



SEMESTRIAL FINANCIAL REPORT 2018





Kinopolis Group

Semestrial Financial Report 30 June 2018

Regulatory release - 23 August 2018

Canadian acquisition contributes significantly to Kinopolis Group's first half-year results for 2018

In the first half of 2018, thanks to the Group's expansion, Kinopolis achieved 38.5% more turnover with 45.1% more visitors. The REBITDA increased by 18.0% during this period. The integration of the Canadian cinema group Landmark Cinemas, acquired in December 2017, is proceeding according to plan and contributed significantly to the Group's results. In Europe, the further implementation of the business strategy and product innovation resulted in a further increase in sales and EBITDA per visitor, all this against a background of weaker visitor numbers due to a long period of uninterrupted hot weather and the football World Cup.

Key figures for the first half of 2018^{1 2}:

- ★ The number of visitors increased by 45.1% to 17.1 million, thanks to the expansion.
- ★ Total revenue increased by 38.5% to €221.8 million, while revenue from the sale of tickets, drinks and snacks increased by 46.2%.
- ★ The current³ EBITDA⁴ (REBITDA) increased by 18.0%, to €51.9 million. The REBITDA per visitor increased in almost all countries.
- ★ Net current profit increased by 13.6% to €18.7 million.
- ★ The free cash flow⁵ increased by 80.3% to €15.6 million.
- ★ Net financial debt increased by 36.0%⁶ to €305.0 million, partly as a result of the acquisition of NH Bioscopen, the dividend payment and the share buyback program.

Eddy Duquenne, CEO Kinopolis Group, about the first half-year:

"The results for the first half of 2018 were significantly affected by our expansion. Our recent acquisitions, notably the acquisition of the Canadian Landmark Cinemas and the Dutch NH Bioscopen, have led to a strong increase in visitor numbers and total revenue. Excluding the expansion, most European countries experienced a decline in visitor numbers due to the less successful range of films released in the second quarter, an exceptionally long period of uninterrupted hot weather and the football World Cup. In the first half of the year, the Netherlands recorded a 15.0% increase in the number of visitors thanks to the further growth of newly opened complexes and the acquisition of NH Bioscopen. In Belgium and in Spain, the decline was limited throughout the first semester thanks to some successful local films, such as 'Patser', 'FC De Kampioenen 3' and 'Campeones'.

¹ All comparisons are with respect to the first half of 2017.

² Press release based on unaudited figures.

³ After elimination of non-current transactions.

⁴ Under IFRS, EBITDA is not recognised as an expense. Kinopolis Group defined the concept by adding to the operating result the depreciations, write-downs and provisions booked and deducting any reversals or practices from the same headings.

⁵ Kinopolis Group defines free cash flow as cash flow from operating activities less maintenance investments in intangible and tangible fixed assets and investment properties, and interest paid.

⁶ Compared with 31 December 2017.



Kinopolis Group

Semestrial Financial Report 30 June 2018

Regulatory release - 23 August 2018

The further implementation of Kinopolis's three-pillar strategy and, in particular, its focus on offering premium experiences, such as Cosy Seats, 4DX and Laser ULTRA, again resulted in an increase in sales per visitor. The evolution of both Box Office (BO) and In-Theatre sales (ITS) revenue was subject to a significantly altered country mix, following the addition of Canada, a market with a lower-than-average BO per visitor and a higher-than-average ITS consumption per visitor. Landmark Cinemas Canada now represents 27.1% of total revenue and is second only to Belgium, accounting for 32.5% of revenue.

As foreseen, the addition of Canada results in a lower average REBITDA per visitor and EBITDA margin, as more than 95% of visitors in Canada are welcomed in rented facilities. Excluding expansion, the REBITDA per visitor increased in Europe.

I'm very enthusiastic about our acquisition in Canada: the integration is proceeding according to plan. A new organisational structure, which aims at implementing our corporate strategy, was rolled out over the past six months. The further roll-out of recliner seats in various complexes and the opening of two new complexes resulted in an increase of our market share and financial results in Canada."

Eddy Duquenne concludes:

"Despite the good weather and less successful films released in the second quarter, Kinopolis is managing to continue to grow. Our innovation and premiumisation strategy continues to pay off, combined with further increased operational performance and successful expansion. In the coming period, the implementation of our corporate strategy within the Canadian organisation will remain high on the agenda. As management, we will also continue to focus on new expansion."



