BUSI 4609 B

Assignment One

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Introductory Summary

The firm we have chosen for our analysis is AMC, an American leader in the movie theatre industry. We chose to analyze AMC as they are the leading cinema circuit in the United States. AMC has earned strong customer loyalty through their ability to consistently offer stand out customer service, dynamic loyalty programs, competitive ticket sale pricing and premium VIP services.

We chose to evaluate a firm within the theatre industry, as we are familiar with the industry, have been to the movies plenty of times and is a general point of interest.

To begin our research, we analyzed AMC's website to get a better understanding of the company in order to provide a detailed analysis. The sources we used for finding our macro and industry information were mainly from Bloomberg, FRED, U.S Census Bureau, Gallup, BEA, Morning Consult, BLS, Motion Pictures and many other government-affiliated websites. So far, FRED and Bloomberg have provided some of the best statistical results for our research.

Executive Summary

AMC Theatres is a leader in the U.S Cinema industry; their primary purpose is to engage customers in exceptional cinema experiences. The competition within the industry being moderately high, AMC Theatres understands the importance of customer satisfaction within their industry and continues to dominate the market in various competitive aspects by realigning their operations to their mission statement which is to “make smiles happen”.

The primary objective of this report is to provide a detailed strategic analysis of AMC Theatres, in order to assess potential opportunities for future growth and improvement. This report includes a comprehensive examination of the Cinema industry, the macroeconomic situation in the United States and AMC’s value chain development in comparison to their top competitors which are Regal, Cinemark and Marcus Theatres. AMC’s Corporate and Business Strategy, as well as future recommendations for their business operations will be examined in the final part of this report.

The information found in this report was gathered by researching many U.S government websites, Theatre Annual reports and MPAA website to ensure that the findings were relevant and up to date.

Part I: Macro Environmental Analysis: TESP

Technology Environment (Hamza)

Premium Video on Demand (PVOD) (Threat)

For a long time, the norm was that if you wanted to watch the latest cinematic offering, the only option would be to go to the cinema, pay for the ticket. In some cases, moviegoers would decide that they wanted to own a digital or physical copy of the movie, meaning that they would have to wait a minimum of 90 days before they could get their hands on an official copy released by whichever studio produced the film. However, shifts in the industry that have been accelerated by the COVID-19 pandemic changed the landscape through Premium Video on Demand. Since the beginning of the pandemic, PVOD now allows consumers to watch the latest blockbuster movies from the comfort of their home, usually within a couple of days after they are released. So, instead of going to the cinema to watch the latest Doctor Strange film, you can do it at the comfort of your home with your family within a couple of days after it is released in the cinema.[1]

Similarly, "the pandemic seems to be forcing the hand of major studios. They either lose money by delaying theatrical releases or launch first-run films directly to consumers over streaming services".[2] Therefore, PVOD has emerged to be a viable solution for movie studios to reach their audience instead of the big screen. Consumers can rent the latest theatrical release at launch for a fee as small as $20, which is roughly double than what one might pay at the cinema but also significantly less than the $35 a family might pay for a night at the movies, thus making it a popular choice among the US population. During the early phase of the pandemic, Deloitte found that 22% of cinema consumers had paid to rent or watch a PVOD movie and 90% of them said that they would do it again. Besides being a viable alternative to reach their audience, PVOD is also quite profitable for major studios as they get to keep a larger portion of the revenue generated. When a movie is released, the movie studio usually keeps 55% of the box office

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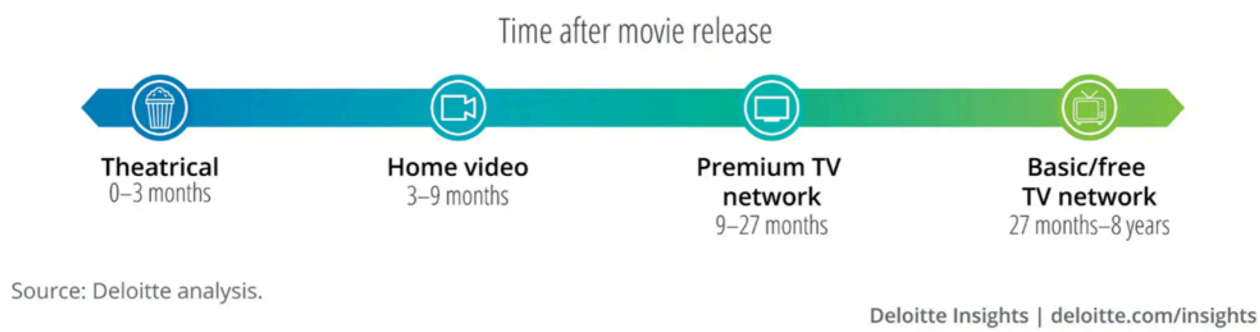
[1] "Digital Media Trends." Deloitte Insights. Accessed January 30, 2022. https://www2.deloitte.com/us/en/insights/industry/technology/future-of-the-movie-industry.html.

[2] "Digital Media Trends." Deloitte Insights. Accessed January 30, 2022. https://www2.deloitte.com/us/en/insights/industry/technology/future-of-the-movie-industry.html

(Cinema) but in the case of PVOD, that percentage goes up to around 80%.[3] This, however, had not been the case before the pandemic, as we will see further on.

Figure 1: Traditional Hollywood Windowing system



https://www2.deloitte.com/us/en/insights/industry/technology/future-of-the-movie-industry.html

The figure above, produced by Deloitte, demonstrates the traditional Hollywood windowing system where a movie will typically stay at the cinema for three months and then be made available on various PVOD services and platforms. However, because of the pandemic, the window for a movie to stay at the cinema seems to be decreasing as studios are now in favor of directly

[3] "Digital Media Trends." Deloitte Insights. Accessed January 30, 2022. https://www2.deloitte.com/us/en/insights/industry/technology/future-of-the-movie-industry.html

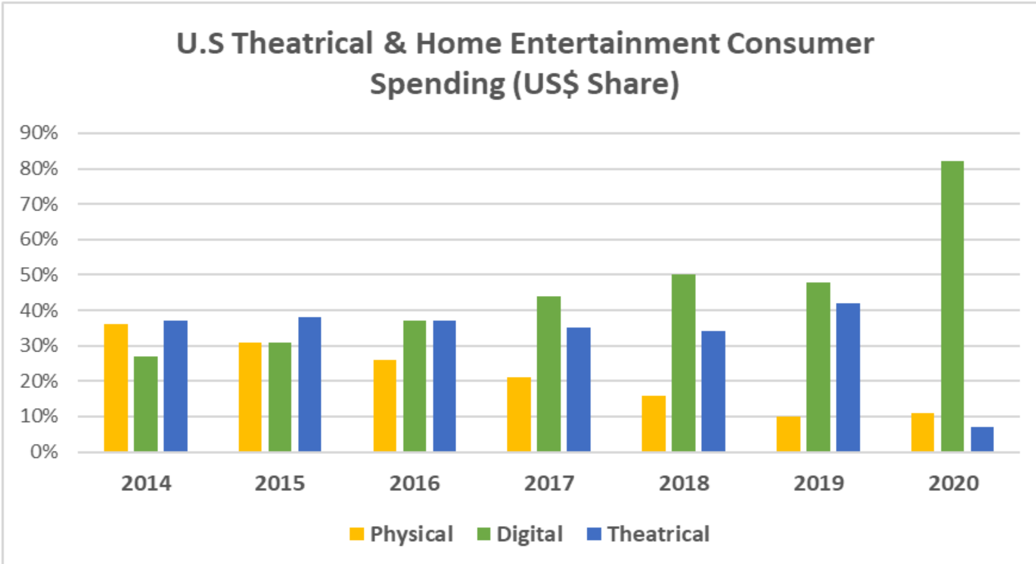
releasing their movies to the consumers instead of going through a cinema that acts as a middleman.[4] A prominent example of this can be seen as "a recent agreement between a major theatre chain and a studio reduced the theatrical window to 17 days, after which the movies would be available on PVOD"[5], which is a stark contrast to the three-month window that was in place before the pandemic.

If there is a case to be made that PVOD is a much better alternative and provides higher revenue for studios, the question can be asked as to why major studios only recently turned towards that format as a viable release option for films. Before COVID-19, cinemas would be operating at maximum capacity and movie studios would make enough revenue to justify giving up their 45% share and not opting to just go for PVOD as they would lose out on potential and significant revenue.

Figure 2: Percentage of U.S revenue for studios by theatrical window

[4] "Digital Media Trends." Deloitte Insights. Accessed January 30, 2022. https://www2.deloitte.com/us/en/insights/industry/technology/future-of-the-movie-industry.html

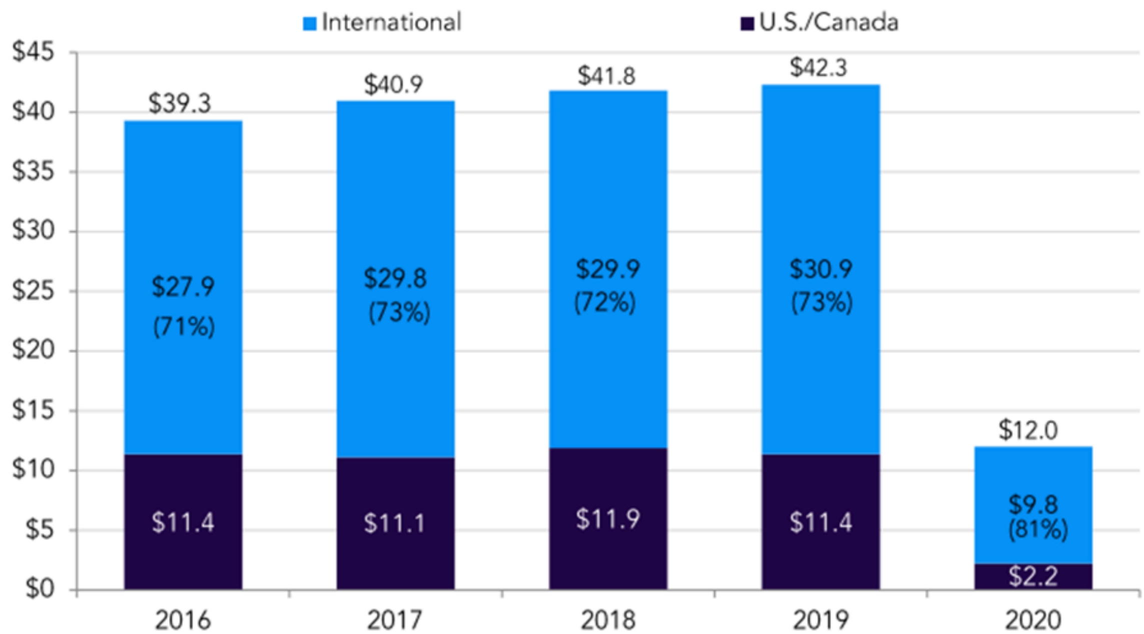
[5] McClintock, Pamela. "AMC Theatres, Universal Collapsing Theatrical Window to 17 Days in Unprecedented Pact." The Hollywood Reporter. The Hollywood Reporter, July 29, 2020. https://www.hollywoodreporter.com/movies/movie-news/amc-theatres-universal-collapsing-theatrical-window-17-days-unprecedented-pact-1304759/.



https://www.motionpictures.org/wp-content/uploads/2019/03/MPAA-THEME-Report-2018.pdf
https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf

The chart above shows the percentage of revenue that is generated by the box office, digital and physical sales. Over the past six years, digital sales have always surpassed theatrical sales, suggesting that there was always a higher demand for digital content. This demand, however, was compounded exponentially in 2020 due to the pandemic preventing consumers from physically going to cinemas. Additionally, to fully understand the adverse effects of cinemas not operating at maximum capacity, we must look at how the pandemic has adversely affected box office revenues.

Figure 3: North America Box Office Market – All Films (US$ Billions)

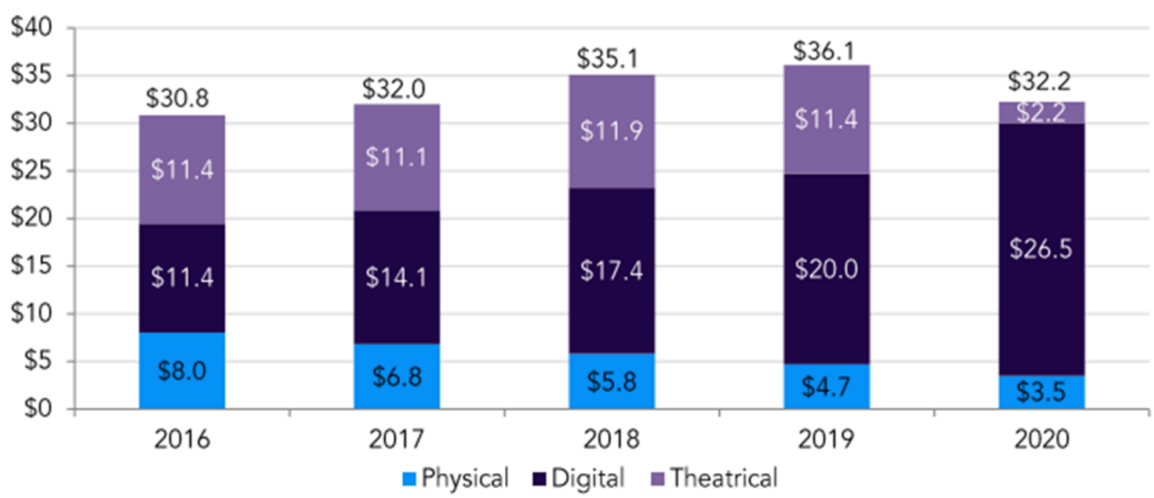


https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf

As seen in the figure above, global box office revenue plummeted by 80% from 2019 to 2020. When considering the 55% share of revenue that a movie studio will make from said box office, it goes down from $6.27 Billion dollars to $1.21 Billion dollars. That metric provides an explanation as to why movie studios decided to switch to PVOD to generate sufficient revenue during the pandemic.

So far, we have seen how the pandemic negatively affected box office revenue, but we now need to divert our attention towards the U.S Theatrical & Home/Mobile Entertainment Market to confirm that utilizing PVOD is a valid and viable option.

Figure 4: U.S Theatrical & Home/Mobile Entertainment Market (US$ Billions)



https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf

As we can see from figure 4, U.S Theatrical digital revenue in 2020 was $26.5 Billion, which is almost 1,205% of just the theatrical box office revenue. If we consider the 80% share the movie studio will make, they end up with a revenue of $21.208 Billion which is about 338.25% more than what they made strictly from theatrical box office revenue in 2019.

That being said, we must remember that even though the demand for digital content has been higher than theatrical prior to COVID-19, it doesn't nullify the demand for theatrical content. When cinemas were operating at maximum capacity, movie studios were making enough revenue to cover their costs. Otherwise, they would have stopped showing movies at the box office a long time ago as it does not make sense to operate at a loss.[6] It's only because the cinemas cannot operate at full capacity that movie studios have realized how big the demand and potential opportunity there is for offering PVOD with reduced wait times. Additionally, a huge contributor to the increased digital sales is additional bonus content such as extended scenes, extra scores and bonus scenes that are usually not shown in the cinemas.

Premium IMAX Format (Opportunity)

Have you ever wondered what makes the cinema so special? It's definitely not the stale popcorn with a cheap excuse of margarine marketed as butter or the overpriced drinks but it definitely is the breath-taking experience you get

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[6] "Business.govt.nz." What to do if your business is operating at a loss. Accessed January 31, 2022. https://www.business.govt.nz/tax-and-accounting/business-finance-basics/what-to-do-if-your-business-is-operating-at-a-loss/.

watching your favorite movie on the big screen. Over the years, people have tried replicating the cinema experience at home and other venues, but it has never come close to the real thing. The primary reason for this is the premium and unique technology a cinema has at its disposal. One of these many technologies includes IMAX systems. IMAX has two aspects to it, the first being the camera technology that movie studios utilize, and the other is the cinema technology that is in place at theatres. This section will focus on both the IMAX camera and cinema technology present in the industry.

Ever since their introduction, "IMAX cameras have been the gold standard and what any other camera technology has to match up to."[7] The primary reason for that is that IMAX digital and film cameras have the largest resolution format in the industry and their DMR (Digital Image Remastering) technology allows them to go through each frame and make sure that every image is the sharpest and clearest it can be.[8]

On the other hand, IMAX theatres are a specialized custom theatre environment with the biggest floor to ceiling and wall to wall curved screens

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[7] "The IMAX Difference." IMAX. Accessed February 1, 2022. https://www.imax.com/content/imax-difference.

[8] *What Is IMAX? Youtube*. IMAX, 2020. https://www.youtube.com/watch?v=B_UvdLYSk7Q.

designed to open the audience's field of view by 70 degrees. These custom theatres utilize dual projection instead of single projection like traditional theatres do, which allows them to project with brighter colors and unmatched clarity. Additionally, these custom theatres also utilize IMAX's patented sound technology that allows their speakers to go an octave lower than traditional speakers, giving them an edge over other screening formats as their audience gets to experience heightened realism throughout the movie.[9] [10]Now that we have established that IMAX camera and theatre technologies are best in the business; we must take a look towards the film industry and see if these technologies are efficiently being utilized or is there a potential opportunity to grow.

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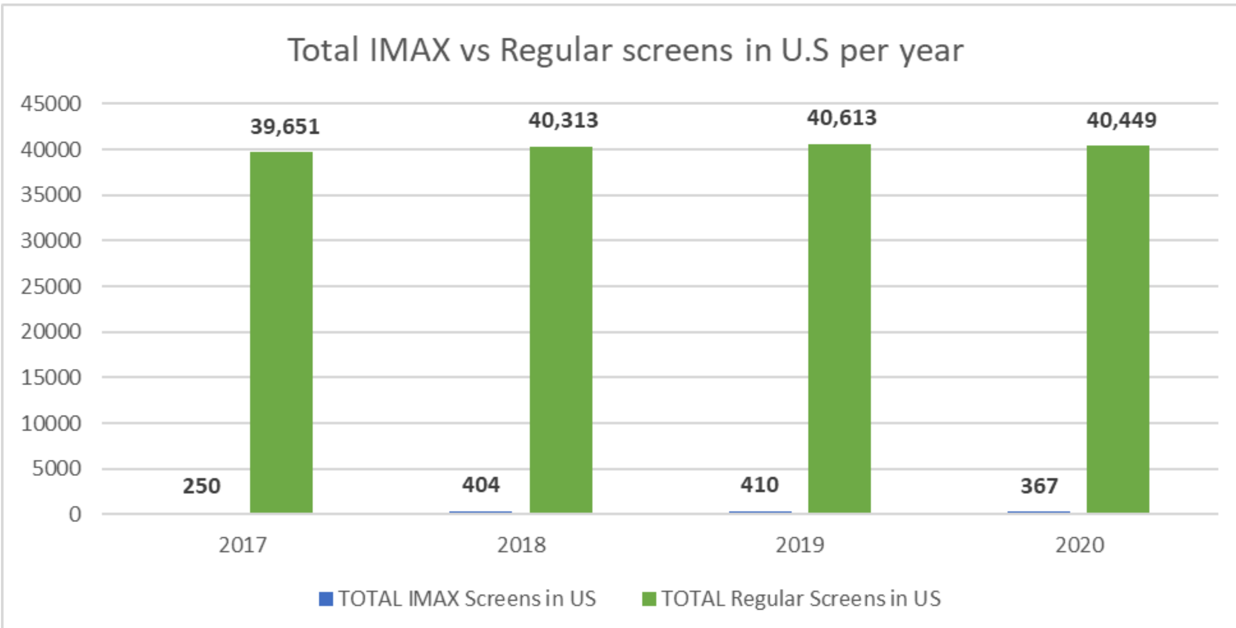
[9] *What Is IMAX? Youtube*. IMAX, 2020. https://www.youtube.com/watch?v=B_UvdLYSk7Q.

[10] "The IMAX Difference." IMAX. Accessed February 1, 2022. https://www.imax.com/content/imax-difference#:~:text=Clarity%2C%20detail%20and%20size%20make,version%20of%20a%20filmmaker's%20vision.&text=But%20seeing%20a%20movie%20in,call%20The%20IMAX%20Experience%C2%AE.

Figure 5: Total IMAX vs Regular screens in the U.S per year.

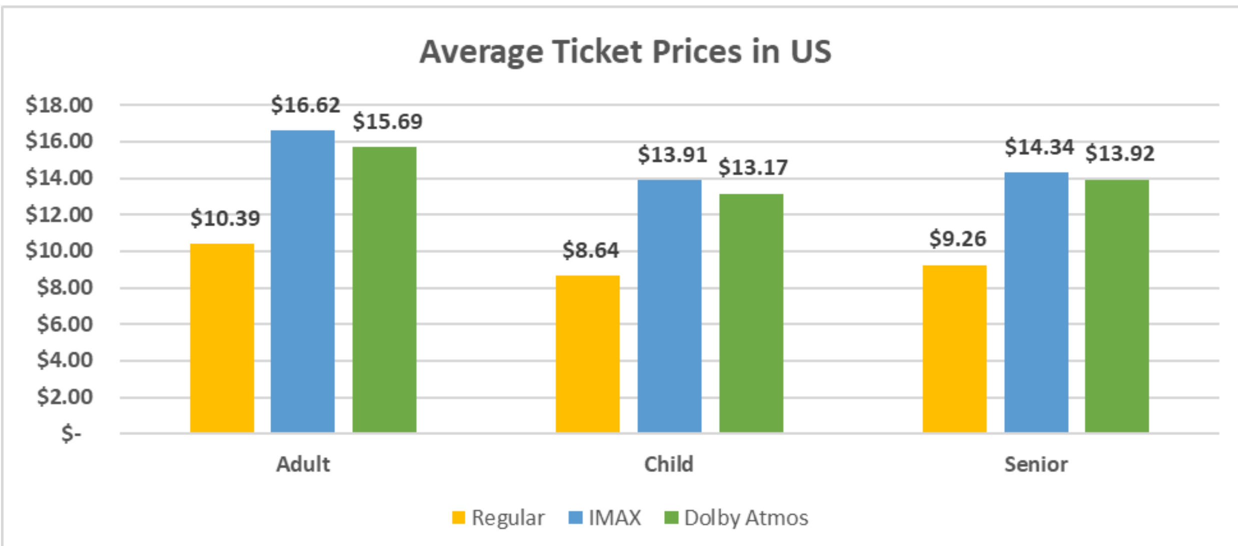


https://imaxcorporation.gcs-web.com/static-files/2bd08846-892b-4ed1-a38c-6e5dfe1a1e3e
https://www.natoonline.org/data/us-movie-screens/

One good indicator of whether there is an opportunity or not is to look at how many cinema screens are there in the U.S and what percent of those are IMAX. As we can clearly see in figure 5 that since 2017, the number of regular screens outnumber IMAX by a significant amount; even though the number of IMAX screens have been increasing except 2020; there is clearly an opportunity for cinemas to implement IMAX systems as the percentage of IMAX screens has been a consistent 1% of the total screens in the U.S.

Now that we have established that there is room for growth, we must divert our attention to whether implementing more IMAX systems will be beneficial to the industry. A good method is to look at the IMAX ticket revenue cinemas make over and above a regular ticket.

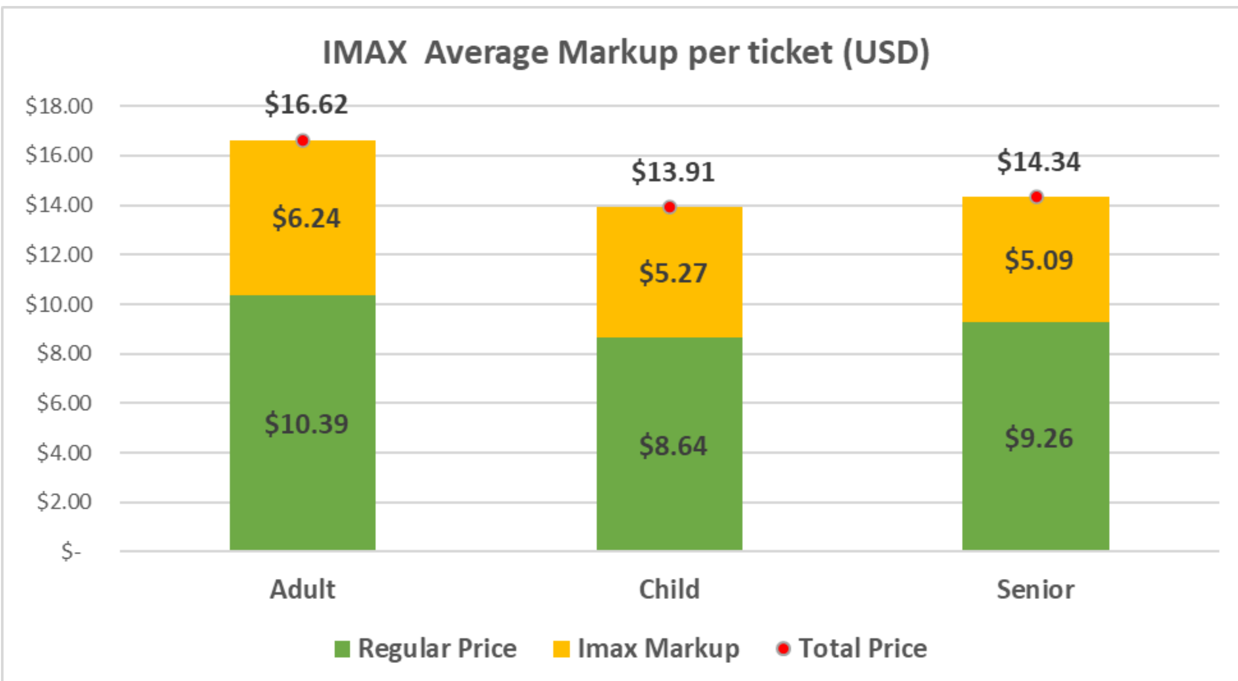
Figure 6: Average U.S IMAX vs ticket prices



Source: Data collected from top 6 U.S cinema websites

As we can see in figure 6, the average IMAX ticket price is higher than a regular ticket meaning that cinemas can make more revenue by prioritizing IMAX over regular tickets. Figure 7 shows that IMAX tickets are marked up an average of $5.44 compared to regular tickets.

Figure 7: U.S IMAX vs regular tickets markup

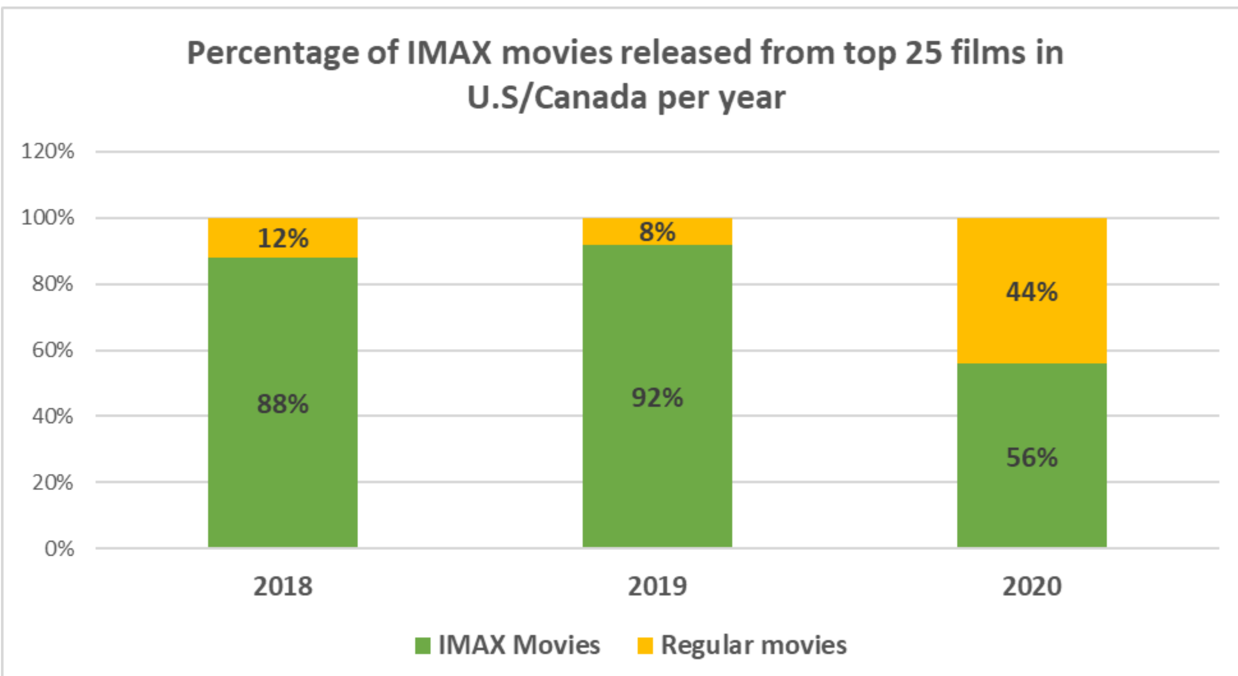


Source: Data collected from top 6 U.S cinema websites

That is all well and good, but we also need to consider the fact that for cinemas to benefit from higher IMAX prices; there has to be a consistent demand from consumers to actually buy these tickets instead of going for other options. To do that we have to understand that cinemas act as a middleman between movie producers and consumers so if there is a high demand and success in opting for

IMAX tickets; the supply which in this case is the number of movies produced specifically for IMAX should be historically increasing.

Figure 8: Percentage of IMAX movies released from top 25 films in U.S/Canada per year



Source: Data collected from IMAX and 2020 MAA THEME report.

As we can see from figure 8, the percentage of movies made specifically for IMAX has been quite larger than regular movies since 2018 and that trend seems to be going upwards except 2020 due to the pandemic. Going back to the earlier point of cinemas acting as a middle man; if producing IMAX movies was not profitable for movie studios then we would have not seen the upwards trend of movies produced for IMAX and no movie studio would operate at a loss; therefore we can conclude that there clearly is a demand for IMAX movies and that in turn is a huge opportunity for the film industry.

Economic Environment (Georgia)

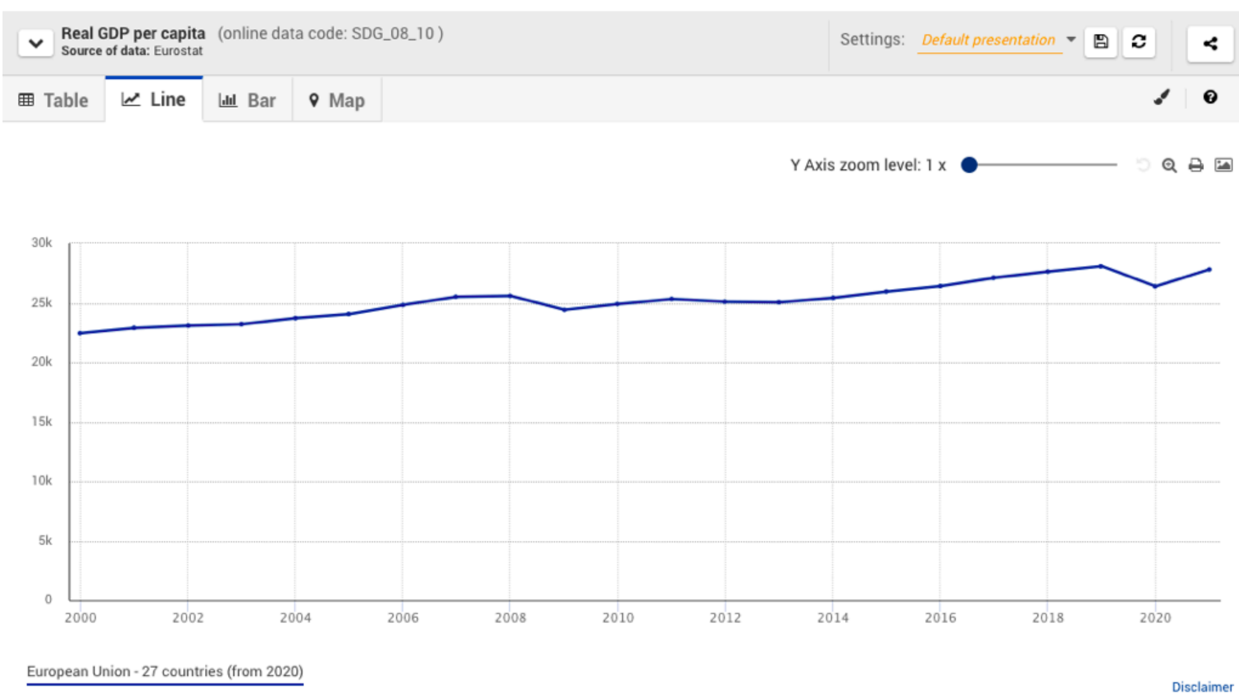
This section will analyze selected macroeconomic indicators and trends relevant to AMC Theatres and the motion picture theatres industry. The geographic regions examined are the US and International Markets (Denmark, Estonia, Finland, Germany, Ireland, Italy, Lithuania, Norway, Portugal, Saudi Arabia, Spain, Sweden, United Kingdom) in which the firm competes. The economic factors identified will then be evaluated as conditions in the external environment that could either enhance or endanger the value creation of the firm's business.

GDP (Opportunity)

Figure 9: US Real GDP per capita 2000-2021

https://fred.stlouisfed.org/series/A939RX0Q048SBEA#0

Figure 10: International Markets Real GDP per capita 2000-2020

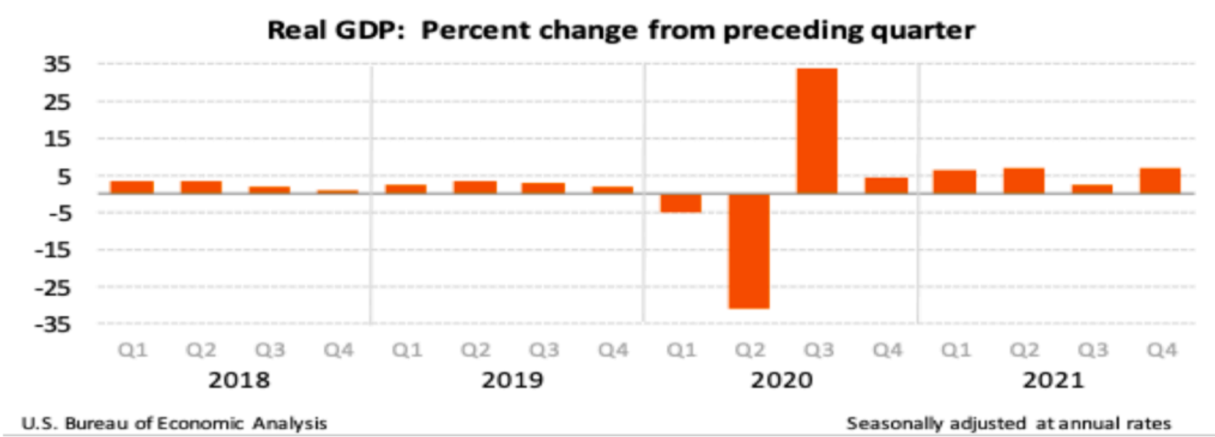


https://ec.europa.eu/eurostat/databrowser/view/sdg_08_10/default/line?lang=en

Gross domestic product is an important indicator and a key metric of the general health of an economy. Examining it could give us valuable information about the economy's size and overall performance. Figure 10 exhibits International Markets real GDP per capita and demonstrates a fairly stable trend, with the exclusion of world recessions, throughout the preceding years leading up to 2019, while Figure 9 visually displaying USA's real GDP per capita reveals a positive growth trend throughout the years with minimal fluctuations except in periods of crisis and economic uncertainty, both of which represent increased opportunities. A steady or positive GDP growth rate signals growing demand in the economy for goods and services that companies can strive to leverage. Rising prosperity is a means for many ends. There could be opportunities for higher consumer disposable incomes and thus the acceleration of consumer spending and prospects for businesses to expand their operations, services and product ranges to meet the needs of the consumers making up the economy and even target potential new customers in the process.

Undoubtedly, the COVID-19 pandemic depressed the economy as a whole causing serious negative implications for many businesses and industries around the world but as can be seen in the tables below (Figures 11 & 12) representing GDP growth for the last quarters, US and EU economies are slowly evolving and progressing demonstrating hope for future endeavors as the crisis subsides. While the 2020 real GDP both in the US and in International Financial markets reflected the economic impact of the COVID-19 pandemic, GDP growth is to be expected as restrictions are being lifted and vaccines are being deployed globally. The overall economy is expected to gradually recover and bounce back in the coming years from being at a standstill, offering a glimmer of optimism to businesses and industries hurt from the impacts of the coronavirus pandemic[11].

