



AMC Entertainment (AMC) 2018 Q1 Earnings Summary

May 2018

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# AMC Entertainment Key Takeaways



## Reinvestment Into Their Newly Acquired Theaters Is The Core Strategy To Expanding Market Share

### PRICING

- **Always evaluating its pricing relative to attendance in order to optimize price rather than just maximize it**
  - Introduced a \$1 weekend surcharge at approximately 200 of their theaters in the United States
  - To stimulate demand on their weakest traffic day, they are offering \$5 Tuesdays to all AMC Stubs members every week
- **Over half of their online ticket sales are done through their new website and app and it continues to climb markedly**
  - Still partnering with Fandango, Atom Tickets, MovieTickets and others to fill out their growing online presence

### SUBSCRIPTION

- **Their loyalty program, AMC Stubs, has 13.7 million member U.S. households, up from 2.5 million only 2 years ago**
- **Believe there is nothing wrong with subscription programs and they can be quite positive if done rationally and intelligently**
  - Hundreds of thousands of MoviePass subscribers came to AMC Theatres at a frequency of 2.75x in April
- **Have a subscription program in the Odeon circuit and are in conversations with Hollywood studios about extending to the U.S.**
  - Subscription numbers are under 5% of tickets sold, so what is done in Europe may not wind up what they do in the U.S

### BOX OFFICE

- Many naysayers interpreted last summer's box office swoon as a secular and permanent change that somehow signaled the end of theatrical exhibition
  - **When Hollywood makes movies that people want to see, they flock to the theaters in huge numbers**
  - **This is not a zero-sum game so the world is big enough for Netflix and AMC to co-exist harmoniously**
- On its opening Friday, Saturday and Sunday, Avengers posted the highest AMC box office for a single film in its 98-year history

### GLOBAL MARKETS

- **Attendance in Europe was impacted by the weaker film slate, screen closures related to recliner renovation projects and competitive pricing impacts**
  - Not at all concerned with the slow Q1 and are still totally bullish on their long-term prospects internationally
- If they had not purchased Odeon and Nordic, then don't think they ever would have had the opportunity to go into Saudi Arabia
  - **Many AMC Theatres to come across the Kingdom of Saudi Arabia, with at least 30 to 40 in 15 cities in the first 5 years**

### THEATER UPGRADES

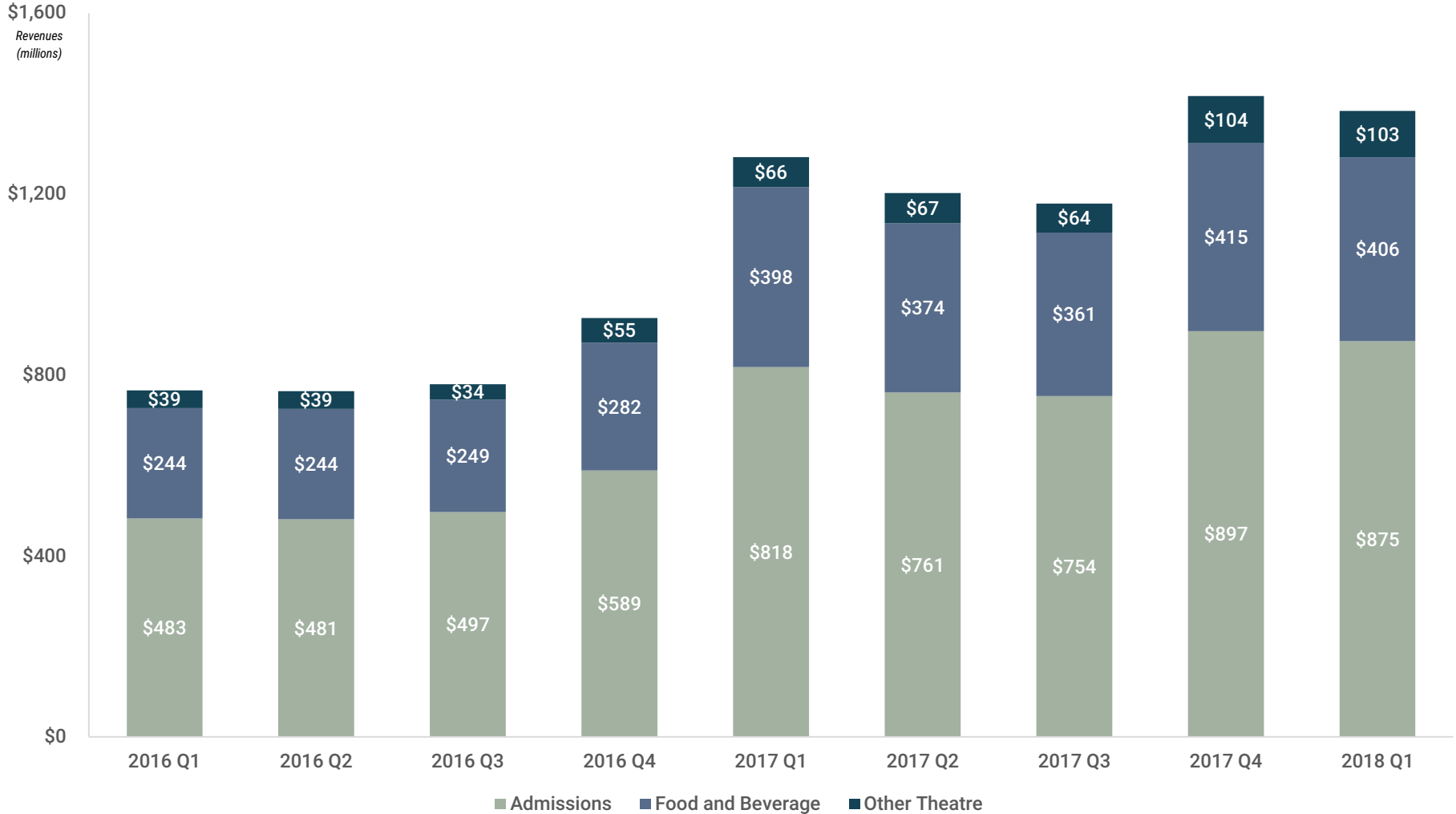
- By year-end, expect to have 25 sites in total, including newbuilds, up and running across Europe with recliner seats
  - **ROIs are very similar to what they saw in the U.S. at the advent of recliner installations back 5 years ago**
- Strong commitment to premium large-format screens with more than 400 PLFs, up from 155 just two years ago
  - IMAX and Dolby Cinema screens carry roughly a 70% price premium when compared to a traditional ticket
- **Try to strike a balance in what they offer and charge to maintain the moviegoing appeal for the mass audience**

