



# Cineworld Group – Interim June 2020

24 September 2020

# Interim 2020

- ☆ **COVID-19 global pandemic has adversely affected the Group's results for the period**
- ☆ **All sites across the Group closed mid-March and started to re-open in June 2020**
- ☆ **>70% of our cinemas have reopened except for 200 theatres in the US (mostly CA and NY), 6 in the UK and 11 in Israel**
- ☆ **Implementation of CinemaSafe health and safety protocols to ensure the safety of customers and employees**
- ☆ **Key liquidity actions taken including cost reduction to ensure cash preservation**
- ☆ **Secured \$361m additional liquidity during the period**
- ☆ **June 2020 covenant waived**
- ☆ **Commenced covenant waiver discussions with banking group for December 2020**
- ☆ **Termination of Cineplex transaction in June 2020**
- ☆ **We continue our efforts to mitigate the effect of the closures and preserve cash during re-opening**



# Financial Review

# H1 FINANCIALS AT A GLANCE

**Admissions**

**47.5m**

(65.1%)

**Revenue**

**\$712.4**

(66.9%)

**Adj. EBITDA**  
**IFRS 16**

**\$53.0m**

(93.0%)

**Adj. EBITDA**  
**Pre-IFRS 16**

**(\$237.0m)**

**Adj. PBT**

**(\$567.7m)**

**Free Cash Flow**  
**pre growth Capex**

**(\$170m)**

**Net Debt**  
**Pre-IFRS 16**

**\$4.0bn**

**Adj. EPS**

**(\$31.8c)**

Note: % Indicate performance vs H1 2019  
Net debt excludes shareholder liability of \$202m

# Key Liquidity Actions

1

**Secured rent relief and deferral with most of our landlords**

2

**Discussed with all key suppliers to reduced costs and implement payment plans**

3

**Furloughed the majority of our part time, hourly cinema employees and head office employees**

4

**Partially deferred salaries for most of the HQ and full time employees and deferred full salaries of Group Executives and Directors**

5

**Accessed government support programs: US CARES Act, UK furlough scheme, Business rates relief**

6

**Secured \$361m additional liquidity**

7

**Suspended quarterly dividend payments**

8

**Suspended all unnecessary capital expenditure**



# Group Profit and Loss – IFRS 16

\$m	H1 2020	H1 2019
Revenue	712.4	2,151.2
Cost of sales	(624.9)	(1,356.6)
<b>Gross profit</b>	<b>87.5</b>	<b>794.6</b>
G&A	(52.0)	(60.7)
Cash generated from JV	17.5	24.7
<b>Adjusted EBITDA</b>	<b>53.0</b>	<b>758.6</b>
D&A <sup>1</sup>	(349.8)	(345.9)
<b>Adj. Operating profit</b>	<b>(296.8)</b>	<b>412.7</b>
Net finance costs <sup>2</sup>	(270.9)	(256.6)
<b>Adj. Profit before tax</b>	<b>(567.7)</b>	<b>156.1</b>
Tax charge	131.7	(27.5)
<b>Adj. Profit after tax</b>	<b>(436.0)</b>	<b>128.6</b>
<b>Adjusted diluted EPS (cents)</b>	<b>(31.8c)</b>	<b>9.4</b>

- ☆ **COVID-19 materially impacted our half year results starting March**
- ☆ **Incurred \$955m impairment charge resulting in Net statutory loss of (\$1,583m)**

**Includes:** \$17.5m cash contribution from JVs

**Excludes:**

- Transaction and reorganisation costs \$25.4m
- COVID-19 related costs of \$12.5m
- Legal costs of \$9.2m
- Other costs of \$0.6m