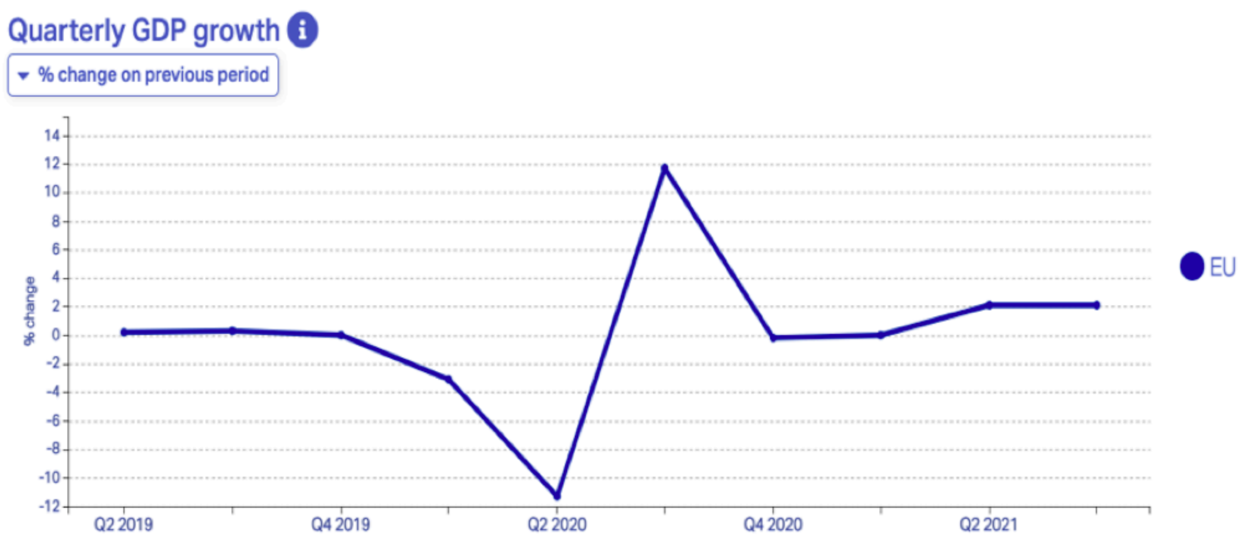
Figure 11: US Real GDP: Percent change from preceding quarter 2018-2021



https://www.bea.gov/sites/default/files/2022-01/gdp4q21_adv.pdf

11 McKinsey & Company, The coronavirus effect on global economic sentiment, December 2021, retrieved from https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-coronavirus-effect-on-global-economic-sentiment

Figure 12: EU Quarterly GDP growth 2019-2021



https://ec.europa.eu/eurostat/cache/recovery-dashboard/?indicator=DB2_1&countries=EU

Economic Forecast

Figure 13: U.S Key indicators and forecasts

Data and forecasts - Economic: Executive summary - United States

United States: Key indicators and forecasts

	Historical data edge	2019	2020	2021	2022	2023	2024	2025
Real GDP (percent change)	2019	2.2	-3.5	5.7	4.1	2.3	2.4	2.3
Nominal GDP (billion USD)	2019	21,433	20,935	22,617	24,014	25,113	26,313	27,572
Nominal per-capita GDP (USD)	2019	65,247	63,530	68,515	72,484	75,420	78,605	81,904
Consumer price index (percent change)	2019	1.8	1.2	2.2	1.5	2.0	2.2	2.4
US dollar per euro (year end)	2019	1.12	1.23	1.20	1.20	1.21	1.21	1.22
Yen per US dollar (year end)	2019	109.12	103.47	105.03	100.50	97.10	95.09	94.30

Source: IHS Markit

https://web-p-ebscohost-com.proxy.library.carleton.ca/ehost/pdfviewer/pdfviewer?vid=5&sid=48de61b0-e63f-4a6e-8a61-b46c62a815d6%40redis

Figure 14: Consumer Demand: Economic - United States

Changes to forecast - Consumer demand: Economic - United States

Changes to the forecast

	2021Q3	2021	2022	2023
Personal income growth (percentage points, saar)	0.0	0.0	0.0	+0.5
Real disposable income growth (percentage points, saar)	-0.4	-0.7	-0.2	+0.5
Real consumer spending growth (percentage points, saar)	-1.2	-0.2	-0.1	+0.2
Durables (percentage points, saar)	-4.0	-0.4	0.0	+0.4
Nondurables (percentage points, saar)	-0.2	+0.2	+0.1	+0.1
Services (percentage points, saar)	-0.8	-0.3	-0.1	+0.2

Note: Table displays differences between current and previous forecast. Values are based on period averages unless otherwise specified.
Source: IHS Markit

https://web-p-ebscohost-com.proxy.library.carleton.ca/ehost/pdfviewer/pdfviewer?vid=5&sid=48de61b0-e63f-4a6e-8a61-b46c62a815d6%40redis

Based on economic forecasts for the US, real GDP is estimated to grow in 2021 and 2022 and then return to normal pre-COVID year values (Figure 13).

This is a very optimistic trend for the future, as a rising GDP offers many prospects for the consumers and businesses of the economy which is expanding. More valuable goods and services will be created which equates to greater access to things and opportunities that can improve everyday life. The same trend is observed with the CPI metric which could, on the contrary, hurt the economy and pose a threat to both consumers and businesses. A rising CPI, which measures the rate of inflation translates to the cost of living increasing over time in addition to the weakening of the consumer's purchasing power. In other words, a higher CPI designates that a unit of currency in the hands of a consumer buys less than it did in prior periods. Furthermore, the US dollar per euro (two of the major currencies in the world) is predicted to rise after 2022 which will imply that the US dollar value will depreciate relative to the euro. The higher-valued currency will make the imports of US less expensive and its exports more expensive in foreign markets and will generally affect to an extent the aggregate demand. Lastly, another threat the economy will have to face in the future according to the forecasts (Figure 14) are the real disposable income growth and real consumer spending growth, which will remain in the negatives but will nevertheless grow to positive percentages by 2023. This will possibly have a negative effect for the short-term, as it will slow down consumption and hence economic growth.

Real Disposable Income Per Capita (Opportunity)

Figure 15: US Real Disposable Income: Per Capita

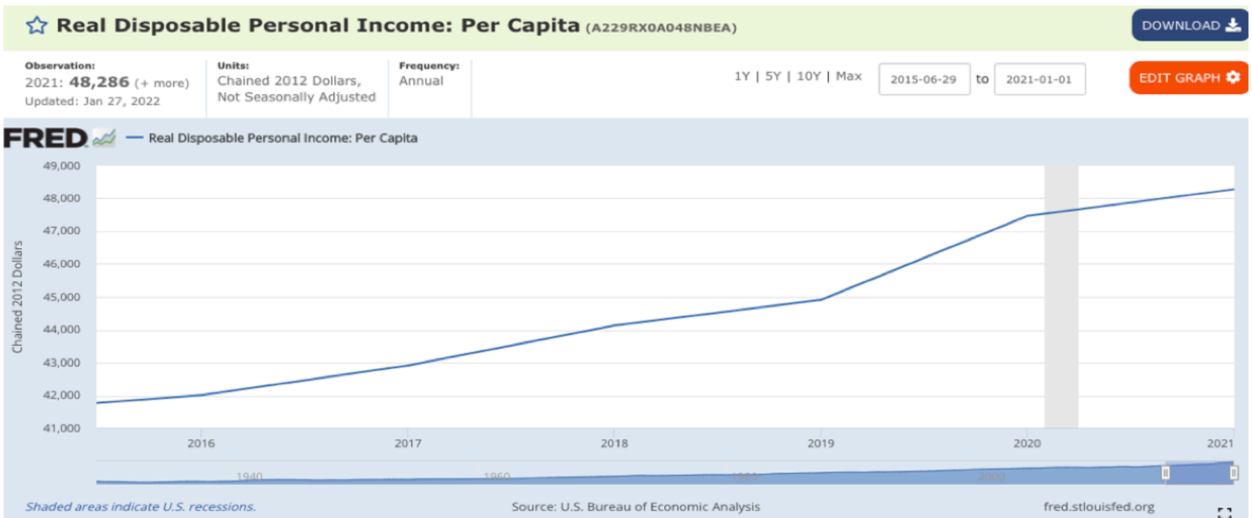


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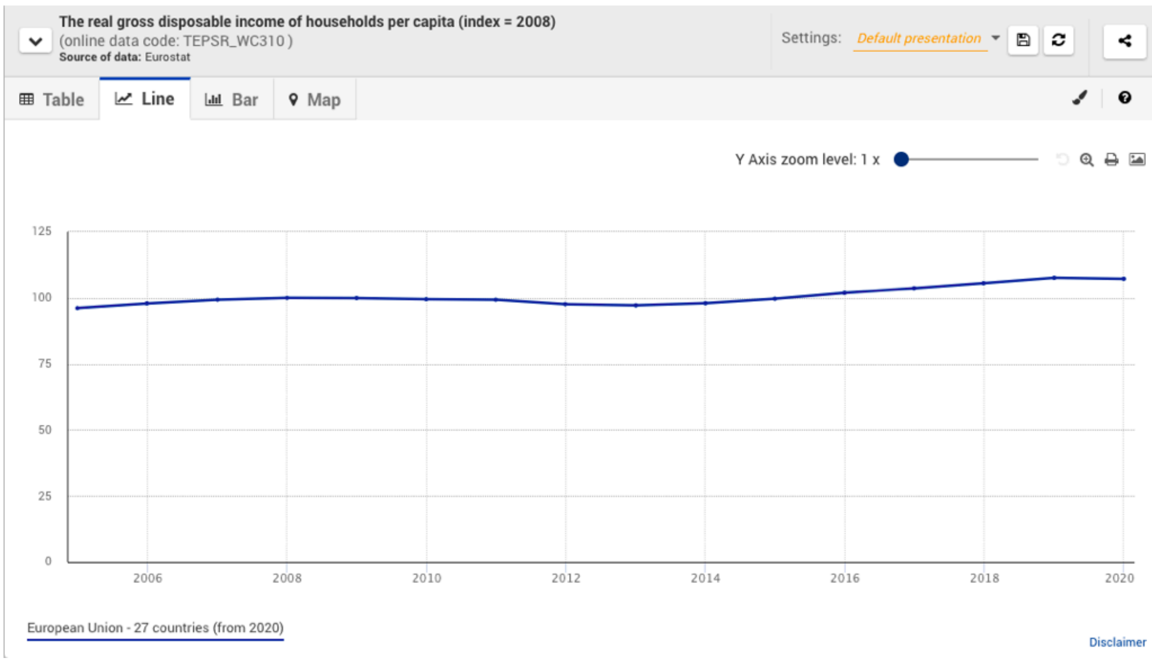
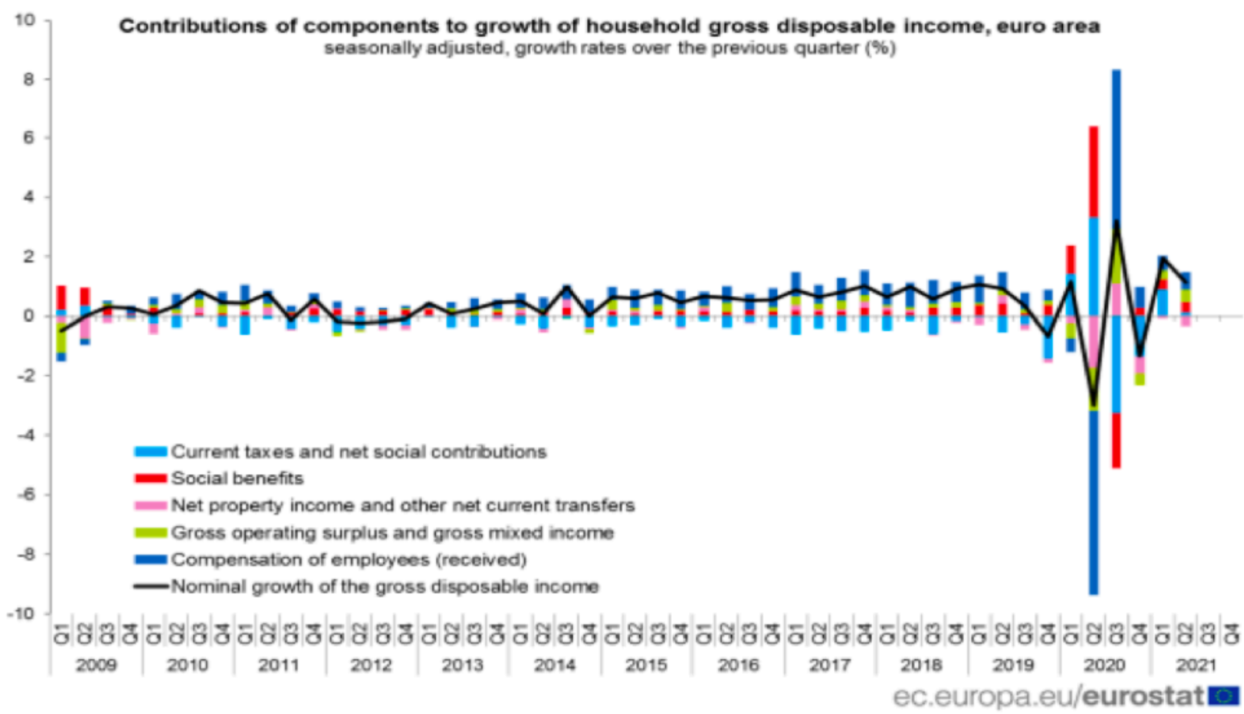
Figure 16: International Markets Real Gross Disposable Income of Households: Per Capita



https://ec.europa.eu/eurostat/databrowser/view/TEPSR_WC310/default/line?lang=en&category=na10.nasa_10

Figure 17: Euro area: Growth of household gross disposable income & components contributions



https://ec.europa.eu/eurostat/documents/2995521/11563343/2-29102021-CP-EN.pdf/a2145f63-d4f4-e7bf-1e9b-c5806743d734

Real Disposable Income is also a significant economic metric and indicator which measures the financial reserves of a household and could be used to derive several economic assumptions such as its savings and spending rates. As can be seen in Figures 15 and 16, real disposable income has been slowly but steadily increasing since 2016 amid minimal fluctuations in the US and has been fairly stable in the International Markets of consideration with a slightly positive growing trend in recent years. The levels of disposable income when looking into the US economy initially declined as a direct result of the COVID-19 pandemic and economic downturn but the various measures taken to mitigate those effects of the outbreak such as government stimulus checks spiked again in the following quarter[12]. The Euro Area experienced a similar trend regarding their household gross disposable income, with amplified social benefits and compensation of employees contributing to its growth in 2020 (Figure 17). An increase in disposable income leads to an increased demand for consumer goods and services as people acquire greater spending power and consumer confidence is high, representing an opportunity for businesses to leverage and for the economy to grow. As the pandemic wears down and constraints ease, consumers will be more inclined to go out and spend their money supporting various economic activities.

12 Bureau of Economic Analysis. U.S. Department of Commerce. How are federal economic impact payments to support individuals during the COVID-19 pandemic recorded in the NIPAs? Retrieved from: https://www.bea.gov/help/faq/1409

Inflation (Threat)

Figure 18: US and Euro Inflation Rates (2010-2021)

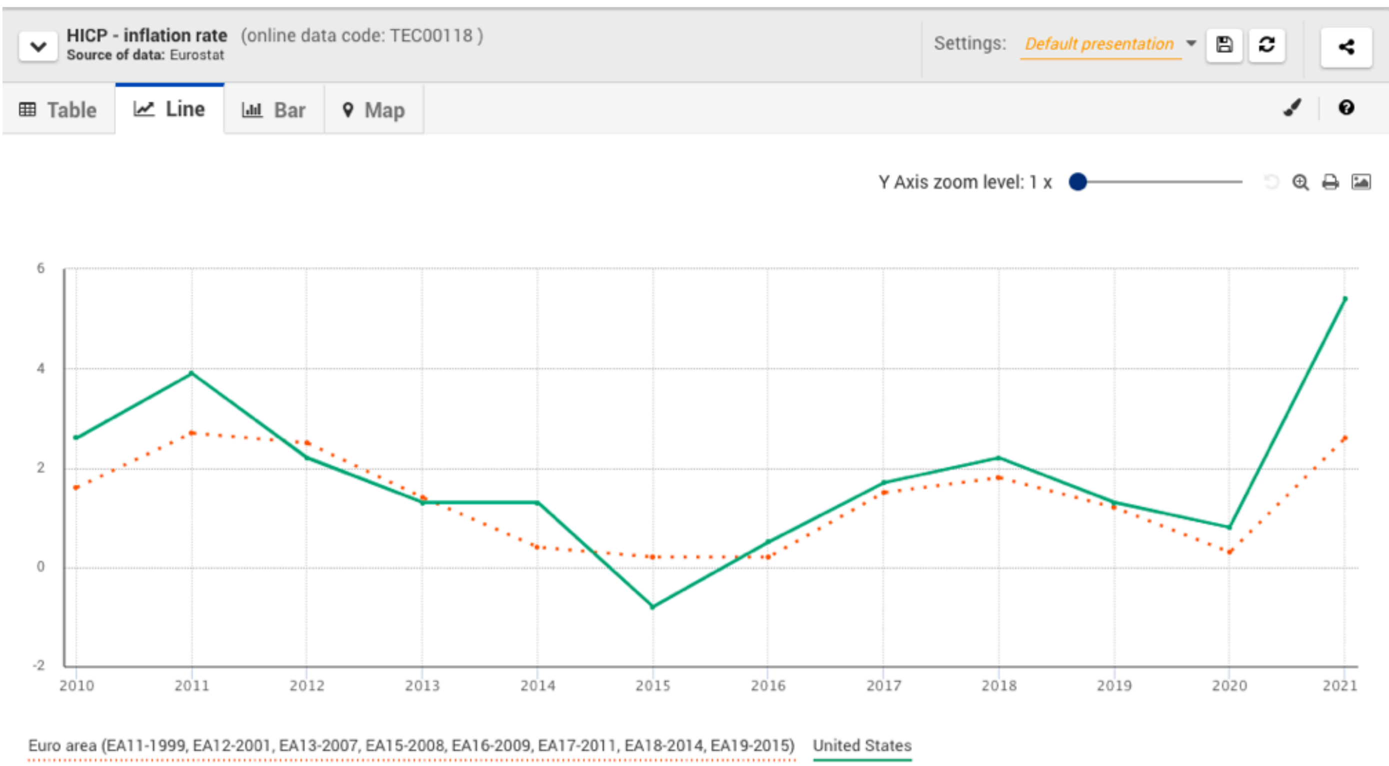


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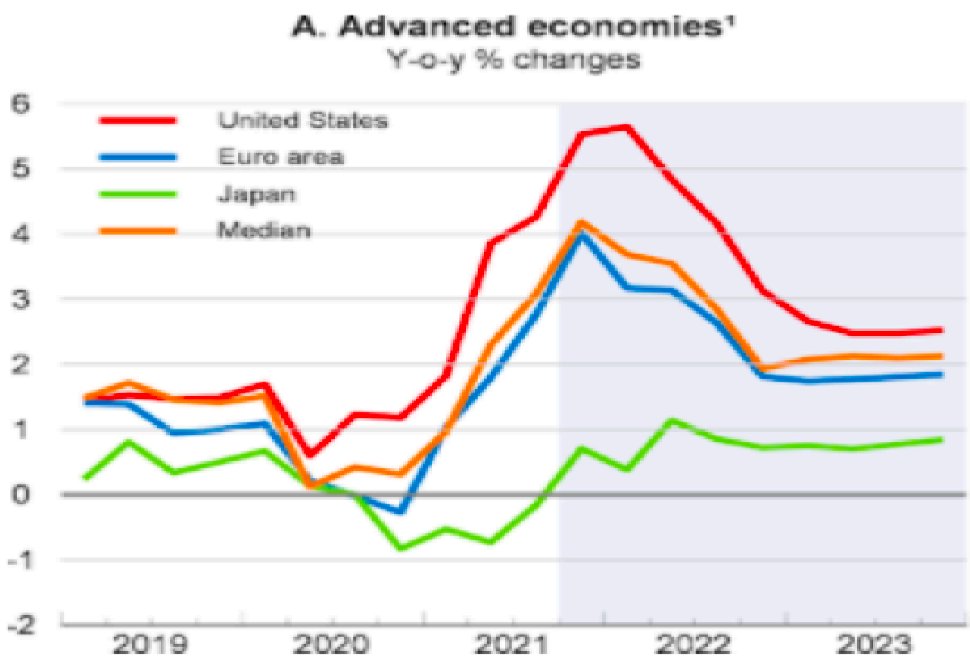
Figure 19: US and Euro Area Inflation (2019-2023)

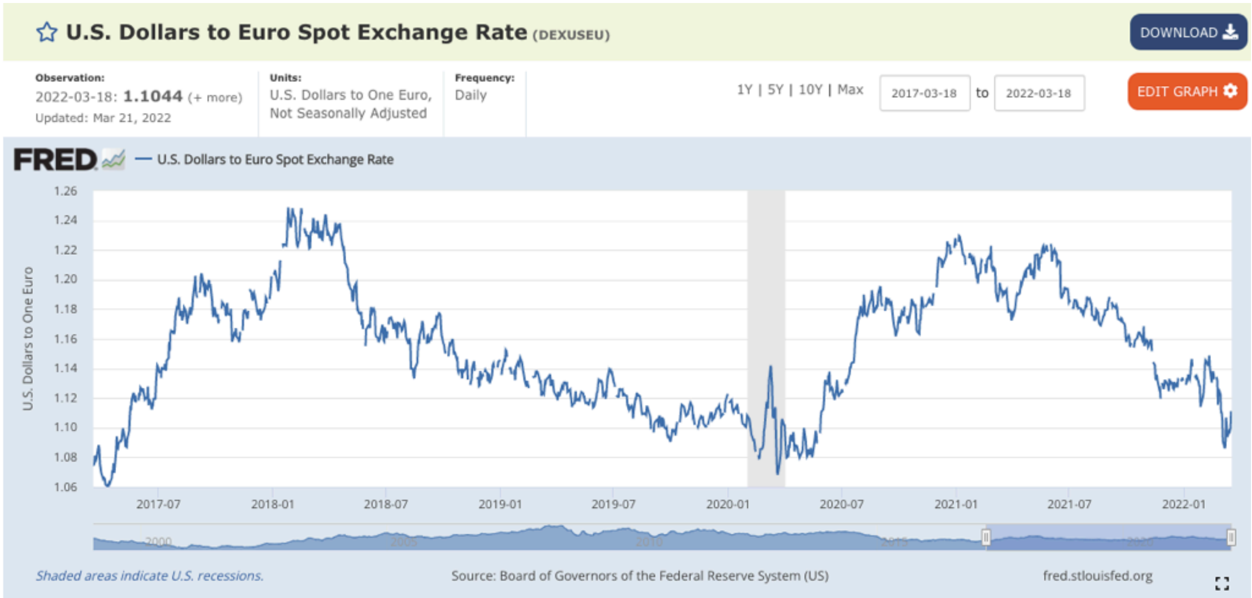


https://www.oecd-ilibrary.org/sites/66c5ac2c-en/1/3/1/index.html?itemId=/content/publication/66c5ac2c-en&_csp_=9b4ecb1aafc11518f34da944ee244a5b&itemIGO=oecd&itemContentType=book#section-d1e191

The implementation and subsequent lifting of lockdowns and social distancing measures during the 2020 COVID-19 pandemic has indeed complicated the inflation measurement and has altered consumption patterns in most economies. Subsequently, sudden and large changes in consumption patterns cause unrepresentative weights which are later used to produce metrics such as CPI and could potentially underestimate annual inflation. Inflation in the US, as can be examined in Figure 18 has followed a similar trending pattern as the Euro Area throughout the years 2016 – 2020 but has been amplified by a greater amount than the Euro Area in 2021. Figure 19 extends the findings of Figure 18 by providing us with projections of inflation for the subsequent years to come. On that note, inflation is rising both in the US and Euro area and is projected to peak by early 2022, signaling an overheated economy in addition to remaining above pre-pandemic levels. This could be a threat to businesses and consumers as it slows the economy, erodes purchasing power and creates confusion since a typical consumer will not generally have the knowledge to assess if a good or service is getting more expensive or is simply in line with the average price increases that come with inflation. Businesses on the other hand will too experience the downfall of a high inflation rate, as they will sell less and will potentially have lower profits and higher operating costs as a result, which exist regardless of the demand.

Foreign Exchange Rates (Threat)

Figure 20: Dollar Exchange Rates



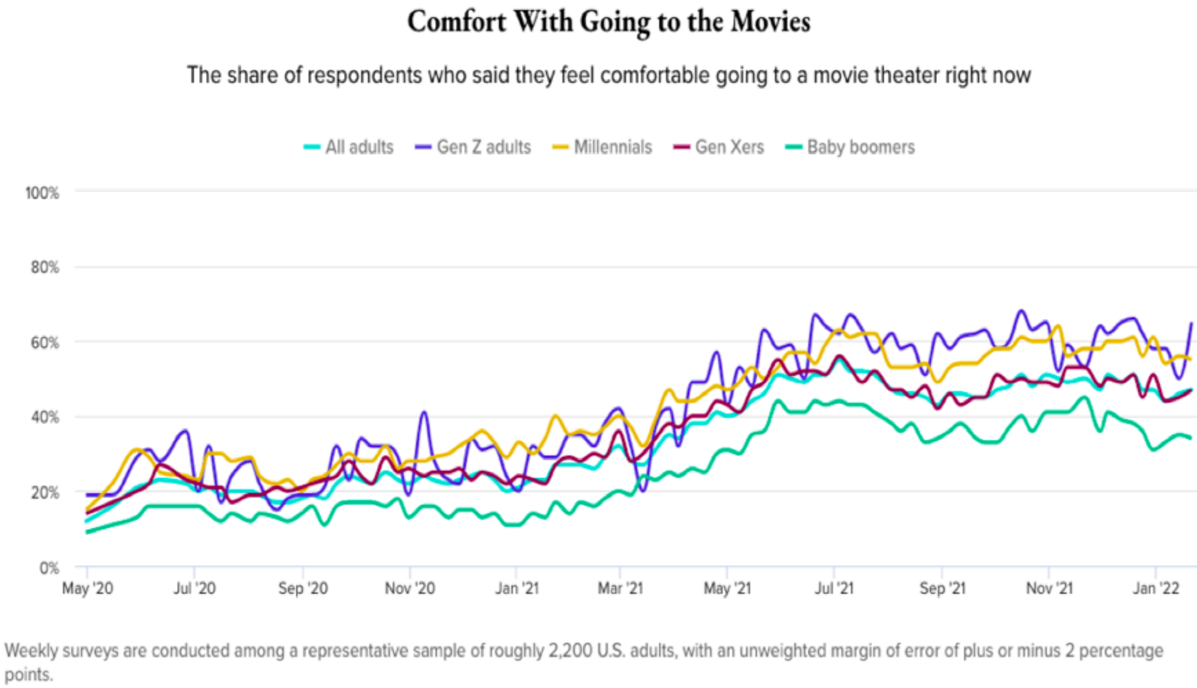
https://fred.stlouisfed.org/series/DEXUSEU#0

Currency fluctuations and general volatility affect the economy and its markets in various ways. More specifically, exchange rates impact interest rates, capital flows, trade, inflation and economic growth overall. Numerus industries depend on exchange rates, which affect their survival, can impact their competitiveness on many levels and risk their profits. Imports and exports of a nation are also affected by exchange rates. Strong domestic currency for example may reduce the prices of foreign goods. Exchange rates are considered a threat as fluctuations in the investor's local currency compared to the foreign investment currency carry a certain degree of unavoidable risk. International exchange rates usually fluctuate at somewhat steady rates. As can be seen in Figure 20, the Euro/USD exchange rate clearly depreciated during the 2020-2021 period. Local currency depreciation makes the cost of importing goods more expensive and typically increases sales of domestic companies who take advantage of the economic trend. Ongoing uncertainty regarding the COVID-19 pandemic certainly makes the currencies unstable and the economic implications unpredictable to a certain extent.

Mezzo Level

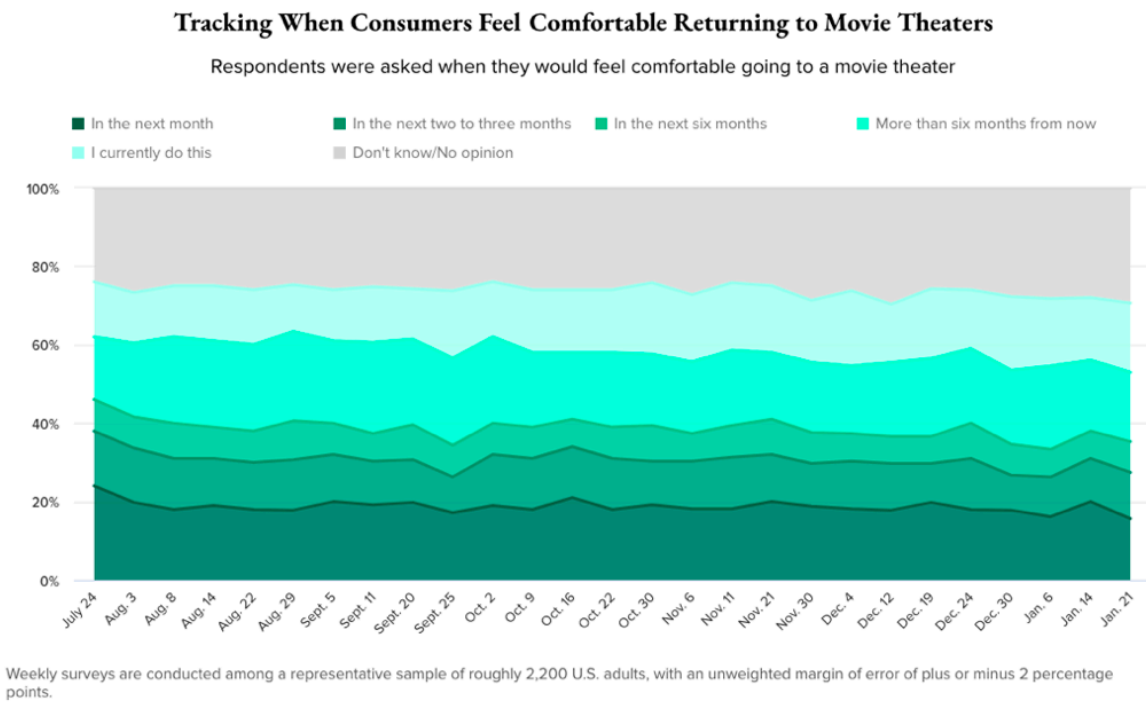
Confidence Surveys (consumer) (Opportunity)

Figure 21: U.S consumer comfort of going to the cinema



https://morningconsult.com/return-to-entertainment/

Figure 14: Tracking when U.S Consumers Feel Comfortable Returning to Movie Theaters



https://morningconsult.com/return-to-entertainment/

Consumers' comfort level responses regarding returning to leisure activities such as going to a movie theater after the pandemic seem fairly optimistic even though prospects for a full-scale recovery of the industry are still far reaching. According to Figure 21, more than 60% of Gen Z adults in the US and about 50% of all other generations responded that they would feel comfortable going to a movie theater by the beginning of 2022. About 75% of the people who were surveyed have already returned as active consumers in the industry and based on the data gathered about 20% will probably feel comfortable returning in the next month (Figure 22). Even amidst the crisis there seems to be hope. Movie theaters are definitely making a comeback in 2022 and will probably perform better than the year before.

Sector share of GDP (Opportunity)

Figure 23: Motion Picture and Sound Recording Real Gross Output US (2013 – 2020)

U.Real Gross Output by Industry

[Billions of 2012 chain dollars]

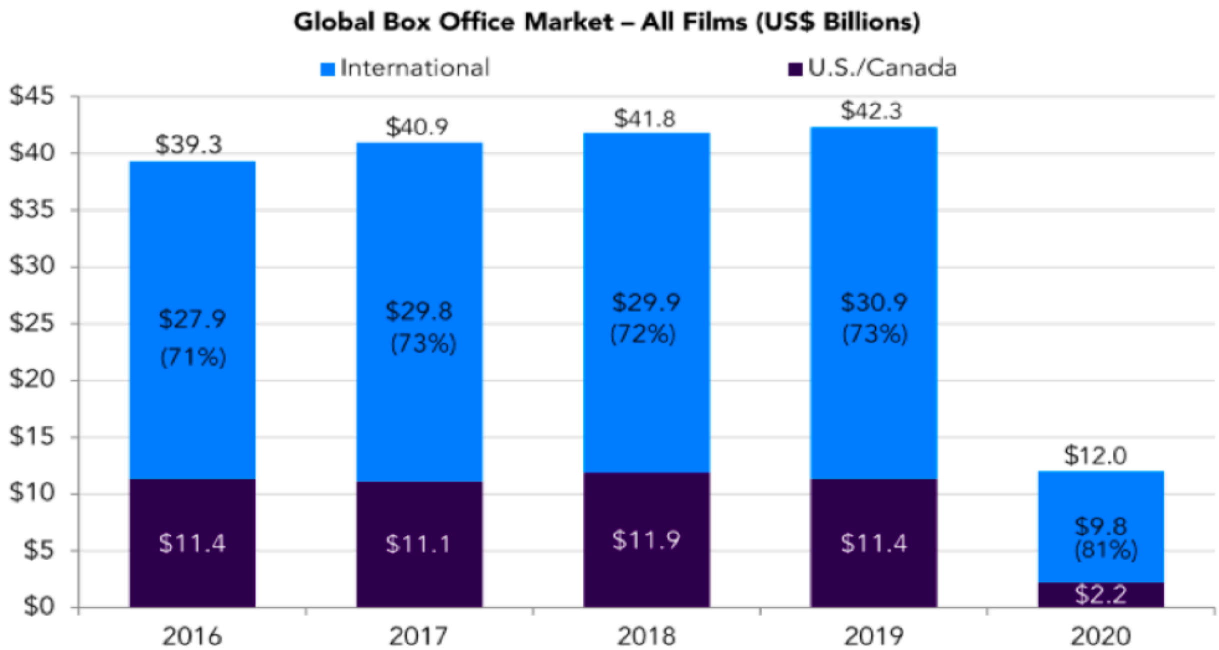
Last Revised on: December 22, 2021

Line		2013	2014	2015	2016	2017	2018	2019	2020
110	Motion picture and sound recording industries	136.4	138.1	145.4	147.3	147.6	157.5	163.0	132.9
165	**Arts, entertainment, recreation, accommodation, and food services**	**1,116.3**	**1,160.5**	**1,211.5**	**1,237.9**	**1,274.5**	**1,309.9**	**1,337.9**	**968.7**
166	**Arts, entertainment, and recreation**	**269.8**	**278.4**	**285.7**	**291.0**	**305.2**	**316.8**	**322.4**	**208.6**

2021		
Q1	Q2	Q3
34,476.2	34,958.4	35,340.0
131.1	151.0	183.5

https://apps.bea.gov/iTable/iTable.cfm?reqid=150&step=2&isuri=1&categories=ugdpxind

Figure 24: Global Box Office Market Revenue (2016-2020)



https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf

Figure 25: Motion Picture and Sound Recording Value added as a % of US GDP (2015-2020)

Value added by Industry as a Percentage of Gross Domestic Product

[Percent]

Last Revised on: December 22, 2021

Line		2015	2016	2017	2018	2019	2020
Line							
1	**Gross domestic product**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
51	Motion picture and sound recording industries	0.5	0.5	0.5	0.4	0.4	0.3
81	**Arts, entertainment, recreation, accommodation, and food services**	**4.1**	**4.2**	**4.3**	**4.2**	**4.3**	**3.2**
82	**Arts, entertainment, and recreation**	**1.1**	**1.1**	**1.1**	**1.1**	**1.1**	**0.8**
83	Performing arts, spectator sports, museums, and related activities	0.6	0.7	0.7	0.7	0.7	0.4

https://apps.bea.gov/iTable/iTable.cfm?reqid=150&step=2&isuri=1&categories=gdpxind

The US real gross output for the Motion Picture and Sound Recording industry, which is a measure of sales or receipts of the industry adjusted for price changes and includes sales to final users in the economy (GDP) and sales to other industries (intermediate inputs) increased rapidly in the last quarters of 2021 and currently stands at an even higher level than was recorded pre-COVID (Figure 23). In addition, International box office market revenue ($9.8 billion in 2020) was steadily and slowly increasing until the 2020 crisis, when it sharply dropped by 68%. An analogous shock was experienced by the US box office market revenue in 2020 ($2.2 billion along with the Canadian market), which too suffered the economic implications of the pandemic and decreased by 80% compared to 2019 levels (Figure 24). Further, a positive contribution of real gross GDP is observed from the Motion Picture and Sound Recording industry in the US throughout the years of 2015 – 2020 indicating the industry's value added. Even though the industry accounts for a small portion of the GDP, it is still nonetheless important and has the prospects to potentially grow in the years to come (Figure 25).

Annual consumption per capita of the industry (Opportunity)

Figure 26: US Annual Cinema Trips per Capita (2016-2021)

Geography	Category	Data Type	Unit
USA	Annual Cinema Trips per Capita	Socio-economic indicators	Number

2016	2017	2018	2019	2020	2021
4.0	3.8	4.0	3.8	0.7	1.9

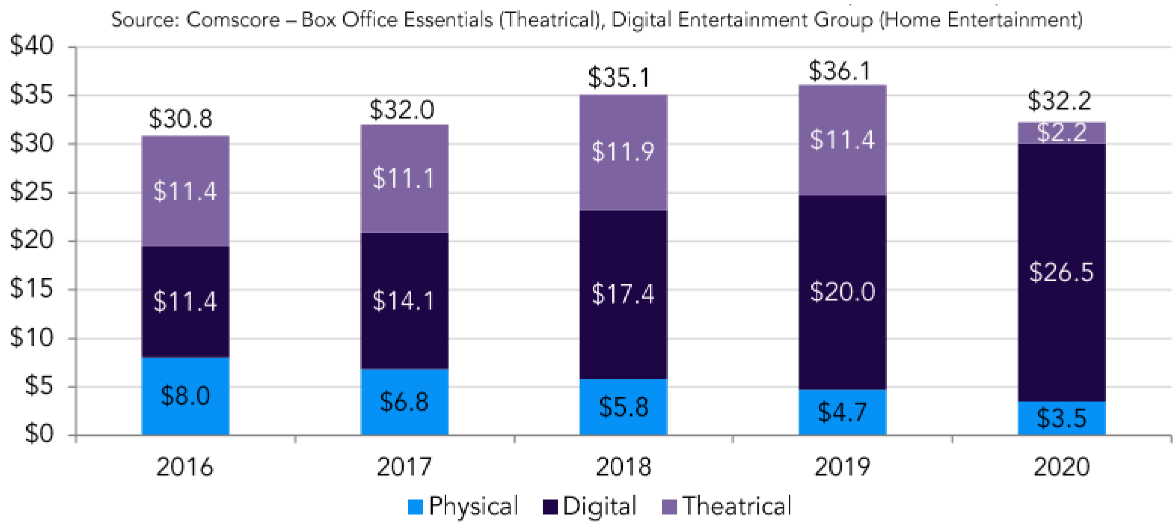
https://www-portal-euromonitor-com.proxy.library.carleton.ca/portal/statisticsevolution/index

Cinema trips per capita displayed above (Figure 26) indicate a positive inclination to the industry which is starting to gain back the consumers it had lost since the pandemic started in 2020. As restrictions were being lifted and the motion pictures and video exhibition industry started to open up their businesses again in 2021, consumers in the US Markets supported it considering the numbers above. And while the drop in annual cinema trips per capita in 2020 was far-reaching, the USA has the ability and potential to climb up to their 2019 levels again in the subsequent years to come.

Steaming Services (Threat) - (Hamza)

The rise of big-budget movies started early in the pandemic where demand for streaming services and at-home content skyrocketed. These services such as Netflix, Apple TV, Disney + and Hulu realized that consumers could not go to the cinema and instead resorted to streaming services as the next best alternative. Therefore, these services realized the market potential and started producing their own movies that can only be watched using their service.

Figure 27: U.S. Theatrical & Home/Mobile Entertainment Market (US$ Billions)

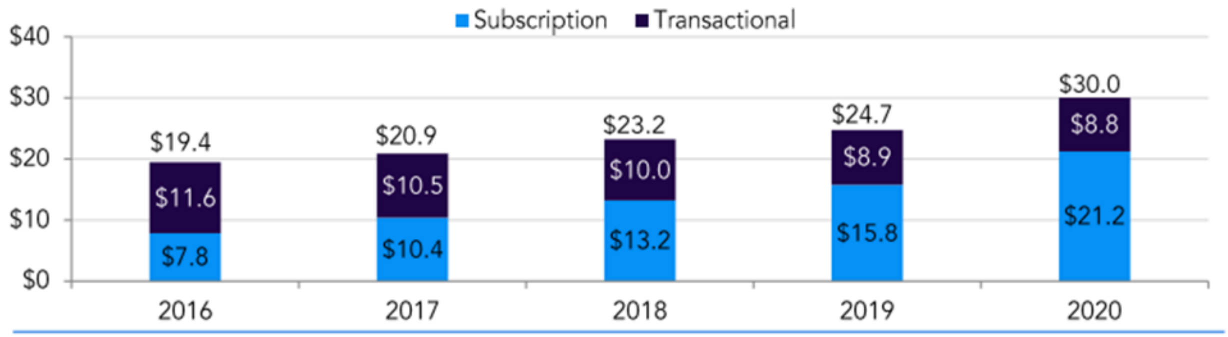


https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf

Per the table above, the theatrical market in the U.S. decreased by 80% due to the COVID-19 pandemic caused by the closures and capacity limits imposed by state legislators. This has guided consumers to the digital market which saw an increase of 33% compared to 2019, since consumers couldn't attend the theatres.