*Growth in online ticketing, and eventually subscriptions, will make it easier for audience to attend the movies*

# Revenues



Rather Than Worrying About Splits, There Is An Effort To Work Closer With Studios To Grow The Overall Pie

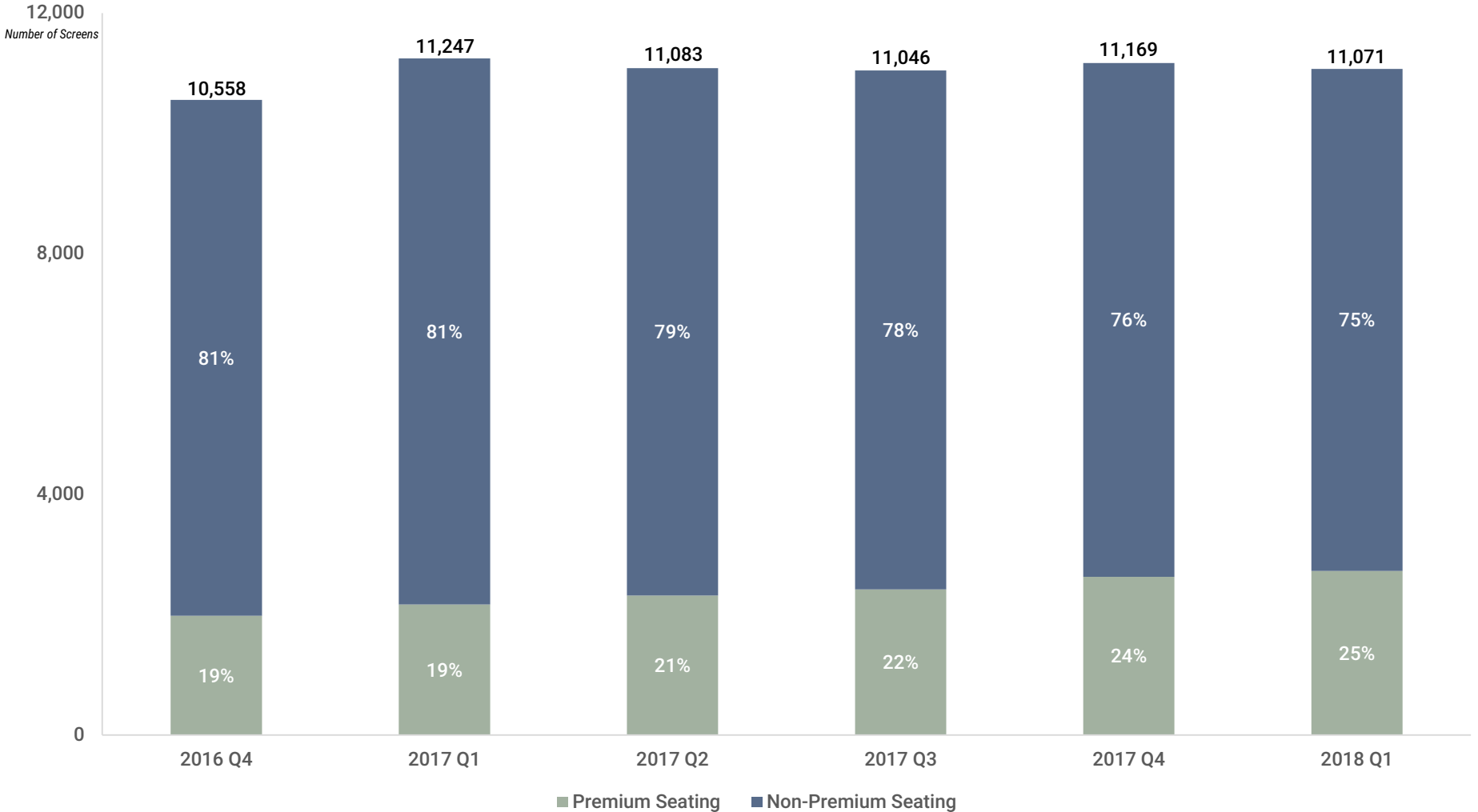


*Tentpole films are increasingly important to create the big screen experience that can't be replicated by OTT platforms*