**Net finance costs are:**

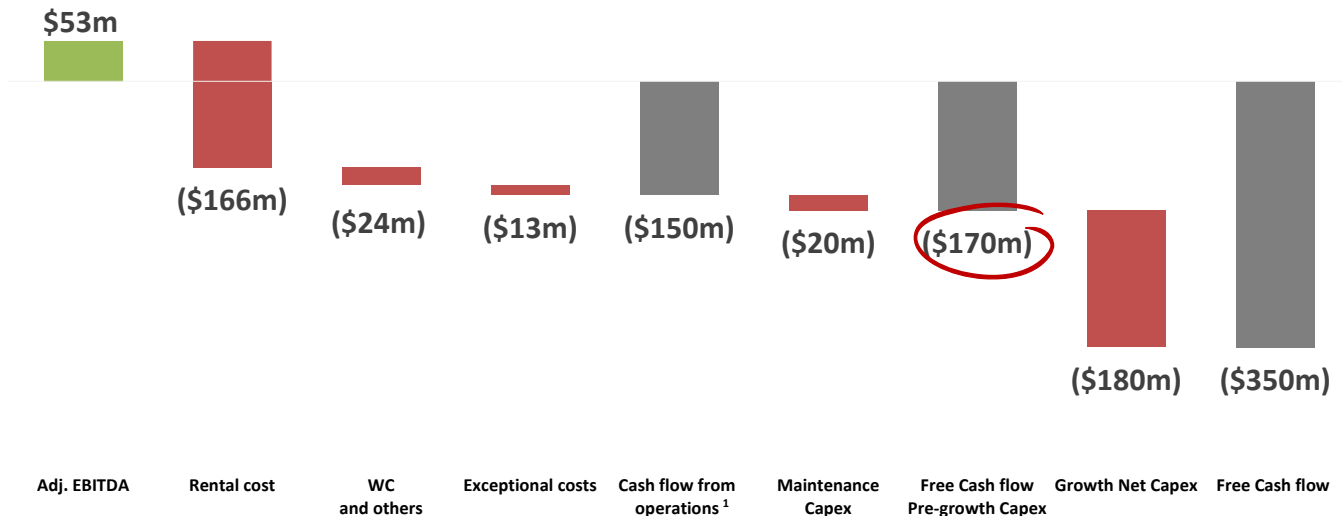
- interest expense on bank loans of \$72.9m
- Interest income of \$5.0m
- non-cash interest of \$203.0m

1) Excludes amortisation of intangibles created on acquisition of \$12.9m

2) Excludes Movement on financial derivatives, Unwind of net investment hedge and Foreign exchange translation gains and losses

# H1 2020 Free Cash Flow

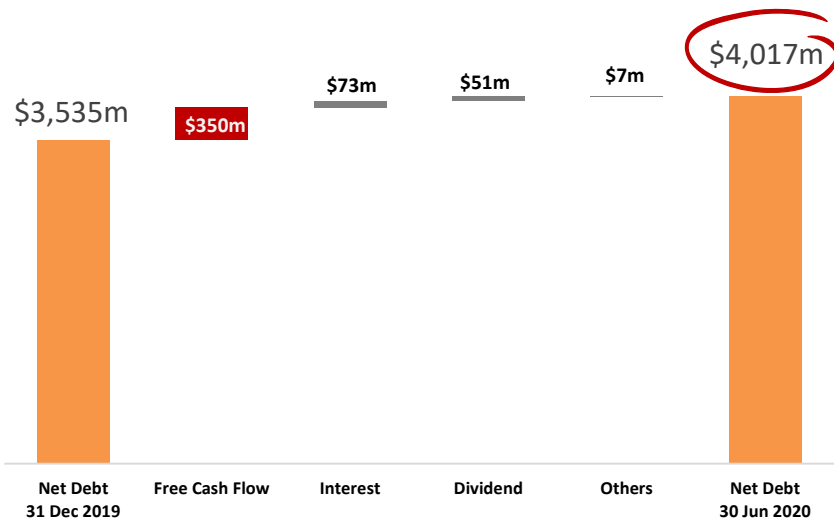
★ *Free Cash Flow of -\$350m during H1 2020*



1) Cash (used) / generated from operations adjusted for distributions received from equity accounted investees and Payment of lease liabilities

# H1 2020 ADJ. Net Debt

★ *4.0bn Net debt as of June 2020*



Note: Excludes lease liability



- + \$110.8m incremental RCF facility (undrawn)
- + \$250m private loan
- Covenant waiver for June 2020 testing
- December 2020 testing reset to 9.0x
- Commenced covenant waiver discussions



