

CINESA-Compañía de Iniciativas y Espectáculos, S.A.¹

INTRODUCTION

Cinesa is a Spanish cinema company founded in 1944 when the famous catalan director Alfredo Matas met José Arquer, an entrepreneur who was constructing a set of luxurious buildings in Barcelona and decided to establish one of the first cinema's in Barcelona. That was only the first step, to what has turned into the most successful cinema company in Spain.

To date, Cinesa operates 44 venues with a total of 514 screens predominantly in Catalonia and Madrid. Cinesa is a subsidiary of Odeon & UCI Cinemas Group, whose ultimate parent is in turn, Terra Firma, the UK private equity firm. Terra Firma acquired Odeon & UCI Cinemas Group in 2004 and since then it has continued to expand its cinema company portfolio. In 2006 Terra Firma purchased AMC Theatres in Spain and Portugal with the hope of taking advantage of synergies between the company and Cinesa.



Before starting it is important to note that in 2014 Cinesa merged with the majority of its subsidiaries. As a consequence of the consolidation we can see a significant decrease in total assets, most of which coming from a large decrease in the quantity of non-current investments in group companies and subsidiaries. This is due to the fact that pre merger, the subsidiaries were running at a loss and Cinesa was picking up the bill for this each year. In the balance sheet this is represented by the fact that the amount that Cinesa was investing into its subsidiaries was more than the value of the subsidiaries post investment causing the overall balance sheet to shrink.

¹ Case made by Miquel Bassart Lorè, Vikesh Ramesh Mahboobani Martinez and Asier Ramirez de la Piscina Lopez de Briñas, students by Universitat Pompeu Fabra, 2016.

THE CRISIS OF 2008:

In 2008 Spain, entered in a very deep crisis due to the bursting of the real state bubble. In presence of these economic crisis, the Spanish government increased the corporate taxes and the “IVA cultural”, causing an important decrease in consumption.

We identify 2012, the year of the increase of ‘IVA Cultural’ from 8%-21% and weakening economic conditions in the Eurozone, as one of the toughest years to date for the the cinema industry. However, Cinesa’s adaptability to the new environment and its capability to update its business model in the face of challenging conditions is what set the company apart from its competitors and secured its position as industry leader.

Their answer during the crisis was to increase the number of cinemas, decrease the average price during promotion campaigns, invest in innovation and also reduce structural prices and it brought positive results. However, this situation is likely to happen again in the following decades due to the nature of the business itself.

EXPANSION OF CINESA:

A key facet of Cinesa’s business plan has been its constant hunger for expansion (with the exception of 2013 when the firm had to sell some of their buildings due to deterioration, for example in Getafe). Thanks to the integration of its subsidiaries in 2014 and acquisitions in the preceding years, the company doubled its number of cinemas and, for the first time, reported a goodwill, the value of which was more than three million euros. The expansion provided a substantial increase in sales for the company, which represented a large increase in market share.

New acquisitions of cinemas such as in Bilbao and La Coruña in 2011 and in Zaragoza and Santiago de Compostela in 2012. Apart from this, Cinesa executed a range of strong strategic decision; 2012 saw a drastic leap forward in cinematographic technology with the introduction of 3D films and Video Original Movies (VO). We see Cinesa’s fast and efficient integration of this new technology into its cinemas as a key driver for success over its competitors during this period of time.

MARKETING STRATEGIES AND INNOVATIONS:

In order to fight the decrease in demand that came with the increase in prices of cinema tickets, the cinema industry developed some strategies to attract new viewers and to achieve a higher number of sales. Some of these strategies could be “Fiesta del Cine”, which consists of three days where tickets are sold at a lower price, or “Dia del Espectador”, where every wednesday the price of the tickets are reduced to foster demand. These strategies have been successful as they have managed to compensate in some way the decrease in sales originated by the crisis.

In addition to this, Cinesa has introduced some innovations in the sector. A good example would be that it has become the leading company in the introduction of 3D in Spain, which has been quite successful. The enterprise has also taken advantage of new technologies, to provide the customer with a unique experience and so improving considerably the quality of their service. They have done so by introducing iSens technology and films in Video Original (VO) in some of their cinemas.

Another remarkable marketing strategy is the implementation of Cinesacard: a strategy that rewards those loyal customers with the accumulation of points that can be exchanged by special prices and offers.

SECTOR:

The cinema industry is a very competitive environment in which the main comparative advantages are prices and improves in the service by the use of technology. There is a huge gap between top companies and small firms. Actually, the crisis has sent most of those small cinemas out of the market.

Cinesa and Yelmo are the main Spanish companies competing in the cinema sector. This first one is the leader with more than 20 millions of customers. In turn, Yelmo is the second firm in the industry and struggles to compete by starting a price war.

During the crisis, in 2013, Yelmo decided to decrease during a promotion campaign the ticket price from 9 to 3.5, forcing Cinesa to do the same. The results were a sharp increase in sales during the campaign. Now, in 2016 the price war has not stopped yet.

