



Lions Gate (LGF) 2020 Q1 Earnings Summary

May 2020

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Lionsgate Is Producing More Content For Starz, But Remains An Opportunistic Seller To 3rd Parties

PRODUCTION

- **Looking closely at rural states that seem like they're opening first and working closely with local officials to develop plans**
 - Have a countdown to production, where they camera work happening in mid-to late August and prepping in late June and July
 - Already seen a significant uptick in backup script orders for pilots and current series, paving the way for production to shift into high gear
- **Buyers are all looking different so they will have new kinds of deals that take more money upfront and give up some back end**
 - Starz sees a tremendous amount of things early and then can buy the things that are right for their audience so they can curate their brand

FILM

- **Have dated some films as early as August, but they are targeted movies that won't require as long lead of a media spend**
 - Can get a lot of data before triggering expenditure and have the ability to move quickly if things aren't opening quite as aggressively as they hoped
 - Always running their own tracking studies on our material itself and we'll be doing some extra polling to understand audience's willingness
- **A couple of months ago, they put together a program with the theaters to play legacy movies and are planning that line-up**
 - Supposed to get people comfortable back going into theaters and provide a soft launch to work out the kinks and really create a great experience

LIBRARY

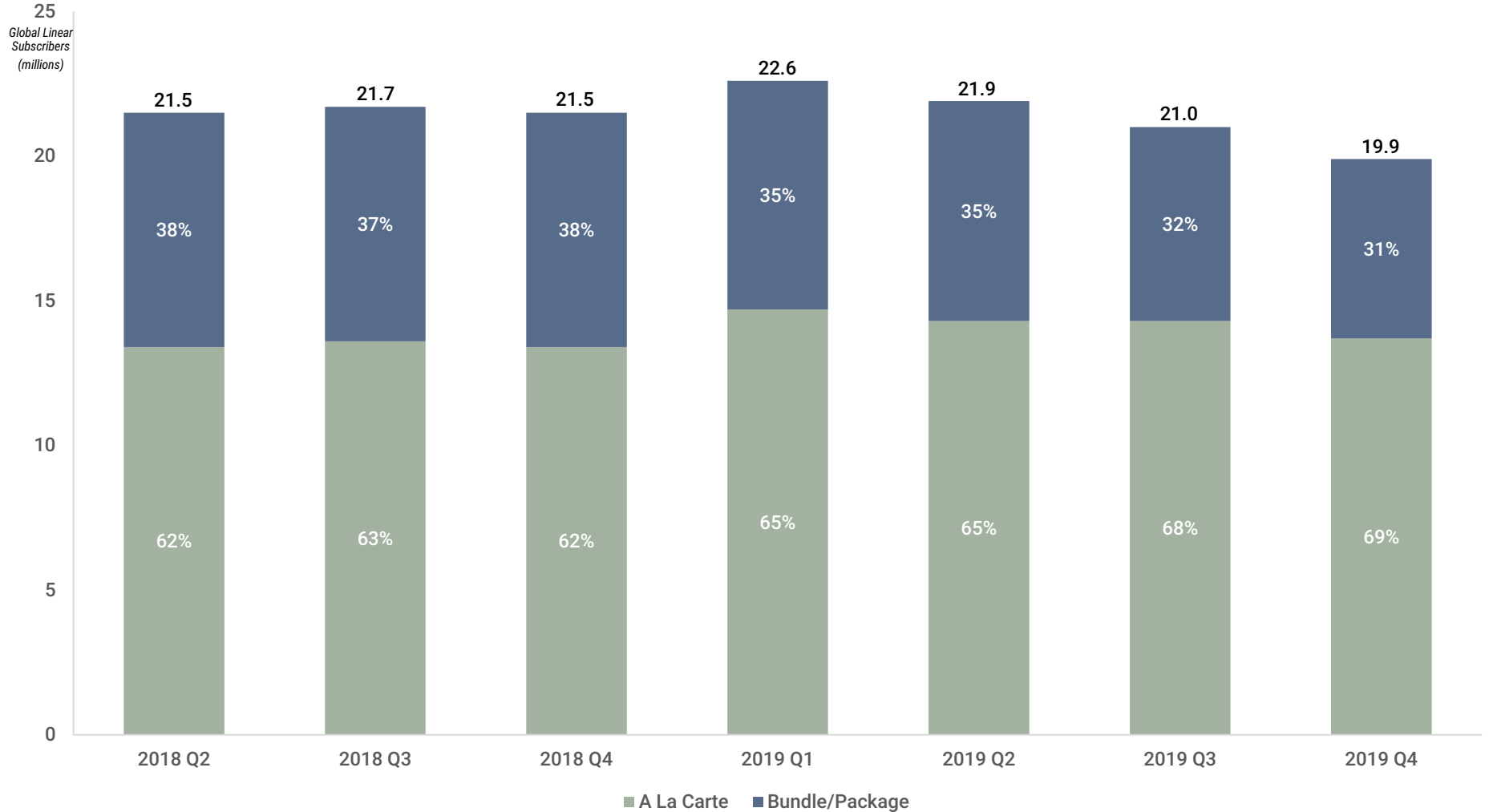
- **Environment has proven the demand for library and they have seen spectacular increases in the value of evergreen content**
 - Content that has already been produced is more valuable than ever, with their library revenue hitting a record \$600 million in the fiscal year
 - Benefitting from having so many distribution outlets, and audiences watching more content than ever before with a better technology
- **Have been in a sales process for Mad Men, which exceeded expectations and probably benefited from the COVID suspension**
 - In all sales processes, evaluate in a free market fashion what may be good for Starz versus other buyers and getting top dollar for participants

