



# Roadshow Private Placement

November 2017

KINEPOLIS GROUP



# Kinepolis in Europe

2017

visitors in 2016  **23.8** mio

seats  123 474

theatres  499

complexes  48

countries  7

## Grand Duchy of Luxembourg

 3

## Belgium

 11

## France

 11

## Spain

 6

## The Netherlands

 15

## Switzerland

 1

## Poland

 1



- One theatre in Poland is operated by a third party
- Planned Greenfields: Den Bosch (NL) and Brétigny-sur-Orge (FR)



# Key Figures 2016

## VISITORS

23.8 million

## TURNOVER

324.9 million EUR

## CURRENT PROFIT

40.4 million EUR

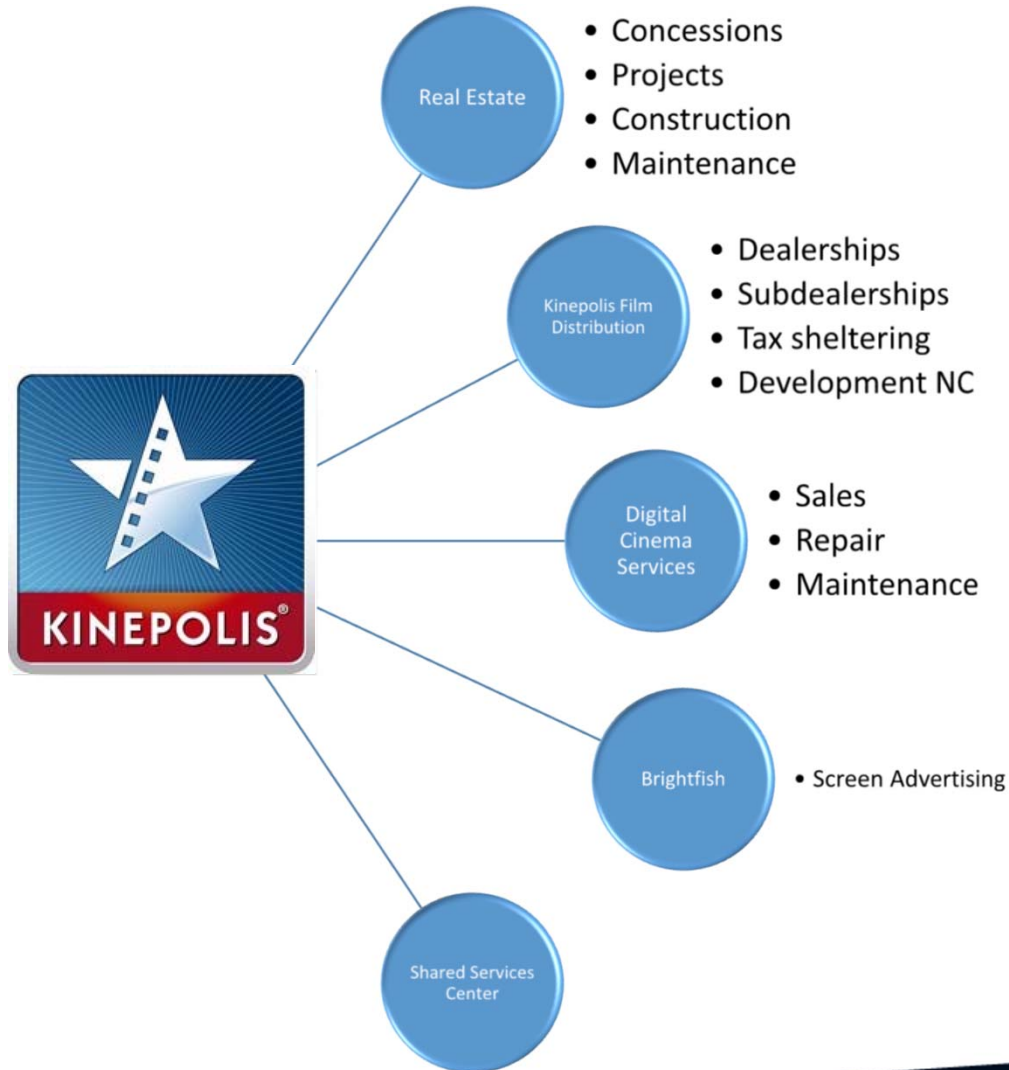


## REBITDA

94.6 million EUR



# Cinema Operations





## Three strategic pillars



Best marketer

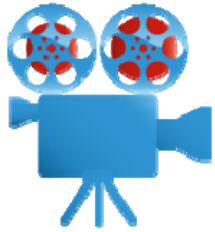


Best cinema operator



Best real estate manager





# Best **cinema operator**



- Budget Ownership
- Financial KPI's
- Customer Satisfaction
- People Satisfaction
- “Micro-manage to get macro-results”