Kinepolis Group

Semestrial Financial Report 30 June 2018

Regulatory release - 23 August 2018

Key figures

in million €	H1 2018	H1 2017	% difference
Revenue	221,8	160,1	38,5%
Visitors ('000)	17 088	11 775	45,1%
EBITDAR	64,2	47,5	35,2%
Current EBITDAR (REBITDAR)	65,1	48,6	34,0%
REBITDAR Margin	29,4%	30,4%	-100 bps
REBITDAR / visitor	3,81	4,13	-7,7%
EBITDA	51,0	42,9	18,8%
Current EBITDA (REBITDA)	51,9	44,0	18,0%
REBITDA Margin	23,4%	27,5%	-408 bps
REBITDA / visitor	3,04	3,74	-18,7%
EBIT	33,3	28,2	17,8%
Current EBIT (REBIT)	33,6	29,2	15,3%
REBIT Margin	15,2%	18,2%	-306 bps
Profit	18,9	15,8	19,8%
Current Profit	18,7	16,4	13,6%
Earnings per share (in €)	0,70	0,58	20,7%
Free Cash Flow	15,6	8,6	80,3%

in million €	30/06/2018	31/12/2017	% difference
Total assets	643,4	721,0	-10,8%
Equity	148,3	176,4	-15,9%
Net Financial Debt (NFD)	305,0	224,3	36,0%



Kinopolis Group

Semestrial Financial Report 30 June 2018

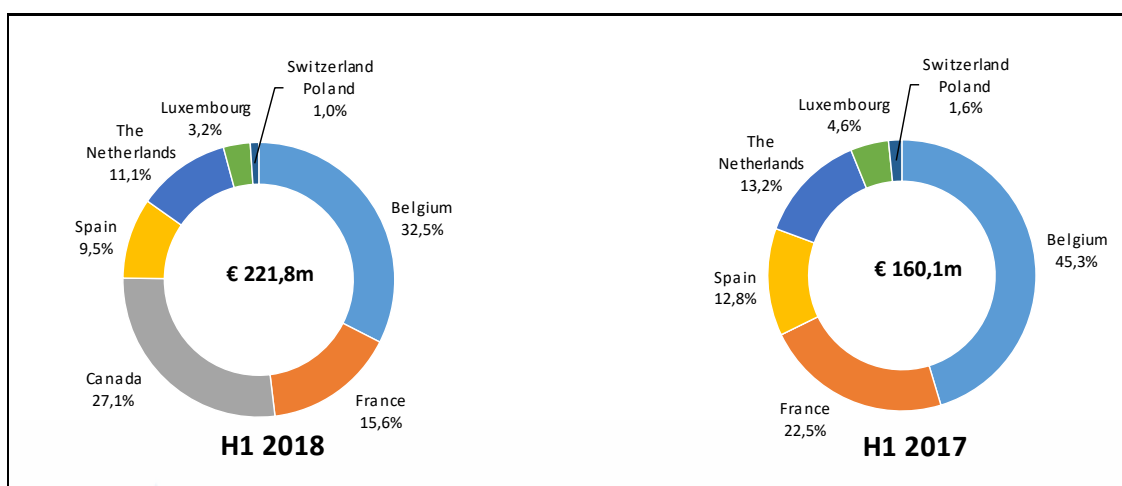
Regulatory release - 23 August 2018

Notes

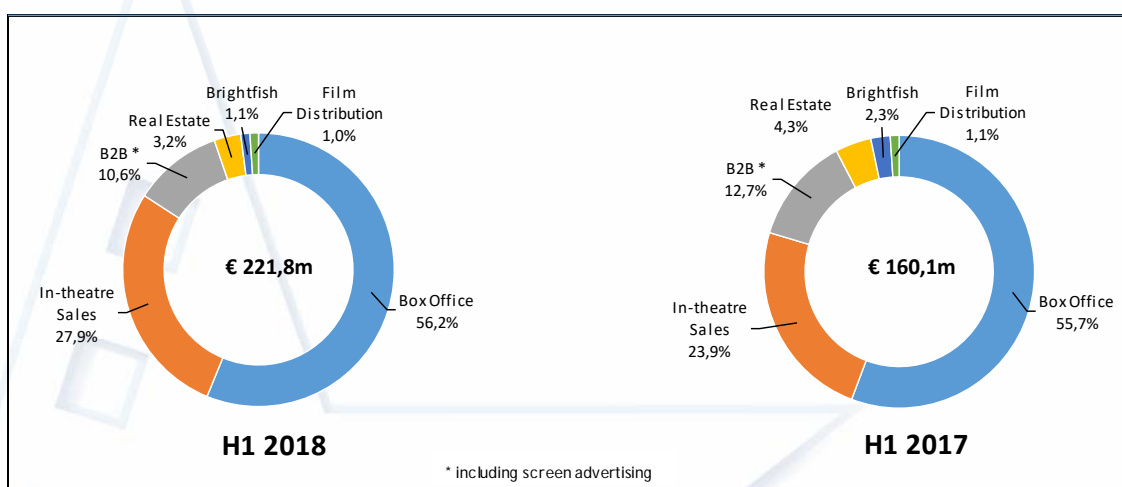
Revenue

Total revenue in the first half of 2018 amounted to €221.8 million, an increase of 38.5% compared with the same period last year. Visitor-related turnover (from the sale of tickets, drinks and snacks) rose by 46.2%, as such outpacing the rise in visitor numbers (+45.1%). Income from B2B and real estate increased by 16.6% and 2.6% respectively. Kinopolis Film Distribution (KFD) recorded a turnover increase of 31.7%. Only Brightfish saw its revenue decline by 34.6% in the first half year.

