



AMC Entertainment (AMC) 2020 Q1 Earnings Summary

June 2020

Sign Up For Additional Research From Evolution Media Capital



AMC Entertainment (AMC) 2020 Q1 Earnings Summary

June 2020

Key Takeaways

AMC Entertainment Is Taking A Slow And Cautious Approach To Reopening Theaters Across The World

REOPENING PLANS

- **They are much happier opening in June and July, with the bulk of their theaters opening in July, not in June**
 - Gives more time for preparation and more time for the world to get the pandemic under better control and containment
- **Optimizing for profitability of theaters and expect attendance and revenue will be much more lush on the new movie releases**
 - Implementing aggressive marketing communications and promotional activity aimed at jumpstarting consumer demand
 - Using website and smartphone apps to facilitate contactless ticketing and expanding mobile food and beverage ordering capabilities

CAPACITY

- **Last year, they only sold 17% of their available seats, so the seat limit capacity is not as painful as one might think**
 - Will chase out some Friday and Saturday night guests, but generally, their theaters are mostly empty, not mostly full
- **Can adjust times, number of screens, number of screen times, and all of that allows them to manage profitability quite well**
 - The last theaters to open before the major studio releases will be the ones that require a higher level of attendance in order to break even
 - If demand is lighter than normal, they can take out a lot of operating costs by reducing showtimes in off-peak periods

LEASES

- **Have successfully been able to defer or abate the vast majority of rent due during the period that their operations remain shuttered**
 - Future cash rent payments will depend on their ultimate reopening schedule and level of attendance
 - Trying to get agreements in place that extend repayment at least until the end of 2021, and in some cases, the repayment is over a period of 6 years
- **Had considerable success in lowering rents and converting rents from fixed-price rents to percentage of revenue rents**
 - With other individual landlords, have been talking about forgiving rent in Q2, not just deferring rents

INTERNATIONAL

- **Have 10 theaters currently operating across Norway, Germany, Spain and Portugal, and operations will start in Italy next week**
 - Even though the 3 theaters in Norway were limited in ticket sales to 25% of seat capacity, they sold 83% of available seats this past weekend
 - These 3 theaters wound up doing about the same business this weekend this year as they did for the same weekend last year
- **Planning to reopen almost all of their U.S. and U.K. theatres in July, to be positioned for the release of TENET on July 17th**
 - Can open theaters in a matter of a week or 2, defined as the date from when the first employee shows up to when it's open for business

While they are in active dialogue with Universal, none of their movies are currently on their docket for the coming months

EBITDA



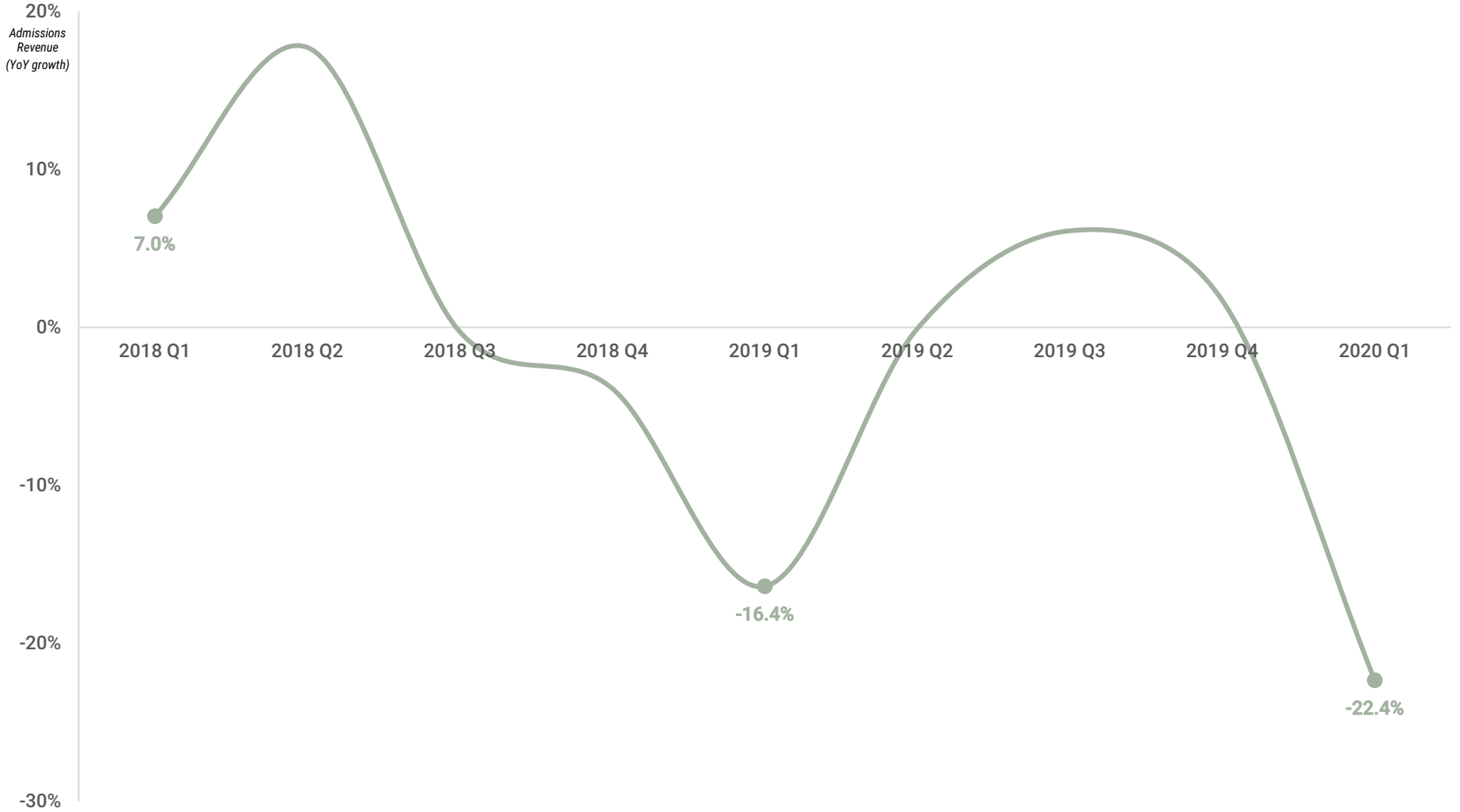
The First 2 Months Of The Year Were Above Expectations, But The March Shutdown Wiped Out All Earnings