# Best marketer



- Active Programming
- Digitization
- Ultimate movie experience

- Customer knowledge and segmentation
- Preference Centre
- Net Promotor Score



# Best real estate manager

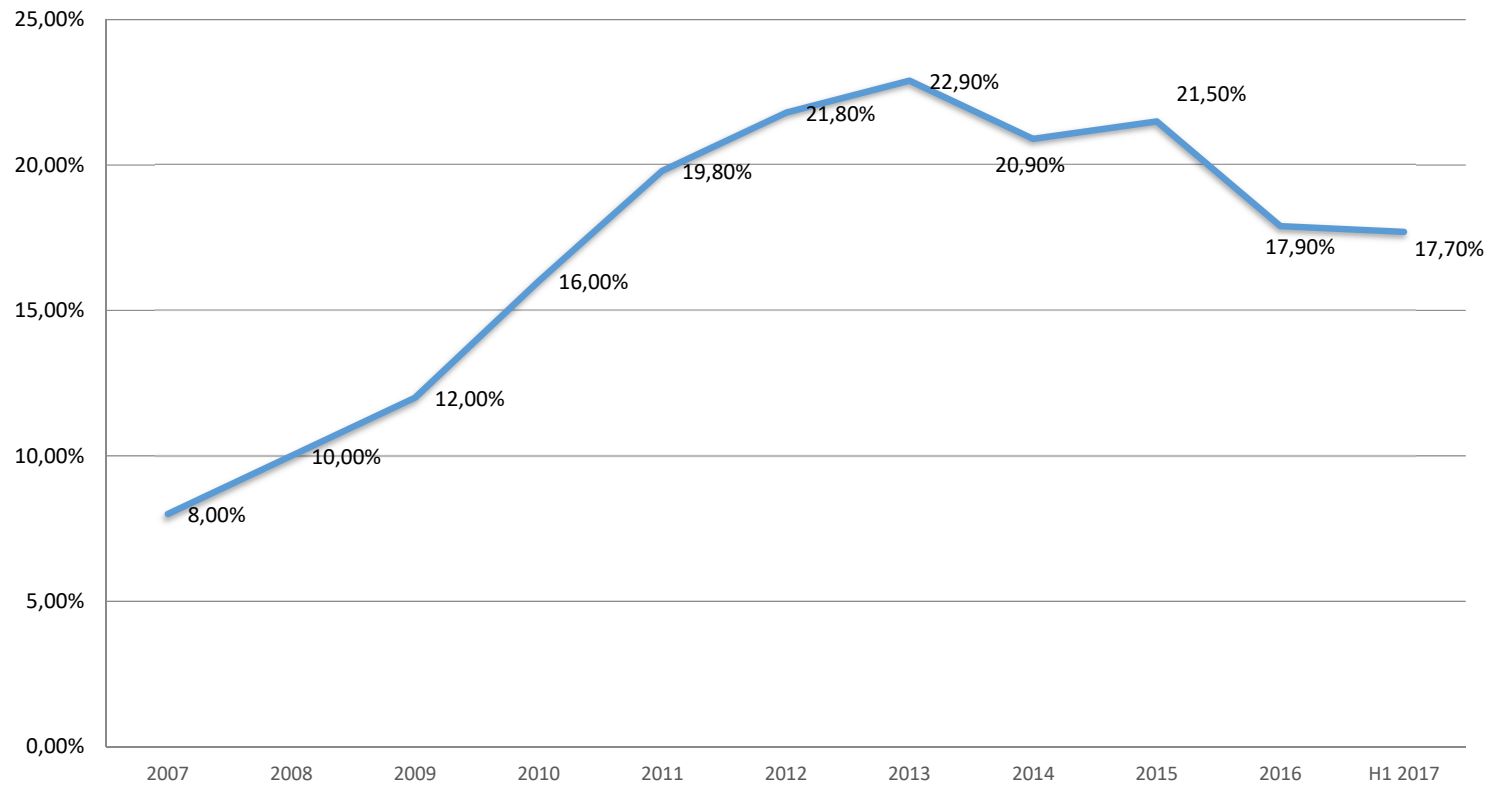




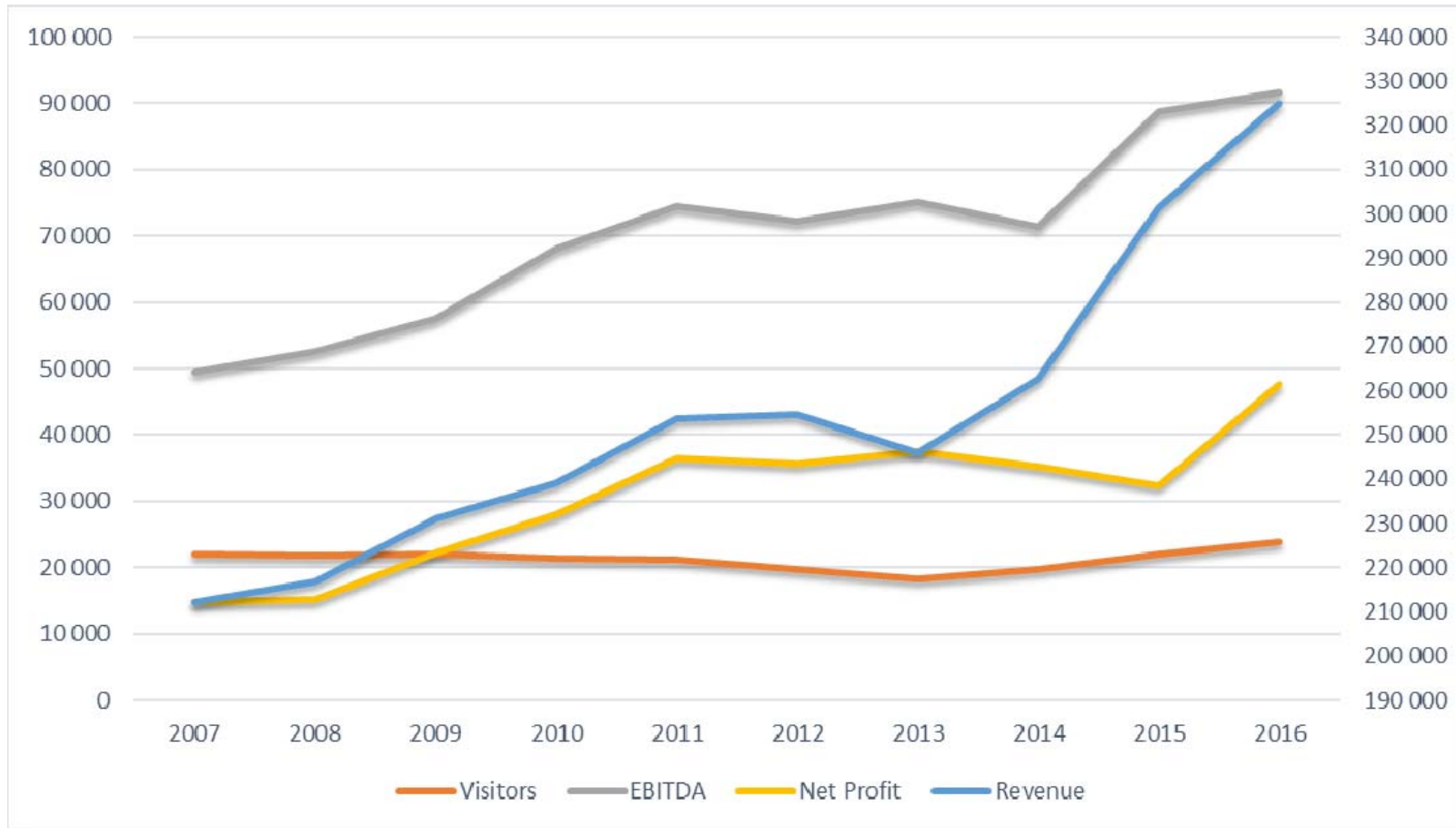
# Return on Capital Employed



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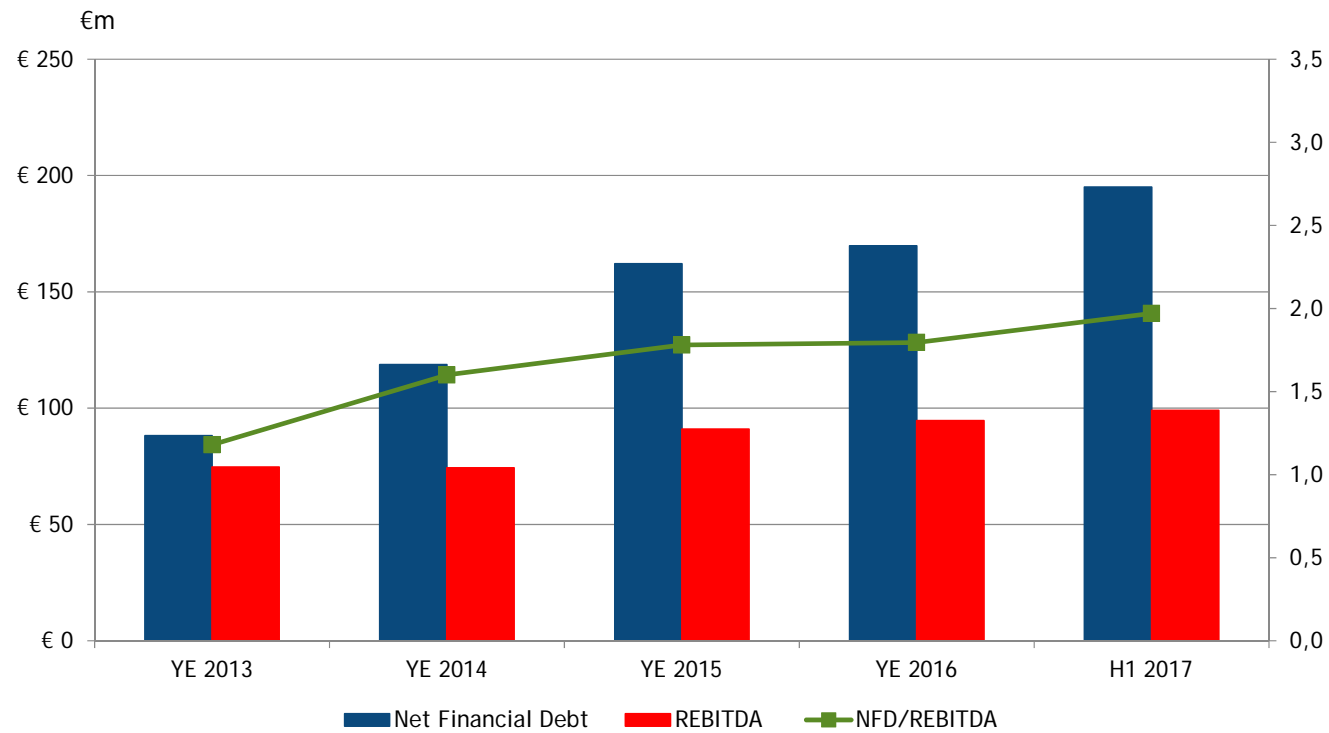


# Financial Performance



## FINANCIAL LEVERAGE

€m	H1 2017	YE 2016	Better/ -Worse	% Better/ -Worse
Net Financial Debt (NFD)	195,0	169,8	-25,3	-14,9%
Leverage ratio*: NFD / REBITDA	2,0	1,8		



\* Not Bank definition



## MATURITY PROFILE FINANCIAL DEBT



\* Revolving credit facility not drawn at end of H1 2017



## BALANCE SHEET

€m	30/06/2017	% of Total	31/12/2016	% of Total
Intangible assets	6,3	1,3%	5,9	1,2%
Goodwill	53,3	11,3%	53,3	10,6%
Property, plant & equipment	319,6	67,9%	321,5	63,9%
Investment property	17,7	3,8%	31,0	6,2%
Deferred taxes	1,0	0,2%	0,9	0,2%
Other receivables	11,8	2,5%	11,6	2,3%
Other financial assets	0,0	0,0%	0,0	0,0%
<b>Non-current assets</b>	<b>409,7</b>	<b>87,1%</b>	<b>424,1</b>	<b>84,2%</b>
Inventories	4,2	0,9%	5,3	1,1%
Trade & other receivables	23,8	5,1%	29,4	5,8%
Current taxes	0,5	0,1%	0,4	0,1%
Cash & cash equivalents	18,7	4,0%	44,2	8,8%
<b>Current assets</b>	<b>60,8</b>	<b>12,9%</b>	<b>79,3</b>	<b>15,8%</b>
<b>Assets</b>	<b>470,5</b>	<b>100,0%</b>	<b>503,4</b>	<b>100,0%</b>

	30/06/2017	31/12/2016
Gearing ratio*	1,37	1,13
Current ratio**	0,70	0,71
Solvency ratio***	30,4%	29,8%
ROCE****	17,7%	17,9%

\*: 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

€m	30/06/2017	% of Total	31/12/2016	% of Total
<b>Capital &amp; share premium</b>	<b>20,1</b>	<b>4,3%</b>	<b>20,1</b>	<b>4,0%</b>
Consolidated reserves	123,5	26,2%	130,9	26,0%
Translation differences	-0,8	-0,2%	-1,1	-0,2%
<b>Equity attributable to equity holders of the parents</b>	<b>142,8</b>	<b>30,4%</b>	<b>149,9</b>	<b>29,8%</b>
<b>Equity</b>	<b>142,8</b>	<b>30,4%</b>	<b>149,9</b>	<b>29,8%</b>
Loans and borrowings	207,0	44,0%	207,3	41,2%
Provisions & employee benefits	6,6	1,4%	7,2	1,4%
Deferred tax liabilities	18,1	3,9%	18,3	3,6%
Other payables	8,9	1,9%	9,2	1,8%
<b>Non-current liabilities</b>	<b>240,7</b>	<b>51,2%</b>	<b>242,0</b>	<b>48,1%</b>
ST financial debt	7,0	1,5%	7,0	1,4%
Provisions	4,2	0,9%	4,5	0,9%
Working capital	66,8	14,2%	90,7	18,0%
Current taxes	8,7	1,9%	9,1	1,8%
<b>Current liabilities</b>	<b>86,8</b>	<b>18,4%</b>	<b>111,2</b>	<b>22,1%</b>
<b>Equity &amp; Liabilities</b>	<b>470,5</b>	<b>100,0%</b>	<b>503,4</b>	<b>100,0%</b>





Kinepolis  
ready for the future

KINEPOLIS GROUP



Key in our expansion strategy

IMPROVEMENT POTENTIAL





# Expansion



## REALIZED ACQUISITIONS AND GREENFIELDS (2014 – 2017)

Country	City	# Complexes	# Screens	Est. Visitors / Year	Realized
Spain	Alicante	1	16	1,0 mio	Q2 2014
	Alcobendas - Madrid	1	12		
	Nevada – Granada	1	8	0,4 mio	Q4 2016
The Netherlands	Wolff Bioscopen	9	46	1,6 mio	Q3 2014
	Acq. Building Enschede (Wolff)				Q2 2015
	Dordrecht (greenfield)	1	6	0,3 mio	Q1 2016
	Breda (greenfield)	1	10	0,5 mio	Q3 2016
	Utrecht (greenfield)	1	14	1,2 mio	Q1 2017
NL, LUX, FR	Utopolis Group	9	63	2,4 mio	Q4 2015
France	Bourgoin	1	12	0,6 mio	Q3 2015
	Rouen	1	14	0,4 mio	Q1 2016
	Fenouillet (greenfield)	1	8	0,4 mio	Q4 2016
<b>Total</b>		<b>27</b>	<b>209</b>	<b>8,8 mio</b>	





## PLANNED GREENFIELDS\*

Country	City	# Screens	Est. Visitors / Year	Estimated opening
The Netherlands	Den Bosch	7	0,4 mio	Q1 2018
France	Brétigny-sur-Orge	10	0,5 mio	Q2 2018
<b>Total</b>		<b>17</b>	<b>0,9 mio</b>	

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



Kinepolis Den Bosch, NL



Kinepolis Brétigny, FR



Key in our expansion strategy

# IMPROVEMENT POTENTIAL

... trade-off versus size ...



# Landmark Cinemas Overview



**50+ Years**  
in Industry



**>10 Million**  
Visitors Annually



**303**  
Screens



**44**  
Theatre Locations



**2<sup>nd</sup> Largest**  
in Canada



**New and Modern  
Theatres**

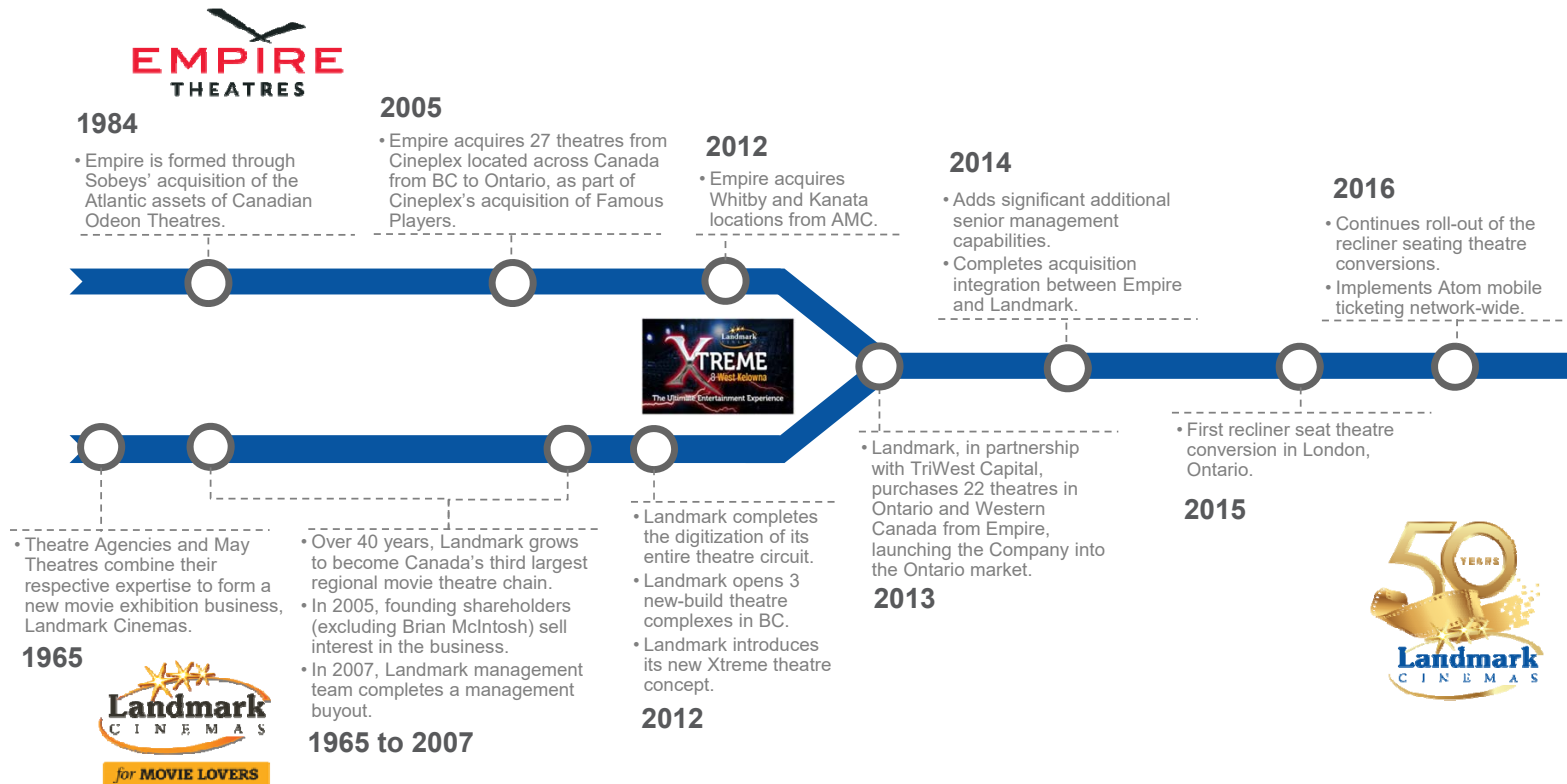
- ▶ Continued investment to expand the network and enhance the customer experience.
- ▶ Strategic theatre conversions to all-recliner seating and premium large format screens.
- ▶ Innovation in ticketing and technology.

