14 March 2019

CINEWORLD GROUP plc

Preliminary Results for year ended 31 December 2018

Pro-forma[(1)] Group Revenue +7.2%, Pro-forma[(1)] Adjusted EBITDA[(2)] +9.4%; on track to deliver synergies of $150m in 2019

Cineworld Group plc ("the Group") is pleased to announce its preliminary results for the year ended 31 December 2018. This preliminary financial information includes the results of Regal Entertainment Group ("Regal") following the completion of its acquisition on the 28 February 2018. These results are presented in US dollars.

Financial Highlights (unaudited)

	Year ended 31 December 2018	Restated[(3)] Year ended 31 December 2017	v 2017 (statutory basis)	Pro-forma[(1)] Year ended 31 December 2018	v 2017 (Pro-forma[(1)] basis)
Admissions	272.6m	103.8m	+162.6%	308.4m	+2.6%
Revenue	$4,119.1m	$1,147.0m	+259.1%	$4,711.4m	+7.2%
Adjusted EBITDA[(2)]	$925.4m	$257.7m	+259.1%	$1,072.4m	+9.4%
Profit before tax	$349.0m	$155.1m	+125.0%		
Adjusted profit before tax[(2)]	$417.0m	$166.5m	+150.5%		
Profit after tax	$284.3m	$129.5m	+119.5%		
Adjusted profit after tax[(2)]	$345.3m	$139.0m	+148.4%		
Diluted EPS	22.4c	21.0c	+7.1%		
Adjusted diluted EPS[(2)]	27.2c	22.6c	+20.4%		

- Pro-forma[(1)] Admissions of 308.4m up 2.6%;
- Pro-forma[(1)] Revenue up 7.2%
  - US Pro-forma[(1)] revenue growth of 8.6%;
  - UK & Ireland revenue growth of 3.3%; and,
  - ROW[(4)] revenue growth of 3.6%.
- Pro-forma Adjusted EBITDA[(2)] up +9.4%
- Adjusted diluted EPS of 27.2 cents, up 20.4%
- Revenue on a statutory basis of $4,119.1m, up 259.1%
- Profit Before Tax on a statutory basis of $349.0m up by 125.0%
- The Group maintained its dividend pay-out ratio for another year, with full year dividend of 15 cents[(5)] up 17.6%
- Since the completion of the acquisition of Regal, Net debt reduced to $3,733.2m and Adjusted Net debt[(6)] of $3,935.2m, which is equal to 3.7x Pro-forma[(1)] Adjusted EBITDA

Operational Highlights

- Completion of the Regal acquisition on 28 February 2018, with integration plans progressing well, and the integration benefits being greater than originally expected and delivered at a faster pace with expected run-rate synergies of $150m in 2019;
- 13 new sites (108 screens) opened during the year, taking the Group to 9,518 screens at 31 December 2018;
- Significant new agreements signed with IMAX (55 screens), 4DX (80 screens) and ScreenX (100 screens); and
- Refurbishment programme progressing well across the estate, creating high quality, next generation cinemas with the latest audio and visual technology.

Anthony Bloom, Chairman of Cineworld Group plc, said:
"2018 was a transformative year for Cineworld Group. The acquisition of Regal on 28 February made us into a global operator and the second largest cinema chain in the world. By the end of 2018, the Group was operating 9,518 screens in 790 sites across 10 countries. This significant achievement would have been difficult to imagine when we began operations in 1996. It is particularly pleasing to report that over the past 10 years the Company's shares on the London Stock Exchange have generated +847% total shareholder return.

On behalf of the Board I would like to express sincere thanks to our highly professional Executive Management team and all of our employees for their dedication and hard work both in ensuring the successful completion of the Regal acquisition and in achieving the gratifying results now presented; their efforts are a credit to the Group.

Looking to 2019 and beyond, it is clear to me that it will be another exciting time for the Group. Our well diversified cinema estate, along with continued investment in the UK and ROW circuits and our development plans for the US leave us well placed to take advantage of multiple opportunities to generate cashflow and grow earnings."

Commenting on these results, Mooky Greidinger, Chief Executive Officer of Cineworld Group plc, said:
"We are pleased to announce strong full year results following the successful acquisition of Regal. We are well on our way to achieving the successful business integration following a strong performance and record box office results in the US.

The combination with Regal has exceeded our expectations – we have incorporated the best of both companies by bringing together world-class talent, integrating best practice from both sides of the Atlantic and deepened our understanding of the US market. Whilst the Group has expanded significantly, our strategy and vision remain the same, to be "The Best Place to Watch a Movie" by continually focusing on providing the best customer experience, maintaining technological leadership, expanding and upgrading the estate, and training and retaining highly motivated, experienced and loyal staff.

We look forward to the strong film slate for the remainder of the year. Upcoming movies include "Captain Marvel", "Dumbo", "Shazam!", "Avengers: Endgame", "Aladdin", "Godzilla: King of the Monsters", "Toy Story 4", "Spider-Man: Far from Home", "The Lion King", "Fast & Furious Presents: Hobbs & Shaw", "It: Chapter 2", "Frozen 2", "Jumanji 2" and "Star Wars: Episode IX" and many more. Trading for the current full year remains in line with our expectations. "

Cautionary note concerning forward looking statements

Certain statements in this announcement are forward looking and so involve risk and uncertainty because they relate to events, and depend upon circumstances that will occur in the future and therefore results and developments can differ materially from those anticipated. The forward looking statements reflect knowledge and information available at the date of preparation of this announcement and the Group undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

The results presentation is accessible via a listen-only dial-in facility and the presentation slides can be viewed online. The appropriate details are stated below:

Date:	14 March 2019
Time:	09:30am
Webcast link:	https://secure.emincote.com/client/cineworld/cineworld009

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1 Pro-forma results reflect the Group and US performance had Regal been consolidated for the whole of 2018 and 2017. Regal's previously reported results have been converted to IFRS and the impact of acquisition fair value adjustments has been based on the adjustments made for the final 10 months of 2018, pro-rated over the length of each period. For comparability, 2018 exchange rates have been used throughout.

2 Adjusted EBITDA is defined as Operating profit plus share of profits from joint ventures using the equity accounting method net of tax adjusted for depreciation and amortisation, onerous lease charges and releases, impairments and reversals of impairments, transaction and reorganisation costs, gains/losses on disposals of assets and subsidiaries, share based payment charges, and share of profits received from associates in excess of distributions or any undistributed such profits. Pro-forma results have also been adjusted to reflect acquisition related adjustments for the entire Pro-forma period.
Adjusted profit before tax is calculated by adding back amortisation of intangible assets (excluding acquired film distribution rights), and certain non-recurring or non-cash items and foreign exchange difference arsing on monetary assets and liabilities as set out in Note 4. Adjusted profit before tax is an internal measure used by management, as they believe it better reflects the underlying performance of the Group and therefore a more meaningful comparison of performance from period to period. Adjusted profit after tax is arrived at by applying an relevant tax rate to taxable adjustments and deducting the total from adjusted profit before tax. Adjusted diluted Earnings per Share is presented in Note 4 and is calculated by dividing the Adjusted Profit after tax by the rights adjusted weighted average number of share in issue during the year.

3 Restated to present the Group's results for the year ended 31 December 2017 in US dollars.

4 ROW is defined as Rest of the World and includes Poland, Israel, Romania, Hungary, Czech Republic, Bulgaria, Slovakia and Israel.

5 The Board has proposed a final dividend of 10.15c per share, which will result in total cash payable of approximately $140m on 5 July 2019.

6 Adjusted Net Debt is calculated by adding $202m to Net Debt in respect of consideration payable to former shareholders of Regal Entertainment Group.

