



## Press release

Warsaw, 18<sup>th</sup> May 2010

# Cinema City financial results through 1<sup>st</sup> quarter of 2010

## Theatre operations boosted by 3D and excellent attendance

Full financial statement is available on the Company's website [www.cinemacity.nl](http://www.cinemacity.nl)

- In the 1<sup>st</sup> quarter of 2010, Cinema City International N.V. ("Cinema City") generated revenues of EUR 70.1 million (+6.4% y/y), EBITDA of EUR 20.3 million (+32.0%) and net profit of EUR 12.5 million (+29.8%). Record financial results are coming from theatre operations.
- Theatre operations noted 60.6% increase in revenues to EUR 64.4 million and EBITDA of EUR 20.3 million ((+103.8% y/y). Cinema City sold 9.3 million tickets (+34.9 y/y) in the entire chain and 8.2 million tickets in the like-for-like terms (+19.3% y/y). Average ticket price went up to EUR 4.94 (+27.9%) as a result of increasing number of tickets sold for 3D format movies and appreciation of CEE local currencies vs euro.
- International blockbusters in 3D format, such as: Avatar or Alice in Wonderland among others, strongly contributed to CCI's theatre performance.
- At the end of the quarter Cinema City was operating 68 theatres with 664 screens (+12% y/y). The Company has closed one small cinema in Israel with 4 screens. Cinema City has 42 binding lease agreements for additional 426 screens.
- Digitalization progresses. At the end of March there were installed 155 digital projectors in all countries of operations and another 80 is already ordered to be installed in the coming months. In 1Q investments in the cinema circuit development totaled EUR 5.9 million.
- On 21 April 2010 the Company sold all of its real estate development and related activities in Bulgaria to Israel Theatres Ltd., its controlling shareholder for Euro 91.2 million. The Company intends to use the proceeds to fund the expansion of movie theatre activities. Following the transaction the debt of Cinema City was reduced significantly.

*"This quarter we reported a robust increase in admissions in all markets of operations. We enjoyed the high quality of films and very good performance of cinemas opened during 2009. The past quarter was also the first one that showed up the power of 3D format and its positive influence on Cinema City ticket revenue and EBITDA margin. Our results achieved in Romania, with 900 thousand admissions and over EUR 5 million revenue, demonstrated the strength of the market and its prospects for theatre operations" - said Moshe J. Greidinger, CEO of Cinema City, the largest multiplex cinema operator in Central & Eastern Europe and in Israel. "In April Cinema City closed the transaction of selling all its real estate activities in Bulgaria to Israel Theatres. Following this step CCI has more flexibility in considering every good combination of organic growth and potential acquisitions" –added Greidinger.*

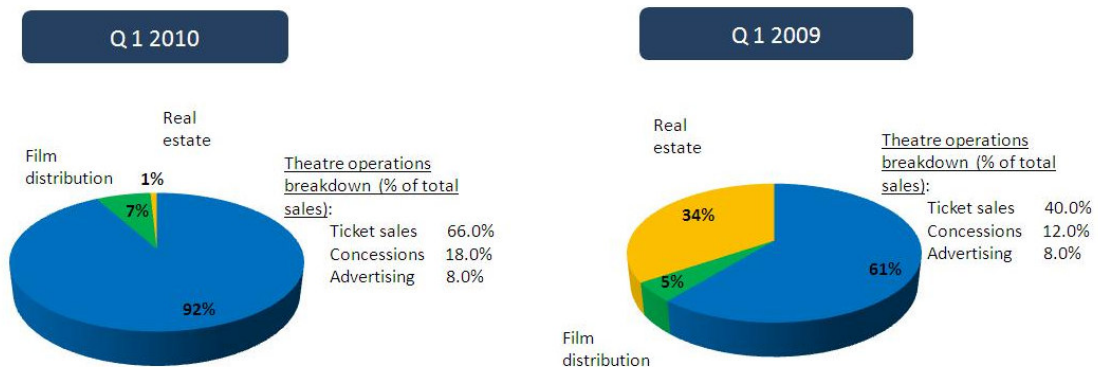
## Financial results

In the 1<sup>st</sup> quarter of this year, Cinema City had revenues of EUR 70.1 million (+6.4% y/y), of which EUR 64.4 million (+60.5% y/y) were generated by theatre operations (ticket sales, beverages and snacks at cinema bars, and cinema advertising). Large number of theatre openings in 2009 and very good films during the first quarter (Avatar, Alice in Wonderland, Ciacho and others) allowed to achieve strong growth in total admissions (+34.9 y/y) and in admissions in the like-for-like terms (+19.3%). The Company's performance in the 1<sup>st</sup> quarter 2010 was enhanced by very good results in Romania, where in November 2009 Cinema City opened its first megaproject in the capital city.