**Strong  
Management  
Team**

- ▶ Passionate and experienced management team with 150 years of film industry experience.
- ▶ North American industry presence with direct connections to Hollywood distributors.
- ▶ Sophisticated, innovative and entrepreneurial approach to growing the Landmark business.

**Landmark is the 2<sup>nd</sup> largest exhibitor in Canada**

# History of Landmark Cinemas

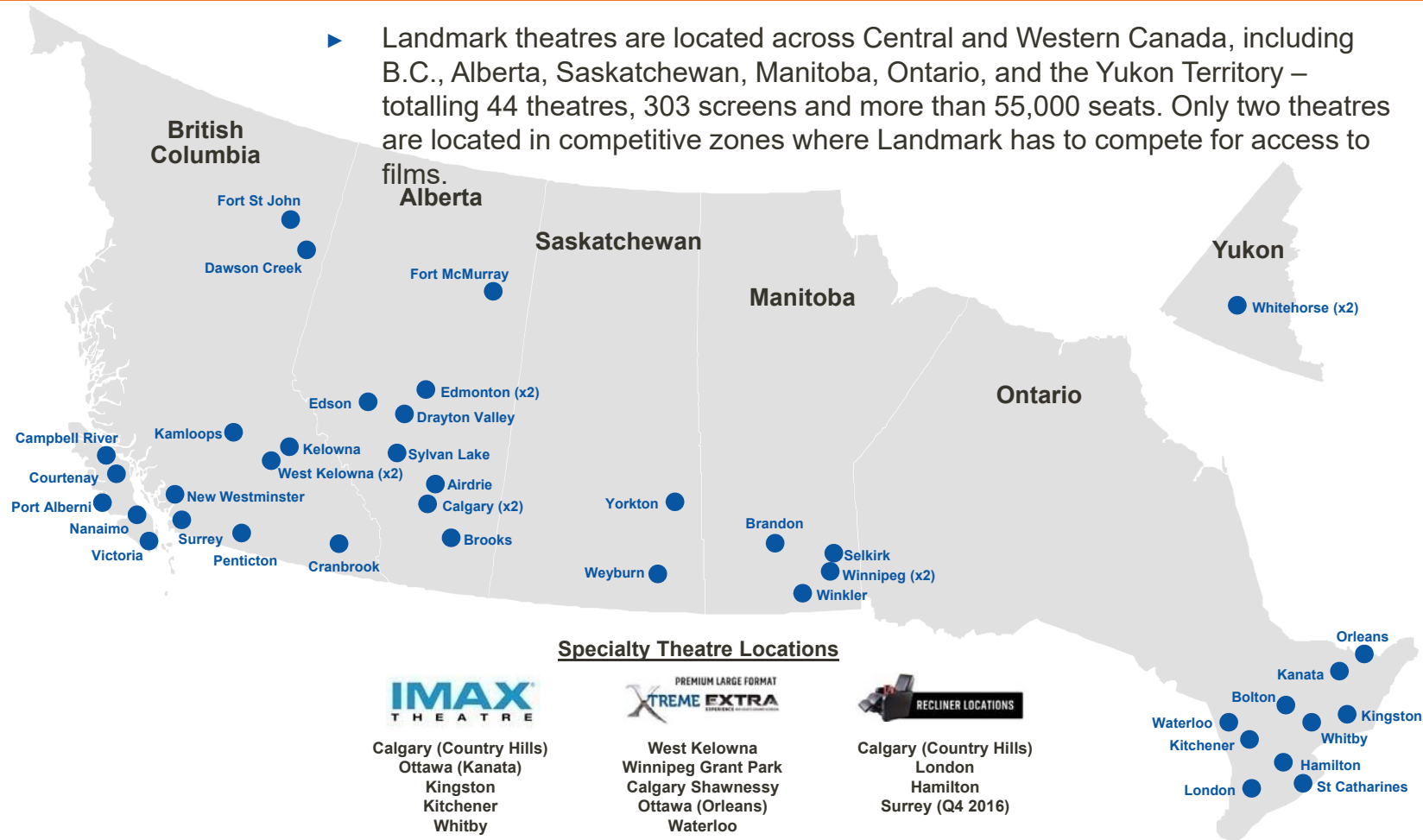


Landmark started as a first-run exhibition circuit in under-served markets. In 2013, Landmark completed a transformative acquisition of 22 Empire theatres and today has 10% market share in Canada.

# Theatre Network Overview



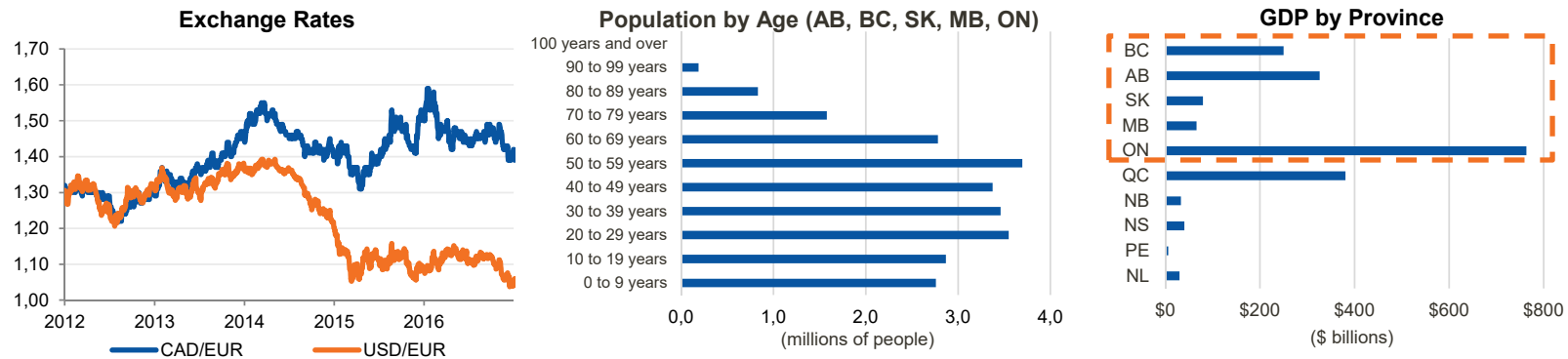
- ▶ Landmark theatres are located across Central and Western Canada, including B.C., Alberta, Saskatchewan, Manitoba, Ontario, and the Yukon Territory – totalling 44 theatres, 303 screens and more than 55,000 seats. Only two theatres are located in competitive zones where Landmark has to compete for access to films.





# Canadian Economy

- ▶ Western Canada and Ontario represent 75% of the Canadian economy (GDP), with a population of 25.2 million (of Canada's total population of 35.9 million), and per capita GDP of \$59,150 (\$46,126 in Quebec, USD\$53,042 in the US).
- ▶ Key demographics in the region are favourable for movie-goers:
  - ▶ 39.8 year-old median age – a demographic more likely to regularly attend movies.
  - ▶ 6.7% unemployment rate and 66.5% labour participation rate – demonstrating an active labour market and high income earning potential.
  - ▶ 25% expected population growth by 2036, as higher economic activity and job prospects attract young talent from Eastern Canada and internationally.
- ▶ Appreciation in foreign currencies against the Canadian dollar over the past several years has attracted significant interest from international companies to invest in Canada.

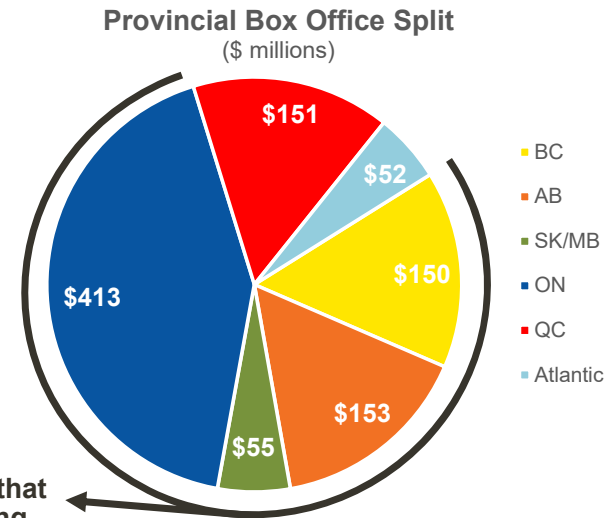


# Canadian Industry Landscape



- ▶ The Canadian marketplace is predominantly controlled by two exhibitors: Cineplex (79% market share) and Landmark (10% market share). Guzzo, with 2% market share, operates exclusively in Quebec.
- ▶ Nearly 80% of total box office in Canada is spent in Western Canada and Ontario – where Landmark has theatres in each province.
- ▶ With Cineplex holding 79% of the market, there is disciplined competition and limited downward pressure on ticket pricing.
- ▶ Its market penetration also prevents Cineplex from finding significant growth in the exhibition segment of its business – and it has looked elsewhere to invest its capital – creating growth opportunities for Landmark.

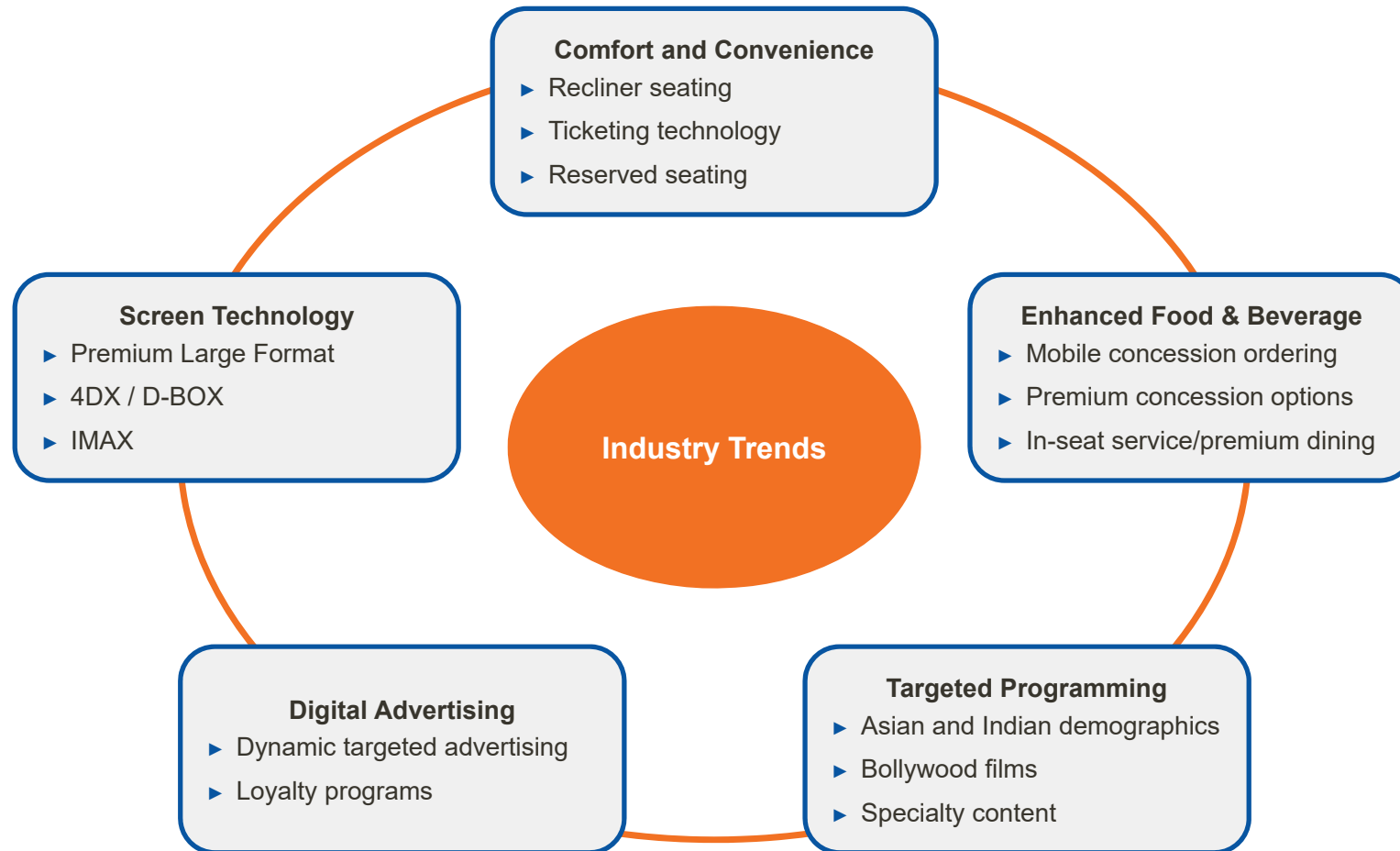
Top Canadian Exhibitors (2016)		
Exhibitor	Theatres	Market Share
1 Cineplex	166	79.1%
2 Landmark Cinemas	44	9.9%
3 Guzzo	10	1.9%
4 Imagine Cinemas	13	1.4%
5 Magic Lantern Theatres	9	0.5%
All Others	120	7.2%



Landmark has theatres spanning five provinces that represent nearly 80% of total box office spending

The Canadian market is dominated by two exhibitors: with limited competition of scale, Landmark has the flexibility to grow its franchise in multiple markets where its competitors will not likely invest.

