



AMC Entertainment (AMC) 2019 Q4 Earnings Summary

February 2020

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Key Takeaways

AMC Entertainment Is Rolling Out New Features To A-List To Stimulate Activity And Improve Loyalty

BOX OFFICE

- **Contrary to the views held by doubters, the theatrical exhibition globally was alive and well in 2019 and setting new record highs**
 - In Europe, they experienced another year of strong box office growth, driven by an industry attendance increase of more than 6%
 - Gained market share domestically and dramatically outperformed the rest of the industry on both attendance and admission revenues per screen
- **See dramatic growth in the domestic box office not so far away and the pessimists will turn out to have been wrong**
 - Looking to 2021, see proven billion-dollar franchises and incredible film slates, and are extremely optimistic about the industry's future

STREAMING

- **Significant opportunity for streaming providers to further utilize theatrical exhibition to create tremendous value for their content**
 - Theatrical format has always had strong branding power, particularly in today's world of endless scroll of content icons on streaming platforms
 - Multiple studios have utilized theatrical exhibition as the anchor in building incredibly valuable franchises
- **Have confidence they will maintain partnerships with existing major studios and forge new alliances with streaming platforms**
 - The lure of theatrical exhibition keeps directors, writers and actors excited and motivated, knowing their work will be enjoyed in the best possible way

A-LIST

- **A-List is their most vital marketing program and they are proactively managing the program to improve overall profitability**
 - Have already set 3 different pricing regions across the U.S. and intend to be judicious in how they price the program
 - There are other levers they can pull that will affect profitability a lot that don't require a price increase, and have quietly started testing those
- **New Entourage feature was launched in November 2019 and has been a much welcome enhancement to the program**
 - In just 3 months, have about 115,000 members who linked their accounts through Entourage

INTERNATIONAL

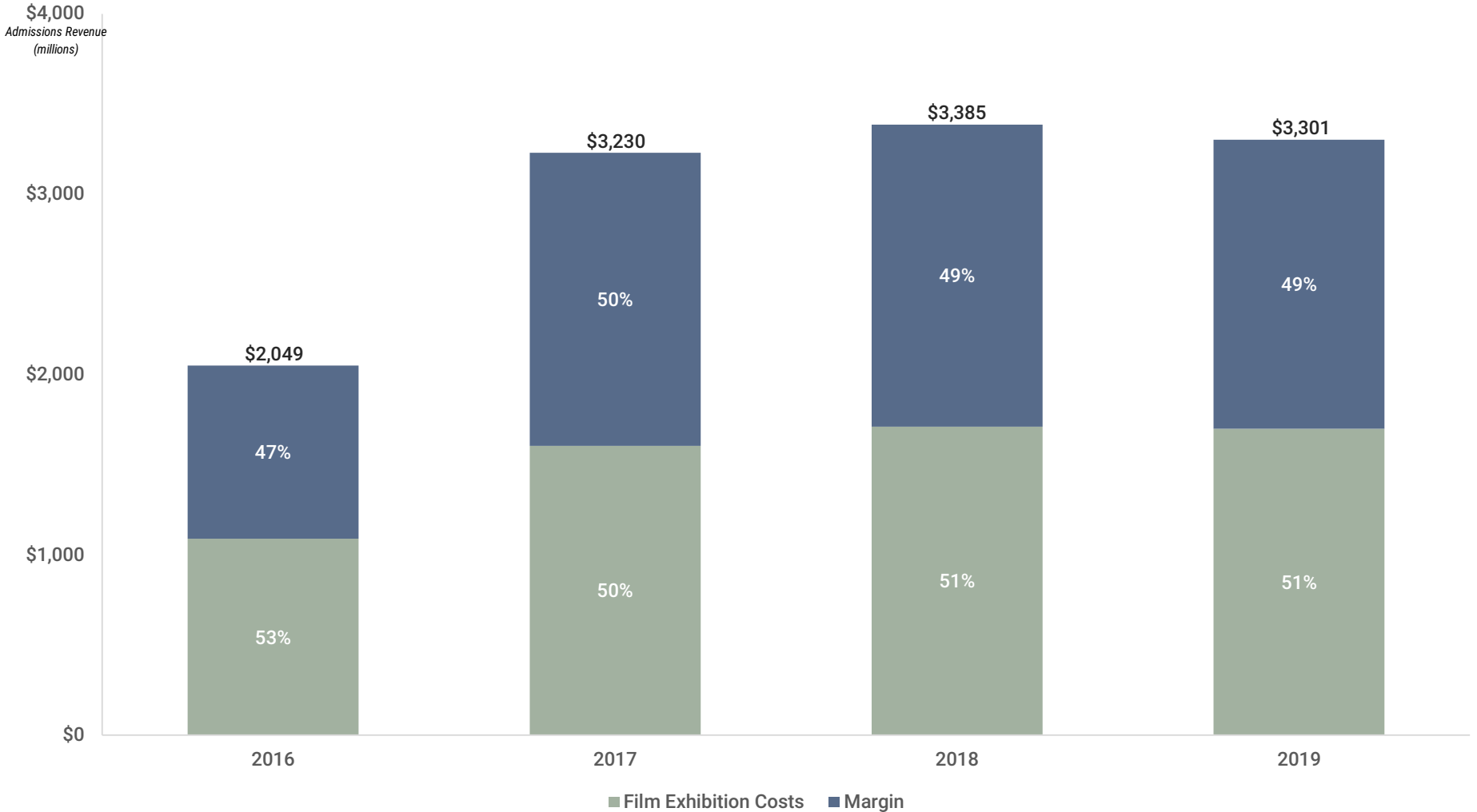
- **European theaters are responding to renovation and to the installation of recliner seating with growth rates 3.5x that of the industry growth rate generally in Europe**
 - 40 of their theaters have recliner seating installed now, and approximately 60 theaters in Europe should have recliner seating installed by year-end
- **By year-end 2020, expect to have 15 open theaters in the Middle East and expect to have 25 or more theaters opened there by year-end 2021**
 - New theater that opened 10 weeks ago in Riyadh is already their highest grossing theater on a per seat basis in the entire world

