



Kinopolis Group Annual results 2018

Regulatory release - 21 February 2019

Kinopolis takes further major steps in implementing its long-term strategy in 2018

2018 was a successful year for Kinopolis in terms of implementing and validating its long-term business and expansion strategy. The successful integration of Landmark Cinemas Canada has contributed significantly to the Group's results. In addition, Kinopolis took major steps in the Group's further expansion.

It is common knowledge that last summer's heatwave, the World Cup football and a less appealing range of Hollywood films had an impact on visitor numbers in Europe. Further implementation of the corporate strategy - which focuses on the annual introduction of sales-enhancing and efficiency-driven measures, combined with strong focus on premium product innovation - again led to an improved EBITDA.

Kinopolis once again realised a record performance last year. In 2018, overall visitor numbers were up by 40.7%, which resulted in a 33.9% revenue increase and a 14.1% REBITDA increase. At the same time, the Group's debt ratio remained limited with a NFD/REBITDA ratio of 2.33, which highlights the Group's cautious financial policy.

Other 2018 business highlights

- ★ Further investment in customer experience through the accelerated roll-out of laser projection including Laser ULTRA, the opening of various 4DX theatres, the further roll-out of Cosy Seats in Europe and recliner seats in Canada.
- ★ The opening of new cinema complexes in the Netherlands ('s-Hertogenbosch), France (Metz and Brétigny-sur-Orge) and Canada (St. Albert, Saskatoon and Fort McMurray).
- ★ The opening of the first self-service shop concept (the 'MarketPlace') in Kanata (Canada), based on the Kinopolis megacandy shop concept.
- ★ Strong growth in the Netherlands (+28.2% visitors) due to bringing the newly opened complexes up to speed and the acquisition of NH Bioscopen.
- ★ Announcement of the acquisition of the El Punt cinemas in Barcelona and Valencia. The acquisition is planned on 1 March 2019.

Financial highlights 2018 vs. 2017¹:

- ★ The number of visitors increased by 40.7% to 35.6 million thanks to the expansion of the Group.
- ★ Total revenue increased by 33.9% to €475.9 million with visitor-related revenue increasing by 41.0%.

¹ All comparisons are made with respect to the figures of 2017.



Kinopolis Group

Annual results 2018

Regulatory release - 21 February 2019

- ★ Recurring² EBITDA³ (REBITDA) increased by 14.1%, to €119.0 million. The addition of Canada provided, as planned, a lower average EBITDA per visitor, due to the fact that most Canadian complexes are rented.
- ★ Net profit decreased by 3.4%, to €47.4 million. Earnings per share amounted to €1.76.
- ★ Free cash flow increased by €5.3 million to €64.7 million.
- ★ Net financial debt increased by 23.4%, to €276.8 million. The level of indebtedness remained conservative with an NFS/REBITDA ratio of 2.33.
- ★ The proposed dividend per share amounts to €0.92, an increase of 1.1%.

Eddy Duquenne, CEO of Kinopolis Group, on the 2018 results : “2018 was an important year for validating our acquisition in Canada, our first expansion outside Europe. The integration of the acquired cinemas is going smoothly and the foundation has been laid for implementing our three-pillar strategy. We took further steps in the Group's expansion and continue to work on implementing our expansion strategy.

We were confronted with rather disappointing visitor numbers in almost all European countries last year due to a very hot summer, the World Cup football and less successful film content. In this context, penetration into a new country and continent like Canada helps to reduce dependence on local factors such as weather, content and changes in purchasing power.

By combining a carefully considered expansion strategy with cautious financial management, we have once again achieved strong growth in EBITDA (for the tenth year in a row) against a backdrop of solid cash flow development, which resulted in a low debt ratio.”

² After elimination of non-recurring transactions.

³ EBITDA is not recognized as an item under IFRS. The Kinopolis Group defined the concept by adding the depreciations, write-downs and provisions booked to the operating result and deducting any reversals or practices from the same headings.



Kinopolis Group

Annual results 2018

Regulatory release - 21 February 2019

Key figures

in million €	2018	2017	% difference
Revenue	475,9	355,4	33,9%
Visitors ('000)	35 591	25 290	40,7%
EBITDAR (*)	145,1	113,8	27,5%
Recurring EBITDAR (REBITDAR) (*)	146,9	114,9	27,9%
REBITDAR Margin	30,8%	32,3%	-154 bps
REBITDAR / visitor	4,12	4,54	-9,3%
EBITDA (*)	117,2	103,2	13,6%
Recurring EBITDA (REBITDA) (*)	119,0	104,3	14,1%
REBITDA Margin	25,0%	29,3%	-434 bps
REBITDA / visitor	3,34	4,12	-18,9%
EBIT	79,1	72,9	8,5%
Recurring EBIT (REBIT) (*)	80,9	74,0	9,3%
REBIT Margin	17,0%	20,8%	-382 bps
Profit	47,4	49,1	-3,4%
Recurring Profit (*)	47,5	44,7	6,2%
Earnings per share (in €)	1,76	1,80	-2,2%
Free Cash Flow (*)	64,7	59,4	8,9%

(*) For further information, we refer to the annex and glossary

in million €	31/12/2018	31/12/2017	% difference
Total assets	680,9	721,0	-5,6%
Equity	177,6	176,4	0,7%
Net Financial Debt (NFD) (*)	276,8	224,3	23,4%



Kinopolis Group

Annual results 2018

Regulatory release - 21 February 2019

Notes

Visitors

Kinopolis received more visitors in 2018 than ever before in the history of the Group, namely 35.6 million (+40.7%) thanks to the expansion in Canada, the opening of several new complexes and the acquisition of the NH cinemas in Hoofddorp and Schagen (the Netherlands). Leaving the expansion aside, we saw a decline in the number of visitors in most European countries due to a very hot summer, the World Cup, less successful content and the absence of strong blockbusters in the fourth quarter. In the Netherlands Kinopolis received more than a quarter more visitors in 2018 (+28.2%) thanks to the further growth of the newly opened complexes since 2016, the acquisition of NH Bioscopen and the opening of Kinopolis' s-Hertogenbosch in June 2018.

