Kinepolis Group

Results YTD H1 2018

Press Meeting

August 23, 2018

KINEPOLIS GROUP

Business review

YTD H1 2018

CEO, Mr. Eddy Duquenne

KINEPOLIS GROUP

EXECUTIVE SUMMARY

- Integration of Landmark Cinemas Canada on track
- Solid contribution of Landmark to overall Group results
- Further implementation of Group strategy and in particular premiumisation leads to further increase in sales and EBITDA per visitor
- Weaker in visitor numbers in most European countries due to ongoing warm weather, the World Cup and a less successful film offering in Q2

KEY FINANCIALS

€m	H1 2018		H1 2017		% Better / -Worse
Revenue		**221,8**		**160,1**	**38,5%**
Visitors ('000)		*17.088*		*11.775*	*45,1%*
EBITDAR		**64,2**		**47,5**	**35,2%**
REBITDAR		**65,1**		**48,6**	**34,0%**
REBITDAR Margin	€ 3,81/Vis	*29,4%*	€ 4,13/Vis	*30,4%*	*-100 bps*
EBITDA		**51,0**		**42,9**	**18,8%**
REBITDA		**51,9**		**44,0**	**18,0%**
REBITDA Margin	€ 3,04/Vis	*23,4%*	€ 3,74/Vis	*27,5%*	*-408 bps*
EBIT		**33,3**		**28,2**	**17,8%**
REBIT		**33,6**		**29,2**	**15,3%**
REBIT Margin		*15,2%*		*18,2%*	*-306 bps*
Profit		**18,9**		**15,8**	**19,8%**
Current Profit		**18,7**		**16,4**	**13,6%**
EPS (in €)		*0,70*		*0,58*	*20,7%*
Free Cash Flow		**15,6**		**8,6**	**80,3%**

€m	H1 2018	YE 2017	Better / -Worse
Net Financial Debt (NFD)	**305,0**	**224,3**	**-80,7**

STRATEGY

- H1 2018 results reflect **Strategic Pillars** set out in 2008
  - Best Marketer
  - Best Cinema Operator
  - Best Real Estate Manager
- Strong focus on **experience-driven product innovation** and **premiumisation**
- **Executive focus** H2 2018
  - Further development and implementation of strategic pillars
  - Integration of Landmark Cinemas Canada
  - New expansion
  - Further investment in human capital

Kinepolis Group commits to laser projection and chooses Barco laser to upgrade an estimated number of 300 screens through 2021

New 4DX theatre in Valencia

Further development of mobile services image recognition

Experience-driven technology

Jurassic World PR stunts

Escape rooms in Leuven and Granada

30.000 ladies attended LATM Fifty shades Freed (BE)

Silent screening

Experience-driven marketing

Content diversification

Programmation of first Nollywood & Chinese films

Concerts: Nick Cave (One More Time), etc

- On 26 April 2018 the Belgian Competition Authority confirms the previous relaxation of the behavioral conditions, which means that the opening of new cinema complexes in Belgium is no longer subject to prior approval of the Competition Authority, but this will enter into force as of 26 April 2020 (appeal pending).

- Share buyback program, launched on 15 January 2018, has ended on 12 June 2018. Kinepolis Group has bought back 360.000 shares for a total amount of € 20.302.894. The total number of own shares amounts to 492.346.

- Further steps in expansion strategy
  - January 2018: acquisition of NH Bioscopen, the Netherlands
  - January 2018: acquisition of Metz Palace, France (under renovation)
  - January 2018: acquisition of 'Magic Lantern Theatres' Brighton Marketplace Cinema in Saskatoon, Canada (under construction) and announcement of new project in CF Market Mall in Calgary, Canada
  - February 2018: opening St. Albert in Alberta, Canada
  - June 2018: opening Brighton Marketplace in East Saskatoon, Canada
  - June 2018: opening 's Hertogenbosch, the Netherlands

KINEPOLIS GROUP TODAY

Countries	Complexes		Screens		Market Share **	Complexes in Ownership	
						#	%Visitors
Belgium	11		138		47%	10	98%
France	11		128		3%	9	97%
Canada	45	+2	317	+15	11%	10	5%
Spain	6		99		5%	2	47%
The Netherlands	17	+2	121	+17	11%	11	73%
Luxembourg	3		22		88%	1	62%
Switzerland	1		8		1%	1	100%
Poland *	1		18			1	n/a
Total	**95**	**+4**	**851**	**+32**		**45**	**57%*** **

