

Cineworld shares crash more than 30% as chain loses Cineplex dispute and faces C\$1.2 billion damages bill

Cineworld, the world's second largest cinema chain, saw shares fall as much as 36% on Wednesday morning on news it had lost a legal dispute with Canadian rival Cineplex and been ordered to pay a C\$1.23 billion (£704 million) damages bill.

London-listed Cineworld had been looking to take over Cineplex, but pulled out of the deal in June 2020.

Cineplex announced last July that it was suing for damages, and Cineworld launched a counter-claim.

The screen giant told investors on Wednesday that the Ontario Superior Court of Justice had ruled in Cineplex's favour, dismissed its counter-claim, and awarded the Canadian chain damages of C\$1.23 billion for lost synergies and C\$5.5 million for lost transaction costs.

The FTSE 250 chain said it will appeal the decision and "does not expect damages to be payable whilst any appeal is ongoing".

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Shares in Cineworld plunged in early trading before recovering slightly. Its stock was down 27.6%, or 12.5p, at 32.8p, by 8.30am.

The blow comes after a tough few years for the operator, which revealed a \$3 billion 2020 loss in March.

The chain has sought bail-outs from multiple investors of around £1 billion since the pandemic hit -including raising around £560 million in liquidity in November 2020 when it came close to collapse.

Sales at the group, which also owns the Picturehouse and the US' Regal chains, were still 10% on 2019 levels in October – despite the easing of restrictions worldwide and a James Bond boost.

It returned to the black for the first time since Covid hit in October, however, and bosses called it “an important milestone in the company’s recovery”.