

Announcement

To: Bahrain Bourse

Bahrain Cinema Company B.S.C would like to announce the following:

الإفصاح عن معلومات جوهرية

السادة / بورصة البحرين

تعلن شركة شركة البحرين للسينما ش.م.ب عن الإفصاح عن المعلومات الجوهرية المبين تفاصيلها أدناه:

Date	23-08-2023	التاريخ
Company Name	Bahrain Cinema Company B.S.C شركة البحرين للسينما ش.م.ب.	إسم الشركة
Trading Code	CINECO سينيكو	رمز التداول
Subject	Investors' Call Meeting for the half year of 2023 دعوة المستثمرين للاجتماع النصف سنوي لسنة 2023	الموضوع
Announcement	The Group held its first Investors' Call Meeting on 14 th August, 2023 to discuss the financial results for the half year ended 30 th June, 2023. Enclosed are the Investors' Call Presentation and the transcript. 2023 عقدت المجموعة أول اجتماع دعوة للمستثمرين في 14 أغسطس 2023 لمناقشة النتائج المالية النصف سنوية المنتهية في 30 يونيو 2023. مرفق طيه عرض مكاملة المستثمرين ونص الحوار.	

Name	أحمد عبدالرحمن راشد البستكي Ahmed A. Rashed AlBastaki	الإسم
Title	العضو المنتدب والرئيس التنفيذي Managing Director & CEO	المسمى الوظيفي
Company Seal ختم الشركة		Signature التوقيع
		

Bahrain Cinema Company

Investors' Conference Call (HY – 2023)

14 August 2023

Financial Highlights

(Period ending 30 June 2023)

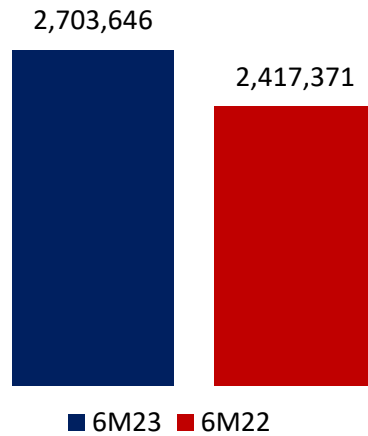
FINANCIAL PERFORMANCE

(Amounts in BD'000)

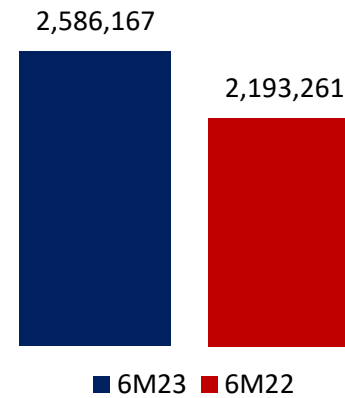
KEY RATIOS	6 Months Period ended June 2023	6 Months Period ended June 2022	6 Months Period ended June 2021	Year ended December 2022	Year ended December 2021	Year ended December 2020
OPERATING INCOME	2,704	2,417	608	5,283	2,317	2,242
GROSS MARGIN / (LOSS)	117	224	(469)	368	(566)	(976)
GROSS MARGIN / (LOSS) %	4%	9%	(77%)	7%	(24%)	(44%)
NET PROFIT/(LOSS) FOR THE PERIOD/YEAR	764	250	325	1,143	1,043	(14,130)
INCOME/(LOSS) FROM INVESTMENTS, NET	1,419	570	748	2,131	2,010	(447)
RETURN ON INVESTMENTS	2.11%	0.87%	1.45%	3.20%	3.85%	(0.87%)
ROCE *	1.29%	0.43%	0.55%	1.91%	1.75%	(24.06%)
CURRENT RATIO **	1.54	1.53	1.69	1.69	2.17	1.72