A very strong first quarter in Belgium thanks to the success of the local films "Patser", "FC De Kampioenen 3" and "De Buurtpolitie" was cancelled out by a rather weak third and fourth quarter characterized by content that was less successful than the year before and a year-end without big blockbusters. Spain was able to count on a stronger second quarter thanks to successful local content and benefited in the second half-year from the reduction of VAT on cinema tickets.

The top 5 of 2018 were "Avengers: Infinity War", "The Incredibles 2", "Jurassic World: Fallen Kingdom", "Black Panther" and "Bohemian Rhapsody". The most successful local films were "Patser", "Niet Schieten" and "FC De Kampioenen 3" in Belgium, "Superjhem Retörns" in Luxembourg, "Les Tuches 3" and "Une Jolie Ch'tite Famille" in France, "The Resistance Banker" and "Bon Bini Holland 2" in the Netherlands and "Campeones" in Spain.

Visitors (in millions)	Belgium	France	Canada**	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	13	45	6	17	3	1	96
2018	7,99	6,57	11,63	4,31	4,07	0,92	0,10	35,59
2017	8,43	7,05	1,07	4,40	3,18	1,04	0,12	25,29
2018 vs 2017	-5,2%	-6,8%		-2,1%	28,2%	-11,9%	-14,0%	40,7%

Visitors (in millions)	Belgium	France	Canada**	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	13	45	6	17	3	1	96
Q4 2018	2,48	1,88	3,04	1,22	1,32	0,29	0,03	10,26
Q4 2017	2,46	1,78	1,07	1,27	0,85	0,28	0,03	7,75
Q4 2018 vs Q4 2017	0,7%	5,4%		-4,2%	55,2%	4,7%	-11,8%	32,4%

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

Number of cinemas at the date of publication.

** Canada was only included for 3 weeks in 2017.

Revenue

Total revenue in 2018 was €475.9 million, an increase of 33.9% compared with 2017. Visitor-related revenue experienced a stronger increase than the visitor numbers (+41.0%) thanks to an increase in sales per visitor in all countries⁴. Revenue from Box Office (BO) increased by 35.5% and revenue from the sales of drinks and snacks (In-theatre sales, ITS) increased by 53.6%.

⁴ Comparison not applicable for Canada, as the Canadian activities were reporting only 3 weeks in 2017.



