



# Kinopolis Group

## Annual results 2017

Regulatory release - 28 February 2018

### In 2017 Kinopolis posted 9.4% higher turnover with 6.2% more visitors and took a major step in its expansion strategy

The continued implementation of Kinopolis' three-pillar strategy and premium product innovation ensured that Kinopolis posted solid results in 2017, against the background of a changeable and often less successful film program. The integration of acquired cinemas and realization of the intended improvement potential is going according to plan. Turnover, EBITDA and profit per visitor increased in virtually all countries. The rise in visitor numbers is due to the expansion of the Group, driven, on the one hand, by the newly opened complexes in 2016 and, on the other, by the acquisition of Landmark Cinemas Canada in December 2017. With this acquisition Kinopolis took a major step in its expansion strategy, with regard to both the number of complexes in its portfolio and their geographical spread, entering the first non-European market.

#### Key figures 2017 vs. 2016<sup>1</sup>:

- ★ A 6.2% rise in visitor numbers to € 25.3 million, due to the expansion of the Group.
- ★ Total revenue increased by 9.4% to € 355.4 million, due to the rise in visitor numbers, higher sales per visitor and the increased B2B and real estate income.
- ★ Current<sup>2</sup> EBITDA<sup>3</sup> (REBITDA) rose by 10.3% to € 104.3 million. REBITDA per visitor increased in virtually every country.
- ★ Current profit increased by 10.7% to € 44.7 million, due to the higher operating result and in spite of higher depreciations and financial costs as a consequence of the expansion.
- ★ Profit increased by 3.0% to € 49.1 million, due to higher current profit, the revenue from the sale of the Toison D'Or building (Brussels, Belgium) and the release of tax provisions. Earnings per share were € 1.80.
- ★ The net financial debt rose by 32.1% to € 224.3 million, due to investments in the expansion of the Group. The level of debt remains conservative with an NFD/REBITDA ratio of 2.15.
- ★ Free cash flow<sup>4</sup> increased by 10.8% to € 59.4 million, in spite of more paid investments in the first quarter.
- ★ The proposed dividend per share is € 0.90, a rise of 3.4%, on the basis of a 50% pay-out ratio and the number of shares entitled to dividend on 23 February 2018.

<sup>1</sup> All comparisons are made with the 2016 figures.

<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.

<sup>4</sup> Kinopolis Group defines the free cash flow as the cash flow generated from operating profits less the investments in intangible assets and property, plant and equipment and investment property, and paid interest charges.



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Kinopolis welcomed 6.2% more visitors in 2017 than the previous year, due, on the one hand, to the cinemas acquired and newly opened in 2016 in France (Rouen and Fenouillet), the Netherlands (Dordrecht, Breda, Utrecht) and Spain (Granada), and, on the other, to the acquisition of Landmark Cinemas in Canada in December 2017. The results of Landmark Cinemas were included in the 2017 group results from 8 December onwards.

The quality of the film program in 2017 was highly variable. Exceptionally strong months alternated with weak periods. The first quarter (-0.8%) suffered from a difficult basis for comparison given the strong first quarter of 2016. In the second quarter (+13.07%) a successful April, thanks to 'The Fate of the Furious', 'Beauty and the Beast' and 'Boss Baby', compensated for the two weak months of May and June, which were due to the hot weather. The third quarter (+7.8%) included an exceptionally strong September, driven by the film 'It', but was followed by a difficult fourth quarter, with a lack of high-quality content in October and November. On the other hand, the second half of December was exceptionally strong, thanks to a successful combination of international and local content, including 'Star Wars: Episode VIII - The Last Jedi', 'Coco' and 'FC De Kampioenen 3' in Belgium. The rise in visitor numbers in the fourth quarter (+7.1%) is exclusively due to the addition of Landmark Cinemas Canada from 8 December 2017.

Total revenue increased by 9.4%, as such outpacing the rise in visitor numbers, thanks to the rise in revenue across all activities. Only Kinopolis Film Distribution (KFD) posted lower turnover.

Revenue from ticket sales (Box Office) increased faster than visitor numbers (9.5% vs. 6.2%) in all countries, due to the increased sales of premium products, such as Cosy Seating, Imax and the success of alternative content.

The sale of beverages and snacks (In-theatre sales) increased by 16.6%, due, on the one hand, to the higher share of the Netherlands and Canada (with higher consumption on average) in the country mix and, on the other, to a rise in the number of shop visitors in all countries (combined in some countries with a rise in the number of products sold per visitor).

B2B revenue (+2.0%) increased thanks to a strong rise in screen advertising in all countries, combined with the expansion of the Group. Revenue from real estate activities also rose (+11.1%<sup>5</sup>), primarily due to the renting out of concessions in Luxembourg, higher revenue from concessions operated by the company, a higher occupancy rate and the increased rent in Poland.

After an excellent 2016 (with 'Safety First', 'Achter de Wolken', 'De Premier' and 'De Buurtpolitie'), Kinopolis Film Distribution (KFD) experienced a year (-23.5%) with fewer film releases and less successful local content. The most successful local KFD films of 2017 were 'Het tweede Gelaat', 'Le Fidèle' and 'Helden Boven Alles'.

Revenue of Brightfish rose by 4.3%, thanks to an increase in revenue from national and regional screen advertising.

Current EBITDA increased by 10.3% to € 104.3 million, recording stronger growth than either visitor numbers or turnover. As foreseen, the addition of Canada contributed to the results with a lower than average EBITDA per visitor, due to the rented complexes. REBITDA per visitor was up in all countries except for Spain.

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<sup>5</sup> At constant exchange rates.



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Commenting on the 2017 figures, Eddy Duquenne, CEO of Kinopolis Group, said: "2017 was a key year in the pursuit of our expansion strategy, with the acquisition of Landmark Cinemas in Canada - the first in North America - and the announcement of the acquisition of the Dutch NH Bioscopen in Hoofddorp and Schagen just before the end of the year. The integration of the acquired cinemas is going according to plan, as we realize the planned improvement potential. Despite the important growth of the Group in the past four years, our level of debt remains low."