# N.A. Industry Trends – Driving Growth



# Kinepolis Group

## Results H1 2017 & Q3 business update

KINEPOLIS GROUP



## KEY FINANCIALS

€m	H1 2017	H1 2016	% Better / -Worse
<b>Visitors ('000)</b>	<b>11.775</b>	<b>11.231</b>	<b>4,8%</b>
Revenue	160,1	148,3	7,9%
<b>EBITDA</b>	<b>42,9</b>	<b>38,3</b>	<b>12,2%</b>
<b>REBITDA</b>	<b>44,0</b>	<b>39,6</b>	<b>11,2%</b>
<i>REBITDA Margin</i>	€ 3,74/Vis 27,5%	€ 3,52/Vis 26,7%	80 bps
<b>EBIT</b>	<b>28,2</b>	<b>23,8</b>	<b>18,6%</b>
<b>REBIT</b>	<b>29,2</b>	<b>25,1</b>	<b>16,2%</b>
<i>REBIT Margin</i>	18,2%	16,9%	130 bps
<b>Profit</b>	<b>15,8</b>	<b>13,2</b>	<b>19,8%</b>
<b>Current Profit</b>	<b>16,4</b>	<b>14,0</b>	<b>17,4%</b>
<i>EPS (in €)</i>	0,58	0,48	20,8%
<b>Free Cash Flow</b>	<b>8,6</b>	<b>9,8</b>	<b>-11,8%</b>

€m	H1 2017	YE 2016	Better / -Worse
<b>Net Financial Debt (NFD)</b>	<b>195,0</b>	<b>169,8</b>	<b>-25,3</b>

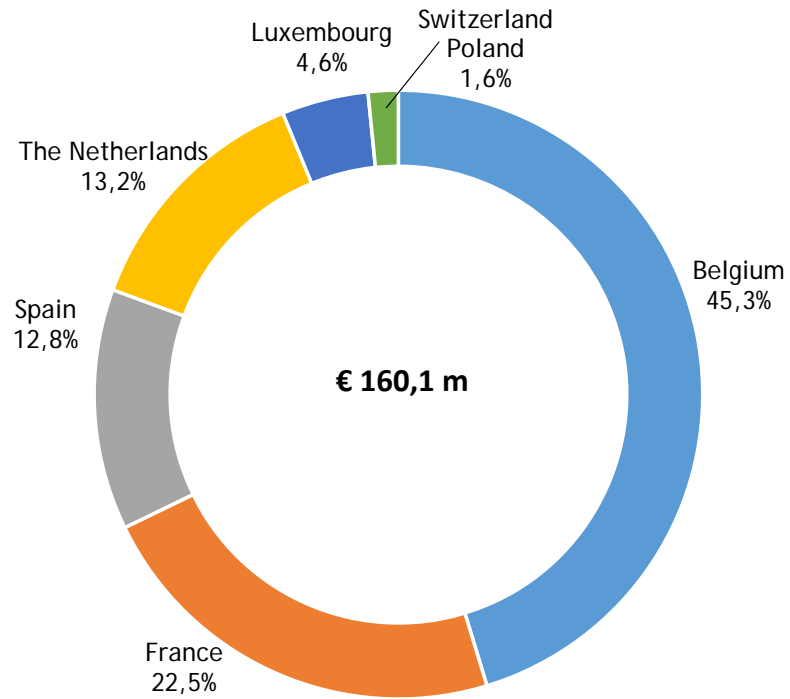


## MAJOR EVENTS

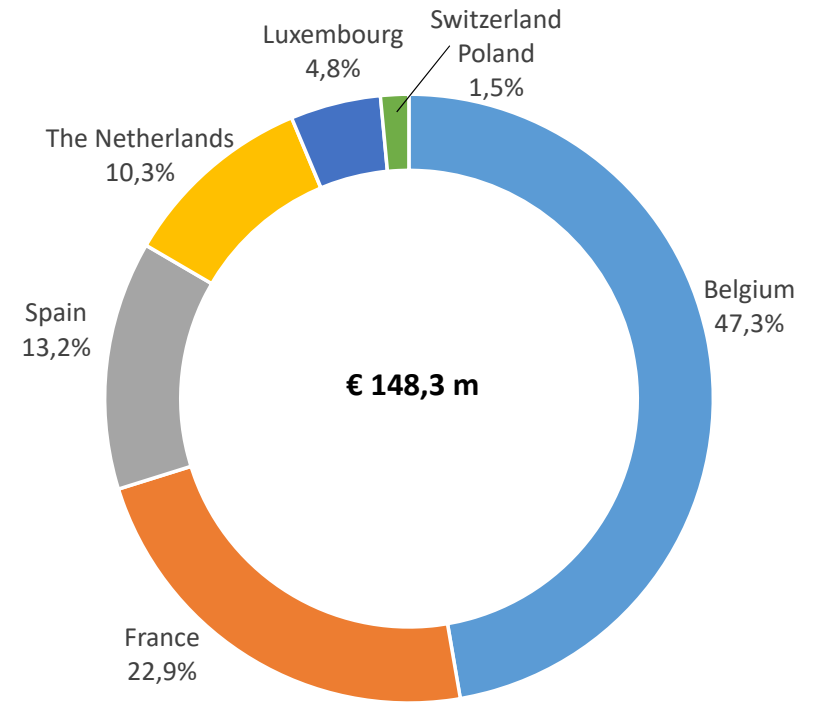
- H1 2017 results reflect Strategic Pillars set out in 2008
  - Best Marketer
  - Best Cinema Operator
  - Best Property Manager
- Further development and implementation of strategy in 2017
- Eddy Duquenne received 'International Exhibitor of the Year' award at CineEurope Barcelona
- Belgian Competition Authority partially withdraws behavioral measures imposed since 1997
- Further steps in expansion strategy
  - March 2017: Utrecht fully operational (partial opening in December 2016)
  - May 2017: start of the construction of Kinopolis Den Bosch
- Sale of the Toison d'Or Brussels building



## REVENUE BY COUNTRY



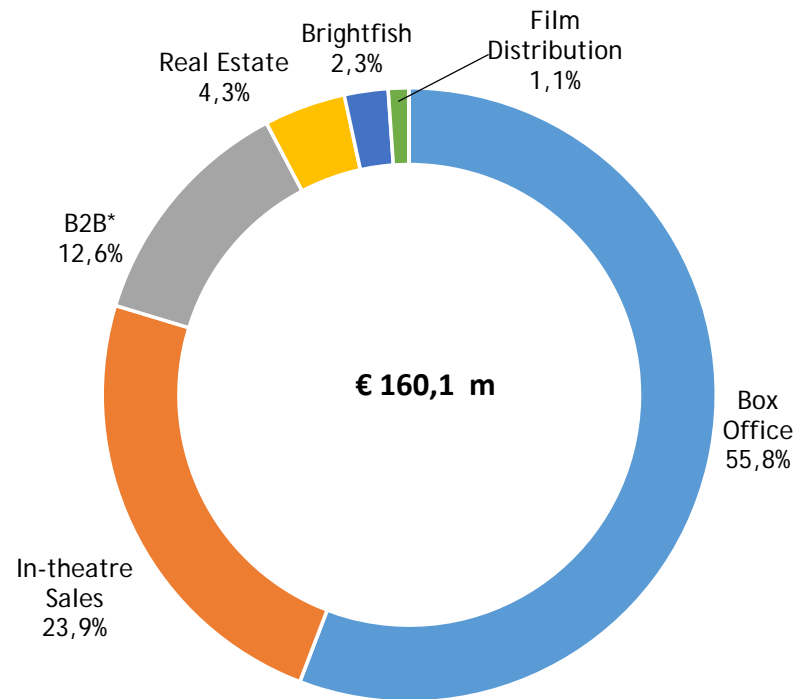
H1 2017



H1 2016

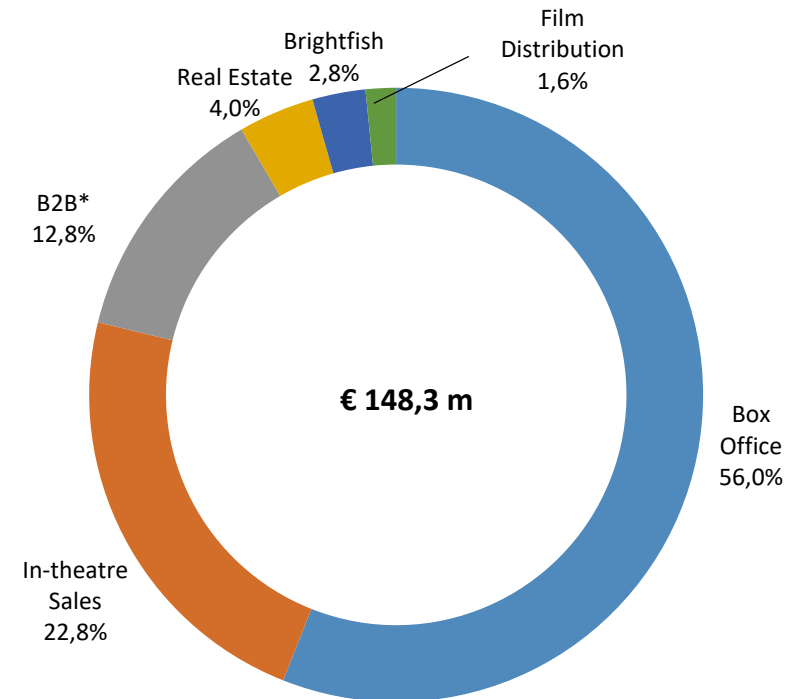


## REVENUE BY ACTIVITY



**H1 2017**

\* Including Cinema Screen Advertising

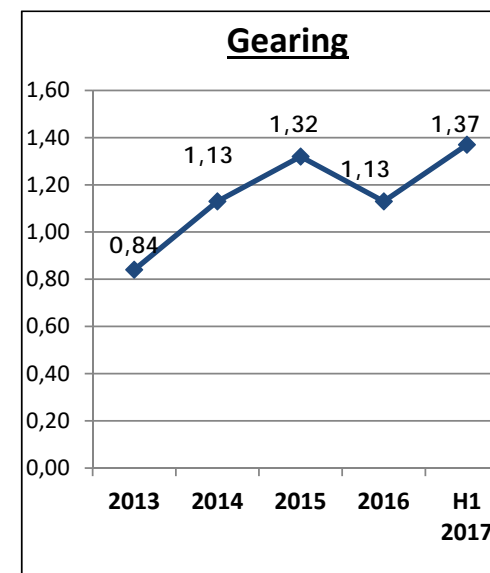
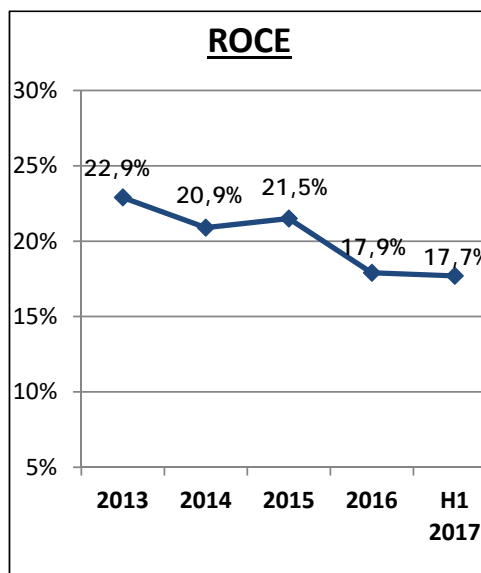
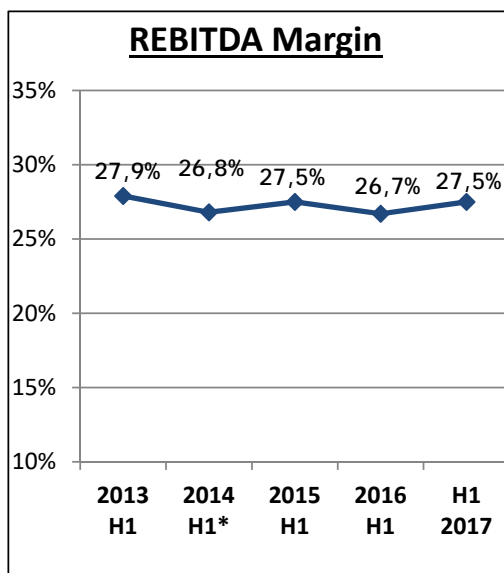