FINANCIAL PERFORMANCE- SIX MONTHS 2023

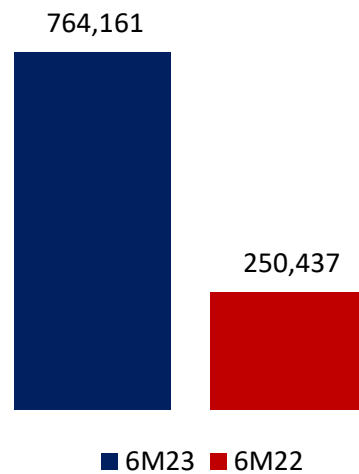
Operating Income



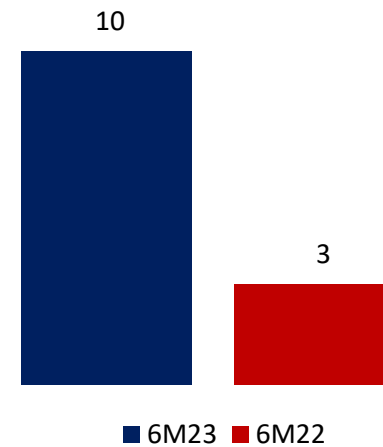
Operating Cost



Net Profit

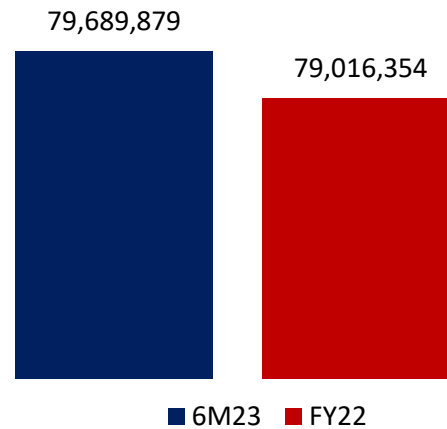


EPS (fils)