# Outlook

- ☆ **Commenced covenant waiver discussions with banking group for December 2020**
- ☆ **Continue to explore additional sources of liquidity**
- ☆ **Rent negotiations ongoing for further deferral and discount**
- ☆ **Continue cost control and monitoring following cinema re-opening**
- ☆ **Continue cash preservation initiatives**
- ☆ **Steady performance of re-opened sites in ROW territories and initial admission build-up in the UK and US driven by the release of “Tenet” and local movies**
- ☆ **Encouraged by the upcoming film release**

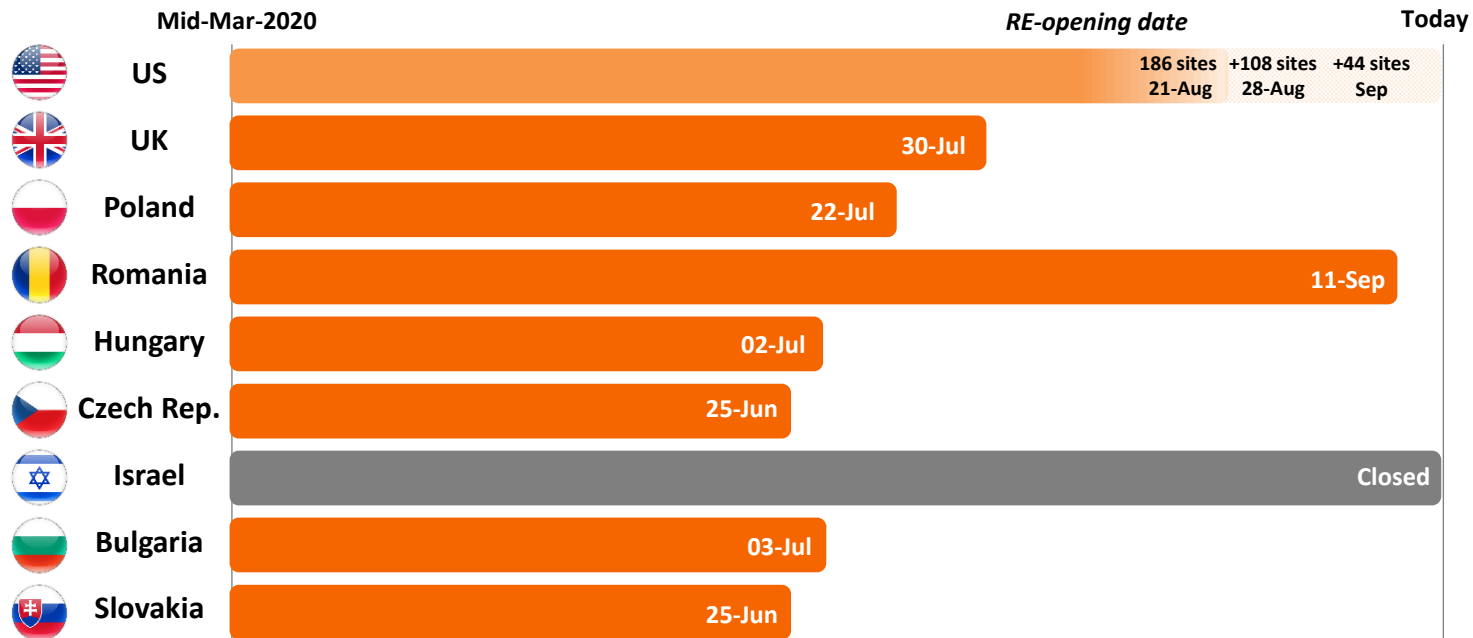
The image shows a modern movie theater lobby. The floor is a glossy black and red checkered pattern. The walls and ceiling are dark, with bright red and blue neon lights creating a futuristic atmosphere. Large digital screens are mounted on the walls, displaying movie posters and information. In the background, there are movie racks and a staircase. The overall design is sleek and high-tech.