**H1 2016**

\* Including Cinema Screen Advertising



# RATIO'S



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





# Business update Q3 2017

KINEPOLIS GROUP



## HIGHLIGHTS

### ❑ Revenue up:

- ❑ Increased visitors (+ 5,8%)
- ❑ Increased Box Office
- ❑ Increased In-theatre sales
- ❑ Increased B2B
  - ❑ Increased Sales and Events
  - ❑ Increased Screen advertising
- ❑ Increased Brightfish
- ❑ Decreased Film Distribution
- ❑ Increased Real Estate

### ❑ REBITDA up:

- ❑ Increased revenue per visitor
- ❑ Increased operational efficiency
- ❑ Increased relative share of the Netherlands



## VISITORS YTD Q3 2017

Visitors (000's)	YTD Q3 2017	% of Tot	YTD Q3 2016	% of Tot	% Δ YoY
Belgium	5.967	34,0%	5.816	35,1%	2,6%
France	5.269	30,0%	4.994	30,1%	5,5%
Spain	3.126	17,8%	3.027	18,3%	3,3%
The Netherlands	2.324	13,3%	1.893	11,4%	22,8%
Luxembourg	765	4,4%	757	4,6%	1,1%
Switzerland	87	0,5%	91	0,5%	-4,4%
<b>Total</b>	<b>17.538</b>	<b>100,0%</b>	<b>16.578</b>	<b>100,0%</b>	<b>5,8%</b>





# Financial Review H1 2017

KINEPOLIS GROUP



## REVENUE BY COUNTRY

€m	H1 2017	% of Tot	H1 2016	% of Tot	% Δ YoY	% Δ Y Vis
Belgium	72,5	45,3%	70,2	47,3%	3,4%	-0,3%
France	36,0	22,5%	33,9	22,9%	6,1%	4,1%
Spain	20,5	12,8%	19,6	13,2%	4,7%	3,3%
The Netherlands	21,1	13,2%	15,2	10,3%	38,5%	30,4%
Luxembourg	7,4	4,6%	7,1	4,8%	3,3%	-0,7%
Other	2,5	1,6%	2,2	1,5%	13,8%	-6,2%
<b>Total</b>	<b>160,1</b>	<b>100%</b>	<b>148,3</b>	<b>100%</b>	<b>7,9%</b>	<b>4,8%</b>



Kinepolis Alcobendas, Madrid, ES

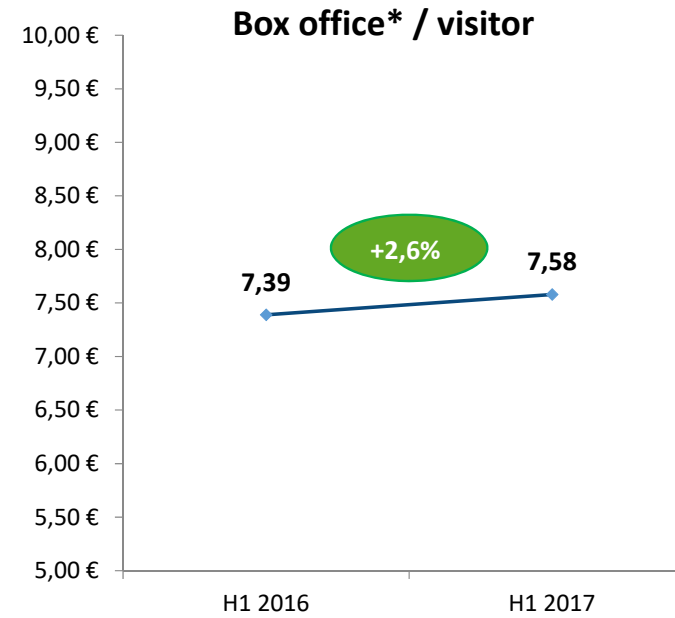
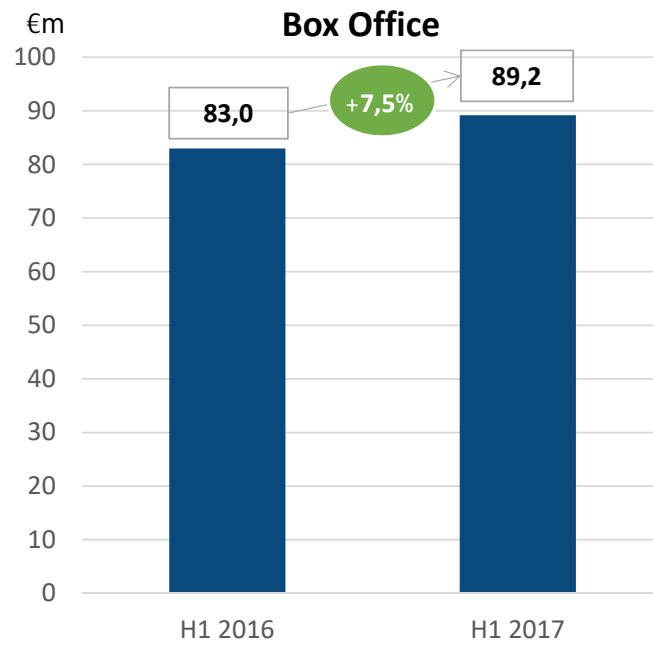


Kinepolis Fenouillet, FR



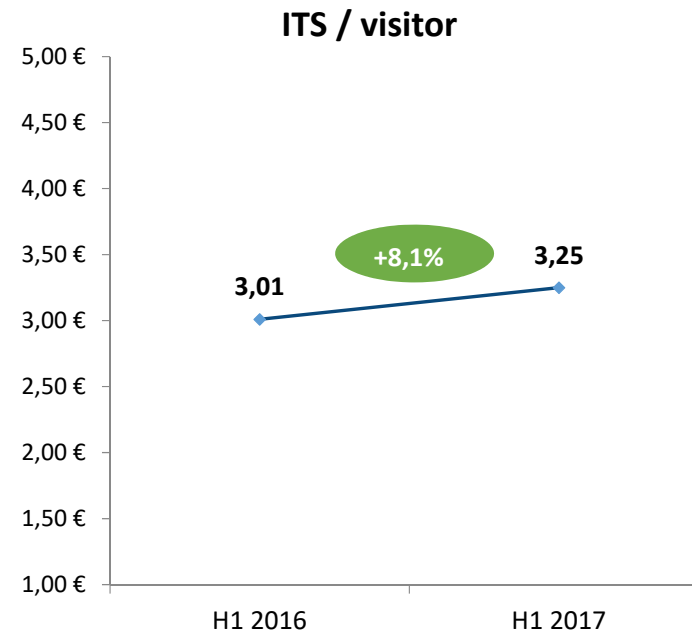
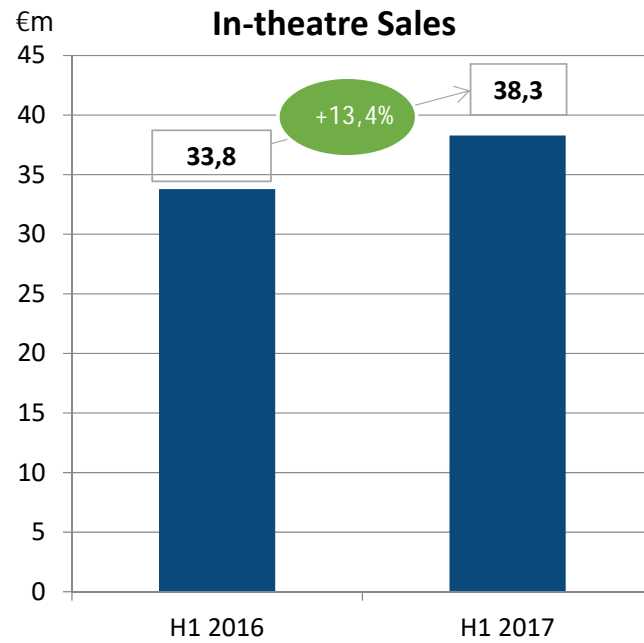


