' and 'K3 Love Cruise' in Flanders, 'Le Sens de la Fête', 'Au Revoir Là-haut' and 'L'Ecole Buissonnière' in Wallonia and France, and 'Gek van Geluk' and 'Huisvrouwen bestaan niet' in the Netherlands. The alternative program of opera and ballet is complemented with art exhibitions ('Exhibition on Screen') and concerts.

Financial calendar

Thursday 22 February 2018
Wednesday 9 May 2018
Wednesday 9 May 2018

Annual results 2017
Business update first quarter 2018
Shareholders' meeting

Contact

Kinopolis Press Office
+32 (0)9 241 00 16
pressoffice@kinopolis.com

Kinopolis Investor Relations
+32 (0)9 241 00 22
investor-relations@kinopolis.com



Kinopolis Group

Business Update Q3 2017

Regulatory release - 16 November 2017

About Kinopolis

Kinopolis Group NV was formed in 1997 as a result of the merger of two family-run 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 NV has 48 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. More than 2,300 employees are committed each day to providing millions of cinema visitors an unforgettable movie experience.