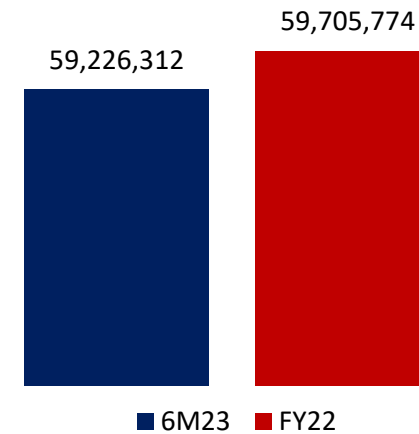


FINANCIAL PERFORMANCE- SIX MONTHS 2023

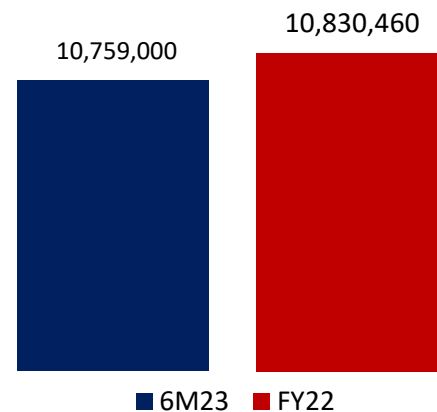
Total Assets



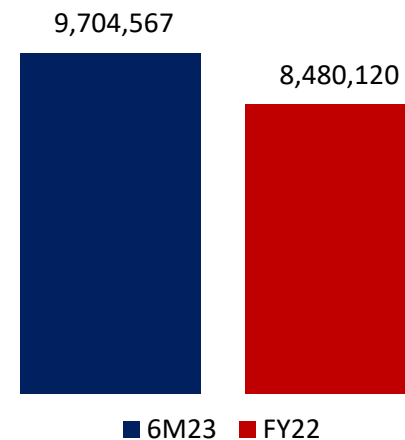
Capital & Reserves



Non-current Liabilities



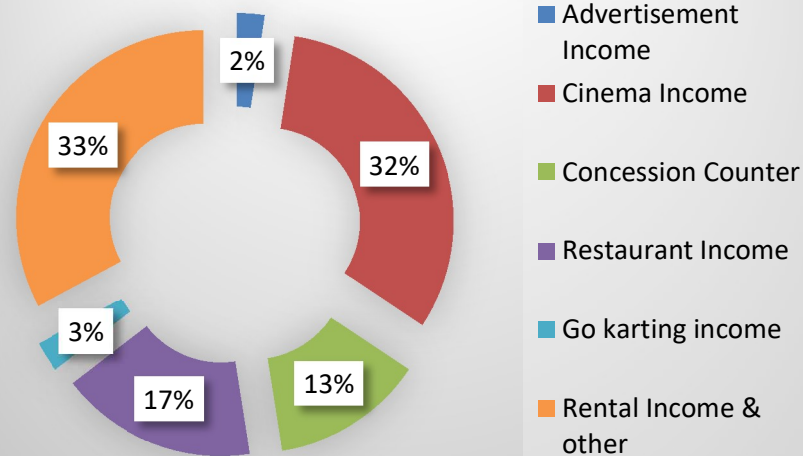
Current Liabilities



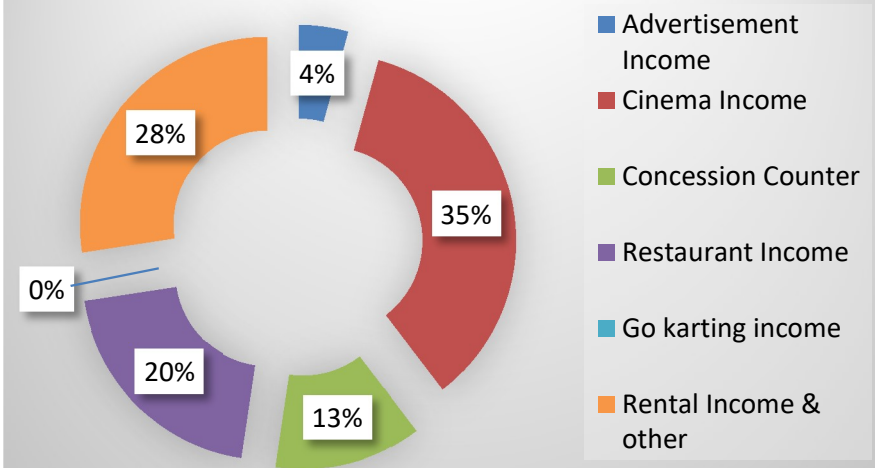
SIGNIFICANT FINANCIAL STATEMENT TRENDS

Operating income – Segment wise

6 months ended 30 June 2023



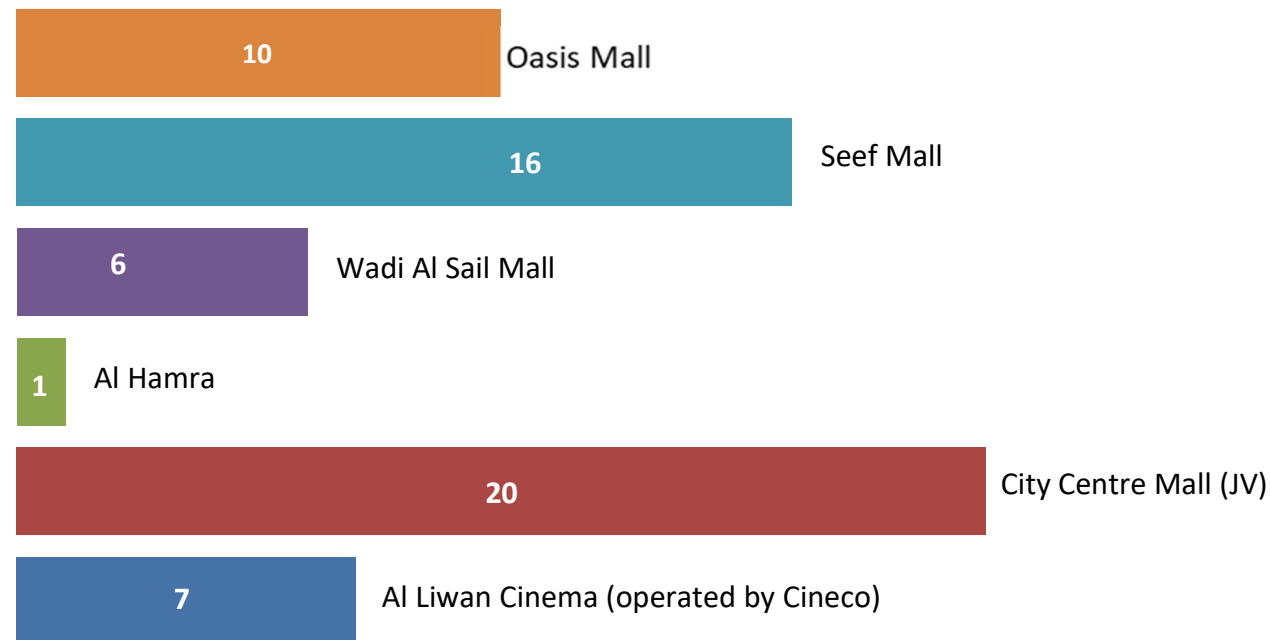
6 months ended 30 June 2022



Period	Cinema	Concession counter	Restaurant	Advertisement	Go Karting Income	Rental & other	Total
2023	863,078	356,416	460,169	65,144	71,313	887,526	2,703,646
2022	854,641	307,969	488,921	103,066	-	662,774	2,417,371

