



Kinopolis Group

Business Update Q3 2019

Regulatory release - 14 November 2019

Third quarter 2019¹

Kinopolis has had a strong third quarter, thanks to the consistent implementation of its business and expansion strategy, combined with a solid international film offering and better weather conditions than the year before.

The implementation and further deepening of Kinopolis' business strategy in both new and acquired cinemas, as well as in existing ones, has led to a further increase in sales and adjusted EBITDA² per visitor at Group level. The income generated by premium product innovation increasingly contributed to this result.

Major realisations in Q3

- ★ Announcement of the **acquisition of the American cinema group MJR**. The acquisition of the 10 MJR cinemas in Michigan was completed on 11 October.
- ★ Opening of **Kinopolis Servon**.
- ★ Opening of **ScreenX theatres** in Kinopolis Madrid and Utrecht Jaarbeurs.
- ★ Successful **private placement of bonds** totalling € 225 million.

Key figures for the third quarter³ :

- ★ The number of visitors increased by 21.7%, to 10.0 million. Up to and including the third quarter (YTD), the number of visitors increased by 9.5%, to 27.7 million.
- ★ In all countries, **total revenue** increased more than the number of visitors, except in Spain, where the integration of the acquired El Punt cinemas tempered the revenue increase per visitor.
- ★ **EBITDA**, excluding the impact of IFRS 16, increased compared to the same period last year, both in total and per visitor.
- ★ **Net adjusted profit** increased due to the higher operating result, despite higher depreciations and financial costs resulting from the growth of the Group.
- ★ **Free cash flow** was higher, thanks to the increase in operating result and a positive working capital effect, despite an increase in maintenance investments and taxes paid.
- ★ **Net financial debt**, excluding lease liabilities, decreased compared to 30 June 2019, thanks to the higher operating result and the evolution of the working capital, which was partly offset by higher maintenance costs and taxes paid.

¹ From 1 July until and including 30 September. The third quarter of 2019 is compared with the third quarter of 2018.

² EBITDA is not a recognised figure under IFRS. Kinopolis Group defined the concept by adding the booked depreciations, write-downs and provisions to the operating result, and deducting any reversals or practices from the same headings.

³ Glossary and APMs are available on the investor relations website of Kinopolis Group, under 'Financial results'.



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From 1 July up to and including 30 September 2019, Kinopolis received 10 million visitors, 21.7% more than in the same period last year, thanks to the success of, among others, 'The Lion King', a favourable comparison with a weaker third quarter in 2018, the addition of the acquired El Punt cinemas in Spain and the contribution of recently opened complexes in France, Canada and the Netherlands.

We saw an increase in visitor numbers in almost all cinemas due to the strong content and the absence of a world football championship, which, together with the sustained warm weather last summer, had a negative impact on the results of the third quarter last year.

The top 5 films in the third quarter of 2019 were 'The Lion King', 'Spider-Man: Far from Home', 'Fast & Furious presents: Hobbs and Shaw', 'Toy Story 4' and 'Once Upon a Time in Hollywood'. The most successful local films were 'La Vie scolaire', 'Trop de gens qui t'aiment' and 'C'est quoi cette mamie ?' in France, 'Anna' in Belgium and France, 'Padre no has más que uno' in Spain and '100% Coco New York' and 'Juf Roos' in the Netherlands.

Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	13	44	8	17	3	1	97
YTD Q3 2019	5,52	5,29	8,61	4,39	3,18	0,68	0,08	27,74
YTD Q3 2018	5,51	4,69	8,59	3,09	2,75	0,63	0,07	25,33
YTD Q3 2019 vs YTD Q3 2018	0,1%	12,7%	0,2%	42,0%	15,9%	8,4%	2,7%	9,5%

Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	13	44	8	17	3	1	97
Q3 2019	2,05	1,71	3,13	1,70	1,19	0,23	0,03	10,03
Q3 2018	1,63	1,41	2,96	1,06	1,00	0,18	0,02	8,24
Q3 2019 vs Q3 2018	26,0%	21,7%	5,8%	60,5%	19,2%	28,2%	19,0%	21,7%

* Operated by Kinopolis. In addition, one cinema (in Poland) is leased to third parties.
Number of cinemas at 30/09/2019.

Total revenue increased more strongly than the number of visitors in all countries, with the exception of Spain, which was due to the integration of the recently acquired El Punt cinemas. Apart from Box Office revenue in Spain (due to the integration of El Punt), the sales of both tickets (Box Office, BO) and drinks and snacks (in-theatre sales, ITS) showed an increase per visitor in all countries.

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

Income from all other business lines, such as **business-to-business (B2B)** and real estate, also increased.

EBITDA, excluding the impact of IFRS 16, increased both in total and per visitor, thanks to the increase in revenue and profitability per visitor, as well as the increased operational efficiency.