INCOME STATEMENTS

INCOME STATEMENT:	2014	2013	2012	2011	2010	2009
TOTAL REVENUE:	137,339,291	61,372,789	71,357,285	75,507,447	74,509,258	67,634,299
Sales	126,700,320	51,912,237	60,693,262	63,726,997	64,341,877	61,516,579
Services	2,499,230	980,800	1,024,791	1,057,831	1,122,839	773,991
Other Revenues	8,139,741	8,479,752	9,639,232	10,722,619	9,044,542	5,343,729
Cost of good and services solds	-52,739,498	-22,277,805	-25,847,536	-27,436,123	-28,304,580	-26,459,119
Other operating expenses	-55,630,522	-22,590,037	-23,177,657	-27,409,865	-24,494,829	-29,646,470
GROSS MARGIN	28,969,271	16,504,947	22,332,092	20,661,459	21,709,849	11,528,710
Personnel expenses	-24,828,661	-15,275,296	-16,003,325	-16,243,519	-15,407,113	-14,853,430
Amortization and Deprezation	-14,811,430	-8,950,113	-12,333,819	-4,901,662	-5,126,910	-7,074,239
Grants for fixed assets	1,667,543	663,745	327,422	0	0	0
Other results	218945	980	174,111	0	-43,258	83,122
EBIT or Operating Revenue	-8,784,332	-7,055,737	-5,503,519	-483,722	1,132,568	-10,315,837
Financial revenues	384,810	1,353,179	1,493,176	1,364,168	1,649,158	1,328,523
Financial expenses	-1,911,514	-2,103,763	-3,095,619	-3,033,881	-2,718,399	-2,727,488
Exchange differences	-11,213	-11,689	1,088	-10,708	-34,888	52,088
Depreciation of financial instruments	0	-14,940,828	0	0	0	0
EBT	-10,322,249	-22,758,838	-7,104,874	-2,164,143	28,439	-11,662,714
Income Tax	-7,758,637	-571,028	687,541	-11,766	-241,397	3,808,138
NET INCOME	-18,080,886	-23,329,866	-6,417,333	-2,175,909	-212,958	-7,854,576

HORIZONTAL ANALYSIS	2014	2013	2012	2011	2010	2009
TOTAL REVENUE:	203,06%	90,74%	105,50%	111,64%	110,16%	100,00%
Sales	205,96%	84,39%	98,66%	103,59%	104,59%	100,00%
Services	322,90%	126,72%	132,40%	136,67%	145,07%	100,00%
Other Revenues	152,32%	158,69%	180,38%	200,66%	169,26%	100,00%
Cost of good and services solds	199,32%	84,20%	97,69%	103,69%	106,97%	100,00%
Other operating expenses	187,65%	76,20%	78,18%	92,46%	82,62%	100,00%
GROSS MARGIN	251,28%	143,16%	193,71%	179,22%	188,31%	100,00%
Personnel expenses	167,16%	102,84%	107,74%	109,36%	103,73%	100,00%
Amortization and Deprezation	209,37%	126,52%	174,35%	69,29%	72,47%	100,00%
Grants for fixed assets	-----	-----	-----	-----	-----	-----
Other results	263,40%	1,18%	209,46%	0,00%	-52,04%	100,00%
EBIT or Operating Revenue	85,15%	68,40%	53,35%	4,69%	-10,98%	100,00%
Financial revenues	28,97%	101,86%	112,39%	102,68%	124,13%	100,00%
Financial expenses	70,08%	77,13%	113,50%	111,23%	99,67%	100,00%
Exchange differences	-21,53%	-22,44%	2,09%	-20,56%	-66,98%	100,00%
Depreciation of financial instruments	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
EBT	88,51%	195,14%	60,92%	18,56%	-0,24%	100,00%
Income Tax	-203,74%	-14,99%	18,05%	-0,31%	-6,34%	100,00%
NET INCOME	230,20%	297,02%	81,70%	27,70%	2,71%	100,00%

VERTICAL ANALYSIS	2014	2013	2012	2011	2010	2009
TOTAL REVENUE:	100,00%	100	100	100	100	100
Sales	92,25%	84,59%	85,06%	84,40%	86,35%	90,95%
Services	1,82%	1,60%	1,44%	1,40%	1,51%	1,14%
Other Revenues	5,93%	13,82%	13,51%	14,20%	12,14%	7,90%
Cost of good and services solds	-38,40%	-36,30%	-36,22%	-36,34%	-37,99%	-39,12%
Other operating expenses	-40,51%	-36,81%	-32,48%	-36,30%	-32,87%	-43,83%
GROSS MARGIN	21,09%	26,89%	31,30%	27,36%	29,14%	17,05%
Personnel expenses	-18,08%	-24,89%	-22,43%	-21,51%	-20,68%	-21,96%
Amortization and Deprezation	-10,78%	-14,58%	-17,28%	-6,49%	-6,88%	-10,46%
Grants for fixed assets	1,21%	1,08%	0,46%	0,00%	0,00%	0,00%
Other results	0,16%	0,00%	0,24%	0,00%	-0,06%	0,12%
EBIT or Operating Revenue	-6,40%	-11,50%	-7,71%	-0,64%	1,52%	-15,25%
Financial revenues	0,28%	2,20%	2,09%	1,81%	2,21%	1,96%
Financial expenses	-1,39%	-3,43%	-4,34%	-4,02%	-3,65%	-4,03%
Exchange differences	-0,01%	-0,02%	0,00%	-0,01%	-0,05%	0,08%
Depreciation of financial instruments	0,00%	-24,34%	0,00%	0,00%	0,00%	0,00%
EBT	-7,52%	-37,08%	-9,96%	-2,87%	0,04%	-17,24%
Income Tax	-5,65%	-0,93%	0,96%	-0,02%	-0,32%	5,63%
NET INCOME	-13,17%	-38,01%	-8,99%	-2,88%	-0,29%	-11,61%

SOME RATIOS USED TO COMPARISON:

SALES	2009	2010	2011	2012	2013	2014
CINESA	67.634.299	74.509.258	75.507.447	71.357.285	61.372.789	137.339.291
YELMO	94.158.522	97.230.737	90.479.402	84.888.447	71.258.444	78.692.515
UNION CINE	905.104	804.490	578.043	564.789	459.355	461.667

GROWTH SALES	2010	2011	2012	2013	2014
CINESA	1,101649	1,013396845	0,945036388	0,860077412	2,237788004
YELMO	1,03262811	0,930563778	0,938207428	0,839436302	1,104325475
UNION CINE	0,88883732	0,718520614	0,977072108	0,813320938	1,00503236