## Key figures

in million €	2017	2016	% difference
Visitors ('000)	25 290	23 818	6,2%
Revenue	355,4	324,9	9,4%
EBITDA	103,2	91,6	12,6%
Current EBITDA (REBITDA)	104,3	94,6	10,3%
REBITDA Margin	29,3%	29,1%	24 bp
REBITDA / visitor	4,12	3,97	3,9%
EBIT	72,9	63,2	15,4%
Current EBIT ( REBIT)	74,0	66,7	10,9%
REBIT Margin	20,8%	20,5%	28 bp
Profit	49,1	47,6	3,0%
Current Profit	44,7	40,4	10,7%
Earnings per share (in €)	1,80	1,75	2,9%
Free Cash Flow	59,4	53,6	10,8%

in million €	31/12/2017	31/12/2016	% difference
Total assets	721,0	503,4	43,2%
Equity	176,4	149,9	17,7%
Net Financial Debt (NFD)	224,3	169,8	32,1%



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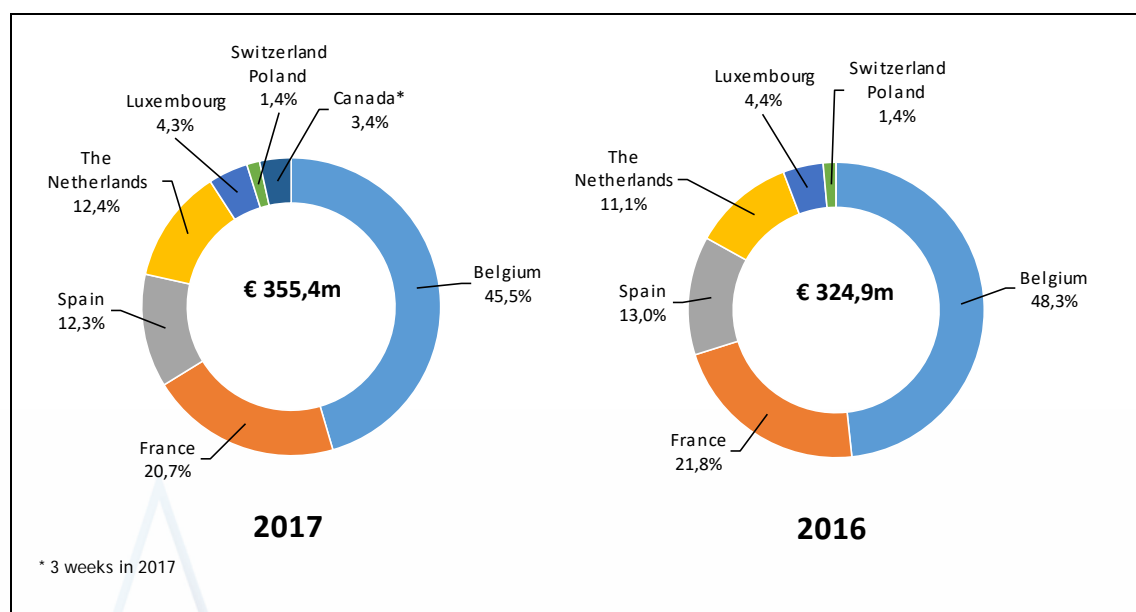
### Notes

#### Revenue

Total revenue in 2017 was € 355.4 million, an increase of 9.4% compared with 2016. Revenue increased stronger than visitor numbers (+6.2%), due to the higher revenue from Box Office and In-theatre sales (together +11.6%), the rise in revenue from B2B activities (+2.0%), real estate (+11.1%<sup>6</sup>) and Brightfish (+4.3%), set off in part by the decreased revenue of KFD (-23.5%).

#### Revenue by country

Editor's note: The revenue in Canada was included from 8 December 2017.



<sup>6</sup> At constant exchange rates, 11.4% including exchange rate effects.

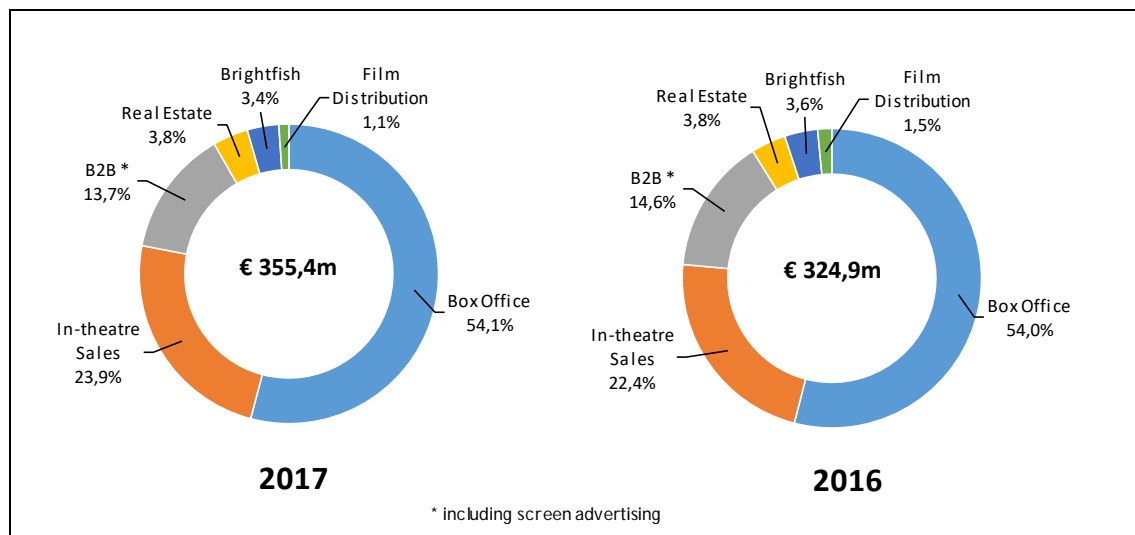


# Kinepolis Group

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### Revenue by activity



**Box Office revenue** rose by 9.5% to € 192.3 million, growing faster than visitor numbers in all countries, due to the sale of premium products, such as Cosy Seats, the growing success of alternative content in all countries and a number of measures to compensate for inflation. The rise was impacted by the changed country mix, with a lower share for Belgium, the addition of Canada, the loss of part of the Virtual Print Fee (VPF) revenue and a changed product mix (with a lower share for 3D, especially in Belgium, the Netherlands and Spain, due to the lower number of 3D films compared with 2016).