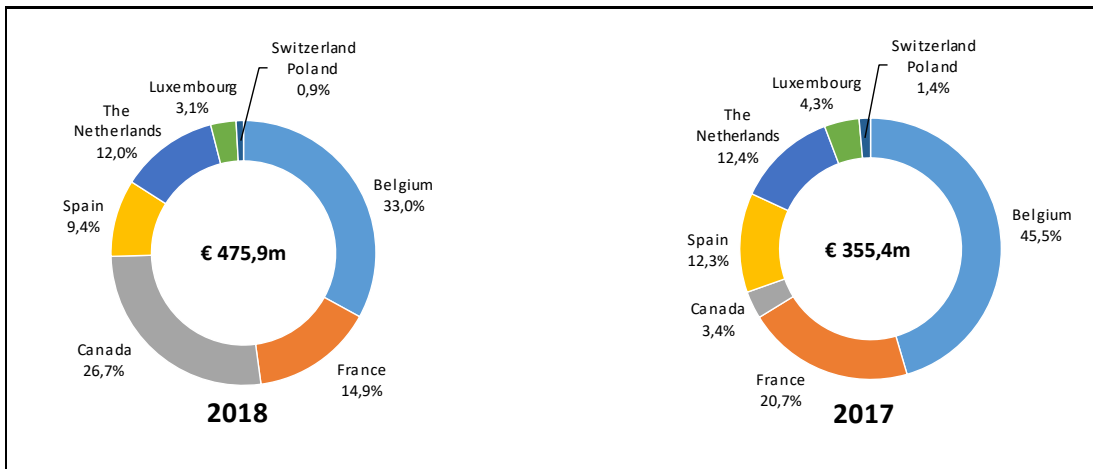
Kinepolis Group

Annual results 2018

Regulatory release - 21 February 2019

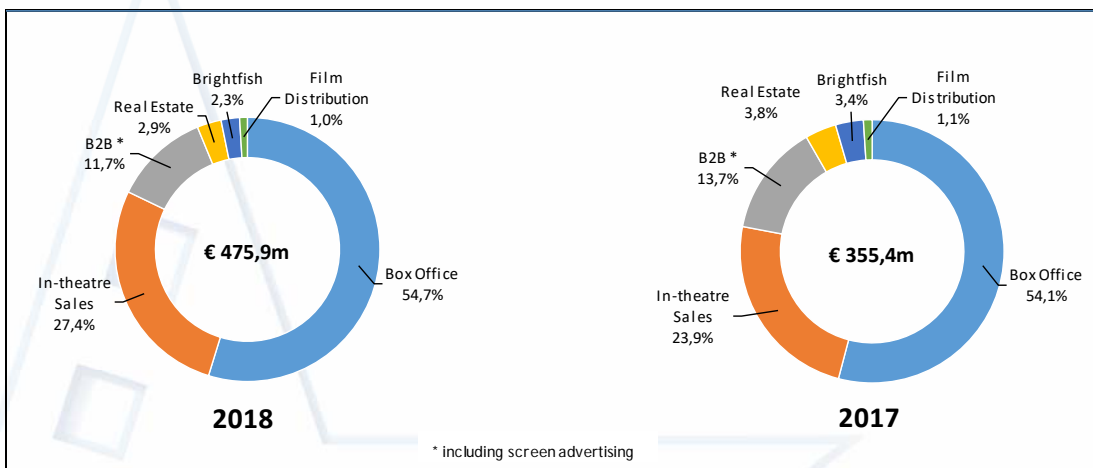
Revenue of almost all other business lines also increased. For example, revenue from B2B activities increased by 14.3%, from real estate by 2.9% and from the Belgian film distribution business (Kinepolis Film Distribution, KFD) by 20.7%. Only Brightfish, the Belgian screen advertising agency saw its revenue fall by 11.8%.

Revenue by country



As Landmark Cinemas Canada was reporting a full year for the first time in 2018 (compared to 3 weeks in 2017) the country mix has changed fundamentally. Belgium is still responsible for 33.0% of total revenue while Canada has jumped into second place with 26.7%.

Revenue by activity





Kinopolis Group

Annual results 2018

Regulatory release - 21 February 2019

Box Office revenue increased by 35.5% to €260.5 million. BO per visitor increased in all countries (except for Canada, which was reporting a full year for the first time) thanks to the sale of premium products such as Cosy Seats and 4DX, the growing success of alternative content in all countries and a number of inflation-compensating measures. The global increase was influenced by a strongly modified country mix, by the addition of Canada with a lower-than-average BO per visitor and consequently a lower share of Belgium with a higher-than-average BO per visitor.

In-theatre sales increased by 53.6% thanks to an increase in ITS consumption per visitor in all countries and the addition of Canada with higher-than-average ITS consumption per visitor. In almost all countries, we saw more visitors in the shop, who also bought more products. The constant expansion of the ITS offer (including premium popcorn, luxury water brands and nuts) contributed to the higher ITS revenue together with a positive country-mix effect thanks to the higher share of Canada, which applied for a full year for the first time.

B2B revenue increased by 14.3% due to a strong rise in screen advertising mainly due to the expansion of the Group. The sale of events also increased as did the sale of cinema vouchers to companies.

Real estate revenue increased by 2.9%⁵ thanks to increased rental income in Luxembourg despite the loss of revenue from the Toison D'Or building in Brussels (Belgium), which was sold in 2017.

Revenue from **Kinopolis Film Distribution (KFD)** increased by 20.7% thanks to the great success of the local films "Patser", "De Buurtpolitie" and "Niet Schieten".

Brightfish generated 11.8% less revenue due to fewer events and a decline in national screen advertising.

REBITDA

Recurring EBITDA (REBITDA) increased by 14.1% to €119.0 million. The REBITDA margin fell from 29.3% to 25.0% because of the addition of the Canadian activities with, as foreseen, a below-average contribution per visitor, considering that more than 95% of visitors are received in rented complexes in Canada.

At group level, the REBITDA per visitor dropped from €4.12 to €3.34, because of the addition of Canada. Without expansion, the REBITDA per visitor showed a slight increase.

Profit for the period

Recurring profit in 2018 was €47.5 million, a rise of 6.2% compared with 2017 (€44.7 million) thanks to the higher recurring EBITDA and a lower tax rate despite higher depreciations and increased financial costs as a consequence of the growth of the Group.

Total profit was €47.4 million compared with €49.1 million in 2017, a reduction of 3.4% due to the non-recurring release of deferred taxes as a consequence of the planned reduction in corporate taxes in France, Belgium and Luxembourg and through the one-off book profit realized on the sale of the Toison d'Or building in Brussels.

⁵ At constant exchange rates, 3% including the exchange rate effect.



Kinopolis Group

Annual results 2018

Regulatory release - 21 February 2019

The main non-recurring items in 2018 were mainly one-off tax securities (€0.7 million), impairment of goodwill (€-0.5 million) related to the upcoming closure of Nîmes Forvm (France) and transformation and expansion costs (€-0.3 million).

The biggest non-recurring items in 2017 were mainly the impact of the adjustment of the corporate tax rate on deferred taxes in France, Belgium and Luxembourg (€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).

Net financial costs rose by €4.2 million or 50.6%, to €12.4 million through the private placement of bonds at the end of 2017 and the higher bank charges in Canada.

The recurring effective tax rate was 30.2%, compared with 31.3% in 2017.

Earnings per share amounted to €1.76. This is 2.2% lower than in 2017 due to the above-mentioned non-recurring items in 2017.

Free cash flow and net financial debt

Free cash flow amounted to €64.7 million compared with €59.4 million in 2017, an increase of 8.9%. The increased free cash flow was the result of a higher operational result, partly offset by higher maintenance investments because of the accelerated roll-out of laser projectors and the addition of Canada.