FIXED ASSETS TURNOVER	2009	2010	2011	2012	2013	2014
CINESA	2,1607	2,2744	2,1072	1,2456	1,2633	1,4545
YELMO	1,195	1,2206	1,2205	1,3437	1,3253	1,5904

CURRENT ASSET TURNOVER	2009	2010	2011	2012	2013	2014
CINESA	7,606	1,883	2,291	3,473	5,194	6,065
YELMO	9,825	6,3735	6,7977	5,959	5,2573	5,12

ROA	2009	2010	2011	2012	2013	2014
CINESA	-0,0479	0,1333	0,0871	0,0893	0,0316	0,0552
YELMO	0,1392	0,1081	0,0559	-0,0242	-0,0167	0,09061

CURRENT RATIO	2009	2010	2011	2012	2013	2014
CINESA	0,5396	1,6108	1,2686	1,1007	0,7923	0,5273
YELMO	0,4032	0,3805	0,4133	0,6288	0,8155	0,7815

QUICK RATIO	2009	2010	2011	2012	2013	2014
CINESA	0,3748	0,6224	0,6806	0,6611	0,6851	0,4341
YELMO	0,2081	0,1383	0,2342	0,3127	0,5244	0,5215

CASH RATIO	2009	2010	2011	2012	2013	2014
CINESA	0,1755	0,1526	0,1090	0,1668	0,1499	0,2158
YELMO	0,358	0,269	0,3364	0,52	0,6648	0,67

WORKING CAPITAL	2009	2010	2011	2012	2013	2014
CINESA	-995626	-3761840	1989024	6593320	12729728	-15405205
YELMO	-5122062	-4188883	-8921582	-17723216	-18204411	-11860532

QUALITY OF DEBT RATIO	2009	2010	2011	2012	2013	2014
CINESA	0,3836	0,1891	0,2503	0,2077	0,2427	0,3052
YELMO	0,7529	0,8947	0,8218	0,5892	0,4918	0,4368

LEVERAGE RATIO	2009	2010	2011	2012	2013	2014
CINESA	0,7038	0,7002	0,5863	0,7116	0,6448	0,6229
YELMO	0,459	0,5057	0,4858	0,458	0,4612	0,506

SOME TABLES THAT WE HAVE MADE:

EVOLUTION OF COSTS:	2009	2010	2011	2012	2013	2014
COGS:	26.459.119	28.304.580	27.436.123	25.847.536	22.277.805	52.739.498
EVOLUTION OF COGS		1,0697	0,9693	0,9421	0,8619	2,3674
OTHER COSTS	29.646.470	24.494.829	27.409.865	23.177.657	22.590.037	55.630.522
EVOLUTION OF OTHER COSTS		0,8262	1,1190	0,8456	0,9746	2,4626
AMORTISATION AND DEPREZIATION	7.074.239	5.126.910	4.901.662	12.333.819	8.950.113	14.811.430
EVOLUTION OF AMORTISATION AND DEPRECIATION		0,724729543	0,956065544	2,516252447	0,725656263	1,654887486
FINANCIAL EXPENSES	2.727.488	2.718.399	3.033.881	3.095.619	2.103.763	1.911.514
EVOLUTION OF FINANCIAL EXPENSES		0,9967	1,1181	1,0203	0,6796	0,9086
TOTAL COSTS:	80.760.746	76.051.831	79.025.050	80.457.956	71.197.014	149.921.625
EVOLUTION OF TOTAL COST		0,9417	1,0391	1,0181	0,8849	2,1057
GROWTH OF SALES		1,1016	1,0134	0,9450	0,8601	2,2378

REVENUES DECOMPOSITION	2009	2010	2011	2012	2013	2014
Cinematographic exhibition	47.505.034	50.255.628	49.375.445	47.346.935	40.130.422	96.262.838
Sales in shops	14.011.545	14.086.249	14.351.552	13.346.327	11.781.995	30.437.483
Publicity exploitation	773.991	1.122.839	1.057.831	1.024.791	980.800	2.499.230

BREAKING DOWN RETURN ON ASSETS	2014	2013	2012	2011	2010	2009
Operating Assets Turnover:	1,2576	1,0241	0,9332	1,4887	1,5866	1,5974
EBITDA/Sales	0,0439	0,0309	0,0957	0,0585	0,0840	-0,0479
ROA	0,0552	0,0316	0,0893	0,0871	0,1333	-0,0766

RATIOS	2009	2010	2011	2012	2013	2014
Current ratio	0,5273	0,7923	1,1007	1,2686	1,6408	0,5396
Quick ratio	0,4341	0,6851	0,6611	0,6806	0,6224	0,3748
Cash ratio	0,2158	0,1499	0,1668	0,1090	0,1526	0,1755
Leverage ratio	0,6229	0,6448	0,7116	0,5863	0,7002	0,7038
Distance from insolvency	1,6055	1,5509	1,4053	1,7056	1,4281	1,4208
Quality of debt ratio	0,3052	0,2427	0,2077	0,2503	0,1891	0,3836
Fixed asset turnover	0,6758	0,7352	0,6747	0,5242	0,5227	1,3080
Current asset turnover	6,0650	5,1940	3,4730	2,2910	1,8830	7,6060
Debtor collection period	24,9166	47,4702	47,1952	71,7872	55,4995	17,7280
Stock turnover	104,1422	125,8626	104,6330	88,6257	82,5346	86,7509
Working capital	-9995626	-3761840	1989024	6593320	12729728	-15405205
Working capital growth	0,1868	-0,6237	-1,5287	2,3149	0,9307	-2,2102
Working capital over assets	-0,0899	-0,0325	0,0149	0,0394	0,0849	-0,1252
Working capital over s.t. Liabilities	-0,4727	-0,2077	0,1007	0,2686	0,6408	-0,4604
Growth ratio fixed-assets	0,9586	1,0577	1,1146	1,7030	0,8407	1,9679
sales growth ratio	1,0891	1,1016	1,0134	0,9450	0,8601	2,2378
Growth in EBT	1,6613	-0,0024	-76,0977	3,2830	3,2033	0,4535
Sales per employee	137468	128464	128196	125408	120575	127166
Debtor/Creditor	1,2161	0,4695	0,5809	0,5481	0,3444	1,8268
ROA total assets EBIT	-0,0927	0,0098	-0,0036	-0,0329	-0,0470	-0,0714
ROA operating assets EBIT	-0,2436	0,0241	-0,0095	-0,0720	-0,1177	-0,0804
ROA operating EBITDA	-0,0766	0,1333	0,0871	0,0893	0,0316	0,0552
Repayment capacity ratio	-0,0192	0,1030	0,0418	0,1316	-0,2564	-0,1738
ROE	-0,1872	-0,0052	-0,0564	-0,0927	-0,5188	-0,4961