Revenue by country



Revenue by activity





Kinepolis Group

Semestrial Financial Report 30 June 2018

Regulatory release - 23 August 2018

The increase in visitor numbers (+45.1%) is entirely due to the acquisition of the Canadian cinema group Landmark Cinemas in December 2017 and the acquisition of the Dutch NH Bioscopen in Schagen and Hoofddorp on 1 January 2018. Excluding the impact of the expansion, the number of visitors in almost all European countries was lower than in the same period of the previous year. This is explained by a more difficult second quarter, with a less successful film offering, an exceptionally long period of hot weather, the football World Cup and a very successful month of April the year before (with 'Fast & Furious 8'). A number of top international films, such as 'Han Solo', also fell short of expectations. Only the Netherlands recorded a sharp increase in visitor numbers (+15.0%) thanks to the acquisition of NH Bioscopen and the further growth of the newly built complexes opened in recent years.

The top 5 for the first half of 2018 were 'Avengers: Infinity War', 'Black Panther', 'Deadpool 2', 'Jumanji: Welcome to the Jungle' and 'Jurassic World II'. The most successful local films were 'Patser', 'FC De Kampioenen 3' and 'De Buurtpolitie' in Belgium, 'Les Tuches 3' and 'Une Jolie Ch'tite Famille' in France and 'Campeones' in Spain.

Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	11	45	6	17	3	1	94
H1 2018	3,88	3,28	5,64	2,03	1,75	0,45	0,05	17,09
H1 2017	3,96	3,64	-	2,06	1,52	0,54	0,06	11,78
H1 2018 vs H1 2017	-1,8%	-9,7%		-1,6%	15,0%	-16,0%	-14,8%	45,1%

Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	11	45	6	17	3	1	94
Q2 2018	1,48	1,35	2,97	0,97	0,72	0,20	0,02	7,71
Q2 2017	1,68	1,60	-	0,94	0,70	0,23	0,03	5,17
Q2 2018 vs Q2 2017	-12,0%	-15,4%		3,8%	1,7%	-14,0%	-31,0%	48,9%

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

Ticket sales revenue (Box Office, BO) increased by 39.5% to €124.5 million. BO revenue per visitor increased in almost all countries, partly due to the continued roll-out and success of premium products, such as Cosy Seats, 4DX and Laser ULTRA. Only in the Netherlands the BO per visitor decreased, due to the addition of the recently acquired NH Bioscopen.

Revenue from the sale of drinks and snacks (In-theatre Sales, ITS) increased by 61.7% to €62.0 million. ITS revenue per visitor increased in all countries, partly due to more visitors in the shop and an increase in the number of items sold per visitor.

The evolution of both BO and ITS revenue was subject to an important change in the country mix due to the addition of Canada and as a consequence of a significantly lower share for Belgium. Canada is a market with a lower-than-average BO per visitor and higher-than-average ITS consumption per visitor.

B2B revenue increased by 16.6% due to a strong increase in screen advertising with the addition of Canada and increased sales of vouchers and events.



Kinopolis Group

Semestrial Financial Report 30 June 2018

Regulatory release - 23 August 2018

Revenue from real estate increased by 2.6% due to higher rental income in Luxembourg.

Revenue from Kinopolis Film Distribution (KFD) increased by 31.7% due to the big success of the local films 'Patser' and 'De Buurtpolitie'.

Brightfish revenue decreased by 34.6%, mainly due to fewer events and lower revenue from national screen advertising.

REBITDA

The current EBITDA (REBITDA) increased by 18.0%, to €51.9 million. The cost of sales increased faster than revenue due to the addition of Canada with mainly leased complexes. Marketing and administration costs, on the other hand, rose less quickly than turnover, which, together with a further increase in commercial and operational performance, resulted in a REBITDA increase of 18.0%. The REBITDA margin was 23.4% and the REBITDA per visitor decreased by 18.7% from €3.74 to €3.04, due to the change in country mix with the addition of Canada, with mainly leased complexes. The REBITDA per visitor increased in all countries except France.

