

Registered number: 08514872

VUE INTERNATIONAL BIDCO PLC

UNAUDITED

FINANCIAL STATEMENTS

FOR THE 9 MONTHS ENDED 31 AUGUST 2018

VUE INTERNATIONAL BIDCO PLC

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (unaudited)
FOR THE PERIOD ENDED 31 AUGUST 2018

	3 Months ended 31 August 2018 £000	9 Months ended 31 August 2018 £000	3 Months ended 31 August 2017 £000	9 Months ended 31 August 2017 £000
Note				
Revenue	173,386	595,427	174,893	596,166
Cost of sales	(63,588)	(221,610)	(66,317)	(226,167)
Gross profit	109,798	373,817	108,576	369,999
Operating expenses:				
Headline operating expenses	(95,122)	(288,857)	(94,354)	(277,192)
Depreciation & amortisation	(14,155)	(43,065)	(14,274)	(42,090)
Exceptional operating items	(2,125)	(6,909)	(2,737)	(1,141)
Operating profit / (loss)	(1,604)	34,986	(2,789)	49,576
Headline operating profit ⁽¹⁾	521	41,895	(52)	50,717
Finance income	69	191	31	84
Finance expenses	2 (43,022)	(108,644)	(48,042)	(122,613)
Net finance costs	(42,953)	(108,453)	(48,011)	(122,529)
Loss before income tax	(44,557)	(73,467)	(50,800)	(72,953)
Tax	3,972	(4,964)	3,615	(6,837)
Loss for the period	(40,585)	(78,431)	(47,185)	(79,790)
Attributable to:				
- Owners of the parent	(40,591)	(78,506)	(47,205)	(79,895)
- Non-controlling interests	6	75	20	105
	(40,585)	(78,431)	(47,185)	(79,790)

(1) Before exceptional items

VUE INTERNATIONAL BIDCO PLC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
FOR THE PERIOD ENDED 31 AUGUST 2018

	3 Months ended 31 August 2018 £000	9 Months ended 31 August 2018 £000	3 Months ended 31 August 2017 £000	9 Months ended 31 August 2017 £000
Loss for the period	(40,585)	(78,431)	(47,185)	(79,790)
Items that may subsequently be reclassified to profit or loss				
Translation gains on net investments	14,712	7,614	16,320	30,900
Total comprehensive loss for the period	(25,873)	(70,817)	(30,865)	(48,890)
Attributable to:				
- Owners of the parent	(25,879)	(70,892)	(30,885)	(48,995)
- Non-controlling interests	6	75	20	105

VUE INTERNATIONAL BIDCO PLC

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)
AS AT 31 AUGUST 2018

	Notes	As at 31 August 2018 £000	As at 30 November 2017 £000
Non-current assets			
Property, plant and equipment	3	319,676	335,438
Goodwill and intangible assets		889,152	877,293
Investments		438	430
Deferred tax asset		32,375	32,076
Trade and other receivables	5	2,982	3,011
Total non-current assets		1,244,623	1,248,248
Current assets			
Inventories	4	4,688	5,199
Trade and other receivables	5	61,490	62,198
Cash and cash equivalents	6	103,740	116,135
Total current assets		169,918	183,532
Total assets		1,414,541	1,431,780
Current liabilities			
Trade and other payables	7	167,361	176,338
Interest-bearing loans and other liabilities	8	5,681	6,825
Provisions	9	2,300	1,742
Total current liabilities		175,342	184,905
Non-current liabilities			
Trade and other payables	7	51,808	53,032
Interest-bearing loans and other liabilities	8	1,536,493	1,470,086
Provisions	9	100,180	104,822
Deferred tax liability		5,452	4,269
Total non-current liabilities		1,693,933	1,632,209
Total liabilities		1,869,275	1,817,114
Net liabilities		(454,734)	(385,334)
Equity			
Share capital	10	4,718	4,718
Share based payment reserve		10,394	8,853
Retained losses		(469,944)	(399,052)
Equity attributable to owners of the parent		(454,832)	(385,481)
Non-controlling interests		98	147
Total equity		(454,734)	(385,334)