Group Performance Overview (unaudited)

	Year ended 31 December 2018	Restated Year ended 31 December 2017	v 2017 (statutory basis)	Pro-forma Year ended 31 December 2018	Pro-forma Year ended 31 December 2017 (constant currency)	v 2017 (constant currency basis)
Admissions	272.6m	103.8m	162.6%	308.4m	300.7m	2.6%
	$m	**$m**		**$m**	**$m**	
Box office	2,496.6	712.7	250.3%	2,865.0	2,726.7	5.1%
Retail	1,145.2	284.1	303.1%	1,312.9	1,235.2	6.3%
Other Income	477.3	150.2	217.8%	533.5	472.0	13.0%
Total revenue	**4,119.1**	**1,147.0**	**259.1%**	**4,711.4**	**4,433.9**	**6.3%**

Cineworld Group plc results are presented for the year ended 31 December 2018 and reflect the trading and financial position of the US, UK and Ireland ("UK and I") and the Rest of the World ("ROW") reporting segments (the "Group"). Regal Entertainment Group ("Regal") became part of the Group from 1 March 2018 and its post-acquisition results are reflected within the US reporting segment. The 2017 comparatives have been restated following the change in the Group's presentational currency to US dollars as from 1 January 2018.

Unless explicitly referenced, all percentage movements given reflect performance on a constant currency basis to allow a year-on-year assessment of the performance of the business without the impact of fluctuations in exchange rates over time. Constant currency movements have been calculated by applying the 2018 average exchange rates to the 2017 performance. Pro-forma results reflect the Group and US performance had Regal been consolidated for the entirety of the period from 1 January 2017 to provide a more comparable basis to understand the performance year-on-year. Pro-forma results have also been adjusted to reflect acquisition-related adjustments for the entire Pro-forma period.

Total revenue for the year ended 31 December 2018 on a Pro-forma basis was $4,711.4m, an increase of 6.3% on constant currency basis. On a statutory basis revenue was $4,119.1m, an increase of 259.1% compared with the prior year, as a result of including Regal for the first time. Total admissions increased by 2.6% to 308.4m on a Pro-forma basis.

The principal revenue stream for the Group is box office, which made up 60.8% of total revenue on a Pro-forma basis. Box office revenue is a function of the number of admissions and the ticket price per admission, less sales tax. In addition, the Group operates membership schemes, which provide customers with access to screenings in exchange for subscriptions fees, and this revenue is reported as part of box office. Admissions (one of the Group's key performance indicators) depend on the number, timing and popularity of the films the Group is able to show in its cinemas.

The Group's second most significant source of revenue is from retail sales of food and drink for consumption within cinemas, which made up 27.9% of total revenue on a Pro-forma basis. Retail revenue across the Group is driven by admissions trends within each operating territory.

Other Income represents 11.3% of total Group revenue on a Pro-forma basis. Other Income is made up of all income other than box office and retail, predominantly revenue from advertisements shown on screen prior to film screenings and revenue from booking fees associated with the purchase of tickets online. The Group also generates some distribution revenue in the UK and ROW, which is included within Other Income.

US

The results below show the Group's performance in the United States ("US"). For comparability, the 2018 information for the US has been presented on a Pro-forma basis by including the two months pre-acquisition results for 2018, adjusted for indicative acquisition accounting entries, as well as the post-acquisition financial information for the ten month period to 31 December 2018. For the purposes of percentage movements, the same comparative period and fair value acquisition accounting adjustments have been applied.

	10 months to 31 December 2018	Pro-forma Year ended 31 December 2018	Pro-forma Year ended 31 December 2017	v 2017 (Pro-forma basis)
Admissions	170.7m	206.5m	196.9m	4.9%
	$m	**$m**	**$m**	
Box office	1,762.8	2,131.2	1,988.6	7.2%
Retail	851.3	1,019.0	941.8	8.2%
Other Income	319.0	375.1	317.1	18.3%
Total revenue	**2,933.1**	**3,525.3**	**3,247.5**	**8.6%**

Box Office

Box office revenue represented 60.5% (2017: 61.2%) of total revenue on a Pro-forma basis. Admissions and box office revenue increased by 4.9% and 7.2% respectively on a Pro-forma basis during the year to 31 December 2018. These results reflect the strength of the US cinema market in 2018 compared with 2017. Total US industry box office revenue for the year was 6.9% higher compared with the prior year (Source: Comscore). The top three films during the year were "Black Panther", "Avengers: Infinity War" and "Incredibles 2", which together grossed $1,797.0m. This compares with 2017 during which the top three titles were "Star Wars: The Last Jedi", "Beauty and the Beast", and "Wonder Woman", grossing $1,285.5m (Source: Comscore).

The average ticket price achieved in the US increased by 2.2% on a Pro-forma basis to $10.32 (2017: $10.10). The increase reflects inflationary price rises and, importantly, the expansion and popularity of our premium offerings. The top three films in the year were available in a range of formats – IMAX, RPX (an alternative large screen auditorium technology), 4DX and 3D. The most popular films across our premium formats during the year were "Avengers: Infinity War", "Black Panther" and "Jurassic World: Fallen Kingdom".

Retail

Retail revenue represented 28.9% of total revenue (2017: 29.0%) and increased by 8.2% from the prior year on a Pro-forma basis. Retail spend per person increased by 3.1% on a Pro-forma basis. The revenue increase is due to higher admissions, inflationary price increases and the continued rollout of our expanded food and alcohol menu. During the year ended 31 December 2018, the US added alcoholic beverages availability at 35 sites and expanded its food offering in 14 sites.

Other Income

Other Income in the US is made up of on-screen advertising revenue and other corporate and theatre income. Advertising revenue is earned through the Group's agreements with National CineMedia ("NCM") and direct contracts with concession vendors and distributors. NCM operates on behalf of a number of US exhibitors to sell advertising time prior to screenings. Advertising revenues are driven primarily by admissions levels and the value of advertising sold. Other Income also includes revenue from online booking fees charged on the purchase of tickets for screenings, which is driven by the demand for tickets and the propensity of customers to book tickets online. Less significant elements of Other Income in the US include revenue related to our gift card and bulk ticket programmes and the hire of theatres for events.

UK & Ireland

The results below for the UK and Ireland include the two cinema brands in the UK: Cineworld and Picturehouse. The results are presented on a statutory and constant currency basis to provide comparable information unless otherwise stated.

	Year ended 31 December 2018	Restated Year ended 31 December 2017	v 2017 (statutory basis)	v 2017 (constant currency basis)
Admissions	51.6m	53.0m	(2.6%)	
	$m	**$m**		
Box office	453.5	444.4	2.0%	(1.5%)
Retail	167.5	161.9	3.5%	(0.2%)
Other Income	76.7	69.2	10.8%	7.0%
Total revenue	**697.7**	**675.5**	**3.3%**	**(0.4%)**

Box Office

Box office revenue represented 65.0% of total revenue (2017: 65.8%). Compared with 2017, admissions in the UK decreased by 2.6% while box office revenue increased by 2.0% on a statutory basis (1.5% decrease on constant currency basis). During the year there were long periods of unseasonal weather in the UK and some major sports events, in particular the FIFA World Cup which impacted admissions. These factors, in combination with a strong prior year, presented some challenges for the UK business. The Group maintained its position as market leader in the UK in terms of box office revenue share (Source: Comscore). In the UK and Ireland, the top three grossing films for 2018 were “Avengers: Infinity War”, “Mamma Mia: Here We Go Again!” and “Incredibles 2”. This compares with 2017, when the top three titles were “Beauty and the Beast”, “Star Wars: The Last Jedi” and “Dunkirk”.

The average ticket price achieved in the UK and Ireland increased by 1.2% on a constant currency basis to $8.79 (2017: $8.69). The increase reflects inflationary price increases and the availability and popularity of our premium offerings such as IMAX, Superscreen, 4DX and ScreenX.

Retail

Retail revenue represented 24.0% (2017: 24.0%) of total revenue. Retail revenue increased by 3.5% from the prior year on a statutory basis (0.2% decrease on a constant currency basis). Retail spend per person increased by 2.5% on a constant currency basis to $3.25 (2017: $3.17). Spend per person was positively impacted by inflationary price increases, the nature of the film mix, as well as the broader range of retail offerings, including Starbucks and our VIP offering. At the year end, the Group had 32 Starbucks sites, an additional three sites compared with 2017, and two VIP auditoriums.