Profit for the period

Current profit for the first half-year increased by 13.6% to €18.7 million, thanks to a higher REBITDA and lower taxes, despite higher depreciations due to the Group's growth and higher financing costs.

Total profit amounted to €18.9 million compared with €15.8 million in the first half of 2017, an increase of 19.8%.

The most important non-current items in the first half of 2018 were transformation and expansion costs (-€0.9 million), the impact of the change in corporate income tax legislation (+€0.5 million) and a number of other items (+€0.5 million). The positive tax effect on these non-current items amounted to €0.1 million.

The most important non-current items in the first half of 2017 were transformation and expansion costs (-€0.9 million), and a number of other costs (-€0.1 million). The positive tax effect on these non-current items amounted to €0.3 million.

Net financial charges increased by €2.5 million to €6.5 million. This increase was mainly the result of a higher gross debt following the expansion.

The effective tax rate was 29.2% compared with 34.6% in the same period of the previous year. The tax rate decreased mainly due to the impact of the change in the corporate tax rate in Belgium.

Earnings per share amounted to €0.70. This is 20.7% more than in the first half of 2017.

Free cash flow and net financial debt

Free cash flow amounted to €15.6 million compared with €8.6 million in the first half of 2017.

The higher free cash flow was the result of a higher EBITDA corrected for non-cash items (+€6.3 million), a decrease in taxes paid (+€1.8 million), lower interest paid (+€0.1 million), higher maintenance investments (-€0.5 million) and movements in working capital (-€0.7 million).



Kinopolis Group

Semestrial Financial Report 30 June 2018

Regulatory release - 23 August 2018

In the first half of 2018, €57.5 million was invested in the acquisition of fixed assets, an increase of €42.5 million compared with the previous year. This is mainly due to the acquisition of NH Bioscopen and the investments related to the construction of new complexes in Saskatoon, St. Albert, Fort McMurray and Calgary (Canada), 's-Hertogenbosch (the Netherlands), Brétigny-sur-Orge and Metz (France), on the one hand, and the maintenance and remodeling investments, such as recliner seats in Canada and 4DX screens, on the other.

Net financial debt amounted to €305.0 million on 30 June 2018, an increase of €80.7 million compared with 31 December 2017 (€224.3 million). The NFD/REBITDA ratio increased from 2.15 on 31 December 2017 to 2.67 on 30 June 2018, with the REBITDA being restated to 12 months Canada.

Total gross financial debt decreased by €29.2 million to €352.8 million on 30 June 2018 compared with 31 December 2017 (€382.0 million). This was mainly due to the repayment of the Commercial Paper debt.

Balance sheet

Fixed assets (€549.7 million) represented 85.4% of the balance sheet total (€643.4 million) at 30 June 2018. This item includes land and buildings (including investment property) with a carrying amount of €290.9 million.

On 30 June 2018, equity amounted to €148.3 million. Solvency was 23.0% compared with 24.5% at the end of 2017.

Important events since 1 January 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). The cinema complexes and the Haarlem new-build project were owned by Mr and Mrs Frits and 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 and the cinema in Hoofddorp eight screens and 1,100 seats. Kinopolis is awaiting the required permits for the new-build project in Schalkwijk, Haarlem.

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 the Palace cinema in Metz

On 8 January 2018 Kinopolis took over the operation of the 'Palace' cinema in Metz (France). The cinema was immediately closed for a complete renovation and transformation into a new arthouse 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 carry the name 'Klub' - will (re)open its doors on 30 August 2018.



Kinopolis Group

Semestrial Financial Report 30 June 2018

Regulatory release - 23 August 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). 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 Ivanhoe 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, 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 (880 in total). 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 developments regarding the relaxation of the behavioral conditions imposed on Kinopolis Group

Following the partial annulment last 28 February by the Court of Appeal of Brussels, of the decision taken by the Belgian Competition Authority on 31 May 2017, to relax the behavioral conditions imposed on Kinopolis Group as of 31 May 2019, the aforementioned Authority has taken a new, thoroughly motivated decision on 26 April 2018.

The decision confirms the previous relaxation of the behavioral conditions, which means that the opening of new cinema complexes in Belgium is no longer subject to prior approval of the Competition Authority, but this will enter into force as of 26 April 2020. A new appeal has since been lodged against the decision of 26 April 2018. A ruling in this case is expected this autumn. In the meantime, Kinopolis is free to prepare for any future investments in Belgium.

Remodeling of Kinopolis Emmen

Kinopolis Emmen officially reopened at the end of April 2018 after intensive remodeling. At the end of 2017, the Utopolis logo on the façade was replaced with the Kinopolis logo, all seats were replaced, the cash registers were upgraded, ticket machines were installed and the familiar Kinopolis self-service shop was opened.