Now that we have established that streaming services have the capacity to produce these high-budget movies, we need to see if there is a demand for such services.

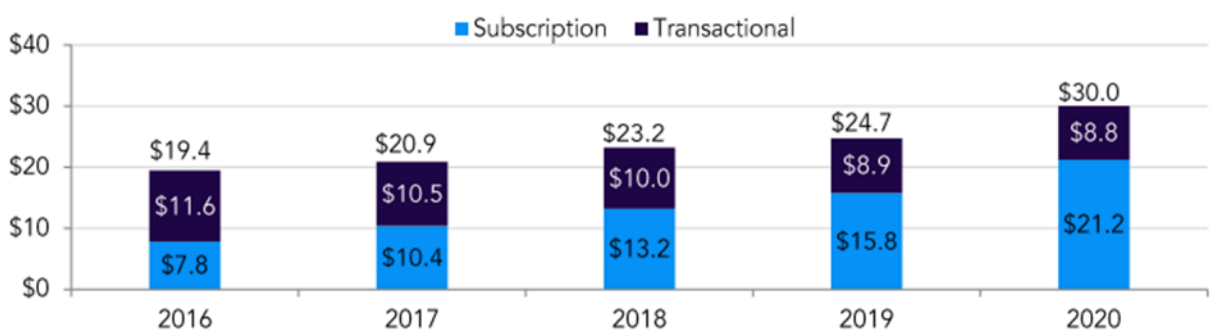
Figure 28: U.S. Pay-Tv & Online Video Subscriptions (Millions)



https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf

Figure 28 illustrates the number of subscriptions to Online Video services such as Netflix, Amazon Prime and Disney + has been on a steady increase for the past 5 years with a significant increase of 32% to 308.6 Million subscribers. One important factor to remember here is that Online Video subscriptions include both Transactional and Subscription numbers. Figure 29 below demonstrates the U.S. transactional vs subscription spending.

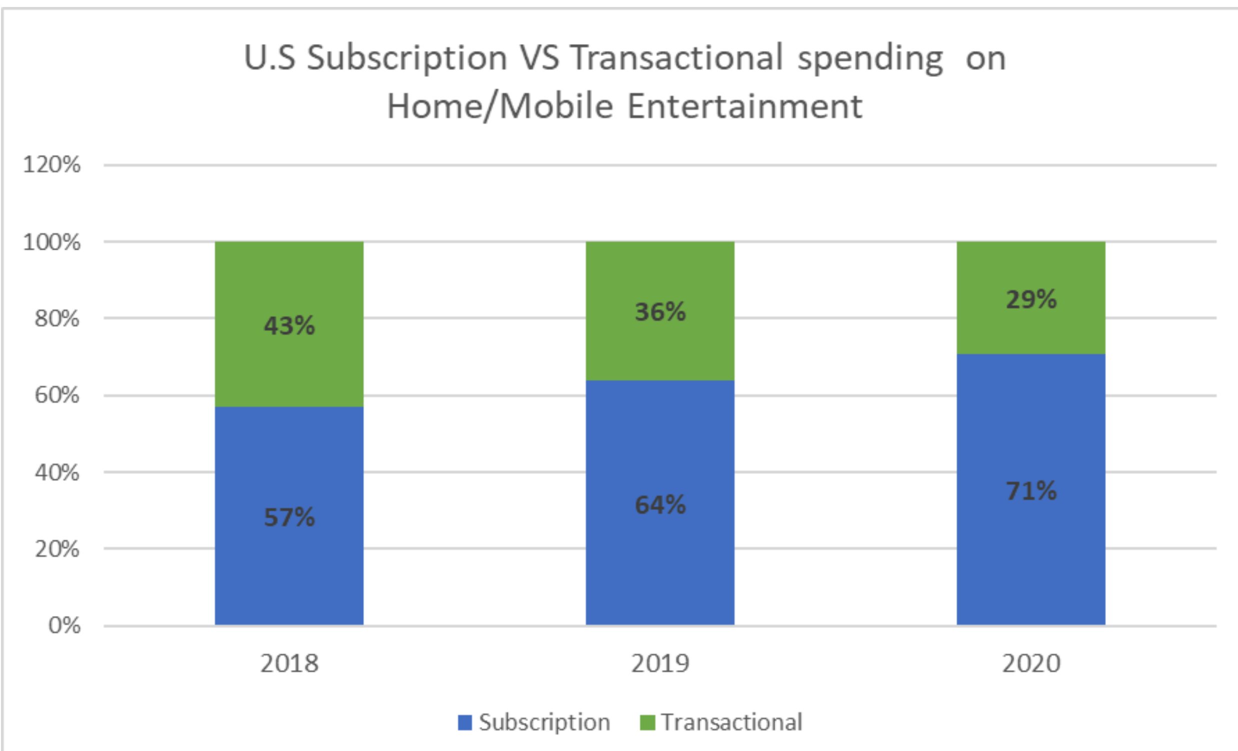
Figure 29: U.S. Home/ Mobile Entertainment Market (US$ Billions)



https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf

As seen in figure 29, subscription-based spending has been on a constant increase and has had a higher share of overall spending per year since 2018, clearly suggesting that there is a high demand for streaming services and their stand-alone movies within the U.S population. The percentage breakdown of Subscription vs transactional spending from figure 29 can be seen below in figure 30.

Figure 30: U.S. Home/ Mobile Entertainment Market (US$ Share)



https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf

Licensing (Threat) (Ziad)

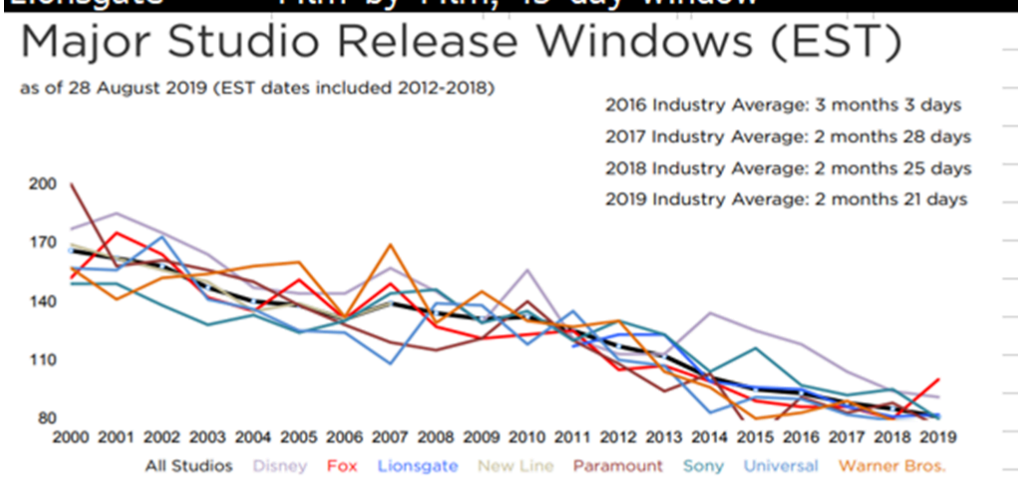
Licensing is complicated within the industry. Each separate must compete for licenses based on each film. This consistent competition and individual film licenses cause issues of guaranteeing agreements with distributors. The major motion distributors legally must offer the licenses to exhibitors, but it is up to the individual theatres to maintain a good relationship and negotiate terms that positively affect business[13]. Outside of law, the distributors and exhibitors are able to enter into agreements. These agreements outline the terms of the movie licenses, regarding the length of a new film that will be shown in theatres before movie studios post on a separate "video-on-demand" platform, which is becoming more common due to the Covid-19 pandemic. Thus, giving theatres the opportunity to capitalize on opening weekend box office sales[14].

[13] (AMC Entertainment Holdings, Inc.2020 Annual Report to Stockholders March 12, 2021. https://s25.q4cdn.com/472643608/files/doc_financials/2020/ar/AMC-2021-Proxy-As-Printed.pdf)

[14] (AMC Entertainment Holdings, Inc.2020 Annual Report to Stockholders March 12, 2021. https://s25.q4cdn.com/472643608/files/doc_financials/2020/ar/AMC-2021-Proxy-As-Printed.pdf).

Figure 31: Exclusive Theatrical Window Strategy Trend

Studio	New Windowing Strategy
Disney	Film-by-Film, 30-45 Day For 4Q21 Releases
Warner	Exclusive 45-day Theatrical Window
Sony	Exclusive 45-day Theatrical Window
Paramount	30-45 day Theatrical Window
Universal	Film-by-film, 30-45 day for most releases
Lionsgate	Film-by-Film, 45-day window



https://bba.bloomberg.net/

Recently, there has been an ongoing trend where film studios are reducing the exclusive theatrical agreement days from 75 - 90 days (pre-pandemic) down to a dramatically shorter 45-day window. This poses a huge risk to the motion picture and video exhibition industry as streaming services made by each studio are increasing. It is estimated that shorter time limits could reduce domestic revenues by as much as 10%[15]. There has been a shift for mid-sized movies to go directly to streaming platforms while the big-budget films are still likely to get an exclusive theatrical release. Moreover, it provides consumers with the choice of waiting for the movies to be released to the streaming services instead of purchasing tickets and concessions due to the shorter theatrical exclusive window [16].

Socio-Cultural Environment (Belinda)

This section on the socio-culture environment of North America will analyze the opportunities for the theatre industry in relation to income earnings. This section will also discuss the threat of the COVID-19 pandemic and leisure interest in the theatre industry.

Income Earnings (Opportunity)

Household income affects the family's demand for going to the movies since that household's lifestyle determines how much they are willing to spend on

[15] (Bloomberg Anywhere. (n.d.). http://bba.bloomberg.net/).
[16] (Bloomberg Anywhere. (n.d.). http://bba.bloomberg.net/).

entertainment. People are reluctant to go to the movies, especially those with a tight budget.

Figure 32: Share of Aggregate Income Received by Each Fifth and Top 5 Percent of Households

Year	Number (thousands)	Shares of aggregate income					
		Lowest fifth	Second fifth	Third fifth	Fourth fifth	Highest fifth	Top 5 percent
2020	129,931	3.0	8.1	14.0	22.6	52.2	23.0
2019	128,451	3.1	8.3	14.1	22.7	51.9	23.0
[redacted]							
1991	95,669	3.8	9.6	15.9	24.2	46.5	18.1
1990	94,312	3.8	9.6	15.9	24.0	46.6	18.5

https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-households.html

The figure above displays the shares of aggregate income from 1990 to 2020. Since the revenue has increased from $94, 312 to $129, 931 over the past three decades, people now have more money to spend on movie entertainment. As seen prior, the ticket sold from a decade ago till now has a steady increase over time, in correlation with the rising income.

Figure 33: Reports of Leisure and Activities, How Many Visits on Average Per Person Per Year by Income Group For The Following Activities

Reports of Leisure and Activities, by Income Group

	$100,000+	$40,000-99,999	Less than $40,000
	Average	Average	Average
Go to a library	8.5	10.4	12.2
Go to a movie at a movie theater	6.3	5.7	4.4
Attend a live sporting event	7.5	3.8	3.6
Attend a live music or theatrical event	5.9	3.8	2.3
Visit a national or historical park	4.0	3.6	3.5
Visit a museum	3.5	2.8	1.5
Visit a gambling casino	2.5	2.2	3.5
Go to an amusement or theme park	2.1	1.3	1.5
Visit a zoo	0.9	0.8	1.0

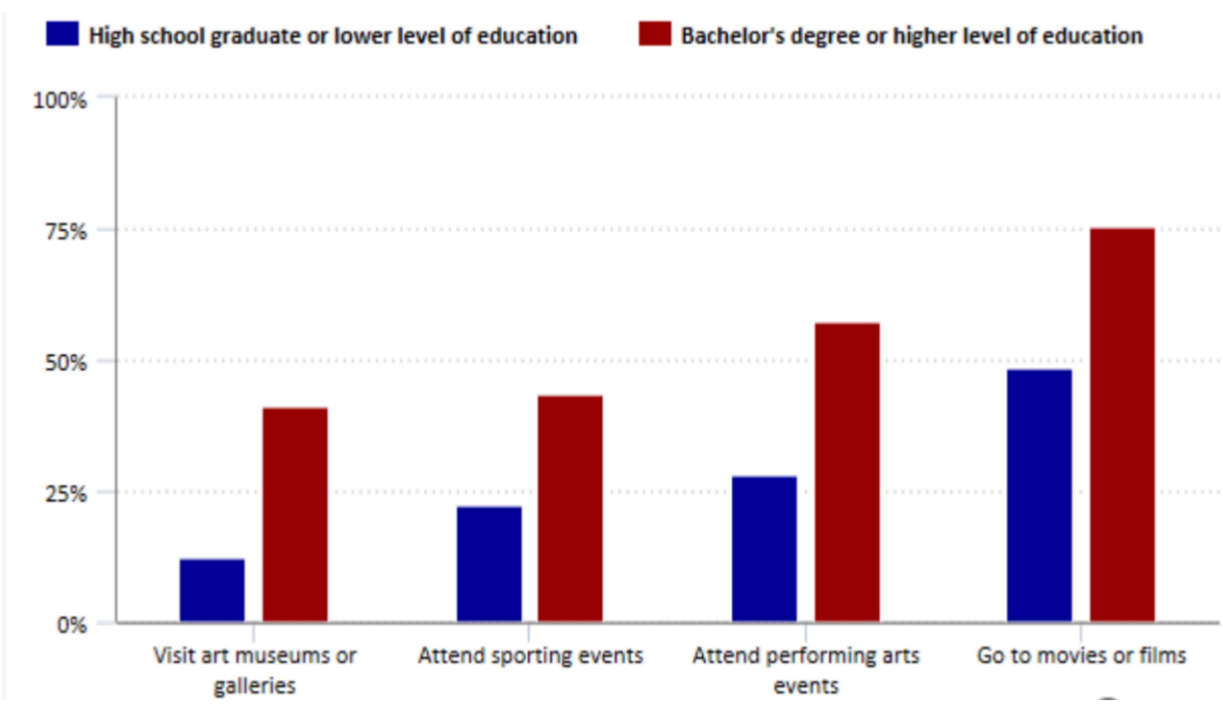
Dec. 2-15, 2019

GALLUP

https://news.gallup.com/poll/284009/library-visits-outpaced-trips-movies-2019.aspx

Additionally, this Gallup survey proves that more money is spent at the movies with a higher income. Those making over 100,000+ on average went to the movies 6.3 times, while those making less than $40,000 went to theatres on average 4.4 times.

Figure 34: Percentage of adults who go to the movies, attend arts and sporting events, and visit museums or galleries, by educational attainment, 2012



https://www.bls.gov/spotlight/2017/expenditures-on-arts-movies-sporting-events-and-other-entertainments-and-recreational-activities/pdf/expenditures-on-arts-movies-sporting-events-and-other-entertainments-and-recreational-activities.pdf

The Survey of Public Participation in the Arts shows a similar pattern: 75% of college-educated adults visit the movies, while only 49% of adults without college education do so.

Leisure Interest (Threat)

Many people have stopped seeing movies at cinemas and are instead visiting the services of their TV or favorite streaming website. While movie theatres still provide a unique experience that's not available at home, a survey conducted by Gallup found that 52% of American households prefer to see new movies at home while only 32% preferred going to movie theatres. In addition, since the question stated that the cost of viewing the movie from home or at the theatre is the same, it proves that leisure interest rather than cost was the decision-maker on whether going to the theatre or staying at home was preferred.

Figure 35: Paying for Movies at Home

Paying for Movies at Home

Many motion pictures made in recent years may be put on television and there is talk of having people pay for these by having a special coin box alongside their set. If they cost the same, would you prefer to see a new movie at home, or in your local theater?

	Apr 14-19, 1955
	%
At home	52
At theater	37
No opinion	11

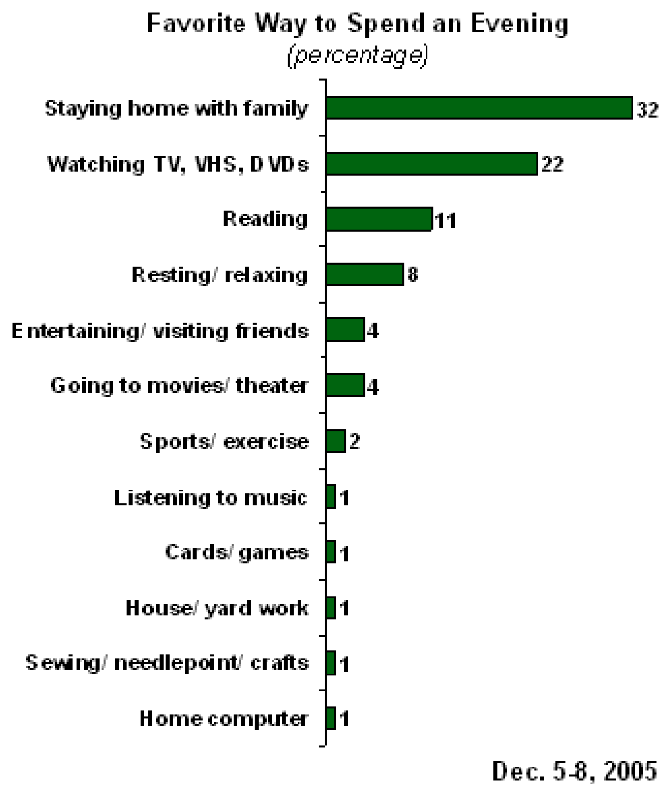
Asked of Americans who had television sets in their home (72% of all U.S. households)

GALLUP

https://news.gallup.com/vault/190079/gallup-vault-birth-pay-television.aspx

When looking at other leisure activities including staying at home and going to the movies, 32% of Americans (majority) prefer staying at home with the family as their favorite way to spend the evening. Only 4% of families enjoy spending time at the theatre. This shift in leisure interest has posed a threat to the movie industry.

Figure 36: Favorite Way to Spend an Evening

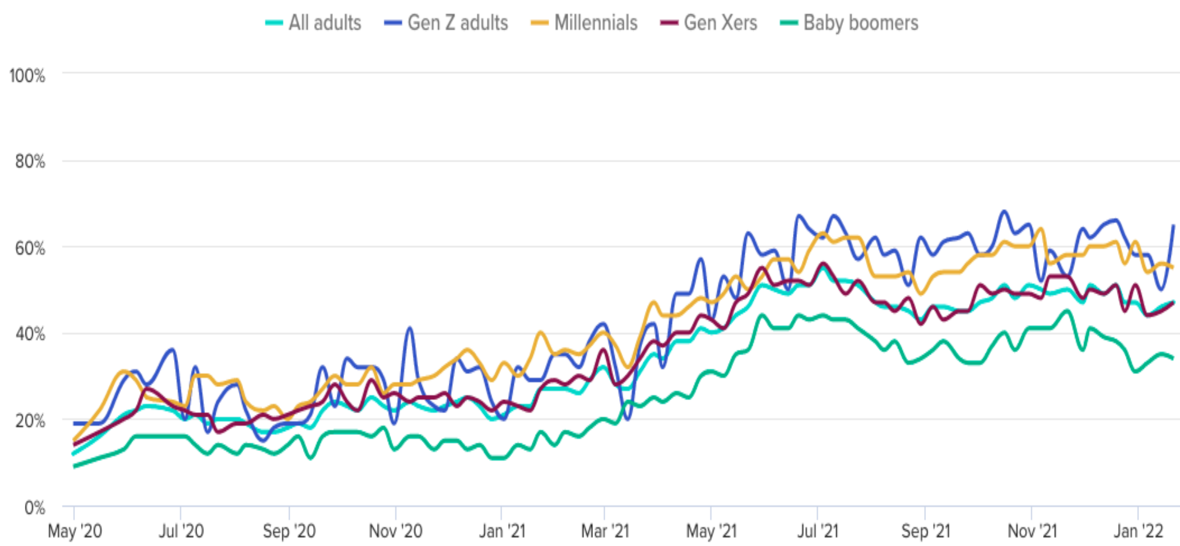


https://news.gallup.com/poll/21856/family-time-eclipses-favorite-way-spend-evening.aspx

Pandemic (Threat)

Movie theatres were just some of the many businesses forced to shut down when the COVID-19 pandemic took hold of North America in March 2020. And while some businesses have attempted to reopen and recover, not all consumers are ready to leave streaming behind and resume out-of-home entertainment. Through a survey conducted by Morning Consult, 46% of adults are comfortable going back to the movie theatres. Baby boomers are the least comfortable with only 34% ready to return to the cinema.

Figure 37: Comfort With Going to the Movies - The share of respondents who said they feel comfortable going to a movie theatre right now



https://morningconsult.com/return-to-entertainment/

The impact of the pandemic on the movie industry can also be seen through the number of in-theatres movies seen in 2007 and 2021. The drastic decline in ticket sales between 2007 and 2021 correlates with the COVID-19 start date in 2020, which displays the threat the pandemic is to the movie industry, as tickets are not being sold as often as they were in the years prior.

Figure 38: Americans' Number of In-Theater Movies Seen in 2007 and 2021

Americans' Average Number of In-Theater Movies Seen in 2007 and 2021, Among Subgroups

Average number of movies attended in a movie theater in the past 12 months

	2007	2021
Age		
18-29	9.1	3.2
30-49	4.5	1.4
50-64	3.1	0.8
65 and over	2.0	0.5
Urbanicity		
City	5.6	1.7
Suburb	4.1	1.7
Town/Rural	3.4	0.8

GALLUP

https://news.gallup.com/poll/388538/movie-theater-attendance-far-below-historical-norms.aspx

Political/Legal Environment (Ziad)

Motion Picture Association: (Strength)

The movie theatre industry in the United States is represented by the Motion Picture Association (MPA). The MPA focuses primarily on rating the movies for audience suitability, guiding international distribution, preventing piracy, and providing taxation advice. The association is made up of major motion-picture studios such as Netflix, Paramount, Disney, Warner Brothers, Sony Pictures, and Universal.

The National Association of Theatre Owners (NATO) are the representatives of movie screens in all states and in 100 countries across the world. They help influence the creation of federal policy and work with concerns surrounding the industry. This may include technologies, legislation, and marketing. In October 2020, NATO was lobbying that the movie theatre industry in America is in serious need of assistance from Congress. Without such assistance, 70% of the country's cinemas might go out of business or close permanently by the end of the year. Over 70,000 jobs might be permanently destroyed. While many small business theatre operators were able to get Paycheck Protection Program loans, due to the pandemic's longevity, those funds have indeed been drained, and theatre earnings are still minimal. The program's existing standards continue to be difficult for theatres that have closed or are doing little business.

The industry is lightly regulated by federal and state laws and regulations. These regulations require certain health and safety standards due to COVID-19 restrictions, environmental standards, food safety (food, alcohol). To ensure the safety and accessibility of theatres, the industry requires compliance with the Americans with Disabilities Act (ADA). This includes meeting specific requirements regarding accommodations for consumers with disabilities. Other safety regulations concerning COVID-19 have been a major detriment for the industry. Within the prior two years, the industry has struggled to maintain itself with consistent stay-at-home mandates being placed.

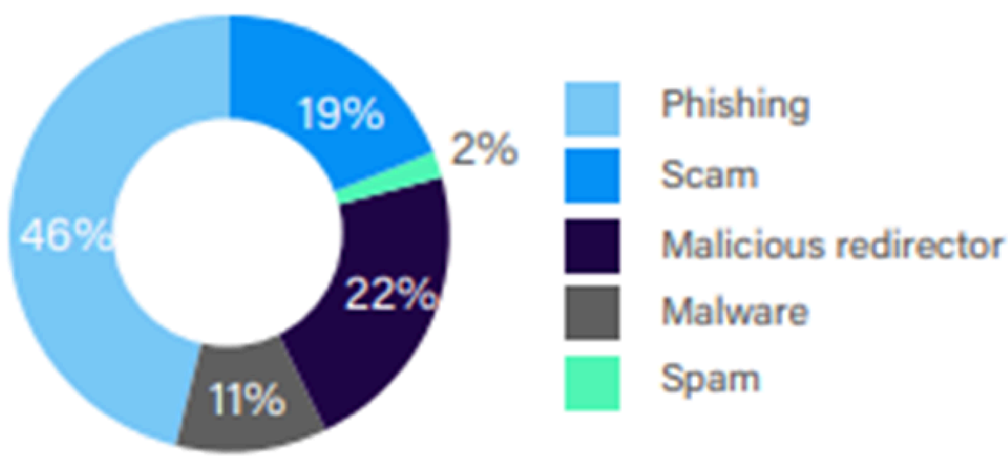
Piracy: (Threat)

In regard to piracy, the MPA launched the Alliance for Creativity and Entertainment (ACE) with other entertainment companies in 2017, a coalition focusing on the legal environment and reducing online piracy[17]. ACE is the world's main online anti-piracy group determined to form a wide-ranging alliance to combat Internet piracy by collaborating with content creators and distributors all across the world. The name symbolizes the Alliance's determination to combat online piracy and safeguard creative works, producers, and consumers[18]. According to data from ACE, 13.8 billion visits to piracy sites were made in the

[17] ("Who We Are." Motion Picture Association, January 25, 2022. https://www.motionpictures.org/who-we-are/#)
[18] (Alliance for Creativity and Entertainment. "About ACE," 2021. https://www.alliance4creativity.com/about-us/)

USA. It is incredibly dangerous because a study made by RiskIQ for MPA found that 1 out of 4 piracy sites expose consumers to malicious content[19].

Figure 39: Consumer Risks from Piracy Sites



https://www.alliance4creativity.com/wp-content/uploads/2021/06/ACE-Piracy-infographic-2020-Final.pdf

[19] (Alliance for Creativity and Entertainment. "2020 Movie & TV Piracy Trends Worldwide," June 2021. https://www.alliance4creativity.com/wp-content/uploads/2021/06/ACE-Piracy-infographic-2020-Final.pdf).

46% of the malicious content on content theft sites is phishing, where fake sites defraud users to log their username and password information, often redirecting users to legitimate websites afterwards. Due to the increased number of cybercrimes regarding illegal sites to pirate movies, it is safer to purchase tickets to watch the movie in the theatre or purchase subscriptions from legitimate streaming services or purchase the DVD. The unauthorized reproduction or distribution of a copyrighted work is illegal and is investigated by federal law enforcement agencies such as the FBI and their Anti-Piracy Warning Seal initiative which states copyright infringement is punishable by up to five years in prison and a fine of $250,000[20].

Summary of Part I (Georgia)

All macro environments affect either directly or indirectly the industry and its prospects. However, at this point in time the most important environments that have the greatest impact on AMC Theatres and on the motion picture and video exhibition industry are the Technology Environment with massive disruptions coming into play in 2021 as well as the Economic Environment which could be characterized as the heart of every business and industry and which recently went

[20] FBI. 2016. "FBI Anti-Piracy Warning Seal | Federal Bureau of Investigation." Federal Bureau of Investigation. 2016. https://www.fbi.gov/investigate/white-collar-crime/piracy-ip-theft/fbi-anti-piracy-warning-seal.

through an immense shock from which it is still recovering and finding out its true economic implications and what those mean for the future.

A threat coming from the industry's Technology Environment worth mentioning is the increasing demand and popularity of streaming services such as Netflix, especially after the course of the Covid19 pandemic. Streaming will definitely influence the bottom line of movie theaters, having already secured a larger portion of the audience online.

An opportunity on the other hand that the industry could exploit is the rising real GDP per capita in both US and International Markets in which the firm operates. A positive GDP growth signals that the material standard of living and economy is doing well and has all the prospects necessary to expand its overall size, creating this way numerous opportunities for businesses to take advantage of and increase their value and therefore profits.

Part II: Industry Structural Analysis: 5 Forces & Driving Forces

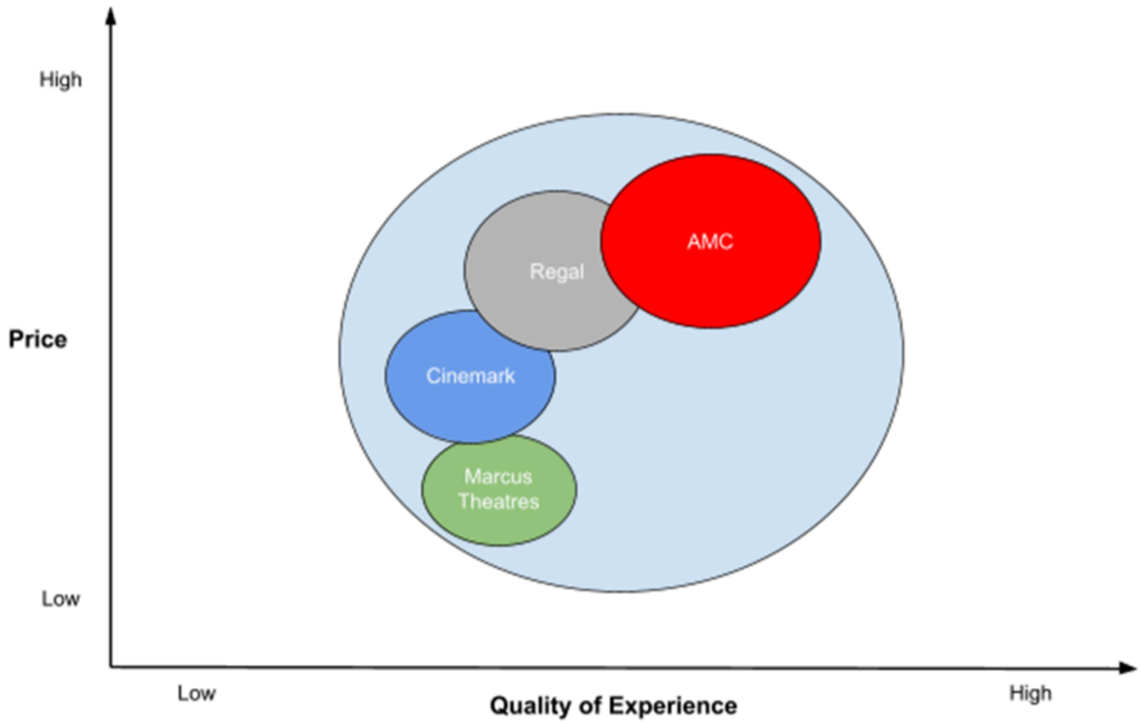
Industry Overview (Hamza)

Historical Annual U.S Theatre industry Sales & Growth (2018-2020)

YEAR	**2018**	**2019**	**2020**
Annual Industry Sales[21]	$35.1 Billion	$36.1 Billion	$32.1 Billion
Annual Growth Rate[22]	9.69%	2.85%	-10.80%
ROIC%[23]	7%	4.6%	-24.3%
YEAR	**2018**	**2019**	**2020**
Number of firms[24]	5,803	5,869	5,798
Number of employees[25]	53,453	48,760	37,456

[21] "2020 Theme Report - Motion Picture Association." Accessed January 31, 2022. https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf.
[22] "2020 Theme Report - Motion Picture Association." Accessed January 31, 2022. https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf.
[23] http://bba.bloomberg.net/
[24] Posted August 27th, 2013 by Patrick Corcoran. "Number of U.S. Cinema Sites." NATO, August 27, 2013. https://www.natoonline.org/data/us-cinema-sites/.
[25] "Industry Market Research, Reports, and Statistics." IBISWorld. Accessed January 31, 2022. https://www.ibisworld.com/industry-statistics/employment/movie-video-production-united-states/#:~:text=There%20are%2038%2C002%20people%20employed,the%20US%20as%20of%202022.

Strategic Group Map (Ziad)



The Strategic Group Map compares different companies within the motion picture and video exhibition industry. The comparisons are reflected through the quality of the experience and the cost. The large circle represents the major physical theatre companies in the United States. The sizes of the circles represent each company's revenue in comparison to others. The graph indicates that there is a positive correlation between a theatre company having a higher price and higher quality of experience.

The graph indicates that the streaming services have the largest circle and are going to continuously grow, while the major theatre companies have been critically affected by the COVID-19 restrictions and other factors.

Five Forces Analysis of the Industry

Competitiveness of Industry - (7/10) (Belinda)

Figure 40: North American Theatre Market Share by Revenue (2016-2020)

Worldwide Consolidated Revenue (Millions USD)		2020		2019		2018		2017		2016	
AMC Entertainment Inc.	AMC US Equity	1242	39%	5471	37%	5461	38%	5079	47%	3236	37%
Regal Cinemas (Cineworld Group PLC)	CNNWF US Equity	852	27%	4370	30%	4119	29%	1147	11%	1081	12%
Cinemark	CNK US Equity	686	21%	3283	22%	3222	22%	2992	28%	2919	33%
Cineplex Entertainment LP	CGX CN Equity	418	13%	1665	11%	1612	11%	1555	14%	1478	17%
		3199	100%	14789	100%	14414	100%	10773	100%	8714	100%
			-78%		3%		34%		24%		

http://bba.bloomberg.net/

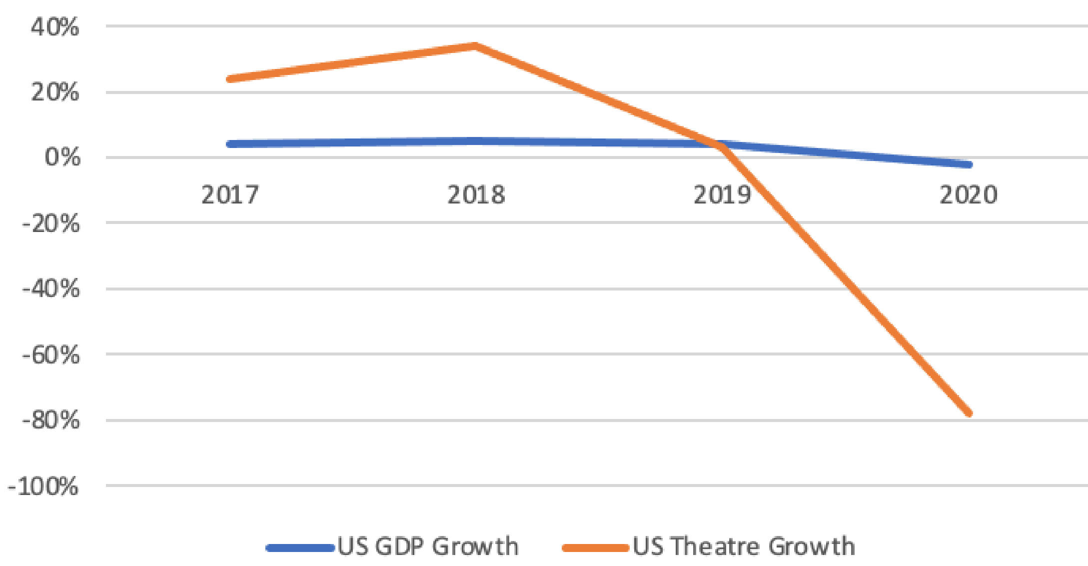
The competitive nature of the theatre industry is often seen as a barrier. AMC Entertainment has numerous competitors around North America. The top three largest firm hold a concentration ratio of 85% [26]. The table above shows the top competitors in the theatre industry. The other theatres include; Marcus Theatre Corp., Harkins Theatres, Landmark Cinemas of Canada, B&B Theatres, CMX Cinemas, Malco Theatres Inc. and Studio Movie Grill. The theatre industries outlined in the table were the only theatre companies found on Bloomberg.

[26] AMC Entertainment Holdings, Inc., 10-K 2020 Annual Report to Stakeholders. Retrieved from https://s25.q4cdn.com/472643608/files/doc_financials/2020/ar/AMC-2020-Annual-Report-As-Printed.pdf

The theatre with the highest revenue in 2019 was AMC Entertainment, taking over 37% of the market share. The Regal Cinemas (Cineworld Group PLC) is taking over 27% of the market share in 2020. With a revenue of 852 million that year. Secondly is Cinemark with sales of over 686 million, making up almost 21% of the market share. Cineplex Entertainment came in third with a lower 13% of the market share.

Looking at the growth in the revenues in the industry, from 2016 to 2017 there was a 24% increase. Between 2017 to 2018 there was a bigger increase of 34%. The following year there was only a 3% increase in growth. And finally, between 2019 to 2020 there was. drastic decrease of -78%, this is prominently due to the COVID-19 pandemic that started March 2020. Data is not available for 2021 yet, but it can be predicted that there will be negative growth in sales at theatres due to the pandemic and constant shut down of theatres throughout the year.

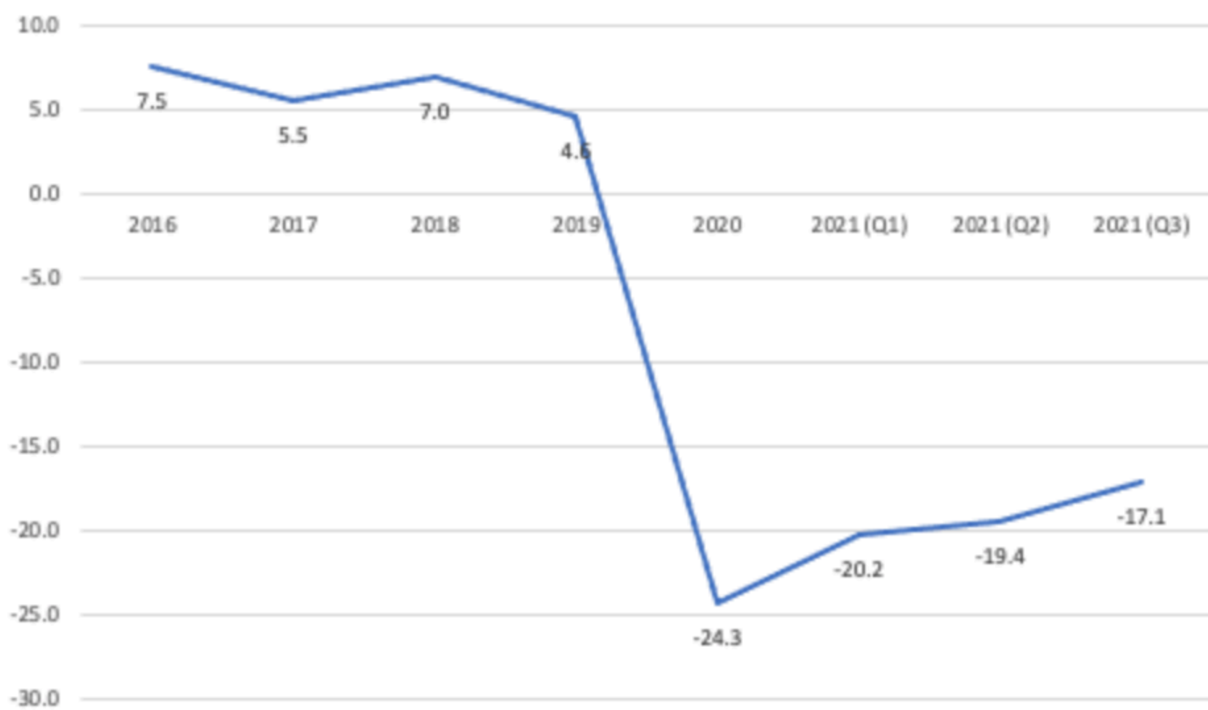
Figure 41: GDP Growth vs Theatre Growth



https://fred.stlouisfed.org/series/GDP
http://bba.bloomberg.net/

Comparing the growth of revenue of the Theatre Industry to the growth of the US GDP, we can see that the theatre industry is on a decline whereas the US GDP growth is relatively constant. In 2019, the GDP growth and Theatre growth are very similar, with the growth of 4% and 3% respectively. Both growths go on a decline after 2019, with the US theatre growth taking a major decline of 78%, whereas the GDP growth only declines by 2%.