Other Income

Other income includes all other revenue streams outside of box office and retail, mainly advertising, online booking fee revenue and some distribution revenue through Picturehouse. Advertising revenue is primarily generated by on-screen adverts and is earned though our joint venture screen advertising business Digital Cinema Media Limited (“DCM”). DCM sells advertising time on-screen on behalf of the UK cinema industry; advertising revenue is impacted by admissions trends and the value of advertising sold. The main driver for the increase in Other Income was an increase in online booking, voucher and event ticket sales, which performed strongly, compared with the comparative period. Advertising revenue performance was stable year-on-year.

Rest of the World (ROW)

The results below for the Rest of the World ("ROW") include Poland, Romania, Hungary, the Czech Republic, Bulgaria, Slovakia and Israel. The results are presented on a statutory and constant currency basis to provide comparable information unless otherwise stated.

	Year ended 31 December 2018	Restated Year ended 31 December 2017	v 2017 (statutory basis)	v. 2017 (constant currency basis)
Admissions	50.3m	50.8m	(1.0%)	
	$m	**$m**		
Box office	280.3	268.3	4.5%	1.0%
Retail	126.4	122.2	3.4%	0.7%
Other Income	81.6	81.0	0.7%	(1.8%)
Total revenue	**488.3**	**471.5**	**3.6%**	**0.5%**

Box Office

Box office revenue represented 57.4% (2017: 56.9%) of total revenue. Admissions in ROW decreased by 1.0% compared with the prior year while box office revenue increased by 4.5% on a statutory basis (1.0% increase on constant currency) compared with the prior year.

Admissions in Poland, Hungary and the Czech Republic increased from the prior year. However, admissions in Romania, Israel, Bulgaria and Slovakia saw some decrease. The comparative negative trends in admissions in 2018 in those specific territories is partly explained by the strong growth achieved in previous years.

Poland performed very well during 2018 supported by the results of local release "Kler", which achieved box office revenue of $28m (Source: Box Office Mojo) and became one of the most successful films in history in the Polish market, followed by another local film "Kobiety Mafii". The most successful films in the ROW during the year were "Avengers: Infinity War" and "Black Panther". The average ticket price increased by 2.0% on a constant currency basis to $5.57 (2017: $5.46); the increase is mainly the result of inflationary price increases.

Retail

Retail revenue represented 25.9% of the total revenue (2017: 25.9%). Retail spend per person increased to $2.51 (2017: $2.47) during the year – an increase of 1.6% on a constant currency basis. The growth was driven by a combination of retail initiatives, the nature of the film mix and inflationary price increases.

Other income

Other Income includes distribution, advertising and other revenues and represents 16.7% (2017: 17.2%) of total revenue. Forum Film is the Group's distribution business for the ROW and distributes films on behalf of major Hollywood studios as well as owning the distribution rights to certain independent films. Key titles distributed in the period included "Black Panther" and "Tomb Raider". New Age Media is the Group's advertising arm in ROW. Advertising revenues performed well during the year.

Financial Performance (unaudited)

	Year ended 31 December 2018				Restated Year ended 31 December 2017 [1]
	US	**UK & Ireland**	**ROW**	**Total Group**	Total Group
Admissions	170.7m	51.6m	50.3m	**272.6m**	103.8m
	$m	$m	$m	**$m**	$m
Box office	1,762.8	453.5	280.3	**2,496.6**	712.7
Retail	851.3	167.5	126.4	**1,145.2**	284.1
Other Income	319.0	76.7	81.6	**477.3**	150.2
Total revenue	**2,933.1**	**697.7**	**488.3**	**4,119.1**	1,147.0
Adjusted EBITDA[2]	670.4	125.9	129.1	**925.4**	257.7
Operating profit				**492.9**	165.0
Finance income				**53.9**	2.5
Finance expenses				**(225.2)**	(12.5)
Net finance costs				**(171.3)**	(10.0)
Share of profit from jointly controlled entities using equity accounting method, net of tax				**27.4**	0.1
Profit on ordinary activities before tax				**349.0**	155.1
Tax on profit on ordinary activities				**(64.7)**	(25.6)
Profit for the year attributable to equity holders of the Group				**284.3**	129.5

1) Restated to present the Group's results for the period ended 31 December 2017 in US dollars.
2) Adjusted EBITDA is defined as Operating profit plus share of profits from joint ventures using the equity accounting method net of tax adjusted for depreciation and amortisation, onerous lease charges and releases, impairments and reversals of impairments, transaction and reorganisation costs, gains/losses on disposals of assets and subsidiaries, share based payment charges, and share of profits received from associates in excess of distributions or any undistributed such profits.

Adjusted EBITDA and Operating Profit

On a Pro-forma basis, Group Adjusted EBITDA increased by 9.4% to $1,072.4m (2017: $979.9m) and Group Adjusted EBITDA margin rose to 22.8%, up from 22.1% in 2017.

The Group's Adjusted EBITDA has increased by 259.1% to $925.4m (2017: $257.7m), as a result of including Regal for the first time.

On a Pro-forma basis, Adjusted EBITDA for the US operating segment rose to $817.4m from $722.2m last year, an increase of 13.2%. The Adjusted EBITDA margin for the US rose to 23.2% from 22.2% on a Pro-forma basis, the increase was the result of two factors; the year on year increase in admissions coupled with the synergies achieved following the Regal acquisition.

Adjusted EBITDA generated by the UK and Ireland of $125.9m decreased by 3.7% compared with the prior year (2017: $130.8m). The Adjusted EBITDA margin of 18.0% represents a decrease of 1.4% compared with 2017 (2017: 19.4%) as a result of lower admissions in 2018 versus 2017. The ROW generated Adjusted EBITDA of $129.1m, an increase of 1.7% on the prior year (2017: $126.9m). The Adjusted EBITDA margin of 26.4% for ROW represents a small decrease of 0.5% compared with the prior period, driven mainly by the loss of some Virtual Print Fee income compared with previous years.

As the Group operates in ten countries it is exposed to exchange rate fluctuations. Wherever possible, cash income and expenditure are settled in local currency to mitigate foreign exchange risk. However, there are translation differences that arise when presenting the year-on-year performance of the UK and ROW in the reporting currency of the Group.

Operating profit at $492.9m on a statutory basis was 198.7% higher than the prior year (2017: $165.0m). This included a number of non-recurring and non-trade related items that have a net negative impact of $76.6m (2017: $2.4m). These primarily related to:

- Impairment costs of $18.3m (2017: impairment reversal of $6.7m);
- A credit of $1.5m arising from the release of onerous lease provisions (2017: charge of $1.7m);
- A one-off loss of $1.0m relating to the profit on disposal of assets (2017: gain of $2.6m); and

- Transaction costs associated with the acquisition of Regal of $52.1m, reorganisation and redundancy costs of $3.9m and business interruption costs at closed sites due to severe weather events of $2.8m (2017: $10.0m in respect of restructuring, redundancy and the Regal and Empire acquisitions).

The total depreciation and amortisation charge (included in administrative expenses) in the period totalled $320.5m (2017: $87.8m). The charge increased primarily because of the acquisition of Regal and the number of new sites in the Group.

Net finance costs

As part the acquisition of Regal, the Group restructured its debt arrangement. The new arrangement consists of a USD and Euro term loan of $4.1bn and a $300.0m revolving credit facility. This new financing arrangement became effective on 28 February 2018 and the Group's previous finance facility was repaid at that date. The new facility is subject to floating interest rates - a margin of 2.5% for the USD denominated element and 2.625% for the EUR denominated element is added to the LIBOR and EURIBOR respectively. A floor of 0.0% is applied to the LIBOR and EURIBOR to calculate the interest charge. At 31 December 2018, the term loan totalled $3.9bn and the revolving credit facility had not been drawn upon.

Net financing costs totalled $171.3m during the period (2017: $10.0m).