Screen Distribution

Screen Distribution



SIGNIFICANT FINANCIAL STATEMENT TRENDS

INVESTMENT IN AN ASSOCIATE (VOX CINECO)

	June - 23	June – 22
Revenue	1,709,337	1,915,714
Profit from operation	76,989	416,142
Share of profit/(loss) from associate	38,494	208,071
Interest on MAF receivables	70,926	141,856

NOTE: SHARE OF PROFIT FROM INVESTMENT IN ASSOCIATE (VOX CINECO) ACCOUNTED IN BOOKS IS BASED ON UNAUDITED MANAGEMENT ACCOUNTS

Recent developments

Recent Developments

- ❑ Al Liwan Cinema (operated by Cineco) was opened for public on 19th April, 2023. The Al Liwan Cinema is owned and developed by LAMA Real Estate W.L.L. and operated by Cineco. It consists of 7 screens having seating capacity of 1,146. It is located at Al Liwan mixed-use project in Hamala in the Northern Governorate.








- ❑ The Company has appointed Mr. Ahmed Abdulgaffar as the Assistant Chief Executive Officer w.e.f. 2nd April, 2023.

- ❑ Entry of new competitors in the market
Cinepolis opened in July 2022 in Amwaj Island have 5 screens and EPIX Cinema opened in May 2023 in Dana Mall having 10 screens.



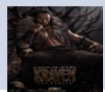

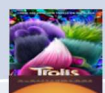

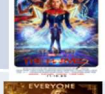




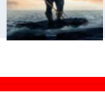
Future Outlook

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- ❑ The Company will be releasing its first Environment, Social and Governance (ESG) Report in the fourth quarter of the year 2023 which will give an insight into the Company's commitment and initiatives for a sustainable growth
- ❑ Some big movies are slated for release in the second half of the year 2023

	Films	Tentative Release Date
	BLUE BEETLE	24-Aug-2023
	KING OF KOTHA (MAL/TAM/HIN/TEL/KAN)	24-Aug-2023
	EQUALIZER 3: THE FINAL CHAPTER	31-Aug-2023
	JAWAN (HINDI/TAMIL/TELUGU)(SHAH RU)	07-Sep-2023
	THE NUN 2	07-Sep-2023
	TEENAGE MUTANT NINJA TURTLES: MUTANT MAYHEM (ANIMATION)	14-Sep-2023
	EXPEND4BLES-4	21-Sep-2023

Future Outlook

	Films	Tentative Release Date
	PAW PETROL: THE MIGHTY MOVIE (ANIMATION)	28-Sep-2023
	SALAAR (HIN/TAM/TELUG/MAL/KAN)	28-Sep-2023
	KRAVEN THE HUNTER	05-Oct-2023
	KILLERS OF THE FLOWER MOON	19-Oct-2023
	TROLLS BAND TOGETHER	26-Oct-2023
	DUNE: PART TWO	02-Nov-2023
	THE MARVELS	09-Nov-2023
	THE HUNGER GAMES: THE BALLAD OF SONGBIRDS AND SNAKES	16-Nov-2023
	WISH (ANIMATION)	23-Nov-2023
	MIGRATION (ANIMATION)	07-Dec-2023
	WONKA	14-Dec-2023
	AQUAMAN 2 & THE LAST KINGDOM	21-Dec-2023

Q&A Session

Thank You

Bahrain Cinema Company

Investors' Conference Call (HY – 2023)- Transcript

14 August 2023

Mr. Chiro Ghosh- Greetings Ladies and gentlemen. This is Chiro Ghosh from SICO and I would like to welcome you all to the Bahrain Cinema Company's first Half 2023 results conference call. It is my pleasure to host the Senior Management today. We have here with us Mr. Ahmed Rashed Albastaki, Managing Director and CEO, Mr. Ahmed Abdulgaffar, Assistant CEO and Mr. Yugandhar Karnam, Chief Financial Officer of the Company. By now you would have received the earnings release and the detailed financial results for the first half of the year 2023. It is also available on the Company's website and Bahrain Bourse. You can view the presentation on the webcast. You can post the questions on the web link or you can raise your hand function and we can pick up your question. Now without any further delay, I will hand over the call to Mr. Ahmed Albastaki and Mr. Yugandhar to begin the presentation.

Mr. Ahmed Rashed Albastaki- Welcome ladies and gentlemen to the first Half 2023 results conference call. If you have gone through the financials, we would be happy to take the questions that you may have after the presentation.