Figure 42: ROIC - Theatre Industry



http://bba.bloomberg.net/

The industry ROIC for the movie industry is positive up until 2019 at 4.6%. There is a steep decline with an ROIC of -24.3% in 2020 due to the demand for theatres decreasing. Afterwards, there is a slight increase in the following three quarters, -20.2, -19.4 and -17.1 respectively.

Movie theatres provide entertainment by showing a variety of movies, accompanied by snacks and drinks that are sold in the theatre, therefore they are considered part of the entertainment industry. All movie theatres offer general seats, while some also offer VIP seating with VIP service. This is the extent of the differentiation that occurs in the movie-theatre industry.

Figure 43: US States - Ranked by Population 2022

Rank	State	2022 Population	Growth 2022	2021 Population	2010 Census	Growth Since 2010	% of US	Density (mi²)
1	California	39,664,128	0.13%	39,613,493	37,319,502	6.28%	11.80%	255
2	Texas	30,097,526	1.24%	29,730,311	25,241,971	19.24%	8.96%	115
3	Florida	22,177,997	1.06%	21,944,577	18,845,537	17.68%	6.60%	414
4	New York	19,223,191	-0.40%	19,299,981	19,399,878	-0.91%	5.72%	408
5	Pennsylvania	12,805,190	0.01%	12,804,123	12,711,160	0.74%	3.81%	286
6	Illinois	12,518,071	-0.41%	12,569,321	12,840,503	-2.51%	3.72%	225
7	Ohio	11,727,377	0.11%	11,714,618	11,539,336	1.63%	3.49%	287
8	Georgia	10,936,299	0.98%	10,830,007	9,711,881	12.61%	3.25%	190
9	North Carolina	10,807,491	0.99%	10,701,022	9,574,323	12.88%	3.22%	222
10	Michigan	9,995,212	0.03%	9,992,427	9,877,510	1.19%	2.97%	177
11	New Jersey	8,870,685	-0.04%	8,874,520	8,799,446	0.81%	2.64%	1,206
12	Virginia	8,638,218	0.40%	8,603,985	8,023,699	7.66%	2.57%	219

https://worldpopulationreview.com/states

Figure 44: Number of U.S. Cinema Sites

Year	Indoor	Drive-In	Total
2020	5,477	321	5,798
2019	5,548	321	5,869
[redacted]			
1996	7,215	583	7,798

1995	7,151	593	7,744

https://www.natoonline.org/data/us-cinema-sites/

The theatre industry in the US declines by a large chunk. As seen in the figure above, the decline in the number of movie theatres is in a large chunk, which is similar to how the growth of revenue also declines drastically as well. From 7,151 indoor theatres in 1995, to 5,477 theatres in 2020.

Cinemark's total assets of 5,562.9 million, Cineplex Entertainment's total assets add up to 2,333.9 million and Regal Cinema's assets are 10,625.2 million. Their total assets combined amount to 18,522 million. The fixed costs are on average in this industry is $398,522.[27] [28] [29] [30]

Therefore, due to the high competition and well-established companies in the US theatre industry, direct competitors pose a high threat level within the industry.

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27 http://bba.bloomberg.net/

28 Sec.gov. Accessed February 1, 2022. https://www.sec.gov/Archives/edgar/data/1168696/000104746910007292/a2199748zs-3asr.htm#ca17101_summary%E2%80%8B%E2%80%8B.

29 "Annual Report 2020." Accessed February 1, 2022. https://www.annualreports.com/HostedData/AnnualReports/PDF/NYSE_MCD_2020.pdf.

30 "Annual Report - Cineplex.com." Accessed February 1, 2022. http://irfiles.cineplex.com/Annual%20Report%202019%20FINAL.pdf.

Threat of Entry to Industry - (5/10) (Belinda)

Brand Recognition

As a new business, it is important to increase their brand awareness, including competing with those with high brand awareness. AMC and Regal Cinemas are the most known theatres in North America.[31] They have built their brand for decades and have established an image of a certain quality. Hence why new firms will have a difficult time branding themselves.

Capital Investment

There are many barriers to success in the North American theatre market. The first is the capital investment required upfront. A new firm needs to invest in facilities and equipment, hire and train employees, conduct extensive research into the market to determine its viability and much more. This value is established to be equal to $1.242 billion, the total equity of AMC Theatres Inc. This presents a threat to new businesses entering this industry.[32]

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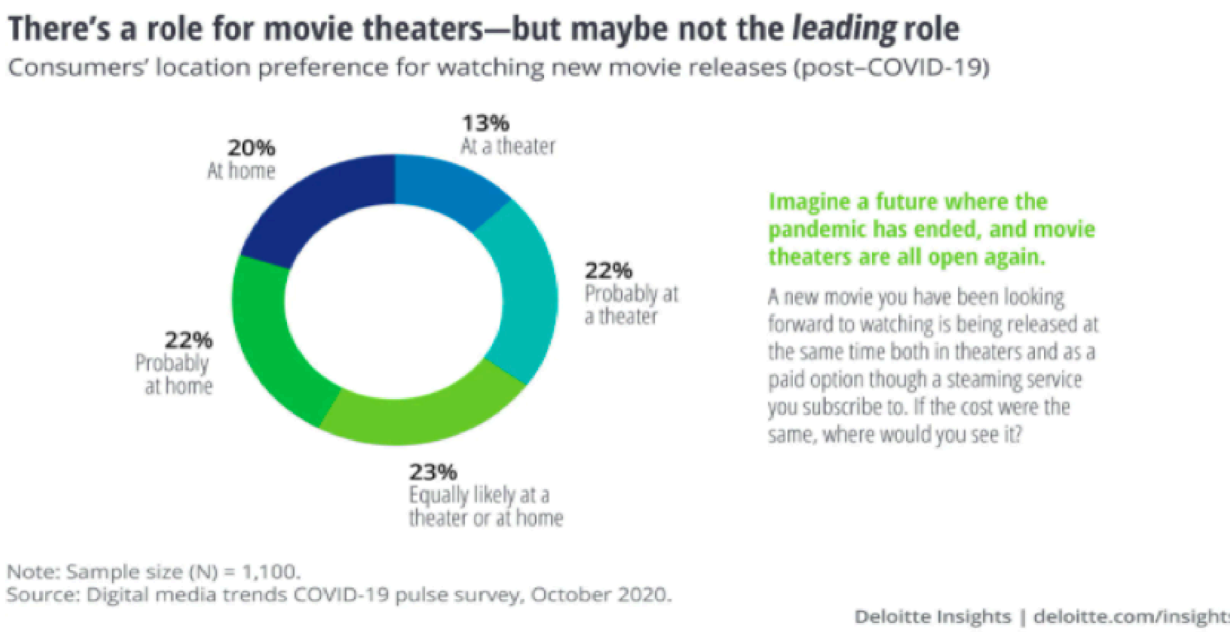
[31] (http://bba.bloomberg.net/)
[32] http://bba.bloomberg.net/

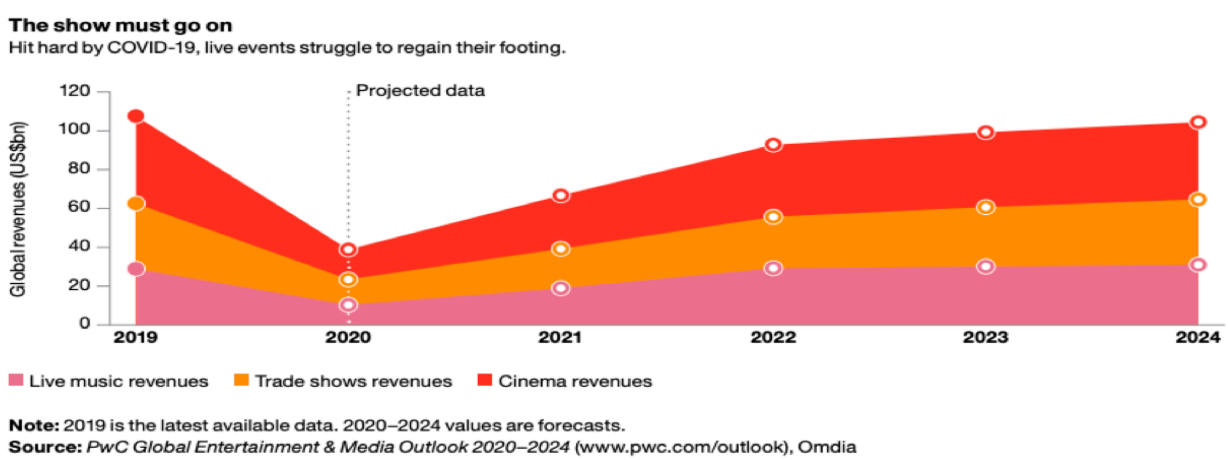
Substitutes for Products of Industry - (6/10: medium) (Georgia)

Figure 45: Consumers' location preference for watching new movie releases (post-Covid19)



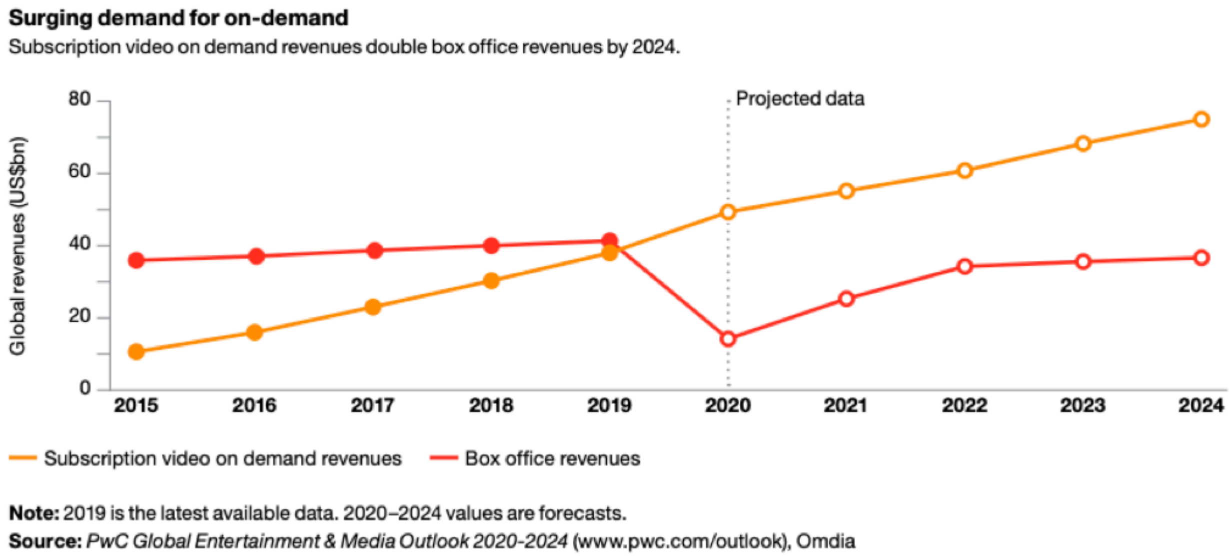
https://www2.deloitte.com/us/en/insights/industry/technology/future-of-the-movie-industry.html

Figure 46: Global cinema, live music & trade shows revenues (2019-2024*)



https://www.pwc.in/assets/pdfs/industries/entertainment-and-media/entertainment-and-media-outlook-perspectives-2020-2024.pdf

Figure 47: Box office & SVOD global revenue (2015-2024*)



https://www.pwc.in/assets/pdfs/industries/entertainment-and-media/entertainment-and-media-outlook-perspectives-2020-2024.pdf

Even though it can be difficult to recreate the experience of going to the theatre to watch a movie, there are various substitutes for the motion picture and video exhibition/entertainment industry one direct and amongst the most popular being online streaming platforms which are a form of in-home entertainment. The COVID-19 pandemic has hit hard cinema owners who were forced to shut down completely for a period of time and has further reinforced the use of substitutes for the motion picture and video exhibition/entertainment industry, causing serious implications. Cinema owners will need to strive in order to win back the public perception that it is safe to attend their services again as their anxiety over health and safety in public places still greatly affects many people and consequently their choices of entertainment. Undoubtedly, the pandemic has altered entertainment-related behaviors and accelerated other pre-existing industry trends and forms of entertainment such as video games, music streaming and social media but as seen in figure 45 displaying a recent survey regarding consumers' preferences for watching new movie releases, there is still interest for movie theatres compared to other alternatives perhaps because of people being still drawn to the prestige of cinema and its unique experience. In addition, as can be observed in figure 46, even though cinema revenues declined during 2020, they are expected to rise again to 2019 levels in the coming years. The latest industry's digital disruptions, however, by a combination of circumstance and design are making people consume more content and experiences at the comfort of their home and online, a trend which is certainly not going away in the near future but is rather going to shape it and change the dynamic within the industry in various ways and forms. Particularly, there has been a growing demand in recent years for subscription video on demand, which revenue is expected to double that of the box office by 2024 according to projections (figure 47). It is after all less expensive and less of a hassle to binge-watch movies instead of going out to a movie theatre which involves additional costs and effort, taking into account probable traffic, parking and concessions. VoD services have given the consumer more control and choice of entertainment options and have removed the shackles of scheduling[33]. Worth mentioning is also the fact that people's favorite entertainment activities are ranked differently across generations (figure 48), with older people observed to be less interested in other forms of entertainment other than watching movies which was ranked as their highest and the younger generation is more inclined to other forms of entertainment. While substitutes for the industry are rapidly growing, especially in digital formats (figure 49), cinema remains a form of entertainment that is and will continue to be

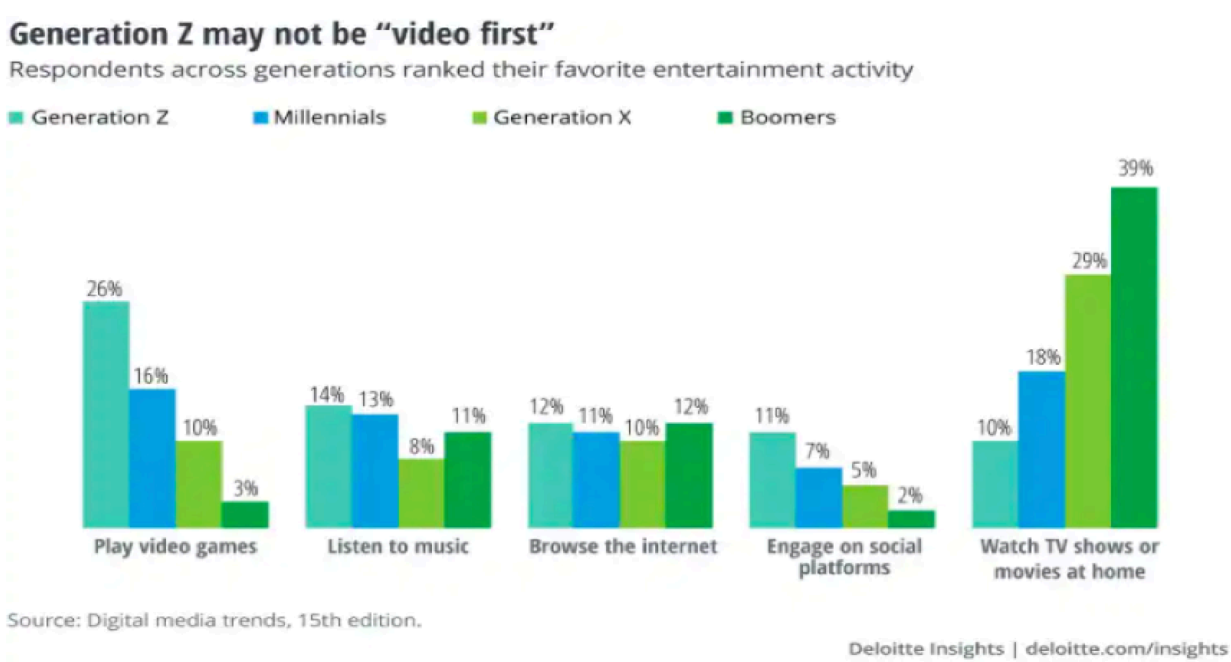
[33] Savage, J., The Effect of Video on Demand Services on the Cinema Industry. July, 2014. Letterkenny Institute of Technology. School of Business. Retrieved from https://research.thea.ie/bitstream/handle/20.500.12065/1168/MARK_SavageJ.pdf?sequence=2&isAllowed=y

chosen among others as the cinematic experience and atmosphere are hardly ever captured fully by any other activity.

Rating Rationale

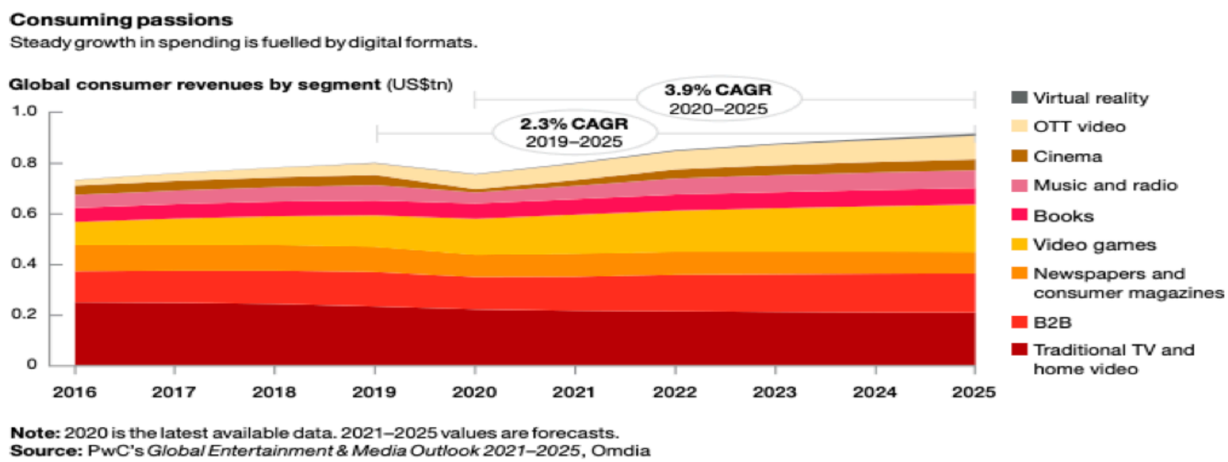
Even though there are numerous substitutes and forms of entertainment for the motion picture and exhibition industry, no one will truly come close to the actual experience of going to the cinema to watch a film after the anticipation of its release. Physically attending a live concert for instance, and watching the same concert online is just not the same. Cinema can be characterized too as a form of art. Going to the cinema provides a much more immersive environment and outputs are typically more dominant than those feasibly achieved and attained at a regular person's home. Further, it engages the senses more dramatically not just due to the size and resolution of the screens but also the perfect calibration of audio and generally offers a more intense experience compared to alternative viewing options.

Figure 48: Favorite entertainment activity across generations



https://www2.deloitte.com/us/en/insights/industry/technology/digital-media-trends-consumption-habits-survey/summary.html

Figure 49: Global consumer revenues by segment (2016-2025*)



https://www.pwc.com/gx/en/entertainment-media/outlook-2021/perspectives-2021-2025.pdf

Power of Suppliers to the Industry (8/10 - medium to high) (Georgia)

Suppliers of the motion picture and video exhibition industry are mainly the movie studios which often simultaneously engage in the four different functions of financing, producing, distributing and advertising all of which entail far-reaching economic implications for the players involved. The production of movies is very costly and risky with 50% of new films' budgets being between 1-15 million US dollars (Figure 50) and 20% being greater than 15 million US dollars, a fact which establishes movie studios to be “price makers” in most circumstances. While larger chains are usually able to make deals, smaller theatre chains have less bargaining power over them. Producing films involves financial risk, as profits are hard to predict, completion risk because the investment is high and potential relationships between producers, talent and financiers could be altered at any moment, as well as performance risk since the reaction of critics and audiences is unpredictable.[34]

Moreover, there is heightened concern among the industry that movie studios are not reliable partners as they have been recently reducing or eliminating the exclusive “windows” available to movie theatres to show new film releases, pushing towards streaming, requiring thus cinema owners to innovate and find alternative content and sources of entertainment in order to survive.[35] Studios, however, if they do not control their own distribution channels cannot fully monetize all their franchises and derivatives content through streaming services alone and that is why they depend too on movie theatres from which they derive

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[34] Eliashberg, J., & Elberse, A. (2006). The Motion Picture Industry: Critical Issues in Practice, Current Research, and New Research Directions. Marketing Science, 25 (6), 638-661 http://dx.doi.org/10.1287/mksc.1050.0177

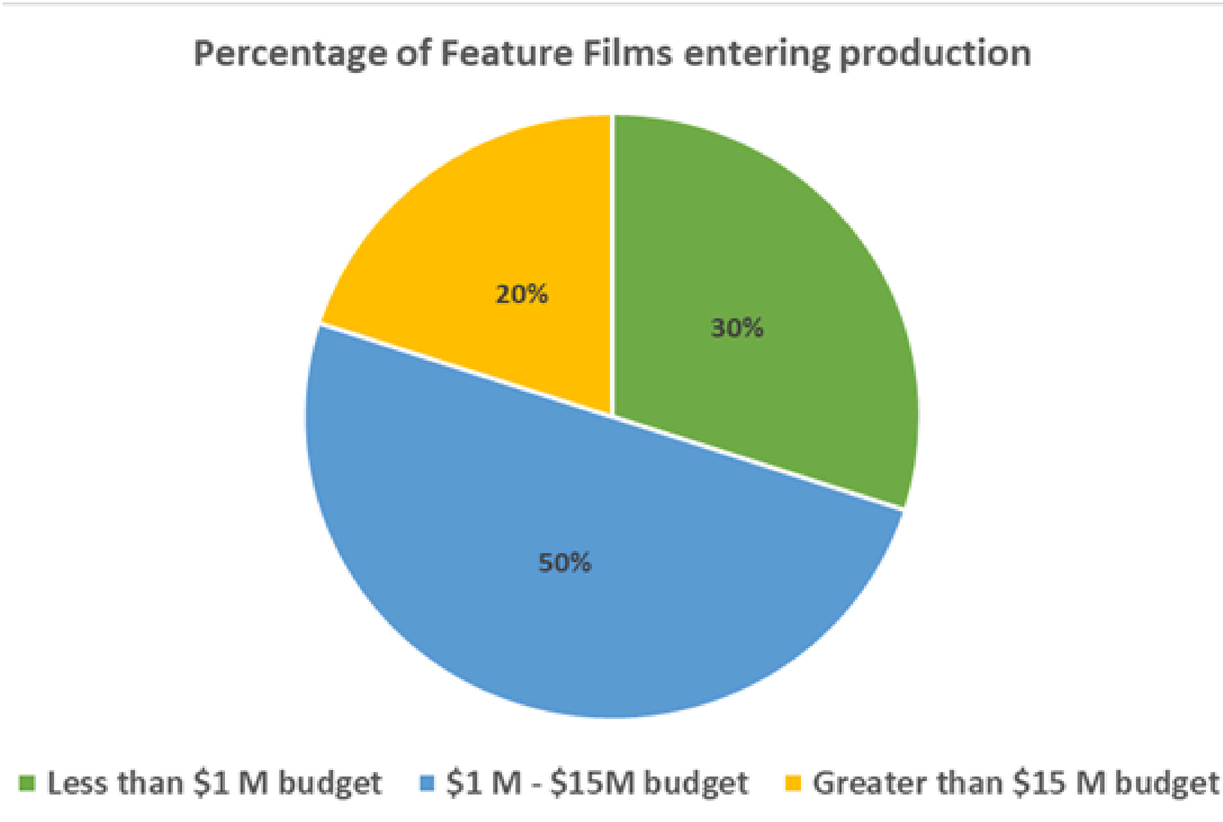
[35] Wall Street Journal. The future of movie theatres is more than just movies. October 2021. Retrieved from https://www.wsj.com/articles/the-future-of-movie-theaters-is-more-than-just-movies-11633708800

almost half of their revenue through their theatrical releases which also typically determine how revenue is to be negotiated from subsequent windows (higher box office revenue equals higher license fee paid to studios).[36] The supplier industry is indeed highly concentrated with six firms accounting for more than 77% of the industry's market share. It is thus evident that these few players (Walt Disney, Warner Bros., Sony Pictures, Universal, 20th Century Fox, Paramount Pictures) dominate the industry.[37]

Figure 50: Budget of feature films entering production

[36] Deloitte. Digital media trends. The future of movies. December, 2020. Retrieved from https://www2.deloitte.com/us/en/insights/industry/technology/future-of-the-movie-industry.html

[37] The Numbers. Market Share for each Distributor 1995-2022. Retrieved from https://www.the-numbers.com/market/distributors



https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf

Power of Buyers: Customers and Consumers of the Industry (5/10) – low) (Georgia)

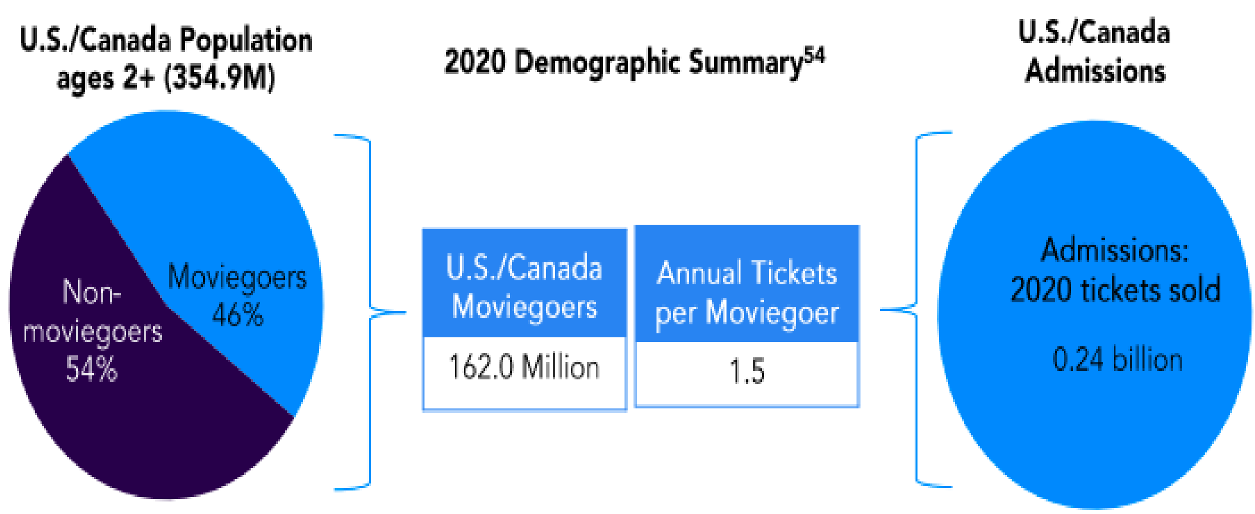
Based on the most recent industry report, 162 million people from the US and Canadian Market aged two or older, went to a movie at a cinema at least once in 2020. A frequent moviegoer (identified as someone who attended the cinema once or more a month), responsible for 43% of all tickets sold in 2020 accounted for only 3% of the U.S./Canadian population, down from 11% in 2019. Even though 54% of the U.S./Canadian population did not attend the cinema in 2020 mostly because of the implications and effects of the pandemic, that rate was only about 24% prior to it in 2019.[38]

Subsequently, the buyers described are fragmented which means that they can not bargain for the unit cost advantage that concentrated buyers receive. The end consumers typically have the most buying power however one or two buyers alone cannot influence the price or output, as losing them will not generate a significant change in the impact of sales and will not directly affect revenues. When a company sells to a lot of customers usually one is worth less (Figure 50) and the movie industry currently under consideration had over 162 million customers in the year 2020 in the US and Canada alone, which was a considerable amount taking into account the consequences of the pandemic in that year. Furthermore, customers could be characterized as price-aware, since watching a film which is the output movie theatres offer, can easily be substituted with watching it through other means such as online. However, certain options such as premiere movies are not always available on demand. Perhaps in those cases,

[38] Motion Picture Association. A comprehensive analysis and survey of the theatrical and home/mobile entertainment market environment for 2020. Theme Report. Retrieved from https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf

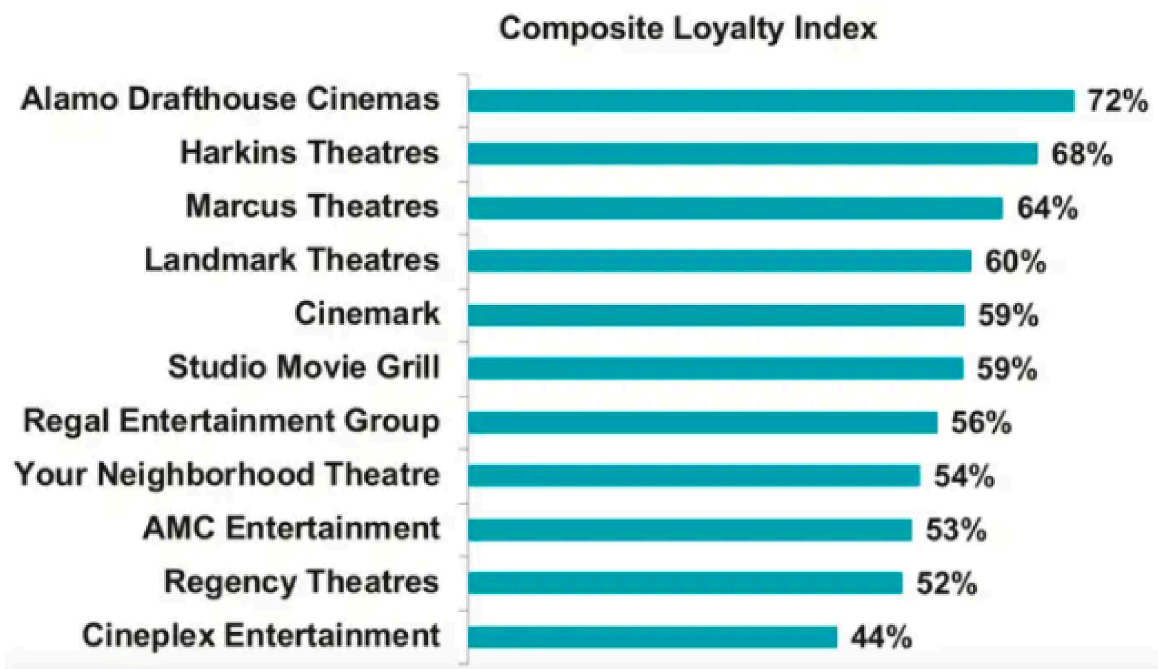
when movies are first released, some sort of price sensitivity exists as the factor of scarcity comes into play. Freedom and options to choose between numerous of theater alternatives such as Cinemark, Marcus, Landmark to mention just a few (Figure 52), translate into low switching costs. In addition, brand loyalty within the industry tends to be weak, with consumers being likely to switch between movie theatres that all essentially offer the same products if at any point in time are not satisfied with their services or simply change their attitudes towards a company.

Figure 51: US/Canada moviegoers



https://www.motionpictures.org/wp-content/uploads/2021/03/MPA-2020-THEME-Report.pdf

Figure 52: Favorite Movie-Theater Chains - (Overall Results)



https://www.businessinsider.com/movie-theatre-chains-ranked-best-to-worst-by-audiences-2018-9

Five Forces Summary (Belinda)

The five forces of the theatre industry have an average of 6.2, making it a very unattractive industry to enter. The highest-ranked of the five forces is the power of suppliers, which ranked at 8/10 because of how highly concentrated it is with six firms accounting for more than 77% of the industry's market share. The competitiveness in this industry was also ranked high at 7/10 because of the top three competitors holding a majority of the market share causing an intense rivalry amongst competitors.

The lowest-ranked force is the power of buyers with a rank of 5/10 because of low switching costs and lack of brand loyalty. Similarly, the threat of entry is also ranked at 5/10 because of barriers when it comes to the large upfront costs of starting a new firm in the theatre industry. The ROIC for the first three months of 2020 is averaged to -14.2%, which says a lot about how much this industry has been impacted by the pandemic.

In summary, the U.S. theatre industry is well established. Most of the companies operating in it have gained valuable experience operating in an unstable industry like this one. In 2018, the growth rate increased by 34% in the theatre industry. However, due to the impact of the pandemic in 2019 the growth rate decreased to 3%, then plummeted to a negative growth rate of -78% the following year.

Summary of Driving Forces (Belinda)

Emerging Technologies Can Increase the Threat of Substitutes

As mentioned earlier in the sections substitutes for products for the theatre industry ranked 6/10 due to the development of online streaming. This may pose more of a threat as technology continues to develop rapidly. Movie theatres still have priority when it comes to new movie releases but as movie attendance lowers suppliers may feel the need to display their content through online streaming to optimize their profits. Switching costs are low which has a major impact on the theatre industry. For the theatre industry, it is easy for customers to switch from one movie theatre to another or from a movie theatre to resort to online streaming.

In addition, the COVID-19 pandemic has made people uncomfortable to go out in public which has led people to use online streaming more often for their source of movie entertainment. If this becomes the norm, movie theatres will have increased competitors with streaming companies.

Summary of Industry Analysis (Ziad & Hamza)

The American Motion Picture and Exhibition Industry is quite unattractive for a lot of reasons. Primarily due to the fact that there are multiple barriers to entry and rugged competition from well-established cinema chains. The industry has been doing quite well in the past couple years but like any other industry, took a hard hit due to the Covid-19 pandemic. The industry's ROIC has been on a decline since 2019 and took a really deep dive in 2020 to -24.3% which is really bad. This being said, we have determined that there is still a significant demand for this industry that will allow it to recover to a much better position, however we must also understand that due to new advances in technology and availability of alternatives; the industry will most likely never go back to the original place it was. Additionally, the existence of well established companies and emerging technologies such as IMAX theatres will also play a significant role in this industry's recovery.

Part III: Value Creation Chain & Direct Competitor Analysis

Introduction to the Value Creation Chain Analysis (Georgia)

AMC Theatres was founded in 1920 by Maurice, Edward and Barney Dubinsky who purchased the Regend Theatre, headquartered in Leawood, Kansas City in the United States[39]. Later in 1961, the company was renamed by CEO Stanley Durwood, son of Edward Dubinsky, as American-Multi cinema. Stanley had the vision of providing its customers with more choices and options in regard to its industry entertainment and believed that just one screen in one building was limiting. The company started making history as Stanley after remodeling several large single-screen theatres into smaller buildings with multiple auditoriums, creating the first multiplex theater in the world which served as a blueprint for the industry. Nationwide expansion and incorporation as American Multi-Cinema, Inc. (AMC) was achieved by 1968[40].

Today, AMC is one of the largest movie theatre chains in the world, principally involved in the theatrical exhibition business and owns, operates or has interest in

[39] AMC Theatres. AMC History. Retrieved from https://www.amctheatres.com/corporate/amc-history
[40] AMC Theatres. About Us. Retrieved from https://www.amctheatres.com/corporate/about

theatres primarily located in the United States and Europe. Moreover, as of December 31, 2020, AMC owned, leased, or operated 950 theatres and 10,543 screens in 14 countries, including 590 theatres with a total of 7,668 screens in the United States and 360 theatres and 2,875 screens in European markets and Saudi Arabia. Precisely, the International Markets in which the firm does business comprise of Denmark, Estonia, Finland, Germany, Ireland, Italy, Lithuania, Norway, Portugal, Saudi Arabia, Spain, Sweden as well as the United Kingdom. In addition, the number of both full and part-time employees at AMC as of December 31, 2020, were approximately 25,019 people, down from an aggregate of approximately 38,872 in 2019 due to the COVID-19 pandemic effects and temporary theatre closures. Total revenues (in millions of US dollars) for 2020 were $1,242.4 ($826.7 of which from U.S. Markets and $415.7 from International Markets), down from $5,471 in 2019 ($4,023.2 of which from U.S. Markets and $1,447.8 from International Markets). AMC on the other hand experienced a total net loss for the year 2020 of $4,589.1, which was a lot higher than the total net loss of 2019 in the amounts of $149.1, an increase which could be attributed to the effects and impact of the pandemic[41]. Nevertheless, AMC in 2020 accounted for 37% of the North American Theatre Industry market share, way ahead of some of its competitors such as Regal Cinemas (Cineworld Group) and Cinemark with 27% and 21% of market share respectively[42].