Finance income of $53.9m (2017: $2.5m) was made up of interest income of $2.3m (2017: $0.8m), $47.0m of foreign exchange gains on monetary assets and non-US$ denominated loans and $4.6m unwind of discount on long-term financial assets. The foreign exchange gains arose mainly on the retranslation of the Euro denominated portion of the Group's term loan.

The finance expense of $225.2m (2017: $12.5m) included $146.7m in respect of interest on bank loans and overdrafts (2017: $8.1m). The other finance costs of $78.5m (2017: $4.4m) include:

- $11.0m (2017: $1.9m), amortisation of prepaid finance costs;
- $17.9m (2017: $1.7m) in respect of the unwind of the discount and interest charges on property-related leases;
- $1.9m (2017: $0.8m) of foreign exchange losses;
- $44.2m (2017: $Nil) in respect of the unwind of discount on deferred revenue; and
- $3.5m (2017: $Nil) gains reclassified from equity to profit or loss in respect of settled net investment hedge.

Taxation

The overall tax charge during the year was $64.7m giving an overall effective tax rate of 18.5% (2017: 16.5%). The increase in the rate reflects changes in the Group's geographical mix of profits, in particular the impact of the US tax rate following the Regal acquisition which is higher than rates in the Group's other markets.

Tax uncertainties and risks are increasing for all multinational groups which could affect the future tax rate. The Group takes a responsible attitude to tax, recognising that it affects all our stakeholders. The Group seeks at all times to comply with the law in each of the jurisdictions in which we operate, and to build open and transparent relationships with those jurisdictions' tax authorities. The Group's tax strategy is aligned with the commercial activities of the business, and within our overall governance structure the governance of tax and tax risk is given a high priority by the Board.

Earnings

Profit on ordinary activities after tax in the period was $284.3m, an increase of $154.8m compared with the prior year (2017: $129.5m).

The one-off and other adjusting items in the period had an impact of $68.0m compared $11.4m in 2017. A foreign exchange gain of $45.1m was recognised on the retranslation of the Euro term loan in the period, which forms a natural hedge against the Group's investment in Euro denominated businesses despite not being designated as such in the consolidated Group financial statements. This compared with no foreign exchange loss in the prior period as the previous Euro term loan was designated as a net investment hedge. Basic earnings per share amounted to 22.5c (2017: 21.1c rights adjusted). Eliminating the one-off, non-trade related items totalling $68.0m, adjusted diluted earnings per share were 27.4c (2017: 22.6c rights adjusted).

Following the acquisition of Regal, the Group has taken the opportunity to consider how it presents its adjusted earnings per share calculation. After a review of comparable companies, a decision was made to add back the charge for share-based payments and the credit arising from onerous lease provisions, as they are non-cash items (see Note 4). Management believe that these charges do not form part of the underlying cash profits of the Group and therefore the change in presentation better reflects performance going forward.

Acquisition of Regal

On 5 December 2017, the Group announced the acquisition of Regal by means of an acquisition of the entire issued, and to be issued, share capital of Regal. The acquisition was based on an implied enterprise value of $5.8bn. Due to the size of the acquisition, it was classed as a reverse takeover under the UK Listing Rules, although not for accounting purposes. The acquisition of Regal completed on 28 February 2018. Consideration for the acquisition of $3.7bn of which $3.4bn was settled in cash, funded by the proceeds of the fully underwritten rights issue at the rights issue price of 157.0p per New Ordinary Share, which raised $2.3bn plus an additional $4.1bn was raised through committed debt facilities. The restructured debt arrangement consists of a USD and Euro term loan of $4.1bn and an undrawn $300.0m revolving credit facility. The previous financing arrangements in place as at 31 December 2017 for the Group and Regal have been settled and replaced with the new financing arrangements from 28 February 2018. As the consideration was entirely paid in cash the acquisition has been accounted for as an acquisition under IFRS 3 rather than as a reverse takeover acquisition, notwithstanding the size of the acquisition.

Cash Flow and Balance Sheet

Overall, net assets have increased by $2,375.6m, to $3,420.3m since 31 December 2017. Total assets increased by $7,806.7m. This includes the recognition of the fair value of net liabilities acquired with Regal, totalling $(898.2)m and the residual goodwill recognised on acquisition totalling $4,625.8m.

The Group continued to be strongly cash generative at the operating level. Total net cash generated from operations in the period was $687.4m (2017: $243.9m). Net cash outflows from investing activities were $3,559.1m during the period (2017: $142.8m); $3,356.6m related to the acquisition of Regal. Excluding the Regal acquisition, net cash flows from investing activities during the period were $202.5m (2017: $142.8m).

Net debt of $3,733.2m at the period end is higher than the balance at 31 December 2017 by $3,357.4m. Of the net increase $4,062.4m related to the restructuring of the Group's debt arrangement on acquisition of Regal and $87.0m of acquired finance leases. This was in part offset by cash acquired with Regal of $330.8m. The remaining movements relate to $36.9m net foreign exchange gains on cash held and bank debt denominated in currencies other than USD, net repayments of $452.1m and other movements of $(21.6)m.

Going concern

As a result of the Regal acquisition, on 28 February 2018 the Group restructured its debt arrangements. The previous financing arrangements in place as at 31 December 2017 for the Group and Regal Entertainment Group were settled and replaced by the new financing arrangements for the enlarged Group which consist of a USD and Euro term loan totalling $4.1bn and an undrawn $300.0m revolving credit facility. The revolving credit facility is currently undrawn and subject to springing covenants, which are triggered above 35% utilisation.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its new facilities for at least 12 months from the approval date of these consolidated financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

Dividends

The Board has proposed a final dividend of 10.15c per share, reflecting the satisfactory performance for the year, the anticipated strong cash flow generation and the strength of the Balance Sheet. The interim dividend of 4.85c per share was paid in October 2018. The record date for the final dividend is 14 June 2019 and the payment date will be 5 July 2019.

Going forward, the Board is proposing to pay four interim dividends for each financial year. Payments in relation to the first three quarters of the year will be equal to 25% of the full year dividend of the prior year, with the final interim payment reflective of the Group's full year earnings performance and resulting in a full year dividend payment aligned with the Group's pay-out ratio.

Details of the first, second and third interim dividend payment for the year ended 31 December 2019 are set out below:

Q1

Dividend Payment	3.75c being 25% of FY 18
Ex-Dividend Date	13 June 2019
Record Date	14 June 2019
Final Date for Currency Election	14 June 2019
Interim Dividend Exchange Rate Determined	21 June 2019
Payment Date	5 July 2019

Q2

Dividend Payment	3.75c being 25% of FY 18
Ex-Dividend Date	12 September 2019
Record Date	13 September 2019
Final Date for Currency Election	13 September 2019
Interim Dividend Exchange Rate Determined	20 September 2019
Payment Date	4 October 2019

Q3

Dividend Payment	3.75c being 25% of FY 18
Ex-Dividend Date	12 December 2019
Record Date	13 December 2019
Final Date for Currency Election	13 December 2019
Interim Dividend Exchange Rate Determined	20 December 2019
Payment Date	10 January 2020

The Group plans to announce a final dividend alongside its full year results for the year ending 31 December 2019 in March 2020.

