Cineworld considers US listing as pandemic continues to hit finances

C
ineworld has revealed it is considering listing all or part of its business in the US as the pandemic's blow to the chain's finances persists.

Shares in the world's second-biggest cinema operator shot up by as much as 7.5% in early trading on Thursday morning on the update.

In a half-year results statement, the FTSE 250 firm said US equity capital markets "are the largest and most liquid in the world" and that a listing there of its Regal brand, or the whole group, could "maximise shareholder value now and into the future by accessing this liquidity".

The cinema giant, which also owns Picturehouse, bought Regal just three years ago for £2.7 billion. The US now represents around 75% of its market.

The chain revealed an eye-watering $3 billion 2020 loss to the market in March, and its shares have almost halved in the intervening months. On Thursday it reported an operating loss of $208.9. million for the six months to July, narrower than its 2020 first-half loss of $1,340.9 million.

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But analysts had forecast a jump in revenue to $2.1 billion this year, and revenues were just $292.8 million in the half.

The company said net debt stood at $8.4 billion by June 30, up almost $119 million since end December.

Cineworld’s board will evaluate options, including the US listing, over the coming months. Chief executive, Mooky Greidinger, told the Standard: “We are considering various options with regards to the next move and capital.

“There are many, many options. It has to do with the cash flow situation – we want to see this stabilising. We believe that in the last quarter we will see positive cash flow.”

On Thursday the company warned that there can be “no certainty” of its recovery from the pandemic.

Cineworld’s directors said there is “material uncertainty” around the group’s ability to continue as a going concern.

The chain, which had already amassed a large debt pile pre-Covid in pursuing rapid expansion, has sought bail-outs from multiple investors of around £1 billion since the pandemic hit – including raising around £560 million in liquidity in November when it came close to collapse.

Last month Cineworld secured another $200 million in new debt funding, and additional covenant amendments on some debt facilities until June 2022.

Executives have also faced shareholder rebellion. Back in January, 30% of shareholders voted against a share price-linked incentive plan that could see Greindinger and his brother and deputy, Israel, paid up to £65 million in bonus shares if the share price recovers to 380p.

The CEO said the issue is “not on the table anymore”, that a big majority of shareholders supported the decision, and that the discussion “belongs to the first half of the year”.

Cineworld said a strong slate of films due in the coming months, including the long-delayed James Bond film, No Time to Die, and TopGun: Maverick, “gives us great confidence in our ability to continue to rebound strongly”.

CMC Markets analyst, Michael Hewson, said the “bar was set low for today’s H1 numbers, which helps explain today’s shares price rebound”.

Analysts at broker Jefferies said: “Cine looks well-placed to capitalise on pent-up consumer demand.”