Investments will be geared towards the European market where there is more opportunity to capture outsized returns

Film Rents



Management Has A Firm Belief That The Rise Of Streaming Won't Have A Significant Impact On Moviegoing



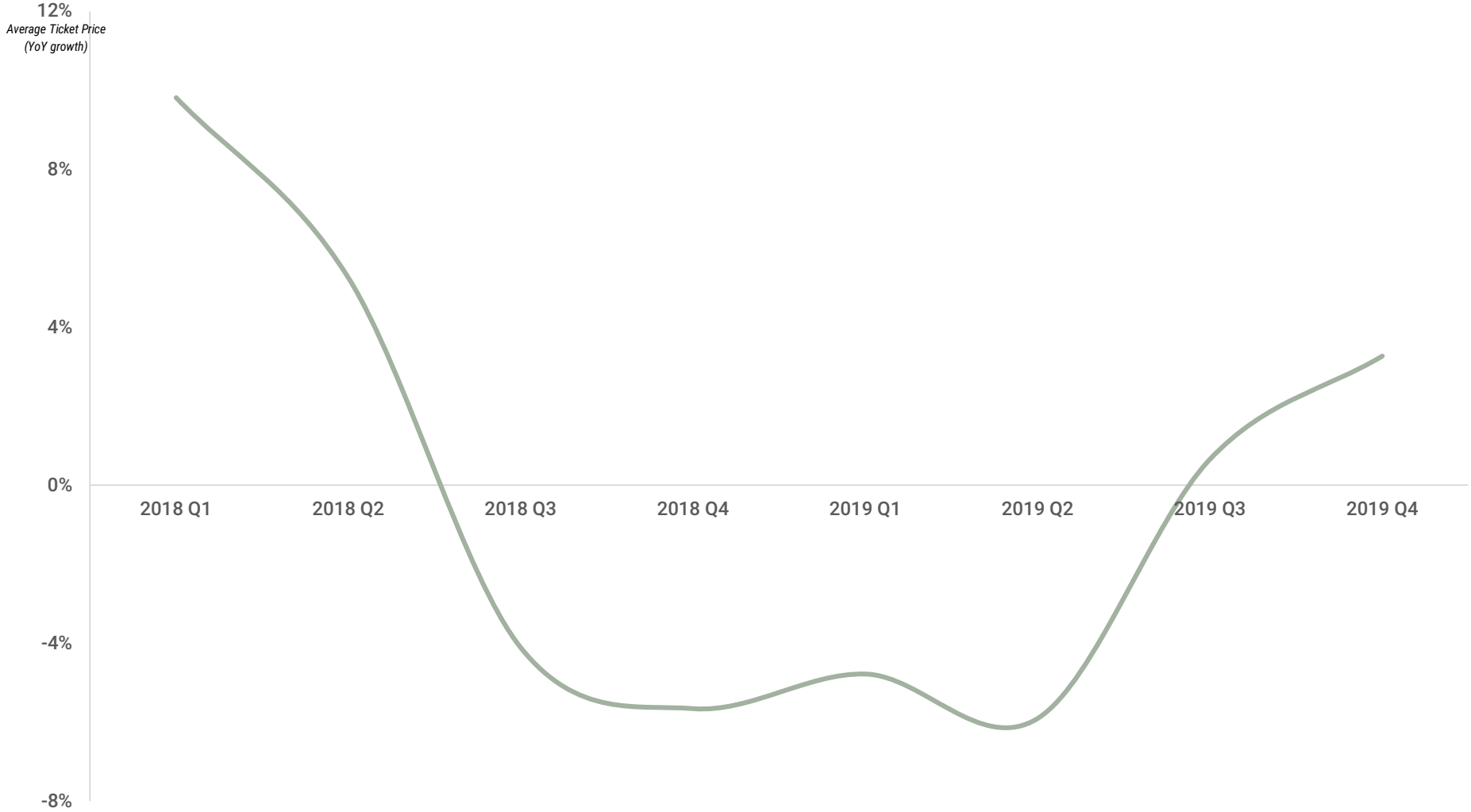
As studios concentrate on tentpoles, the new profit improvement plan will help maintain margins across the business