By order of the Board

Nisan Cohen
Chief Financial Officer
14 March 2019

Consolidated Statement of Profit or Loss (unaudited)
for the Year Ended 31 December 2018

	Note	**Year ended 31 December 2018 $m**	Restated Year ended 31 December 2017 $m
Revenue	3	**4,119.1**	1,147.0
Cost of sales		**(3,125.4)**	(844.3)
Gross profit		**993.7**	302.7
Other operating income		**5.3**	4.5
Administrative expenses		**(506.1)**	(142.2)
Operating profit		**492.9**	165.0
Reconciliation from operating profit to Adjusted EBITDA:			
Operating Profit		**492.9**	165.0
Share of profit of jointly controlled entity using equity accounting method net of tax		**27.4**	0.1
Operating profit plus share of profit of joint ventures using equity accounting method net of tax		**520.3**	165.1
Adjusted for:			
Depreciation and amortization		**320.5**	87.8
Onerous lease charges and releases		**(1.5)**	1.7
Impairments and reversals of impairments		**18.3**	(6.7)
Transaction, reorganisation and other exceptional costs		**58.8**	10.0
Losses/(Gains) on disposal of assets and subsidiaries		**1.0**	(2.6)
Excess cash distributions from jointly controlled entities		**4.8**	–
Share based payment charges		**3.2**	2.4
Adjusted EBITDA		**925.4**	257.7
Finance income	5	**53.9**	2.5
Finance expenses	5	**(225.2)**	(12.5)
Net finance costs		**(171.3)**	(10.0)
Share of profit from jointly controlled entities using equity accounting method net of tax		**27.4**	0.1
Profit on ordinary activities before tax		**349.0**	155.1
Tax charge on profit on ordinary activities	7	**(64.7)**	(25.6)
Profit for the year attributable to equity holders of the Group		**284.3**	129.5
Basic earnings per share (note 4)		**22.5**	21.1
Diluted earnings per share (note 4)		**22.4**	21.0

The Notes on pages 16 to 23 are an integral part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income (unaudited)
for the Year Ended 31 December 2018

	Year ended 31 December 2018 $m	Restated Year ended 31 December 2017 $m
Profit for the year attributable to equity holders of the Group	**284.3**	129.5
Items that will not subsequently be reclassified to profit or loss		
Net movement in equity investments at fair value through other comprehensive income	**(6.9)**	–
Income tax (charge)/credit recognised on other comprehensive income	**–**	–
Items that will subsequently be reclassified to profit or loss		
Movement in fair value of cash flow hedge	**(0.7)**	1.7
Movement in fair value of net investment hedge	**–**	(1.8)
Foreign exchange translation (loss)/gain	**(126.1)**	117.4
Tax recognised on items that will be reclassified to profit or loss	**0.3**	0.4
Other comprehensive income for the year, net of income tax	**(133.4)**	117.7
Total comprehensive income for the year attributable to equity holders of the Group	**150.9**	247.2

Consolidated Statement of Financial Position (unaudited)

at 31 December 2018

	31 December 2018 $m	Restated 31 December 2017 $m	Restated 31 December 2016 $m
Non-Current assets			
Property, plant and equipment	**2,446.3**	701.3	549.3
Goodwill	**5,482.4**	911.0	802.1
Other intangible assets	**542.3**	63.8	66.7
Investments in equity accounted investees	**308.5**	1.6	1.2
Financial assets at fair value	**7.5**	–	–
Deferred tax assets	**31.6**	–	–
Other receivables	**206.7**	7.8	7.3
Total non-current assets	**9,025.3**	1,685.5	1,426.6
Current assets			
Inventories	**35.1**	13.9	12.1
Assets classified as held for sale	**2.5**	2.2	–
Trade and other receivables	**324.5**	104.4	91.3
Cash and cash equivalents	**316.3**	91.0	68.6
Total current assets	**678.4**	211.5	172.0
Total assets	**9,703.7**	1,897.0	1,598.6
Current liabilities			
Interest-bearing loans, borrowings and other financial liabilities	**(81.4)**	(20.2)	(20.7)
Bank overdraft	**–**	(0.6)	–
Trade and other payables and deferred income	**(836.4)**	(195.6)	(216.8)
Current taxes payable	**(51.0)**	(28.6)	(12.9)
Provisions	**(90.6)**	(4.7)	(11.4)
Total current liabilities	**(1,059.4)**	(249.7)	(261.8)
Non-Current liabilities			
Interest-bearing loans, borrowings and other financial liabilities	**(3,968.3)**	(446.0)	(396.6)
Other payables and deferred income	**(965.6)**	(129.1)	(94.5)
Provisions	**(277.2)**	(10.6)	(10.7)
Employee benefits	**(3.2)**	(3.1)	(2.3)
Deferred tax liabilities	**(9.7)**	(13.8)	(15.7)
Total non-current liabilities	**(5,224.0)**	(602.6)	(519.8)
Total liabilities	**(6,283.4)**	(852.3)	(781.6)
Net Assets	**3,420.3**	1,044.7	817.0
Equity attributable to equity holders of the Group			
Share Capital	**20.1**	5.0	4.9
Share Premium	**513.8**	548.1	561.4
Foreign currency translation reserve	**(263.4)**	(137.3)	(254.7)
Merger reserve	**–**	407.4	346.5
Hedging reserve	**(0.6)**	(3.4)	(3.3)
Fair value reserve	**(6.9)**	–	–
Retained earnings	**3,157.3**	224.9	162.2
Total equity	**3,420.3**	1,044.7	817.0

Consolidated Statement of Changes in Equity (unaudited)

for the Year Ended 31 December 2018

	Share capital $m	Share premium $m	Merger reserve $m	Foreign currency translation reserve $m	Hedging reserve $m	Fair value reserve $m	Retained earnings $m	Total $m
At 31 December 2016 restated	4.9	561.4	346.5	(254.7)	(3.3)	–	162.2	817.0
Profit for the year	–	–	–	–	–	–	129.5	129.5
Amounts reclassified from equity to profit and loss in respect of cash flow hedges	–	–	–	–	–	–	–	–
Other comprehensive income								
Items that will subsequently be reclassified to profit or loss								
Movement in fair value of								
cash flow hedge	–	–	–	–	1.7	–	–	1.7
Movement in net investment hedge	–	–	–	–	(1.8)	–	–	(1.8)
Retranslation of foreign currency denominated subsidiaries	–	–	–	117.4	–	–	–	117.4
Tax on items which will be subsequently reclassified to profit or loss	–	–	–	–	–	–	0.4	0.4
Items that will not subsequently be reclassified to profit or loss								
Contributions by and distributions to owners								
Dividends	–	–	–	–	–	–	(69.7)	(69.7)
Movements due to share-based compensation	–	–	–	–	–	–	2.5	2.5
Issue of shares	0.1	(13.3)	60.9	–	–	–	–	47.7
Balance at 31 December 2017 restated	**5.0**	**548.1**	**407.4**	**(137.3)**	**(3.4)**	**–**	**224.9**	**1,044.7**
Profit for the year	–	–	–	–	–	–	284.3	284.3
Other comprehensive income								
Items that will subsequently be reclassified to profit or loss								
Movement in fair value of cash flow hedge	–	–	–	–	(0.7)	–	–	(0.7)
Settlement of net investment hedge	–	–	–	–	3.5	–	–	3.5
Retranslation of foreign currency denominated subsidiaries	–	–	–	(126.1)	–	–	–	(126.1)
Tax on items that will be subsequently reclassified to profit or loss	–	–	–	–	–	–	0.3	0.3
Items that will not subsequently be reclassified to profit or loss								
Net movement in equity investments at fair value through other comprehensive income	–	–	–	–	–	(6.9)	–	(6.9)
Contributions								
by and distributions to owners								
Dividends	–	–	–	–	–	–	(122.8)	(122.8)
Movements due to share-based compensation	–	–	–	–	–	–	1.9	1.9
Capital Transfer	–	(2,361.3)	(407.4)	–	–	–	2,768.7	–
Issue of shares	15.1	2,327.0	–	–	–	–	–	2,342.1
Balance at 31 December 2018	**20.1**	**513.8**	**–**	**(263.4)**	**(0.6)**	**(6.9)**	**3,157.3**	**3,420.3**

