



Kinopolis Group

Business Update Q3 2018

Regulatory release – 15 November 2018

Third quarter 2018¹

Third quarter results were in line with the results of the first half of 2018. 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. Visitor numbers suffered in Europe due to the extremely hot month of July and the Football World Cup, but recovered gradually from August onwards. The continued implementation of the business strategy and product innovation resulted in a further increase in sales per visitor.

Key figures for the third quarter:

- ★ **Visitor numbers** increased by 43.0% to 8.2 million, thanks to the expansion in Canada and the Netherlands. For the entire year including Q3 (YTD), visitor numbers have increased by 44.4% to 25.3 million.
- ★ **Visitor-related revenue** rose in all countries. On the whole, turnover growth was not as strong as the rise in visitor numbers due to the significantly altered country mix following the addition of Canada.
- ★ **Current² EBITDA³ (REBITDA)** rose compared to the same period last year. **EBITDA per visitor** was at a lower level, again due to the addition of Canada with a smaller contribution per visitor, as was expected.
- ★ **Net current profit** decreased because of higher financial costs and depreciations.
- ★ **Free cash flow (YTD)** experienced a slight decline because of a negative working capital effect and increased planned maintenance investments in line with the Group's growth.
- ★ **Net financial debt** showed a slight increase compared to 30 June 2018 due to the negative working capital effect, investments in the construction of new cinema complexes and the acquisition of the Utrecht City building.

Eddy Duquenne, CEO of Kinopolis Group, on the third quarter:

"From 1 July until 30 September 2018, Kinopolis welcomed 8.2 million visitors, 43.0% more than in the same period last year. This increase can be entirely attributed to the expansion of the Group in Canada, with the acquisition of Landmark Cinemas at the end of last year, and in the Netherlands, with the acquisition of NH Bioscopen in January this year and the opening of Kinopolis 's-Hertogenbosch in late June. Excluding the expansion, visitor numbers have suffered in all European countries following an extremely hot July and the Football World Cup. Visitor numbers recovered to their normal levels from August onwards."

¹ From 1 July until and including 30 September. The third quarter of 2018 is compared with the third quarter of 2017.

² After eliminating non-current transactions.

³ EBITDA is not a recognised term. Kinopolis Group has defined this concept by adding depreciations, amortizations and provisions to the operating profit and subtracting any reversals or uses of the same items.



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The top 5 most popular films of the third quarter 2018 were 'Incredibles 2', 'Mission Impossible - Fallout', 'Hotel Transylvania 3: Summer Vacation', 'Mama Mia! Here We Go Again', and 'Jurassic World: Fallen Kingdom'. The most successful local films were 'De Film van Dylan Haegens' and 'Doris' in the Netherlands, 'Neuilly sa mère, sa mère!' and 'Les déguns' in Wallonia and France, 'Ma reum' in France and 'El mejor verano de mi vida' in Spain.

Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	13	45	6	17	3	1	96
YTD Q3 2018	5,51	4,69	8,59	3,09	2,75	0,63	0,07	25,33
YTD Q3 2017	5,97	5,27	-	3,13	2,32	0,77	0,09	17,54
YTD Q3 2018 vs YTD Q3 2017	-7,6%	-11,0%		-1,2%	18,2%	-17,9%	-16,1%	44,4%

Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	13	45	6	17	3	1	96
Q3 2018	1,63	1,41	2,96	1,06	1,00	0,18	0,02	8,24
Q3 2017	2,02	1,63	-	1,06	0,80	0,23	0,03	5,76
Q3 2018 vs Q3 2017	-19,2%	-13,8%		-0,6%	24,5%	-22,4%	-16,0%	43,0%

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

At group level, **total revenue** grew less strongly than the visitor numbers due to the **significantly altered country mix**. The addition of Canada, which has a lower-than-average sales revenue per visitor, and therefore the lower share of Belgium, with a higher-than-average contribution per visitor, resulted, as expected, in a slower growth of total revenue and lower average sales per visitor. Both **ticket sales (Box Office, BO)** and sales of **snacks and beverages (In-Theatre Sales, ITS)** rose per visitor in all countries.

Box Office revenue increased thanks to more sales of premium products such as 3D, 4DX and Cosy Seats. **In-theatre sales** rose due to an increase in the number of products sold per visitor in all countries, as well as more visitors in the shop in Belgium, France and the Netherlands.

Business-to-business (B2B) revenue also rose, among other things as a result of more screen advertising, more events and higher revenue from voucher sales.

Revenue from real estate activities remained stable compared to the same period last year.