Primary Value Creation Activities

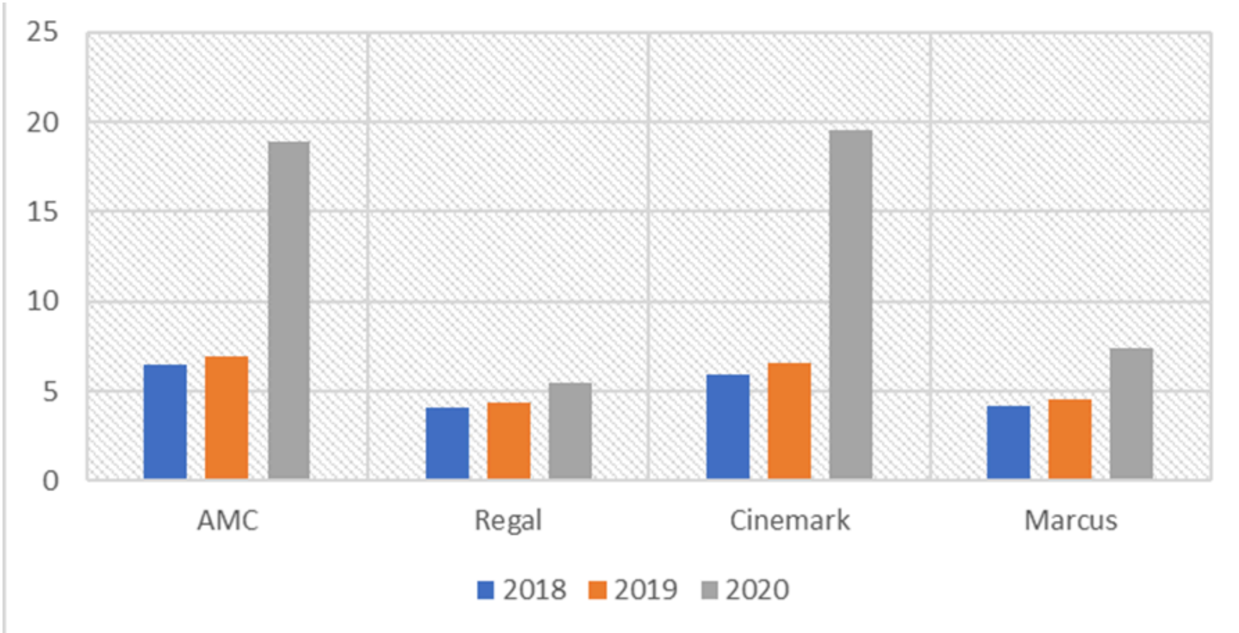
Supply Chain Management (Ziad)

Days Inventory Outstanding (Weakness)

Figure 53: Days Inventory Outstanding

41 AMC Entertainment Holdings, Inc., 10-K 2020 Annual Report to Stakeholders. Retrieved from https://s25.q4cdn.com/472643608/files/doc_financials/2020/ar/AMC-2020-Annual-Report-As-Printed.pdf

42 http://bba.bloomberg.net/



http://bba.bloomberg.net/

The figure above uses the days inventory outstanding (DIO) metric to evaluate a company's effectiveness in inventory management. It is a metric that quantifies how long it takes a firm to sell off all of its inventory. Companies with a higher DIO could be because the length of time it takes to clear out inventory is excessive compared to competitors, there may not be enough demand for the product, the pricing may be too high, or it may be time to pivot and change the target customer profile among other things[43]. Consequently, corporations strive to reduce their DIO to reduce the amount of time inventory sits in their hands. This

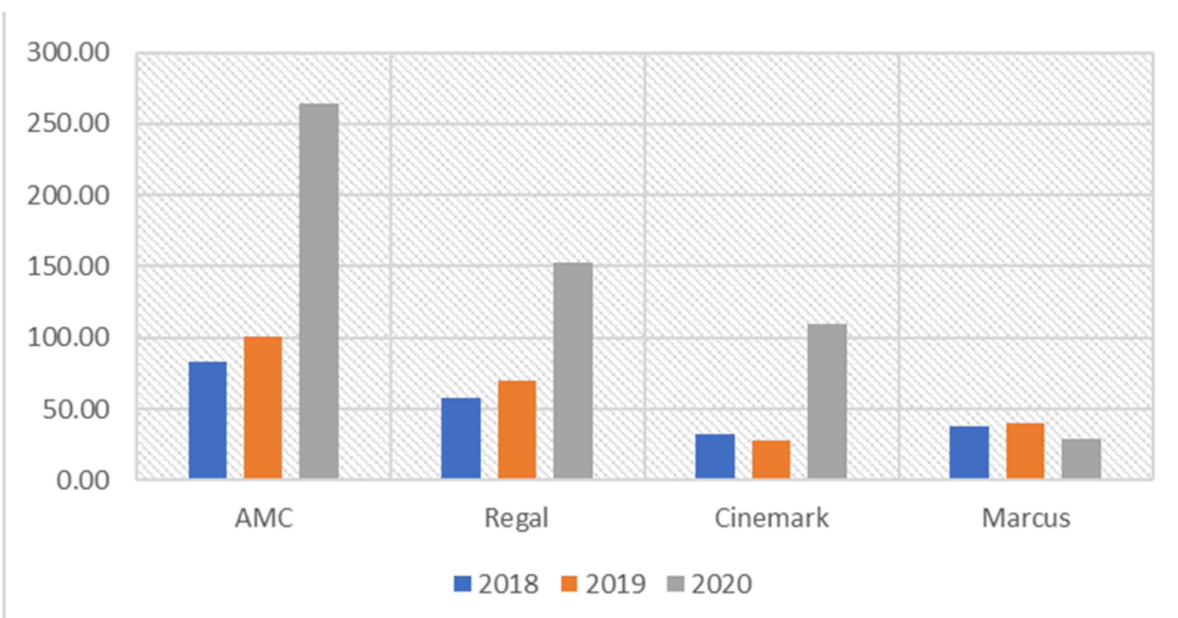
[43] "Days Inventory Outstanding (DIO): Formula & Calculation." 2018. Wall Street Prep. https://www.wallstreetprep.com/knowledge/inventory-turnover-days-inventory-outstanding/#:~:text=The%20formula%20for%20calculating%20DIO,and%20multiplying%20by%20365%20days.&text=Another%20method%20to%20calculate%20DIO,by%20the%20inventory%20turnover%20ratio.

metric is essential in the motion picture and exhibition industry because a prime revenue source comes from food and beverage offerings. A lower DIO is more favourable due to it inferring that the company is more efficient at selling its inventory.

As you can see from the figure above, AMC and Cinemark's DIO have increased about 273% and 299% due to the pandemic in 2020. While Regal and Marcus have been able to minimize the pandemic effects. As the restrictions and mandates start to loosen, Bloomberg estimates that the DIO will decrease in the following years due to increases in attendance.

Days Payable Outstanding (Weakness)

Figure 54: Days Payable Outstanding



http://bba.bloomberg.net/

Days payable outstanding (DPO) is a key metric that represents a company’s obligation to pay off the short-term liabilities to its creditors or suppliers [44]. From the time the bill is received until the money leaves the company's account. This is a crucial factor to consider because a high DPO isn't necessarily a good thing for the company. If the firm waits too long to pay its creditors, it risks damaging its relationships with suppliers and creditors, who may not provide trade credit in the future or grant it on less favourable terms. It's also possible that the firm is missing out on any discounts for on-time payments if any are available, and that it's paying more than is required.

Regarding the four theatres listed in the figure above, AMC has the highest DPO compared to its competitors throughout the three years evaluated. This is a weakness for AMC due to its competitors better positioned to receive more favourable terms when acquiring inventory, utilities, and other necessary services on credit. This could pose a risk to AMC due to their competitors capitalizing on their advantage.

[44] “Understanding Days Payable Outstanding (DPO).” 2022. Investopedia. 2022. https://www.investopedia.com/terms/d/dpo.asp#:~:text=Days%20payable%20outstanding%20(DPO)%20is,suppliers%2C%20vendors%2C%20or%20financiers.&text=A%20high%20DPO%2C%20however%2C%20may,pay%20its%20bills%20on%20time.

VRIO Analysis (Supply Chain Management)

Capabilities	Evaluation
Valuable	Yes. AMC's SCM system is the leader in creating revenue.
Rare	No. AMC's metrics above show that their top industry competitors have a strategic advantage.
Costly to Imitate	No. AMC's competitors are more efficient in their ability to be more efficient when paying off their creditors and for inventories to be replenished faster.

Non-Substitutabl e	No. More efficient operations may and have been built by rivals.

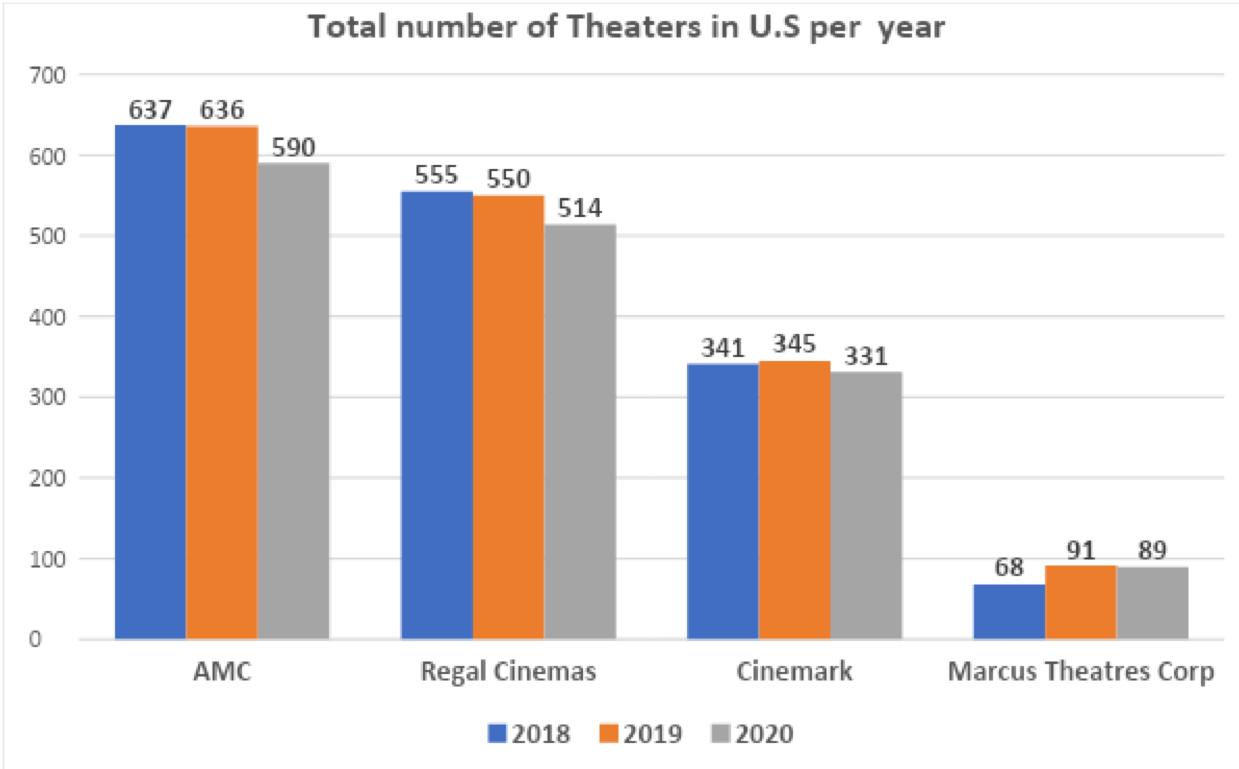
After conducting an analysis of the supply chain management (SCM) system of AMC compared to its competitors, it is clear that AMC is at a disadvantage when it comes to SCM. Marcus has the biggest strategic advantage when it comes to DPO and DIO. It shows that they are able to cycle through their inventory with a faster time than the rest of the competition as well as pay off their creditors in the shortest amount of time. Additionally, with the pandemic, Marcus has been able to differ from the competition and only had a 72% increase in DPO from 2019 to 2020 while everyone else has gone up over 220%.

Operations (Hamza)

Number of Theaters & Screens (Strengths)

As we have discussed in the macro environment, one of the competitive advantages of a cinema is its ability to provide unique and exceptional service to their customers as the "Movie Experience" is what majority of the people go to the cinema for. Logically, it would be beneficial for a cinema to have as many strategic locations as possible to capture a significant portion of the market. As of their 2020 annual report, AMC Cinema operates in 43 states within the United States while being headquartered in Leawood, Kansas. As we can see in figure 55, AMC has constantly had more theater locations than Regal Cinemas, Cinemark, and Marcus Theatres Corp since 2018. Even though after the COVID-19 Pandemic, a lot of businesses including cinemas had to close a significant portion of their locations, AMC is still in the lead which clearly suggests that they have a larger portion of the market share than their competitors in this challenging environment.

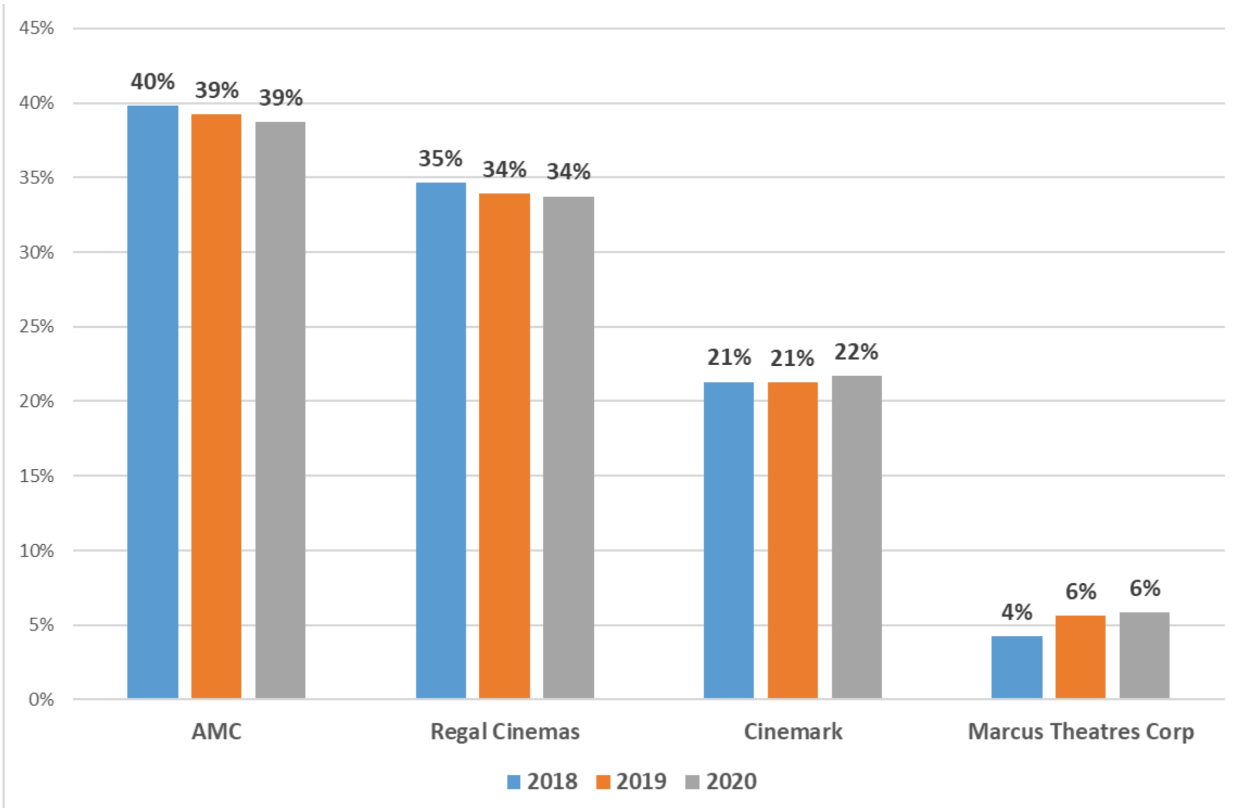
Figure 55: Total number of Theaters in U.S per year



Source: Theatre Annual reports

Additionally, we can see in figure 56 the percentage of total locations that AMC has over their top 3 competitors. AMC has been in the lead by 40% in 2018 and 39% in 2019 and 2020.

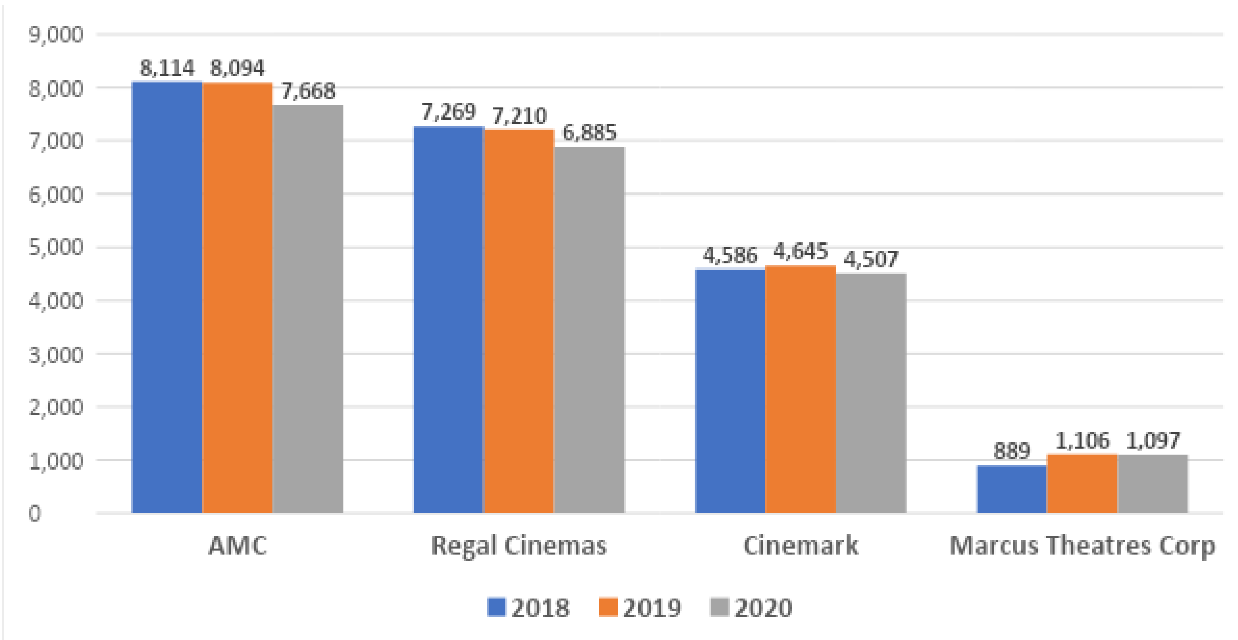
Figure 56: Percentage of total Theatres in U.S per year



Source: Theatres Annual reports

Sometimes having more locations is simply not enough. For a Theatre to be efficient they must have enough movie screens based on consumer demand or they risk losing customers to their competitors. Looking at AMC and their competitors, we can see in figure 57 that AMC has also been in the lead for the number of movie screens since 2018, therefore we can conclude that having more theater chains and screens is definitely a strength for AMC as they have the highest capacity to show movies compared to Regal, Cinemark and Marcus theatres.

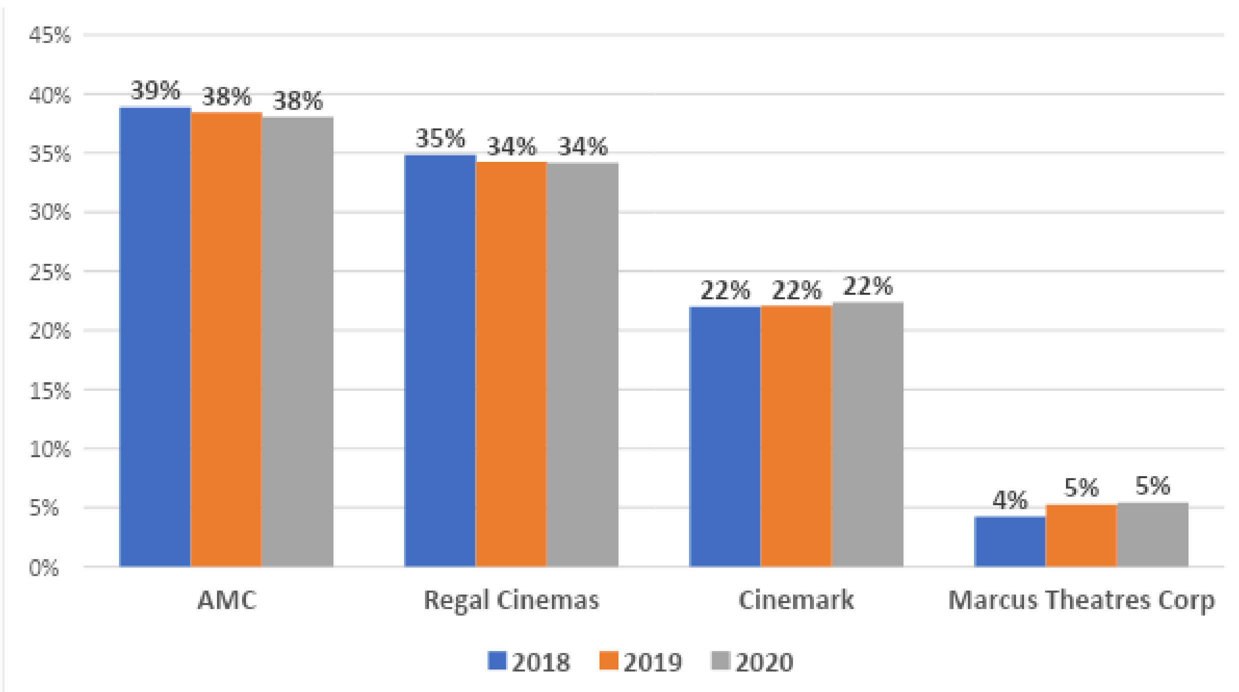
Figure 57: Total number of movie screens in U.S per theatre



Source: Theatre Annual reports

Similarly, to the total theatre locations, due to the pandemic the number of screens has gone down for each of the top 4 theater companies, however AMC still retains the highest number of movie screens. The percentage split can be seen in figure 58, where AMC is in the lead by 39% in 2018 and 38% in both 2019 and 2020.

Figure 58: Total number of movie screens in U.S per theatre



Source: Theatre Annual reports

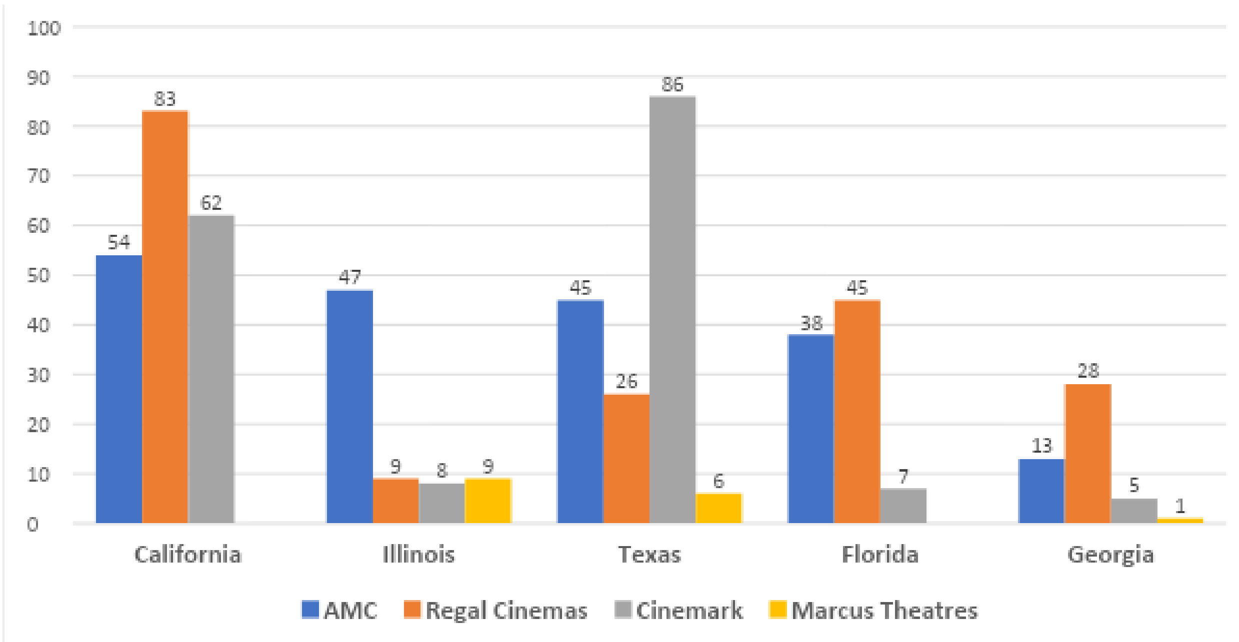
Regional locations (Weakness)

We all have heard that a good location can significantly boost a company's long-term performance and sometimes is what makes or breaks the company. This is indeed the case in the cinema industry. The whole point of a cinema is that it is a fixed place where people can come and watch their favorite blockbuster movies, therefore making it essential that cinemas choose their locations strategically.

Building upon the Total Theatre locations, we must look at how these firms are doing on a regional basis. We know that AMC currently operates in 43 states with California, Illinois, Texas, Florida and Georgia being their top 5 locations.[45] In order for us to get a better understanding of whether AMC is doing well on a regional scale; we have to take a look at their top 5 states and see how their competitors are doing in those states.

Figure 59: Total Competitor theatres in top 5 AMC U.S States

[45] Washington, D. n.d. "UNITED STATES SECURITIES and EXCHANGE COMMISSION." https://d18rn0p25nwr6d.cloudfront.net/CIK-0001411579/ef37ab99-d475-4102-aab7-88e64e53a3b9.pdf.



Source: Theatre Annual reports & Website

As we can see in figure 59, AMC only has the lead in Illinois with a 64% market share, however they are significantly behind in the other 4 states. This is clearly a weakness as AMC is the biggest theatre chain in the U.S and they are being outnumbered in terms of theatre locations in their top 5 states. Additionally, after looking into the annual reports of AMC's competitors, it was discovered that only Marcus Theatre's current focus is on expanding their theatre locations while the other 3 are focusing more on improving the "customer experience" and diversifying their food offerings.[46] [47]

Regal cinema is focusing on providing exceptional customer service by improving their existing theatre projectors, further concessions offerings and investment in premium formats such as IMAX or Dolby Atmos.[48] Cinemark was initially planning on acquiring more theatre locations but due to the pandemic and heavy competition, they are uncertain whether they will be able to acquire competitive locations and therefore have shifted their focus on improving existing amenities and customer service. [49]

Even though AMC's regional locations are their weakness as competitors are able to grasp a larger audience and market share by simply having more

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[46] "Shareholders, - the Marcus Corporation." Accessed February 15, 2022. https://themarcuscorporation.gcs-web.com/index.php/static-files/c2d9cdba-a066-4554-8e1b-831dc562808c.

[47] "Commission File Number 1-12604 the Marcus Corporation." Accessed February 15, 2022. https://themarcuscorporation.gcs-web.com/static-files/5ad2b368-d537-4661-998a-000b8f9562bc.

[48] "AMC Entertainment Holdings, Inc. (Form: 10-K, Received: 03 ..." Accessed February 15, 2022. https://d18rn0p25nwr6d.cloudfront.net/CIK-0001411579/595ff2b1-1e4c-43d2-a6d3-0ad5e7c6a11e.html.

[49] "Cinemark Holdings, Inc.." Accessed February 15, 2022. https://ir.cinemark.com/sec-filings/annual-reports/content/0001564590-21-009190/0001564590-21-009190.pdf.

locations; their focus now is on internal growth instead of external which can be an opportunity for AMC to turn this weakness into a strength by strategically opening more theatre locations. Another factor for this weakness might be the fact that a lot of AMC theatre locations were temporarily shutdown for improvement right before the Pandemic and unfortunately it was not viable to keep them open; therefore, AMC had to permanently close a lot of locations that were initially closed temporarily for improvements.[50]

Same Store Revenue (Strength)

Further building upon regional locations and operations, the steady growth in Same-store revenues clearly suggests that every year AMC's revenue is not only increasing because of more locations but also because they are efficient in their operations. The purpose of Same Store revenue analysis is to understand how much revenue per store is being generated and it allows us to eliminate the possibility of attributing revenue change due to performance instead of more sources or locations. Since 2017 and with the exception of 2020 due to the COVID-19 pandemic, both AMC and their competitors have been in strong

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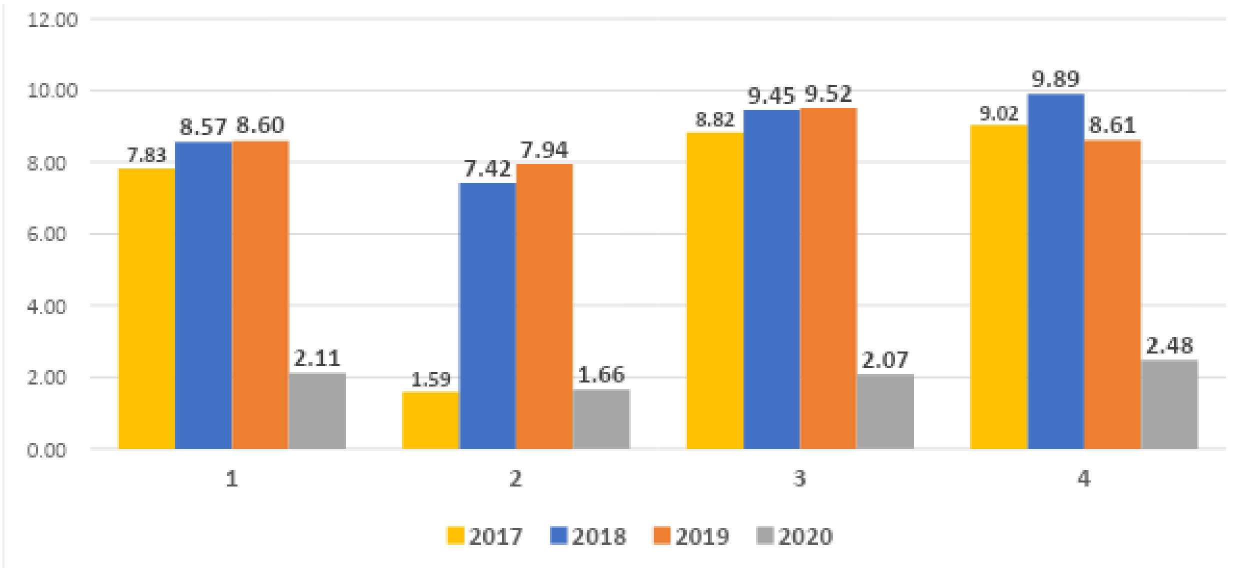
[50] AMC Entertainment Holdings, Inc. (Form: 10-K, Received: 03 ..." Accessed February 15, 2022. https://d18rn0p25nwr6d.cloudfront.net/CIK-0001411579/595ff2b1-1e4c-43d2-a6d3-0ad5e7c6a11e.html.

revenue growth positions. Figure 60 illustrates the yearly revenue per Theatre location since 2017 and we can clearly see the trend is increasing for these firms.

Figure 60: Yearly Revenue per Theatre location (US$ Million)



Source: Theatre Annual reports

One major factor that is contributing towards AMC and Regal's same store sales is the fact that since 2017, both these companies have reduced their number of locations while their revenues have increased. Therefore, strictly based on the data, AMC seems to be doing well in terms of revenue and same store revenue is one of their strengths.

On the other hand, Regal Cinemas was acquired by Cineworld Entertainment who are based in the United Kingdom in 2017. This acquisition allowed Regal to utilize existing technology and capital upgrading their movie and concession offerings which in turn attracted more customers. This explains the drastic increase in revenue of almost 462.5% as their figures went from $890.70 million to $4,119.10 Million.

Cost of Goods Sold (Strength)

In terms of cost of goods sold, operational efficiency has allowed AMC to be in a great position when compared to its competitors as AMC has the lowest Cost of Goods sold every year for the past three years. This is a strength for AMC as their production is extremely efficient and allows them to benefit from higher gross profits than their competition as well. If we were just comparing revenues or cost of goods sold then the argument could be made that each firm is producing and earning revenue on a different level but in this scenario where we are looking at cost of goods sold as a percentage of revenue, AMC has their competitors beat.

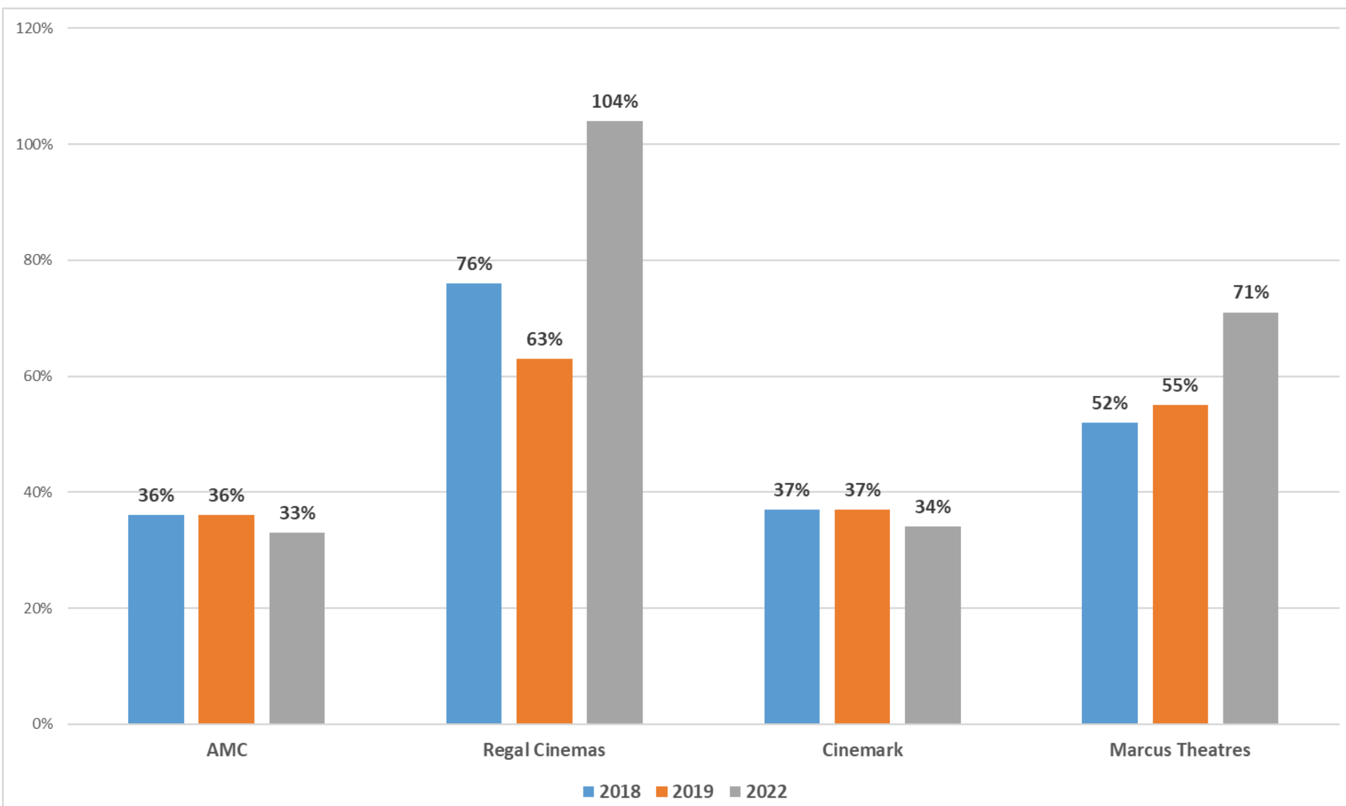
We can see in figure 61 and 62 (Graph illustration of figure 61) that operational efficiency has allowed AMC to be in a great position compared to other theatres as AMC has had the lowest COGS as a % of revenue in the past 3 years. 36% in 2018 and 2019. 33% in 2020.

Figure 61: COGS & COGS as a % of Revenue (US$ Million)

FIRM	2018	% Revenue
AMC	1,981,000,000	36%
Regal Cinemas	3,125,000,000	76%
Cinemark	1,181,000,000	37%
Marcus Theatres	365,000,000	52%
FIRM	**2019**	**% Revenue**
AMC	1,978,000,000	36%
Regal Cinemas	2,749,000,000	63%
Cinemark	1,210,000,000	37%
Marcus Theatres	454,000,000	55%

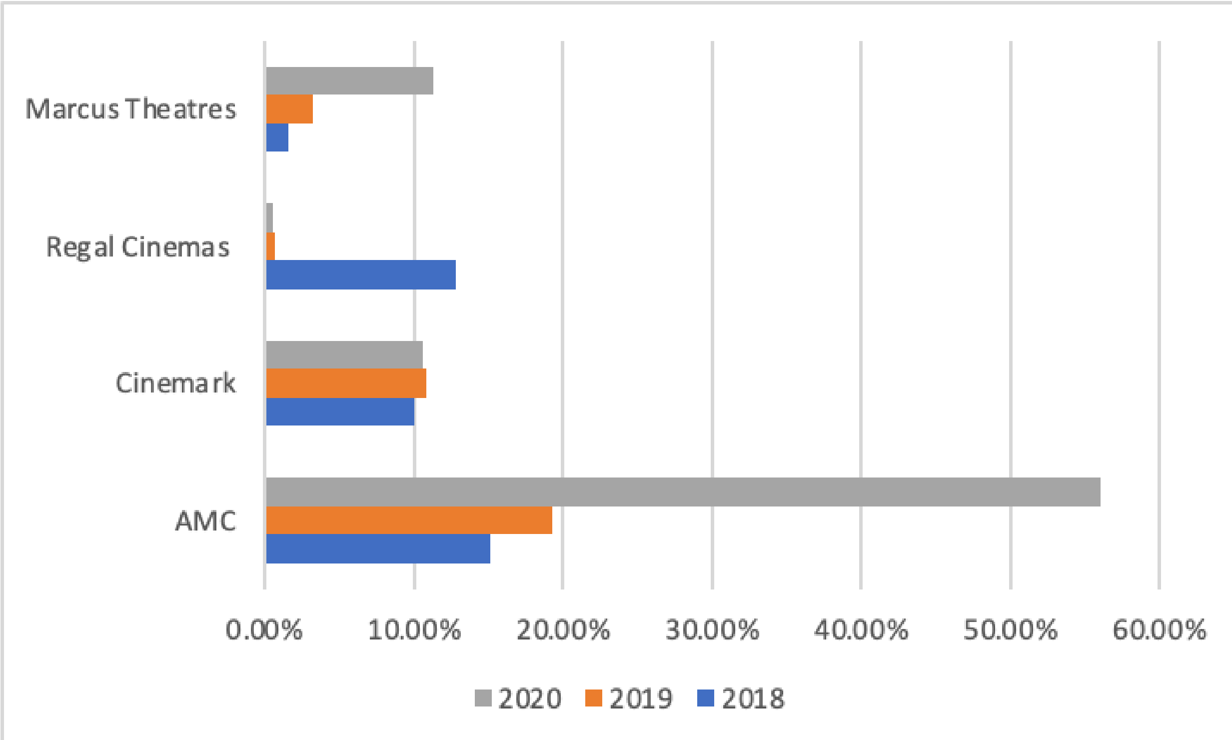
FIRM	2020	% Revenue
AMC	412,000,000	33%
Regal Cinemas	888,000,000	104%
Cinemark	235,000,000	34%
Marcus Theatres	169,000,000	71%

Figure 62: U.S top 5 theatre chain's COGS as a % of revenue (US$ Million)



Rental Expenses / Revenues (Weakness)

Figure 63: Rental Expenses / Total Revenue



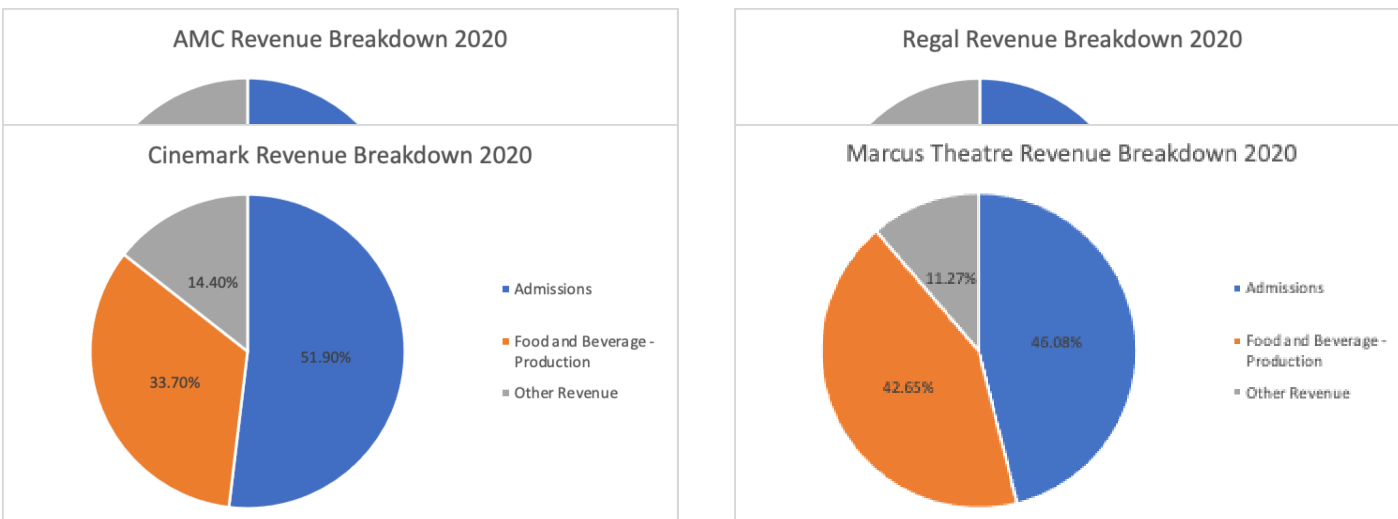
	2018	2019	2020
AMC	15.15%	19.24%	56.02%
Cinemark	10.04%	10.83%	10.57%
Regal Cinemas	12.81%	0.63%	0.56%
Marcus Theatres	1.59%	3.17%	11.31%

http://bba.bloomberg.net/

Rental expenses comprise a large portion of a movie theatres expenses. Movie distributors create contracts with theaters to lease a movie to them for a set period of time. They also collect a portion of the ticket sales, the amount is discussed between the theatre company and the movie distributors. AMC has among the highest percentage revenues going into rental expenses in 2020, at 56.02%. While the other competitors have relatively low rental expenses, this is considered a weakness for AMC. This could be an indicator that AMC is overpaying for their movie rentals.

