

AMC Entertainment (AMC) 2017 Q4 Earnings Summary

March 2018

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AMC Entertainment Continues To Be Vehemently Against Any Sort Of PVOD Window

STUDIO RELATIONSHIP

- **Sincerely consider studios to be partners and should not be focused on them as rivals and arguing about carving up the pie**
 - Can improve film terms by convincing studios to invest growing amounts of their P&A monies into its audience
- **There is little chance, and if Disney acquires Fox, there is no chance that PVOD will be implemented in the U.S. in 2018**
 - There now appears to be no ongoing discussions between major studios and major exhibitors on this topic
 - **Attention has turned to other possible ideas in lieu of PVOD that can grow the pie for everyone**

TICKETING

- **Stubs membership in the U.S. is now over 12.5 million households, but currently have no plans for a subscription offering**
 - Average price is considerably higher than several other major competing circuits
 - **Now have roughly a \$1 weekend surcharge in place at approximately 200 U.S. theaters**
 - **New website and app have been great since launching in 2016 and drive a lot of revenue from online ticketing fees**
- **MoviePass is a great concept, but the price point is unsustainable, so they will do great with or without them**

RENOVATIONS

- The bulk of CapEx will be spent on theater renovations, including the installation of their Signature recliner seats
 - **In 2018, expect to renovate about 55 theaters worldwide, which is about the same as 2016 and 2017**
 - **1/3 of those renovations will take place in Europe and about 2/3 will take place in the United States**
- One of the main reasons they acquired Odeon was to take recliner seating and other proven AMC amenities to Europe
 - **Renovated 7 theaters in the U.K, and quickly expanding across Europe because the initial returns are so encouraging**

GLOBAL

- An important consideration when acquiring Nordic cinemas was the pipeline of new-builds, many of which will open this year
 - **Expect to add another 22 new theaters, through new-builds or spot acquisitions, with more than half in Europe**
- Discussions are going well with its new capital partner, the Public Investment Fund, Saudi Arabia's sovereign wealth fund.
 - First theater in Saudi Arabia could open as soon as the second quarter of this year
- **Reserved seating is very common in Europe and is in a huge percentage of its theaters already**

CARMIKE

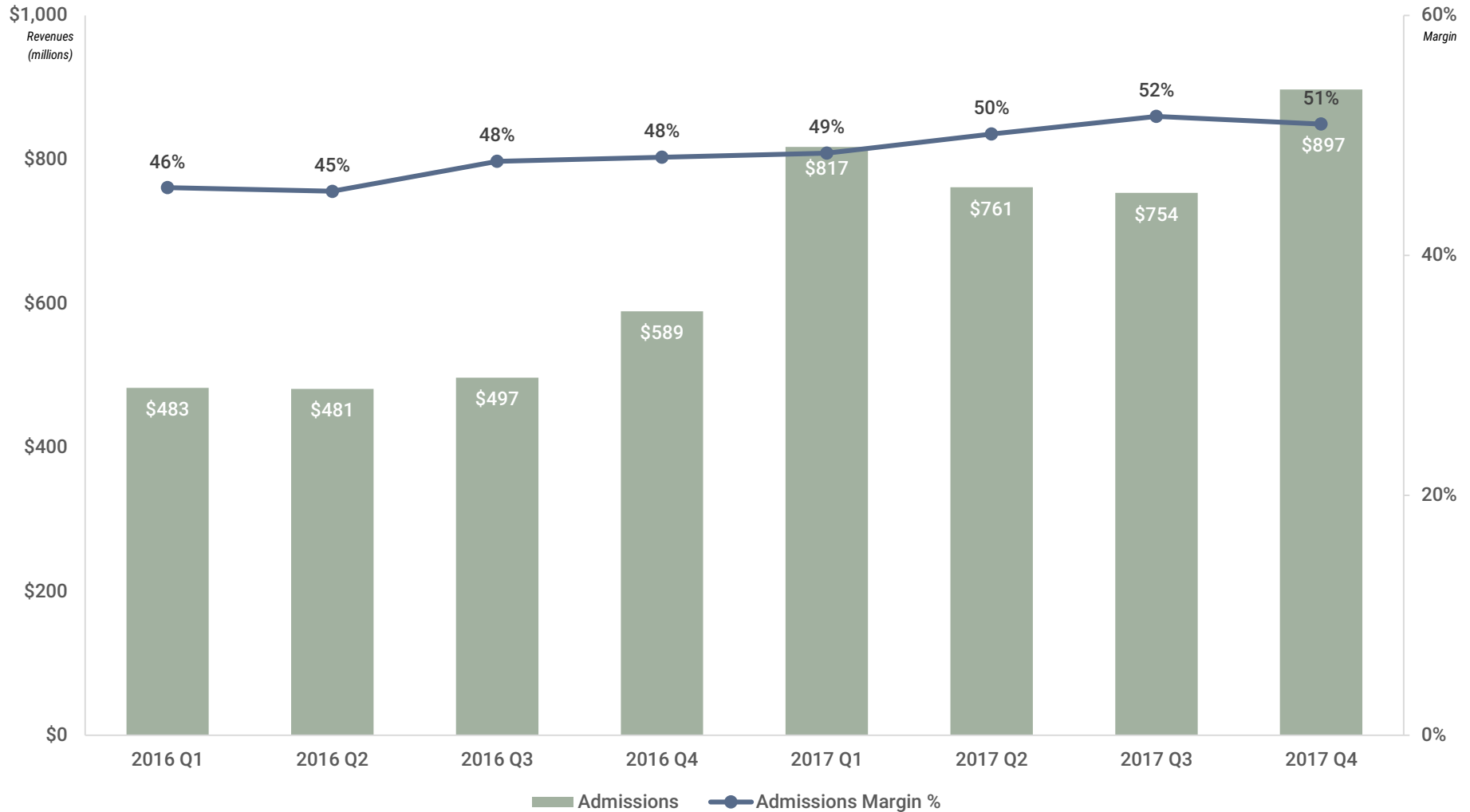
- **Believe they have succeeded in turning around the declining performance of the former Carmike circuit**
 - Carmike theaters had seen market shares that had been falling from early in 2016 through September in 2017
 - It flattened in October, and since November of 2017, Carmike's market share instead has been rising
- **So far in 2018, even with far fewer renovated theaters in the Carmike circuit, the growth of revenues year-over-year at the legacy Carmike theaters has increased at exactly the same rate as the revenue growth of the legacy AMC theaters**