New image recognition functionality in Kinopolis app

In March 2018 Kinopolis added new functionality to its Android and iOS apps - image recognition. This means that the Kinopolis app can be used to scan a film poster (at a bus stop, in a magazine, on a website or in the cinema) to display full information about the film. If the film has already been programmed, the app displays all start times at the nearest Kinopolis cinemas on the first available day. The user can also buy tickets directly in the app. With this new functionality Kinopolis also opens a new sales channel in its cinemas for customers who decide which film they want to see when they get to the cinema. By scanning the film poster, users are just a tap away from buying tickets without having to join a queue.



Kinopolis Group

Semestrial Financial Report 30 June 2018

Regulatory release - 23 August 2018

Kinopolis celebrates 20th anniversary on the Brussels Stock Exchange

On 17 April 2018, Eddy Duquenne and Joost Bert opened the financial markets on Euronext Brussels. The famous 'bell ceremony' celebrated the 20th anniversary of Kinopolis on the Brussels stock exchange. The Kinopolis stock exchange flotation dates from April 1998, the year after the creation of Kinopolis Group following the merger of the family cinema groups Bert and Claeys.

Kinopolis appoints Marleen Vaesen and Sonja Rottiers as independent directors

During the Ordinary 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.

Until early this year, Marleen Vaesen was CEO at Greenyard. She formerly held various international positions at Sara Lee, was General Director at Douwe Egberts Belgium and held various marketing management positions at Procter & Gamble. Sonja Rottiers has a long and extensive experience in the financial and insurance sector. She held the position of CFO at Dexia Insurance and Axa Belgium, and of CEO at Dexia Insurance and Nationale Suisse Insurance.

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 chairman 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 have been 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 was authorized 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. The total number of own shares amounts to 492,346. Within the context of the ended program, Kinopolis Group has bought back 360,000 shares for a total amount of €20,302,894.16.

Kinopolis concludes agreement with Cinionic for 300 Barco laser projection screens by 2021

Kinopolis Group has chosen Cinionic, the Barco Cinema Joint Venture, as its exclusive partner for laser projection. In the next three years, Kinopolis will install an estimated number of 300 Barco laser projectors in its entire network of cinemas, including the recently acquired Canadian Landmark Cinemas. 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 while saving energy compared to Xenon lamp projectors.

Inauguration of 4DX theatre at Kinopolis Valencia

On 12 June 2018, a 4DX theatre was inaugurated at Kinopolis Valencia (Spain). 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 and sensory effects, such as wind, water, odours



Kinopolis Group

Semestrial Financial Report 30 June 2018

Regulatory release - 23 August 2018

and light, perfectly synchronised with the action on the screen, provide an unrivalled, immersive 4D film experience that stimulates all senses. Kinopolis offers the 4DX cinema experience in Antwerp and Brussels (Belgium), Lomme (France), Madrid and now also in Valencia.

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.

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.

Imminent opening of Kinopolis Brétigny-sur-Orge

The new Kinopolis cinema in Brétigny-sur-Orge (France) will open its doors to the general public in September 2018. The formal opening is scheduled for 20 September 2018. The new cinema is located in the 'Les Promenades de Brétigny' retail park, 35 km south of Paris, and has 10 screens and 1,507 seats. All screens are equipped with laser projection and the cinema also has a 'Laser ULTRA' screen. It is Kinopolis's first site in the Ile-de-France region.

Line-up for the second half of 2018

Current international hits are 'Incredibles 2', 'Hotel Transylvania 3', 'Mission Impossible: Fallout', 'Mamma Mia! Here We Go Again' and 'Ant-Man and the Wasp'. This autumn, the film programme includes 'The Nun', 'X-Men: Dark Phoenix', 'Fantastic Beasts: The Crimes of Grindelwald', 'Mary Poppins Returns', 'Mowgli', 'Venom', 'Bohemian Rhapsody' and 'Smallfoot'. The local offer also looks promising, with 'De Collega's 2.0' and 'Niet Schieten' in Flanders, 'Alad'2' and 'Asterix: Le Secret de la Potion Magique' in France and Wallonia and finally 'Doris' and 'Bon Bini Holland 2' in the Netherlands. Live opera and ballet will be complemented by art ('Exhibition on Screen') and concerts.

Financial calendar

Thursday 15 November 2018
Thursday 21 February 2019
Wednesday 8 May 2019

Business update third quarter 2018
Annual results 2018
General Meeting



Kinopolis Group

Semestrial Financial Report 30 June 2018

Regulatory release - 23 August 2018

Contact

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

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

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 45 cinemas in Canada.