Consolidated Statement of Cash Flows (unaudited)

for the Year Ended 31 December 2018

	Year ended 31 December 2018 $m	Restated Year ended 31 December 2017 $m
Cash flow from operating activities		
Profit for the year	**284.3**	129.5
Adjustments for:		
Financial income	**(53.9)**	(2.5)
Financial expenses	**225.2**	12.5
Taxation	**64.7**	25.6
Share of profit of equity accounted investee	**(27.4)**	(0.1)
Operating profit	**492.9**	165.0
Depreciation and amortization	**320.5**	87.8
Share based payments charge	**3.2**	2.4
Non-cash property, pension and remuneration charges	**(30.2)**	1.7
Impairments and reversals of impairments	**18.3**	(6.7)
Movement in trade and other receivables	**(54.9)**	(14.6)
Movements in inventories	**1.8**	(1.8)
Movement in trade and other payables	**(113.8)**	18.1
Movement in provisions and employee benefit obligations	**(2.0)**	(5.8)
Loss on sale of assets	**1.0**	(2.6)
Acquisition costs	**50.6**	–
Cash generated from operations	**687.4**	243.5
Tax paid	**(55.5)**	(15.4)
Net cash flows from operating activities	**631.9**	228.1
Cash flows from investing activities		
Interest received	**0.9**	0.7
Acquisition of subsidiaries net of acquired cash	**(3,356.6)**	(8.9)
Acquisition of property, plant and equipment	**(156.0)**	(133.2)
Investment in joint ventures	**(78.4)**	–
Acquisition of distribution rights and other intangibles	**(4.5)**	(3.9)
Distributions received from equity accounted investees	**32.2**	–
Proceeds from sale of property, plant and equipment	**3.3**	2.5
Net cash flows from investing activities	**(3,559.1)**	(142.8)
Cash flows from financing activities		
Proceeds from issue of shares	**2,341.0**	1.2
Dividends paid to shareholders	**(122.9)**	(69.7)
Interest paid	**(146.7)**	(8.5)
Repayment of bank loans	**(2,895.0)**	(14.4)
Draw down of bank loans	**3,982.6**	22.4
Payments of finance lease liabilities	**(13.4)**	(5.7)
Net cash flows from financing activities	**3,145.6**	(74.7)
Net increase in cash and cash equivalents	**218.4**	10.6
Cash and cash equivalents at start of the period	**91.0**	68.6
Exchanges losses on cash and cash equivalents	**6.9**	11.8
Cash and cash equivalents at the end of period	**316.3**	91.0

Notes to the Preliminary Financial Information (unaudited)

1. Accounting Policies

Basis of Preparation

Cineworld Group plc (the "Company") is a company domiciled in the United Kingdom. This consolidated financial information for the year ended 31 December 2018 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities. The financial information presented has been prepared applying the accounting policies and presentation be applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2018 and are not the Group's statutory accounts. There have been no changes in accounting policies since those applied for the year ended 2017, which have a material impact on the financial statements. The Group now presents all financial information in US$.

2. Operating Segments

	US $m	UK & Ireland $m	ROW $m	Total $m
Year ended 31 December 2018				
Total revenues	2,933.1	697.7	488.3	4,119.1
Adjusted EBITDA	670.4	125.9	129.1	925.4
Operating profit	415.4	10.8	66.7	492.9
Net finance expense	165.3	5.4	0.6	171.3
Depreciation and amortisation	223.8	47.9	48.8	320.5
Onerous lease charges and releases	(5.5)	4.0	–	(1.5)
Impairments and reversals of impairments	–	7.1	11.2	18.3
Transaction and reorganisation costs	3.3	53.3	2.2	58.8
Share of profit from jointly controlled entities using equity accounting method, net of tax	27.6	(0.1)	(0.1)	27.4
Profit before tax	**288.5**	**(5.3)**	**65.8**	**349.0**
Non-current asset additions – property, plant and equipment[(1)]	2,009.7	66.5	25.7	2,101.9
Non-current asset additions – intangible assets[(1)]	506.0	1.3	3.2	510.5
Non-current asset additions – Goodwill[(1)]	4,302.8	323.0	–	4,625.8
Investment in equity accounted investee	307.1	0.8	0.6	308.5
Segmental total assets	**7,599.4**	**1,114.6**	**989.7**	**9,703.7**
Segmental total liabilities	**5,969.8**	**186.1**	**127.5**	**6,283.4**
Year ended 31 December 2017 restated				
Total revenues	–	675.5	471.5	1,147.0
Adjusted EBITDA	–	130.8	126.9	257.7
Operating profit	–	66.8	98.2	165.0
Net finance expenses / (income)	–	12.2	(2.2)	10.0
Depreciation and amortisation	–	42.2	45.6	87.8
Onerous leases and other charges	–	1.7	–	1.7
Impairments and reversals of impairments	–	(6.3)	(0.4)	(6.7)
Transaction and reorganisation costs	–	8.9	1.1	10.0
Profit before tax	**–**	**54.7**	**100.4**	**155.1**
Non-current asset additions – property, plant and equipment	–	60.4	91.4	151.8
Non-current asset additions – intangible assets	–	78.0	14.0	92.0
Investment in equity accounted investee	–	0.9	0.7	1.6
Segmental total assets	**–**	**871.4**	**1,025.6**	**1,897.0**
Segmental total liabilities	**–**	**751.5**	**100.8**	**852.3**

(1) Includes additions through acquisition.

3. Revenue

Revenue by country	**Year ended 31 December 2018 $m**	Restated Year ended 31 December 2017 $m
United States	**2,933.1**	–
United Kingdom & Ireland	**697.7**	675.5
Poland	**157.3**	151.4
Israel	**94.3**	100.0
Hungary	**80.9**	75.3
Romania	**71.9**	68.8
Czech Republic	**53.9**	44.4
Bulgaria	**16.9**	18.0
Slovakia	**13.1**	13.6
Total revenue	**4,119.1**	1,147.0

United States

Revenue by product and service provided	**Year ended 31 December 2018 $m**	Restated Year ended 31 December 2017 $m
Box office	**1,762.8**	–
Retail	**851.3**	–
Other	**319.0**	–
Total revenue	**2,933.1**	–

UK and Ireland

Revenue by product and service provided	**Year ended 31 December 2018 $m**	Restated Year ended 31 December 2017 $m
Box office	**453.5**	444.4
Retail	**167.5**	161.9
Other	**76.7**	69.2
Total revenue	**697.7**	675.5

ROW

Revenue by product and service provided	**Year ended 31 December 2018 $m**	Restated Year ended 31 December 2017 $m
Box office	**280.3**	268.3
Retail	**126.4**	122.2
Other	**81.6**	81.0
Total revenue	**488.3**	471.5

4. Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, after excluding the weighted average number of non-vested ordinary shares held by the Employee Benefit Trust.

Adjusted earnings per share is calculated in the same way except that the profit for the year attributable to ordinary shareholders is adjusted by adding back the amortisation of intangible assets recognised as part of business combinations and other one-off income or expenses, as set out below, and then adjusting for the tax impact on those items which is calculated at the effective tax rate for the current year. The performance of adjusted earnings per share is used to determine awards to Executive Directors under the Group Performance Share Plan ("PSP") and Long Term Incentive Plan ("LTIP"). Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of any non-vested ordinary shares held by the Employee Benefit Trust and after adjusting for the effects of dilutive options.

