

Cineworld shareholders set to be wiped out as firm expects to exit bankruptcy

Cineworld hopes to be back from bankruptcy protection before the middle of the year, but the debt-ridden business expects any deal with its creditors will wipe out its shareholders.

The world's second-largest cinema chain said Friday that it had been approached by "a number" of potential suitors, but none of them had been willing to pay in cash to buy the whole business.

Cineworld may have been hoping for a sale, but it was always seen as unlikely that it would find someone who was willing to take over the business and deal with its six billion dollar (£5 billion) pile of debt.

So while the business now hopes to come out of US bankruptcy protection some time in the first half of this year, it will likely spell a painful end for its current shareholders.

Based on the discussions it has had, Cineworld said "there is a route" to emerging from the so-called Chapter 11 bankruptcy proceedings.

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But, it added, “the company does not believe that there will be sufficient creditor support for a plan that contemplates any recovery for equity interests”.

It is thought that any rescue deal for the business will mean handing over control to the companies and people that Cineworld owes money to. And shareholders are unlikely to get anything back.

Cineworld’s cinemas – which include [Picturehouse](#) in the UK – are still open as usual during the bankruptcy proceedings.

It is not expected that any sale transaction will provide any recovery for the holders of the company’s equity interests

On Friday, Cineworld said: “The company has now received non-binding proposals from a number of potential transaction counterparties for some or all of the group’s business.

“None of these proposals involves an all-cash bid for the entire business.

“The company is reviewing such proposals in conjunction with its advisers and key stakeholders and, whilst no decision has been made as to whether to pursue a sale transaction, and the terms of any such transaction remain uncertain, based on the proposals received to date, it is not expected that any sale transaction will provide any recovery for the holders of the company’s equity interests.”

Cineworld entered bankruptcy protection in September, weighed down by heavy debts accumulated in part during Covid-19. Today the company owes around six billion dollars.

Shares in the business dropped by a third in [London](#) after the news on Friday.