In total, Kinopolis Group currently operates 95 cinemas (45 of which it owns) worldwide, with a total of 833 screens and more than 180,000 seats. Including the acquired Canadian organization, Kinopolis employs 3,750 people, all committed to giving millions of visitors an unforgettable movie experience. More information on www.kinopolis.com/corporate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2018

1. Information about the Company

Kinepolis Group NV (the 'Company') is a company registered in Belgium. The condensed consolidated interim financial statements of Kinepolis Group NV for the period ending 30 June 2018 include the Company and its subsidiaries (jointly referred to as the 'Group') and the Group's interests in associates.

The unaudited condensed consolidated interim financial statements were approved for publication by the Board of Directors on 23 August 2018.

2. Statement of compliance

The condensed consolidated interim financial statements for the six months ending 30 June 2018 have been prepared in accordance with the International Financial Reporting Standard (IFRS) IAS 34 "Interim financial reporting", as published by the International Accounting Standards Board (IASB) and approved by the European Union. The statements do not include all the information required for the full annual financial statements and need to be read in conjunction with the consolidated annual financial statements of the Group for the financial year ending on 31 December 2017.

The consolidated annual financial statements of the Group for financial year 2017 can be consulted on the website corporate.kinepolis.com and can be requested from Investor Relations free of charge.

3. Summary of significant accounting policies

The financial reporting principles that the Group has applied in these condensed consolidated interim financial statements are the same as the ones applied in the Group's consolidated annual accounts for financial year 2017. The changes to standards that are applicable as from 1 January 2018 do not have a material impact on the condensed consolidated interim financial statements for the six months ending on 30 June 2018.

IFRS 16 Leases, published on 13 January 2016, makes a distinction between a service contract and a lease based on whether the contract conveys the right to control the use of an identified asset and introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. For lessors, there is little change to the existing accounting in IAS 17 Leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Group is analyzing the possible impacts on its consolidated annual financial statements. So far, the most significant impact identified is that the Group will recognize new assets and liabilities for its operating leases of buildings and carpark. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. The Group decides that it will use the optional exemptions, as they have a limited material impact.

As a lessee, the Group can apply the standard using a retrospective approach or a modified retrospective approach with optional practical expedients. The choice must be applied consistently to all of its leases. The Group will apply IFRS 16 as of 1 January 2019, and has chosen to apply the modified retrospective approach with optional practical expedients (Option 2B) on transition date.

As a lessor, the Group is not required to make any adjustments to leases, except in the case of sub-leases.

The Group currently expects to increase its EBITDA by €26,4 million and its assets and liabilities by approximately €271 million through the adoption of IFRS 16. This impact will be influenced by changes in existing contracts or possibly new contracts between now and year end.

The application of IFRS 16 will not have an impact on the Group's ability to comply with its financial covenants.

4. Segment information

Refer to separate table

5. Risks and uncertainties

There are no fundamental changes in the risks and uncertainties for the Group as set out in the 2017 Management Report included in the 2017 Annual Report (Section 04 - Management Report).

6. Related party transactions

There are no additional related party transactions apart from those transactions disclosed in the 2017 Annual Report (Section 06 - Financial Report - Note 29).

7. Financial liabilities - future cash flows

The following table provides an overview of the contractual maturities for the financial liabilities, including the estimated interest payments:

IN '000 €	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Non-derivative financial liabilities				
Private placement of bonds	6.069	84.016	175.516	265.601
Bond	62.565	18.418		80.984
Loans and borrowings with credit institutions	10.412	41.706		52.118
Lease liabilities	1.032	3.013	5.854	9.899
Bank overdrafts	26			26
Trade payables	61.948			61.948
Third party current account payables	43			43
Derivative financial liabilities				
Interest rate swaps	220			220
Foreign exchange forward contracts				
- Outflow	442			442
- Inflow	-472			-472
TOTAL	142.285	147.154	181.370	470.809

8. Important events after 30 June 2018

Except for the acquisition of the City Utrecht property (the Netherlands), no other important events have taken place after 30 June 2018.

9. Other notes

Additional information concerning the Group's own shares and important events after 30 June 2018 is included in the first part of the press release.

DECLARATION WITH REGARD TO MANAGEMENT RESPONSIBILITY

Eddy Duquenne, CEO of Kinopolis Group, and Nicolas De Clercq, CFO of Kinopolis Group, declare that, to the best of their knowledge, the condensed consolidated interim financial statements, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), provide a true and fair view of the net assets, the financial position and the results of Kinopolis Group. The interim financial report gives a true and fair view of the development and the results of the Company and the position of the Group.