* 1 complex in Poland operated by Cineworld

** Belgium - New platform Cinedata operational, but not all operators are participating yet
Belgium & Canada - Market share in Box Office content

*** 57% of H1 2018 visitors

**** Complex and screen additions are compared to 31 December 2017

PLANNED GREENFIELDS*

Country	City	# Screens	Est. Visitors / Year	Estimated opening
The Netherlands	Schalkwijk Haarlem	6	0,3 mio	2019
France	Brétigny-sur-Orge	10	0,5 mio	Q3 2018
	Metz	7	0,2 mio	Q3 2018
Canada	Fort McMurray**	8	-	Q4 2018
	Calgary (Alberta)	5	0,3 mio	2019
	Regina (Saskatchewan)	8	0,4 mio	2019
Total		**44**	**1,7 mio**	

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

** Replacement of existing 6 screen theatre in ownership by rented one

REVENUE BY COUNTRY

H1 2018

H1 2017

REVENUE BY ACTIVITY

H1 2018

* Including Cinema Screen Advertising

H1 2017

* Including Cinema Screen Advertising

VISITORS

Visitors (000's)	H1 2018	% of Tot	H1 2017	% of Tot	% Δ YoY
Belgium	3.884	22,7%	3.955	33,6%	-1,8%
France	3.284	19,2%	3.637	30,9%	-9,7%
Canada	5.635	33,1%			
Spain	2.032	11,9%	2.064	17,5%	-1,6%
The Netherlands	1.751	10,2%	1.522	12,9%	15,0%
Luxembourg	450	2,6%	536	4,6%	-16,0%
Switzerland	52	0,3%	61	0,5%	-14,8%
Total	**17.088**	**100,0%**	**11.775**	**100,0%**	**45,1%**

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Top 5 Movies 2018*	3D	Visitors (000's)
1. Avengers: Infinity War	✓	1.384
2. Black Panther	✓	1.021
3. Deadpool 2		707
4. Jumanji: Welcome to the Jungle	✓	680
5. Jurassic World II	✓	676
Top 5		**4.469**
Weight Top 5		**26,2%**

* Growth top 5 thanks to expansion

Top 5 Movies 2017	3D	Visitors (000's)
1. Beauty and the Beast	✓	756
2. Fast & Furious 8		698
3. Fifty Shades Darker		575
4. Pirates of the Caribbean: Salazar's Revenge	✓	495
5. The Boss Baby	✓	494
Top 5		**3.018**
Weight Top 5		**25,6%**

LINE-UP 2018

	2D	3D
Major sequels	• Mamma Mia! Here We Go Again (Q3) • X-Men: Dark Phoenix (Q4) • How the Grinch Stole Christmas (Q4) • Mary Poppins Returns (Q4)	• Incredibles 2 (Q3) • Hotel Transylvania 3 (Q3) • Ant-Man and the Wasp (Q3) • Fantastic Beasts: The Crimes of Grindelwald (Q3) • Mission Impossible 6 (Q3) • Bumblebee (Q4) • Ralph Breaks the Internet (Q4 – except FR)
New titles	• The Darkest Minds (Q3) • Cadaver (Q3) • The Nun (Q3) • First Man (Q4) • Bohemian Rhapsody (Q4) • A Star Is Born (Q4)	• Smallfoot (Q4) • The Nutcracker and the Four Realms (Q4) • Venom (Q4) • Mowgli (Q4) • Mortal Engines (Q4) • Aquaman (Q4) • Alita: Battle Angel (Q4)
Local	• Alad'2 (FR-Q3) • Niet Schieten (BE-Q3) • Doris (NL-Q3) • De Film van Dylan Haegens (NL-Q3) • Rafaël (NL-Q3) • Asterix - Le Secret de la Potion Magique (FR-Q4) • De Collega's 2.0 (BE-Q4) • Bon Bini Holland 2 (NL-Q4) • All You Need Is Love (NL-Q4) • Superjuffie (NL-Q4)	
Alternative content	• Opera, Ballet, Theatre • Art: Exhibition on Screen (BE, FR, ES)	