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Eddy Duquenne, CEO of Kinopolis Group:

“We have had a great summer, in both Europe and Canada. The combination of our consistent business and expansion strategy is bearing fruit, and we were helped by a solid international film offering and better weather conditions than the year before. In the meantime, we have taken another important step in our expansion. I look forward to working together with the American team in the US in the coming months.”

Key events since 30 June 2019

Private placement of bonds

On 5 July, Kinopolis Group successfully concluded a private placement of bonds amounting to €225 million with a term of 7.5 years. Any qualified investor or non-professional investor could sign in to this placement via a private banking network or via an intermediary person. The placement fits in with Kinopolis’ strategy to finance its investments on the long term and, as such, ensure cash flow matching.

Announcement and completion of the acquisition of the American cinema group MJR

Kinopolis finalised the acquisition of the American cinema group MJR Digital Cinemas on 11 October. In early September, Kinopolis announced that it had reached an agreement on the acquisition of the Michigan-based MJR, but that the acquisition was still subject to approvals by the US regulatory authorities. Kinopolis was able to successfully complete the acquisition process after the approval from the respective authorities.

MJR Digital Cinemas, which is headquartered in Bloomfield Hills, Michigan, operates 10 movie theater complexes with a total of 164 screens and a seating capacity of over 20,000, all located in Michigan. All movie theaters are multi- and megaplexes with a capacity varying from 10 to 20 screens. In 2018, the 10 movie theaters drew 6.2 million visitors with total revenue of USD 81.2 million.

Seven locations are owned (114 screens), including three on a leasehold site, the remaining three are rented complexes (50 screens). The chain has three megaplexes with 20 screens each, five with 16 screens, one with 14 screens and one with 10 screens. All screens have 5.1 digital surround sound and two complexes feature an ‘EPIC experience’ auditorium combining 4K projection with Dolby Atmos sound. Furthermore, nearly all movie theaters are equipped with recliner seats. These motorized, fully reclinable seats are also very successful in Canada.

Opening of Kinopolis’ first ScreenX theatres in Madrid and Utrecht Jaarbeurs

Kinopolis opened its first ScreenX theatre in Madrid at the beginning of September. The second one was opened a month later in Kinopolis Utrecht Jaarbeurs, with this also being the very first ScreenX theatre in the Netherlands. ScreenX is the world’s first multi-projection cinema technology, designed to take the cinema experience to the next level. The technology creates a 270-degree film experience by extending the scenes to the side walls of the theatre, allowing the audience to look beyond the frame of a traditional cinema screen.

Opening of a MX4D theatre in Kinopolis Utrecht Jaarbeurs

In addition to a ScreenX theatre, Kinopolis Utrecht Jaarbeurs also opened a MX4D theatre at the beginning of October. MX4D is a 4D cinema system - developed by the American company MediaMation - that makes the film experience more intense by means of moving seats, weather simulations and odour effects. MX4D uses seats that tilt forwards, backwards and sideways - in synchronisation with the movement on the screen - and with air gusts, tactile and other effects. The movements feel very smooth



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and natural due to the pneumatic air technology that is used, which is mainly driven by air pressure and uses a lower voltage.

Opening Kinopolis Servon

On 3 October, Kinopolis has officially inaugurated a new cinema complex in Servon, the second Kinopolis cinema in the Île-de-France region, exactly one year after the first was opened in the same region (Kinopolis Brétigny-sur-Orge). The new cinema, which opened its doors to the public on September 18th, is leased by Kinopolis and is part of the Eden commercial zone, a leisure centre with facilities for bowling, karting, fitness and numerous food establishments. Kinopolis expects to receive 400,000 visitors per year in Servon with 9 screens and 1,208 seats.

Opening Landmark cinema in Regina

On 4 October 2019, Landmark Cinemas Canada has opened a new cinema in Regina, in the Canadian province of Saskatchewan. This cinema is an integral part of the new Aurora retail park. Landmark Aurora Regina has 8 screens and is fully equipped with recliner seats. This premium movie-going experience features a motorized, fully reclining seat with footrest to provide visitors with a significant increase in personal space and a relaxing movie experience. The new cinema in Regina is the first cinema in Canada to be fully equipped with Barco Laser projection. One of the theatres features Laser ULTRA, the Kinopolis concept that combines 4K Barco laser projection with the immersive Dolby Atmos sound, providing an unmatched viewing experience. Laser ULTRA is a well-known European Kinopolis concept that was introduced for the first time at the Landmark cinema in Shawnessy earlier this year. The concept is very well received by visitors.