# Premium Seating

While Not All Theaters Will Be Remodeled, There Is Still Significant Runway, Especially In Carmike Cinemas

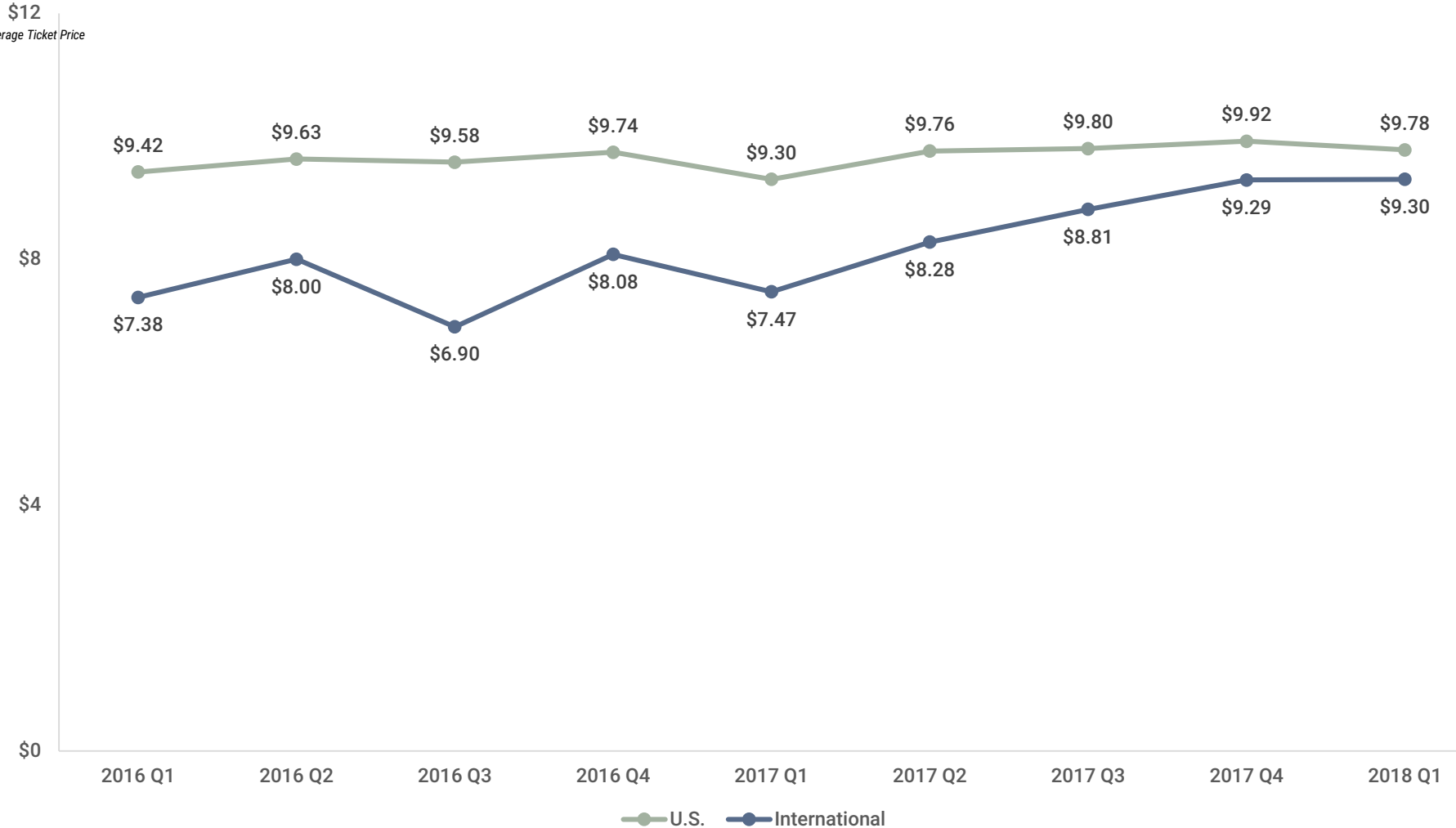


*Recliner seating justifies higher ticket prices, but also increases food and beverage consumption*

# Ticket Prices



Remodeling Efforts Across Their European Circuits Will Further Close The Gap Between Ticket Prices



*Recent entry into Saudi Arabia allows them to monetize an affluent audience with pent-up demand for entertainment*