BALANCE SHEET 2009

ASSET \$		EQUITY AND LIABILITIES	
NON-CURRENT ASSETS		EQUITY	
Intangible assets	5.084.405	Shareholders' equity	25.380.964
Concessions	4.664.616	Capital	
Goodwills		Authorised share capital	43.512.400
Computer software	438789	Reserves	
Property, plant and equipment	26.217.511	Legal and bylaw reserves	4.483.687
Land and buildings	14.079.331	Other reserves	31.653.609
Technical installations, machinery, tools, furniture and other tangible assets	11.638.717	Retained losses	-46.414.156
associates	61.705.468	Loss for the year	-7.854.576
Equity instruments	40.146.877	Grants, donations or gifts and legacies received	16.567.278
Loans to companies	21.558.591	Total equity	41.948.242
Long-term financial investments	705.597		
Other financial assets	705.597	NON-CURRENT LIABILITIES	
Deferred tax assets	6.366.223	Long-term provisions	13.605.994
Total non-current assets	100.079.204	Provisions for long-term employee benefit obligations	338.032
		Other provisions	13.267.962
CURRENT ASSETS		Non-current payables	50.237
Inventories	649.442	Obligations under finance leases	
Raw materials and other supplies	649.422	Other financial liabilities	50.237
Advances to suppliers		Non-current payables of Group companies and associates	34.045.681
Trade and other receivables	4.617.027	Deferred tax liabilities	433.424
Trade receivables for short-term sales and services	1.837.889	Non-current accruals and deferred income	
Clients, Group companies and associates of short-term	1.805.408	Total non-current liabilities	48.135.396
Sundry accounts receivables	533.904		
Employee receivables	2.895	CURRENT LIABILITIES	
Other accounts receivable to public authorities	636.951	Short-term provisions	
Short-term investment in Group companies and associate	132.863	Other provisions	
Loans to companies	132.863	Current payables	2.277.500
Other current financial assets		Finance lease creditors	
Current prepayments and accrued income	1.188.778	Other financial liabilities	2.277.500
Cash and cash equivalents	4.563.786	Current payables to Group companies and associates	4.175.357
Cash and bank accounts	4.563.786	Trade and other payables	13.908.571
Total current assets	11.151.896	Current payable to suppliers	5.614.836
		Current payable to suppliers, Group companies and associate	917.360
		Sundry accounts payable	4.785.574
		Remuneration payable	1.828.177
		Other accounts payable to public authorities	762.634
		Current accruals and deferred income	786.094
		Total current liabilities	21.147.522
TOTAL ASSET \$	111.231.100	TOTAL LIABILITIES AND EQUITY	111.231.100

BALANCE SHEET 2010			
ASSETS		EQUITY AND LIABILITIES	
NON-CURRENT ASSETS		EQUITY	
Intangible assets	5.029.719	Shareholders' equity	25.380.964
Concessions	4.420.748	Capital	
Goodwills		Authorised share capital	43.512.400
Computer software	608.971	Reserves	
Property, plant and equipment	27.730.926	Legal and bylaw reserves	4.483.687
Land and buildings	13.073.330	Other reserves	31.853.609
Technical installations, machinery, tools, furniture and other tangible assets	13.436.155	Retained losses	-54.268.732
Non-current investment in Group companies and associates	61.498.330	Loss for the year	-212.958
Equity instruments	39.922.423	Grants, donations or gifts and legacies received	15.925.980
Loans to companies	21.575.907	Total equity	41.093.986
Long-term financial investments	832.397		
Other financial assets	832.397	NON-CURRENT LIABILITIES	
Deferred tax assets	6.256.326	Long-term provisions	13.243.062
Total non-current assets	101.347.698	Provisions for long-term employee benefit obligations	363.819
		Other provisions	12.879.243
CURRENT ASSETS		Non-current payables	41.162
Inventories	591.989	Obligations under finance leases	
Raw materials and other supplies	584.465	Other financial liabilities	41.162
Advances to suppliers	27.524	Non-current payables of Group companies and associates	42.811.970
Trade and other receivables	9.690.323	Deferred tax liabilities	395.678
Trade receivables for short-term sales and services	3.074.158	Non-current accruals and deferred income	
Clients, Group companies and associates of short-term	5.034.131	Total non-current liabilities	56.491.872
Sundry accounts receivables	691.049		
Employee receivables	2.839	CURRENT LIABILITIES	
Other accounts receivable to public authorities	888.148	Short-term provisions	
Short-term investment in Group companies and associates	145.071	Other provisions	
Loans to companies	145.071	Current payables	4.409.386
Other current financial assets		Finance lease creditors	
Current prepayments and accrued income	1.203.822	Other financial liabilities	4.409.386
Cash and cash equivalents	2.714.994	Current payables to Group companies and associates	426.715
Cash and bank accounts	2.714.994	Trade and other payables	12.647.381
Total current assets	14.346.199	Current payable to suppliers	4.549.727
		Current payable to suppliers, Group companies and associates	662.180
		Sundry accounts payable	4.700.689
		Remuneration payable	1.938.499
		Other accounts payable to public authorities	796.286
		Current accruals and deferred income	624.557
		Total current liabilities	18.108.039
TOTAL ASSETS	115.693.897	TOTAL LIABILITIES AND EQUITY	115.693.897