# EVOLUTION BOX OFFICE

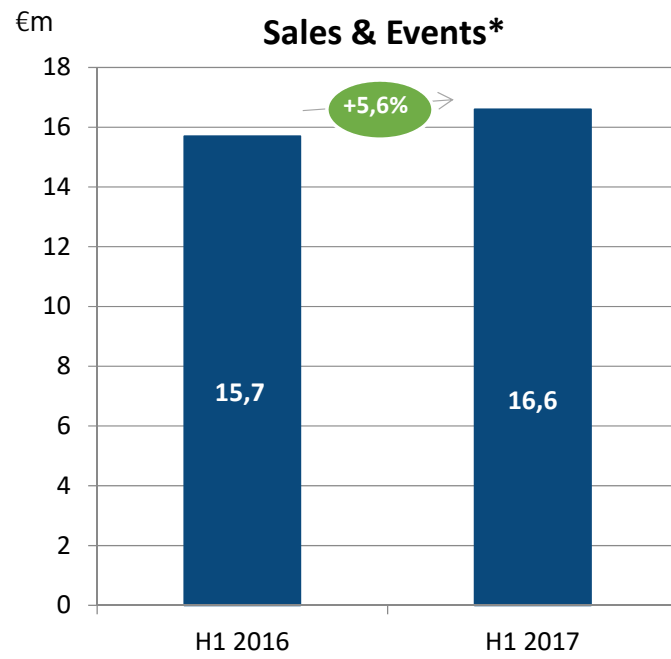


\* Box Office revenue after deduction of indirect taxes, including VPF revenue

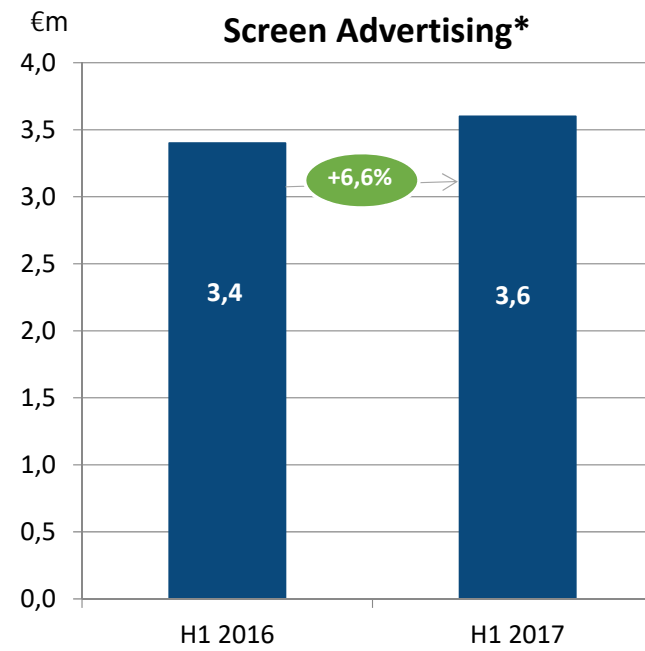
# EVOLUTION ITS



## B2B REVENUE



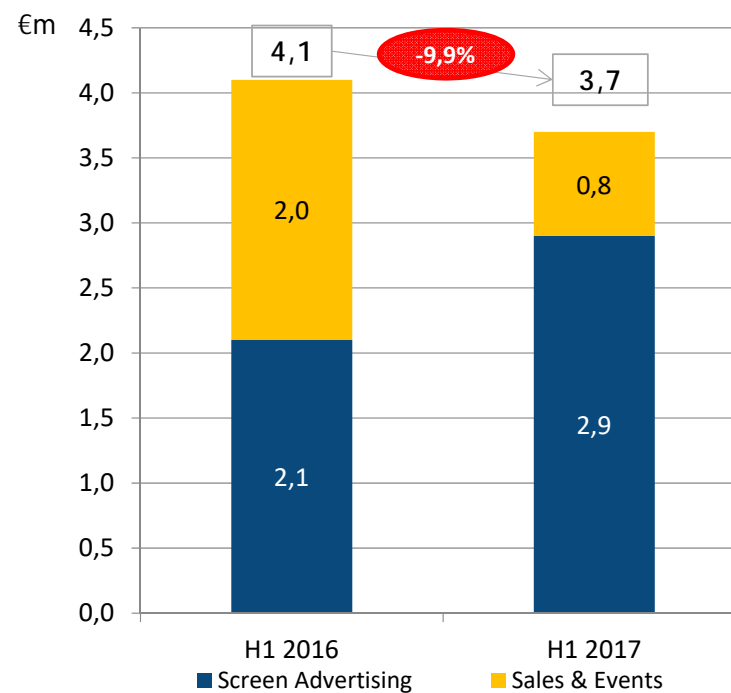
\* Excluding Brightfish



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# BRIGHTFISH



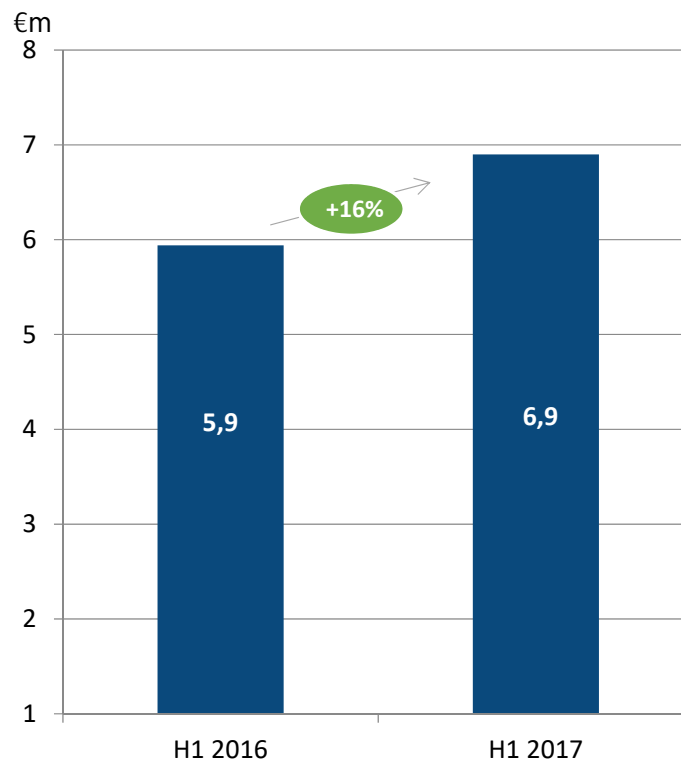
## REAL ESTATE AT FLAT FX

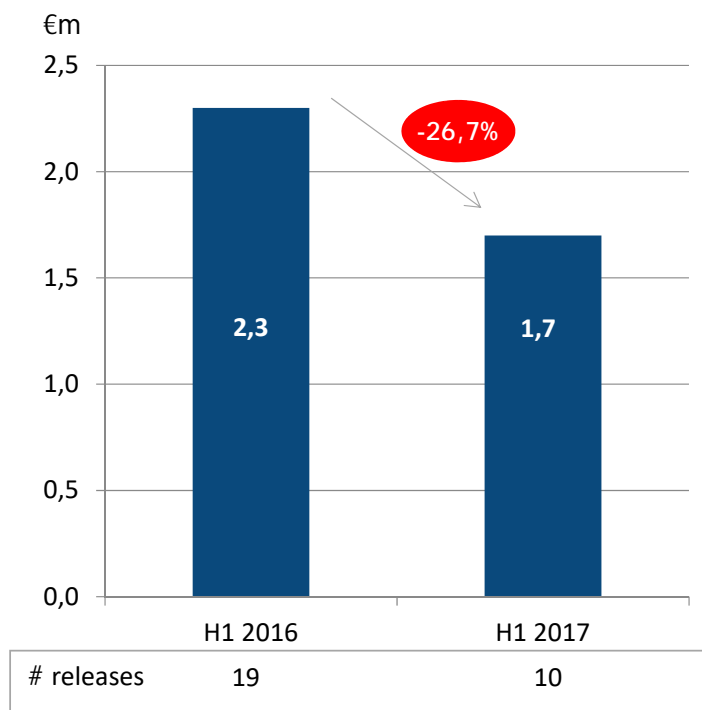


Kinepolis Dordrecht, NL



Kinepolis Den Bosch, NL





## FILM DISTRIBUTION



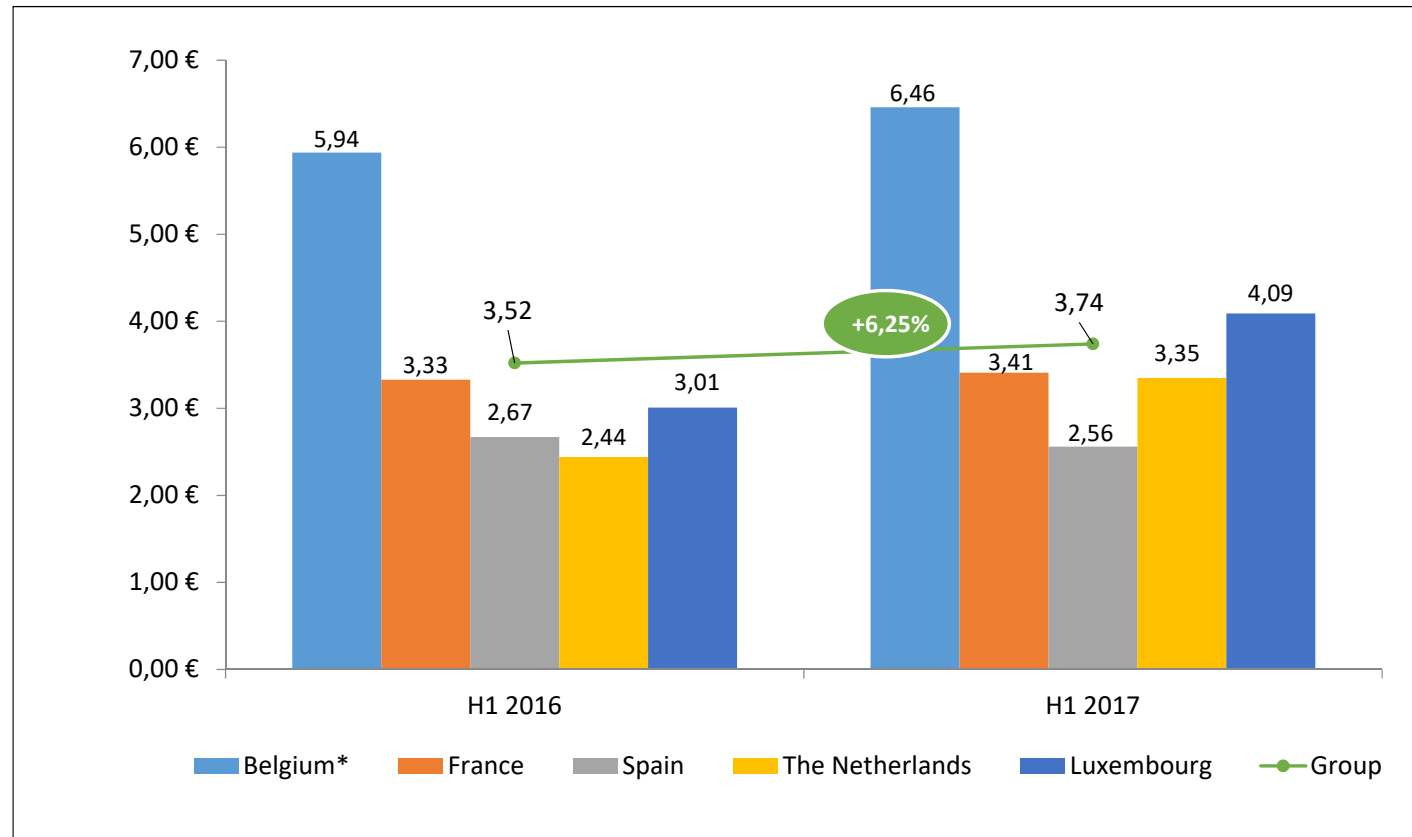
## CURRENT OPERATING COSTS

€m	H1 2017	H1 2016	% Better / -Worse
Current Marketing & Selling Expenses	-8,7	-7,7	-12,4%
Current Administrative Expenses	-9,7	-10,0	3,0%
Other Current Operating Income/(Costs)	0,5	0,5	0,9%
<b>Current Operating Costs</b>	<b>-17,9</b>	<b>-17,2</b>	<b>-3,8%</b>
Non-Current Operating Costs	-0,4	-0,9	53,2%
<b>Total Operating Costs</b>	<b>-18,3</b>	<b>-18,2</b>	<b>-0,9%</b>





## EVOLUTION REBITDA\* PER VISITOR



\* Per country excluding corporate entities, KFD & Brightfish revenue ; total all including.