STARZ

- **Transitioned Comcast customers to a la carte efficiently and effectively and working closely with them to grow the business**
 - In the first 6 weeks, captured back well over 1 million subs, both on the traditional platform and on their Flex product
- **OTT app is their third largest distributor, and the most profitable of all of them because they are closer to the customer there**
 - Have been able to collect a lot of data that makes us much more efficient in acquisition, much more efficient in retention
 - Been able to harness that data to make not only marketing decisions but content decisions going forward as well

Content investments will increase \$200M this year as they target more programming for women and diverse audiences

As Cord Cutting Continues, MVPDs Are Shifting Away From The Wholesale Model For Premium Channels



Unlike peers in the industry, they have avoided short-term trials that have lower conversion and customer lifetime value

StarzPlay International



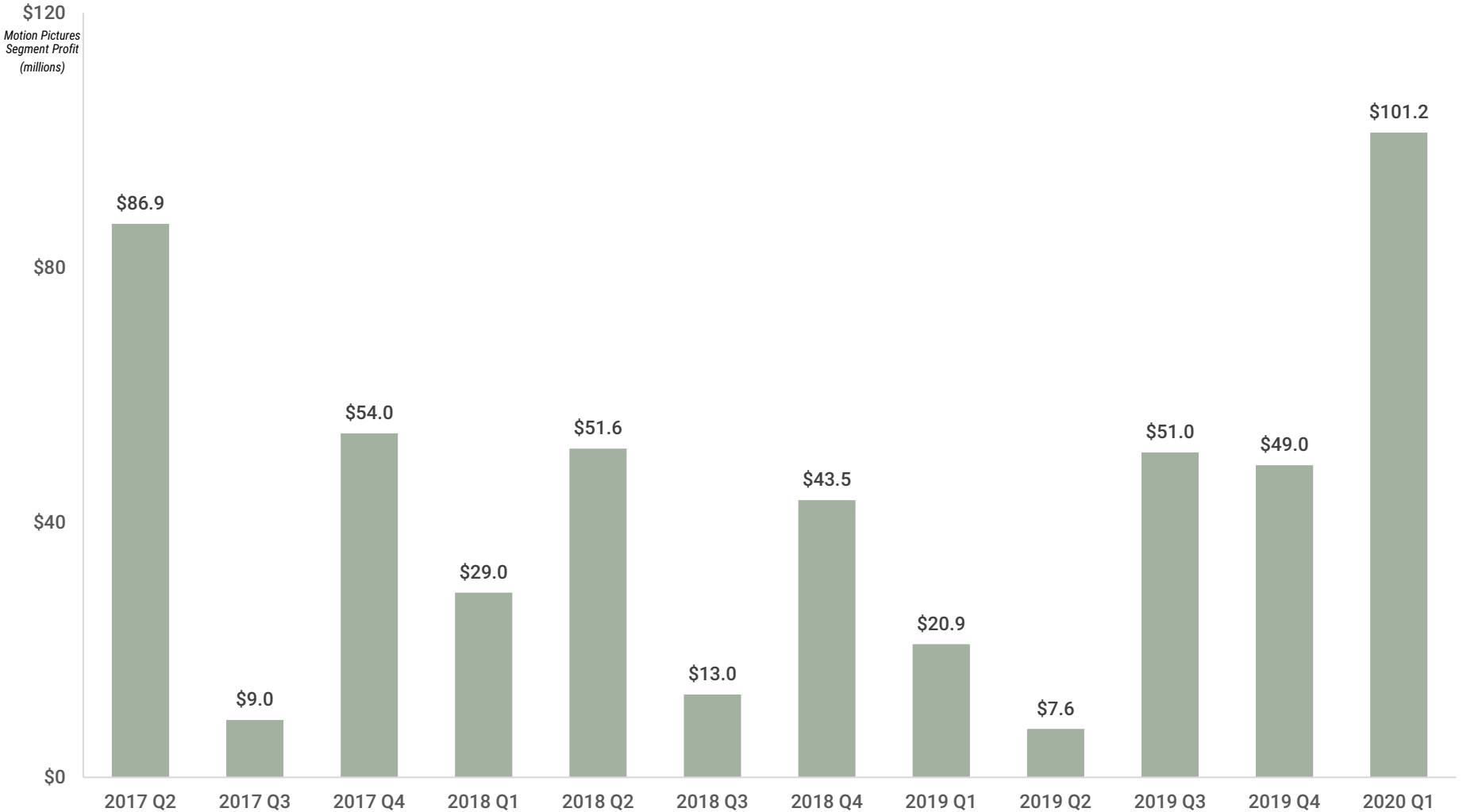
International Investments Have Grown As They Have Expanded To Over 50 Countries Across The World



Starting to have discussions about bundling services with other partners in order to further increase their distribution



Theatrical Remains A Key Driver Of The Business And They'll Continue To Aggressively Play In That Space



Release 30+ smaller films per year on a DTC basis, and the steady high-margin, low-risk profile is very complementary