The increase in visitor numbers (+6.2%) is due to the expansion of the Group by the addition of the cinemas in Rouen, Fenouillet, Granada (Nevada), Dordrecht, Breda and Utrecht in 2016 and Landmark Cinemas in December 2017.

The top 5 of 2017 were 'Star Wars: Episode VIII - The Last Jedi', 'Despicable Me 3', 'Beauty and the Beast', 'The Fate of the Furious' and 'Pirates of the Caribbean: Salazar's Revenge'. The most successful local films were 'FC De Kampioenen 3', 'Het Tweede Gelaat', 'The Son of Bigfoot' and 'Le Fidèle' in Belgium, 'Raid Dingue', 'Alibi.com' and 'Valerian and the City of a Thousand Planets' in France, 'Soof 2', 'Onze Jongens' and 'Misfit' in the Netherlands and 'Tadeo Jones 2', 'Perfectos desconocidos' and 'Es por tu bien' in Spain.

Visitors (in millions)	Belgium	France	Spain	Netherlands	Luxembourg	Switzerland	Canada	Total
Number of cinemas*	11	11	6	17	3	1	44	93
2017	8,4	7,1	4,4	3,2	1,0	0,1	1,1	25,3
2016	8,4	7,0	4,4	2,8	1,1	0,1	0,0	23,8
2017 vs 2016	0,0%	0,2%	-0,5%	15,4%	-0,8%	-4,0%		6,2%

\* Operated by Kinepolis. In addition, one cinema (in Poland) is leased to third parties.  
Number of cinemas at the date of publication.



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**In-theatre sales (ITS)** increased by 16.6% due to the higher visitor numbers and a higher ITS consumption per visitor. The constant enlargement of the ITS offer (including premium popcorn and luxury waters) contributed to the higher ITS revenue, together with a positive country mix effect due to the higher share of the Netherlands and Canada, which both have higher than average ITS consumption.

**B2B revenue** increased by 2.0% thanks to a strong rise in screen advertising in all countries, combined with the expansion of the Group. Event sales increased, but this rise was cancelled out by lower revenue from the sale of cinema vouchers to companies and lower advertising revenue<sup>7</sup> in the cinemas.

**Real estate revenue** rose by 11.1%<sup>8</sup> due to the expansion, the renting out of concessions in Luxembourg (Kirchberg) and Utrecht (Kinopolis Jaarbeurs), higher revenue from concessions operated by the company, a higher occupancy rate and a higher variable rent in Poland.

The revenue of **Kinopolis Film Distribution (KFD)** fell by 23.5%, due, among other things, to fewer film releases compared with the previous year. A number of films performed strongly, such as 'Het Tweede Gelaat', 'Le Fidèle' and 'The Hitman's Bodyguard', but they could not match a very successful 2016 (with 'Safety First', 'Achter de Wolken', 'De Premier', 'Bad Moms' and 'De Buurtpolitie').

**Brightfish** generated 4.3% more revenue, due to the increase in national and regional screen advertising, somewhat offset by the decrease in events.

### REBITDA

Current EBITDA (REBITDA) increased by 10.3% to € 104.3 million and the REBITDA margin rose from 29.1% to 29.3%.

REBITDA per visitor increased by 3.9% to € 4.12. REBITDA per visitor rose in all countries, except for Spain, due to the addition of the (leased) cinema in Nevada (Granada).

### Profit for the period

Current profit in 2017 was € 44.7 million, a rise of 10.7% compared with 2016 (€ 40.4 million), due to the higher current EBITDA and in spite of higher depreciations and financial costs as a consequence of the expansion.

Total profit was € 49.1 million compared with € 47.6 million in 2016, a 3.0% increase, due to the non-recurring release of deferred taxes as a consequence of the planned reduction in corporate income tax in France, Belgium and Luxembourg and the one-off book profit on the sale of the Toison D'Or building in Belgium.

The biggest non-current items in 2017 were the impact of the adjustment of the corporate income tax rate in France, Belgium and Luxembourg on deferred taxes (€ 4.5 million), transformation and expansion costs (€ -2.2 million) and the result from the sale of the Toison D'Or building (€ 1.9 million).

The biggest non-current items in 2016 were the result from the sale of Utopolis België NV (€ 8.7 million), the impact of the adjustment of the corporate tax rate in France on deferred taxes (€ 1.0

<sup>7</sup> Other than screen advertising.

<sup>8</sup> At constant exchange rates, 11.4% including exchange rate effects.





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million) and transformation and expansion costs (€ -2.0 million). The income tax expenses on these non-current items were € 1.0 million.

The net financial costs increased by € 0.6 million or 7.8% to € 8.2 million. This rise was caused, among other things, by lower interest activation (€ 0.5 million).

The current effective tax rate was 31.3% compared with 31.6% in 2016. The reported tax rate decreased from 29.9% to 24.2%, due to the impact of the adjustment of the corporate tax rate in France, Belgium and Luxembourg on deferred taxes.

The profit per share was € 1.80, which is 2.9% higher than in 2016.

### Free cash flow and net financial debt

The free cash flow was € 59.4 million, compared with € 53.6 million in 2016. Without the final payment of € 3.1 million as part of the Excess Profit Ruling, the free cash flow was € 62.5 million.

The higher free cash flow was due to a higher operating result (€ +11.3 million), offset by a negative working capital effect as a consequence of the payment of € 4.5 million in investments in the new-build complexes at the beginning of 2017.

The free cash flow after expansion investments, dividends and share buybacks was € -54.2 million, € 46.8 million less than the previous year, due, among other things, to the acquisition of Landmark (€ 83.5 million), € 19.5 million less revenue from the sale of assets (sale of Utopolis Belgium in 2016 and Toison D'Or in 2017) and € 2.2 million more dividend payments, offset by € 29.4 million less investment in internal expansion.

