

Hollywood strikes force Vue cinema chain into fresh debt restructuring

Vue International, Europe's largest independent cinema operator, is finalising a fresh debt restructuring after the Hollywood actors' strike halted the release of a string of blockbuster movies.

Sky News has learnt that UK-based Vue, its shareholders and lenders are in the process of organising the company's second debt-for-equity swap in 18 months in a bid to put the business on a sustainable long-term footing.

Under the plans, hundreds of millions of pounds of existing debt will be converted to equity, with roughly £50m of new capital being injected into the company.

This weekend, Vue's founder and chief executive, Tim Richards, told Sky News: "The unforeseen and unprecedented six months of strike action by Hollywood actors and writers in 2023 has had a short and medium-term impact on the industry, pushing back the release of anticipated number of movies and delaying the pipeline of new content.

"We are in discussions with our shareholders and lenders to ensure the business has the right capital structure to thrive and maximise exciting opportunities ahead once the pipeline of new content improves later this year and in 2025."

[Last year's strikes](#) brought the epicentre of the global film-making industry to a standstill, impacting studios, distributors and cinema operators.

Among the titles whose release was delayed by the crisis was [Dune: Part Two](#), a sequel which had been among the most

anticipated movies of 2023.

Vue employs more than 8,000 people and operates more than 225 multiplexes in countries including the UK, Ireland, Germany, Italy and Taiwan.

One source said that the latest restructuring underlined its stakeholders' confidence in the long-term prospects of the business, with hits this year expected to include the third instalment of the Deadpool franchise, Beetlejuice 2 and Gladiator 2.

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Led by Mr Richards, Vue completed a previous restructuring almost exactly a year ago, which saw £470m of debt wiped out and the company taken over by its lenders, led by Barings and Farallon Capital Management, a US hedge fund.

With the support of those firms, Vue subsequently explored an offer for parts of Cineworld, its larger multinational rival, which went through an insolvency process last year.

While a deal between Vue and Cineworld did not happen, industry sources believe that Mr Richards remains keen to lead industry consolidation in the years ahead.

Question marks also remain over the long-term future of AMC, the American owner of Odeon Cinemas.

Mr Richards, who is about to step down as chair of the British Film Institute, founded Vue in its current guise just over 20 years ago.

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The company is now looking for a new chair to replace Stella David, who has stepped down after being parachuted in to

Entain, the FTSE-100 gambling group, as its interim chief executive.

Vue's previous owners, Alberta Investment Management Corporation (AIMCo) and Omers, the Canadian pension funds, took control in 2013 in a deal worth close to £1bn.

They subsequently presided over a string of acquisitions which helped turn the group into Europe's largest cinema operator.

In 2019 – a record year for Vue – they began to explore a sale but did not conclude a deal before the COVID-19 crisis brought the leisure industry to its knees.

Like its rivals, the company was forced to furlough thousands of UK-based employees during the pandemic, with its sites shut for months.

Mr Richards was also forced into a brief skirmish with Vue's UK landlords as he sought rent reductions during the period of closures.

One banker said it remained unclear how long Vue's owners would seek to retain control before selling or floating the company, but the latest restructuring was expected to mean that they would remain in place for longer.