BALANCE SHEET 2011			
ASSETS		EQUITY AND LIABILITIES	
NON-CURRENT ASSETS		EQUITY	
Intangible assets	4.923.793	Shareholders' equity	22.992.096
Concessions	4.197.171	Capital	
Goodwills		Authorised share capital	43.512.400
Computer software	726.622	Reserves	
Property, plant and equipment	30.909.739	Legal and bylaw reserves	4.483.687
Land and buildings	12.900.127	Other reserves	31.653.609
Technical installations, machinery, tools, furniture and other tangible assets	17.530.214	Retained losses	-54.481.691
Non-current investment in Group companies and associates	68.977.334	Loss for the year	-2.175.909
Equity instruments	56.072.966	Grants, donations or gifts and legacies received	15.558.949
Loans to companies	12.904.368	Total equity	38.551.045
Long-term financial investments	902.929		
Other financial assets	902.929	NON-CURRENT LIABILITIES	
Deferred tax assets	6.206.815	Long-term provisions	13.481.416
Total non-current assets	111.920.610	Provisions for long-term employee benefit obligations	165.612
		Other provisions	13.315.804
CURRENT ASSETS		Non-current payables	236.106
Inventories	712.641	Obligations under finance leases	219.520
Raw materials and other supplies	721.641	Other financial liabilities	16.586
Advances to suppliers		Non-current payables of Group companies and associates	61.283.133
Trade and other receivables	9.763.256	Deferred tax liabilities	357.993
Trade receivables for short-term sales and services	3.651.119	Non-current accruals and differed income	
Clients, Group companies and associates of short-term	5.341.275	Total non-current liabilities	75.358.588
Sundry accounts receivables	612.498		
Employee receivables	3.569	CURRENT LIABILITIES	
Other accounts receivable to public authorities	154.795	Short-term provisions	88.241
Short-term investment in Group companies and associates	6.844.690	Other provisions	88.241
Loans to companies	214.690	Current payables	3.380.280
Other current financial assets	6.630.000	Finance lease creditors	89.666
Current prepayments and accrued income	1.117.088	Other financial liabilities	3.290.614
Cash and cash equivalents	3.295.439	Current payables to Group companies and associates	329.724
Cash and bank accounts	3.295.439	Trade and other payables	15.154.459
Total current assets	21.742.114	Current payable to suppliers	5.671.821
		Current payable to suppliers, Group companies and associates	1.693.722
		Sundry accounts payable	500.600
		Remuneration payable	1.910.268
		Other accounts payable to public authorities	878.048
		Current accruals and deferred income	800.387
		Total current liabilities	19.753.091
TOTAL ASSETS	133.662.724	TOTAL LIABILITIES AND EQUITY	133.662.724