In 2017, € 32.8 million was invested in the purchase of fixed assets and maintenance, primarily as a consequence, on the one hand, of the construction of the new complexes in the Netherlands, France and Canada and, on the other, of maintenance and remodelling investments.

Net financial debt was € 224.3 million at 31 December 2017, an increase of 32.1% compared with the end of 2016 (€ 169.8 million), primarily due to the acquisition of Landmark Cinemas Canada and other investments in expansion and maintenance. The NFD/REBITDA ratio was 2.15 on 31 December 2017.

The total gross financial debt increased by € 167.7 million to € 382.0 million at 31 December 2017 compared to 31 December 2016 (€ 214.3 million). Kinopolis pursues a very cautious financial policy and always finances acquisitions in the long term. At the end of 2017 Kinopolis refinanced the acquisition of Landmark Cinemas and NH Bioscopen cinemas by means of a private placement at institutional investors, with a term of 8 and 10 years.

### Balance sheet

Fixed assets (€ 514.5 million) represented 71.4% of the balance sheet total at 31 December 2017 (€ 721.0 million).

This includes land and buildings (including investment property) with a carrying amount of € 275.8 million.

Equity was € 176.4 million at 31 December 2017. Solvency was 24.5%, compared with 29.8% in 2016.



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### Dividend of € 0.90 per share

The Board of Directors will propose to the General Meeting of 9 May 2018 application of a pay-out ratio of 50% of net current profit. Bearing in mind the number of shares entitled to dividend on 23 February 2018, which is 27,111,003 shares, this means a gross dividend of € 0.90 per share for the financial year 2017. This represents an increase of 3.4% compared to 2016 (€ 0.87 per share). The dividend will be made available from 17 May 2018 (ex-date: 15 May 2018; record date: 16 May 2018).

### Important events in 2017

#### Opening Kinopolis Jaarbeurs

On 7 March 2017 Kinopolis Jaarbeurs, the biggest cinema in and around Utrecht, was officially opened. The official inauguration coincided with the opening of all screens<sup>9</sup>. With 14 screens and 3,200 seats, Kinopolis Jaarbeurs is one of the biggest cinemas in the Netherlands. All screens are equipped with laser projection, ensuring razor-sharp picture quality. Kinopolis Jaarbeurs is the second Kinopolis cinema in the Netherlands (after Kinopolis Breda) to be fully equipped with laser projectors.

#### Construction started on Kinopolis 's-Hertogenbosch

Construction started on Kinopolis 's-Hertogenbosch (Netherlands) on 1 May 2017. The cinema will be located in the Paleiskwartier district, an inner-city district currently under development, and will have seven screens, with around 1,000 seats in total. The cinema will be nestled among offices, apartments, a supermarket and a restaurant. The symbolic first stone was laid on 9 June 2017. The opening is planned for June 2018.

#### Luxembourg Utopolis cinemas Belval and Kirchberg become Kinopolis

The transition from Utopolis Kirchberg and Utopolis Belval to Kinopolis gradually became visible for visitors in 2017. The two cinemas switched to the Kinopolis Group software system for all customer transactions on 5 April 2017 and [www.utopolis.lu](http://www.utopolis.lu) was replaced by [www.kinopolisluxembourg.lu](http://www.kinopolisluxembourg.lu). The Kinopolis subscription formulas were also introduced.

The commercial names of Utopolis Kirchberg and Utopolis Belval were changed to Kinopolis Kirchberg and Kinopolis Belval. However, the name of Ciné Utopia remains unchanged.

In 2017, automatic ticketing machines were installed in both Kirchberg and Belval. The seats and carpet at Kinopolis Kirchberg have also been renewed, while the Kinopolis Cosy Seating concept was introduced. A bigger renovation of the Kirchberg complex is planned in the beginning of 2018. The Utopolis insignia will be kept on the outside of the buildings for now, at least until the renovation starts and the necessary permits are obtained.

#### Belgian Competition Authority partially withdraws 20 year old behavioral measures

In response to the request of Kinopolis Group NV for cancellation of the behavioral measures which were imposed on it in 1997 by the Belgian Competition Council, the Belgian Competition Authority decided to relax these conditions and to no longer subject the opening of new cinemas in Belgium to its prior permission from 31 May 2019. The other behavioral measures, such as the need to obtain prior approval for the acquisition of existing Belgian cinemas and the prohibition to request exclusivity or priority from film distributors, have been maintained for a renewable period of three years. Two

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<sup>9</sup> Six of the 14 screens were already opened in December 2016.





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Belgian cinema groups appealed against the Decision of 31 May 2017 of the Belgian Competition Authority. The judgment of the Court of Appeal is expected soon.

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

Eddy Duquenne, CEO of Kinopolis Group, was presented with the "International Exhibitor of the Year Award" at CineEurope in Barcelona, Spain on 22 June 2017. The award is presented every year at CineEurope by UNIC and Film Expo Group to a cinema operator whose performance, new developments, growth or market leadership make them a standard-bearer in the industry. Albert Bert was presented with this award back in 1997, the year in which Kinopolis Group was formed.

#### **Sale of Toison d'Or Brussels premises**

On 27 April 2017 Kinopolis reached agreement on the sale of the cinema in Galerie Toison d'Or in Brussels (Belgium), to UGC, which leased the premises to Kinopolis. The authentic deed was executed on 18 July.

#### **Acquisition of 'Landmark Cinemas', Canada's second largest movie theatre group**

In mid-September 2017 Kinopolis reached agreement with the shareholders of Landmark Cinemas on the acquisition of the Canadian movie theatre group. After approval by the Minister of Canadian Heritage, Kinopolis was able to complete the acquisition on 7 December 2017.

Landmark Cinemas operated at that moment 44 movie theatres<sup>10</sup> 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 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 included two new-build projects in Alberta province, one in St. Albert and one in Fort McMurray. The new cinema in St. Albert has opened its doors for the first time on 15 February 2018. Next to these, the agreement also includes plans for more new-build movie theatres.

