

Elliott premieres blockbuster bid for parts of ailing Cineworld

The renowned activist investor Elliott Management is plotting a takeover of large chunks of Cineworld, the stricken London-listed cinema operator.

Sky News has learnt that Elliott is interested in acquiring Cineworld's operations in eastern Europe and Israel.

While Elliott is also understood to have explored a bid for the whole of the ailing group, its latest proposal to Cineworld's advisers does not include the company's operations in the UK and US, according to insiders.

Elliott, which is among the parties involved in the auction of Manchester United Football Club, has become an increasingly active private equity investor in recent years.

Among the consumer-facing companies it has backed are Barnes & Noble and Waterstones, the book retailers, and Claire's, the fashion accessories chain.

It is said to be interested in Cineworld as the cinema industry continues to recover in the wake of the pandemic, having been buoyed by the release of No Time To Die, Daniel Craig's final appearance as James Bond, and the sequel to Avatar.

Earlier this month, Sky News revealed that Elliott had hired Sir Mike Rake, the former BT Group chairman and one-time CBI president, to burnish its historically hostile reputation in UK boardrooms.

In recent years, Elliott has built stakes in FTSE-350 companies including BHP, the mining giant, drugs giant

GlaxoSmithKline, Hammerson, the shopping centre-owner, and Whitbread, the owner of Premier Inn hotels.

At most of them, it has either pushed publicly or behind the scenes for strategic or management changes, and has earned a reputation as one of the most aggressive activist funds in the world.

Elliott Management, the US-based parent, was founded in the 1970s by Paul Singer with just over \$1m under management.

It now manages close to \$55.7bn, and its London office is run by Mr Singer's son, Gordon.

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City sources said a small number of parties were seriously interested in buying parts of Cineworld, which has grown in recent years to become the world's second-largest cinema group.

In the UK, it trades under its parent company's brand and owns the Picturehouse chain, while in the US it owns the giant Regal multiplex portfolio.

Elsewhere, it operates in Bulgaria, the Czech Republic, Hungary, Israel, Romania and Slovakia.

This weekend, one analyst estimated the value of Cineworld's operations outside the UK and US at about \$500m.

The London-listed company, which floated in 2007, has warned that any deal to break it up is unlikely to yield value for shareholders.

Cineworld, which filed for Chapter 11 bankruptcy protection in the US last year, has seen its stock crash by nearly 95% during the last year.

Its market capitalisation now stands at just £31m.

The identities of other parties interested in acquiring the company was unclear this weekend, with rival cinema operator Vue International having recently been frozen out of the auction process.

Vue's founder, Tim Richards, had been attempting to engineer a tie-up between two of the UK's largest cinema operators, while the founder of Picturehouse was also in talks with him about buying it back as part of a break-up of Cineworld.

In a stock exchange announcement on Friday, Cineworld reiterated that it "remains in discussions with its key stakeholders with a view to developing a Chapter 11 plan of reorganisation that maximises value for the benefit of the Group and its stakeholders".

"The marketing process, which was announced on 3 January 2023, is continuing in parallel.

"As previously announced, it is not expected that any plan of reorganisation or sale transaction would result in any recovery for Cineworld's shareholders."

PJT Partners, the investment bank, is advising Cineworld on the auction.

A spokesman for Elliott declined to comment on Saturday.