

Cinemark (CNK) 2018 Q1 Earnings Summary

May 2018

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## Through Its Subscription Plan, Cinemark Can Know Their Audience Better And Improve Consumer Loyalty

### VIRTUAL REALITY

- **Recently announced plans to test VR and are currently installing The VOID's hyper-reality experience at their Dallas theater**
  - plan to implement a second virtual reality experience with Spaces at our San Jose, Oakridge Cinemark theater this fall
- **They are just starting here, but are going to make a huge effort in terms of marketing each of these attractions**
  - **Too soon to say what kind of effect they're going to have or how broad they will rollout**
  - Have a very good opportunity to create a positive return on it, but too early to make any predictions

### SUBSCRIPTION

- **Movie Club subscriptions have doubled in 3 months to exceed 230,000 members, and are far surpassing original expectations**
  - **1/3 of the new sign-ups are guests who were not previously part of its Connections loyalty program**
  - Utilization remains very active with over 60% of movie credits issued already redeemed
  - In April, 5% of their overall box office was derived by Movie Club tickets and that continues to grow
- **Focused on using data to provide members with a more tailored and personalized service, enhancing their overall experience**

### LATIN AMERICA

- **Believe consumer moviegoing fundamentals in Latin America remain healthy and long-term growth prospects remain intact**
  - Pretty positive about what the remainder of the year looks like, especially Q2
- **Recently completed an opportunistic acquisition of 3 Brazilian theaters, comprising 19 screens in mid-April**
  - Supports continued growth effort throughout the region and drive towards the 50 to 75 screen additions during 2018
  - **Very aggressive at looking for acquisitions like this, but wouldn't consider it the tip of the iceberg in terms of activity**

### REMODELS

- **Luxury Loungers continue to produce outsize growth in attendance, ticket pricing, food and beverage per caps**
  - In Q1, added 170 auditoriums to its recliner base, which now includes 144 theaters and 2,144 screens
  - On track to end this year with approximately 55% of U.S. screens, featuring Luxury Loungers
- **There is incremental pricing opportunity in those recliners as they kind of get to their full scale**
  - Last quarter's overall average ticket price growth trailed the industry somewhat

### SCREEN FORMATS

- **In new builds or existing theaters, if they see an opportunity to put an XD screen in there, they absolutely want to do it.**
  - Just need to make sure that the size of that screen and auditorium is commensurate with the XD brand
  - **Expanding XD's brand awareness to a multi-faceted marketing campaign**
- **In Q1, its 244 XD auditoriums comprised only 4% of worldwide screens, yet generated approximately 8% of their global box office**

*Ongoing upgrades, including new VR attractions, can increase consumer spending on-site*

# Revenue by Geography



Aggressively Looking To Expand In Latin America As It Remains A Long-Term Growth Opportunity

