

# Cineworld may file for bankruptcy in US

Cineworld has confirmed it may file for bankruptcy in the US, days after its shares nose-dived over reports the world's second largest cinema chain was in difficulties.

The UK-based company, which globally employs around 28,000 people across 751 sites in 10 countries, said it was considering options for how to restructure the business as it wrestled with hefty debts.

These included a Chapter 11 bankruptcy filing, which is often referred to as a reorganisation bankruptcy and does not mean the company has gone bust.

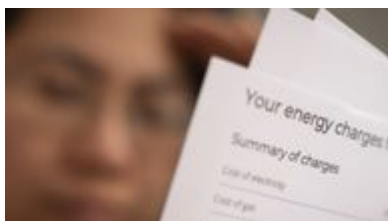
The process gives firms a chance to propose a reorganisation, and the banks, suppliers and employees they owe money to are allowed to vote on the plan.

After the filing is made, the company remains in control of its assets and does not have to shut down or liquidate its business to pay off debts.

It is also protected from foreclosure and repossessions.

Firms such as General Motors and Marvel Entertainment have previously made Chapter 11 filings and subsequently recovered.

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The announcement by Cineworld, which also owns the Picturehouse chain in the UK and Regal Cinemas in the US, came days after the Wall Street Journal reported the company was [on the verge of declaring bankruptcy, sending the group's stocks crashing.](#)

The business, which was saddled with £4bn of debt at the end of the last financial year, previously said it was in talks with stakeholders over potential funding or considering restructuring its balance sheet.

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Responding to recent speculation, the company said: "Cineworld and Regal theatres globally are open for business as usual and continue to welcome guests and members.

"The strategic options through which Cineworld may achieve its

restructuring objectives include a possible voluntary Chapter 11 filing in the United States and associated ancillary proceedings in other jurisdictions as part of an orderly implementation process.

“Cineworld is in discussions with many of its major stakeholders, including its secured lenders and their legal and financial advisers.”

The firm pointed out its cinemas would be able to continue to trade throughout the process.

It said: “Cineworld would expect to maintain its operations in the ordinary course until and following any filing and ultimately to continue its business over the longer term with no significant impact upon its employees.”

But it warned shareholders were likely to see a “very significant dilution” in their holdings in the group as a result of any filing.

Shares in the year to date are down 87%, but in early trading were up slightly following the firm’s statement.

Cineworld had pinned its hopes on big-budget releases such as Top Gun: Maverick, The Batman and Thor: Love And Thunder to aid its recovery from the devastating impact of the [COVID-19](#) pandemic.

But in a statement last week, the firm said [a lack of blockbuster films was hitting audience numbers](#).

The company has also been dogged over the past year by separate legal disputes.

In September, the London-listed business struck an agreement to pay £141m to disgruntled Regal shareholders who were frustrated with the price it purchased the US cinema chain, although it has subsequently sought to delay some payments.

Meanwhile, in December it was ordered to pay £720m by a court after it decided not to go through with a takeover of Canadian rival Cineplex as the pandemic broke out.

Chief executive Mooky Greidinger appealed against the court ruling and claimed the company acted in "good faith".