# Business Update

# Key Operating Highlights

- ★ **Managed operations during cinema shut downs with furlough of employees in 10 countries**
- ★ **Continued communication with all employees through shutdown and introduction of hardship fund**
- ★ **Negotiated agreements with most landlords for deferred payments/discounts**
- ★ **Reached understandings with key suppliers to reduce operating costs and implement payment plans**
- ★ **Achieved significant cost cutting measures post re-opening to improve future performance**
- ★ **Maintained good relationship with studios partners**
- ★ **Led local discussions with governments and industry associations in all markets**
- ★ **Re-opened 9 out of 10 territories with Israel closed**
- ★ **Steady performance of re-opened sites in ROW territories and initial admission build-up in the UK and US driven by the release of “Tenet” and local movies**
- ★ **Re-activated Unlimited membership in the US, UK and Poland**

# Cinema Closures and Re-opening timetable



# Safety measures implemented

## OUR SAFETY MEASURES



Online  
Booking



Contactless  
Payment



Training  
and PPE



Staggered  
Film Times



Social  
Distancing



Sanitising  
Stations



Distanced  
Seating



Additional  
Cleaning

- ☆ Daily health screenings for employees
- ☆ Employees and guests required to wear masks
- ☆ Increased fresh air intake
- ☆ Online/App purchase of concessions
- ☆ Auditorium capacity reduced
- ☆ Seat sanitizing between showings

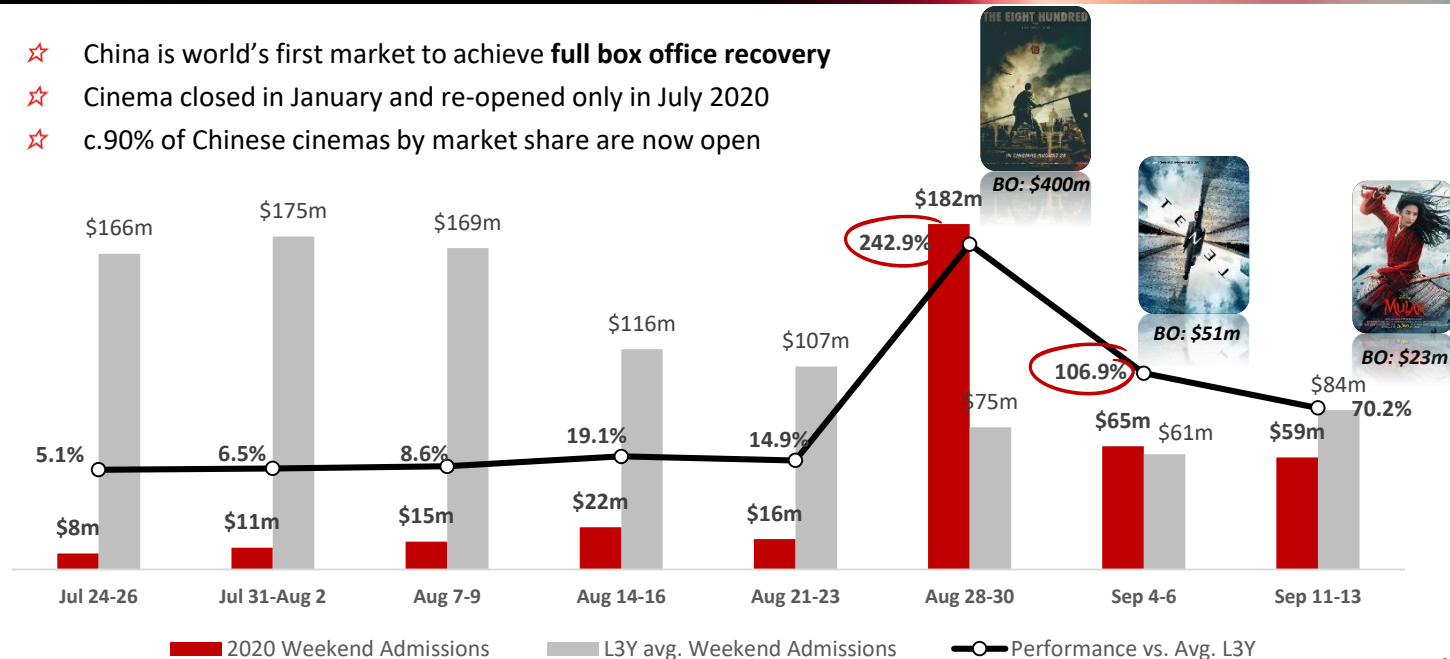


*Implementation of  
CinemaSafe health and safety  
protocols prepared and  
launched with NATO and  
supported and developed by  
leading epidemiologists*