Financial Review YTD H1 2018

CFO, Mr. Nicolas De Clercq

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- Revenue up by 38,5% with 45,1% more visitors
  - Increase Visitors (+45,1%)
  - Increase Box Office (+39,5%)
  - Increase In-theatre Sales (+61,7%)
  - Increase B2B (+16,6%)
    - Increase Sales and Events (+13,5%)
    - Increase Screen Advertising (+31%)
  - Less revenue Brightfish (-34,6%)
  - Increase Film Distribution (+31,7%)
  - Increase Real Estate (+2,6%)
- REBITDA up by 18% and margin of 23,4% (27,5% H1 2017)
  - Increased revenue per visitor
  - Increased operational efficiency
  - Impact of Canada on ratios

REVENUE BY COUNTRY

Revenue €m	H1 2018	% of Tot	H1 2017	% of Tot	% Δ YoY	% Δ Y Vis
Belgium	71,8	32,5%	72,5	45,3%	-1,1%	-1,8%
France	34,6	15,6%	36,0	22,5%	-3,8%	-9,7%
Canada	60,2	27,1%				
Spain	21,2	9,5%	20,5	12,8%	3,1%	-1,6%
The Netherlands	24,7	11,1%	21,1	13,2%	16,9%	15,0%
Luxembourg	7,2	3,2%	7,4	4,6%	-2,8%	-16,0%
Other	2,2	1,0%	2,5	1,6%	-14,1%	-14,8%
Total	**221,8**	**100,0%**	**160,1**	**100,0%**	**38,5%**	**45,1%**

EVOLUTION BOX OFFICE & ITS

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

B2B REVENUE

* Excluding Brightfish

* Excluding Brightfish

REAL ESTATE AT FLAT FX

CURRENT OPERATING COSTS

€m	H1 2018	H1 2017	% Better / -Worse
Current Marketing & Selling expenses	-10,9	-8,7	-25,9%
Current Administrative Expenses	-12,4	-9,7	-27,4%
Current Other Operating Income / Cost	0,6	0,5	27,0%
Current Operating Costs	**-22,7**	**-17,9**	**-26,7%**
Non-Current Operating Costs	-0,4	-0,4	-3,5%
Total Operating Costs	**-23,1**	**-18,3**	**-26,2%**

EVOLUTION REBITDA* PER VISITOR

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

REBITDA BY COUNTRY

€m	H1 2018	% of Total	H1 2017	% of Total	% Better / -Worse	% Δ Y Vis
Belgium	17,4	33,5%	18,0	40,9%	-3,4%	-1,8%
France	11,0	21,2%	12,4	28,2%	-11,2%	-9,7%
Canada	8,2	15,9%				
Spain	5,4	10,4%	5,3	12,0%	2,0%	-1,6%
The Netherlands	6,6	12,8%	5,1	11,6%	30,3%	15,0%
Luxembourg	2,4	4,6%	2,2	5,0%	7,9%	-16,0%
Switzerland & Poland	0,9	1,7%	1,0	2,3%	-16,7%	-14,8%
TOTAL	**51,9**	**100,0%**	**44,0**	**100,0%**	**18,0%**	**45,1%**

IFRS 16

- The new standard (IFRS 16 - Leases) becomes effective as from the 1st of January 2019.

- This standard has a major impact on the accounting treatment of leases:
  - The balance sheet will grow due to the fact that all material leases will be booked on the asset and liability side of the Balance Sheet.
  - For the Income statement, only the service component of a lease will stay above EBITDA and the other components will be reported under the EBITDA, respectively under the lines depreciations and interest expenses.

- All this will influence many financial ratios, but no impact on financial covenants.

- Kinepolis has performed an analysis on all its contracts for Europe and Canada. This analysis represents 306 contracts with a total impact of 26,4 MEUR on EBITDA, mainly real estate related. If chosen for the Cumulative catch-up approach (Option 2B) assets and liabilities will increase with around 271 MEUR.

FINANCIAL RESULT

€m	H1 2018	H1 2017	% Better / -Worse
Interest Expense	-5,27	-3,61	**-45,9%**
Other (CNC, Derivates, FX)	-1,28	-0,49	**-165,2%**
Financial (Cost) / Income	**-6,55**	**-4,10**	**-59,9%**

TAXES

€m	H1 2018	H1 2017	% Better / -Worse
Profit before taxes	26,7	24,1	**10,7%**
Taxes	**-7,8**	**-8,4**	**6,6%**
Profit	18,9	15,8	19,8%
Effective Tax Rate ('ETR')	**29,2%**	**34,6%**	**-540 bps**
Tax effect on non-current items	-0,6	-0,3	113,7%
Current Effective Tax Rate ('CETR')	**31,0%**	**34,4%**	**-339 bps**