Production as a Percentage of Total Revenue (Strength)

Figure 64: AMC and Competitors Revenue Breakdown



http://bba.bloomberg.net

Most theatres have approximately the same distribution of revenues, where admissions account for most of the revenue while food and beverage makes up a smaller percentage.

VRIO Analysis (Operations)

Capabilities	Evaluation

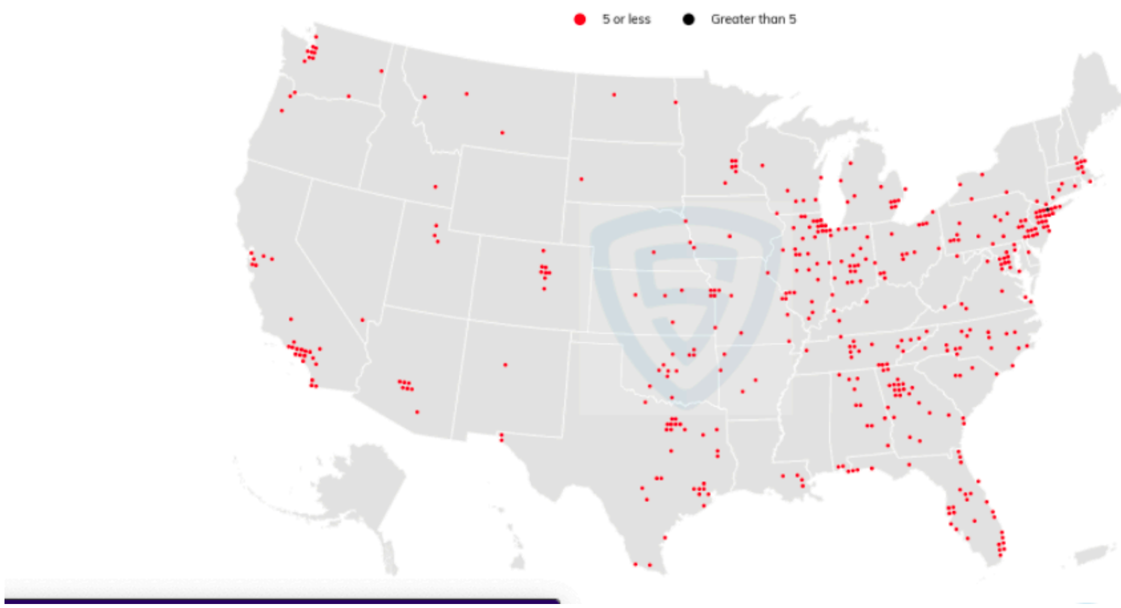
Valuable	Yes. AMC's availability of premium movie formats allows them to have the biggest market share. They have the most screens and theatres in US which allows them to give customers more choice as to where they want to go; therefore making their products and services valuable
Rare	No. even though AMC has the biggest market share in terms of IMAX and Dolby, other theatre chains also have these formats. As of right now, AMC does not have any operational advantage that is rare and unique to them only.
Costly to Imitate	Yes. AMC's competitors are not as efficient in their ability to reduce production costs and acquire more theatre locations
Non-Substitutable	No. Any of AMC's competitors can acquire premium formats such as IMAX, Dolby Atmos, 4DX or premium seating but these are costly decisions that require a lot of capital expenditure. If they chose to compete in terms of low cost of manufacturing then it is non-substitutable.

Distribution (Belinda)

Theatre Distribution (Strength)

AMC Entertainment Holdings has 977 theatres in total. It operates 597 of these locations in the United States, and it has theatres in 461 cities across the country. California is the state with the most AMC locations, as it has 58 locations. This is 9% of AMC's theatres. Illinois and Texas come next. They each have 47 AMC theatres, which make up 7% of the company's US locations each. The following map shows AMC's theatre distribution in America:

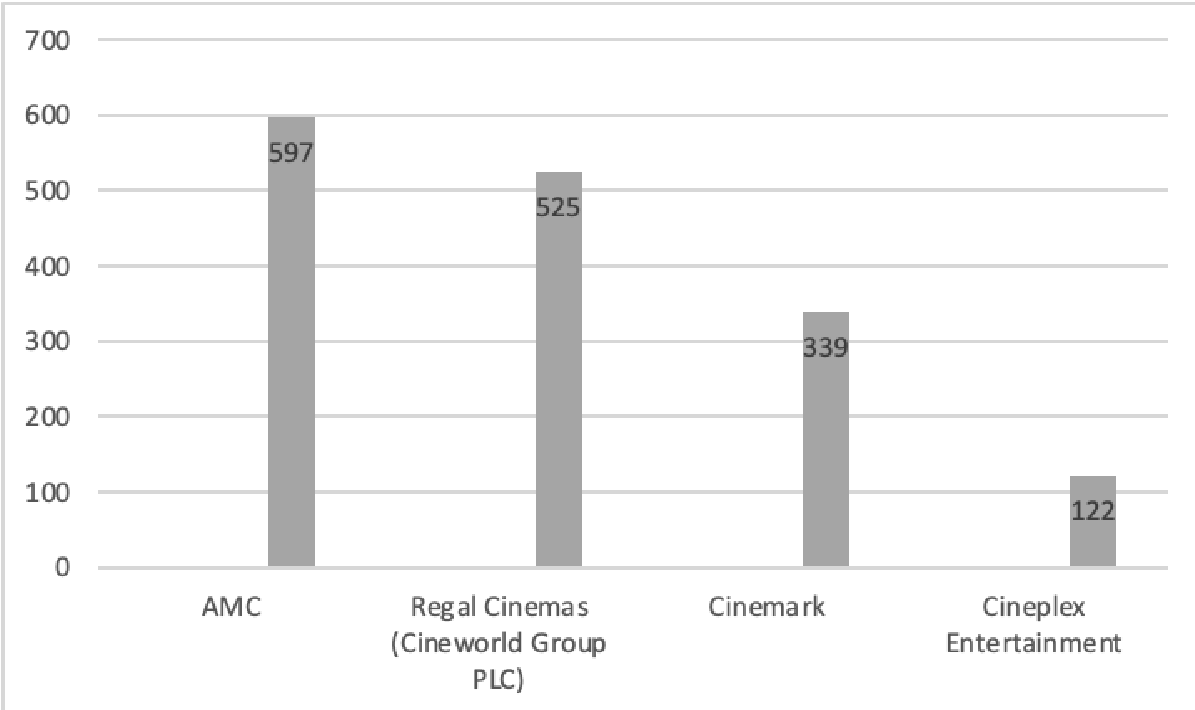
Figure 65: Map of AMC Theatres locations in the United States in 2022



https://www.scrapehero.com/location-reports/AMC%20Theatres-USA/

When comparing AMC Theatres to its competitors, it has the highest number of theaters in the US. Next is Regal Cinemas with 525 locations. Then comes Cinemark with 339 locations. Finally, there's Cineplex Entertainment with 122 theaters.

Figure 66: Distribution of Theatres in the US



https://www.scrapehero.com/location-reports/AMC%20Theatres-USA/
https://www.scrapehero.com/location-reports/Regal%20Cinemas-USA/
https://www.showtimes.com/movie-exhibitors/cinemark-theatres-26/

The most recent data from the World Population Review shows that California and Texas have the highest population of any of the states. AMC's data distribution coincides with this growth, placing a greater emphasis on these states than others[51]. Showing that AMC tends to distribute its locations in areas with growing populations, gives them a competitive advantage over other movie theatre chains.

[51] "US States - Ranked by Population 2022." 2022. Worldpopulationreview.com. 2022. https://worldpopulationreview.com/states.

VRIO Analysis (Distribution)

Capabilities	Evaluation
Valuable	No; there is nothing special that puts AMC above their competitors when it comes to their distribution.
Rare	No; AMC metrics are not rare when compared to the other competitors.
Costly to Imitate	No; they are not costly to imitate as their competitors have done a good job in that area.
Non-Substitutable	No; competitors can and have established more efficient operations.

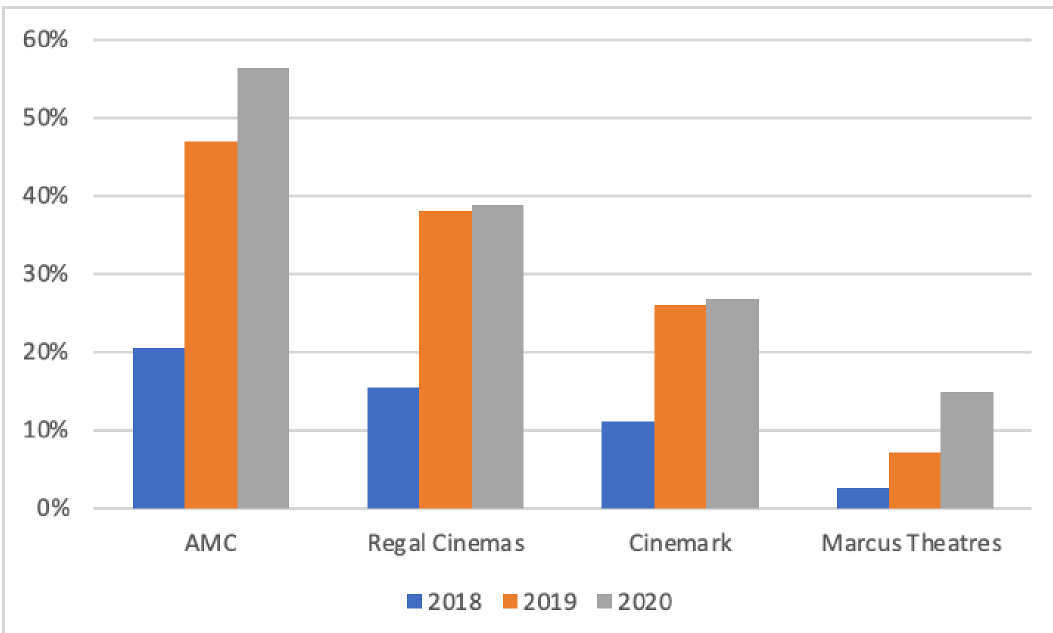
After conducting the analysis on AMC's distribution in comparison to their competitors, it can be concluded that AMC is not valuable because their competitors have similar distribution patterns, not making AMC special. They are also not rare or costly to imitate as their competitors have done a better job in that area, especially when referring to their rental expense, therefore making them substitutable.

Marketing and Sales (Belinda)

Market Share (Strength)

AMC Theatres, Inc., along with its subsidiaries, is the largest theatrical exhibition company in the United States. As such, it has held a sizable portion of the market share for years, as seen in the figure below.

Figure 67: U.S Theatres Market Share 2018 - 2020



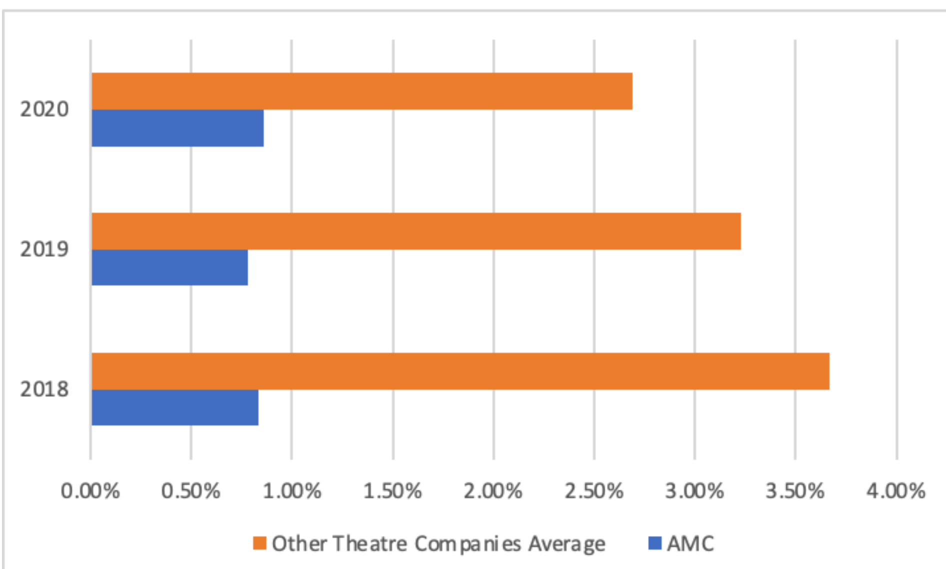
https://www.forbes.com/sites/bradadgate/2021/04/13/the-impact-covid-19-had-on-the-entertainment-industry-in-2020/?sh=7800374d250f
http://bba.bloomberg.net

Of AMC's top competitors, Regal Cinemas has held the second largest market share, with 38.74% in 2020. Of the top three competitors, AMC holds the largest portion of the market share each year, which gives them a competitive advantage over competitors. The large market share AMC has is a sign of consumers' preference of the company over competitors, which is seen as a strength.

Marketing Expenses (Strength)

AMC spends a relatively small amount of money on marketing in comparison with their sales numbers. Marketing expenses for 2018, 2019 and 2020 were 0.83%, 0.78% and 0.86% respectively, modelled in the figure below.

Figure 68: Theatre Industry Marketing Expenses as Percentage of Sales, 2018-2020

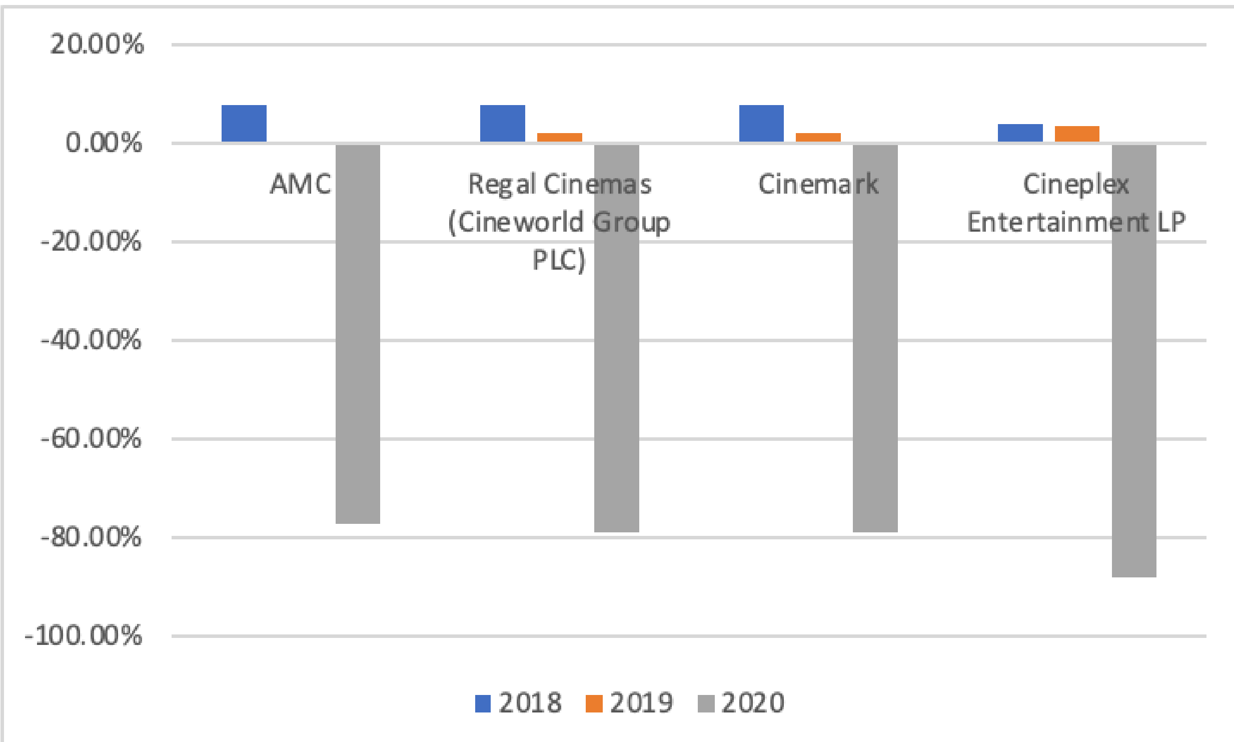


http://irfiles.cineplex.com/CineplexMD_A%20(2020%20Annual)%20-%20Final.pdf
http://bba.bloomberg.net

When taking into account the AMC's market share, its marketing expenses are seen as a strength. AMC is able to hold a large share of the market, compared to their competitors, and they are doing it with very low marketing costs in relation to their sales percentage.

Sales Trends (Strength)

Figure 69: Theatre Revenue Growth 2018-2020



	Theatre Revenue Growth, 2018-2020		
	2018	2019	2020
AMC	7.51%	0.19%	-77.29%
Regal Cinemas (Cineworld Group PLC)	7.70%	1.90%	-79.10%
Cinemark	7.69%	1.90%	-79.10%
Cineplex Entertainment LP	3.80%	3.30%	-88.20%

http://bba.bloomberg.net
https://www.wsj.com/market-data/quotes/CNK/financials/annual/income-statement

As seen in the figure above, AMC revenue growth has only increased by 0.19% in 2019, while their competitors have had substantially better growth in that year. However, during the uprise of the pandemic, AMC did not experience as large of a decline in revenue growth in 2020 compared to the other companies and this is seen as a strength.

VRIO Analysis (Marketing and Sales)

Capabilities	Evaluation
Valuable	Yes; Large market share, low costs associated with marketing spending.
Rare	Yes; Able to hold a large market share with little marketing spending which is not possessed by competitors.
Costly to Imitate	Yes; Competitors are unsuccessful at balancing marketing costs with returns and market share.
Non-Substitutable	Yes; Competitors are unable to gain the benefits of low marketing costs.

After analyzing AMC's marketing and sales, it is concluded that AMC holds a sustainable competitive advantage. This advantage is realized through AMC's market share and net promoter score while keeping marketing costs low.

AMC is valuable and rare because they hold a large market share, without having a large marketing expense compared to their sales percentage. This saves money for AMC while still being a popular choice among consumers. AMC also has a much higher NPS score, which means consumers are happy doing business with them. Compared to AMC's competitors, this value would be costly to imitate, because other theatres have a hard time balancing marketing cost, with returns and market share as successfully as AMC has done. Lastly, this value chain is non-substitutable because of the marketing relationship AMC holds with consumers because of their low-cost strategy, which is seen through the market share percentage. It would be difficult to find a substitute for this function.

Customer Service (Georgia)

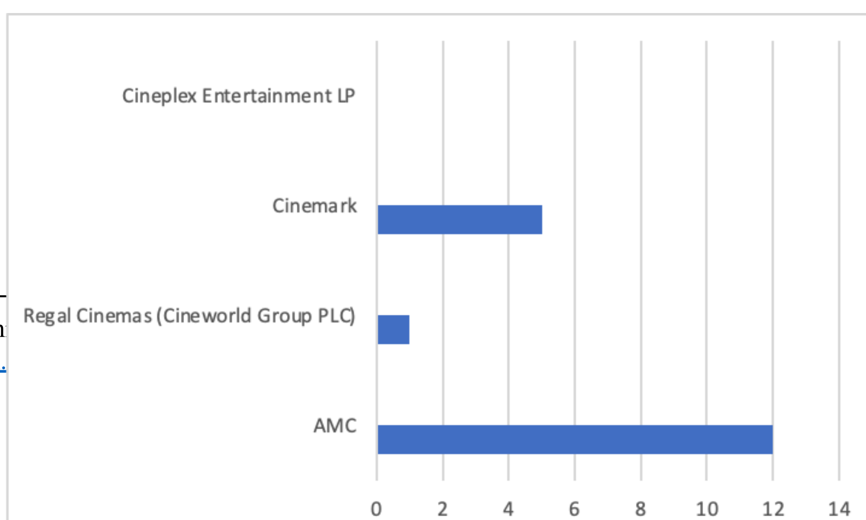
Customer service and particularly the after-sales service of customers plays a vital role in ensuring customer satisfaction and retention. Regardless of the industry in which a company operates, good customer service is imperative and almost a synonym to customer loyalty, serving also as an important element which could differentiate it from competitors. Increasing brand value could also be achieved through quality customer service as it helps dramatically in building strong business-customer relationships and enhances the reputation of the firm within the industry.

AMC Theatres takes pride in good customer service as their overall business philosophy revolves predominantly around the creation of value for their customers. In their words this is achieved through serving their guests end-to-end from before they enter their theatres, while at their theatres and then again after the movie when they have left the theatre and are deciding what film to watch next time they visit.[52]

Net Promoter Score (Strength)

A net promoter score (NPS) is a measure of how likely customers are to recommend a company or product. As seen below, AMC's NPS Score is higher than its competitors.

Figure 70: Theatre NPS Score



[52] AMC Entertain
https://s25.q4cdn. ted.pdf

https://customer.guru/net-promoter-score/amc-entertainment-holdings-inc
https://customer.guru/net-promoter-score/regal-entertainment-group
https://customer.guru/net-promoter-score/cinemark-holdings-inc
https://www.comparably.com/brands/cineplex-entertainment

This is seen as a strength for AMC, as they are more likely to be recommended and talked about positively in relation to their competitors. They likely have loyal consumers that will commit to choosing AMC in the future.

According to NPS, which stands for Net Promoter Score and is a customer loyalty metric introduced in Harvard Business Review in 2003 and which has since then been widely adopted by more than two thirds of Fortune 1000 companies, in 2022 AMC scored 12 points. The Net Promoter Score was estimated based on publicly available information, including the sentiment of the company-related tweets, 3rd party reviews, and Alexa ratings. The estimated score of 12 is considered to be good, as the Net Promoter Score can range from -100 to 100 and the industry's average score is established at 0. Generally, scores higher than 0 are typically considered to be good and thus AMC is considered to be in good standing. Such a good score indicates customers' willingness to not only return for another purchase/service but to also make a recommendation to their inside cycle, which is powerful regarding the company's brand image.[53]

Ratings (Strength)

Regarding AMC's mobile application, there seem to be very positive linkages of customer satisfaction as high ratings and mainly positive reviews both on the app store and google play can be detected. Specifically, on the app store, AMC's application scored 4.8/5 (472.3K Ratings) stars and ranked #45 on the entertainment category[54] while it scored 4.7/5 (140.7K Ratings) stars on google play.[55]

After Sales Customer Service (Strength)

Figure 71: After-Sale Services

[53] Customer Guru. AMC Entertainment Holdings, Inc. Net Promoter Score 2022 Benchmarks. Retrieved from https://customer.guru/net-promoter-score/amc-entertainment-holdings-inc
[54] App Store Review. AMC Theatres: Movies & More. Retrieved from https://apps.apple.com/us/app/amc-theatres-movies-more/id509199715
[55] Google Play. AMC Theatres: Movies & More. Retrieved from https://play.google.com/store/apps/details?id=com.amc&hl=en&gl=US

Company	AMC	Regal Cinemas (Cineworld Group)	Cinemark	Marcus Theatres Corp
Website	amctheatres.com	regmovies.com	cinemark.com	marcustheatres.com
Customer Support	Customer Service: Toll-free media hotline 24 hours a day (1.877.341) & through email & FAQs on the website & through chat support on social media platforms.	Customer Service: 888 – 462 - 7342 Support provided through email which is responded to 24-48 business hours & through chat support on social media platforms.	Customer Service: +1 800 – 246 – 3627 Browse FAQ pages & by email or call the company & through chat support on social media platforms.	Customer Service: (800) 274 – 0099 Customer Representatives are available Monday-Friday 8:30 a.m. to 5:00 p.m. central time to respond promptly to requests. A guest service specialist is also available for all other times and days but will respond within a few business days. Other inquiries can be addressed through email, their website & through chat support on social media platforms

Refunds	Refunds (for tickets, food, beverages that were purchased on the website or mobile app) can be received before the printed showtime. Convenience fees cannot be refunded. Refunds can easily be requested online, through the Tickets section of the AMC Stubs account or via the confirmation email received.	Refunds for tickets can be received up to 60 minutes before the showtime. Convenience fees and redeemed Crown Club credits are non-refundable and cannot be restored by Regal or re-used. Refunds can be requested through the website or via the confirmation email received. Funds are returned to the same payment card or gift card used to make the booking.	A refund can be requested before the screening starts. Convenience fees are non-refundable. Refunds can be requested through the website or the company's application.	Refunds are only provided for cancellations up to an hour before the showtime. Refunds can be requested through the website or the company's application.
Mobile Application	Available both on App Store & Google Play for free (Payment option for premium features). Allows for pre-ordering tickets and even skipping lines, reserving seats, finding nearest theatres, tracking AMC Stubs rewards, setting reminders for upcoming films and even pre-ordering food and beverages in some locations.	Available both on App Store & Google Play for free (Payment option for premium features). Allows for online purchase of movie tickets, tracking all the latest releases of films, finding nearest theatres, skipping lines and ordering concessions in the app and earning and redeeming various rewards.	Available both on App Store & Google Play for free (Payment option for premium features). Allows for pre-ordering movie tickets online, reserving seats, browsing favorite theatres, accessing rewards accounts, viewing ticket purchasing history and earning and redeeming various rewards.	Available both on App Store & Google Play for free (Payment option for premium features). Allows for pre-ordering movie tickets online, storing and redeeming gift cards under customer profile, save favorite theatres and more.

Social Media Platforms Available	Facebook Pinterest Instagram Twitter YouTube LinkedIn	Facebook Twitter YouTube	Facebook Instagram Twitter YouTube LinkedIn	Facebook Instagram Twitter LinkedIn

Data obtained from company websites

AMC provides its customers with strong after sales support and assist their various needs through their customer support services, social media platforms and mobile application, all of which were created exclusively for offering customers a plethora of options for staying in touch with the company and its services while attempting to making it really easy to request any type of assistance at any point in time.

Communication with customers is critical for the future of every business and customers need to feel that they are being heard and their needs are being met. This is why AMC aims to deliver a fast, high-quality response through growing their activity in existing and emerging digital support channels. Some of the methods they provide regarding communication are through email, hotlines, chat support on social media platforms, and frequently asked questions on their website, which are a great way of improving customer experience on a website. Other competitors seem to be on track too regarding customer support services, as contact information can be easily found in their websites and online for anyone who needs it, however AMC appears to be more active on their social media platforms which are another form of communication, and they seem to be even slightly ahead of their competition utilizing even more platforms such as Pinterest. Refunds for tickets at AMC can be requested at any point in time in contrast to competitors who may request at least a 60-minute notice for it to be acceptable. The process of requesting a refund is pretty unchallenging and straightforward too, calling for only a few steps either directly at AMC's website or through a confirmation email received when making the purchase. Furthermore, the website is easy to navigate and extract information from which is very important when taking into account customer experience. In addition, AMC's mobile application which progresses at higher rates than other apps in the industry, constantly striving to be up to date with the latest expectations of today's technological environment, can be characterized as intuitive, user-friendly, and easy to navigate, factors which are imperative in ensuring customer satisfaction and engagement. Mobile applications of AMC and major competitors share almost identical features, there are however a few differentiators that set it apart from competition.

Indicatively, AMC offers a greater variety of options available on its mobile application (such as the ability to order online food & beverages in some locations, serving users with customized content, earning and redeeming points) in comparison to the mobile application of other competitors in the industry, especially if customers pay a premium, they get to enjoy more exclusive content, rewards and perks otherwise not available. Specifically, through its Stubs loyalty program which allows for added benefits (such as no online ticket fees, 100 reward points for every $1 spent, birthday gift and more), AMC managed to have eclipsed 10 million members in September 2017, a goal that was not expected to be reached before the year of 2025.[56] It is also important to note that AMC started the first Guest Loyalty program in the industry, which essentially offers a free membership and rewards to customers every time they go to a movie at any AMC theaters.

VRIO Analysis (Customer Service)

Capabilities	Evaluation

[56] Clarus commerce. Why AMC Theatres' Loyalty Program is Getting Two Thumbs Up. Retrieved from https://www.claruscommerce.com/blog/why-amc-theatres-loyalty-program-is-getting-two-thumbs-up/

Valuable	Yes. Customer Service and keeping customers happy is the heart of the business and what keeps it alive and healthy, neutralizing potential threats in its external environment.
Rare	Yes. All competitors provide a certain level of customer service support, but exceptional customer service is rare and could very much serve as a competitive advantage as well as a point of differentiation.
Costly to Imitate	Yes. It is potentially very costly to foster trust and loyalty between the customers and the company through quality customer service functions, which later reinforces their brand image and identity.
Non-Substitutable	Yes. Competitive Advantage is realized as their brand image and status are built around their exemplary customer service, which takes years to imitate.

Customer retention is key to financial performance, and it could only be achieved when a company meets customer expectations and provides quality and value to their services. Customer satisfaction is one of the top priorities of AMC and this is why it invests in its Customer Service function to provide it with a Competitive Advantage. It understands that Customer Service reinforces the brand image of the company which can take years to build but could also be destroyed by a few negative reviews/ratings if inadequate emphasis is being given to it. AMC has proven to be able to maintain their good reputation in the industry throughout the years and constantly strives to enhance it through its various different functions creating value for both the company and its consumers. Excellence in guest service is an integral part of the company's culture.

Secondary Value Chain Activities

Human Resource Management (Ziad)

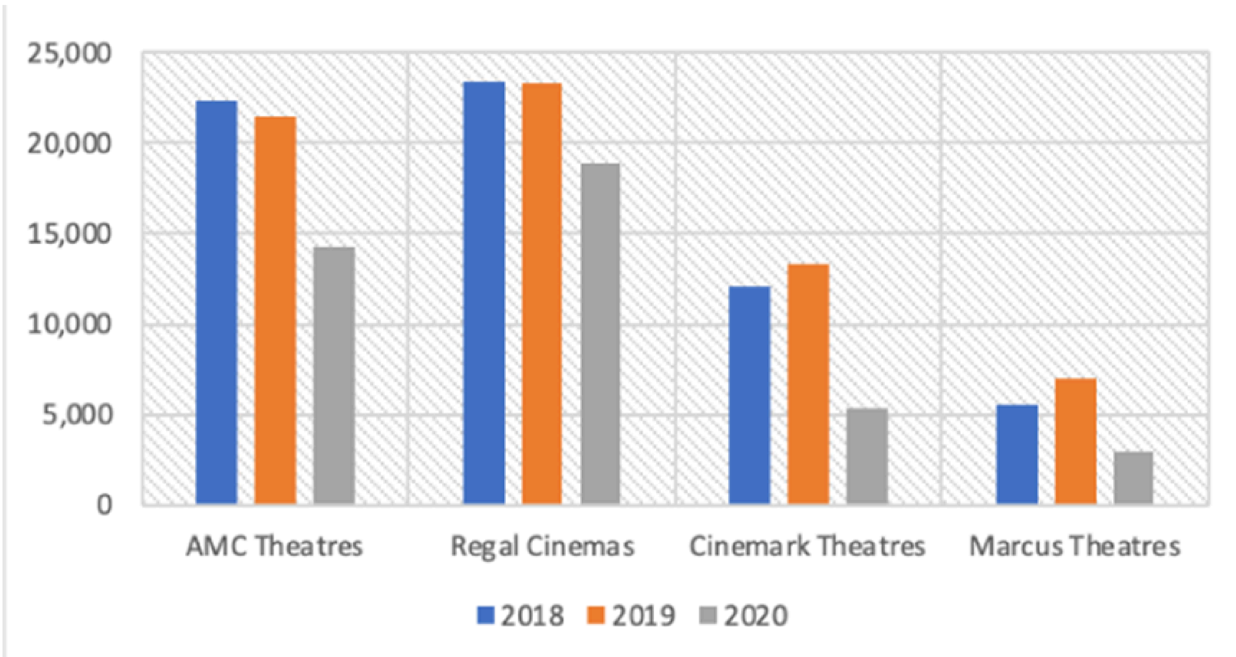
Figure 72: Employees, Revenues, and Revenues per Employees

2018	Employees	Revenue (USD)	Revenue per Employee (USD)
AMC Theatres	22,285	$4,013,200,000	$180,085
Regal Cinemas (Cineworld Group)	23,378	$1,762,800,000	$75,405
Cinemark	12,100	$2,551,719,000	$210,886
Marcus Theatres	5,520	$707,120,000	$128,101
2019	**Employees**	**Revenue (USD)**	**Revenue per Employee (USD)**
AMC Theatres	21,412	$4,023,200,000	$187,895
Regal Cinemas (Cineworld Group)	23,279	$1,859,600,000	$79,883
Cinemark	13,310	$2,594,246,000	$194,910
Marcus Theatres	6,983	$820,863,000	$117,560
2020	**Employees**	**Revenue (USD)**	**Revenue per Employee (USD)**
AMC Theatres	14,234	$826,700,000	$58,079
Regal Cinemas (Cineworld Group)	18,900	$280,300,000	$14,831
Cinemark	5,395	$559,184,000	$103,649
Marcus Theatres	2,940	$237,688,000	$80,846

http://bba.bloomberg.net/

Number of Employees (Strength)

Figure 73: Number of Employees between 2018 - 2020



http://bba.bloomberg.net/

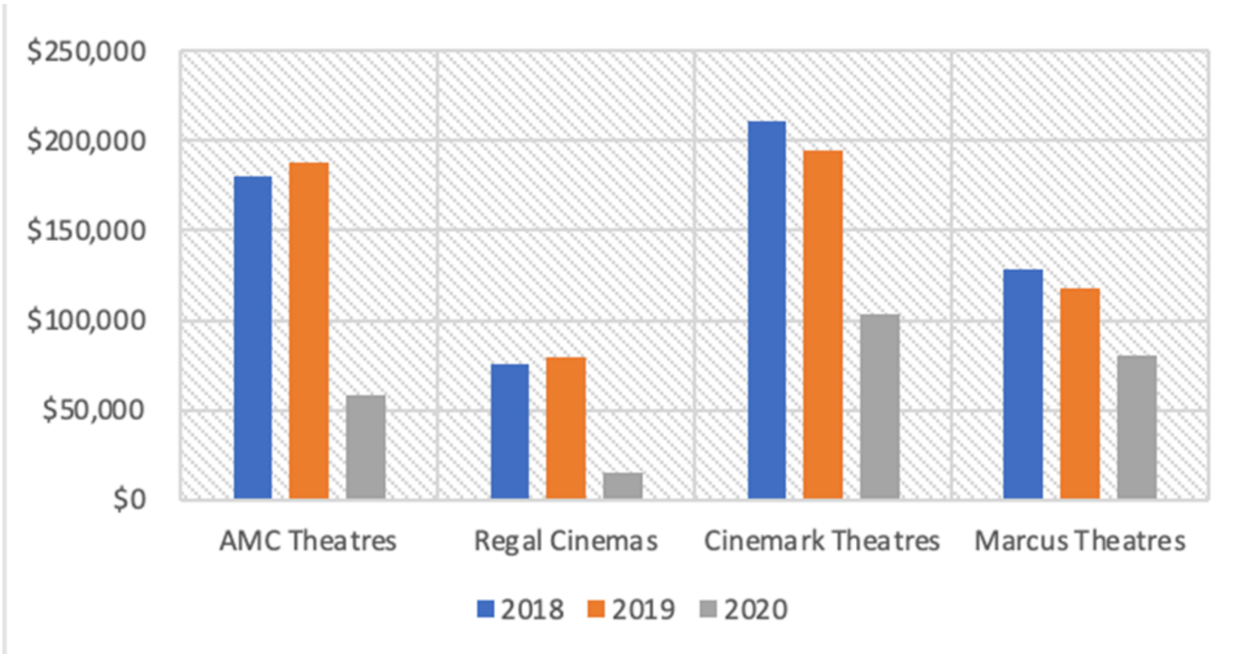
AMC Theatres has the second largest workforce compared to Regal Cinemas (Cineworld). The company benefits from having a larger workforce due to its greater success and popularity within the theatre industry. With great success in the motion picture and exhibition industry, AMC has been able to utilize their great work force and become the leader in the industry by having 16% more locations than Regal Cinemas[57]. This larger workforce allows for the opportunity of expanding diversity within the company. A large and diverse organization introduces a competitive edge by boosting creativity and innovation through various perspectives[58].

There are some notable issues when comparing this data. When creating the FTE numbers for Regal Cinemas (Cineworld), we used the average FT% of all 3 other companies throughout the 3 year period to calculate the number of employees. This increases the risk of inaccuracy with the number of FTE.