VUE INTERNATIONAL BIDCO PLC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
FOR THE PERIOD ENDED 31 AUGUST 2018

	Share Capital £000	Share Based Payment Reserve £000	Retained Earnings £000	Total £000	Non- controlling interest £000	Total Equity £000
Balance at 30 November 2016	4,718	6,798	(318,197)	(306,681)	150	(306,531)
(Loss)/profit for the period	-	-	(101,036)	(101,036)	123	(100,913)
Other comprehensive income for the period	-	-	20,181	20,181	-	20,181
Total comprehensive (loss)/income for the period	-	-	(80,855)	(80,855)	123	(80,732)
Share based payments	-	2,055	-	2,055	-	2,055
Dividend paid to non-controlling interests	-	-	-	-	(126)	(126)
Balance at 30 November 2017	4,718	8,853	(399,052)	(385,481)	147	(385,334)
(Loss)/profit for the period	-	-	(78,506)	(78,506)	75	(78,431)
Other comprehensive loss for the period	-	-	7,614	7,614	-	7,614
Total comprehensive (loss)/income for the period	-	-	(70,892)	(70,892)	75	(70,817)
Share based payments	-	1,541	-	1,541	-	1,541
Dividend paid to non-controlling interests	-	-	-	-	(124)	(124)
Balance at 31 August 2018	4,718	10,394	(469,944)	(454,832)	98	(454,734)

VUE INTERNATIONAL BIDCO PLC

**CONSOLIDATED CASH FLOW STATEMENT (unaudited)
FOR THE PERIOD ENDED 31 AUGUST 2018**

	Notes	3 Months ended 31 August 2018 £000	9 Months ended 31 August 2018 £000	3 Months ended 31 August 2017 £000	9 Months ended 31 August 2017 £000
Net cash inflow from operating activities	11	15,955	61,946	3,397	61,179
Cashflows from investing activities					
Interest received		69	191	31	84
Acquisition of property, plant and equipment and Intangibles		(9,028)	(27,581)	(13,772)	(32,229)
Site acquisition incentive payment		-	-	(301)	8,218
Landlord contributions received		3,017	6,713	889	4,048
Investment in Subsidiaries and Joint Ventures		(5,987)	(5,987)	-	(175)
Proceeds from disposal of property, plant and equipment		-	16	4	365
Net cash outflow from investing activities		(11,929)	(26,648)	(13,149)	(19,689)
Cashflows from financing activities					
Interest paid		(18,382)	(43,292)	(18,586)	(43,685)
Payment of borrowings		(1,666)	(4,844)	(1,707)	(5,202)
Dividend paid to non-controlling interest		-	(124)	-	(127)
Net cash outflow from financing activities		(20,048)	(48,260)	(20,293)	(49,014)
Net decrease in cash and cash equivalents		(16,022)	(12,962)	(30,045)	(7,524)
Cash and cash equivalents at beginning of period		118,459	116,135	127,642	102,946
Exchange gains on cash and cash equivalents		1,303	567	4,420	6,595
Cash and cash equivalents at end of the period		103,740	103,740	102,017	102,017

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The Group financial statements comply with Article 4 of the EU IAS Regulation.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. FINANCE EXPENSES

	3 Months ended 31 August 2018 £000	9 Months ended 31 August 2018 £000	3 Months ended 31 August 2017 £000	9 Months ended 31 August 2017 £000
Senior secured notes and bank loans	13,741	40,685	13,991	42,142
Amortisation of capitalised issue costs	70	207	70	209
Shareholder loan interest	19,803	58,695	18,140	54,420
Unwinding of discount factor on provisions	474	1,422	461	1,382
Foreign exchange losses	8,934	7,635	15,380	24,460
	43,022	108,644	48,042	122,613

3. PROPERTY, PLANT AND EQUIPMENT

	As at 31 August 2018 £000	As at 30 November 2017 £000
Opening net book value	335,438	343,789
Additions	24,110	44,994
Disposals	(97)	(2,654)
Depreciation	(40,778)	(55,000)
Impairment charge	-	(2,232)
Foreign exchange gain	1,489	7,507
Fair value adjustments	-	(127)
Transfers to intangibles	(486)	(839)
Closing net book value	319,676	335,438

4. INVENTORIES

	As at 31 August 2018 £000	As at 30 November 2017 £000
Finished goods and goods for resale	4,688	5,199

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

5. TRADE AND OTHER RECEIVABLES

	As at 31 August 2018 £000	As at 30 November 2017 £000
Trade receivables	29,657	26,892
Allowance for doubtful debts	(4,152)	(4,042)
Prepayments	23,728	23,293
Other receivables	11,832	17,973
Corporate taxes	3,407	1,093
Total	<u>64,472</u>	<u>65,209</u>
Current	61,490	62,198
Non-current	2,982	3,011
Total	<u>64,472</u>	<u>65,209</u>