Mr. Yugandhar- Good morning everyone. We have a small presentation for the Investors' call and will share the screen. Later we will have the Q&A session.

Financial Performance- You can see the six months comparative figures. The Operating income for the current 6 months ended 30th June 2023 is BD 2.7 million versus BD 2.4 million for the first 6 months of the year 2022. The Company reported Gross Profit of BD 117k for the current six months as compared to BD 224K for six months of the year 2022. The Net Profit is BD 764k for the reporting period as compared to BD 250K for the corresponding period in 2022. The income from Investment has increased from BD 570k for the six months of the year 2022 to BD 1.4 million for the current six months. The return on investment was 2.11% against 0.87% in the last year; ROCE is 1.29% for the current reporting period as compared to 0.43%. The current ratio of the Company is healthy at 1.54 as compared to 1.53 for the 6 period ended 30-06-2022.

You can see the operating income has increased slightly from the last year and so has the operating cost. The Earnings per share for the HY of 2023 is 10 fils as compared to 3 fils for the corresponding period in the previous year.

The total assets amounted to BD 79.6 million for 1HY of 2023 and BD 79 million for FY 2022. The capital and reserves have dropped from BD 59.71 million for FY 2022 to BD 59.22 million for HY 2023 mainly due the payment of dividend in the first quarter of the year 2023. The non-current liabilities are BD 10.75 million for 1HY 2023 as against BD 10.8 million for FY 2022 and the current liabilities are BD 9.7 million in the current year versus BD 8.48 million for the last year.

Now you will see segment wise operating income comparison of last year's and current year's performance. The cinema income was BD 863k, concession counter income was BD 356k, income from restaurant amounted to BD 460k, Advertisement income was BD 65k, Go karting income amounted to BD 71k and rental & other income was BD 887k. Total was BD 2.7 million for 1HY 2023 against BD 2.4 million in the last year. The main income was generated from cinema and rental income.

This slide shows the screen distribution in Bahrain. Oasis mall has 10 screens, Seef Mall has 16 screens, Wadi al Sail Mall has 6 screens, 1 in Al Hamra, 20 screens in City Centre under Joint Venture with VOX and 7 screens in Al Liwan which was opened in 2023 and is operated by Cineco on behalf of LAMA Real Estate

You can see the Joint Venture performance for the cinema in City Centre. Revenue was BD 1.7 million for HY 2023 versus BD 1.91 million in HY 2022. Profit from operations is BD 76k as compared to BD 416k in the last year. Share of profit is BD 38k and interest on MAF receivable was BD 70k. The revenue was dropped mainly due to the renovation where major cinema screens were closed in the first quarter of the year. We have fully renovated the cinemas and opened it. The cinema is going to do well in second half of the year.

Recent developments

Al Liwan Cinema (operated by Cineco) was opened for public on 19th April, 2023. The Al Liwan Cinema is owned and developed by LAMA Real Estate W.L.L. and operated by Cineco. It consists of 7 screens having seating capacity of 1,146. It is located at Al Liwan mixed-use project in Hamala in the Northern Governorate.

The Company has appointed Mr. Ahmed Abdulgaffar as the Assistant Chief Executive Officer w.e.f. 2nd April, 2023. He is also here with us today.

Entry of new competitors in the market-Cinapolis opened in July 2022 in Amwaj Island having 5 screens and EPIX Cinema opened in May 2023 in Dana Mall having 10 screens.

Future Outlook- The Company will be releasing its first Environment, Social and Governance (ESG) Report in the fourth quarter of the year 2023 which will give an insight into the Company's commitment and initiatives for a sustainable growth

We have listed out some big movies are slated for release in the second half of the year 2023 like Blue Beetle, Jawan, Equalizer in August, Nun and Expendables in September, Killers of the Flower Moon, Trolls, Dune and Marvels in November and Aquaman in December.

With this I conclude the presentation.

Mr. Chiro Ghosh- We will wait for a few minutes for the questions to come in.

Mr. Shyam Krishnan- Thank you for the presentation Mr. Yugandhar. It was a good presentation. Just one point I would like to ask about is about the entry of the competitors like EPIX and Cinapolis, what is the strategy of Cineco to tackle this competition, because Bahrain is fairly a small market?

Mr. Ahmed A. Rashed Albastaki- the competition has led to market is saturation and therefore with the introduction of the new competitors in the market, the end result for all the operators is that they are making loss. Most of the new operators in order to survive and reduce their losses, they are competing with us by reducing the ticket prices to attract the customers. So, if you go by the law of diminishing return, reducing the prices will not be helpful to us in the long run and we cannot enter into price war. Eventually, some of the operators will have to shut down some locations.