Revenue per Employee (Strength)

Figure 74: Revenue per Employee Between 2018 - 2020

[57] "Top 10 U.S. & Canadian Circuits." 2013. NATO. August 27, 2013. https://www.natoonline.org/data/top-10-circuits/.
[58] Stahl, Ashley. 2021. "3 Benefits of Diversity in the Workplace." Forbes, December 21, 2021. https://www.forbes.com/sites/ashleystahl/2021/12/17/3-benefits-of-diversity-in-the-workplace/?sh=58223e6622ed.



http://bba.bloomberg.net/

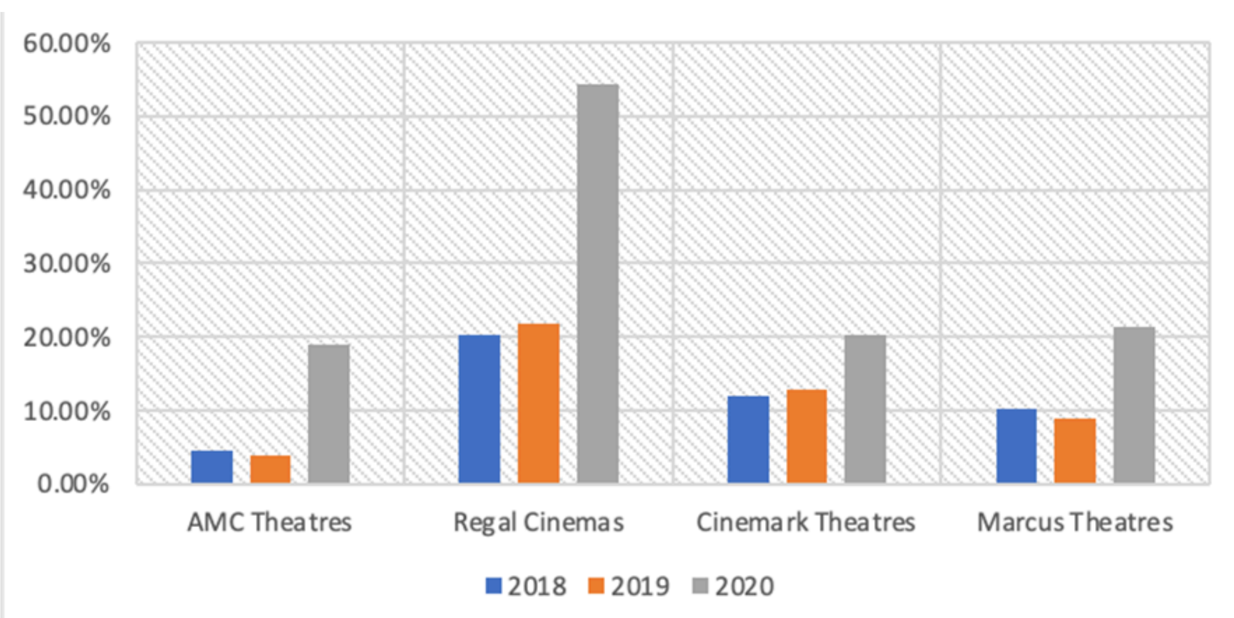
The ratio of revenue per employee is used to examine how much money each employee brings into the business. This ratio is helpful in determining how productive a company's employees are. AMC Theatres also has the second largest revenue per employee, showcasing a strength as this ratio indicates a higher productivity amongst its competitors such as Regal Cinemas and Marcus Theatres. The financial success of a company is also influenced by this ratio as the overall goal is to have a high revenue per employee in order to offset the expenses and wages of its employees[59], such as salary. Overall AMC Theatres have

[59] Corporate Finance Institute. 2020. "Revenue per Employee." Corporate Finance Institute. January 26, 2020. https://corporatefinanceinstitute.com/resources/knowledge/finance/revenue-per-employee/.

effectively maximized the ratio of revenue per employee showcasing its efficiency and profitability.

Employee Salaries (Strength)

Figure 75: Salaries as Percentage of Revenue Between 2018 - 2020



http://bba.bloomberg.net/

Employee salaries, wages, and benefits as a proportion of total revenue is a metric that shows how much a firm spends on salaries in relation to the revenue it generates. Therefore, a lower ratio suggests that a company spends less of its overall income on salaries and wages. AMC Theatre's ratio between salaries and revenue is significantly lower than its competitors. This means that more costs are spent on maintaining and improving the infrastructure of the company. This may also be seen as a weakness to its employees as they may be receiving less benefits or compensation than its competitors' employees. According to studies, companies that use total rewards systems that cover all basic wages and benefits, have an easier time recruiting high-quality employees, cheaper expenses due to lower turnover, stronger employee performance, and a better reputation as an employer of choice. Due to its much higher revenues than its competitors, AMC Theatres are able to keep this ratio low.

It is important to note, for the wages and salaries, we use the "Administrative" expense numbers. Regal Cinema did not break down salary costs by location. This resulted in an inflated percentage of salaries as a percentage of revenue. To minimize this, we took the percentage of US revenue to total revenue and used that to get a similar breakdown of these salary expenses.

Awards and Recognition (Weakness)

Figure 76: Environmental Social Governance Score (Bloomberg)

	2018	2019	2020
AMC Theatres	14.88	14.88	15.7
Regal Cinemas (Cineworld Group)	28.51	31.82	33.06
Cinemark	17.77	17.77	17.77
Marcus Theatres	16.12	16.12	16.12

http://bba.bloomberg.net/

Bloomberg scores companies annually on the basis of their Environmental, Social, and Governance disclosure. These scores are based on the disclosure of information and weight based on the importance. The score ranges from 0.1 (minimum disclosure) to 100 (discloses every point). Based on the scoring, AMC theatres have consistently stayed lowest in comparison to its competitors, especially to its most similar competitor, Regal Cinemas. This is a disadvantage as companies seem more sincere when they are transparent about its risk and opportunities within their ESG goals. As investors and stakeholders begin to demand more disclosure, it is evident that AMC may fall behind its competitors with additional funding due to lack of transparency[60].

Regarding AMC's work culture and environment, the company is in the bottom 25% of other similar companies on Comparably[61]. This rating was based on employee opinions on the overall culture, leadership, environment, and happiness. This may raise an issue in employee productivity, as positive workplace culture is known to generate improved teamwork, efficiency, job retention, and job satisfaction[62].

Despite having lower scores based on its ESG disclosure and its work culture, AMC Theatres was the only theatre company within the motion picture and exhibition industry to score an 80 or above on the Disability Equality Index (DEI) in 2021 and be recognized as "Best Places to Work for Disability Inclusion". This is a strength as it shows AMC's efforts to commit and demonstrate disability inclusion and workplace accessibility[63].

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[60] PriceWaterhouseCoopers. 2021. "ESG Reporting." PwC. 2021. https://www.pwc.com/sk/en/environmental-social-and-corporate-governance-esg/esg-reporting.html.

[61] Comparably (n.d.). "AMC Theaters Human Resources." Retrieved from: https://www.comparably.com/companies/amc-entertainment/human-resources.

[62] Pragya Agarwal. 2021. "How to Create a Positive Workplace Culture." Forbes, December 10, 2021. https://www.forbes.com/sites/pragyaagarwaleurope/2018/08/29/how-to-create-a-positive-work-place-culture/?sh=6c8382c84272.

[63] Disability Equity Index. 2022. "2021 Disability Equality Index® (DEI®) Best Places to WorkTM." https://disabilityin-bulk.s3.amazonaws.com/2021/2021+Disability+Equality+Index+Top-Scoring+Companies.July.13+DisabilityIN508.pdf.

VRIO Analysis (Human Resources)

Capabilities	Evaluation
Valuable	Yes. The size of AMC's large workforce is valuable as it allows the company to foster innovation through a wide range of perspectives.
Rare	No. A workforce that exhibits positivity amongst their employees would be considered rare - the lack of satisfaction and happiness within AMC's workforce is the opposite.
Costly to Imitate	No. AMC's organizational culture is easy to imitate due to low regards from employees about its workplace culture, environment, leadership, and overall happiness[64].
Non-Substitutabl e	No. It is very substitutable because of the wide range in competition that ranks better with their HR function where there is a strategic advantage to replace it.

After conducting the human resource analysis for AMC Theatres', they do not have a competitive advantage. Although having a large workforce with high revenue per employee showcasing its productivity and efficiency, the company does not have a strong emphasis on the wellbeing of its employees. This issue allows other companies to easily imitate or surpass the organizational culture in

[64] Comparably (n.d.). "AMC Theaters Human Resources." Retrieved from: https://www.comparably.com/companies/amc-entertainment/human-resources.

order to gain an advantage over AMC. Due to the lack of culture and positive working relationship, this function is easily substitutable by other companies.

Innovation / New Product Research

R&D Expenses vs Capital Expenditure

Research and Development is usually not done by cinemas in the movie industry but rather adapted by them. For example: AMC did not invent IMAX Systems but rather implemented them in their theatres after the popular demand for IMAX movies. This is simply because it would be cheaper for them to adapt a new technology rather than invent something new. Additionally, cinemas usually do not recognize any research and development costs, rather they would show it as a capital expenditure. For this reason, we can see in figure 77 that the R&D expenses for all cinema's since 2018 have been zero.

Figure 77: R & D Expenses as a % of sales

	2017	2018	2019	2020
AMC	0%	0%	0%	0%
Regal	0%	0%	0%	0%
Cinemark	0%	0%	0%	0%
Marcus	0%	0%	0%	0%

http://bba.bloomberg.net/

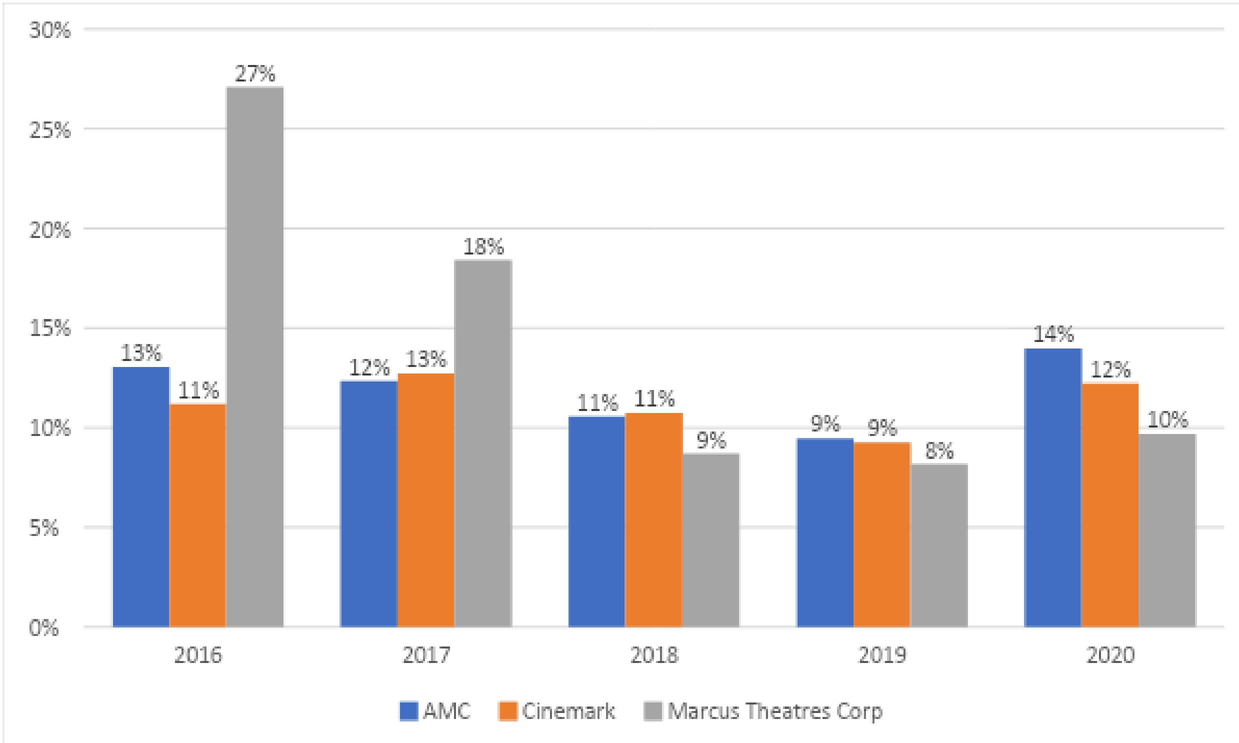
AMC has spent around $2,317 Billion in Capital expenditure over the past five years. This has primarily been in upgrading their existing technology such as projectors, sound systems, concession offerings and seating.[65] Cinemark and Marcus theatres also have also spent a total of $1,441,400 and $406,285 in Capital expenditures and similarly to AMC; have been to upgrade their existing projector and sound systems with new and cost-effective systems. [66] [67]

[65] "AMC Entertainment Holdings, Inc. (Form: 10-K, Received: 03 ..." Accessed February 16, 2022.

[66] "Shareholders, - the Marcus Corporation." Accessed February 15, 2022. https://themarcuscorporation.gcs-web.com/index.php/static-files/c2d9cdba-a066-4554-8e1b-831dc562808c.

[67] "Cinemark Holdings, Inc.." Accessed February 15, 2022. https://ir.cinemark.com/sec-filings/annual-reports/content/0001564590-21-009190/0001564590-21-009190.pdf.

Figure 78: Capital Expenditures Expressed as a % of Revenue



Source: Theatre Annual reports

As we can see in figure 78, AMC's percentage of revenue has seen an average decline of 11.40% and an increase of 55.56% in 2020 but they have been on par overall with their competitors. AMC has spent around $2.317 Billion in capital over the past 5 years while their top competitors such as Cinemark and Marcus Theatres have only spent $1.4 Million and $406,285 respectively. This is an advantage to AMC as they clearly have the ability to further and significantly invest in new equipment which in turn will attract more customers, taking away markets from their competitors.

Technological Advancements

As we saw in the Macro Environment, there are very few technological advancements that have been made and introduced in the cinema industry in the past few years. This is primarily since premium formats such as IMAX and Dolby Atmos are well established and make it almost impossible for new and emerging companies to come up with new technologies that are adapted by the cinemas. Additionally, IMAX and Dolby heavily patent their technologies and restrict them to a point where only movies made in IMAX and Dolby Atmos can be shown in their formats. Therefore, it is impossible for new companies to follow or match the quality that these existing companies are providing in terms of products and services.

VRIO Analysis (Innovation/ R & D)

Capabilities	Evaluation
Valuable	No, AMC does not conduct any R&D, instead they adopt and upgrade existing technologies through capital expenditure.
Rare	No. The technologies they implement are readily available to other cinema companies as well.

Costly to Imitate	Yes. AMC's spending on Capital expenditure was $2,317 billion in the past 5 years while their competitors spent $1,441,400 and $406,285. Therefore if any other theatre chains wants to compete with AMC they must be able to spend close to what AMC is spending.
Non-Substitutable	No, the technology is available through many suppliers and AMC's competitors can go to any of these.

Corporate Leadership (Georgia)

Experience of Executives (Strength)

Adam M. Aron is the current Chief Executive Officer and Chairman of the Board of AMC Entertainment Holdings, Inc and has served the Company since January 2016 (5 years). Mr. Aron has extensive knowledge in the industry and consumer services and 35 years' worth of experience in the field.[68]

Figure 79: Average # of years of experience of executives

Company	AMC	Cineworld Group	Cinemark	Marcus Corp
In their current executive position in the firm	8.5	4.9	5.2	6.4

[68] AMC Theatres. Senior Officers & Board of Directors. Retrieved from https://investor.amctheatres.com/governance/senior-officers-board-of-directors/default.aspx

Within the firm	15.9	9.5	14.16	18.9
Within the industry	27.7	29.6	23.87	32

(Data obtained from company websites and LinkedIn profile information of executives when data was not available for previous years of experience within the industry before entering their current company role)

Figure 79 was computed considering all major players constructing each company's management team. For each company the average number of years of experience within the firm examining (not necessarily in the same executive position), was calculated as well as the average years of experience of the executives within the industry. Looking at the data in figure 79, it can be argued that AMC has an above average competing corporate team with many years of experience both within the firm and within the industry. The tenure of a company's employees can say a lot about a business as high turnover could indicate poor culture but that is not the case with AMC. Competing companies have strong corporate teams as well, but AMC along with Marcus Corp seem to be experiencing a competitive advantage regarding this sector. Having a strong leading team with many years of experience is very important for any company, as it builds the foundation for its success. Moreover, the higher the years of experience of the executive team within the company, the better the benefits that can be ripped. Executives are invested in the company and have high employee morale. Serving the company for many years and during it experiencing various economic and market conditions, have given them the knowledge, skills and capabilities to know when and how to react to future events, handle challenges and how to make the company prosper. Understanding the workings of a company very well assists in good decision making. In addition, according to the Korn Ferry Analysis which took place in 2019,[69] the average tenure in the C-Suite is at 4.9 years and AMC has managed to exceed the business average, a notable attainment. Moreover, according to figure 80, average tenure generally in a business for a CEO is at 6.9 years, although as calculated in figure 81, AMC's CEO currently stands at 5 years in this position.

Figure 80: Average Tenure in the C-Suite

AGE AND TENURE IN THE C-SUITE

Korn Ferry analysis of 1,000 largest U.S. companies by revenue

	CEO	CFO	CIO	CMO	CHRO	C-Suite
Average Age	59	54	55	54	55	56
Average Tenure	6.9 years	4.7 years	4.6 years	3.5 years	3.7 years	4.9 years

[69] Korn Ferry. Age and tenure in the C-Suite. Retrieved from https://www.kornferry.com/about-us/press/age-and-tenure-in-the-c-suite

https://www.kornferry.com/content/dam/kornferry/docs/pdfs/age-tenure-c-suite-infographic.pdf

Figure 81: CEO years of experience in their role in the current company

Company	AMC	Cineworld Group	Cinemark	Marcus Corp
In that position since	Jan 2016	Feb 2014	Jan 2022	Jan 2009
CEO	5 years & 2 months	7 years & 1 month	2 months	12 years & 2 months

Source: Data was calculated after obtained from companies' websites

Financial Metrics (all compared in US $, expressed in million except of the share price)

Figure 82: EBITDA 2018-2020 (Strength)

EBITDA	2018	2019	2020
AMC			
EBITDA, Adj	866.6	1,590.8	-136.7
Margin %	15.9	29.1	-11
Cineworld Group			
EBITDA, Adj	891	1,500.4	-149.7
Margin %	21.6	34.3	-17.6
Cinemark			
EBITDA, Adj	720.6	1,023.9	-52.7

Margin %	22.4	31.2	-7.7
Marcus Corp			
EBITDA, Adj	150.8	175.9	-50.7
Margin %	21.3	21.4	-21.3

http://bba.bloomberg.net/

EBITDA (earnings before interest, taxes, depreciation and amortization) is an important margin for a company which measures its operating profit as a percentage of revenue and allows real company performance comparisons between the industry. A good EBITDA margin is a strong motivator to investors and shows the long-term potential for growth in a business, while eliminating the effects of financing and accounting decisions. Generally, AMC (figure 82) judging from the metric, seems to be in good financial condition, however competitors are experiencing higher EBITDA margins. In 2020 both AMC and competitors experienced a negative EBITDA margin, indicating poor cash flow, as was a natural consequence in experiencing the shock of the coronavirus pandemic. Typically, an EBITDA margin of 10% or more is considered good, as

S&P-500-listed companies have EBITDA margins between 11% and 14% for the most part.[70]

Figure 83: CARG 2018-2020 (Weakness)

Growth %	2018	2019	2020
AMC			
Revenue, Adj	5,460.8	5,471	1,242.4
Growth %, YoY	7.5	0.2	-77.3
Cineworld Group			
Revenue, Adj	4,119.1	4,369.7	852.3
Growth %, YoY	259.1	6.1	-80.5
Cinemark			
Revenue, Adj	3,221.7	3,283.1	686.3
Growth %, YoY	7.7	1.9	-79.1
Marcus Corp			
Revenue, Adj	707.1	820.9	237.7
Growth %, YoY	8.2	16.1	-71

http://bba.bloomberg.net/

[70] First Republic. "What is EBITDA and How to Calculate It". November 8, 2021. Retrieved from https://www.firstrepublic.com/articles-insights/life-money/build-your-business/what-is-ebitda-and-how-to-calculate-it

Growth rate metrics are indicators of how fast a business is growing and achieving its goals while also assessing their potential sustainability in the future and help to determine how best to allocate resources. As can be observed from figure 83, 2020 revenue growth rate levels across all major competition revealed negative growth, which is a decline in a company's sales or earnings and is attributed to the effects of the coronavirus pandemic. However, AMC's performance in previous periods appeared to be below the average levels of the competitors in the industry. AMC had earned the highest revenue amounts in the preceding years but had however the lowest annual compound growth rate.

Figure 84: Share Price 2018-2022 (Weakness)

https://finance.yahoo.com/chart/AMC

Share Price	2018	2019	2020
AMC			
Last price	12.28	7.24	2.12
Period-over-period % change	-18.68	-41.04	-70.72
Cineworld Group			
Last price	3.35	2.91	0.88
Period-over-period % change	-6.67	-13.38	-69.89
Cinemark			
Last price	35.8	33.85	17.41
Period-over-period % change	2.81	-5.45	-48.57
Marcus Corp			
Last price	38.51	32.60	13.48
Period-over-period % change	41.58	-15.35	-58.65

http://bba.bloomberg.net/

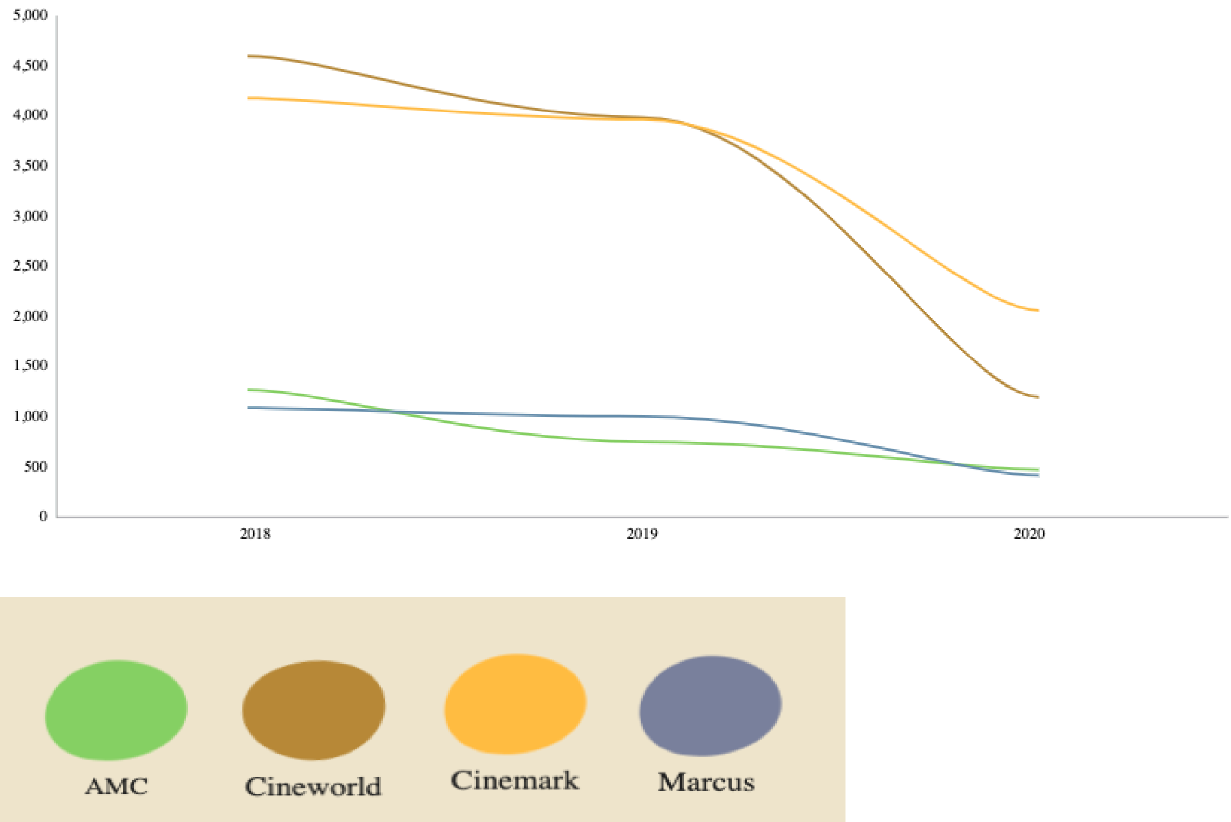
The cost of shares typically increases when a company is meeting expectations and doing well. On that note, the company's share price reflects its value and a certain amount of prestige if at higher levels. When analyzing the data figure above, a decreasing share price trend throughout recent years is being noticed for AMC and among its competitors. This could be attributed to economic conditions and factors that affect the share price and make consumers hesitant about their purchases. The price movement of stock is an indication of what investors feel the company is worth. In 2020, all stocks went down due to the pandemic effects. Moreover, some degree of volatility can be attributed to AMC's stock price across the time frame available as can be observed in figure 84, imposing a certain level of risk and caution regarding the company's shares.

Figure 85: Market Cap 2018-2020 (Weakness)

	2018	2019	2020
AMC	1,271.2	751.9	475.6
Cineworld Group	4,599.9	3,986.8	1,201.2
Cinemark	4,182.5	3,965.6	2,064.4
Marcus Corp	1,091.8	1,008.9	418.8

http://bba.bloomberg.net/

Market Cap 2018-2020 (Visual Representation)



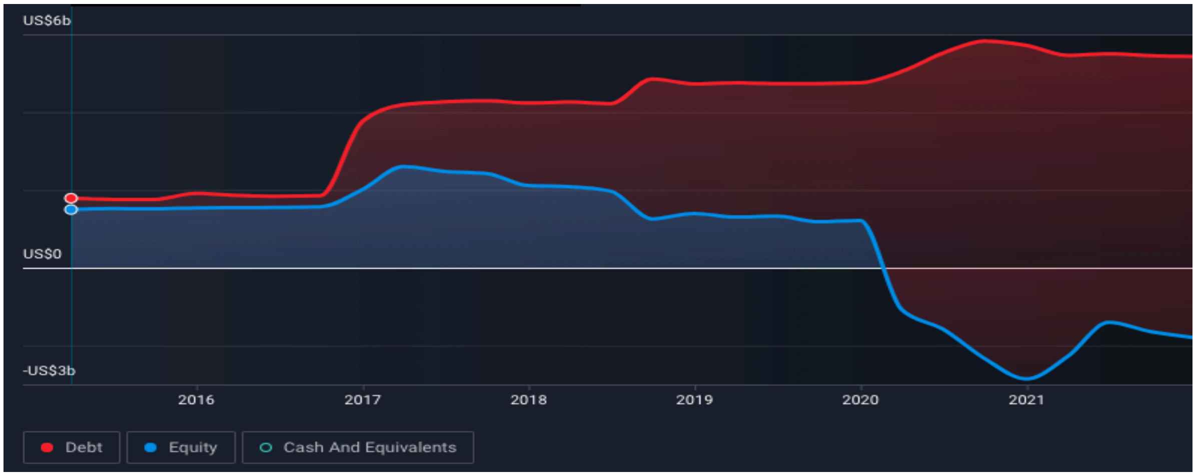
The total value of all the company's shares of stock is reflected in the market capitalization metric which is a good indicator for gauging the size of the company and the market value of its equity. Market cap and stock price which was examined above are essentially two ways of expressing the same information. Any change in one is immediately reflected in the other. With that being said, figure 85 depicts too, a decreasing market cap trend both for AMC and its competitors. Even if AMC does not experience one of the highest market caps in comparison to its main competitors, the company is still of value to the open market.

Figure 86: Debt/Equity 2018-2020 (Weakness)

	2018	2019	2020
AMC	377.91	852.65	-
Cineworld Group	118.4	266.09	3,815.47
Cinemark	140.11	233.05	486
Marcus Corp	54.46	78.07	112.98

http://bba.bloomberg.net/

Figure 87: AMC Debt/Equity: 2016 - 2021 (visual representation)



https://simplywall.st/stocks/us/media/nyse-amc/amc-entertainment-holdings?utm_medium=finance_user&utm_campaign=infographic&utm_source=nasdaq&blueprint=1727389#valuation

Figure 88: Debt/Assets 2018-2020 (Weakness)

	2018	2019	2020
AMC	55.64	75.7	110.48
Cineworld Group	41.73	62.78	81.26
Cinemark	45.52	57.91	69.8
Marcus Corp	26.98	35.69	44.93

http://bba.bloomberg.net/

Figures 86, 87 & 88 provide important leverage ratios such as debt/equity and debt/assets, which represent the extent to which AMC and competitors are utilizing borrowing money and evaluating their solvency and capital structure. In both figure data sets an increase of the metrics can be observed for all major companies analyzed throughout the years 2018-2020. AMC had the highest debt/equity and debt/assets metrics value compared to competitors. A higher debt/asset ratio reflects a higher degree of leverage and consequently puts AMC at a higher risk of being invested in. Creditors use it to evaluate if a company is capable of repaying its existing debt or is at risk of defaulting on its loans if interest rates were to suddenly rise. On the other hand, solvency is very important, especially for investors who need to be reassured that a company can generate a return on their investment and is able to meet current and future obligations efficiently.

Figure 89: ROIC 2018-2020 (Weakness)

Return on Invested Capital	2018	2019	2020
AMC	3.76	2.1	(90.98)
Cineworld Group	11.47	10.33	not available
Cinemark	11.19	9.87	(22.49)
Marcus Corp	10.84	8.45	(20.98)

https://www-mergentonline-com.proxy.library.carleton.ca/companyfinancials.php?pagetype=ratios&compnumber=137332

https://www-mergentonline-com.proxy.library.carleton.ca/companyfinancials.php?pagetype=ratios&compnumber=128216#
https://www-mergentonline-com.proxy.library.carleton.ca/companyfinancials.php?pagetype=ratios&compnumber=118952#
https://www-mergentonline-com.proxy.library.carleton.ca/companyfinancials.php?pagetype=ratios&compnumber=5225#
(Figure 89 was constructed extracting data from Mergent Online for each company)

The figure above provides information regarding the ROI % (Operating), which expresses the Annualized Income as a percentage of Average Invested Capital. In other words, the dataset composed using this financial metric delivers a depiction of a company's efficiency at dispensing the capital under its control to profitable investments. Since ROIC measures the return that a company earns as a percentage of the money its shareholders invest in it, it is foreseeable that a higher return is always preferable than a lower one as it is usually a benchmark for comparing performance and relative profitability levels of companies. In the case of AMC, a positive ROIC for the years preceding 2020, indicated that the company created value for investors but was however declining. Even when examining figure 89, it could be argued that a decreasing trend of ROIC was observed across all major competitors of the industry, especially for the year 2020 when the pandemic hit, AMC had the lowest ROIC. This could serve as a weakness for AMC, as a falling ROIC can provide early warning signs that the company experiences a certain level of difficulty in choosing and effectively allocating various investment opportunities or coping with competitors.

VRIO Analysis (Corporate Leadership)

Capabilities	Evaluation
Valuable	Yes, as AMC is still a leader in the industry, with a competing team of knowledgeable executives with many years of experience, maintaining the biggest market share and high revenues.
Rare	No, financial instruments and metrics are available to all competitors to take advantage of who also seem to be in a better financial position than AMC.
Costly to Imitate	Yes, competitors do not have the same resources as AMC in their hands to leverage.
Non-Substitutable	Yes, Corporate leadership, vision and skills to drive financial metrics to the desired direction are unique and cannot be applied to other firms in the industry.

AMC's corporate leadership analysis indicated that the company has a competitive advantage, being composed of a team of highly prestigious individual executives with years of valuable experience and skills in the industry and most importantly in the specific firm in which they are operating and applying their expertise. While AMC is a large conglomerate with global presence which allows it for greater financial health, its market performance is very weak against that of competitors. Their market volatility is slightly high and as such they seem to be experiencing average odds of financial distress. AMC stock is down significantly and has underperformed the broader market. Major financial metrics currently pose a weakness in the most part for the company, and in its industry, AMC can be characterized as a poor performer. However, due to its strong leadership competitive advantage, good and trusted brand image and its ability to raise capital which is making it able to gain increased market penetration and market access, it is potentially able to expand and be diversified allowing it to leverage valued future opportunities in the market. AMC possesses recovery prospects.

Summary (Ziad & Hamza)

Based on the overall analysis conducted of AMC Holdings value-creation activities, we can conclude that AMC holds an overall competitive advantage in their Operations, Customer Service, Distributions, Marketing and Sales and Human Resources while their supply chain management, innovation and corporate leadership can be seen as their weakness.

The most important value chain activity that was found was the operations value chain on the grounds that AMC is the market leader when it comes to locations, screens, same store revenue and cost of goods sold. In terms of locations, since AMC has the most theatre locations and the most screens to display movies; it allows them to capture a larger portion of the market compared to their competitors. AMC has had the lowest cost of goods sold for the past 3 years, making them quite cost effective and efficient in their operations. Additionally, AMC along with other competitors have had positive same store revenue for the past 3 years meaning that their individual locations are profitable and the increase/decrease in revenue is not related to new theatres opening or closing.

After examining AMC's sales and marketing, it has been determined that the company has a long-term competitive advantage. This benefit is obtained because of AMC's market dominance and net promoter score, as well as the company's minimal marketing expenses. As a result, AMC will be able to invest their funds in other initiatives and investments that can increase revenue.

AMC’s main competitive weakness concerns their supply chain management and Innovation/ R&D. With AMC’s SCM, the metrics show that they are at an incredible disadvantage due to higher days inventory outstanding and days payable outstanding. These metrics may stop suppliers from negotiating with AMC and could lead to unfavorable terms which could hurt in the long run.

On the other hand, since AMC does not engage in any R&D activities; it is quite easy for one of their competitors to start investing in an R&D project and if successful; could result in them having an absolute advantage. Therefore, AMC should at least keep tabs on the latest technological trend and try to be one of the early adopters.

To conclude, based on the value chain creation activities; AMC is relatively attractive as long as they are able to maintain the original position they had pre-pandemic as they took a significant hit alongside their competitors.

Part IV: Corporate Strategy Vertical, Horizontal & Geographic

Horizontal (Belinda)

AMC operates exclusively within the Motion Picture Theaters (except Drive-Ins) industry, which carries a NAICS code of 512131 and can be found in a final level of the code Information Sector. This includes all establishments that create, disseminate, or provide the means to distribute information. Since AMC provides a specific type of service within a specific industry, the company is not very horizontally diversified, which is standard for firms within this industry, therefore sparing AMC from the need to horizontally diversify to keep up with the competition.[71]

Geographic (Belinda)

There are 590 AMC Theaters locations in the United States. California has the greatest number of AMC Theaters locations in the US with 59 locations, representing 10% of all AMC Theaters locations in America. AMC operates in 14 European countries and is the number one theater chain in the United Kingdom, Ireland, Italy, Spain, Sweden, Finland, and the Baltic States. AMC is a global company that has established one company culture and one set of processes for their international operations. Their best option is to diversify its footprint by adding locations with complimentary guest demographics and geographic regions that will broaden its reach while limiting the need for geographical overlap.[72]

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[71] "NAICS Code: 512131 Motion Picture Theaters (except Drive-Ins) | NAICS Association." 2012. NAICS Association. 2012. https://www.naics.com/naics-code-description/?code=512131.

[72] ScrapeHero. 2022. "Number of AMC Theatres Locations in United States." ScrapeHero. ScrapeHero. February 24, 2022. https://www.scrapehero.com/location-reports/AMC%20Theatres-USA/

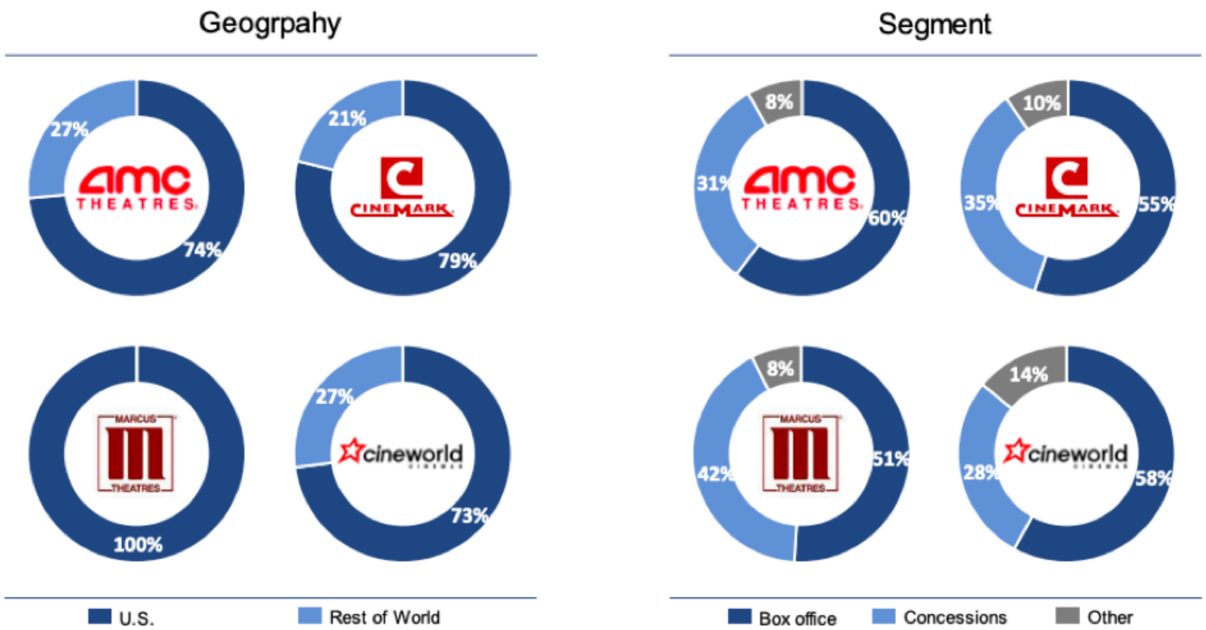
Vertical Location (Hamza)

Since AMC operates strictly as a cinema where they only showcase movies and other media instead of producing them, AMC's core business is primarily located downstream in their value chain system. Additionally, since AMC's locations also engage in the production of food and beverages throughout their concession stands, one can say that a little bit of their value chain location is also in midstream.

As mentioned above, AMC Theaters is located downstream to their customers as they provide a unique retail experience which allows them to sell movie tickets. Additionally, the retail experience also involves selling food and beverages and the exceptional customer service that AMC proudly claims to have. Since AMC's primary revenue is from the sale of tickets and concessions, there doesn't seem to be an issue with their vertical corporate strategy.

Part V: Business Strategy

Figure 90: Revenue mix (2019)



Source: Company filings,
https://turnaround.org/sites/default/files/1.%20March%202021%20Winning%20Paper_AMC%20Entertainment%20Holdings%2C%20Inc.%20Building%20the%20cinema%20experience%20of%20tomorrow.pdf

It can be argued that the business strategy AMC Theaters follows is a differentiation/industry-wide strategy (represented in Figure 90). This is firstly because AMC demonstrates its presence across the US and Europe with hundreds of theaters across multiple locations and also because it exhibits a wide array of entertainment alternatives which cater to moviegoers of all age groups and offer specialized content and unique services to suit all needs, making it difficult for competition to arrive. Having penetrated US and International Markets it is able to compete internationally where the market is growing, with their cinemas being positioned in high traffic and productive areas. Their worldwide presence is also evident, having one of the largest market shares in the industry and being a trusted leader in the exhibition industry for over a hundred years. AMC Theaters has differentiated itself from competition from the very early stages of its life, as it was a pioneer that changed the way people watch movies.