6. CASH AND CASH EQUIVALENTS

	As at 31 August 2018 £000	As at 30 November 2017 £000
Cash - unrestricted	99,470	111,941
Cash - restricted	4,270	4,194
	<u>103,740</u>	<u>116,135</u>

7. TRADE AND OTHER PAYABLES

	As at 31 August 2018 £000	As at 30 November 2017 £000
Trade payables	40,653	48,431
Accrued expenses	74,528	79,712
Other payables	10,527	7,253
Amounts payable to group undertakings	189	275
Taxation and social security	1,982	2,061
Deferred income	91,290	91,638
Total	<u>219,169</u>	<u>229,370</u>
Current	167,361	176,338
Non-current	51,808	53,032
Total	<u>219,169</u>	<u>229,370</u>

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

8. BORROWINGS

	As at 31 August 2018 £000	As at 30 November 2017 £000
Non-current		
Interest-bearing loans and bank borrowings	1,513,055	1,443,513
Finance lease liabilities	23,438	26,573
Total	<u>1,536,493</u>	<u>1,470,086</u>
Current		
Finance lease liabilities	5,681	6,825
Total	<u>5,681</u>	<u>6,825</u>
Interest-bearing loans and other liabilities	<u>1,542,174</u>	<u>1,476,911</u>

The terms and conditions of outstanding loans were as follows:

	Current		Non-Current		Total	
	31 August 2018 £000	30 November 2017 £000	31 August 2018 £000	30 November 2017 £000	31 August 2018 £000	30 November 2017 £000
Senior secured note - £300m	-	-	297,174	296,211	297,174	296,211
Senior secured note - €360m	-	-	318,060	310,611	318,060	310,611
Senior secured loan - €120m	-	-	105,824	103,636	105,824	103,636
External loans	-	-	643	603	643	603
Shareholder loan notes	-	-	791,628	732,933	791,628	732,933
Total	-	-	1,513,329	1,443,994	1,513,329	1,443,994
Less:						
Capitalised issues costs	-	-	(274)	(481)	(274)	(481)
Total interest bearing loans and borrowings	-	-	1,513,055	1,443,513	1,513,055	1,443,513
Finance lease liabilities	5,681	6,825	23,438	26,573	29,119	33,398
Total interest bearing loans and borrowings	5,681	6,825	1,536,493	1,470,086	1,542,174	1,476,911

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

8. BORROWINGS (Continued)

Senior Secured Notes

Senior secured floating rate Euro denominated notes of €290m were issued on 18 July 2013 with a termination date of 15 July 2020. Interest is floating at three month EURIBOR plus a margin of 525 bps. Interest is payable on a quarterly basis. An Original Issue Discount fee of €1.2m (£1.0m) was paid on the date of issue of the notes.

A further €70m issue of the senior secured floating rate Euro denominated notes occurred on 11 November 2014 with the same terms as the previous notes. The termination date is 15 July 2020. Interest is floating at three month EURIBOR plus a margin of 525 bps and is payable on a quarterly basis. An Original Issue Discount fee of €1.8m (£1.4m) was paid on the date of issue of the notes.

Senior secured fixed rate Sterling denominated notes of £300m were issued on 18 July 2013 with a termination date of 15 July 2020. Interest is fixed at 7.875% and payable on a semi-annual basis.

A senior secured floating rate Euro denominated term loan of €120m was issued on 29 July 2016. Interest is floating at three month EURIBOR plus a margin of 550 bps. Interest is payable on a quarterly basis. An Original Issue Discount fee of €0.6m (£0.5m) was paid on the date of issue of the loan. This loan is repayable on 29 July 2023.

Revolving credit facility

The Group is able to draw on a £60m multicurrency revolving credit and overdraft facility with Lloyds Bank plc. This facility is partially utilised to provide landlord guarantees for our Italian business. At 31 August 2018 there were no working capital drawings on the facility (2017: nil). The facility is available until 8 August 2019. The facility bears interest at LIBOR, EURIBOR, CIBOR (Denmark) or WIBOR (Poland) depending on the currency drawn down plus a margin of 3.50%.

Costs incurred in obtaining the revolving credit facility are capitalised and are allocated to the Consolidated Income Statement over the life of the related debt facility. At 31 August 2018 the unamortised issue costs were £0.3m (2017: £0.5m).