Free cash flow after expansion investments, dividends and purchase of own shares amounted to €-51.9 million, €2.3 million more than the prior year due to, among others, a higher operating cash flow but offset by the investments in the further growth of the Group.

In 2018, a total of €89.4 million was invested in the acquisition of NH Bioscopen in early January 2018, remodelling and further roll-out of recliner seats in Canada, the construction and establishment of new cinema complexes in Europe and Canada, further investments in premium products (for example 4DX, Cosy Seats and the roll-out of laser projection) and maintenance investments in Europe and Canada.

The net financial debt amounted to €276.8 million on 31 December 2018, an increase of 23.4% compared with the end of 2017 (€224.3 million) mainly due to the takeover of NH Bioscopen, the dividend pay-out (€24.5 million), the share buyback program (€20.3 million) and the construction of new complexes. The NFD/REBITDA ratio was 2.33 on 31 December 2018.

Total gross financial debt decreased by €39.5 million to €342.5 million on 31 December 2018 compared with 31 December 2017 (€382 million). Kinopolis pursues a very cautious financial policy and always finances acquisitions over the long term.

Balance sheet

Fixed assets (€558.2 million) represented 81.98% of the balance sheet total on 31 December 2018 (€680.9 million). This includes land and buildings in ownership (including investment property) with a carrying amount of €337.5 million.

Equity was €177.6 million on 31 December 2018. Solvency was 26.1%, compared with 24.5% in 2017.



Kinopolis Group

Annual results 2018

Regulatory release - 21 February 2019

Dividend of €0.92 per share

The Board of Directors will propose at the General meeting of Shareholders on 8 May 2019 to pay a gross dividend of €0.92 per share for the financial year 2018. This represents an increase of 1.1% compared with 2017 (€0.91 per share). The payment of the dividend is foreseen from 14 May 2019 (ex-date: 10 May 2019, record date: 13 May 2019).

Important events in 2018

Acquisition of NH Bioscopen in Hoofddorp and Schagen

On 1 January 2018 Kinopolis Group took over the NH Bioscopen cinemas in Schagen and Hoofddorp (the Netherlands). The agreement also includes a new-build project in Haarlem (the Netherlands), for which Kinopolis is awaiting the required permits. The cinema in Schagen has five screens and 560 seats and the cinema in Hoofddorp eight screens and 1,100 seats. The acquisition will enable Kinopolis to strengthen its position on the Dutch market and offer the Kinopolis movie experience to even more visitors.

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 project of 'Magic Lantern Theatres' in Saskatoon (Saskatchewan). The cinema, located in the first shopping mall in Saskatoon developed by Dream Unlimited Corp, has been opened on the 1st of June 2018. It has seven screens and 780 premium recliner seats.

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 opening is foreseen in 2019. This new complex will have five screens and 619 luxurious recliner 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 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 (880 in total). Jensen Lakes Crossing is a neighbourhood shopping centre where the local community can enjoy an extensive range of restaurants, wide paths and squares, and entertainment.

Opening new Kinopolis cinema in 's-Hertogenbosch

On 25 June 2018 Kinopolis inaugurated a brand new cinema in 's-Hertogenbosch (the Netherlands) with the national premiere of the Dutch movie 'Redbad'. For Kinopolis, this is the fourth newly constructed cinema in the Netherlands in two years (after Kinopolis Dordrecht, Breda and Jaarbeurs Utrecht).

The new cinema in 's-Hertogenbosch has 7 theatres - with a total capacity of 1,027 seats - all of them equipped with laser projection. After Kinopolis Breda and Jaarbeurs Utrecht, Kinopolis 's-Hertogenbosch is the third Kinopolis cinema in the Netherlands to provide laser projection in all theatres. And, what's more, one of the theatres (theatre 7) is a 'Laser ULTRA' theatre, where visitors can enjoy razor-sharp 4K laser projection combined with the immersive Dolby Atmos sound system, giving them the feeling of truly being at the centre of the action.



Kinopolis Group Annual results 2018

Regulatory release - 21 February 2019

Acquisition of City Utrecht property

On 20 July 2018, Kinopolis acquired the shares of Wolff Monumenten Utrecht B.V., including the City cinema building in Utrecht (the Netherlands). This means that, on that same date, Kinopolis became the owner of the cinema building previously leased by the Group.

Opening of art-house cinema KLUB in Metz

On 30 August 2018, Kinopolis Group opened the doors of a new art-house cinema called 'KLUB' in the centre of Metz (France). The new cinema is the former 'Palace' cinema, which Kinopolis acquired in January 2018 and which was immediately closed for a major renovation and transformation into a new art-house cinema with seven screens and 931 seats. The KLUB fits in with the joint ambition of Kinopolis and the city of Metz to provide the city centre with a complementary, modernised choice of films. It is the first time that Kinopolis has adopted an alternative cinema concept and brand for a smaller cinema in its portfolio.

Opening of Kinopolis Brétigny-sur-Orge

On 7 September 2018, Kinopolis opened its first cinema complex in the region of Île-de-France, just 35 km south of Paris, in the retail park 'Les Promenades de Brétigny'. With 10 screens and 1,507 seats, Kinopolis Brétigny-sur-Orge is a state-of-the-art cinema that offers the best technology, unique comfort and an innovative offer.

In Brétigny-sur-Orge, all theatres are equipped with Barco laser projectors, offering an image of unrivalled brightness and definition. The biggest screen (with 310 seats) features Laser ULTRA, the Kinopolis concept that combines the exceptional image quality of a 4K Barco laser projector with the immersive Dolby Atmos sound for an even more spectacular viewing experience.