CONSOLIDATED INCOME STATEMENT
IN '000 €

30/06/2018

30/06/2017

Revenue	221 783	160 086
Cost of sales	-165 421	-113 541
Gross profit	56 362	46 545
<i>Gross profit / Revenue</i>	<i>25,4%</i>	<i>29,1%</i>
Marketing and selling expenses	-11 022	-8 660
Administrative expenses	-12 687	-10 060
Other operating income	732	605
Other operating expenses	- 133	- 204
Operating profit	33 252	28 226
<i>Operating profit / Revenue</i>	<i>15,0%</i>	<i>17,6%</i>
Finance income	458	402
Finance expenses	-7 007	-4 497
Profit before tax	26 703	24 131
Income tax expenses	-7 800	-8 351
Profit for the period from continuing operations	18 903	15 780
Profit from discontinued operations, net of tax		
PROFIT OF THE PERIOD	18 903	15 780
<i>Profit for the period / Revenue</i>	<i>8,5%</i>	<i>9,9%</i>
Attributable to:		
Owners of the Company	18 903	15 780
PROFIT OF THE PERIOD	18 903	15 780
Basic earnings per share from continued operations (€)	0,70	0,58
Basic earnings per share (€)	0,70	0,58
Diluted earnings per share from continued operations (€)	0,70	0,58
Diluted earnings per share (€)	0,70	0,58

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

30/06/2018

30/06/2017

Profit for the period	18 903	15 780
Items that are or may be reclassified to profit or loss:		
Translation differences	-2 725	299
Cash flow hedges - effective portion of changes in fair value	18	
Taxes on other comprehensive income	- 6	
Other comprehensive income for the period, net of tax	-2 713	299
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16 190	16 079
Attributable to:		
Owners of the Company	16 190	16 079
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16 190	16 079

CONSOLIDATED STATEMENT OF FINANCIAL POSITION / ASSETS		30/06/2018	31/12/2017
IN '000 €			
Intangible assets		8 991	9 049
Goodwill		99 291	86 393
Property, plant and equipment		414 171	389 999
Investment property		17 035	17 748
Deferred tax assets		1 068	1 182
Other receivables		9 067	10 120
Other financial assets		27	27
Non-current assets		549 650	514 518
Inventories		6 541	4 750
Trade and other receivables		34 953	40 778
Current tax assets		2 112	841
Cash and cash equivalents		47 481	157 398
Derivative financial instruments		28	
Assets classified as held for sale		2 601	2 670
Current assets		93 716	206 437
TOTAL ASSETS		643 366	720 955

CONSOLIDATED STATEMENT OF FINANCIAL POSITION / EQUITY AND LIABILITIES		30/06/2018	31/12/2017
IN '000 €			
Share capital		18 952	18 952
Share premium		1 154	1 154
Consolidated reserves		132 192	157 569
Translation reserve		-4 006	-1 281
Total equity attributable to owners of the Company		148 292	176 394
Equity		148 292	176 394
Loans and borrowings		341 991	342 106
Provision for employee benefits		572	572
Provisions		18 542	17 118
Deferred tax liabilities		19 123	18 159
Derivative financial instruments		220	214
Other payables		9 412	7 954
Non-current liabilities		389 860	386 123
Bank overdrafts		26	33
Loans and borrowings		10 758	39 873
Trade and other payables		82 535	108 298
Provisions		2 616	2 509
Current tax liabilities		9 279	7 725
Current liabilities		105 214	158 438
TOTAL EQUITY AND LIABILITIES		643 366	720 955

CONSOLIDATED STATEMENT OF CASH FLOWS

IN '000 €

30/06/2018 30/06/2017

Profit before tax	26 703	24 131
Adjustments for:		
Depreciations and amortization	18 443	15 256
Provisions and impairments	-1 851	- 802
Government grants	- 484	- 474
(Gains) Losses on sale of fixed assets	- 81	13
Change in fair value of derivative financial instruments and unrealized foreign exchange results	- 96	- 31
Unwinding of non-current receivables	- 181	- 253
Share-based payments	544	535
Amortization of refinancing transaction costs	182	157
Interest expenses and income	5 297	3 627
Change in inventory	-1 669	1 089
Change in trade receivables and other assets	7 448	5 645
Change in trade and other payables	-19 221	-19 427
Cash from operating activities	35 034	29 466
Income taxes paid	-7 426	-9 188
Net cash from operating activities	27 608	20 278
Acquisition of intangible assets	- 945	-1 247
Acquisition of property, plant and equipment and investment property	-25 122	-13 780
Acquisition of subsidiaries, net of acquired cash	-30 998	
Proceeds from sale of investment property and intangible and tangible assets	831	212
Net cash used in investing activities	-56 234	-14 815
Repayment of loans and borrowings	-29 412	- 582
Interest paid	-6 764	-6 883
Interest received	8	7
Repurchase and sale of own shares	-20 303	
Dividends paid	-24 533	-23 693
Net cash - used in / + from financing activities	-81 004	-31 151
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS	-109 630	-25 688
Cash and cash equivalents at beginning of the period	157 365	44 210
Cash and cash equivalents at end of the period	47 455	18 518
Effect of movement in exchange rate fluctuations on cash and cash equivalents	- 280	- 4
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS	-109 630	-25 688