Currently in the market to exchange existing senior subordinated debt for second lien secured notes due in 2026

Admission Revenue

As They Re-Open, They Will Show A Variety Of Catalog Films At Discounted Prices To Stimulate Demand

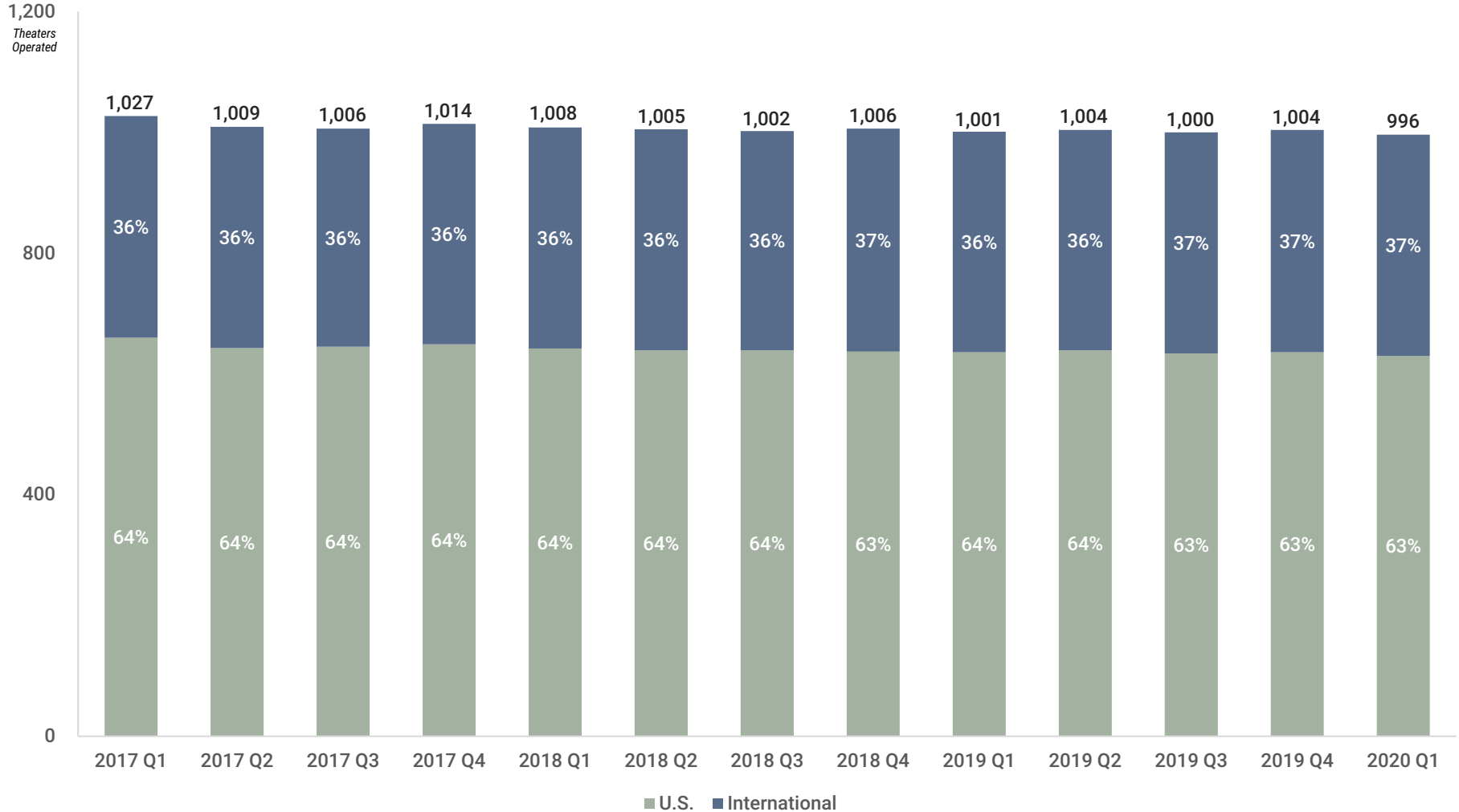


A-List and Stubs members will be the focal point of their promotional campaigns that will emphasize their mobile app

Theaters



As The Largest Circuit, They Are Not Worried About Lower Capacity Due To Government Restrictions



A small percentage of their theaters will permanently close because they don't have a path to meaningful profitability

