



United Cinemas Co., Ltd.

Outline of United Cinemas (as of 2014)

- The third largest cinema complex operator in Japan
- Operating 36 theaters all over Japan, with total attendance of 13.6 million.

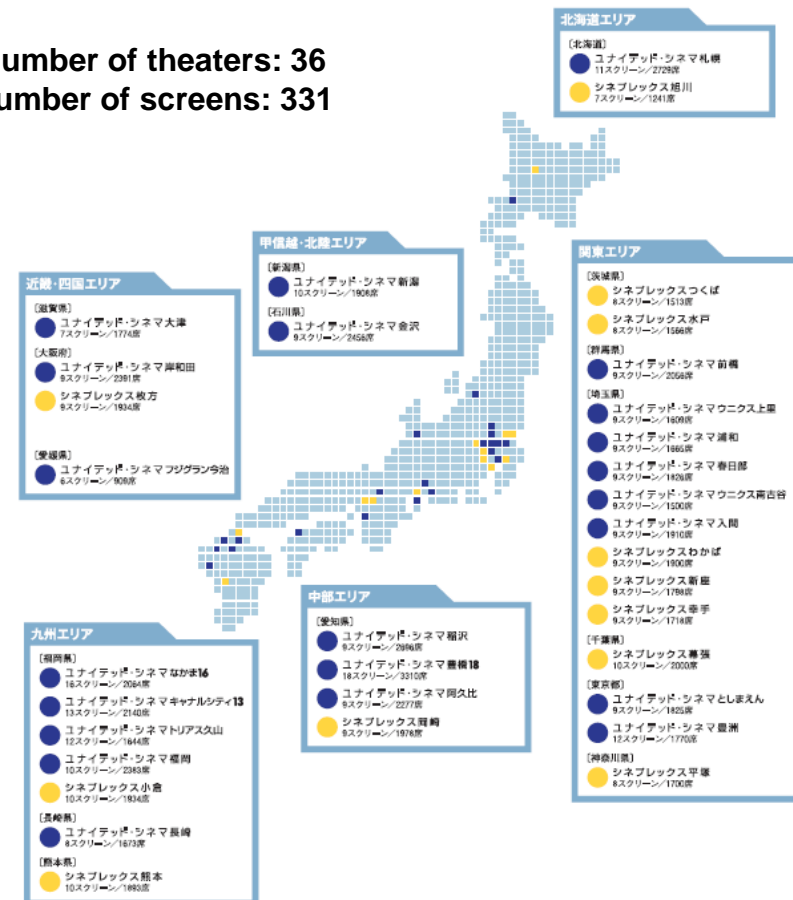
Corporate Overview/History

- Company name: United Cinemas Co., Ltd.
- Number of theaters: 36
(direct operation: 30
contracted operation: 6)

1999	Established by United Cinemas International, Sumitomo Corporation, and KADOKAWA CORPORATION as their joint venture company
2003	Acquired and merged United Cinemas International Japan
2005	Acquired AMC Theatres Japan
2006	Sumitomo Corporation acquired the ownership from other shareholders
2012	Sumitomo Corporation sold ownership to United Entertainment Holdings Co., Ltd.
2013	Acquired and merged with Cineplex inc. (former Kadokawa Cineplex Inc.)
2014	Sold to Lawson HMV Entertainment, Inc.

Theater network

Number of theaters: 36
Number of screens: 331













Value Up Activities Post AP Investment

		Project themes	Specific activities
Strengthening of the management systems		Strengthening of the Organizational Structure	<ul style="list-style-type: none"> Established a management planning department to support management's decision-making Recruited the representative director and president and the officer in charge of corporate planning from outside to strengthen the management team Changed the meeting procedure to increase the efficiency and frequency of high level discussion on management issues by the management team
		Installing Monitoring System	<ul style="list-style-type: none"> Established KPI system to monitor business processes and put in place the necessary operation mechanism Refined the management accounting system to support business decision-making Redesigned approval process to fasten the decision making
		Reform HR System	<ul style="list-style-type: none"> Revised the seniority-based compensation system to adopt the merit based system Built multiple career path for experts such as IT and construction experts and promoted the positions of capable theater managers
Roll-up strategies		M&A Strategy	<ul style="list-style-type: none"> Sought aggressively opportunities to acquire competitors, which led to the acquisition of former Kadokawa Cineplex in March 2013
Revenue Enhancement		New Cinema Opening	<ul style="list-style-type: none"> Sought opportunities for new openings under contracted operation, which led to the openings of United Cinemas TORIUS Hisayama in March 2013 and United Cinemas Fuji Grand Imabari in November 2013. Two other theaters are scheduled to open under contracted operation (as of August 2014) Introduced an IMAX system to the Toyohashi site and plan to introduce an 4DX system to Toyosu (started operation in December 2014)
		Increasing Concession Revenue	<ul style="list-style-type: none"> Repositioned concession sales and motivated sales staff to proactively sell foods and beverages Assign supervisors to provide sales support and guidance to sales team Held competition on concession sales among theaters to increase motivation. Gave awards to excellent theaters and sales staff Streamlined the menu and focused on selling recommended merchandise
		Acquisition of Membership	<ul style="list-style-type: none"> Got proactively acquire members to expand extra revenue sources and accumulate loyal customers Assign supervisors to provide sales support and guidance to sales team
		Expansion of B2B Business	<ul style="list-style-type: none"> Expanded the advertisement slot and strengthened sales activities through new agencies and direct sales Strengthened local sales by sales team at the theaters Aggressively captured the opportunities for web advertising and affiliate revenues as new source of revenues
Cost Optimization		Improvement of Theater Operation	<ul style="list-style-type: none"> Reviewed the theater operation and eliminated unnecessary works Standardized and installed staff shift system to reduce volatility of the number of part timers by theater
		Digital Projector Installation	<ul style="list-style-type: none"> Performed detailed simulation on investment plans and evaluated the introduction of digital projector Evaluated, selected and negotiated contracts with vendors Conducted introduction process management to ensure speedy introduction to the sites
		Reduction of Operating Expenses	<ul style="list-style-type: none"> Introduced competitive quotes for various operating expenses Examined closely the cost effectiveness of various operating expenses to rationalize them Internalized works that have been outsourced to contractors

Top Cinema Complex Operators (as of March 2014)

United Cinemas became the third largest player in the industry after the acquisition of Kadokawa Cineplex

Name	Parent	Number of Theaters	Number of Screens
 Aeon Entertainment	Aeon	74	609
 TOHO Cinemas	TOHO	58 (63)	548 (604)
 United Cinemas	AP Funds	36	331
 MOVIX	Shochiku	26 (32)	244 (310)
 United Cinemas	AP Funds	21	222
 109 Cinemas	Tokyu	17 (18)	160 (165)
 T-JOY	Toei	16 (20)	155 (193)
 Korona Cinema World	Independent	14	141
 (Former) Kadokawa Cineplex	(Former) Kadokawa	15	109
 Cinema Sunshine	Independent	15	107

Note: Figures in () include those under partnership arrangements.