Further consolidation of studios will lead to more M&A from exhibitors, with a focus on global markets

Film Revenues



With No Plans For A Subscription Offering, AMC Will Continue To Rely On Box Office Performance

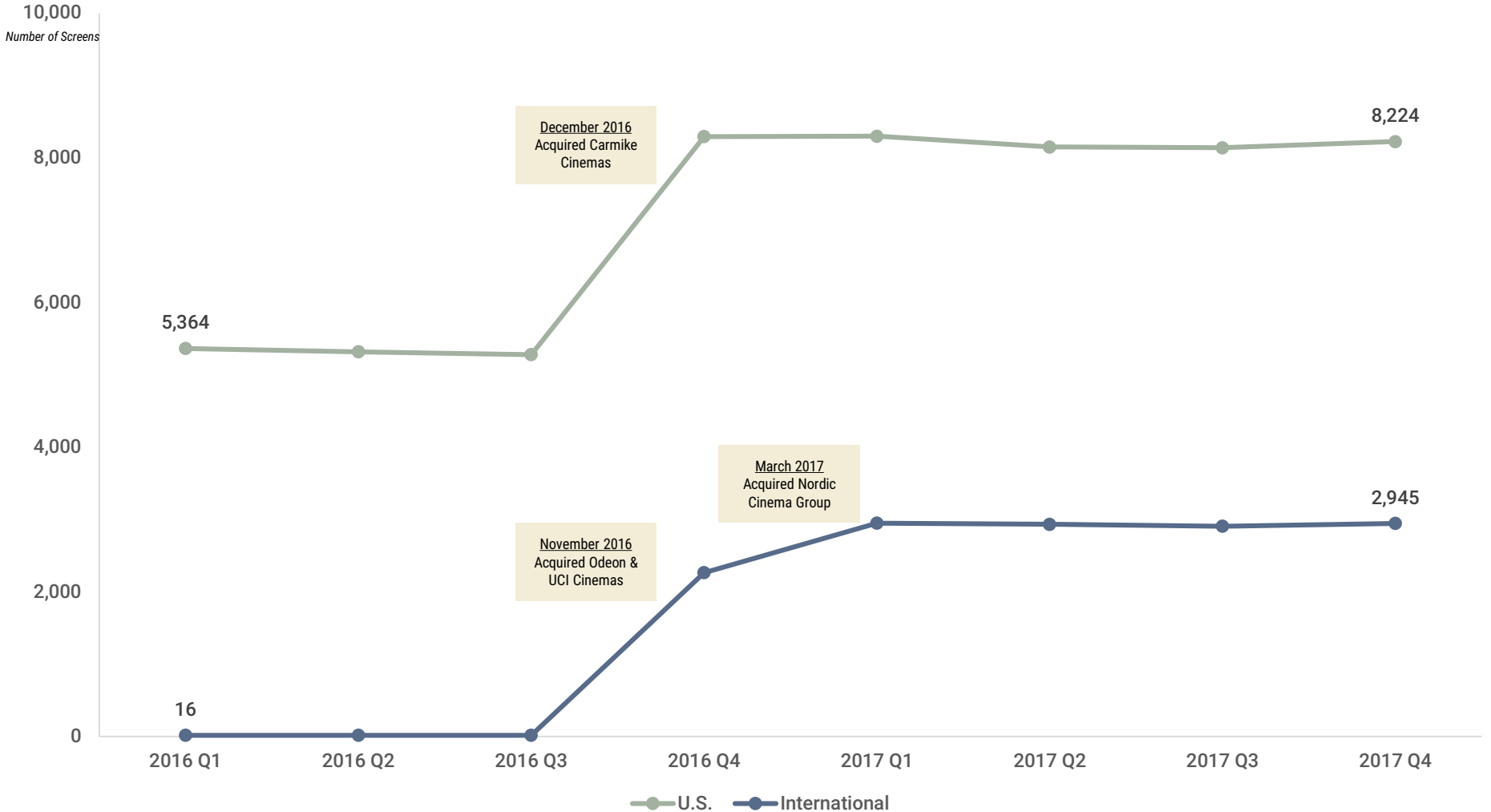


Scale is vital for leverage as the relationship between studios and exhibitors becomes more fragile

