



IMAX (IMAX) 2019 Q2 Earnings Summary

July 2019

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## IMAX Is Benefiting From The Major Studios' Aggressive Push Into Action-Adventure Franchise Films

### LIVE EVENTS

- **Experimenting with alternative content through exhibitor partners to increase theater utilization during off-peak periods**
  - See increased demand for out-of-home experiences that meet their customers increasing desire to enjoy communal experiences in IMAX
  - Exhibitors recognize the value they add, which translates into healthy ticket premiums they charge
- **Experience economy is expanding with global spending on experiences set to rise to \$18 trillion from \$8 trillion by 2030**
  - 3 out of 4 millennials would rather spend money on a desirable experience, rather than a tangible thing

### BOX OFFICE

- **Powerful position in the entertainment industry is driven by their ability to deliver unique value throughout the ecosystem**
  - Emergence of streaming services will ultimately reinforce the importance of theaters as premium spaces
  - Consolidation among content providers will fuel this trend as a focus on franchise temples and IP intensifies
- **Subscription plans do not seem to be an impediment because there is a sunk cost and it's only a small premium to upgrade**
  - In the long run, the question is, not only what creates better attendance for them but what creates better return on investment for the exhibitors

### FILM TALENT

- **An increasing number of the world's best filmmakers are choosing IMAX cameras to bring their creative visions to life**
  - Developing a new initiative to shoot expanded aspect ratio scenes in conjunction with their proprietary postproduction technology
  - Developing more custom campaigns that further differentiate the IMAX brand to a broader movie-going audience
- **Meeting with all the studios and going through the benefits of using IMAX DNA and trying to sell it as a whole package**
  - Want to incentivize the filmmakers and studios to do that, and in return can provide the benefit of longer playing time

### INTERNATIONAL

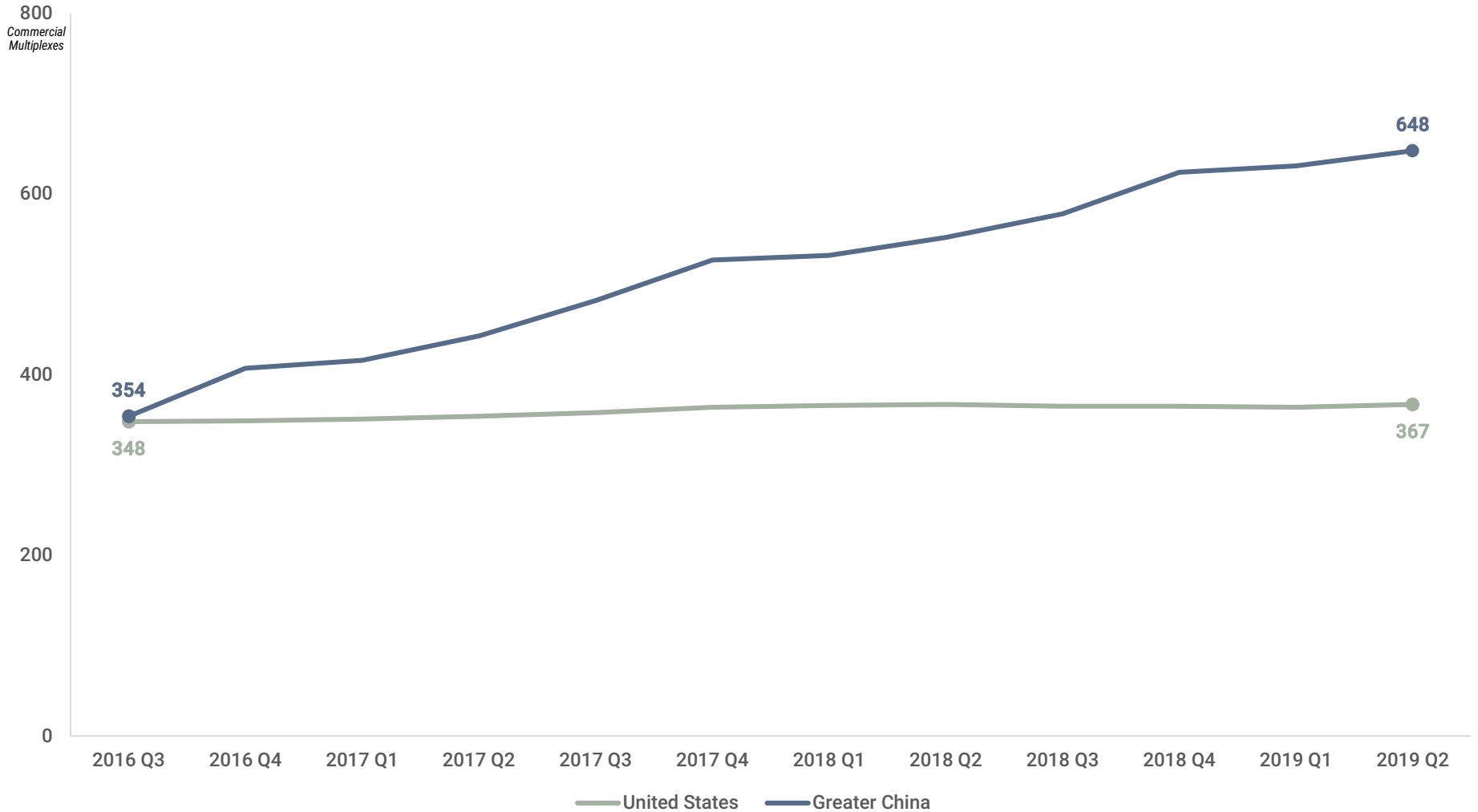
- **There are a lot of ways to sustain growth without necessarily having to predict the external box office**
  - Integration into the Chinese entertainment ecosystem has only been enhanced from their strategic relationship met with Maoyan
- **Local films were down in the first half of this year but they will revamp in the second half of this year and into next year**
  - Films selection strategy gives them optionality and they have been much better at marketing
  - Need to do a better job of indexing their market share on local language films so they can grow with the local market