Kinopolis Haarlem construction started

Kinopolis started the construction of a new cinema complex in the Schalkwijk Centrum in Haarlem, the Netherlands, in mid-October. The cinema complex will have 6 screens and 934 seats, and all screens will have laser projection technology. Kinopolis expects to receive 330,000 visitors per year in Haarlem. The opening of the new cinema fits in with the redevelopment of the Schalkwijk Centre. Project developer AM has signed an agreement with Syntrus Achmea Real Estate & Finance for the sale of 156 apartments and with Portico Investments for the purchase of 6,500m² commercial space. The project for the new cinema in Haarlem was acquired by Kinopolis as part of the takeover of the NH cinemas in January 2018. The cinema is scheduled to open in the fourth quarter of 2020.

Kinopolis proclaimed 'Entrepreneur of the Year 2019'.

Kinopolis Group proudly received the 'Entrepreneur of the Year 2019' award for Flanders from His Majesty the King of Belgium on the 8th October. The 25th edition of this prestigious event, organised by EY in collaboration with Belgian newspaper De Tijd and BNP Paribas Fortis, took place in Auditorium 2000 at the Heysel in Brussels and was given an extra festive touch to celebrate this anniversary edition. Other nominees for the award besides Kinopolis were Actief Interim, Aertssen and Torfs. The jury eventually chose Kinopolis as the winner because of the company's impressive growth and financial results, its entrepreneurship and international development, innovation culture and good governance.

Introduction of the Discovery Day initiative in all European cinemas

Kinopolis noticed that people are often unaware of the film programme playing in theatres. For years, Kinopolis has been focusing on personalised relationship marketing through social media and email to provide its customers with targeted information, and - in addition to that - has now launched a new initiative: the Kinopolis 'Discovery Day'. Kinopolis will present the upcoming film programme twice a year, absolutely free, in all its Belgian, Dutch, Luxembourg, French and Spanish cinemas.

The programme for the upcoming cinema season is presented by means of a dynamic trailer show, with a distinction being made between general and family audience. Trailers that are viewed on the big



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screen - with its unique atmosphere, image and sound - also have a greater impact than when viewed via other channels. The first Kinopolis Discovery Day took place on Saturday, 5 October 2019 in almost all Kinopolis cinemas in Belgium, France and Spain, in Luxembourg on 19 October, and in all Kinopolis cinemas in the Netherlands on 9 November.

Announcement opening IMAX® theatre in Antwerp

After the successful reopening of IMAX Brussels at the end of 2016, Kinopolis Group and IMAX Corporation are working on the opening of a new IMAX® theatre in Kinopolis Antwerp. The theatre, which will have 371 seats, is equipped with IMAX® with Laser, the groundbreaking 4K laser projection technology to offer film lovers the sharpest, brightest and most vivid image quality, in combination with an unparalleled sound experience that literally immerses the viewer into the action. The opening of the Antwerp IMAX® theatre is scheduled for December. 'Star Wars: The Rise of Skywalker' will be one of the first films to be screened at the new theatre.

Court of Appeal annuls Belgian Competition Authority ruling regarding the behavioural conditions imposed on Kinopolis Group

On 23 October 2019, the Brussels Court of Appeal annulled the decision of the Belgian Competition Authority (BCA) of 25 March 2019 and decided to abolish the condition preventing Kinopolis from growing organically in Belgium. This means that Kinopolis no longer needs prior approval of the BCA to open new cinema complexes in its home market. The Court did not rule on an appropriate transitional period and, on this point, referred the case back to the BCA.

Line-up

Current blockbusters are 'Joker', 'Maleficent: Mistress of Evil', 'Abominable', 'Doctor Sleep', 'Terminator: Dark Fate' and 'The Angry Birds Movie 2'. Upcoming top films include, among others, 'Frozen II', 'Le Mans '66', 'Knives Out', 'The Good Liar', 'Sonic The Hedgehog', 'Cats', 'Jumanji: The Next Level' and 'Star Wars: The Rise of Skywalker'. The local films on offer are also promising, and include 'De Buurtpolitie: Het Circus', 'Torpedo' and 'FC De Kampioenen 4: Viva Boma!' in Flanders, 'Hors Normes' and 'Le meilleur reste à venir' in France, 'Huisvrouwen bestaan niet 2' in the Netherlands and 'Legado en los huesos' in Spain. The alternative programme features opera and ballet performances, as well as art exhibitions and concerts.

Financial calendar

Thursday, 20 February 2020
Wednesday, 13 May 2020
Wednesday, 13 May 2020

Annual results 2019
Business update first quarter 2020
General Meeting

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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 54 cinemas spread across Belgium, the Netherlands, France, Spain, Luxembourg, Switzerland and Poland. Since the acquisition of Canadian movie theatre group Landmark Cinemas and American movie theatre group MJR, Kinopolis also operates 45 cinemas in Canada and 10 in the US.

In total, Kinopolis Group currently operates 109 cinemas worldwide, with a total of 1,065 screens and almost 200,000 seats. Kinopolis employs 4,600 people, all committed to giving millions of visitors an unforgettable movie experience. More information on www.kinopolis.com/corporate.