



AMC Entertainment (AMC) 2018 Q3 Earnings Summary

November 2018

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## AMC Entertainment Is Already Beginning To Introduce Price Increases For Their A-List Subscription

### A-LIST SUBSCRIPTION

- **A-List has crossed 500,000 subscribers in just 4.5 months and generates almost 1 of every 10 AMC theater visits in the U.S.**
  - Think it will cap out between 1 million and 2 million members and 15% to 20% of their clientele
- **Gives them a rich customer database with account-by-account moviegoing histories and habits**
  - 49% of A-List members were not previously members of AMC Stubs, indicating that there's a ton of incrementality in moviegoing
  - New members average about 3.4 visits in their first full calendar month of membership, but drop down to 2.7 visits by month 3

### PRICING

- **Just announced an A-List price increase for 2019 new members and for renewing 2018 members 12 months after they join**
  - For simplicity, entered the market with one national price, but always knew they would tier these prices across the country
  - It's simply a matter of demand and supply, and demand is very strong right now out there, and want to capitalize on that
- **Over the last 2 years, there's been an explosion of usage of their proprietary website and smartphone app to buy tickets**
  - AMC is doing more than 30% of all the ticketing, while Fandango is doing 10% - 15% and Atom Tickets is doing 1% - 2%

### INTERNATIONAL

- **Most of the attendance issues in Europe have been local language films made overseas that have not resonated the same way they did in Germany and Italy in prior years**
  - Over the long term, the movie industry has grown at a faster pace in Europe than in the United States
- **Continue to grow their footprint in Europe, and have 5 more new-build theaters to open before the end of this year**
  - Theater renovations in the U.K., Spain and Italy are performing way ahead of our already robust expectations

### FOOD AND BEVERAGE

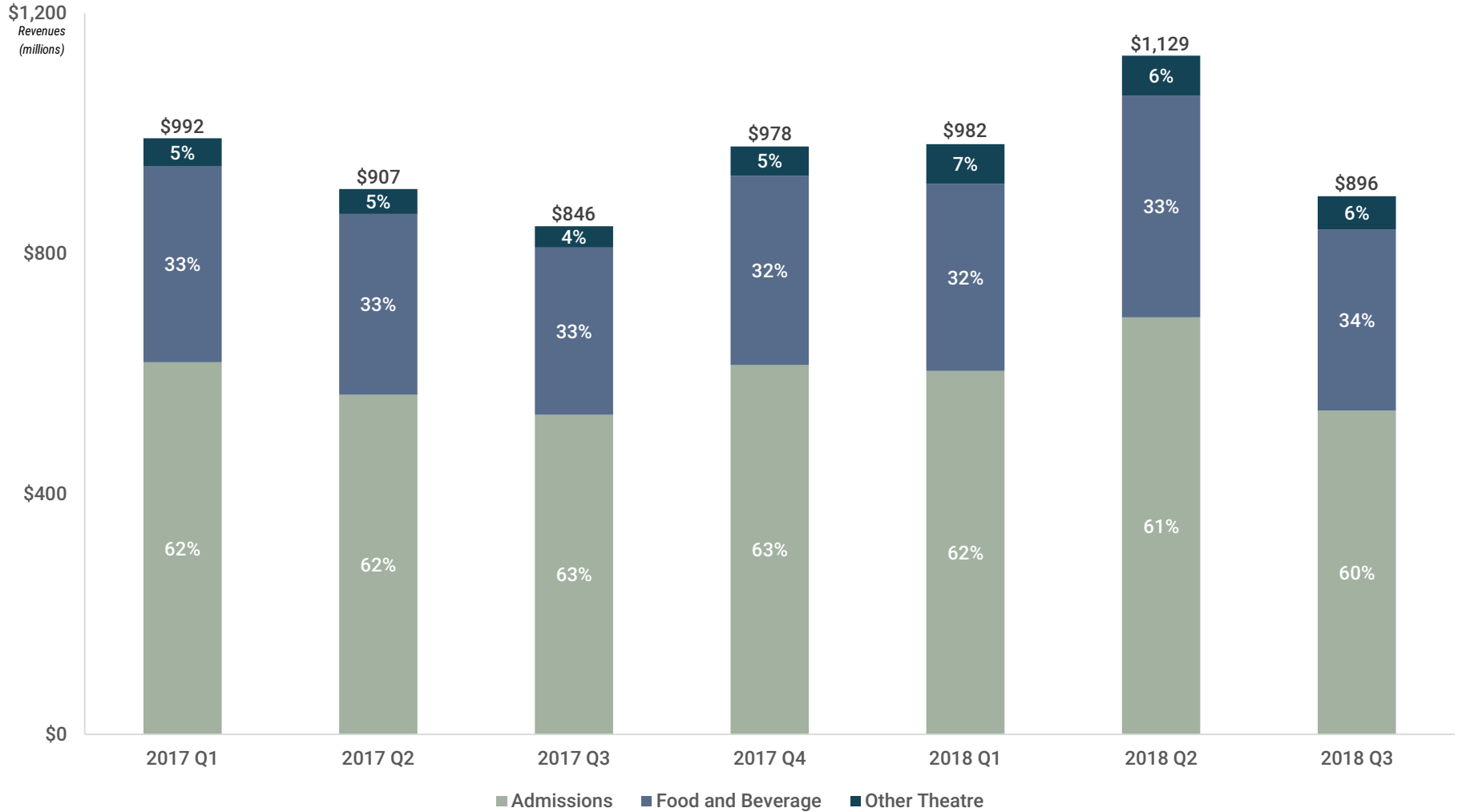
- **While A-List subscribers are buying food, they're not buying quite as much food as the typical more casual AMC guest**
  - Someone going to the movies 3 times a month, may not want the vast quantities of food they have judiciously sold to justify the higher prices
  - Looking at interesting new menu items that will appeal to them and can help get the spending per head to rise over time.
- **In the first half of '19, will roll out a global offering so guests can preorder food and drink on the smartphone app or the website**
  - Already doing this at 52 of theaters and it's been a big success and has driven \$1.25 spending increase from those patrons

*Subscriber data can be used in a multitude of ways to strengthen the relationship between the studios and exhibitors*

# U.S. Revenue



The Domestic Box Office Has Rebounded This Year, Eliminating Some Concerns Of Movie Industry Declines



*Tiered offerings can maximize revenue from the small base of power users without alienating less frequent moviegoers*



# Premium Seating



The Pace Of Theater Renovations Will Start To Slow Down After Capturing All The Low Hanging Fruit



*Enhancements of food and beverage offerings are a central component to increase on-site spending by patrons*



# Average Ticket Price



The Addition Of Recliner Seating At Their European Theaters Allows Them To Charge Higher Ticket Prices



*European box office can be more volatile due to the diverse preferences between their Nordic and Odeon circuits*