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.

#### **Remodelling of Kinopolis Almere**

Kinopolis Almere has officially opened in October 2017 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. The remodelling of the former Utopolis cinema in Emmen is planned in 2018.

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<sup>10</sup> One cinema (in Weyburn, Saskatchewan) has been closed in the meantime. This cinema had one screen and 297 seats.



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### **Private placement of bonds**

Kinopolis Group has concluded a private placement of bonds with institutional investors amounting to € 125 million, of which € 60 million were placed with a maturity of 8 years and € 65 million with a maturity of 10 years. The market demand was significantly higher than the targeted amount of € 125 million, which demonstrates once again the confidence of the market regarding the strategy pursued by Kinopolis.

The placement fits in with Kinopolis' cautious financial strategy to finance its investments on the long term and, as such, ensure cash flow matching. The placement will be used to support the expansion of Kinopolis, with the acquisition of Landmark Cinemas Canada and the construction of new complexes in various countries, the renovation of acquired cinemas, investments in new experience concepts and other investments, such as future acquisitions.

### **Launch 4DX**

In December 2017, Kinopolis opened a 4DX theatre in Antwerp, Brussels (Belgium) and Madrid (Spain). At the beginning of 2018, a 4DX theatre was also opened in Lomme (France). 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. Each year 4DX cooperates with major Hollywood studios for the release of various movies, from action, animation and horror to fantasy.

### **Start share buyback program**

On 22 December 2017 Kinopolis Group announced the launch of a share buyback program. Within this program, an agent has been given a discretionary mandate to buy back up to 360,000 own shares, either on the stock exchange or outside of it, between 15 January 2018 and 30 September 2018. Block trades can be considered as well during open periods.

The share buyback will be carried out within the conditions specified in the authorization by the Extraordinary General Meeting of May 11, 2016. Under this authorization, the Board of Directors is authorized to buy back own shares, under certain conditions, to cover the 2016 Share Option plan. The timing of the buyback of shares under this program depends on a variety of factors, including market conditions. The program can be stopped at any time.

Up to and including Friday 23 February 2018, 121,848 own shares were bought back within this program.

### **Acquisition of NH Bioscopen in Hoofddorp and Schagen (Netherlands)**

Just before Christmas 2017 Kinopolis Group reached agreement on the acquisition of the NH Bioscopen cinemas in Schagen and Hoofddorp (Netherlands) as of 1 January 2018. The agreement also includes a new-build project in Haarlem (Netherlands). The cinema complexes and the Haarlem new-build project were owned by Mr Frits Nieuwenhuizen and Mrs Irma Nieuwenhuizen, who also operated the cinemas in Schagen and Hoofddorp. The NH Bioscopen cinema on Texel is not covered by the agreement.

The cinema in Schagen has five screens and 560 seats, welcoming some 220,000 visitors annually. The cinema in Hoofddorp has eight screens and 1100 seats, welcoming some 390,000 visitors annually. The new-build cinema in Schalkwijk, Haarlem, will have six screens and around 850 seats and is scheduled for construction in 2018, once the required permits have been issued.



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The transaction has an enterprise value of € 27.5 million, including the acquisition of the debts. The acquisition will enable Kinopolis to strengthen its position on the Dutch market and offer the Kinopolis movie experience to even more visitors.

### **Acquisition of Palace cinema in Metz**

On 8 January 2018 Kinopolis took over the operation of the 'Palace' cinema in Metz (France). The cinema, which is situated in the 'Quartier de l'Amphithéâtre', was immediately closed for a complete renovation and transformation into a new art house cinema. It will have seven screens and 984 seats and fits in with the joint ambition of Kinopolis and the City of Metz to bring a new, contemporary film offering to the city centre. The cinema - which will not carry the Kinopolis name - is set to reopen in June 2018.

**Further expansion of the Canadian activities with new Landmark cinemas in Saskatoon and Calgary**  
Landmark Cinemas Canada, acquired by Kinopolis Group in December 2017, reached agreement at the end of January 2018 on the acquisition of the Brighton Marketplace cinema of 'Magic Lantern Theatres' in Saskatoon (Saskatchewan). Landmark Cinemas also announced a partnership with Cadillac Fairview and Ivanhoé Cambridge, two Canadian real estate companies, to open a new premium cinema in the CF Market Mall in Calgary (Alberta).

The cinema in Brighton Marketplace, the first shopping mall in Saskatoon developed by Dream Unlimited Corp, is currently under construction and will be finished by Landmark. The cinema is scheduled to open in June 2018. It will have seven screens and 780 premium recliner seats. The cinema in the CF Market Mall in Calgary is scheduled to open in spring 2019. It will have five screens and 619 luxurious recliner power seats, guaranteeing the residents of Calgary a premium movie-going experience.

### **Opening of new Landmark cinema in St. Albert**

On 15 February 2018 Landmark Cinemas, in the presence of Eddy Duquenne (CEO Kinopolis Group), opened a new cinema in the Jensen Lakes Crossing area of St. Albert (Canada). The cinema has eight screens, fully equipped with Landmark's new luxurious motorized recliner seats. Jensen Lakes Crossing is a neighbourhood shopping centre where the local community will be able to enjoy an extensive range of restaurants, wide paths and squares, and entertainment.

### **Further rollout of Cosy Seating**

The Cosy Seating concept has been well received by customers and in 2017 Kinopolis installed more Cosy Seats in the Belgian cinemas (Antwerp, Ghent, Kortrijk, Hasselt, Braine-l'Alleud, Bruges, Brussels). These seats offer even greater comfort and convenience, with extra wide armrests, a handy table for drinks and snacks and a coat hanger. Visitors can choose cosy seats for a supplement on the normal ticket price.