							2018
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	ATTRIBUTABLE TO OWNERS OF THE COMPANY						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						18 903	18 903
Items that are or may be reclassified to profit or loss:							
Translation differences		-2 725					-2 725
Cash flow hedges - effective portion of changes in fair value			18				18
Taxes on other comprehensive income			- 6				- 6
Other comprehensive income for the period, net of tax		-2 725	12				-2 713
Total comprehensive income		-2 725	12			18 903	16 190
Dividends						-24 533	-24 533
Own shares acquired / sold				-20 303			-20 303
Share-based payment transactions					544		544
Total transactions with owners, recorded directly in equity				-20 303	544	-24 533	-44 292
At 30 June 2018	20 106	-4 006	66	-22 830	1 834	153 122	148 292

							2017
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	ATTRIBUTABLE TO OWNERS OF THE COMPANY						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						15 780	15 780
Items that are or may be reclassified to profit or loss:							
Translation differences		299					299
Other comprehensive income for the period, net of tax		299					299
Total comprehensive income		299				15 780	16 079
Dividends						-23 693	-23 693
Share-based payment transactions					535		535
Total transactions with owners, recorded directly in equity					535	-23 693	-23 158
At 30 June 2017	20 106	- 772	- 38	-3 727	535	126 715	142 819

30 June 2018									
SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	CANADA	SPAIN	NETHERLANDS	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	NOT ALLOCATED	TOTAL
Segment revenue	83 883	34 681	60 214	21 234	24 695	7 160	2 184		234 051
Inter-segment revenue	-12 118	- 50		- 79			- 21		-12 268
Revenue	71 765	34 631	60 214	21 155	24 695	7 160	2 163		221 783
Segment profit	10 237	8 632	4 672	4 128	3 389	1 412	782		33 252
Finance income								458	458
Finance expenses								-7 007	-7 007
Profit before tax									26 703
Income tax expense								-7 800	-7 800
Profit for the period from continuing operations									18 903
Profit from discontinued operation, net of tax									
PROFIT OF THE PERIOD									18 903
Capital expenditure	4 903	6 303	6 511	1 396	6 801	137	16		26 067

30 June 2018									
SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	CANADA	SPAIN	NETHERLANDS	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	NOT ALLOCATED	TOTAL
Total assets	104 575	104 378	118 923	61 032	161 779	18 285	23 678	50 716	643 366
Total equity and liabilities	39 799	23 437	29 182	4 908	13 785	1 979	587	529 689	643 366

30 June 2017									
SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	CANADA	SPAIN	NETHERLANDS	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	NOT ALLOCATED	TOTAL
Segment revenue	85 569	36 084		20 661	21 116	7 367	2 549		173 346
Inter-segment revenue	-13 026	- 70		- 133			- 31		-13 260
Revenue	72 543	36 014		20 528	21 116	7 367	2 518		160 086
Segment profit	9 977	9 790		3 983	2 378	1 252	846		28 226
Finance income								402	402
Finance expenses								-4 497	-4 497
Profit before tax									24 131
Income tax expense								-8 351	-8 351
Profit for the period from continuing operations									15 780
Profit from discontinued operation, net of tax									
PROFIT OF THE PERIOD									15 780
Capital expenditure	4 875	2 255		742	6 152	772	230		15 026

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.

Reconciliation recurring profit

KEUR	H1 2018
EBIT	33.252
Financial result	-6.549
Profit before tax	26.703
Income tax expenses	-7.800
Profit for the period	18.903
Impact non-recurring items	-220
Recurring profit for the period	18.683

Reconciliation REBITDA vs EBITDA

KEUR	H1 2018
EBIT	33.252
Depreciation, amortisation and provisions	17.757
EBITDA	51.009
Impact non-recurring items	889
REBITDA	51.898

Split impact of non-recurring items

€m	H1 2018
Dismissal fees	0,4
Legal fees	-0,1
Expansion costs	-0,4
Impact on EBITDA	-0,9
Provision	0,5
Provisions	0,5
Income tax expense	0,6
Net impact of non-recurring items	0,2

Reconciliation EBITDA(R) vs REBITDA(R)

KEUR	H1 2018
EBITDAR	64.228
Cinema related rent	13.219
EBITDA	51.009

KEUR	H1 2018
REBITDAR	65.117
Cinema related rent	13.219
REBITDA	51.898

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