



AMC Entertainment (AMC) 2018 Q4 Earnings Summary

March 2019

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# Key Takeaways

## AMC Entertainment Is Focusing Their Digital Marketing Around The Customer Data From Loyalty Programs

### A-LIST

- **Shifts a meaningful portion of their business to a recurring revenue subscription model, thereby reducing box office volatility**
  - Increasingly making this whole process of a consumer feeling attached to AMC more tailored to the individual customer on a custom basis
- **Launched the program at more than double the price charged by their competitors and now have over 700,000 subscribers**
  - Get an average of about 3.3 visits per month in the first month of enrollment and quickly falls below 3 visits by the third month
  - Not seeing any evidence of significant disruption to their ability to sell tickets to full-paying customers

### BOX OFFICE

- **Domestic box office reached \$11.9 billion, which marks the fifth record year for the industry in the last 7 years**
  - Shows that movie theatres can still thrive in an era where ubiquitous content is available in multiple ways, including streaming
- **2019 has the potential to be the first year in history ever to break the \$12 billion mark in domestic box office**
  - Expect to see a ramp-up in box office results that get stronger and better as each quarter goes by
  - While tentpoles generate lots of headlines, the depth and breadth of the movies outside the top 20 will also play a very important role

### INTERNATIONAL

- **European IPO is off the table for now because it's wiser to post strong operating results in Europe before selling off assets**
  - Signed a contract in 2018 that calls for 50 new theatres to be built in the next 4 years in the Middle East
- **Vue's pricing in the U.K. is insane and they gain share from it theoretically, but it's not how they should be competing**
  - Rather than dropping price to questionable levels, they have chosen instead to compete on quality and value
  - Seeing enormous progress in U.K. network as a result of having improved the physical condition of their theatres

### REMODEL

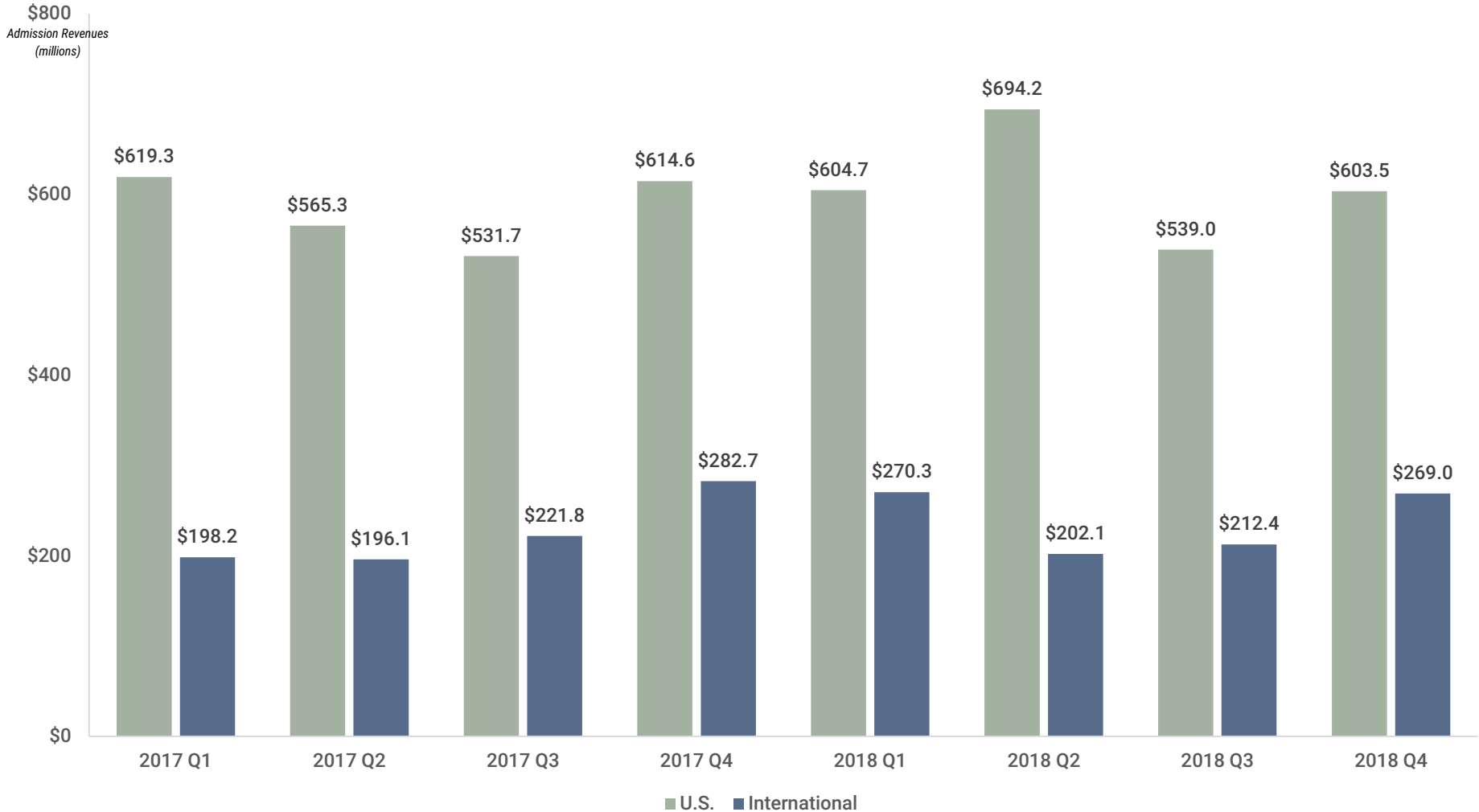
- **Close to reaching saturation for recliner seating in their domestic circuit, while their European circuit remains largely unrenovated**
  - Bulk of the remaining U.S. opportunities coming from the low-hanging fruit from amongst the acquired Carmike theatres
  - Recliners now account for approximately 75% of AMC and AMC DINE-IN theatres and 50% of AMC and AMC DINE-IN screens
- **First 5 theatres they renovated in Europe had an average ROI of more than 50%, driven by an average attendance increase of 34%**
  - Have 20-ish theatres in the U.K. with recliner seating and are pretty sure they will have another 20 in 2019