# Case Study – China re-opening



- ☆ China is world's first market to achieve **full box office recovery**
- ☆ Cinema closed in January and re-opened only in July 2020
- ☆ c.90% of Chinese cinemas by market share are now open

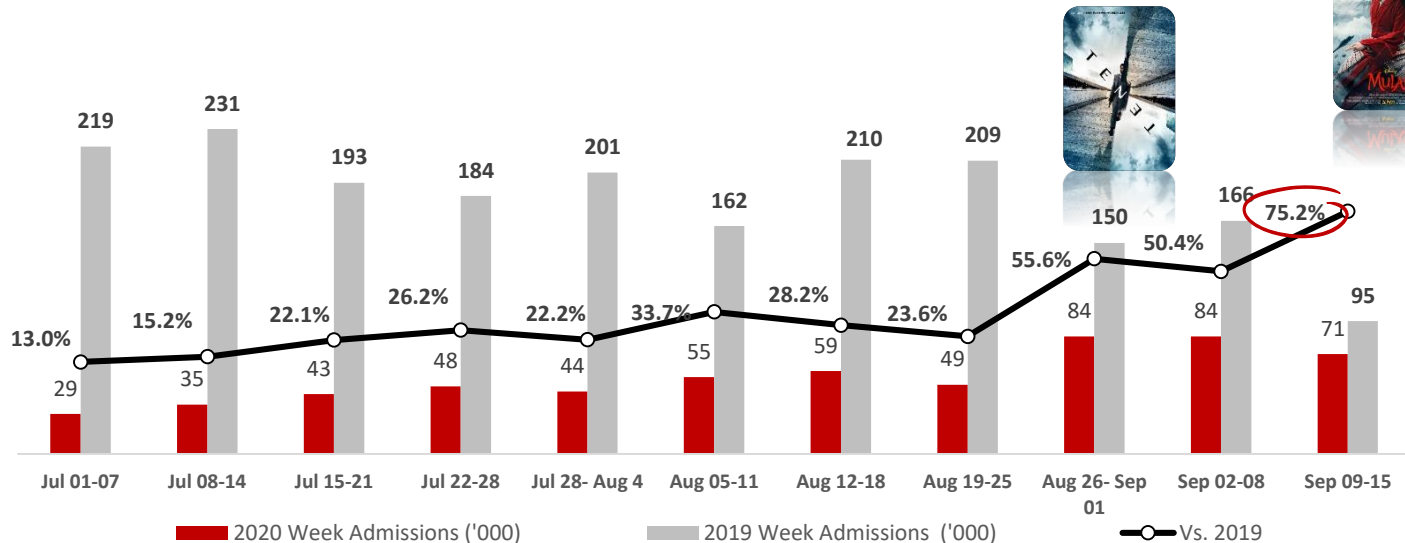


Source: Boxoffice Mojo

# Cineworld Case Study – Hungary



- ☆ Re-opening of our cinemas in Hungary on July 2<sup>nd</sup>
- ☆ Admissions level recovered to 75% vs. 2019 following the successful release of Tenet and Mulan





# What's next post Re-opening

- ☆ **Ensure employee and customer health & safety**
- ☆ **Continue close relationships with Hollywood studios and key industry players**
- ☆ **Lobby government to reduce restrictions**
- ☆ **Continue roll-out of Unlimited across our territories**
- ☆ **Curtailing capex spend during recovery whilst keeping technological competitive edge**
- ☆ **Working with our real estate partners to improve current deals**
- ☆ **Re-evaluation and optimisation of workforce levels in all territories**
- ☆ **Ensure the continued financial health of Cineworld**
- ☆ **Assess and evaluate new partnership opportunities**

