Cineworld ends plan to sell its UK, US and Ireland businesses

Troubled cinema chain Cineworld is terminating plans for the sale of its UK, US and Ireland businesses.

The news was announced by the world's second-largest cinema chain on Monday, as it also revealed plans to raise $2.26bn (£1.8bn) in new funding in an effort to get out of bankruptcy protection.

Cineworld, with around 750 sites worldwide, including the Picturehouse chain in the UK, filed for US bankruptcy protection in September.

The financial restructuring programme announced on Monday is aimed at dealing with its roughly $5bn debt pile.

This will involve lenders providing around $1.46bn (£1.2bn) in new credit, as well as $800m (£651m) of equity to the lenders.

The group said it will continue to trade, with "business as usual", meanwhile.

Cineworld launched an effort to find a potential buyer earlier this year but had no acceptable offers.

However, while it will end plans to sell its businesses in the UK, US and Ireland, it will continue with an auction for its operations elsewhere.

In an update to shareholders, it said: "Having discussed with its key stakeholders, Cineworld has determined that, absent an all-cash bid significantly in excess of the value established under the proposed restructuring, the marketing process as it relates to the group's business in the US, the UK and Ireland will be terminated.

"Cineworld and its key stakeholders continue to consider the proposals that were received in respect of its 'rest of the world' business (outside the US, the UK and Ireland) and a process is underway with the bidders for the RoW Business to assess whether an acceptable sale transaction can be completed."

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Cineworld screens a 'number' of proposals as it looks to exit bankruptcy protection

Mooky Greidinger, chief executive of Cineworld, said: "This agreement with our lenders represents a 'vote of confidence' in our business and significantly advances Cineworld towards achieving its long-term strategy in a changing entertainment environment.

“With a growing slate of blockbusters and audiences returning to cinemas in increasing numbers, Cineworld is poised to continue offering movie goers the most immersive cinema experiences and maintain its position as the ‘best place to watch a movie’.”

The company expects to emerge from bankruptcy protection during the first half of this year, although any sale of its business outside the UK, US and Ireland could delay this timeline.

Shares in the London-listed company have fallen almost 99% in the past five years, suffering a double blow from growth in streaming services and the COVID-19 pandemic which saw it having to close its cinemas under social distancing rules.