### **2018 line-up**

Current film hits are 'Fifty Shades Freed', 'Maze Runner: The Death Cure' and 'Black Panther'. The following hits in the making are programmed in 2018: 'Red Sparrow', 'Tomb Raider', 'Avengers: Infinity War', 'Han Solo', 'Jurassic World: Fallen Kingdom', 'Deadpool 2', 'Incredibles 2', 'Mama Mia! Here We Go Again', 'Venom' and 'Mowgli'. The programme is enriched with a great many local films, including 'Les Tuche 3', 'La Ch'tite famille' and 'Taxi 5' in France, 'Niet Schieten' and 'De Collega's 2.0' in Belgium and 'Bankier van het Verzet', 'Redbad' and 'Doris' in the Netherlands. Live opera and ballet are complemented with art ('Exhibition on Screen') and concerts.



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### Auditor's report

The statutory auditor, KPMG Bedrijfsrevisoren / Réviseurs d'Entreprises, represented by Serge Cosijns, has confirmed that its audit procedures, which have been substantially completed, have not revealed any material adjustments that would have to be made to the accounting data included in this announcement.

### Financial calendar

Wednesday 9 May 2018  
Wednesday 9 May 2018  
Thursday 17 May 2018  
Thursday 23 August 2018  
Thursday 15 November 2018

Business update first quarter 2018  
General meeting  
Dividend payment  
H1 2018 results  
Business update third quarter 2018

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### 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. In addition to its cinema business, the Group is also active in film distribution, event organization, screen publicity and property management.

In Europe, Kinopolis Group NV has 50 cinemas spread across Belgium, the Netherlands, France, Spain, Luxembourg, Switzerland and Poland. Since the acquisition of the Canadian movie theatre group 'Landmark Cinemas' in December 2017, Kinopolis also operates 44 cinemas in Canada.

In total, Kinopolis Group currently operates 94 cinemas (43 of which it owns) worldwide, with a total of 822 screens and more than 180,000 seats. Including the acquired Canadian organization, Kinopolis now employs 3,750 people, all committed to giving millions of visitors an unforgettable movie experience.

**CONSOLIDATED INCOME STATEMENT**  
IN '000 €

31/12/2017

31/12/2016

Revenue	355 427	324 938
Cost of sales	-242 032	-224 729
<b>Gross profit</b>	<b>113 395</b>	<b>100 209</b>
<i>Gross profit / Revenue</i>	<i>31,9%</i>	<i>30,8%</i>
Marketing and selling expenses	-20 418	-18 620
Administrative expenses	-22 794	-19 059
Other operating income	3 045	981
Other operating expenses	- 313	- 304
<b>Operating profit</b>	<b>72 915</b>	<b>63 207</b>
<i>Operating profit / Revenue</i>	<i>20,5%</i>	<i>19,5%</i>
Finance income	1 891	866
Finance expenses	-10 104	-8 485
<b>Profit before tax</b>	<b>64 702</b>	<b>55 588</b>
Income tax expenses	-15 635	-16 622
<b>Profit for the period from continuing operations</b>	<b>49 067</b>	<b>38 966</b>
Profit from discontinued operations, net of tax		8 680
<b>PROFIT OF THE PERIOD</b>	<b>49 067</b>	<b>47 646</b>
<i>Profit for the period / Revenue</i>	<i>13,8%</i>	<i>14,7%</i>
Attributable to:		
Owners of the Company	49 067	47 646
<b>PROFIT OF THE PERIOD</b>	<b>49 067</b>	<b>47 646</b>
Basic earnings per share from continued operations (€)	1,80	1,43
Basic earnings per share from discontinued operations (€)		0,32
<b>Basic earnings per share (€)</b>	<b>1,80</b>	<b>1,75</b>
Diluted earnings per share from continued operations (€)	1,80	1,43
Diluted earnings per share from discontinued operations (€)		0,32
<b>Diluted earnings per share (€)</b>	<b>1,80</b>	<b>1,75</b>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**IN '000 €**

**31/12/2017      31/12/2016**

<b>Profit for the period</b>	<b>49 067</b>	<b>47 646</b>
<b>Items that are or may be reclassified to profit or loss:</b>		
Translation differences	- 210	- 277
Cash flow hedges - effective portion of changes in fair value	119	- 334
Cash flow hedges - net change in the fair value reclassified to profit or loss		- 63
Taxes on other comprehensive income	- 27	319
	<b>- 118</b>	<b>- 355</b>
<b>Items that will not be reclassified to profit or loss:</b>		
Changes to estimates of defined benefit plans	- 50	- 541
	<b>- 50</b>	<b>- 541</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>- 168</b>	<b>- 896</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>48 899</b>	<b>46 750</b>
<b>Attributable to:</b>		
Owners of the Company	48 899	46 750
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>48 899</b>	<b>46 750</b>



CONSOLIDATED STATEMENT OF FINANCIAL POSITION / ASSETS		
IN '000 €		
	31/12/2017	31/12/2016
Intangible assets	9 049	5 900
Goodwill	86 393	53 255
Property, plant and equipment	389 999	321 457
Investment property	17 748	31 007
Deferred tax assets	1 182	902
Other receivables	10 120	11 574
Other financial assets	27	27
<b>Non-current assets</b>	<b>514 518</b>	<b>424 122</b>
Inventories	4 750	5 292
Trade receivables and other receivables	40 778	29 370
Current tax assets	841	418
Cash and cash equivalents	157 398	44 244
Assets classified as held for sale	2 670	
<b>Current assets</b>	<b>206 437</b>	<b>79 324</b>
<b>TOTAL ASSETS</b>	<b>720 955</b>	<b>503 446</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION / EQUITY AND LIABILITIES		
IN '000 €		
	31/12/2017	31/12/2016
Share capital	18 952	18 952
Share premium	1 154	1 154
Consolidated reserves	157 569	130 863
Translation reserve	-1 281	-1 071
<b>Total equity attributable to owners of the Company</b>	<b>176 394</b>	<b>149 898</b>
<b>Equity</b>	<b>176 394</b>	<b>149 898</b>
Loans and borrowings	342 106	207 278
Provision for employee benefits	572	544
Provisions	17 118	6 664
Deferred tax liabilities	18 159	18 324
Derivative financial instruments	214	333
Other payables	7 954	9 174
<b>Non-current liabilities</b>	<b>386 123</b>	<b>242 317</b>
Bank overdrafts	33	34
Loans and borrowings	39 873	6 996
Trade and other payables	108 298	90 653
Provisions	2 509	1 366
Current tax liabilities	7 725	12 182
<b>Current liabilities</b>	<b>158 438</b>	<b>111 231</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>720 955</b>	<b>503 446</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