Shareholder loan notes

Shareholder loans bear interest of 11.0% and have a termination date of 9 August 2033. Early repayment can be requested but not before the termination of the senior secured notes. Interest roll up and capital is repayable on the termination date.

Security

The senior secured notes and revolving credit facility are secured by cross guarantees and charges over certain of the Group's shares and assets.

Capitalised issue costs

Costs incurred in issuing the senior debt and the credit facility are capitalised and are allocated to the Consolidated income statement over the life of the related debt facility. At 31 August 2018 borrowings are stated net of unamortised issue costs of £9.0m (2017: £11.1m).

External loans

External loans relate to loans from the German Federal Film Fund (FFA). These loans have a variety of maturity dates with the last due to be repaid in 2022.

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

9. PROVISIONS

	As at 31 August 2018 £000	As at 30 November 2017 £000
Analysis of total provisions		
Current	2,300	1,742
Non-current	100,180	104,822
	<u>102,480</u>	<u>106,564</u>

	Property provisions £000	Jubilee retirement £000	Other provisions £000	Total £000
At 30 November 2017	102,555	2,267	1,742	106,564
Additions during the year	-	85	700	785
Utilised / Released during the year	(6,068)	(195)	(151)	(6,414)
Unwound during the year	1,422	-	-	1,422
Foreign exchange gains	74	40	9	123
At 31 August 2018	<u>97,983</u>	<u>2,197</u>	<u>2,300</u>	<u>102,480</u>

10. SHARE CAPITAL

	As at 31 August 2018 £000	As at 30 November 2017 £000
Allotted, issued and fully paid		
4,718,100 Ordinary shares of £1.00 each	<u>4,718</u>	<u>4,718</u>

11. CASH GENERATED FROM OPERATIONS

	3 Months ended 31 August 2018 £000	9 Months ended 31 August 2018 £000	3 Months ended 31 August 2017 £000	9 Months ended 31 August 2017 £000
Loss for the year	(40,585)	(78,431)	(47,185)	(79,790)
Adjustments for:				
Income tax expense	(3,972)	4,964	(3,615)	6,837
Net finance costs	43,022	108,644	47,988	122,529
Loss on disposal of tangible fixed assets	-	81	1,823	1,866
Depreciation	13,360	40,630	13,758	40,358
Amortisation of intangible assets	795	2,435	516	1,731
Increase in provisions and other non-cash items	(3,559)	(7,304)	(2,711)	(11,716)
Operating cash flows before movements in working capital	<u>9,061</u>	<u>71,019</u>	<u>10,574</u>	<u>81,815</u>
Decrease in inventories	505	571	3,184	393
(Increase) / decrease in trade and other receivables	969	(251)	4,049	6,902
(Decrease) / increase in trade and other payables	8,383	(3,027)	(11,932)	(20,782)
Cash generated by operations	<u>18,918</u>	<u>68,312</u>	<u>5,875</u>	<u>68,328</u>
Income taxes paid	(2,963)	(6,366)	(2,478)	(7,149)
Net cash inflow from operating activities	<u>15,955</u>	<u>61,946</u>	<u>3,397</u>	<u>61,179</u>

VUE INTERNATIONAL BIDCO PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

12. ANALYSIS OF CHANGES IN NET DEBT

	30 November 2017 £000	Cash flow £000	Foreign Exchange movements £000	Interest charges £000	Other non- cash movements £000	31 August 2018 £000
Cash and cash equivalents	116,135	(12,962)	567	-	-	103,740
Shareholder loan notes	(732,933)	-	-	(58,695)	-	(791,628)
Senior secured notes and loans	(710,458)	39,742	(7,541)	(39,778)	(3,023)	(721,058)
Unamortised capitalised bank fees	481	-	-	-	(207)	274
Finance lease liabilities	(33,398)	7,015	(522)	(2,214)	-	(29,119)
External loans	(603)	(30)	(10)	-	-	(643)
Total	(1,360,776)	33,765	(7,506)	(100,687)	(3,230)	(1,438,434)

13. TAXATION

Income tax is recognised based on management's best estimate of the annual income tax rate expected for the financial period.

14. FINANCIAL RISK MANAGEMENT

The interim condensed consolidated financial statements do not include the financial risk management information and disclosures required in annual financial statements. A description of major risk factors considered by the Group can be found in the audited annual report and financial statements of Vue International Bidco plc for the period to 30 November 2017, a copy of which is available on the group website (<http://vue-international.com/index.php/investor-relations/reports-presentations>).