*Technology investments are generating higher online engagement which have lead to higher online ticketing fees*

# Admissions



2019 Film Slate Is Expected To Include A Larger Number Of Family Friendly Films That Usually Travel Well

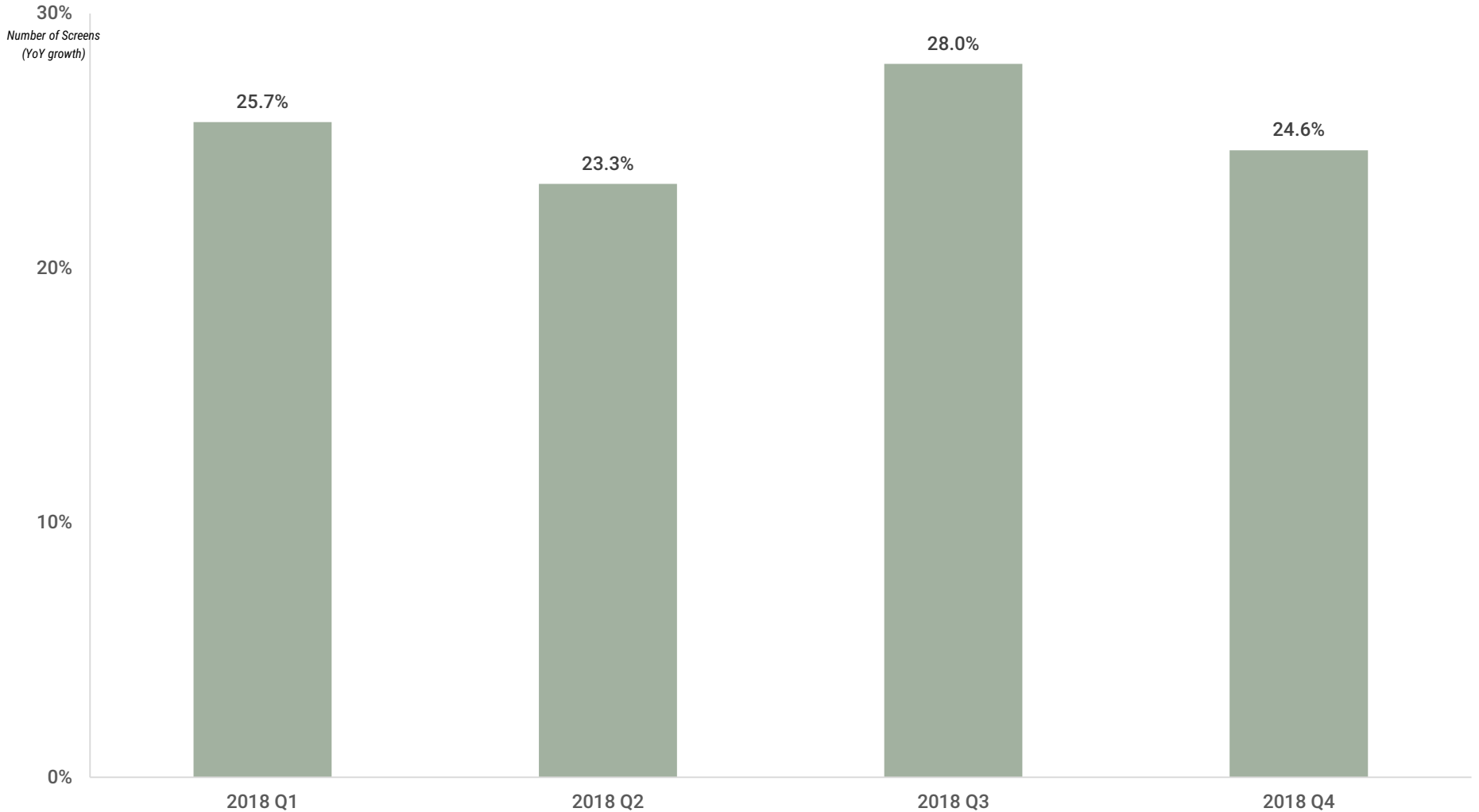


*Their subscription offering can help drive attendance during the windows outside of the key tentpole releases*