*As technology for home entertainment improves, there is a need for continued investment into cameras and equipment*

# China



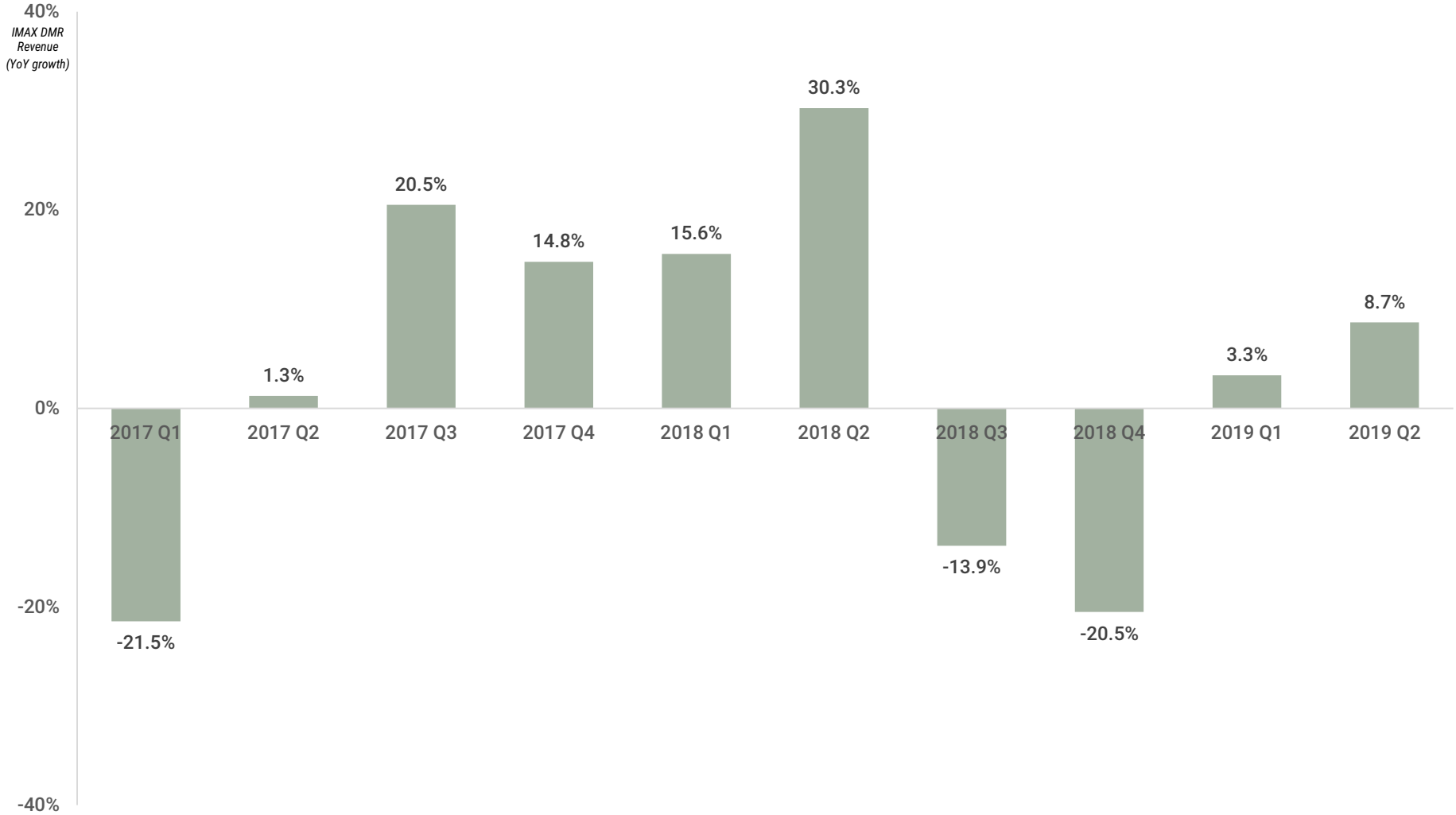
The Growth In China Has Been Concentrated In Tier 3 And Tier 4 Cities, Which Still Have Millions Of People