# US Refurbishments - Irvine, CA

**BEFORE**



**AFTER**



# US Refurbishments - Irvine, CA

**BEFORE**



**AFTER**



# US Refurbishments



**Pinnacle, TN**



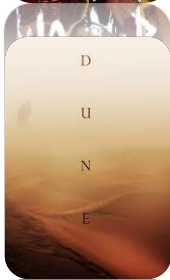
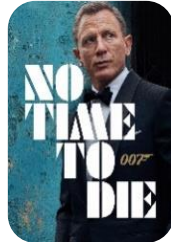
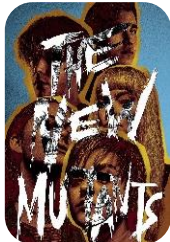
**University Town, CA**

# US Refurbishments – Union Square, NY

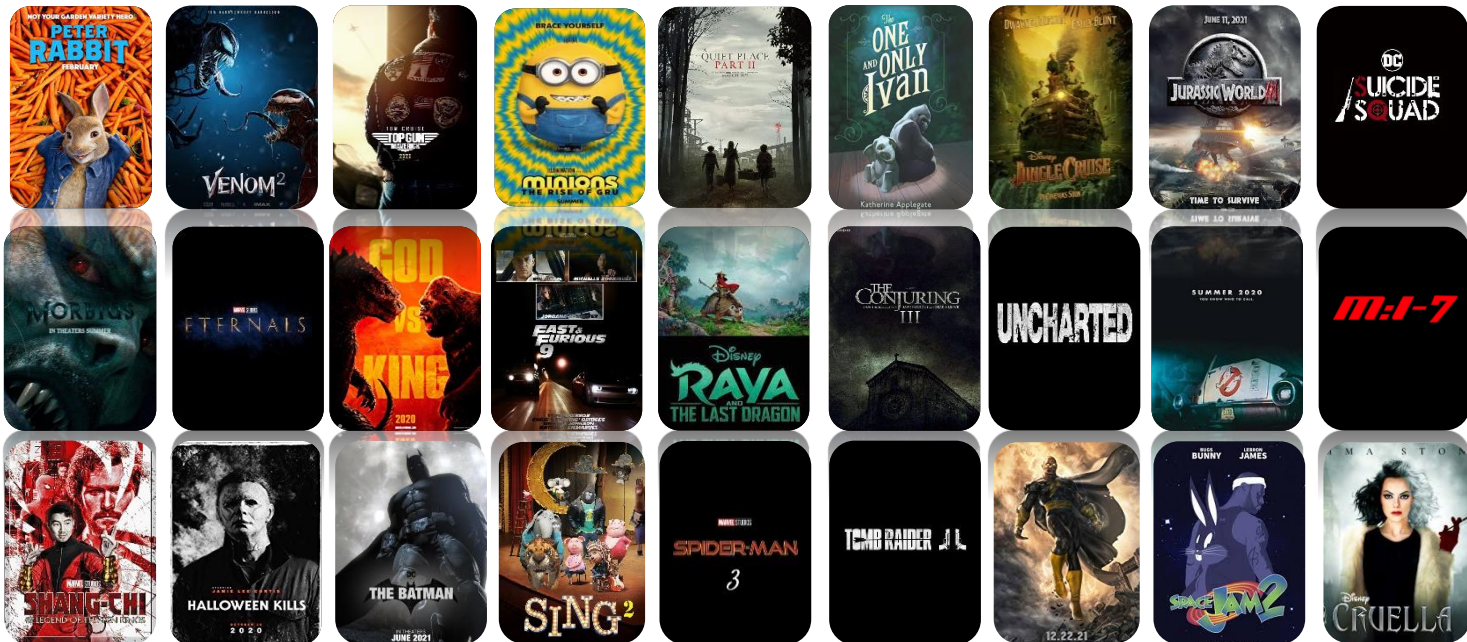




# 2020 film slate



# 2021 film slate







cineworld

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Group plc