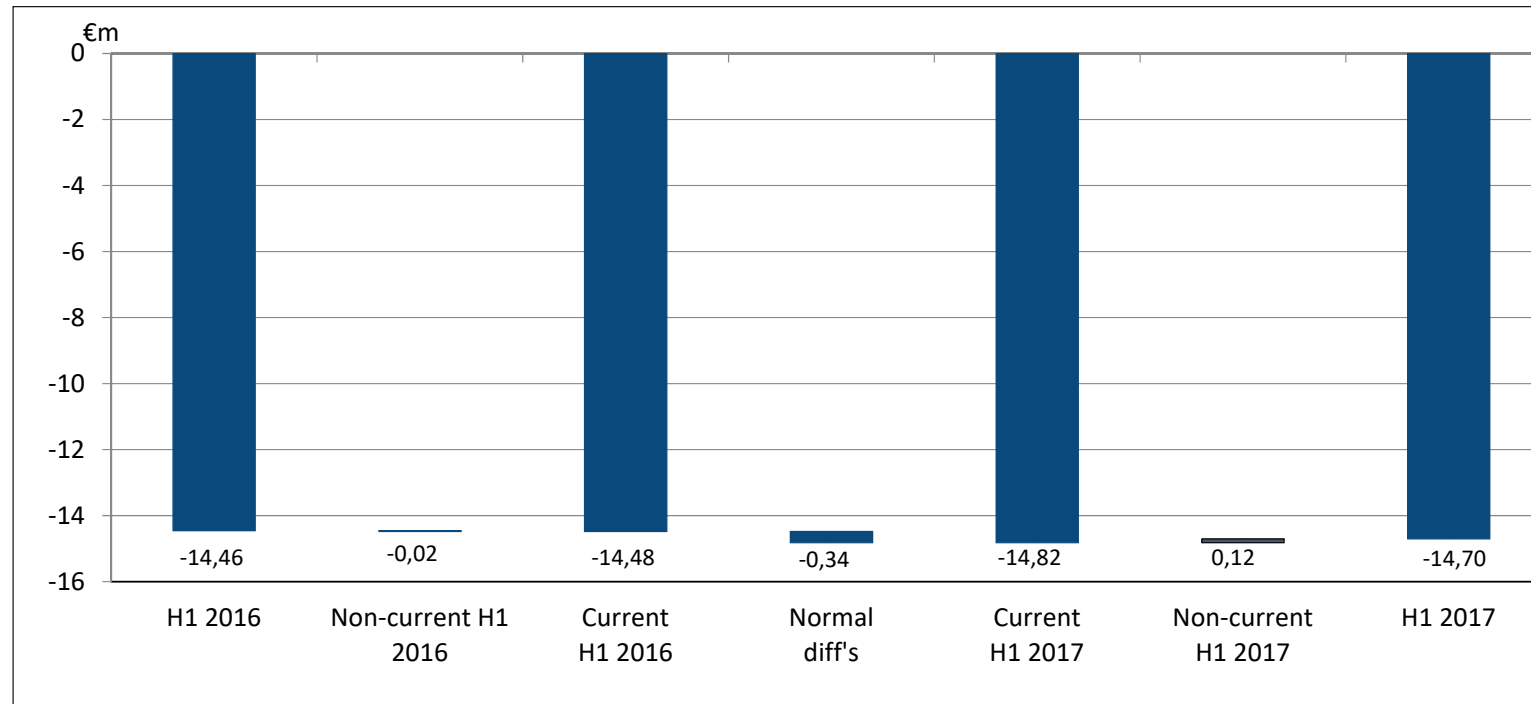


## REBITDA BY COUNTRY

REBITDA €m	H1 2017	% of Total	H1 2016	% of Total	% Better/-Worse
Belgium	18,0	40,9%	17,4	44,1%	3,3%
France	12,4	28,2%	11,6	29,4%	6,3%
Spain	5,3	12,0%	5,3	13,5%	-1,2%
The Netherlands	5,1	11,6%	2,8	7,2%	79,3%
Luxembourg	2,2	5,0%	1,6	4,1%	34,8%
Switzerland & Poland	1,0	2,3%	0,7	1,7%	51,9%
<b>TOTAL</b>	<b>44,0</b>	<b>100%</b>	<b>39,6</b>	<b>100%</b>	<b>11,2%</b>

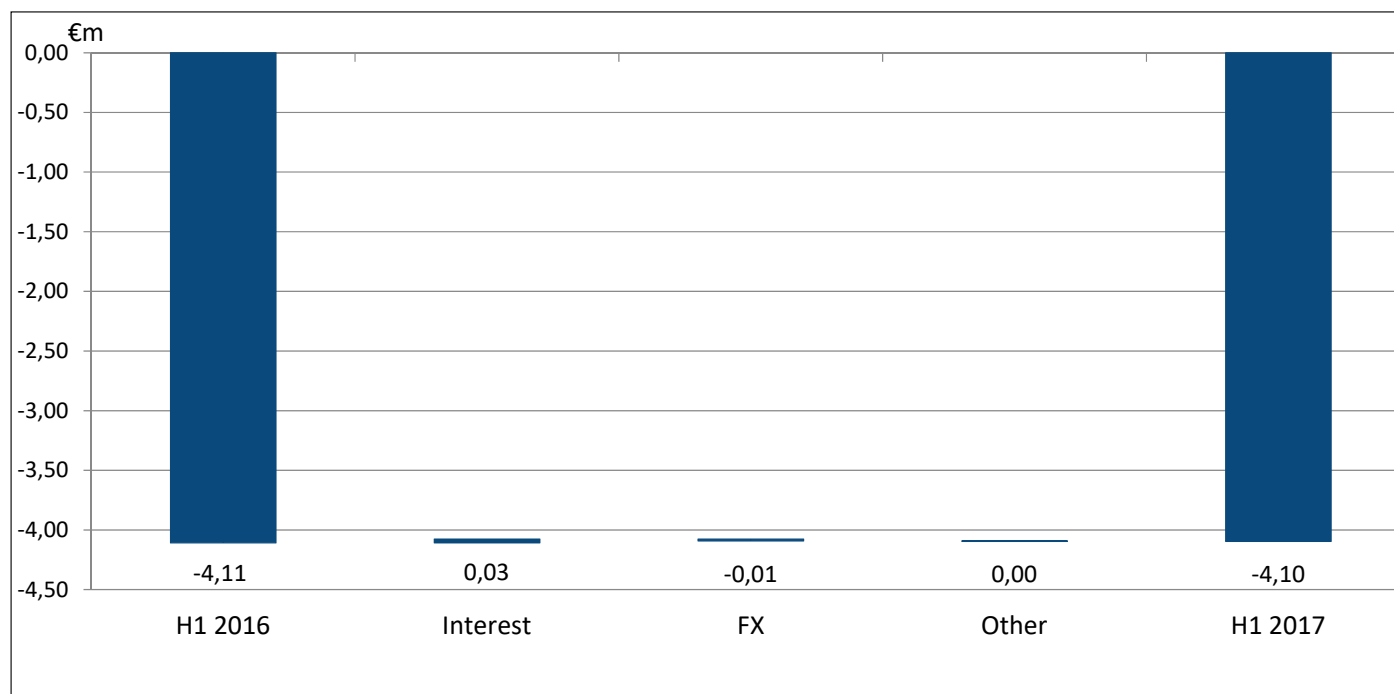


## DEPRECIATION, AMORTIZATION, PROVISIONS



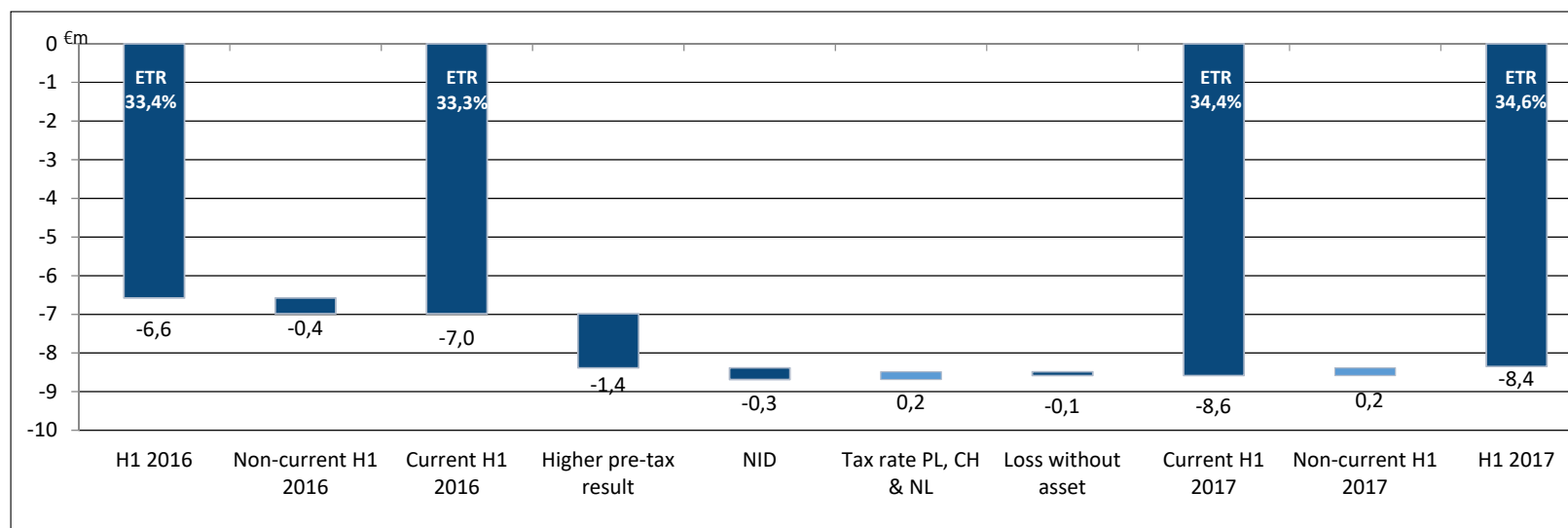
## FINANCIAL RESULT

€m	H1 2017	H1 2016	% Better/-Worse
Interest Expense	-3,61	-3,65	-0,8%
Other (CNC, Derivatives, FX, bank fees)	-0,48	-0,46	3,8%
<b>Financial (Cost) / Income</b>	<b>-4,10</b>	<b>-4,11</b>	<b>-0,3%</b>



## TAXES

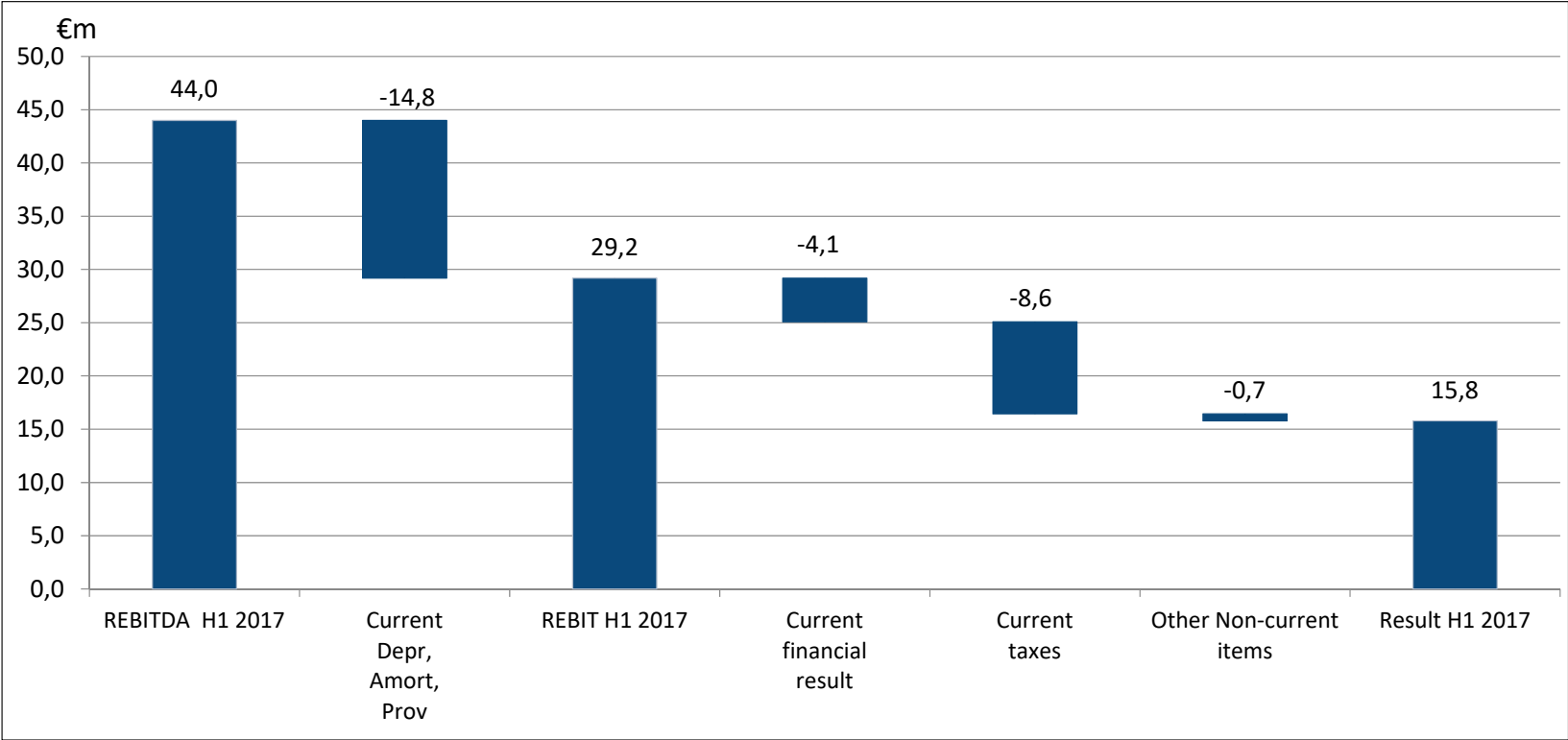
€m	H1 2017	H1 2016	% Better/-worse
Profit before taxes	24,1	19,7	22%
<b>Taxes</b>	<b>-8,4</b>	<b>-6,6</b>	<b>-27%</b>
Profit from discontinuing operations		0,1	-100%
Profit	15,8	13,2	20%
<b>Effective Tax Rate ('ETR')</b>	<b>34,6%</b>	<b>33,4%</b>	<b>120 bps</b>



- On 11 January 2016, The European Commission published a decision that a purported regime of Belgian tax rulings with regard to 'Excess Profit' (EPR) should be considered as illegal state aid. 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. On 22 March 2016, the Belgian State appealed against the European Commission's decision before the European General Court. The appeal has no suspensive effects.
- The Belgian tax authority has granted such a tax ruling to Kinopolis Group in 2012. As a result of the European Commission's decision, Kinopolis 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 by the Belgian State. The amount fully covers the potential liability, including interest charges.
- On 1 July 2016, Kinopolis Group, together with other companies affected by the EU Decision, appealed the decision of the European Commission. If or when one of the appeals are 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.
- In January 2017, Kinopolis Group has received tax assessments which were recorded by the Belgian government at the end of 2016 in order to neutralize the effects of the tax ruling. The assessments received by the Company relate to the years 2012-2013-2014. The amounts at issue were prepaid by the Company in 2016 as part of a "ring fencing" arrangement, which avoided further accrual of interest charges.
- In July 2017, Kinopolis Group prepaid the remaining amount as part of a "ring fencing" arrangement, which avoided further accrual of interest charges.