	Year ended 31 December 2018 $m	Restated Year ended 31 December 2017 $m
Earnings attributable to ordinary shareholders	**284.3**	129.5
Adjustments:		
Amortisation of intangible assets(1)	**25.0**	6.6
Onerous lease charges and releases	**(1.5)**	1.7
Impairments and (reversals of impairments)	**18.3**	(6.7)
Transaction and reorganisation costs	**58.8**	10.0
Losses and (gains) on disposal of assets and subsidiaries	**1.0**	(2.6)
Excess cash distributions from jointly controlled entities	**4.8**	–
Share based payment charges	**3.2**	2.4
Recycle of fair value on hedging reserve	**3.5**	–
Impact of foreign exchange translation gains and losses(2)	**(45.1)**	–
Adjusted earnings	**352.3**	140.9
Tax effect of above items	**(7.0)**	(1.9)
Adjusted profit after tax	**345.3**	139.0

	Year ended 31 December 2018 Total	Restated Year ended 31 December 2017 Total
Weighted average number of shares in issue (prior to rights adjustment)	–	271.4
Weighted average number of shares in issue (rights adjustment) (3)	**1,265.5**	612.4
Basic earnings per share denominator (prior to rights adjustment)	–	271.4
Basic earnings per share denominator (rights adjusted) (3)	**1,265.5**	612.4
Dilutive options (prior to rights adjustment)	–	1.4
Dilutive options (rights adjusted) (3)	**2.8**	3.2
Diluted earnings per share denominator (prior to rights adjustment)	–	272.8
Diluted earnings per share denominator (rights adjusted) (3)	**1,268.3**	615.6
Shares in issue at year end	**1,371.0**	613.8
	Cents	Cents
Basic earnings per share (rights adjusted)(3)	**22.5**	21.1
Diluted earnings per share (rights adjusted)(3)	**22.4**	21.0
Adjusted basic earnings per share (rights adjusted)(3)	**27.3**	22.7
Adjusted diluted earnings per share (rights adjusted)(3)	**27.2**	22.6
Basic earnings per share (prior to rights adjustment)	–	47.7
Diluted earnings per share (prior to rights adjustment)	–	47.5
Adjusted basic earnings per share (prior to rights adjustment)	–	51.2
Adjusted diluted earnings per share (prior to rights adjustment)	–	51.0

1 Amortisation of intangible assets includes amortisation of the fair value placed on brands, customer lists, distribution relationships, and advertising relationships as a result of the Regal, Cinema City and Picturehouse business combinations. It does not include amortisation of purchased distribution rights (which totalled $25.0m (2017: $6.6m)).

2 In order to present the Adjusted earnings per share on a comparable basis, foreign exchange losses on monetary assets have been eliminated from earnings. Net foreign exchange gains and losses included within earnings includes a $47.0m foreign exchange gain recognised on translation of the Euro term loan at 31 December 2018, $1.9m was eliminated in respect of foreign exchange losses. No such gains or losses were recognised in 2017 as a result of the net investment hedge taken out in 2016 in respect of the previous Euro term loan held.

3 In accordance with IAS 33 basic and diluted EPS figures have been restated to reflect the bonus element Rights Issue described in Note 12.

5. Finance Income and Expense

	Year ended 31 December 2018 $m	Restated Year ended 31 December 2017 $m
Interest income	**2.3**	0.8
Other finance income	**4.6**	–
Net foreign exchange gain	**47.0**	1.7
Finance income	**53.9**	2.5
Interest expense on bank loans and overdrafts	**146.7**	8.1
Amortisation of financing costs	**11.0**	1.9
Settlement of net investment hedge	**3.5**	–
Unwind of discount on onerous lease provision	**0.8**	0.2
Unwind of discount on finance lease liability	**6.9**	1.5
Unwind of discount on market rent provision	**10.2**	–
Unwind of discount of deferred revenue	**44.2**	–
Net foreign exchange loss	**1.9**	0.8
Finance expense	**225.2**	12.5
Net finance costs	**171.3**	10.0

Recognised Within Other Comprehensive Income

	Year ended 31 December 2018 $m	Restated Year ended 31 December 2017 $m
Movement in fair value of interest rate swap	**(0.7)**	1.7
Foreign exchange translation (loss) / gain	**(126.1)**	117.0

6. Dividends

The following dividends were recognised during the year:

	2018 $m	Restated 2017 $m
Interim	**66.5**	22.2
Final (for the preceding year)	**56.3**	47.5
	122.8	69.7

An interim dividend of 4.85c per share was paid on 5 October 2018 to ordinary shareholders. The Board has proposed a final dividend of 10.15c per share, which will result in total cash payable of approximately $140.0m on 5 July 2019. In accordance with IAS 10 this had not been recognised as a liability at 31 December 2018.

7. Tax

Recognised in the Income Statement	**Year ended 31 December 2018 $m**	Restated Year ended 31 December 2017 $m
Current tax expense		
Current year	**77.3**	31.0
Adjustments in respect of prior years	**(4.6)**	(1.5)
Total current tax expense	**72.7**	29.5
Deferred tax expense		
Current year	**(11.1)**	(3.3)
Adjustments in respect of prior years	**5.8**	(0.6)
Adjustments from change in tax rates	**(2.7)**	–
Total deferred tax expense	**(8.0)**	(3.9)
Total tax charge in statement of profit or loss	**64.7**	25.6

8. Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	31 December 2018 $m	Restated 31 December 2017 $m
Non-current liabilities		
Unsecured bank loan, less issue costs of debt to be amortised	**3,885.3**	426.2
Liabilities under finance leases	**83.0**	19.8
	3,968.3	446.0
Current liabilities		
Unsecured bank loans, less issue costs of debt to be amortised	**60.9**	18.4
Loan Note	**3.0**	–
Liabilities under finance leases	**17.5**	1.8
	81.4	20.2

9. Net Debt

	Cash at bank and in hand $m	Bank overdraft $m	Bank loans $m	Loan Notes $m	Finance leases $m	Interest rate swap $m	Net debt $m
At 31 December 2016 restated	**68.6**	**–**	**(398.8)**	**–**	**(18.5)**	**(1.4)**	**(350.1)**
Cash flows	9.7	(0.6)	(4.2)	–	1.7	–	6.6
Non-cash movement	–	–	(1.8)	–	(2.8)	1.5	(3.1)
Effect of movement in foreign exchange rates	12.7	–	(39.8)	–	(2.0)	(0.1)	(29.2)
At 31 December 2017 restated	**91.0**	**(0.6)**	**(444.6)**	**–**	**(21.6)**	**–**	**(375.8)**
Additions through acquisition	330.8	–	(4,062.4)	(3.0)	(93.2)	0.2	(3,827.6)
Cash flows	(99.1)	0.6	530.7	–	19.9	–	452.1
Non-cash movement	–	–	(13.2)	–	(5.6)	–	(18.8)
Effect of movement in foreign exchange rates	(6.4)	–	43.2	–	–	–	36.9
At 31 December 2018	**316.3**	**–**	**(3,946.2)**	**(3.0)**	**(100.5)**	**0.2**	**(3,733.2)**

The non-cash movements relating to bank loans represent the amortisation of debt issuance costs. The non-cash movements relating to finance leases relate to the unwind of finance lease liabilities.

In addition to the above $202.0m is included in adjusted Net Debt in respect of consideration payable to former shareholders of Regal Entertainment Inc.

10. Capital Commitments

Capital commitments at the end of the financial year for which no provision has been made:

	31 December 2018 $m	Restated 31 December 2017 $m
Contracted	**322.3**	31.6

Capital commitments at the end of the current and preceding financial year relate to new sites and refurbishment projects which have commenced or have been committed to through a executed lease agreement or lease amendment. A portion of this committed capital will be partially funded by the respective site landlord.

11. Related Parties

The compensation of the Directors is as follows:

	Total compensation $000	Pension contributions $000	Total $000
Year ended 31 December 2018			
Total compensation for Directors	8,548.9	404.5	8,953.4

	Total compensation $000	Pension contributions $000	Total $000
Year ended 31 December 2017 restated			
Total compensation for Directors	6,381.0	312.4	6,693.4

Share-based compensation benefit charges for Directors was $2,600.5m in 2018 (2017: $2,577.8m).

Other Related Party Transactions

Digital Cinema Media Limited ("DCM") is a joint venture between the Group and Odeon Cinemas Holdings Limited set up on 10 July 2008. Revenue receivable from DCM in the year ended 31 December 2018 totalled $25.2m (2017: $26.8m) and as at 31 December 2018 $3.3m (2017: $5.1m) was due from DCM in respect of receivables. In addition, the Group has a working capital loan outstanding from DCM of $0.6m (2017: $0.7m)

NCM is a joint venture between AMC Entertainment Holdings Inc, Cinemark Holdings Inc and the Group. As at 31 December 2018 $1.3m was due to NCM in respect of trade payables and $2.7m was due from NCM in respect of trade receivables. The Group has a note payable to NCM in the amount of $3.0m as at 31 December 2018. The note bears interest at 5.0% per year. Revenue receivable from NCM in the year ended 31 December 2018 totalled $80.1m

Fathom AC JV is a joint venture between AMC Entertainment Holdings Inc, Cinemark Holdings Inc and NCM. There were no transactions during the year. As at 31 December 2018 $3.0m was due to Fathom AC JV in respect of trade payables.