IN '000 €

31/12/2017

31/12/2016

Profit before tax	64 702	55 589
Adjustments for:		
Depreciations and amortization	31 039	27 621
Provisions and impairments	-1 265	269
Government grants	- 949	-1 031
(Gains) Losses on sale of fixed assets	-1 810	102
Change in fair value of derivative financial instruments and unrealized foreign exchange results	- 56	
Change in fair value of contingent considerations	- 642	
Unwinding of non-current receivables	391	- 584
Share-based payments	1 290	84
Amortization of refinancing transaction costs	315	320
Interest expenses and income	7 449	6 813
Change in inventory	1 332	- 598
Change in trade receivables and other assets	1 681	4 333
Change in trade and other payables	-2 042	3 053
<b>Cash from operating activities</b>	<b>101 435</b>	<b>95 971</b>
Income taxes paid	-24 149	-26 764
<b>Net cash from operating activities</b>	<b>77 286</b>	<b>69 207</b>
Acquisition of intangible assets	-1 908	-1 760
Acquisition of property, plant and equipment and investment property	-30 861	-58 047
Acquisition of subsidiaries, net of acquired cash	-83 506	-24 740
Proceeds from sale of intangible and tangible assets	15 787	310
Proceeds from sale of subsidiary		34 990
<b>Net cash used in investing activities</b>	<b>-100 488</b>	<b>-49 247</b>
New loans and borrowings	174 850	
Repayment of loans and borrowings	-7 011	-8 714
Payment transaction costs with regard to refinancing obligations	- 450	- 45
Interest paid	-7 327	-7 473
Interest received	7	59
Repurchase and sale of own shares		1 514
Dividends paid	-23 691	-21 480
<b>Net cash - used in / + from financing activities</b>	<b>136 378</b>	<b>-36 139</b>
<b>+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>113 176</b>	<b>-16 179</b>
Cash and cash equivalents at beginning of the period	44 210	60 388
Cash and cash equivalents at end of the period	157 365	44 210
Effect of movement in exchange rate fluctuations on cash and cash equivalents	- 21	1
<b>+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>113 176</b>	<b>-16 179</b>

							2017
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	ATTRIBUTABLE TO OWNERS OF THE COMPANY						EQUITY
	SHARE CAPITAL AND SHARE PREMIUM	TRANSLATIO N RESERVE	HEDGING RESERVE	TREASURY SHARES RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS	
At 31 December 2016	20 106	-1 071	- 38	-3 727		134 628	149 898
Profit for the period						49 067	49 067
Items that are or may be reclassified to profit or loss:							
Translation differences		- 210					- 210
Cash flow hedges - effective portion of changes in fair value			119				119
Taxes on other comprehensive income			- 27				- 27
		- 210	92				- 118
Items that will not be reclassified to profit or loss:							
Changes to estimates of defined benefit plans						- 50	- 50
						- 50	- 50
Other comprehensive income for the period, net of tax		- 210	92			- 50	- 168
Total comprehensive income		- 210	92			49 017	48 899
Dividends						-23 693	-23 693
Transfer from / to reserves				1 200		-1 200	
Share-based payment transactions					1 290		1 290
Total transactions with owners, recorded directly in equity				1 200	1 290	-24 893	-22 403
At 31 December 2017	20 106	-1 281	54	-2 527	1 290	158 752	176 394

							2016
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	ATTRIBUTABLE TO OWNERS OF THE COMPANY						EQUITY
	SHARE CAPITAL AND SHARE PREMIUM	TRANSLATIO N RESERVE	HEDGING RESERVE	TREASURY SHARES RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS	
At 31 December 2015	20 106	- 794	40	-4 439	247	107 873	123 033
Profit for the period						47 646	47 646
Items that are or may be reclassified to profit or loss:							
Translation differences		- 277					- 277
Cash flow hedges - effective portion of changes in fair value			- 334				- 334
Cash flow hedges - net change in the fair value reclassified to profit or			- 63				- 63
Taxes on other comprehensive income			319				319
		- 277	- 78				- 355
Items that will not be reclassified to profit or loss:							
Changes to estimates of defined benefit plans						- 541	- 541
						- 541	- 541
Other comprehensive income for the period, net of tax		- 277	- 78			- 541	- 896
Total comprehensive income		- 277	- 78			47 105	46 750
Dividends						-21 484	-21 484
Own shares acquired / sold				712		802	1 514
Share-based payment transactions					- 247	332	85
Total transactions with owners, recorded directly in equity				712	- 247	-20 350	-19 885
At 31 December 2016	20 106	-1 071	- 38	-3 727		134 628	149 898

31 December 2017									
SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	SPAIN	NETHERLANDS	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	CANADA	NOT ALLOCATED	TOTAL
Segment revenue	192 743	73 544	43 918	44 008	15 314	5 015	12 129		386 671
Inter-segment revenue	-30 833	- 120	- 235			- 56			-31 244
<b>Revenue</b>	<b>161 910</b>	<b>73 424</b>	<b>43 683</b>	<b>44 008</b>	<b>15 314</b>	<b>4 959</b>	<b>12 129</b>		<b>355 427</b>
<b>Segment profit</b>	<b>28 390</b>	<b>21 237</b>	<b>8 831</b>	<b>6 710</b>	<b>3 520</b>	<b>1 640</b>	<b>2 587</b>		<b>72 915</b>
Finance income								1 891	1 891
Finance expenses								-10 104	-10 104
<b>Profit before tax</b>									<b>64 702</b>
Income tax expense								-15 635	-15 635
<b>Profit for the period from continuing operations</b>									<b>49 067</b>
Profit from discontinued operation, net of tax									
<b>PROFIT OF THE PERIOD</b>									<b>49 067</b>
Capital expenditure	11 794	4 191	3 415	12 285	1 140	328	2 469		35 622