Average Ticket Price



As Ticket Prices Rise, The Appeal Of A Subscription Program Becomes More Enticing To Frequent Visitors



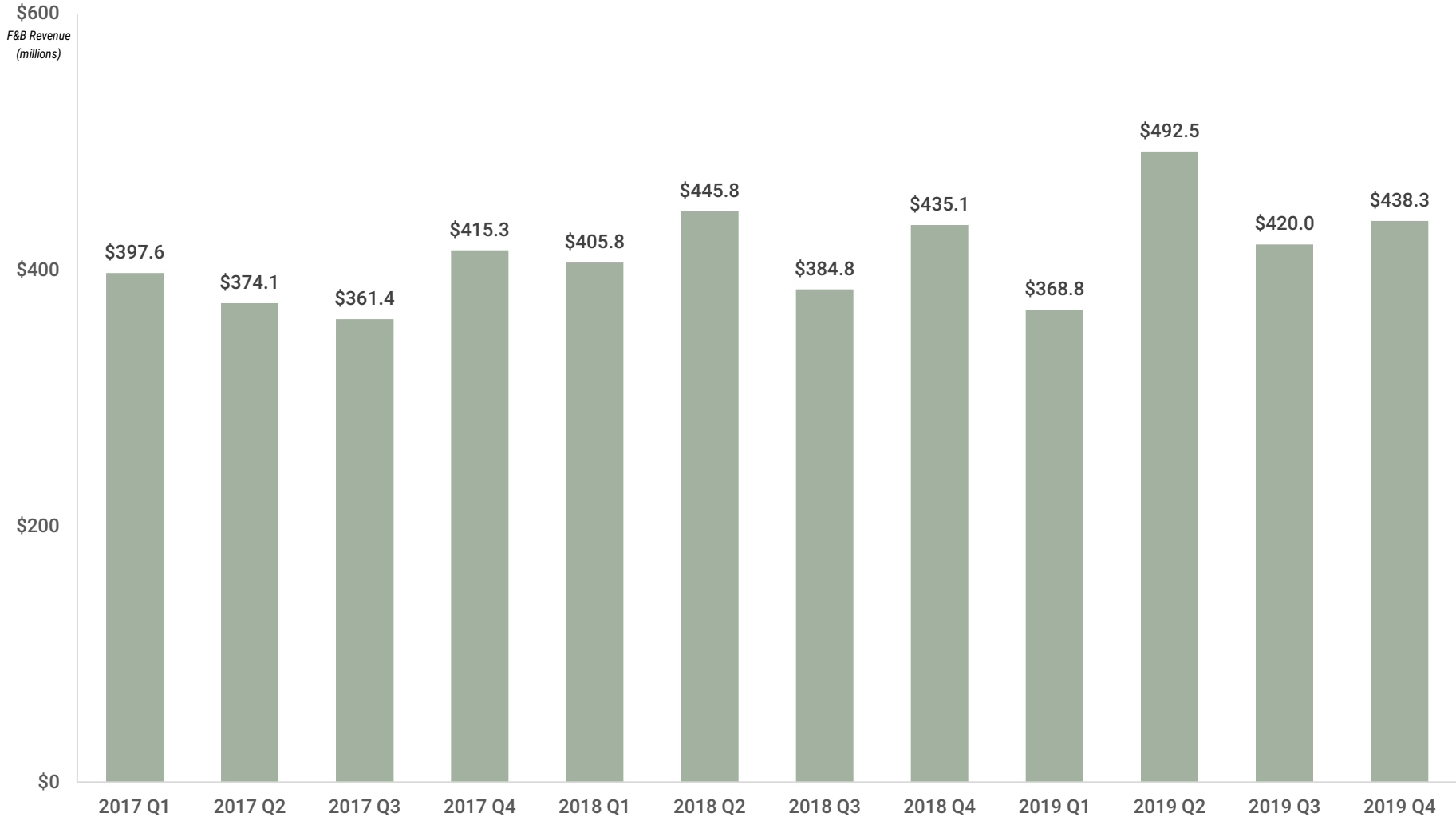
The rollout of recliners has slowed domestically, but allows for more pricing power in existing locations



Food & Beverage



Experimentation With Strategic Pricing And Premium Options Is Encouraging More On-Site Spending



To date, they have had minimal closures due to the coronavirus, but still too early to prognosticate the lingering impact