Opening of new Landmark cinema in Fort McMurray

Landmark Cinemas opened a new cinema with recliner seats in Fort McMurray, in 'The Commons' in Eagle Ridge (Canada), on 9 November 2018. The brand-new cinema with 8 screens replaces the former eleven-year-old Landmark cinema with 6 screens in down-town Fort McMurray. All 8 screens of the new cinema feature Landmark's new, luxury recliner power seats (880 in total) in a complete stadium set-up. This premium cinema experience offers visitors automatic, fully reclinable seats with extended footrest to provide them with a significant increase in personal space and a relaxing, disruption-free movie experience.

Remodelling of Kinopolis Emmen, Oss, Den Helder, Rouen and Kirchberg

After extensive renovations, Kinopolis Emmen (the Netherlands) officially opened its doors at the end of April 2018. The Utopolis logo above the main cinema entrance was replaced by that of Kinopolis, all the seats were replaced, the cashier booths were renewed, ticketing machines were installed and the well-known Kinopolis self-service shop also opened its doors. Kinopolis Oss (the Netherlands) also re-opened its doors in October 2018 after extensive renovations. The first renovation phase has now also been completed for Kinopolis Den Helder (the Netherlands) with the placement of the Kinopolis logo on the front façade. The cinemas in Rouen (France) and Kirchberg (Luxembourg) were also further renovated during the past year.

Acquisition of the Spanish cinema group El Punt

At the end of December 2018, Kinopolis Group reached an agreement regarding the acquisition of two Spanish cinemas, namely the "Full" cinema in Barcelona and "El Punt Ribera" in Alzira, Valencia. Both cinemas are part of the El Punt cinema group, which is owned by the Sallent family. The "El Punt Val-lès" cinema, also located in Barcelona is not included in the transaction. The Spanish Competition Authority gave the green light for the transaction at the beginning of February 2019. The acquisition is planned on 1 March 2019.



Kinopolis Group Annual results 2018

Regulatory release - 21 February 2019

The Full megaplex in Barcelona has 28 screens with a total of 2,689 seats and welcomes more than 1.3 million visitors every year. It is the second-largest cinema in Spain after Kinopolis Ciudad de la Imagen in Madrid. The complex is leased and situated in the "Splau" commercial centre in Cornellá de Llobregat, close to the airport and 14 km south of Barcelona. The Full cinema complex is the flagship of the El Punt group: all screens boast high-quality 4K projectors and 19 screens have Dolby Atmos sound.

The El Punt Ribera cinema is located in a commercial district in Alzira, 44 km south of Valencia. The complex, the real estate of which is owned, has 10 screens - each featuring Dolby 7.1 sound - and 2,528 seats and attracts around 300,000 visitors annually.

Further developments regarding the relaxation of the behavioural conditions imposed on Kinopolis Group

The Brussels Court of Appeal ruled on 21 November 2018 in the proceedings concerning the decision of the Belgian Competition Authority (BCA) of 26 April 2018 by which the behavioural conditions imposed on Kinopolis Group were relaxed as of 26 April 2020.

The Court annulled the decision of the BCA of 26 April 2018 on the grounds of procedural reasons, judging that the College (BCA) that took the aforementioned decision had to be composed differently from the Board that took the previously annulled decision of 31 May 2017. In 2019, Kinopolis has submitted an updated request to cancel the conditions and expects a new decision of the BCA at the end of March 2019.

Opening of various 4DX theatres

New 4DX theatres were opened in Lomme (FR), Valencia (ES), Hasselt (BE) and Madrid (ES). A new theatre was opened in Kinopolis Rocourt (BE) in January 2019 and 4DX openings are planned in Ghent (BE), the Kinopolis complex on the Kirchberg (LUX) and in Kinopolis Nîmes (FR) in the first quarter of 2019. Kinopolis will then have 11 4DX theatres in total. 4DX takes the cinema experience to a four-dimensional level: visitors are not simply watching a film, they actually become part of the action. Moving seats and environmental effects such as wind, water, scents and light, perfectly synchronized with the action on screen, ensure an unrivalled, immersive 4D movie experience that stimulates all the senses.

Laser strategy progress

In the next three years, Kinopolis Group will install an estimated 300 Barco laser projectors in its full network of cinemas, following an agreement with Barco's cinema joint venture Cinionic in June 2018. The estimated number of projectors includes both installations in new cinemas to be built and replacements of older models in existing sites. Laser projectors deliver crystal-clear image quality and also consume less energy than Xenon lamp projectors. To date, more than 100 Kinopolis screens have been equipped with Barco laser projection including 15 Laser ULTRA theatres.

Introduction of the Kinopolis self-service shop concept in Landmark cinema in Kanata

The first self-service shop was opened in the Landmark cinema in Kanata (Ontario, Canada) on 3 December 2018. The shop was named "MarketPlace" in Canada and is completely based on the well-known, European Kinopolis shop concept. Kinopolis is awaiting the initial findings for a possible further roll-out in more Landmark cinemas.



Kinopolis Group Annual results 2018

Regulatory release - 21 February 2019

Marleen Vaesen and Sonja Rottiers appointed as independent directors

During the General Meeting of 9 May 2018, the Board of Directors of Kinopolis Group NV appointed Ms Marleen Vaesen, as the permanent representative of BVBA Mavac, and Ms Sonja Rottiers, as the permanent representative of BVBA SdL Advice, as independent directors.