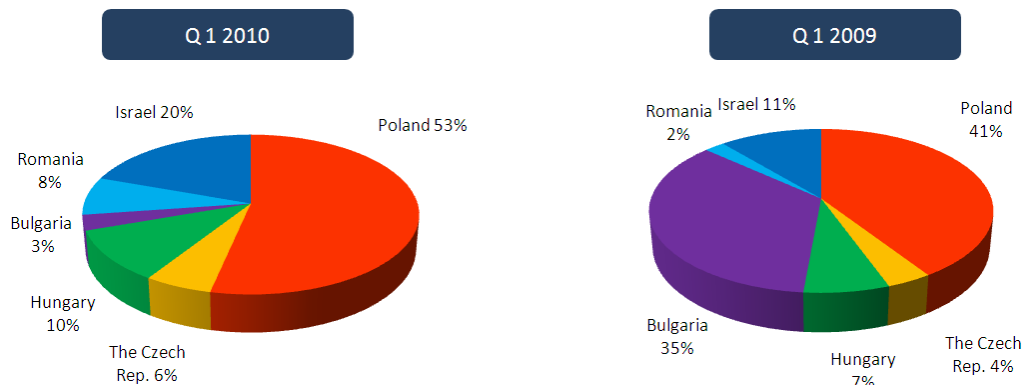
Raising popularity of 3D formats and a larger number of digital projectors, contributed to an increase of the average ticket price in local currencies in every country of CCI operations. The average ticket price in EUR in the CCI chain equaled EUR 4.94 (+27.9% y/y). Financial results of CCI in the 1<sup>st</sup> quarter 2010 were fostered by stronger CEE currencies vs. euro compared to 1<sup>st</sup> quarter 2009.

The Company's film distribution, thanks to a greater number of distributed films, noted increase in revenue to EUR 5.1 million (+67.2% y/y). In 2010 CCI is continuing the process of closing its DVD film distribution in Hungary and in the Czech Republic. Real estate segment had no impact on the results in Q1 2010 (contrarily to Q1 2009 when disposal of 30% interest in Mall of Plovdiv brought EUR 21.5 million revenue and EUR 6 million in EBITDA).

### Cinema City revenues by segments Q1 2010



### Cinema City revenues by countries Q1 2009





Poland continues to be the largest country of operation with 53% share in total revenues. Significant growth of revenues was reported in Romania, following new openings in 2009 (3 new multiplexes, including 1 megaplex in Bucharest: 20 screens + IMAX). Its share in total revenues increased to 8%, compared to 2% in 1Q 2009. At the end of 1Q 2010 Cinema City operated 6 multiplexes in Romania with 56 screens. Currently there are 279 additional screens in 29 multiplexes under binding contracts across the country.

#### Cinema City financial results:

in EUR '000	Q1 2010	Q1 2009	Δ
revenues	70 077	65 885	+6,4%
EBITDA	20 281	15 366	+32,0%
net profit	12 524	9 647	+20,8%

The Company's EBIT increased to EUR 15.4 million. EBITDA increased to EUR 20.3 million and the net profit increased to EUR 12.5 million.

#### Sale of CCI's Bulgarian real estate business

On April 21 Cinema City closed the transaction with Israel Theatres Real Estate Holding B.V. and Pan-Europe Finance B.V. (both subsidiaries of Israel Theaters Ltd. ("IT")) of selling all its real estate development activity for EUR 91.2 million. The initial payment of EUR 76.2 million was already made to Cinema City.

Thanks to the transaction Cinema City has already substantially reduced its bank debt (to approximately EUR 30 million). The Company intends to use the excess cash and freed up leverage to fund the expansion of the Company's movie theatre activities, both in its current region of operation and potentially to new locations as well.

Based on the agreement Cinema City will still participate in the future gains from the transactions performed by Israel Theatres until the end of 2014, yet it will not take the risk of the volatility in the real estate market and its potential negative impact on CCI's consolidated performance. All information on this transaction is presented in the current report no 10/2010 dated 22 April 2010 ([www.cinemacity.nl](http://www.cinemacity.nl))

#### Plans for 2010

*"Soon in June we are going to open our second megaplex in Bucharest, Cinema City Sun Plaza with 15 screens. This big opening will be followed by new Cinema Cities in Poland and Bulgaria as well as by additional cinemas in Romania, which we plan to open in the second half of the year" - said Moshe J. Greidinger, CEO of Cinema City, the largest multiplex cinema operator in Central & Eastern Europe and in Israel. "We expect a strong follow up of 3D productions which will hit the screens in the coming quarters including: Shrek Forever, Toy Story 3, Harry Potter, Narnia, Alpha and Omega and other titles. Installation of additional 80 projectors will allow us to show them to a wider audience in all markets of operations." -added Greidinger.*



***Cinema City International** is the largest multiplex cinema operator in Central & Eastern Europe and in Israel. The Company operates **68 multiplexes** with **664 screens**, in 6 countries (Poland, the Czech Republic, Hungary, Romania, Bulgaria and Israel). The Company has binding contracts for additional 42 multiplexes, which will offer additional 426 screens. In addition, Cinema City is actively involved in cinema related advertising and film distribution.*

*The Cinema City group employs over 3,000 people in 6 countries.*

**For more information, please visit [www.cinemacity.nl](http://www.cinemacity.nl) or contact:**

Joanna Kotłowska  
Director of Investor Relations  
tel. (+48) 22 566 69 60 / mobile: (+48) 510 024 028  
[j.kotlowska@cinema-city.pl](mailto:j.kotlowska@cinema-city.pl)

Piotr Wojtaszek  
NBS Communications  
tel. (+48) 22 826 74 18 / mobile (+48) 500 202 355  
[pwojtaszek@nbs.com.pl](mailto:pwojtaszek@nbs.com.pl)