The Group holds a minority interest in iPic Entertainment LLC and Atom Tickets LLC. At 31 December 2018 $5.5 m was due from Atom in respect of trade receivables. There were no transactions with IPic Entertainment LLD during the year.

During the year the Group incurred property charges of $9.6m by companies under the ownership of Global City Holdings N.V. ("GCH"), a company in which Moshe Greidinger and Israel Greidinger, directors of the Group, have a controlling interest.

12. Business Combinations

2018 Acquisition of Regal Entertainment Group

On the 5 December 2017, the Group announced the proposed acquisition of Regal by means of an acquisition of the entire issued, and to be issued, share capital of Regal. The acquisition was based on an implied enterprise value of $5.8bn. The acquisition of Regal completed on 28 February 2018.

Consideration Transferred

Of the total consideration for the acquisition, $3.4bn was settled fully in cash, funded by the proceeds of the fully underwritten Rights Issue at the Rights Issue Price of 157.0 pence per New Ordinary Share, which raised $2.3bn, plus an additional $4.1bn was raised through committed Debt Facilities. The restructured debt arrangement consists of a US Dollar and Euro term loan totaling $4.1bn and a $300.0m revolving credit facility. The previous financing arrangements in place as at 31 December 2017 for the Group and Regal have been terminated and superseded by the new financing arrangements from 28 February 2018. As the consideration was entirely paid in cash the acquisition is being accounted for as an acquisition under IFRS 3 rather than as a reverse takeover acquisition under IFRS 3, notwithstanding the size of the acquisition.

Business Combinations continued

Fair Value of Consideration Transferred

	$m
Cash consideration	3,727.6
Total fair value of consideration transferred	**3,727.6**

Identified Assets Acquired and Liabilities Assumed

	$m
Fair value of total net identifiable assets upon acquisition	
Intangible assets	508.9
Property, plant and equipment	1,881.8
Investments	223.4
Deferred tax assets	27.6
Inventory	23.8
Trade and other receivables	372.9
Asset held for sale	2.5
Cash and cash equivalents	333.2
Finance lease liability	(86.7)
Loans and borrowings	(2,436.8)
Provisions for liabilities	(363.2)
Trade and other payables	(1,385.6)
Total net identifiable assets	**(898.2)**
Goodwill	4,625.8
Consideration transferred	**3,727.6**

Management provisionally assessed the fair value of the acquired identifiable intangible assets and acquired property, plant and equipment and as a result their respective fair values are measured on a provisional basis. Any subsequent change in valuation of the intangible assets or property, plant and equipment will result in a reallocation between the assets and goodwill. As at 31 December 2018, a number of adjustments have been made to the book values of the acquired assets in order to reflect their fair value. The material adjustments are summarised below.

Property and Leases

The provisionally assessed fair value of property, plant and equipment (including assets held for sale) of $1,884.3m include a number of adjustments. Land and buildings assets at 55 sites were revalued to reflect open market at the date of acquisition, resulting in a fair value uplift of $235.0m. Assets with a value of $105.2m were written down where the forecast cashflows of a cash-generating unit (discounted by applying an indicative acquisition internal rate of return) did not support its value at the date of acquisition. A fair value uplift of $27.2m on right of use assets included within Property, Plant and Equipment in respect of finance leases was recognised as a result of forecast income at the lease sites exceed the recorded value of the assets.

As well as considering the fair value of acquired property, plant and equipment, management have also considered the lease contract or each of the acquired sites. A provision of $35.3m has been recognized in respect of onerous lease contracts. The provision reflects the present value of the future lease payments under these lease contracts to the extent that the contract results in the site making a loss.

An exercise was conducted to compare the current rentals of each of the sites to the current market rental rate. Accordingly, a net provision of $162.0m has been recognised in respect of a number of sites where the current rental rate is either above or below the assumed average market rental rate. The provisions in respect of the lease agreements have been recognized on a provisional basis.

Deferred income of $196.0m in respect of landlord contributions received by Regal prior to the acquisition have bene written off as no further benefit is expected to be received. A liability of $87.0m in respect of contractual increments in rent has been written off, future incremental rent charges will be recorded in the income statement in line with IAS 17.

Fair Value adjustments

An assessment of the expected fair value of revenue attributable to performance obligations under advertising contracts was derived by generating an expected fair value of the contract using current market advertising prices. This resulted in a fair value uplift of $245.7m being applied to deferred revenue.

The fair value of the Groups investment in a listed Joint Venture was increased by $51.0m, reflecting the Groups holding and the share price of the entity at the acquisition date.

Business Combinations continued

Acquired identifiable intangible assets include $365.0m in respect of brands and $141.0m in respect of customer relationships. Management consider the residual goodwill of $4,625.8m to represent a number of factors including the skills and industry knowledge of Regal's management and workforce, synergies expected to be realised post acquisition and the future value expected to be generated by the Group from Regal's pipeline of new sites and the potential for refurbishing the existing estate. None of the goodwill is expected to be deductible for income tax purposes. The contributions Regal has made to the Group since 28 February represented by the US segment amounts in note 2.

2017 Acquisition of Empire cinema

On 15 June 2017 the Group completed the acquisition of the Newcastle cinema from Cinema Holdings Limited by means of an acquisition of 100% of the shares. The consideration consists of two elements, the initial consideration of $9.1m plus contingent consideration based on the performance of the site over a 24 month period post completion of the refurbishment. The contingent consideration has been provisionally estimated at $4.1m based on the expected future performance of the site and the market.

Fair Value of Consideration Transferred

	$m
Cash consideration	9.0
Contingent consideration	4.1
Total fair value of consideration transferred	**13.1**

The fair value of net assets has been determined at $2.6m, the residual goodwill of $10.5m represents a number of factors including the strategic location of the sites acquired, the benefit of the sites being established sites, the value of the acquired sites can add to Cineworld existing brand and products as well as synergies expected to be realised post acquisition.

Identifiable Assets Acquired and Liabilities Assumed

	$m
Fair value of total net identifiable assets upon acquisition	
Property, plant and equipment	2.6
Total net identifiable assets	**2.6**
Goodwill	10.5
Consideration transferred	**13.1**

The Key Judgments considered were as follows:

Property and Leases

The fair value of property, plant and equipment of $2.6m represents management's assessment of the assets acquired. As well as considering the fair value of acquired property, plant and equipment, management also considered the lease contracts for the cinema; no assets or liabilities were identified in respect of these contracts.

Tax

No income tax liability is recognised on acquisition as future tax charges are not expected to arise in respect of tax positions open at the date of acquisition.

Identifiable Intangible Assets

There were no identifiable intangible assets recognised on acquisition. Management consider the residual goodwill balance of $10.5m to represent a number of factors including the strategic location of the site acquired, the benefit of an established site, the value the acquired site can add to the Cineworld existing brand and products as well as synergies expected to be realised post acquisition.

13. Risk and Uncertainties

The programme of on-going monitoring and reporting has continued to be undertaken to ensure the risk profile remains up-to-date, reflecting the current risk exposure and driving control improvement activity. The Board has undertaken a robust assessment of the principal risks facing the Group during the year, including those that would threaten its business model, future performance, solvency and liquidity. As a result of the acquisition the Principal Risks were updated to reflect the revised Group risk profile.

14. Financial Information

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2018 or 2017. The financial information for 2017 is derived from the statutory accounts for 2017 which have been delivered to the registrar of companies. The auditor has reported on the 2017accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement undersection 498 (2) or (3) of the Companies Act 2006. The statutory accounts for 2018 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies in due course.

15. Annual Report and Accounts and Annual General Meeting

The 2018 Annual Report and Accounts and Notice of the General Meeting will be posted to shareholders and published on the Group's website at www.cineworldplc.com in April. The Annual General Meeting is to be held on 15 May 2019.