INVESTMENTS

€m	H1 2018	H1 2017
Belgium	4,4	4,2
France	1,8	1,5
Canada	4,0	
Spain	1,5	0,7
The Netherlands	1,9	1,3
Luxembourg	0,1	0,8
Other	0,0	0,2
Maintenance & Internal Expansion	**13,8**	**8,7**
External Expansion	**43,7**	**6,3**
TOTAL	**57,5**	**15,0**

NET FINANCIAL DEBT EVOLUTION

€m	H1 2018	YE 2017	Better/-Worse	% Better/ -Worse
Net Financial Debt (NFD)	**305,0**	**224,3**	**-80,7**	-36,0%
Leverage ratio*: NFD/REBITDA**	2,67	2,15		

* Not clubdeal definition
** Corrected REBITDA 12 months Canada

NET FINANCIAL DEBT EVOLUTION

€m	H1 2018	YE 2017	Better/-Worse	% Better/ -Worse
Net Financial Debt (NFD)	**305,0**	**224,3**	**-80,7**	-36,0%
Leverage ratio*: NFD/REBITDA**	2,67	2,15		

* Not bank definition
** Corrected REBITDA 12 months Canada

RATIOS

REBITDA Margin
30%
25%
20%
15%
10%
5%
0%
26,8%
27,5%
26,7%
27,5%
23,4%
H1 2014
H1 2015
H1 2016
H1 2017
H1 2018

ROCE
25%
20%
15%
10%
5%
0%
20,9%
21,5%
17,9%
17,3%
17,1%
2014
2015
2016
2017
H1 2018

Gearing
2,50
2,00
1,50
1,00
0,50
0,00
1,13
1,32
1,13
1,27
2,06
2014
2015
2016
2017
H1 2018

SHAREHOLDERS

	17/08/2018		27/04/2018	
	# Shares	%	# Shares	%
Total shares outstanding	27.365.197	100%	27.365.197	100%

Reference Shareholders & Free Float	# Shares	%	# Shares	%
Kinehold Bis, Pentascoop and Mr. Joost Bert	13.192.268	48,21%	13.254.315	48,43%
Treasury shares (own shares)	492.346	1,80%	420.127	1,54%
Free Float	13.680.583	49,99%	13.690.755	50,03%

Other*	# Shares	%	# Shares	%
Axa SA	1.523.555	5,57%	1.523.555	5,57%
BNP Paribas Investment Partners SA	1.368.974	5,00%	1.368.974	5,00%
Blackrock Investment Mgt Ltd	1.115.517	4,08%	1.115.517	4,08%

** Resulting from transparency notices received*

FINANCIAL CALENDAR

Thursday	15/11/2018	Business update Q3 2018
Thursday	21/02/2019	Annual results 2018 Press & analyst meeting
Wednesday	08/05/2019	General Meeting Kinepolis Group

Q & A

Thank you

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Annexes

Results YTD H1 2018

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REALIZED ACQUISITIONS AND GREENFIELDS (2014 – 2018)

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
	NH Bioscopen	2	13	0,6 mio	Q1 2018
	‘s Hertogenbosch (greenfield)	1	7	0,4 mio	Q2 2018
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
Canada	Landmark	44	303	10,2 mio	Q4 2017
	St. Albert (greenfield)	1	8	0,3 mio	Q1 2018
	Saskatoon (greenfield)	1	7	0,3 mio	Q2 2018
Total		**76**	**547**	**20,6 mio**	

CONSOLIDATED INCOME STATEMENT

€m	H1 2018	H1 2017	% Better / -Worse
Revenue	221,8	160,1	38,5%
Cost of Sales	-165,4	-113,5	-45,7%
Gross profit	**56,4**	**46,5**	**21,1%**
Gross profit %	*25,4%*	*29,1%*	
Marketing & selling expenses	-11,0	-8,7	-27,3%
Administrative expenses	-12,7	-10,1	-26,1%
Other operating income and expenses	0,6	0,4	49,4%
EBIT	**33,3**	**28,2**	**17,8%**
EBIT %	*15,0%*	*17,6%*	
Financial result	-6,5	-4,1	-59,9%
Profit before tax	**26,7**	**24,1**	**10,7%**
Income tax expense	-7,8	-8,4	6,6%
Profit	**18,9**	**15,8**	**19,8%**
Profit %	*8,5%*	*9,9%*	
EBITDA	**51,0**	**42,9**	**18,8%**
EBITDA %	*23,0%*	*26,8%*	