The **REBITDA** increased. **EBITDA per visitor** was lower due to the addition of Canada with a lower-than-average EBITDA per visitor, as was expected.

Net financial debt showed a slight increase compared to 30 June 2018 due to the negative working capital effect, investments in the construction of new cinema complexes, specifically Kinopolis Bréigny-sur-Orge and KLUB Metz, and the acquisition of the Utrecht City building.

Eddy Duquenne concludes:

"Even against the backdrop of occasionally fluctuating visitor numbers caused by external factors such as the weather or major sporting events, we are able to keep our results under control."



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Important events since 30 June 2018

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 (France)

On 30 August 2018, Kinopolis Group opened the doors of a new art-house cinema called 'KLUB' in the centre of Metz. The new cinema is the former 'Palace' cinema, which Kinopolis acquired in January of this year 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 (France)

On 7 September 2018, Kinopolis opened its first cinema complex in the region of Île-de-France, just 35 km south of Paris, in 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.

Remodelling of Kinopolis Oss and Den Helder (the Netherlands)

After an extensive renovation, Kinopolis Oss reopened to the public in October 2018. The Utopolis logo above the cinema's main entrance was replaced, and all the carpet, cashier booths as well as the rest of the interior were renewed.

The first renovation phase has now also been completed for Kinopolis Den Helder, with the placement of the Kinopolis logo on the front façade as the grand finale. The second phase will be completed in 2019. With Oss and Den Helder, Kinopolis now has ten cinemas in the Netherlands (of the 17 in total) that are operated under the Kinopolis brand.

Opening of new Landmark cinema in Fort McMurray (Canada)

Landmark Cinemas opened a new cinema with recliner seats in Fort McMurray, in 'The Commons' in Eagle Ridge, on 9 November 2018. The brand-new cinema with 8 screens replaces the existing, 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.



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Kinopolis brings 4DX experience to six additional locations

Kinopolis Group has signed an agreement with CJ 4DPLEX, based in Seoul, to introduce the 4DX experience in six additional Kinopolis cinema complexes. Less than a year after opening its first 4DX cinemas - namely in Antwerp, Brussels, Lomme, Madrid and Valencia - Kinopolis has announced six additional 4DX theatres, of which three in Belgium (Kinopolis Hasselt, Ghent and Rocourt), one in Luxembourg (Kirchberg), one in France (Kinopolis Nîmes) and one in Spain (Kinopolis Diversia, Madrid).

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 synchronised with the action on the screen, provide an unrivalled immersive film experience. The seating capacity of the planned 4DX theatres varies from 88 to 160 seats. Kinopolis is expecting to open a 4DX theatre in Hasselt, Madrid and Rocourt before the end of this year. The remaining cinemas will open their doors in the first quarter of 2019.

Laser strategy progress

Over the next three years, Kinopolis Group will be installing an estimated 300 Barco laser projectors in its entire network of cinemas as part of an agreement with Barco's cinema joint venture Cinionic. 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. Approximately 100 Kinopolis screens have already been equipped with Barco laser projection, including 15 Laser ULTRA screens.

In the third quarter of 2018, Laser ULTRA screens were opened in Kirchberg (Luxembourg), Hasselt, Bruges, Antwerp and Brussels (Belgium), Brétigny-sur-Orge (France) and Breda (Netherlands).

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 later this month. In the meantime, Kinopolis is free to prepare for any future investments in Belgium.

Line-up

Current hits are 'Venom', 'Halloween', 'Bohemian Rhapsody', 'First Man', 'Smallfoot' and 'The Nutcracker and the Four Realms'. The fourth quarter has the following blockbusters lined up: 'Fantastic Beasts: The Crimes of Grindelwald', 'Mary Poppins Returns', 'Ralph Breaks the Internet', 'How the Grinch Stole Christmas', 'A Star is Born' and 'Aquaman'. The line-up of local films also looks very promising with 'De Collega's 2.0' in Flanders, 'Asterix: Le Secret de la Potion Magique' and 'J'accuse' in France and Wallonia, and 'Bon Bini Holland 2' and 'All You Need Is Love' in the Netherlands. The alternative programme features opera and ballet, as well as art exhibitions and concerts.



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Financial calendar

Thursday, 21 February 2019
Wednesday, 8 May 2019
Wednesday, 8 May 2019

2018 Annual results
Business update first quarter 2019
General Meeting

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 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.

In total, Kinopolis Group currently operates 97 cinemas (45 of which it owns) worldwide, with a total of 852 screens and more than 185,000 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.