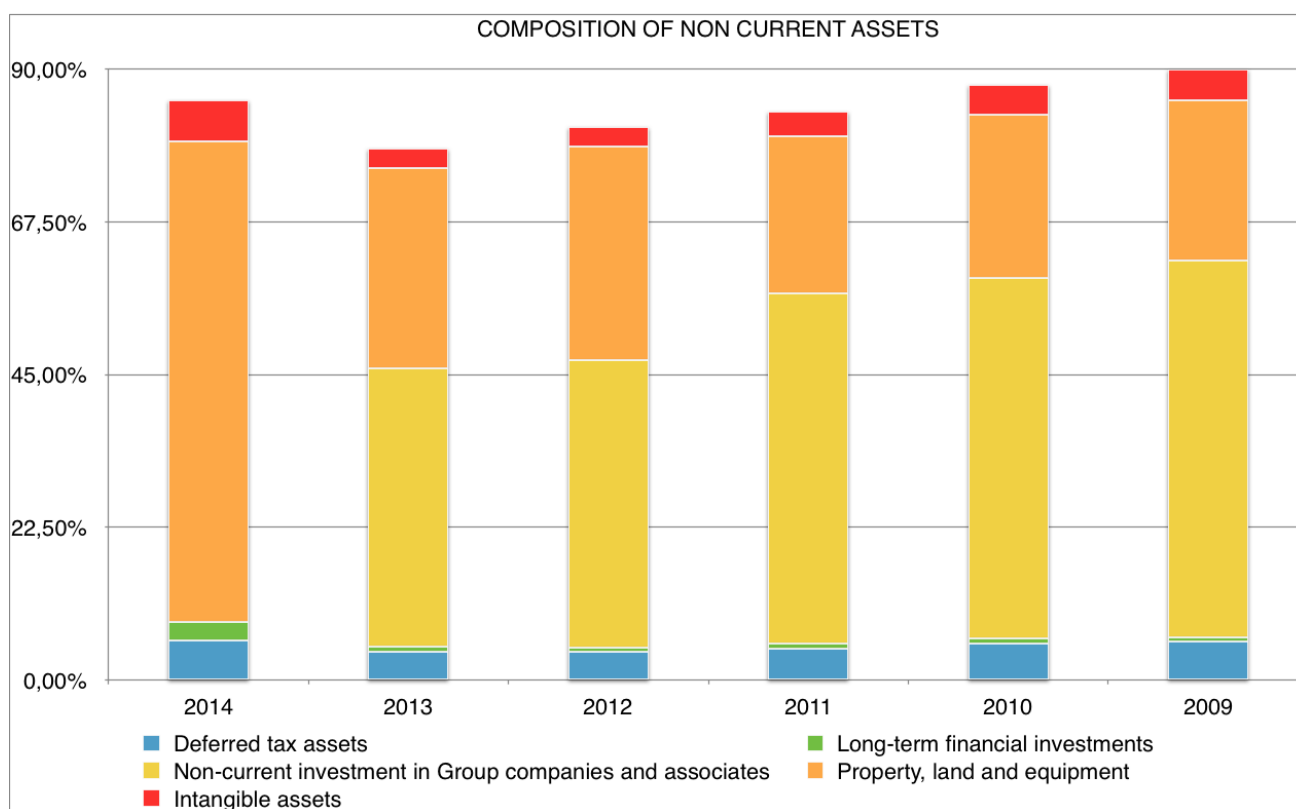
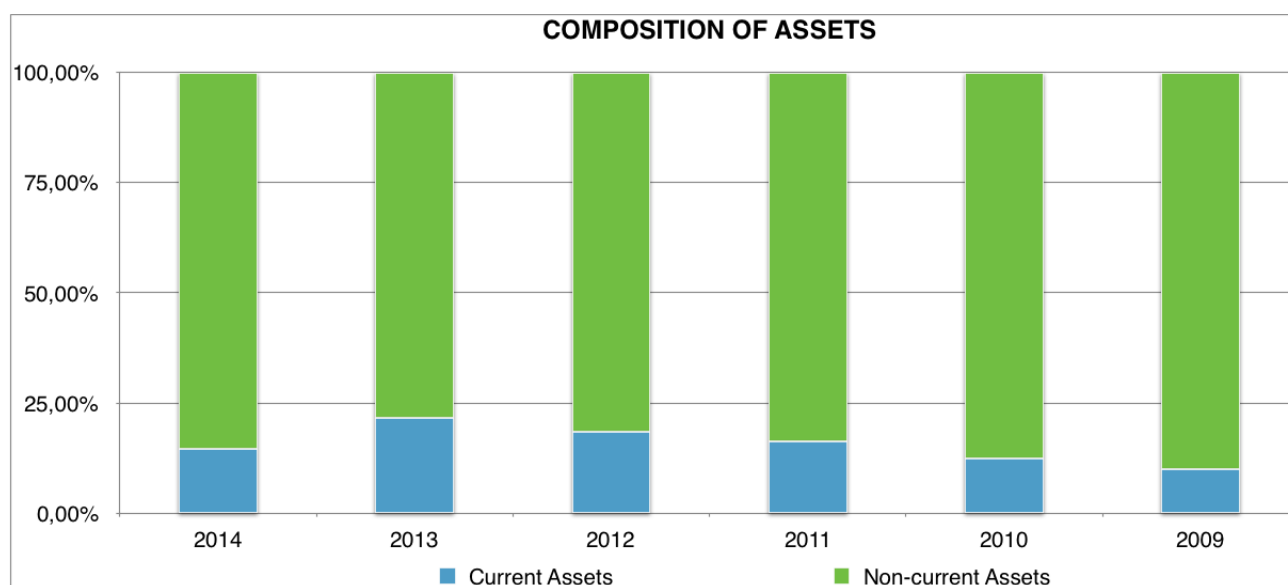
BALANCE SHEET 2012			
ASSETS		EQUITY AND LIABILITIES	
NON-CURRENT ASSETS		EQUITY	
Intangible assets	4.645.514	Shareholders' equity	46.664.882
Concessions	3.974.645	Capital	
Goodwills		Authorised share capital	43.512.400
Computer software	670.869	Reserves	
Property, plant and equipment	52.640.165	Legal and bylaw reserves	4.483.400
Land and buildings	11.068.667	Other reserves	31.653.609
Technical installations, machinery, tools, furniture and other tangible assets	41.571.498	Retained losses	-23.587.481
associates	70.877.334	Loss for the year	-6.417.333
Equity instruments	63.682.301	Grants, donations or gifts and legacies received	19.556.797
Loans to companies	7.195.033	Total equity	69.201.697
Long-term financial investments	1.074.438		
Other financial assets	1.074.438	NON-CURRENT LIABILITIES	
Deferred tax assets	6.894.356	Long-term provisions	14.098.279
Total non-current assets	136.131.807	Provisions for long-term employee benefit obligations	143.399
		Other provisions	13.954.880
CURRENT ASSETS		Non-current payables	208.931
Inventories	805.153	Obligations under finance leases	192.345
Raw materials and other supplies	805.153	Other financial liabilities	16.586
Advances to suppliers		Non-current payables of Group companies and associates	36.242.951
Trade and other receivables	14.035.356	Deferred tax liabilities	2.243.540
Trade receivables for short-term sales and services	7.794.297	Non-current accruals and differed income	20.729.747
Clients, Group companies and associates of short-term	5.621.574	Total non-current liabilities	73.523.448
Sundry accounts receivables	537.945		
Employee receivables	3.083	CURRENT LIABILITIES	
Other accounts receivable to public authorities	77.457	Short-term provisions	105.373
Short-term investment in Group companies and associate	11.963.327	Other provisions	105.373
Loans to companies	124.221	Current payables	4.884.273
Other current financial assets	11.839.106	Finance lease creditors	59.845
Current prepayments and accrued income	1.666.016	Other financial liabilities	4.824.428
Cash and cash equivalents	2.675.984	Current payables to Group companies and associates	2.143.395
Cash and bank accounts	2.675.984	Trade and other payables	15.614.357
Total current assets	31.144.836	Current payable to suppliers	7.691.586
		Current payable to suppliers, Group companies and associate	1.544.418
		Sundry accounts payable	3.533.915
		Remuneration payable	1.723.377
		Other accounts payable to public authorities	1.121.061
		Current accruals and deferred income	1.804.118
		Total current liabilities	24.551.616
TOTAL ASSETS	167.276.643	TOTAL LIABILITIES AND EQUITY	167.276.643