Joost Bert appointed chairman of the Board of Directors

After a 40-year career in the cinema sector, 20 years of which as CEO of Kinopolis Group, Mr. Joost Bert has decided to cease his mandate as CEO and has been appointed chairman⁶ of the Board of Directors during the General Meeting of 9 May, 2018. This means that Mr. Eddy Duquenne, who has been joint CEO of Kinopolis Group since early 2008, will continue to run the daily management of the company as the sole CEO. Mr. Philip Ghekiere, former chairman of the Board of Directors, will continue his role as vice-chairman of the Board of Directors.

End of 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 could be considered as well during open periods.

The share buyback has been carried out within the conditions specified in the authorisation by the Extraordinary General Meeting of May 11, 2016. Under this authorisation, the Board of Directors was authorised to buy back own shares, under certain conditions, to cover the 2016 Share Option plan. On Tuesday 12 June 2018 the share buyback program, launched on 15 January 2018, was ended. Within the context of the ended program, Kinopolis Group has bought back 360,000 shares for a total amount of €20,302,894.16. The total number of own shares amounts to 492,346.

Important events after 1 January 2019

New, long-term partnership with RealD for 3D equipment

Kinopolis and RealD have announced a new partnership for RealD 3D equipment and 3D glasses in France, Belgium, the Netherlands, Switzerland, Spain and Luxembourg. Kinopolis will use RealD 3D equipment in all its cinemas to provide all its customers with the best 3D cinema experience. The agreement is part of a larger deal that also includes the Canadian Landmark Cinemas. RealD 3D offers maximum depth and clarity for an ultra-realistic cinema experience. RealD 3D glasses are designed to comfortably watch a movie in 3D while reducing ghosting and image blur.

Canada's first Laser ULTRA theatre in the Landmark cinema at Shawnessy

Landmark Cinemas Canada has started renovating its cinema in Shawnessy, Calgary. In addition to a conversion of the theatres to the recliner seating concept, one of the theatres will offer the Kinopolis Laser ULTRA experience. Laser ULTRA combines Barco's state-of-the-art laser projection with Dolby Atmos sound for a unique, immersive movie experience with the best picture and sound quality. Kinopolis already has 15 Laser ULTRA theatres in Europe.

Kinopolis to open new cinema in Servon at the end of the summer

Kinopolis will be opening a new cinema in the Eden commercial zone in Servon (France) at the end of the summer of 2019. The cinema is leased and will have 9 screens with 1,208 seats. The building has already been completed and will in the coming months be outfitted and finished by Kinopolis. The new

⁶ Since 20 December 2018, Pentascoop N.V. with Mr Joost Bert as permanent representative.



Kinopolis Group

Annual results 2018

Regulatory release - 21 February 2019

complex is part of a leisure centre with facilities for bowling, karting, fitness and numerous food establishments. Kinopolis expects to receive 400,000 visitors per year in Servon.

Landmark Cinemas working on new cinema in Regina

The opening of a new Landmark cinema in Regina, in the province of Saskatchewan (Canada), is planned for the third quarter of 2019. The cinema, which will have 8 screens and a total of 887 recliner seats, will be part of the Aurora retail park, a new commercial centre offering a wide variety of entertainment, catering and shopping facilities.

Line-up for 2019

Current hits are "Creed II", "Green Book", "Glass", "Alita: Battle Angel" and "The Lego Movie 2: The Second Part". Upcoming hits in 2019 are: "Captain Marvel", "How to Train Your Dragon: The Hidden World", "Avengers: Endgame", "Toy Story 4", "Aladdin", "Dumbo", "The Lion King", "Frozen 2", "It: Chapter Two" and "Star Wars: Episode IX". Many local films also enrich the program with, among others, "Qu'est-ce qu'on a fait encore au Bon Dieu" and "Nous finirons ensemble" in France, Belgium and Luxembourg, "FC De Kampioenen 4" and "De Buurtpolitie 3" in Flanders, "Perdiendo el este" and "Los Japón" in Spain and "Verliefd op Cuba" in the Netherlands. Live opera, ballet and theatre are complemented by art exhibitions and concerts.

Procedures of the auditor

The statutory auditor, KPMG Bedrijfsrevisoren, represented by Serge Cosijns has confirmed that its audit procedures, which have been substantially completed have not revealed any derogation of material importance in the accounting data included in this announcement.

Financial calendar

Wednesday, 8 May 2019	Business update first quarter 2019
Wednesday, 8 May 2019	General meeting
Tuesday, 14 May 2019	Dividend payment
Thursday, 22 August 2019	Half-yearly results for 2019
Thursday, 14 November 2019	Business update third quarter 2019

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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 52 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 45 cinemas in Canada.



Kinopolis Group

Annual results 2018

Regulatory release - 21 February 2019

In total, Kinopolis Group currently operates 97 cinemas (44 of which it owns) worldwide, with a total of 852 screens and more than 185,000 seats. Including the acquired Canadian organization, Kinopolis now employs 3,750 people, all committed to giving millions of visitors an unforgettable movie experience. More information on www.kinopolis.com/corporate.