*Government issues in China are mostly behind the industry, and there should be a return to growth in the box office*



Flexible Scheduling Allows Them To Capture More Revenue From Unexpected Blockbusters

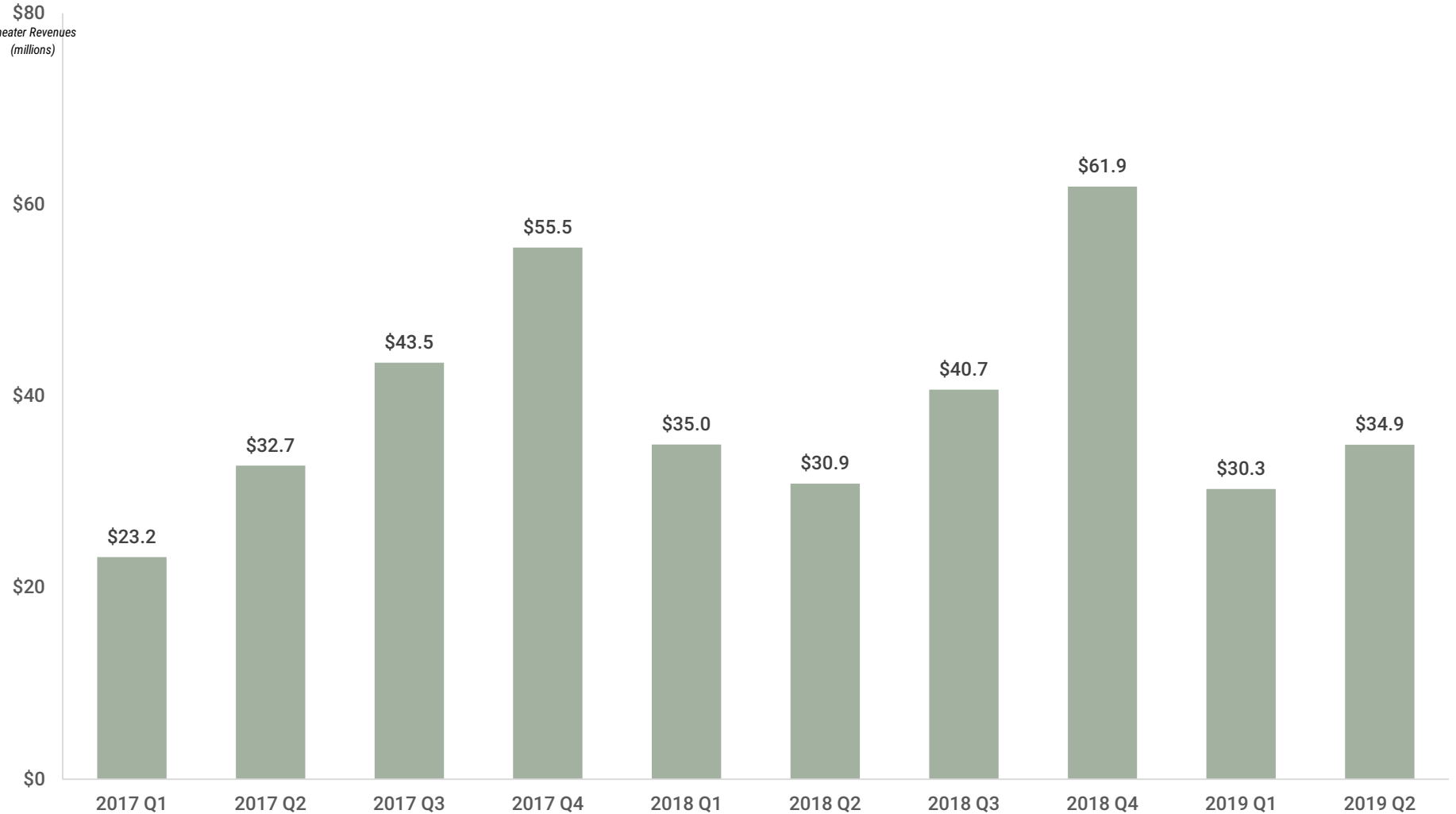


*There is still a reluctance to partner with streaming services who are not willing to abide by the traditional windows*

# Theaters



There Is A Renewed Focus On Closely Partnering With Exhibitors To Boost Attendance During Slow Periods



*VR business is being shut down, but recent success/expansion of The Void suggests this could be a missed opportunity*