31 December 2017									
SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	SPAIN	NETHERLANDS	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	CANADA	NOT ALLOCATED	TOTAL
<b>Total assets</b>	<b>107 677</b>	<b>104 167</b>	<b>61 528</b>	<b>126 163</b>	<b>19 414</b>	<b>24 328</b>	<b>118 230</b>	<b>159 448</b>	<b>720 955</b>
<b>Total equity and liabilities</b>	<b>52 561</b>	<b>27 270</b>	<b>7 552</b>	<b>12 847</b>	<b>2 864</b>	<b>554</b>	<b>32 802</b>	<b>584 505</b>	<b>720 955</b>

31 December 2016									
SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	SPAIN	NETHERLANDS	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	CANADA	NOT ALLOCATED	TOTAL
Segment revenue	180 909	71 375	42 732	35 941	14 321	4 721			349 999
Inter-segment revenue	-24 074	- 502	- 387	- 4	- 51	- 43			-25 061
<b>Revenue</b>	<b>156 835</b>	<b>70 873</b>	<b>42 345</b>	<b>35 937</b>	<b>14 270</b>	<b>4 678</b>			<b>324 938</b>
<b>Segment profit</b>	<b>27 987</b>	<b>18 814</b>	<b>8 873</b>	<b>4 672</b>	<b>1 423</b>	<b>1 438</b>			<b>63 207</b>
Finance income								866	866
Finance expenses								-8 485	-8 485
<b>Profit before tax</b>									<b>55 588</b>
Income tax expense								-16 622	-16 622
<b>Profit for the period from continuing operations</b>									<b>38 966</b>
Profit from discontinued operation, net of tax								8 680	8 680
<b>PROFIT OF THE PERIOD</b>									<b>47 646</b>
Capital expenditure	8 345	11 400	5 636	34 224	104	98			59 807

31 December 2016									
SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	SPAIN	NETHERLANDS	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	CANADA	NOT ALLOCATED	TOTAL
<b>Total assets</b>	<b>122 088</b>	<b>106 963</b>	<b>62 691</b>	<b>121 365</b>	<b>20 098</b>	<b>24 650</b>		<b>45 591</b>	<b>503 446</b>
<b>Total equity and liabilities</b>	<b>52 385</b>	<b>29 704</b>	<b>8 842</b>	<b>14 143</b>	<b>2 719</b>	<b>608</b>		<b>395 045</b>	<b>503 446</b>

\* The other operating segment includes Poland and Switzerland. None of these segments met the quantitative thresholds for reportable segments in 2016 and 2017.

**Reconciliation recurring profit**

KEUR	YE 2017
EBIT	72.915
Financial result	-8.213
<b>Profit before tax</b>	<b>64.702</b>
Income tax expenses	-15.635
<b>Profit for the period</b>	<b>49.067</b>
Impact non-recurring items	-4.322
<b>Recurring profit for the period</b>	<b>44.745</b>

**Reconciliation REBITDA vs EBITDA**

KEUR	YE 2017
EBIT	72.915
Depreciation, amortisation and provisions	30.271
<b>EBITDA</b>	<b>103.186</b>
Impact non-recurring items	1.106
<b>REBITDA</b>	<b>104.292</b>

**Split impact of non-recurring items**

€m	YE 2017
Dismissal fees	-0,7
Legal fees	-1,6
Expansion costs	-0,5
Gain / Loss on disposal PPE	1,7
Other	-0,1
<b>Impact on EBITDA</b>	<b>-1,2</b>
Provision dismissal fees	0,1
<b>Provisions</b>	<b>0,1</b>
<b>Financial result</b>	<b>0,6</b>
<b>Income tax expense</b>	<b>4,8</b>
<b>Net impact of non-recurring items</b>	<b>4,3</b>

# Glossary

The objective of the *Alternative Performance Measures (APM's)* is to improve the transparency of financial information.

**Gross profit**

Revenue – Cost of sales

**Operating profit (EBIT)**

Gross profit – marketing and selling expenses - administrative expenses + other operating income - other operating expenses

**Recurring operating profit (REBIT)**

Operating profit after eliminating non-recurring transactions

**EBITDA**

Operating profit + depreciations + amortizations + impairments + movements in provisions

**Recurring EBITDA (REBITDA)**

EBITDA after eliminating non-recurring transactions

**EBITDAR**

EBITDA after eliminating rental costs related to complexes

**REBITDAR**

REBITDA after eliminating rental costs related to complexes

**Non-recurring transactions**

This category includes primarily results from the disposal of fixed assets, impairment losses on assets, provisions, costs from restructuring and takeovers and other exceptional income and expenses.

**Rental costs related to complexes**

Rental cost of the cinema complex

**Financial result**

Finance income - finance expenses

**Effective tax rate**

Income tax expense / profit before tax

**Recurring profit**

Profit for the period after eliminating non-recurring transactions

**Profit for the period, share of the Group**

Profit attributable to equity holders of the Company

**Basic earnings per share**

Profit for the period, share of the Group / (average number of outstanding shares – average number of treasury shares)

**Diluted earnings per share**

Profit for the period, share of the Group / (average of number of outstanding shares – average number of treasury shares + number of possible new shares that must be issued under the existing share option plans x dilution effect of the share option plans)

**Dividend**

Payment of the profit of a company to its shareholders

**Pay-out ratio**

The pay-out ratio indicates which part of the net profit is being paid to the shareholders

**Capital expenditure**

Capitalized investments in intangible assets, property, plant and equipment and investment property



**Gross financial debt**

Financial liabilities on the long and short term

**Net financial debt**

Financial debt after deduction of cash and cash equivalents and tax shelter investments

**ROCE (Return on capital employed)**

REBIT / (average non-current assets – average deferred tax assets + average assets held for sale + average trade receivables + average inventory – average trade payables)

**Current Ratio**

Current assets / current liabilities

**Free cash flow**

Cash flow from operating activities – maintenance capital expenditures for intangible assets, property, plant and equipment and investment property – interest paid