CONSOLIDATED INCOME STATEMENT
IN '000 €

31/12/2018

31/12/2017

Revenue	475 880	355 427
Cost of sales	-345 651	-242 032
Gross profit	130 229	113 395
<i>Gross profit / Revenue</i>	<i>27,4%</i>	<i>31,9%</i>
Marketing and selling expenses	-25 246	-20 418
Administrative expenses	-26 900	-22 794
Other operating income	1 904	3 045
Other operating expenses	- 857	- 313
Operating profit	79 130	72 915
<i>Operating profit / Revenue</i>	<i>16,6%</i>	<i>20,5%</i>
Finance income	1 362	1 891
Finance expenses	-13 733	-10 104
Profit before tax	66 759	64 702
Income tax expenses	-19 350	-15 635
PROFIT OF THE PERIOD	47 409	49 067
<i>Profit for the period / Revenue</i>	<i>10,0%</i>	<i>13,8%</i>
Attributable to:		
Owners of the Company	47 356	49 067
Non-controlling interests	53	
PROFIT OF THE PERIOD	47 409	49 067
Basic earnings per share (€)	1,76	1,80
Diluted earnings per share (€)	1,75	1,80

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

31/12/2018

31/12/2017

Profit for the period	47 409	49 067
Items that are or may be reclassified to profit or loss:		
Translation differences	-3 416	- 210
Cash flow hedges - effective portion of changes in fair value	2	119
Taxes on other comprehensive income	531	- 27
	-2 883	- 118
Items that will not be reclassified to profit or loss:		
Changes to estimates of defined benefit plans	5	- 50
	5	- 50
Other comprehensive income for the period, net of tax	-2 878	- 168
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	44 531	48 899
Attributable to:		
Owners of the Company	44 478	48 899
Non-controlling interests	53	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	44 531	48 899

CONSOLIDATED STATEMENT OF FINANCIAL POSITION / ASSETS		
IN '000 €	31/12/2018	31/12/2017
Intangible assets	9 663	9 049
Goodwill	94 863	86 393
Property, plant and equipment	424 339	389 999
Investment property	17 045	17 748
Deferred tax assets	1 427	1 182
Other receivables	10 786	10 120
Other financial assets	27	27
Non-current assets	558 150	514 518
Inventories	4 918	4 750
Trade and other receivables	42 998	40 778
Current tax assets	2 416	841
Cash and cash equivalents	65 381	157 398
Assets classified as held for sale	6 991	2 670
Current assets	122 704	206 437
TOTAL ASSETS	680 854	720 955
CONSOLIDATED STATEMENT OF FINANCIAL POSITION / EQUITY AND LIABILITIES		
IN '000 €	31/12/2018	31/12/2017
Share capital	18 952	18 952
Share premium	1 154	1 154
Consolidated reserves	161 461	157 569
Translation reserve	-4 164	-1 281
Total equity attributable to owners of the Company	177 403	176 394
Non-controlling interests	214	
Equity	177 617	176 394
Loans and borrowings	272 677	342 106
Provision for employee benefits	557	572
Provisions	14 565	17 118
Deferred tax liabilities	20 518	18 159
Derivative financial instruments	211	214
Other payables	10 977	7 954
Non-current liabilities	319 505	386 123
Bank overdrafts	36	33
Loans and borrowings	69 790	39 873
Trade and other payables	106 328	108 298
Provisions	2 241	2 509
Current tax liabilities	5 337	7 725
Current liabilities	183 732	158 438
TOTAL EQUITY AND LIABILITIES	680 854	720 955

CONSOLIDATED STATEMENT OF CASH FLOWS

IN '000 €

31/12/2018

31/12/2017

Profit before tax	66 759	64 702
Adjustments for:		
Depreciations and amortization	39 039	31 039
Provisions and impairments	-2 865	-1 265
Government grants	-1 121	- 949
(Gains) Losses on sale of fixed assets	261	-1 810
Change in fair value of derivative financial instruments and unrealized foreign exchange results	- 51	- 56
Change in fair value of contingent considerations	- 428	- 642
Unwinding of non-current receivables	- 364	391
Share-based payments	1 075	1 290
Amortization of refinancing transaction costs	364	315
Interest expenses and income	10 359	7 449
Change in inventory	- 54	1 332
Change in trade receivables and other assets	- 817	1 681
Change in trade and other payables	1 203	-2 042
Cash from operating activities	113 360	101 435
Income taxes paid	-22 382	-24 149
Net cash from operating activities	90 978	77 286
Acquisition of intangible assets	-2 872	-1 908
Acquisition of property, plant and equipment and investment property	-58 332	-30 861
Acquisition of subsidiaries, net of acquired cash	-27 493	-83 506
Proceeds from sale of investment property and intangible and tangible assets	501	15 787
Net cash used in investing activities	-88 196	-100 488
Acquisition / sale of non-controlling interests	453	
New loans and borrowings		174 850
Repayment of loans and borrowings	-39 876	-7 011
Payment transaction costs with regard to refinancing obligations		- 450
Interest paid	-10 302	-7 327
Interest received	15	7
Repurchase and sale of own shares	-20 303	
Dividends paid	-24 533	-23 691
Net cash - used in / + from financing activities	-94 546	136 378
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS	-91 764	113 176
Cash and cash equivalents at beginning of the period	157 365	44 210
Cash and cash equivalents at end of the period	65 345	157 365
Effect of movement in exchange rate fluctuations on cash and cash equivalents	- 256	- 21
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS	-91 764	113 176