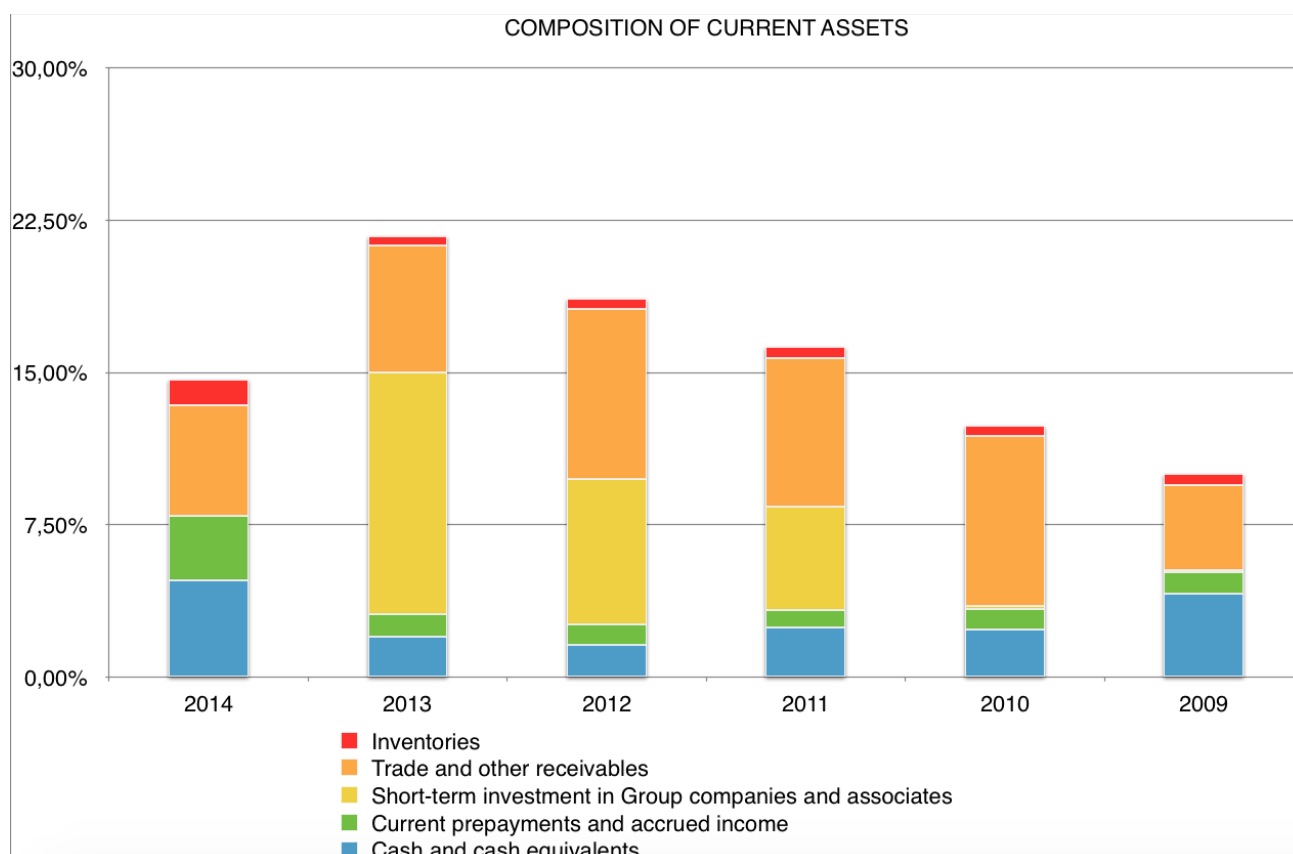
BALANCE SHEET 2013

ASSETS		EQUITY AND LIABILITIES	
NON-CURRENT ASSETS		EQUITY	
Intangible assets	4.329.066	Shareholders' equity	26.315.016
Concessions	375.120	Capital	
Goodwills		Authorised share capital	43512400
Computer software	576.946	Reserves	
Property, plant and equipment	44.253.716	Legal and bylaw reserves	4.483.687
Land and buildings	7.578.967	Other reserves	31.653.609
Technical installations, machinery, tools, furniture and other tangible assets	36.674.749	Retained losses	-30.004.814
Non-current investment in Group companies and associates	61.436.506	Loss for the year	-23.329.866
Equity instruments	59.587.445	Grants, donations or gifts and legacies received	18.652.095
Loans to companies	1.849.061	Total equity	44.967.111
Long-term financial investments	1.139.182		
Other financial assets	1.139.182	NON-CURRENT LIABILITIES	
Deferred tax assets	6.247.837	Long-term provisions	11.648.157
Total non-current assets	117.406.307	Provisions for long-term employee benefit obligations	255.923
		Other provisions	11.392.234
CURRENT ASSETS		Non-current payables	119.950
Inventories	743.601	Obligations under finance leases	103.364
Raw materials and other supplies	743.601	Other financial liabilities	16.586
Advances to suppliers		Non-current payables of Group companies and associates	51.783.031
Trade and other receivables	9.331.950	Deferred tax liabilities	1.993.598
Trade receivables for short-term sales and services	2.497.806	Non-current accruals and differed income	19.624.188
Clients, Group companies and associates of short-term	6.521.346	Total non-current liabilities	85.168.924
Sundry accounts receivables	285.302		
Employee receivables		CURRENT LIABILITIES	
Other accounts receivable to public authorities	27.496	Short-term provisions	393.029
Short-term investment in Group companies and associates	17.872.541	Other provisions	393.029
Loans to companies	3.955.142	Current payables	1.506.322
Other current financial assets	13.917.399	Finance lease creditors	46.005
Current prepayments and accrued income	1.614.044	Other financial liabilities	1.460.317
Cash and cash equivalents	3.032.337	Current payables to Group companies and associates	2.678.426
Cash and bank accounts	3.032.337	Trade and other payables	13.713.870
Total current assets	32.594.473	Current payable to suppliers	3.213.994
		Current payable to suppliers, Group companies and associates	2.418.685
		Sundry accounts payable	4.127.699
		Remuneration payable	2.142.575
		Other accounts payable to public authorities	1810877
		Current accruals and deferred income	1.573.138
		Total current liabilities	19.864.745
TOTAL ASSETS	150000780	TOTAL LIABILITIES AND EQUITY	150000780