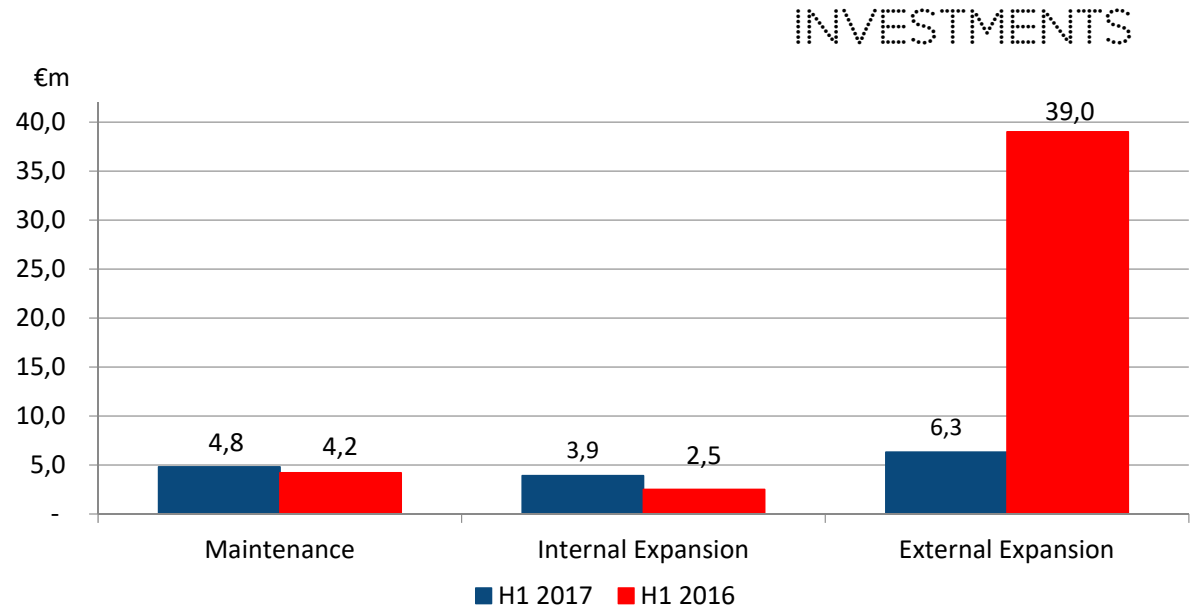


# REBITDA TO NET RESULT





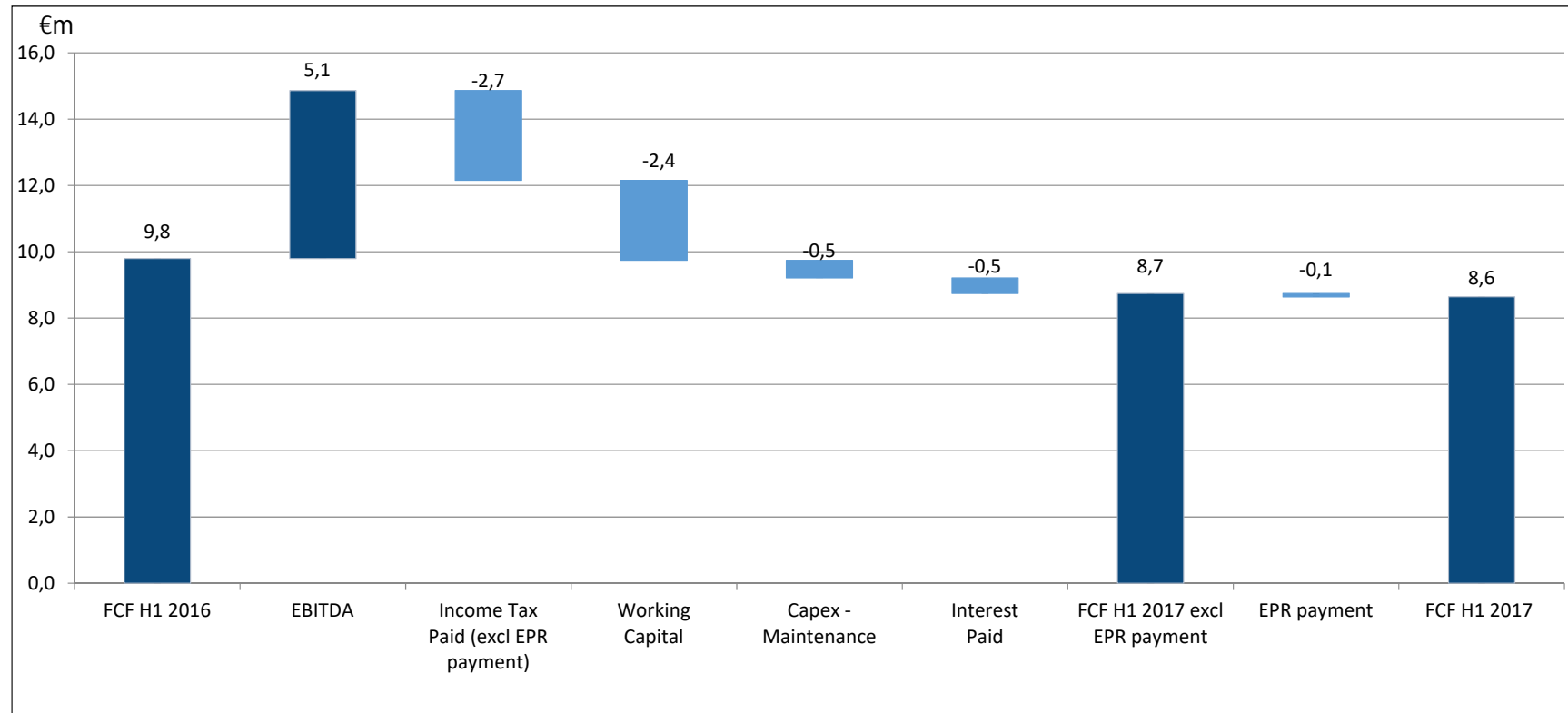
€m	H1 2017	H1 2016
Belgium	4,2	2,9
France	1,5	1,9
Spain	0,7	0,8
The Netherlands	1,3	1,0
Luxembourg	0,8	0,0
Other	0,2	0,1
<b>Maintenance &amp; Internal Expansion</b>	<b>8,7</b>	<b>6,7</b>
<b>External Expansion</b>	<b>6,3</b>	<b>39,0</b>
<b>TOTAL</b>	<b>15,0</b>	<b>45,7</b>



Kinepolis Utrecht, NL

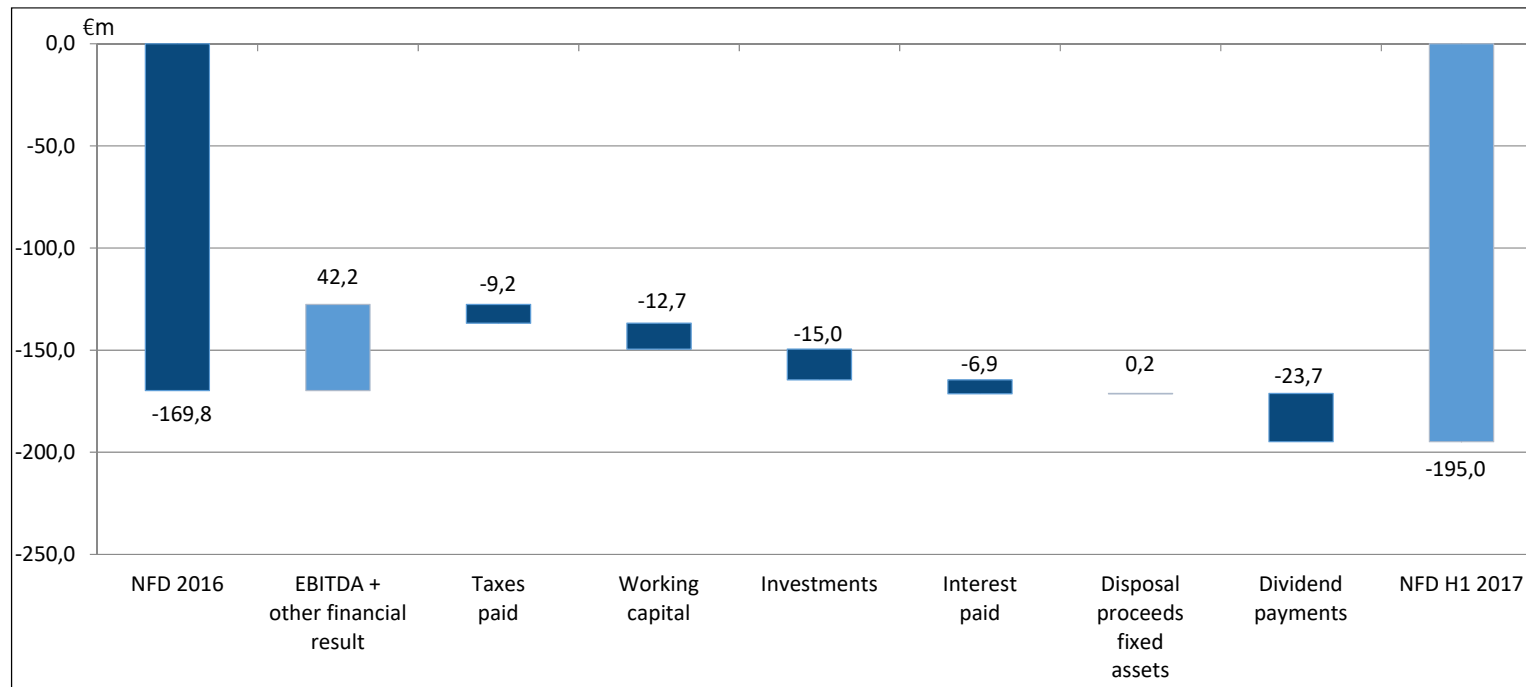


## FREE CASH FLOW: H1 2017 VS H1 2016



## NET FINANCIAL DEBT EVOLUTION

€m	H1 2017	YE 2016	Better/-Worse	% Better/-Worse
<b>Net Financial Debt (NFD)</b>	<b>195,0</b>	<b>169,8</b>	<b>-25,3</b>	<b>-14,9%</b>
Leverage ratio*: NFD / REBITDA	2,0	1,8		



\* Not clubdeal definition



## SHAREHOLDERS

	15/11/2017		23/08/2017	
	# Shares	%	# Shares	%
Total shares outstanding	27.365.197	100%	27.365.197	100%
<b>Reference Shareholders &amp; Free Float</b>	<b># Shares</b>	<b>%</b>	<b># Shares</b>	<b>%</b>
Kinehold Bis, Pentascoop and Mr. Joos Bert	13.254.590	48,44%	13.254.590	48,44%
Treasury shares (own shares)	132.346	0,48%	132.346	0,48%
Free Float	13.978.261	51,08%	13.978.261	51,08%
<b>Other*</b>	<b># Shares</b>	<b>%</b>	<b># Shares</b>	<b>%</b>
Axa SA	1.523.555	5,57%	1.523.555	5,57%
BNP Paribas Investment Partners SA	1.368.974	5,00%	1.365.695	4,99%
Blackrock Investment Mgt Ltd	1.115.517	4,08%	1.229.169	4,49%
Ameriprise Financial Inc	835.747	3,05%	835.747	3,05%

\* Resulting from transparency notices received