								2018	
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	ATTRIBUTABLE TO OWNERS OF THE COMPANY							NON-CONTROLLING INTERESTS	EQUITY
	SHARE CAPITAL AND SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	TREASURY SHARES RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS			
At 31 December 2017	20 106	-1 281	54	-2 527	1 290	158 752		176 394	
Profit for the period						47 356	53	47 409	
Items that are or may be reclassified to profit or loss:									
Translation differences		-3 416						-3 416	
Cash flow hedges - effective portion of changes in fair value			2					2	
Taxes on other comprehensive income		533	-2					531	
		-2 883	0					-2 883	
Items that will not be reclassified to profit or loss:									
Changes to estimates of defined benefit plans						5		5	
						5		5	
Other comprehensive income for the period, net of tax		-2 883	0			5		-2 878	
Total comprehensive income		-2 883	0			47 361	53	44 531	
Dividends						-24 533		-24 533	
Own shares acquired / sold				-20 303				-20 303	
Share-based payment transactions					1 075			1 075	
Acquisition / sale of non-controlling interests, without changes in control						292	161	453	
Total transactions with owners, recorded directly in equity				-20 303	1 075	-24 241	161	-43 308	
At 31 December 2018	20 106	-4 164	54	-22 830	2 365	181 872	214	177 617	

								2017	
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	ATTRIBUTABLE TO OWNERS OF THE COMPANY							NON-CONTROLLING INTERESTS	EQUITY
	SHARE CAPITAL AND SHARE PREMIUM	TRANSLATION 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	

31 December 2018

SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	CANADA	SPAIN	NETHERLANDS	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	NOT ALLOCATED	TOTAL
Segment revenue	188 238	71 106	127 030	44 759	57 221	14 901	4 468		507 723
Inter-segment revenue	-31 644	- 93		- 69			- 37		-31 843
Revenue	156 594	71 013	127 030	44 690	57 221	14 901	4 431		475 880
Segment profit	25 333	17 426	11 117	9 130	11 121	3 470	1 533		79 130
Finance income								1 362	1 362
Finance expenses								-13 733	-13 733
Profit before tax									66 759
Income tax expense								-19 350	-19 350
PROFIT OF THE PERIOD									47 409
Capital expenditure	13 308	15 004	14 788	3 362	13 778	869	95		61 204

31 December 2018

SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	CANADA	SPAIN	NETHERLANDS	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	NOT ALLOCATED	TOTAL
Total assets	105 285	110 512	125 852	62 007	165 535	18 646	23 766	69 251	680 854
Total equity and liabilities	46 711	28 837	33 423	6 437	15 941	2 811	507	546 187	680 854

31 December 2017

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

31 December 2017

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

* The other operating segment includes Poland and Switzerland. None of these segments met the quantitative thresholds for reportable segments in 2017 and 2018.

NON-RECURRING ITEMS IN €m	31 December 2018	31 December 2017
Dismissal fees	-0,5	-0,8
Legal fees	-0,3	-1,6
Expansion costs	-0,8	-0,5
Gain / Loss on disposal PPE	-0,3	1,7
Other	0,3	-0,1
EBITDA	-1,8	-1,2
Depreciations and Impairment losses	-0,5	-
Provisions	0,5	0,0
Financial result	0,4	0,6
Income tax expense	1,2	4,8
Net impact of non-recurring items	-0,1	4,3

RECONCILIATION RECURRING PROFIT IN '000 €	31 December 2018	31 December 2017
Operating profit	79 130	72 915
Financial result	-12 371	-8 213
Profit before tax	66 759	64 702
Income tax expenses	-19 350	-15 635
Profit for the period	47 409	49 067
Impact non-recurring items	113	-4 322
Recurring profit for the period	47 522	44 745

RECONCILIATION REBITDA VS EBITDA IN '000 €	31 December 2018	31 December 2017
Operating profit	79 130	72 915
Depreciations and amortization	39 039	31 039
Provisions and impairments	-982	-768
EBITDA	117 187	103 186
Impact non-recurring items	1 812	1 106
REBITDA	118 999	104 292

RECONCILIATION (R)EBITDAR VS (R)EBITDA IN '000 €	31 December 2018	31 December 2017
EBITDA	117 187	103 186
Rental costs related to complexes	27 909	10 608
EBITDAR	145 096	113 794
Impact non-recurring items	1 812	1 106
REBITDAR	146 908	114 900

RECONCILIATION NET FINANCIAL DEBT IN '000 €	31 December 2018	31 December 2017
Financial debt	342 503	382 012
Cash and cash equivalents	-65 381	-157 398
Tax shelter investments	-304	-304
Net financial debt	276 818	224 310

RECONCILIATION FREE CASH FLOW IN '000 €	31 December 2018	31 December 2017
Cash flow from operating activities	113 360	101 435
Income taxes paid	-22 382	-24 149
Maintenance capital expenditures for intangible assets, property, plant and equipment and investment property	-15 944	-10 590
Interest paid	-10 287	-7 320
Free cash flow	64 747	59 376

Glossary

The glossary below also contains *Alternative Performance Measures (APM's)* that are aimed 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; is used to reflect the operating profit from normal operating activities

EBITDA

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

Recurring EBITDA (REBITDA)

EBITDA after eliminating non-recurring transactions; is used to reflect the EBITDA from normal operating activities

EBITDAR

EBITDA after eliminating rental costs related to complexes; improves the comparability of results before and after the acquisition of Canadian activities

REBITDAR

REBITDA after eliminating rental costs related to complexes; improves the comparability of results before and after the acquisition of Canadian activities

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; is used to reflect the profit from normal operating activities

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