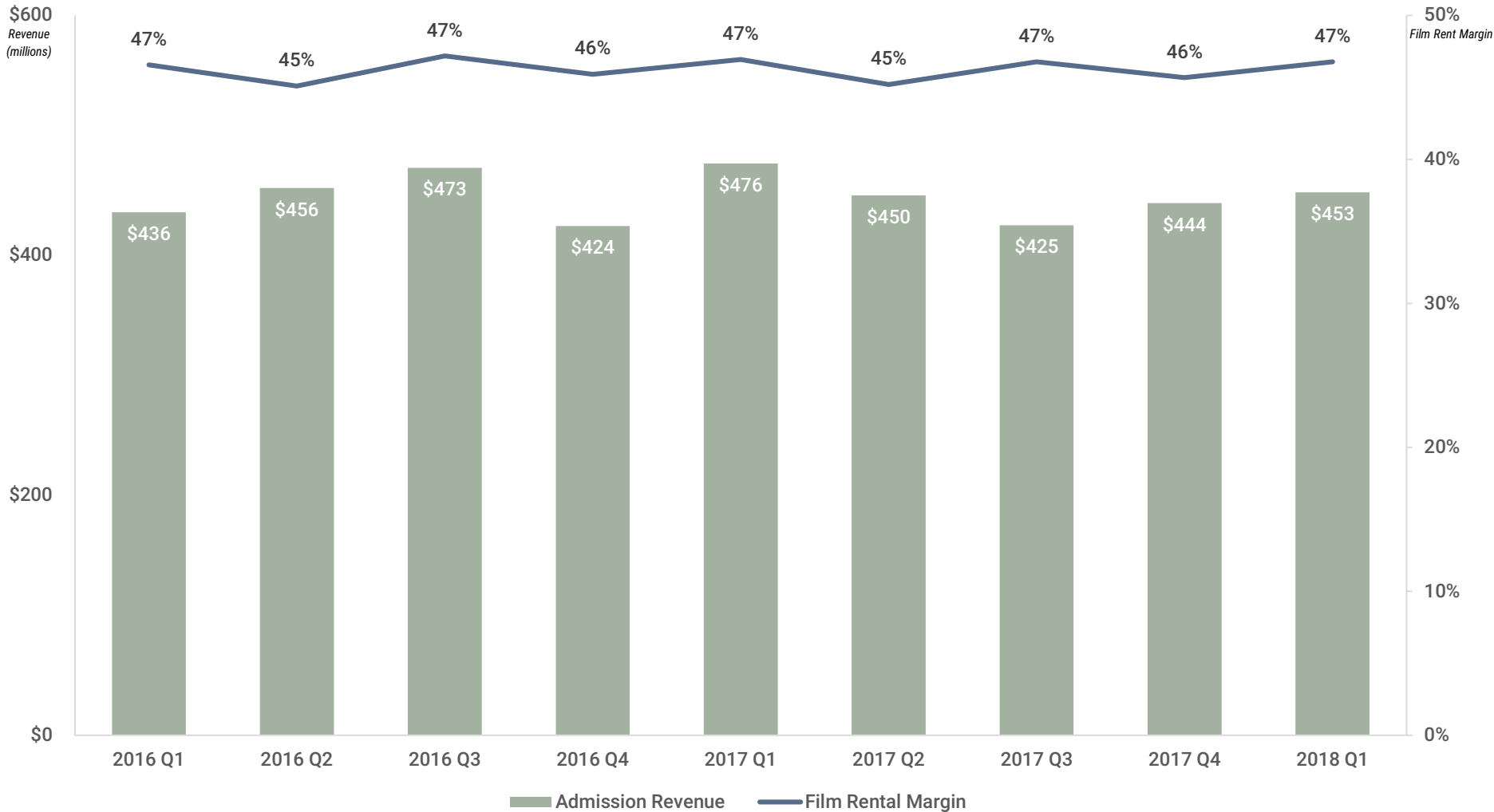


*International box office will become more important as studios concentrate more and more on tentpole franchises*

# Admission Margins



Margins Have Remained Relatively Stable As Rental Costs Tend To Scale With Performance

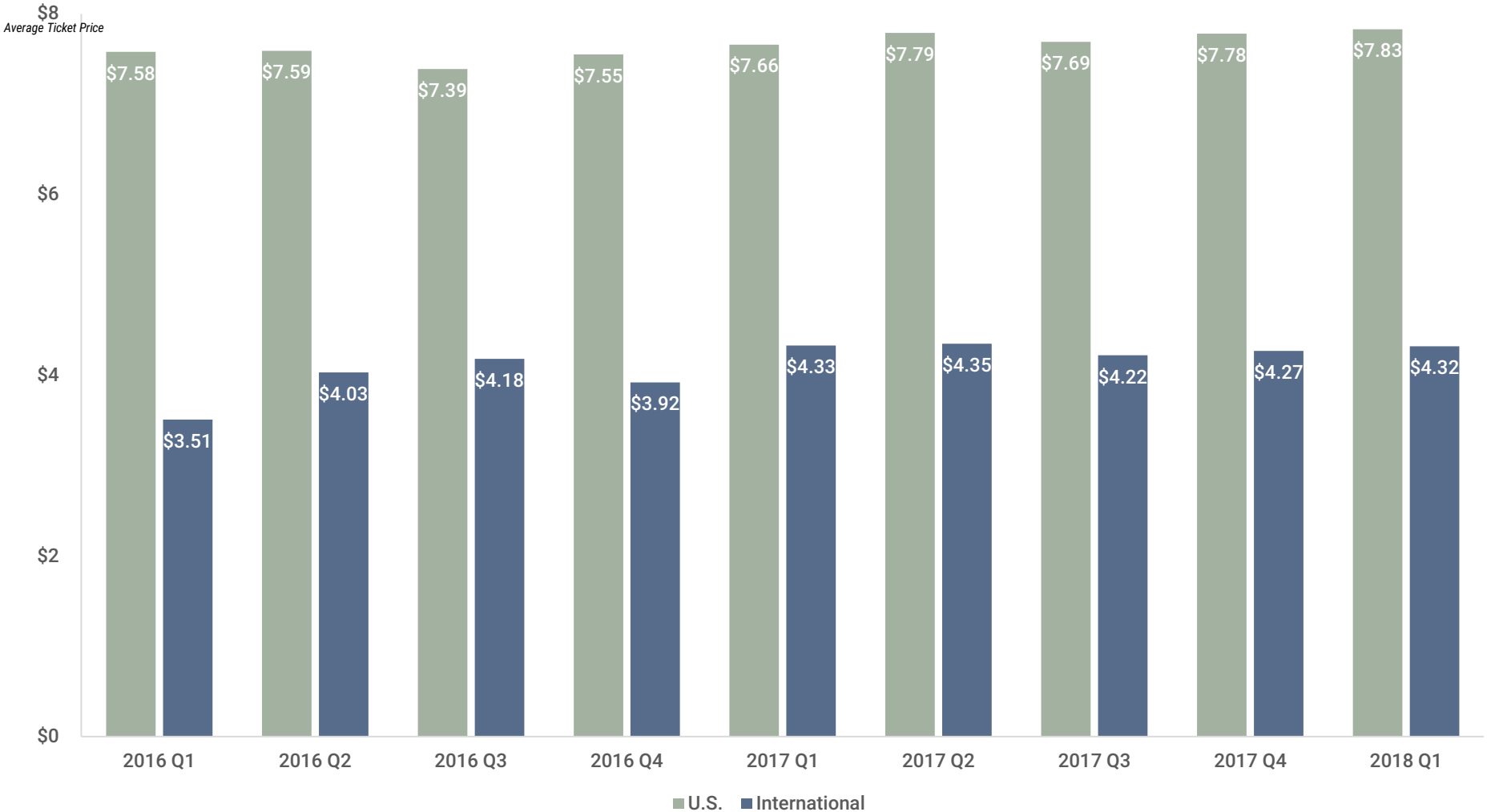


*As studios shift towards quality over quantity, film splits will become a smaller cut of a bigger overall pie*

# Ticket Prices



Theater Enhancements Such As Recliners And XD Screens Create More Pricing Power



*U.S. ticket prices are below the industry average, in part because they've had highly variable pricing in place for years*