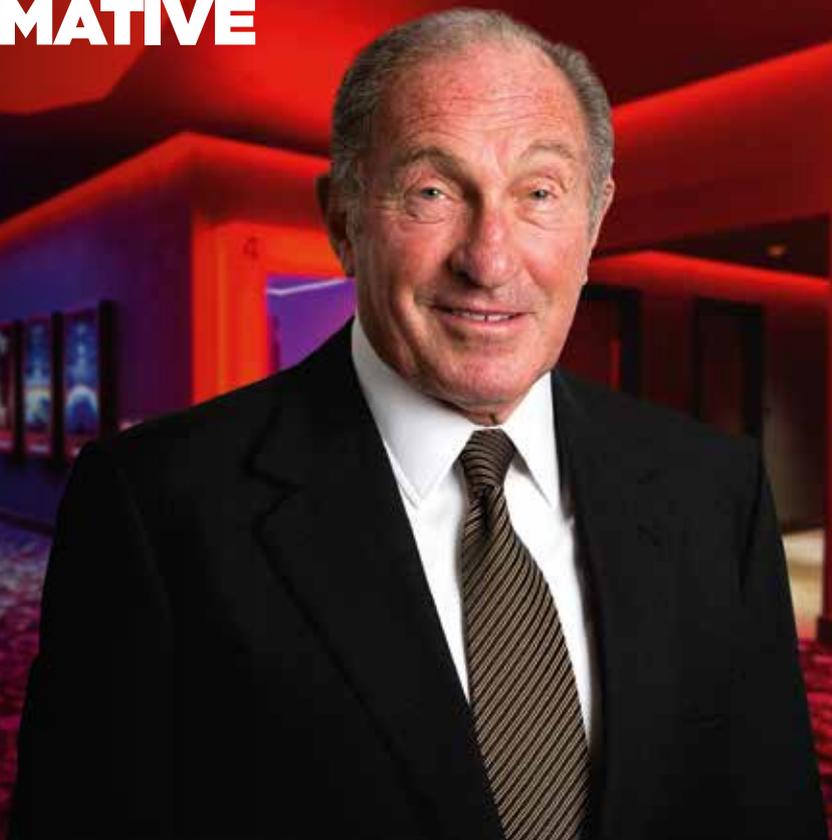


A TRANSFORMATIVE YEAR

Anthony Bloom
CHAIRMAN



OVERVIEW

2018 was a transformative year for the Cineworld Group. The acquisition of Regal Entertainment Group ("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.

Since that time, both profits and dividends have increased each year, and in the UK alone over 5,000 jobs have been created. The Group is very proud of this record and I am confident its growth will continue in the future.

So it gives me great pleasure to present shareholders with this Annual Report, being the Group's first inclusive of the results of our US operations. As you will see, the acquisition has proved very successful commercially as regards the integration of the business.

Group Pro-forma revenue for the year increased by 7.2% to \$4,711.4m (2017:\$4,394.5m), and Adjusted Pro-forma EBITDA rose to \$1,072.4m (2017: \$979.9m). The growth was driven by the inclusion of the US operations, where on a Pro-forma basis, revenue and Adjusted EBITDA for the Regal business grew by 8.6% and 13.2% respectively.

The US now represents 74.8% of revenue on a Pro-forma basis with the UK representing 14.8% and the Rest of the World ("ROW") 10.4%. As the US is by far the largest segment of the Group's operations, the Board has decided that the Group's results should be reported in US dollars to provide a more meaningful picture of its activities; this Annual Report is the first in that currency.

The Group's UK and ROW operations also continued to perform well, against a bar set very high by 2017's record year in Europe. I am pleased to report that the UK achieved revenue growth of 3.3% with the figure for ROW revenue growth being 3.6%.

Following the combination with Cinema City International N.V. ("Cinema City") in 2014, the Board and Executive Management Team adopted a Strategic Operating Plan which consists of:

- the opening of new cinemas in areas considered to have the potential for double digit growth rates;
- the pursuit of suitable acquisition opportunities;
- the refurbishment of the existing estate by introducing state-of-the-art design and installing the latest cutting edge screening and other technology;
- a consistent focus on cost reduction;
- the implementation of a programme to continuously optimise the customer experience; and
- always living up to our vision to be "The Best Place to Watch a Movie".