CONSOLIDATED BALANCE SHEET

€m	30/06/2018	31/12/2017	% Better / -Worse
Intangible assets	9,0	9,0	-0,6%
Goodwill	99,3	86,4	14,9%
Property, plant & equipment	414,2	390,0	6,2%
Investment property	17,0	17,7	-4,0%
Deferred tax assets	1,1	1,2	-9,6%
Other receivables	9,1	10,1	-10,4%
Total non-current assets	**549,7**	**514,5**	**6,8%**
Inventories	6,5	4,8	*37,7%*
Trade & other receivables	35,0	40,8	-14,3%
Current income taxes	2,1	0,8	151,1%
Cash & cash equivalents	47,5	157,4	-69,8%
Assets held for sale	2,6	2,7	-2,6%
Total current assets	**93,7**	**206,4**	**-54,6%**
TOTAL ASSETS	**643,4**	**721,0**	**-10,8%**

CONSOLIDATED BALANCE SHEET

€m	30/06/2018	31/12/2017	% Better / -Worse
Capital & share premium	20,1	20,1	0,0%
Consolidated reserves	132,2	157,6	-16,1%
Translation differences	-4,0	-1,3	-212,7%
Equity attributable to equity holders of the parents	148,3	176,4	-15,9%
Total equity	**148,3**	**176,4**	**-15,9%**
Interest bearing loans & borrowings	342,0	342,1	0,0%
Provisions & employee benefits	19,1	17,7	8,0%
Deferred tax liabilities	19,1	18,2	5,3%
Derivates	0,2	0,2	2,8%
Other payables	9,4	8,0	18,3%
Total non-current liabilities	**389,9**	**386,1**	**1,0%**
Interest bearing loans & borrowings & bank overdrafts	10,8	39,9	-73,0%
Provisions	2,6	2,5	4,3%
Trade & other payables	82,5	108,3	-23,8%
Current income tax liabilities	9,3	7,7	20,1%
Total current liabilities	**105,2**	**158,4**	**-33,6%**
TOTAL EQUITY & LIABILITIES	**643,4**	**721,0**	**-10,8%**

CASH FLOW STATEMENT

€m	H1 2018	H1 2017	Better / -Worse
Profit before tax	26,7	24,1	2,6
Adjustments for:			
Depreciation, amortization & provisions	16,6	14,5	2,1
Government grants	-0,5	-0,5	
Gains / losses on sale of PPE & financial assets	-0,1		-0,1
Financial result & Share based payments	5,7	4,0	1,7
Cash generated from operations	**48,5**	**42,2**	**6,3**
Working capital movements	-13,4	-12,7	-0,7
Income taxes (paid)/ received	-7,4	-9,2	1,8
Net cash from operating activities	**27,6**	**20,3**	***7,3***
Acquisition of (in)tangible assets	-26,1	-15,0	-11,1
Acquisition of subsidiary, net of cash acquired	-31,0		-31,0
Proceeds from sales of PPE	0,8	0,2	0,6
Net cash used in investing activities	**-56,2**	**-14,8**	**-41,4**
Interests (paid)/ received	-6,8	-6,9	0,1
Treasury shares	-20,3		-20,3
Dividends paid	-24,5	-23,7	-0,8
New loans / repayment of loans	-29,4	-0,6	-28,8
Net cash used in financing activities	**-81,0**	**-31,2**	**-49,8**
Net cash flow	**-109,6**	**-25,7**	**-83,9**

FREE CASH FLOW

€m	H1 2018	H1 2017	Better / -Worse
Cash Flow before WC movements & tax paid	**48,5**	**42,2**	**6,3**
Income taxes paid	-7,4	-9,2	1,8
Working capital	-13,4	-12,7	-0,7
Capital exp – maintenance	-5,3	-4,8	-0,5
Interest paid	-6,8	-6,9	0,1
Free cash flow	**15,6**	**8,6**	**7,0**
Capital Exp - Digitalization & Remodeling, Expansion & Acq AHFS	-20,8	-10,3	-10,5
Proceeds from sales of financial and intangible assets and PPE	0,8	0,2	0,6
Acquisition of subsidiary, net of cash acquired	-31,0		-31,0
Treasury shares	-20,3		-20,3
Dividend payments	-24,5	-23,7	-0,8
CF after expansion exp, dividends & treasury shares	**-80,2**	**-25,1**	**-55,1**

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