# Renovations

Domestic Renovations Will Primarily Be Done At Carmike Cinemas Where There Is Still Low Hanging Fruit

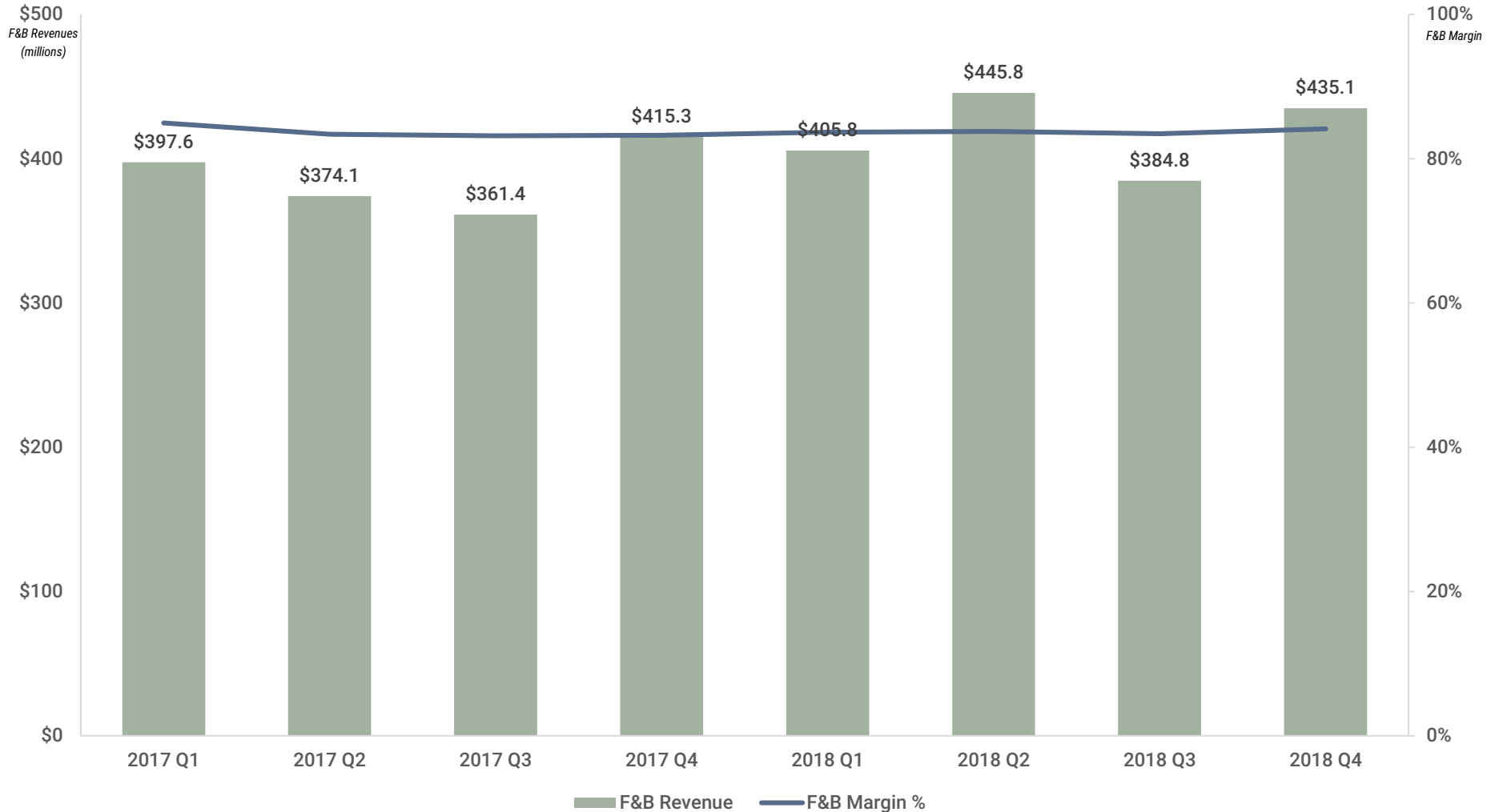


*The entire thesis behind the Odeon acquisition was based on quickly introducing reclining seating in European theaters*

# Food & Beverage



There Will Be A Lot More Marketing Activity Around Concessions As They Introduce New Menu Items



*The seamless integration of F&B purchasing ability into their app can enhance the overall customer experience*