During this landmark year in the Group's development, this Strategic Operating Plan remained the focus for generating further success. These broad objectives remain relevant for the Group and going forward will be extended to encompass the operations of Regal.

While mentioning Regal, I would like to acknowledge the tremendous work undertaken by the management and staff on both sides of the Atlantic with regard to the integration and development of the Regal business and cinema estate. I am delighted with the results achieved, but those results in no way diminish the significant challenge the task presented. Of course, the acquisition remains a significant opportunity for us and I believe that with the strength and experience of our people, the Group is well positioned to make the most of it.

While 2018 has seen a focus on the integration of the US, there has been no reduction in the development of the estate and operations in the UK and ROW. We have opened six sites in the UK and one in ROW, while also refurbishing four sites in the UK.

As well as expanding our geographic footprint, the Regal acquisition also had a considerable impact on the Group's Balance Sheet. The acquisition was funded by the proceeds of a fully underwritten rights issue which raised \$2.3bn, and \$4.1bn was raised with debt.

As at 31 December 2018 the Group's Adjusted net debt to Adjusted EBITDA ratio was 3.7 times. The Group is cash generative and has a strong record of sound capital allocation, enabling a significant reduction in debt in the years following the Cinema City combination while we also invested the strategic rollout of new sites and our refurbishment programme.

To demonstrate its confidence in this regard, and given the increase in statutory profit after tax to \$284.3m (2017: \$129.5), the Board has increased the cash dividend paid for the full year by 163.1%. The proposed final dividend per share is 10.15c.

BOARD AND MANAGEMENT

The Board is committed to attaining the highest standards of corporate governance and applying the utmost rigour in our approach to areas such as gender, diversity, health and safety. Environmental concerns were an area focused upon, and appropriate improvements were made in our practices by reducing plastic usage and energy conservation projects.

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.

The following Board changes took place during the year:

- On 17 January 2019 the appointment of Alicja Kornasiewicz as Deputy Chair was announced. Alicja will succeed to the position of Chair when I step down at the Annual General Meeting ("AGM") in 2020. Alicja has extensive experience in business, finance, politics and regulatory bodies, and has been a valuable member of the Board since 2015. I would like to congratulate her on her appointment.
- Renana Teperberg, Chief Commercial Officer joined the Board as an Executive Director. Renana joined Cinema City International as a cinema cashier in 1997 while studying for a BA in psychology at the Hebrew University of Jerusalem. After progressing to General Manager, she moved to the Cinema City Head Office where she subsequently became Head of Programming and Marketing. Following the combination with Cineworld, she became Senior Vice President of Commercial and then Chief Commercial Officer in 2016. Renana played a major role in the acquisition of Regal. Renana holds an executive MBA in business management from IDC Herzliya.

- Camela Galano was appointed to the Board as an Independent Non-Executive Director. Camela began her career at New Line Cinema, progressing to the role of President of International Sales, Marketing & Distribution, where she oversaw the international distribution of innumerable titles, including the blockbuster trilogy "The Lord of the Rings". Subsequently, Camela became the President of International Film Acquisitions for Warner Bros. Following her time at Warner Bros. she served as President of Relativity International, overseeing global sales, marketing and distribution management of Relativity's own titles, acquisitions and third party releases. Camela is a long-time member of the Academy of Motion Picture Arts and Sciences and the British Academy of Film and Television Arts. Camela is Head of International at Studio 8.

OUTLOOK

Looking to 2019 and beyond, it is clear to me that it will be an 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 the strong film slate ahead.

We will focus on maximising cash flow to expand and refurbish our cinemas, while at the same time reducing borrowing levels and maintaining our well established dividend policy. I remain confident that we have the right team and resources to continue growing and making the most of the opportunities ahead.

Anthony Bloom CHAIRMAN

28 March 2019