BALANCE SHEET 2014			
ASSETS		EQUITY AND LIABILITIES	
NON-CURRENT ASSETS		EQUITY	
Intangible assets	7.337.885	Shareholders' equity	12.345.228
Concessions	3.529.594	Capital	
Goodwills	3.274.580	Authorised share capital	43.512.400
Computer software	533.711	Reserves	
Property, plant and equipment	87.088.600	Legal and bylaw reserves	483.687
Land and buildings	29.358.194	Other reserves	-5.235.293
Technical installations, machinery, tools, furniture and other tangible assets	57.730.406	Retained losses	-12.334.680
Non-current investment in Group companies and associates		Loss for the year	-18.080.888
Equity instruments		Grants, donations or gifts and legacies received	24.098.135
Loans to companies		Total equity	36.443.363
Long-term financial investments	3.370.585		
Other financial assets	3.370.585	NON-CURRENT LIABILITIES	
Deferred tax assets	7.202.514	Long-term provisions	14.438.237
Total non-current assets	104.999.584	Provisions for long-term employee benefit obligations	285.641
		Other provisions	14.152.596
CURRENT ASSETS		Non-current payables	2.738.952
Inventories	1.583.145	Obligations under finance leases	139.657
Raw materials and other supplies	1.583.145	Other financial liabilities	2.599.295
Advances to suppliers		Non-current payables of Group companies and associates	12.764.919
Trade and other receivables	6.670.537	Deferred tax liabilities	3.403.210
Trade receivables for short-term sales and services	3.608.290	Non-current accruals and differed income	19.805.698
Clients, Group companies and associates of short-term	1.751.951	Total non-current liabilities	53.151.016
Sundry accounts receivables	1.258.849		
Employee receivables	160	CURRENT LIABILITIES	
Other accounts receivable to public authorities	53.287	Short-term provisions	584.798
Short-term investment in Group companies and associates		Other provisions	584.798
Loans to companies		Current payables	3.062.122
Other current financial assets		Finance lease creditors	122.523
Current prepayments and accrued income	3.931.570	Other financial liabilities	2.939.599
Cash and cash equivalents	5.872.077	Current payables to Group companies and associates	244.051
Cash and bank accounts	5.872.077	Trade and other payables	27.356.956
Total current assets	18.057.329	Current payable to suppliers	12.185.562
		Current payable to suppliers, Group companies and associates	803.230
		Sundry accounts payable	9.962.097
		Remuneration payable	2.158.713
		Other accounts payable to public authorities	2.247.354
		Current accruals and deferred income	2.214.607
		Total current liabilities	33.462.534
TOTAL ASSETS	123058913	TOTAL LIABILITIES AND EQUITY	123058913

ANALYSIS OF COMPOSITION OF ASSETS:





VALUE ADDED STATEMENT:

Value Added Statement						
	2014	2013	2012	2011	2010	2009
<i>Revenues</i>	137 339 291	61 372 789	71 357 285	75 507 447	74 509 258	67 634 299
Sales	126 700 320	51 912 237	60 693 262	63 726 997	64 341 877	61 516 579
Services	2 499 230	980 800	1 024 791	1 057 831	1 122 839	773 991
Other revenues	8 139 741	8 479 752	9 639 232	10 722 619	9 044 542	5 343 729
Grants	1 667 543	663 745	327 422	0	0	0
Other results	218 945	980	174 111	0	-43 258	83 122
<i>Cost of good and services sold</i>	-52 739 498	-22 277 805	-25 847 536	-27 436 123	-28 304 580	-26 459 119
<i>Other operating expenses</i>	-55 630 522	-22 590 037	-23 177 657	-27 409 865	-24 494 829	-29 646 470
Gross Value Added	28 969 271	16 504 947	22 332 092	20 661 459	21 709 849	11 528 710
Amortisation and depreciation	-14 811 430	-8 950 113	-12 333 819	-4 901 662	-5 126 910	-7 074 239
Net Value Added	14 157 841	7 554 834	9 998 273	15 759 797	16 582 939	4 454 471

ECONOMIC VALUE ADDED:

Economic Value Added						
	2014	2013	2012	2011	2010	2009
EBIT	-8 784 332	-7 055 737	-5 503 519	-483 722	1 132 568	-10 315 837
Income Tax	-7 758 637	-571 028	687 541	-11 766	-241 397	3 808 138
Capital employed x average cost of capital	-1 911 514	-2 103 763	-3 095 619	-3 033 881	-2 718 399	-2 727 488
Economic Value Added	-18 454 483	-9 730 528	-7 911 597	-3 529 369	-1 827 228	-9 235 187

AVERAGE COST OF CAPITAL:

	Average cost of capital					
	2014	2013	2012	2011	2010	2009
Dividends	0	0	0	0	0	0
Interest costs	1 911 514	2 103 763	3 095 619	3 033 881	2 718 399	2 727 488
Total capital employed	5 801 074	1 626 272	5 093 204	3 616 386	4 450 548	2 327 737
Average cost of capital	0,3295	1,2936	0,6078	0,8389	0,6108	1,1717

Tasks:

1. Analyze Cinesa's financial statements provided before in order to find what are the strengths, weaknesses, possible opportunities and threats (SWOT analysis).
2. Give some recommendations to the enterprise taking into account the SWOT that you made in the first task.
3. Create a forecast based in the recommendations that you have suggested with the aim of improving the company.

Try to fulfill these tasks as if it was a report, including graphs, tables and a comparison to its main competitor.

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