Screens Operated



After Making 3 Transformative Acquisitions Last Year, 2017 Was Mainly About Integrating The Assets



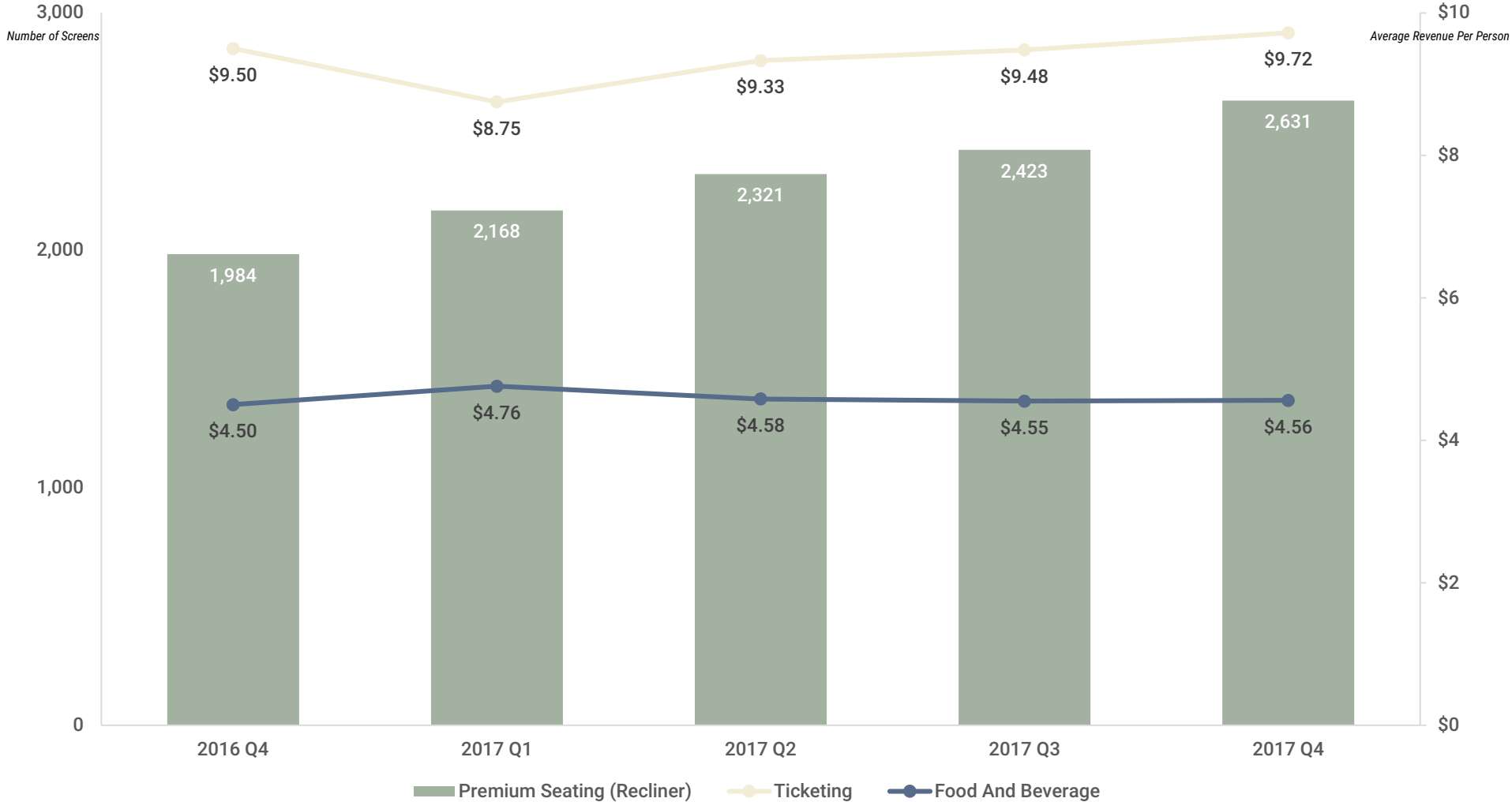
The acquisitions of competitor circuits were primarily predicated on upgrading them with luxury amenities



Spending Per Person



Renovating Theaters With Recliners And Reserved Seating Allows For Even Higher Ticket Prices



There is also ancillary benefit of patrons purchasing additional concessions, especially where there are premium options