As far as Cineco is concerned, we might end up shutting down some of the cinemas if the current situation continues and if we don't see any improvement. In the absence of Saudis, the market has deteriorated a lot. Number of screens opened in Saudi has substantially increased. And since Saudi has more screens and state of the art cinemas, why would they prefer to come to Bahrain to watch the movies? Bahrain does have some attractions to attract Saudi residents or families but the people who used to come to Bahrain only to watch the movies over the weekend and go back, those customers have stopped coming to Bahrain and they represented 70% of the cinema attendance.

Mr. Sriram- One more question in terms of understanding your income part of it. The investment income has gone up quite a fair bit and I'm presuming it has a lot to do with interest income and mark to market of your bonds, especially the Bahrain bonds, is that correct?

Mr. Yugandhar-Bahrain bonds valuation gain is not taken to the profit and loss; it is kept for long term. Apart from that, mainly the investment income is from dividend income and the valuation profit on the listed investment and sukuks valuation.

Mr. Sriram-So the bonds, the one you bought recently is put at cost and the old one is at mark to market.

Mr. Yugandhar- Yes

Mr. Sriram- In terms of your strategy going forward, obviously the competition is increasing and the number of screens have increased and you have done the right thing by repositioning yourself. Where do you see yourself? Do you want to be in the Saudi market that is one of the markets you had looked at? Probably more operators looking for license there. Are you still looking at growth there in terms of entertainment business through cinema or are you looking at other areas. What is your medium term strategy outside of your real estate and other investment? Do you want to be market leaders in Bahrain or move out?

Mr. Ahmed A. Rashed Albastaki- As far as expansion is concerned; maybe we will enter into amusement sector other than cinemas. We have no plans for expansion in cinemas in Bahrain or elsewhere. In real estate we have a project under study and we are waiting for the permission. Once we get the permission, we will start working on it. It will be on the 3 lands that the Company owns in Seef. We will combine it and create something like a strip mall provided we get the permission

Mr. Sriram- These are existing lands that you want to develop into a more entertainment sort of ideas.

Mr. Ahmed A. Rashed Albastaki - No. It will be retail & restaurants

Mr. Sriram- Ok. What sort of IRR you have in mind

Mr. Ahmed A. Rashed Albastaki- IRR would probably be around 20%.

Mr. Sriram- Do you think there is not enough competition there or it will be unique.

Mr. Ahmed A. Rashed Albastaki -There are other competitors as well. You can see the boulevard and others but there is also demand for the same especially in the Seef area. We have to develop the idea and present it to the Board for approval before we can do anything.

Mr. Sriram- Are there any other plans apart from this that you are currently looking at?

Mr. Ahmed A. Rashed Albastaki -Not at the moment

Mr. Sriram- How is go karting going? Are you looking to expand it in Bahrain?

Mr. Ahmed A. Rashed Albastaki -We think one go karting is enough for Bahrain and the present one is not doing so good because of the Mall as it is not able to attract footfall. They don't have food court or good restaurants. That has affected us a lot.

Mr. Sriram-do you have enough capital for development of retail property? Or are you looking at debt financing and other options or is the existing cash enough?

Mr. Ahmed A. Rashed Albastaki- Existing cash is enough. Our position in cash is good.

Mr. Sriram- That sounds good. Thanks a lot.

Mr. Chiro Ghosh- We have one question from Ms. Fatema. Do you think there are too many screens now in Bahrain compared to the population? And are you considering renovating Seef older cinema? I think the first part is already answered.

Mr. Ahmed A. Rashed Albastaki- Seef has been renovated.

Mr. Yugandhar- 4 years back we had renovated Seef cinema so there are currently no plans for renovation.

Mr. Ahmed A. Rashed Albastaki- Other cinemas like Wadi al Sail and Oasis are fairly new, so they don't need renovation.

Mr. Chiro Ghosh- Does anybody has any further questions? I think we don't have any further questions. So, I would like to thank everybody for participating in Bahrain Cinema Company's first Investor Call's presentation to discuss the financials for the 1st half of the year 2023. Now I will handover to Mr. Ahmed A. Rashed AlBastaki for the closing.

Mr. Ahmed A. Rashed AlBastaki- We thank you very much for attending this conference call and we hope to see you and have similar conferences in future. Thank you very much.