The company was the first to market customer loyalty programs, stadium seating, armrests with cup holders and other innovative features. It continuous to keep up with the latest technology innovations and listens carefully to ever changing customer demands, introducing dine-in theaters (with broad food and beverages options including alcohol drinks to adult guests), IMAX screens, Dolby sound to signature power-recliner seats, Stubs membership programs, reservation services, 3-D movies, multiplexes, megaplexes and cinema suites (for customers who are 21+) among others. Apart from theaters of different formats AMC Theaters exhibits a wide array of entertainment alternatives including traditional film programming, independent and foreign films, performing arts and music concerts. Using this strategy, AMC tries to distinguish itself creating the best environment for customers, providing them with a wide variety of options when it comes to experiencing a movie in their theater and are constantly in the hunt for ways in which they can set their services apart and ensure customers with different needs and likes are being satisfied to increase the value of their firm. Unique in-theater experience and different ways of engaging and captivating the audience are of paramount importance and the company constantly enhances those functions throughout the years, increasing their customer retention and satisfaction.

AMC Theaters is advised to proceed using this business strategy as it suits the nature of their business even though it is very hard and almost impossible to create a cost leadership competitive advantage. It can be characterized as sustainable and prosperous in the future if it continues to be deployed strategically, maintaining their competitive advantage. The combination of strategies allows for expansion regarding the customer base and emphasizes unique product features, which makes AMC Theaters able to handle the competitive pressure, make it stand out and differentiate it from available alternatives. To stay relevant using this strategy there is a constant need for differentiation and AMC has a lot of room for improvement on that note to leverage underutilized assets and strengths, to explore the fringes and possible hidden opportunities in the market.

Part VI: Functional Strategies

Figure 2: Business Function Strategies Matrix

Function	Opportunity	Threat	Weakness
SCM	Taking steps to reduce DIO and DPO could increase the businesses' attractiveness to creditors enabling them to receive more favourable terms.	Days payable outstanding is the highest compared to the competitors and risk receiving unfavourable terms and no discounts from creditors.	Days inventory outstanding is lower compared to their three competitors. This shows that their competition can get rid of their inventory at a faster rate.

Operations	Surprisingly enough, AMC's current threat is also an opportunity for them as they currently have the resources to expand their locations in key regions such as California or Illinois. Additionally, AMC needs to start focusing on upgrading their old equipment with new cost effective systems in order to maintain low costs of production.	A big threat to AMC in regard to their locations is that they do not have a majority share in their top 5 regional locations. This is a threat as even though AMC has the most cinemas in the US, but key strategic placement of these locations is more important in order to capture a large market share.	N/A
Distribution	AMC's theatres distribution is a major opportunity to grow a larger company. As seen in the industry analysis, AMC's data distribution coincides with their growth over the past few years. Placing their theatres in highly populated areas such as California and Texas, gives them a competitive advantage over other movie theatres chains.	A threat for AMC is their rental expense, which comprises a large portion of a movie theatres expenses. AMC has among the highest percentage revenues going into rental expenses, at 56.02%. While other competitors have relatively low rental expenses. This could be an indicator that AMC is overpaying for their movie rentals.	N/A
Customer Service	N/A	N/A	N/A

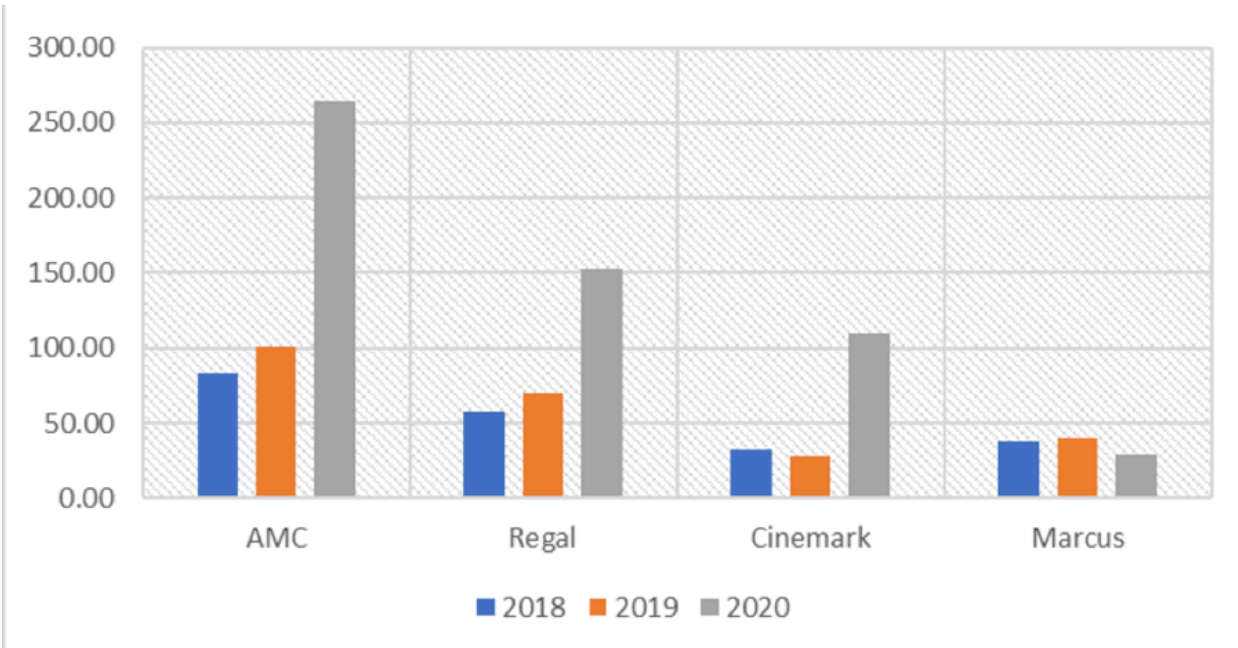
Innovation	Currently AMC has the largest market share in IMAX and as we have seen in assignment 1, IMAX has a huge demand and offering movies in IMAX is far more profitable than regular screenings. Therefore, if AMC continues to expand in premium IMAX formats, they can see and exponential growth and surpass their competition	If the trend with PVOD continues, then the cinema industry along with AMC will see colossal negative effects and these might even force AMC to go out of business as movie studios now do not see any benefit in going through a cinema to showcase their productions. This could however also be a seasonal change and things are looking good as we are coming out of the pandemic.	N/A
HRM	Employee salaries are significantly lower than the competitors suggest that the company spends less of its overall income on salaries and wages. They can utilize this by investing more in infrastructure, maintenance, and other programs that benefit AMC.	When comparing their Environmental Social Governance Score, AMC ranks at the bottom, indicating that they are the least transparent. As stakeholders and investors demand more transparency, AMC may fall behind other competitors receiving more funding.	AMC's work culture is ranked in the bottom 25% compared to companies within the industry.

Marketing/Sales	Being the largest theatrical company in the US, they have held a sizable portion of the market share for years. Which gives them a competitive advantage over competitors. Another opportunity is their very low marketing costs in relation to their sales percentage.	N/A	N/A
Corporate Leadership	Utilize the knowledge and experience of their executive team as well as their position in the market relative to competitors to continue to offer a unique in-theatre experience and provide innovations and exclusive features which contribute to the value creation of the firm and make it stand out.	N/A	Exhibits weak financial performance compared to competitors, according to major financial metrics

Primary Value Creation Activities

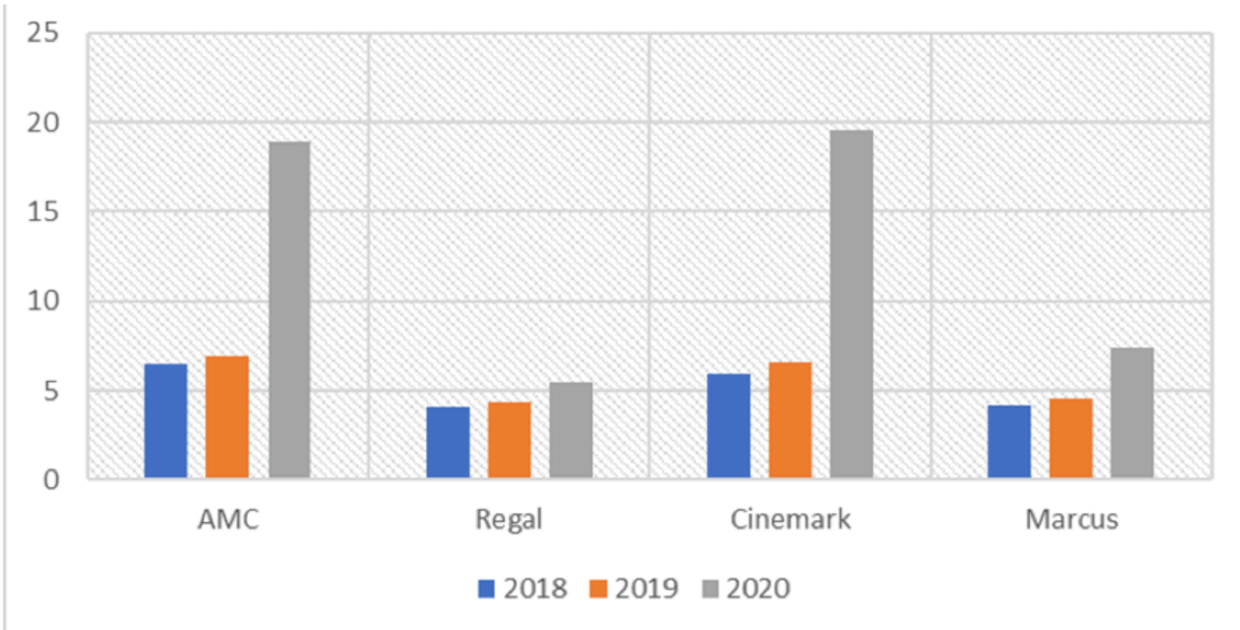
Supply Chain Management (Ziad)

Figure 91: Days Payable Outstanding



http://bba.bloomberg.net/

Figure 92: Days Inventory Outstanding



http://bba.bloomberg.net/

Within AMC's supply chain management function, their days payable outstanding metric is a threat and days inventory outstanding metric are a weakness. Days payable outstanding (DPO) is a critical measure that shows a company's obligation to pay creditors or suppliers for short-term commitments. From the receipt of the invoice until the money leaves the company's account. This is an important consideration because a high DPO isn't always a good thing for the business. The days inventory outstanding (DIO) statistic measures how long it takes a company to sell all of its inventory. Companies with a greater DIO may have a longer time to clear out inventory than rivals, or there may not be sufficient market for the product, or cost may be too expensive, or it may be time to pivot and modify the target client profile.

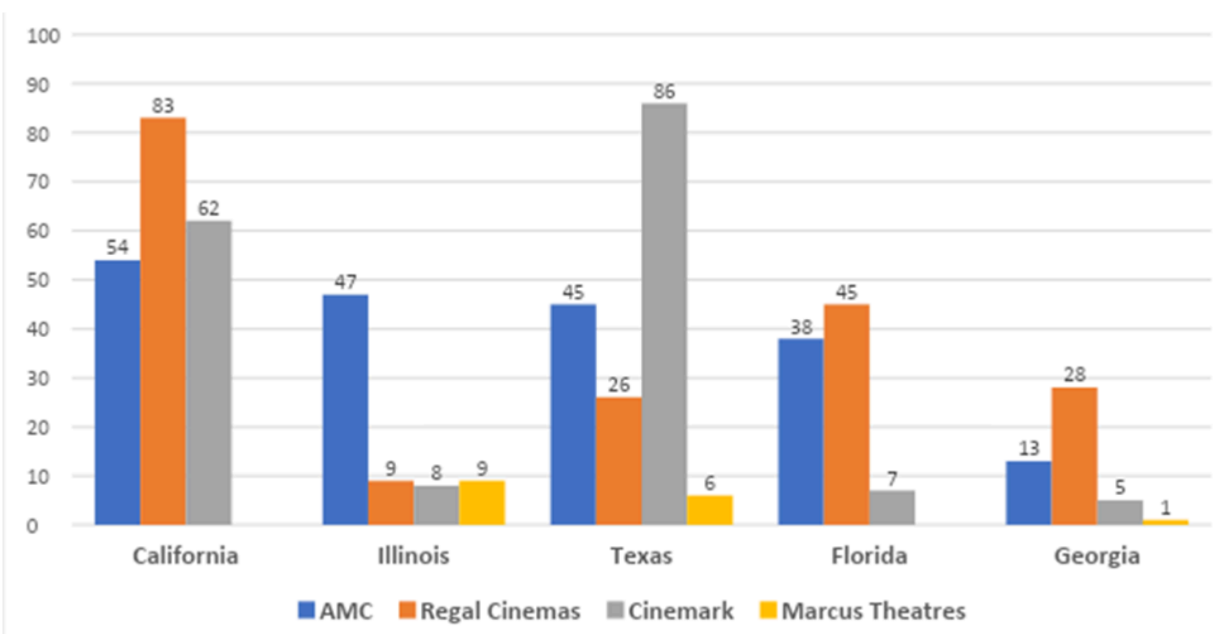
Although AMC has the largest DPO and DIO, the figures above clearly indicate how AMC has been hit by the pandemic in 2020 compared to their competitors. These metrics can persuade creditors to not provide favourable terms to AMC and that AMC cannot convert their inventory to sales as fast as their competitors. In 2022, all states in the United States have either removed capacity limits indoors for movie theaters or has a minimum 50% capacity limit. For example, Colorado, Kentucky, Louisiana, and New Jersey to name a few have lifted all indoor capacity limits[73]. This provides AMC with an opportunity to reduce their DPO and DIO by utilizing their effective market share and marketing department to regain attendance numbers and increase revenue. This will enable AMC to have a strategic advantage against their competitors and the increased attendance numbers can reduce the DIO and increased revenue will mean reduced DPO.

[73] The New York Times. 2022. "See Reopening Plans and Mask Mandates for All 50 States," 2022. https://www.nytimes.com/interactive/2020/us/states-reopen-map-coronavirus.html.

Operations (Hamza)

As we have seen from the internal analysis conducted, one of the key areas that AMC needs to improve on is their regional locations. We know that the top five states where AMC has their theatres are California, Illinois, Texas, Florida and Georgia. Figure 93 below shows that except Illinois, AMC is being outnumbered by the other three main competitors.

Figure 93: Total Competitor theatres in top 5 AMC U.S States



Source: Theatre Annual reports & website

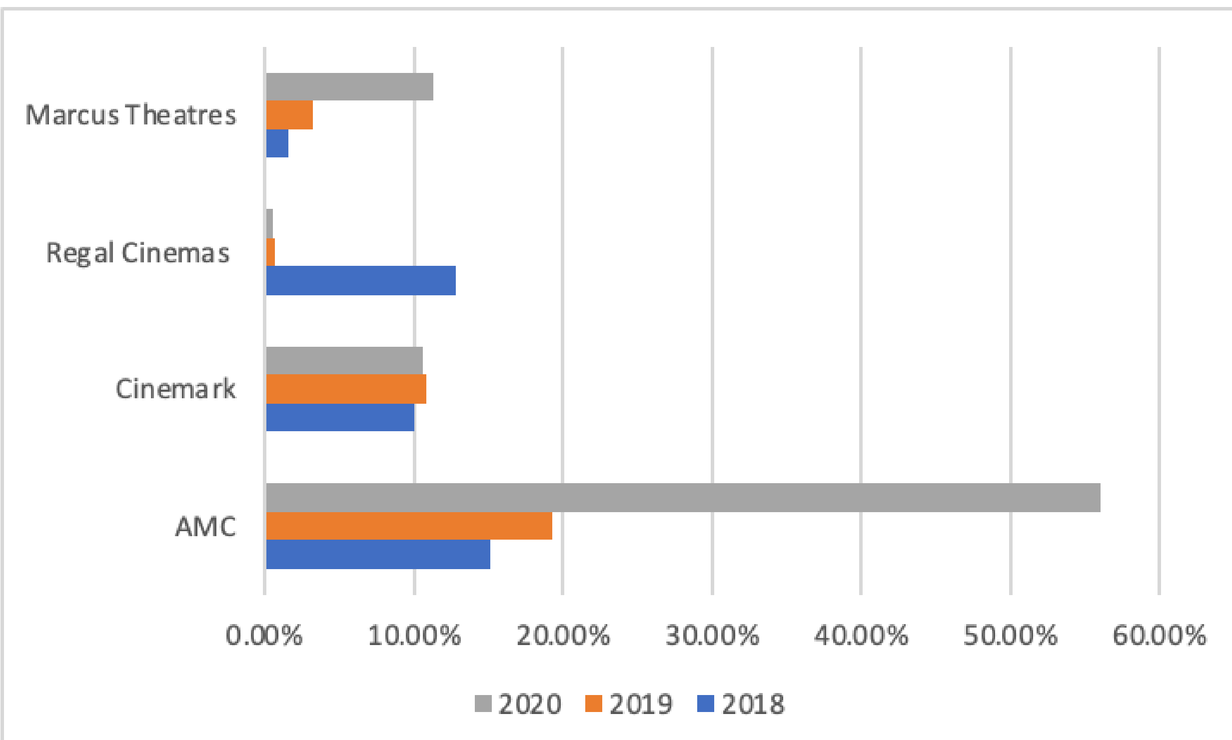
As mentioned above, having the most cinema locations in a country is definitely an advantage but if these theatres are not strategically placed, AMC will not be able to capture a large market share which in turn is undoing all the work they have done.

Therefore, it is imperative that AMC starts to strategically open new or relocate locations in U.S States that have a majority of moviegoers such as California. Looking at their financial positions for the past three years, we can see that AMC has done significantly better than their competition even during COVID-19, demonstrating that they have the resources for implementing these changes. Costs won't be as high if they were to relocate existing locations as funds received from selling an existing location would help cover a majority of opening costs.

Distribution (Belinda)

AMC has focused its theater locations in areas with a lot of population density, which has created a huge competitive advantage for the company. When it comes to their rental expenses, AMC is at a disadvantage, as seen below, with the highest rental expenses compared to total revenue of 56.07%. Which is significantly higher than their competitors.

Figure 94: Rental / Total Revenue



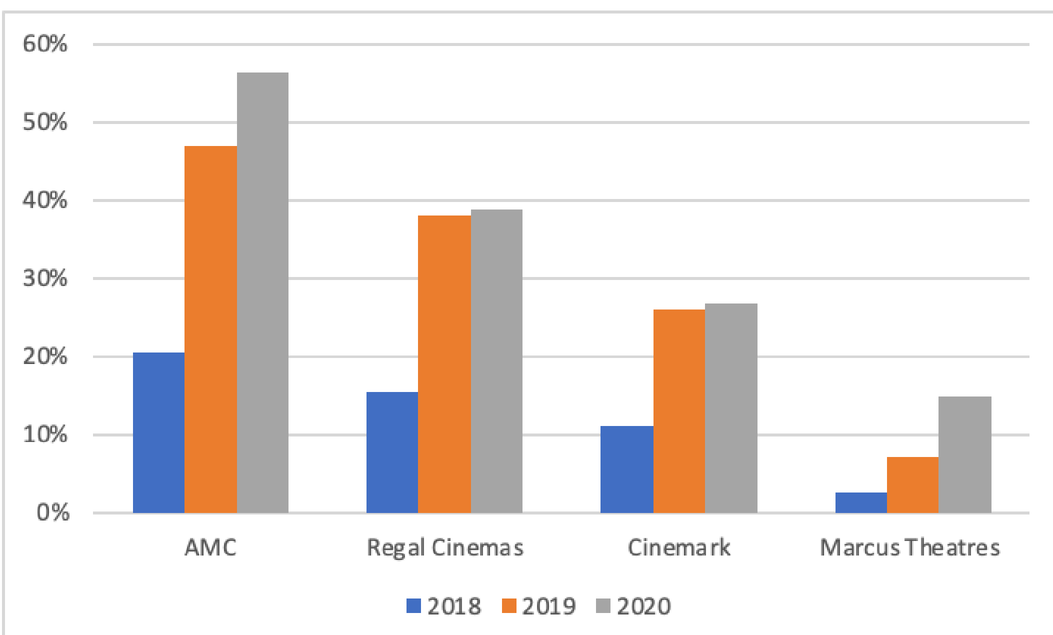
	2018	2019	2020
AMC	15.15%	19.24%	56.02%
Cinemark	10.04%	10.83%	10.57%
Regal Cinemas	12.81%	0.63%	0.56%
Marcus Theatres	1.59%	3.17%	11.31%

http://bba.bloomberg.net/

AMC should combat this by either increasing the price of their tickets by 5% or negotiate a better arrangement with their suppliers. Most theaters only keep a percentage of the ticket sales, the majority of it going to the supplier that provided the movie. By increasing ticket pricing or negotiating with their supplier about, for example, potentially running the movie longer, will increase AMC's ticket revenue and make up for the high rental expenses.

Marketing and Sales (Belinda)

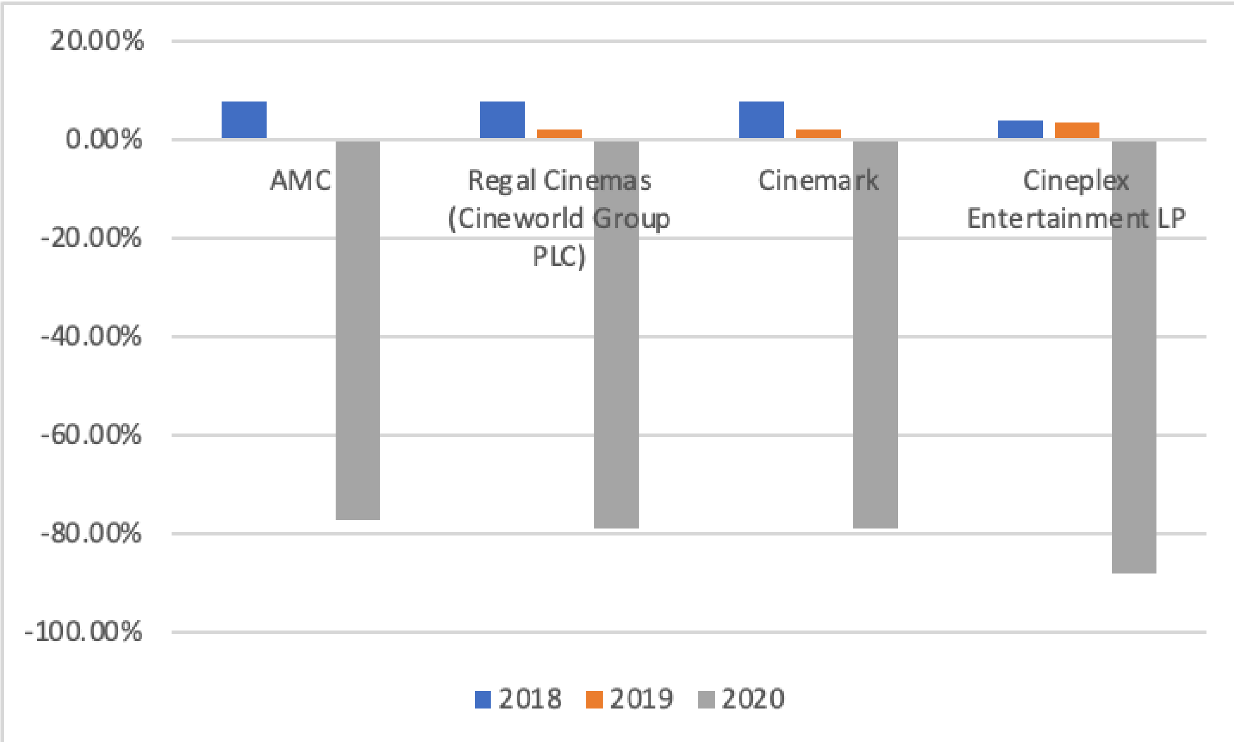
Figure 95: U.S Theaters Market Share 2018 - 2020



https://www.forbes.com/sites/bradadgate/2021/04/13/the-impact-covid-19-had-on-the-entertainment-industry-in-2020/?sh=7800374d250f
http://bba.bloomberg.net

As seen in the figure above, the large share of the market held by AMC Theaters, Inc., over the years, is an indication that consumers prefer that company over its competitors. This demonstrates AMC's strength as a business. Although AMC Entertainment Inc. spends little on marketing in comparison to its sales numbers, the company's marketing costs are seen as a strength in the entertainment industry. In fact, AMC Entertainment Inc. holds a large share of the market compared to their competitors and is doing it at an affordable price.

Figure 96: Theater Revenue Growth 2018-2020



	Theatre Revenue Growth, 2018-2020		
	2018	2019	2020
AMC	7.51%	0.19%	-77.29%
Regal Cinemas (Cineworld Group PLC)	7.70%	1.90%	-79.10%
Cinemark	7.69%	1.90%	-79.10%
Cineplex Entertainment LP	3.80%	3.30%	-88.20%

http://bba.bloomberg.net
https://www.wsj.com/market-data/quotes/CNK/financials/annual/income-statement

Although AMC's revenue was hurt by the recent pandemic, their decline of -77.29% in revenue was smaller than that of the other movie theaters, with an average decline of -85.17%. In order to regain a majority of their revenue back, AMC should consider adding value to existing offerings and selling them at a more premium price. People tend to opt for a premium experience when given the option but won't pay for it if they're never given the chance to.

It is recommended that AMC's cinemas be turned into multi-purpose sports bars and cinema environments which would occupy at least four days a week and perhaps even evenings in the week. Even though that might put them against sports bars and wing bars, AMC Theaters is already competing with their "dine-in" concepts and full bar and food offerings.[74] Expanding the dining options could also help in improving concession spend. Anything positively affecting the audience experience are targets for improvement. For example, adding new amenities, extra activities and options such as alternative media on the big screen like e-sports by popular demand could make it the ultimate hangout destination and intensify the interest of their customers whose needs are being catered. Moreover, AMC Theaters needs to take advantage of the rapidly changing and emerging industry trends and evolving consumer preferences and more importantly should focus greatly on digital innovations and strategies as well. Its

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[74] Gale, M., Forbes. "How AMC and Others Should Look At This As An Opportunity To Reprogram Their Greatest Assets". November 19, 2020. Retrieved from: https://www.forbes.com/sites/michaelgale/2020/11/19/how-amc-and-others-should-look-at-this-as-an-opportunity-to-reprogram-their-greatest-assets/?sh=28fbbb827144

digital portfolio of offerings should continue to expand and grow further, aiming at increasing the subscribers of their loyalty programs through their mobile application and offer additional loyalty discounts which help in building a long-term relationship with the company. Strategic initiatives such as those described above, are meant to align the company's offerings with demand, attract audiences and build loyalty.

To sum up, it is increasingly critical to meet consumers expectations in order to stay relevant in the market and maintain a competitive advantage. Customers are looking for a unique experience which AMC Theaters and competitors are called to provide. Whoever exceeds those expectations which the market poses sustainably throughout the years through constant innovation is the ultimate value producer for the firm, its customers and the overall economy.

Secondary Value Creation

Human Resource Management (Ziad)

After analyzing AMC's human resource management value chain, AMC's work culture is ranked in the bottom 25% of companies within the motion picture and video exhibition industry[75]. This is a weakness and could be concerning for future employees. Due to the fact that it could signal high staff turnover and low customer service, as excellent workplace culture has been shown to promote teamwork, efficiency, job retention, and job satisfaction.

Figure 97: Environmental Social Governance Score

	2018	2019	2020
AMC Theatres	14.88	14.88	15.7
Regal Cinemas (Cineworld Group)	28.51	31.82	33.06
Cinemark	17.77	17.77	17.77
Marcus Theatres	16.12	16.12	16.12

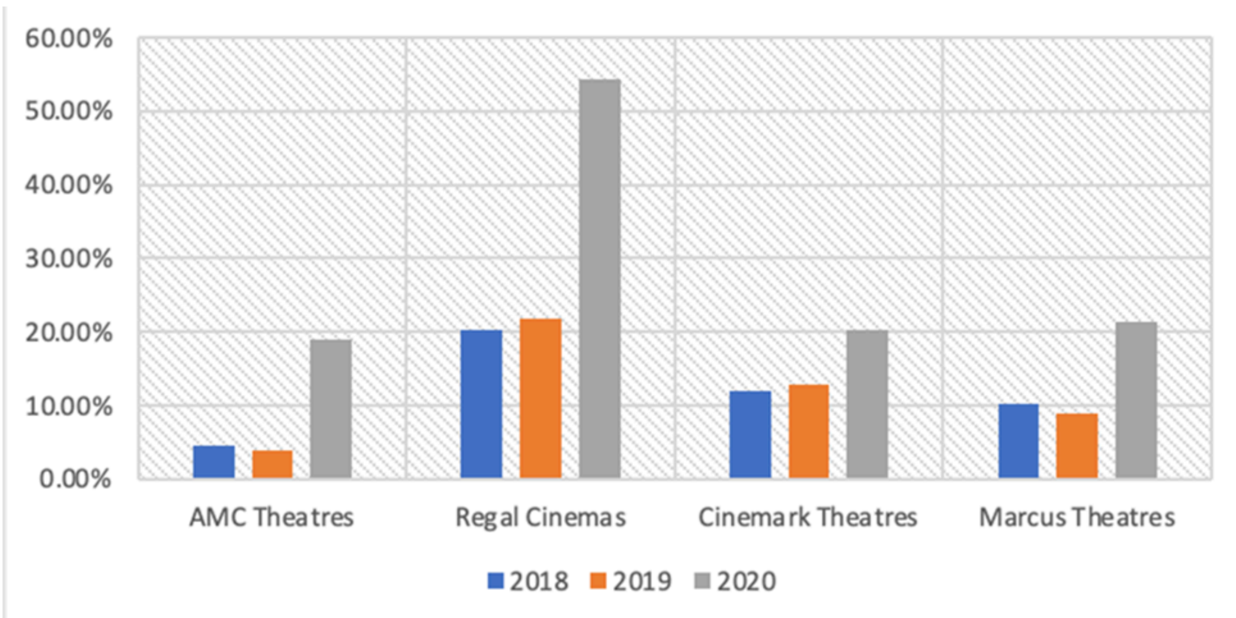
http://bba.bloomberg.net/

Bloomberg assigns a score to firms based on their environmental, social, and governance disclosures each year. These grades are based on the information disclosure and weighted based on significance. The score goes from 0.1 (lowest transparency) to 100 (complete disclosure) (discloses every point). According to the grading, AMC theaters have routinely ranked last among its competitors, particularly Regal Cinemas, which is the closest competition. This is a threat since

[75] Comparably (n.d.). "AMC Theaters Human Resources." Retrieved from: https://www.comparably.com/companies/amc-entertainment/human-resources.

firms appear more genuine when they are open about the risks and possibilities associated with their ESG objectives. As more openness is demanded by investors and stakeholders, it is clear that AMC may slip behind its competitors in terms of new investment due to this lack of transparency[76].

Figure 98: Salaries as Percentage of Revenue Between 2018 - 2020



http://bba.bloomberg.net/

Despite all of this, the figure above shows the employee salaries, wages, and benefits as a proportion of total revenue. This indicator depicts how much a company spends on wages in relation to its revenue. As a result, a lower ratio indicates that a firm spends a less percentage of its total revenue on salaries and

[76] PriceWaterhouseCoopers. 2021. "ESG Reporting." PwC. 2021. https://www.pwc.com/sk/en/environmental-social-and-corporate-governance-esg/esg-reporting.html

wages. The salary-to-revenue ratio of AMC Theater is much lower than that of its competitors. This provides AMC an opportunity to invest the extra revenue into employee programs.

According to a report made by MetLife called "MetLife's Annual U.S. Employee Benefit Trends Study 2021", reports that employee well-being is predicted to have the greatest impact on the workplace of the future (74%), followed by the ability for employees to work remotely (71%), and employee mental health, stress, and burnout (70%)[77]. AMC Investing in staff training programs by restructuring and designing effective training modules, building a productive and employee-focused environment, and ensuring that each person of your business is properly compensated with a 3% annual raise and a wage over the state minimum wage may all have a positive impact on AMC[78]. With AMC capitalizing on their HRM, they could further dominate their main competitors and continue being the market leader.

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[77] Llopis, Glenn. 2021. "There's No Growth without Health: Employee Wellbeing Is Non-Negotiable." Forbes. Forbes. July 24, 2021. https://www.forbes.com/sites/glennllopis/2021/07/24/theres-no-growth-without-health-employee-wellbeing-is-non-negotiable/?sh=205a75a72986.

[78] Ferman, Roy. 2021. "Council Post: Why You Should Invest in Your Staff." Forbes, August 23, 2021. https://www.forbes.com/sites/forbesfinancecouncil/2021/08/23/why-you-should-invest-in-your-staff/?sh=3bf782dd3e58.

Research and Development (Hamza)

As we have seen in our industry analysis, the only major weakness or threat to the cinema industry is the rise of Premium Video on Demand (PVoD) and streaming services. In regard to PVoD, it seems more of a seasonal threat instead of a permanent threat as now restrictions on cinema seating have been removed and any new theatre releases are exclusively in the cinema.[79] Therefore AMC does not really have to do anything but just wait out a couple months or even one year as the outlook for the cinema industry is looking extremely bright.

In regard to streaming services, cinema's do still face some threat as more and more A-list actors are signing contracts with big streaming providers such as Netflix, Disney Plus and Amazon and their budgets are close to what an average movie studio spends on their movies. It is our recommendation that AMC try and come up with an agreement with these streaming services to showcase their special movies in AMC theatres as AMC already has the equipment and capacity to showcase these movies and would not need to incur any additional CAPEX. Doing so would allow AMC to have competitive advantage as they already are the market leaders in premium audio/video formats such as IMAX and Dolby Atmos.

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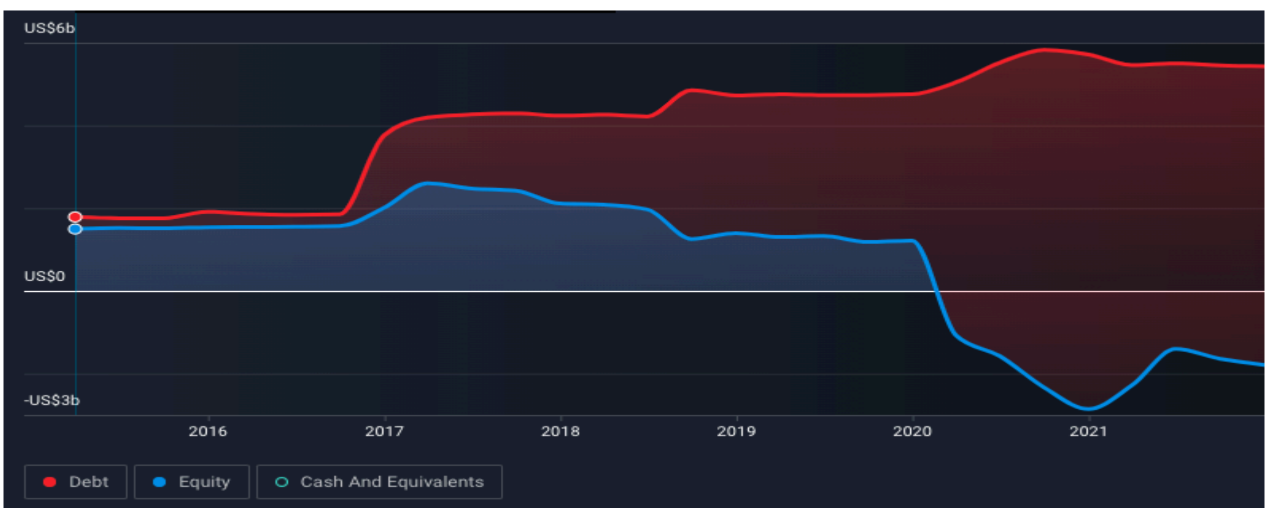
[79] Metz, Axel. "New Movies 2022: What to Watch in Theaters This Year – and Which Films Are Streaming." TechRadar. TechRadar, February 21, 2022. https://www.techradar.com/news/new-movies-2021.

Corporate Leadership (Georgia)

Figure 99: AMC Debt/Equity 2016 - 2021



https://simplywall.st/stocks/us/media/nyse-amc/amc-entertainment-holdings?utm_medium=finance_user&utm_campaign=infographic&utm_source=nasdaq&blueprint=1727389#valuation

Figure 100: Debt/Assets 2018 - 2020

	2018	2019	2020
AMC	55.64	75.7	110.48
Cineworld Group	41.73	62.78	81.26
Cinemark	45.52	57.91	69.8
Marcus Corp	26.98	35.69	44.93

http://bba.bloomberg.net/

Major financial metrics (such as those depicted in Figures 99 & 100) in the corporate leadership value chain activity are a weakness for the company. According to Debt/Equity & Debt/Assets financial metrics among others, AMC Theaters seems to be in financial trouble and experiencing an overall financial health crisis in recent years. As can be seen in the tables above, the company has high debt and low revenue and earnings, indicating its weak financial position in relation to competitors. The COVID-19 pandemic and related government policies and responses to the pandemic has led to a decline in theater attendance as well as associated film delays, the latter of which causes a further decline in attendance. It is evident that AMC Theaters has been struggling to survive the pandemic and its recovery plans are based on the assumption that it will pass soon, which might not be the case. In addition, following its differentiation business strategy, it has to increase ticket prices and costs in order to maintain profitable, which increases economic sensitivity as it turns movie-going into a high-cost activity. The success of any company is closely related to the economy as well, which denotes that a weak economy – or an economic crisis signifies less expendable income for consumers of all kinds and as a result a decreasing revenue for businesses.

An opportunity for radical re-built is illustrated after the damage that the COVID-19 pandemic induced at AMC Theaters and the industry in which it operates in general. To address those weaknesses, it is proposed that AMC should carefully monitor its financial metrics and consider paying down some of its debt as its next move, such as unpaid rent. The executive team in place is more than capable to turn things around for AMC, with their extensive knowledge and expertise in the field and the plenty years of experience they have in the industry and more importantly within the firm, but it will take time. AMC and its leadership should embrace the idea that change is likely to be a constant element as they advance. It is advisable that AMC diversifies its set of revenue streams (ex. By expanding their digital portfolio offerings) and increases the utility of their fixed assets (ex. By planning other activities the exhibition facility can be used for such as sports events, conferences, advertising, to mention just a few) to bolster liquidity. Those actions will help AMC's financial health in the long term but noticeable changes in the short run will most likely not occur, which should not discourage the executive team, as value will be gradually added to the firm once there is proper use of resources, a competitive competence exploitation and once the leadership and entrepreneurial minds of the firm work in harmony to capture the consumers' interest and keep up with the constant innovations of the external environment and also make their own in their specific fields of expertise.

Summary (Hamza/Ziad)

AMC's corporate strategy can be described as somewhat contained as the nature of the industry they operate in. In terms of Vertical integration, AMC operates primarily downstream where they provide customers with goods and services such as a movie experience and snacks. AMC also falls under midstream in their vertical location as they do produce food and beverages for their patrons. In regard to horizontal integration, AMC is not very diversified, therefore they don't need to constantly try and keep up with their competition by implementing new strategies.

AMC doesn't face many weaknesses within their value chain activities. AMC is in a position where they hold a sustainable competitive advantage over their competitors through their marketing/sales and operations value chain activities. Specifically looking at their operations, AMC holds the largest share of theatres in the United States and has the resources to continue to expand and provide a variety of service offerings. In addition to their operations, since COVID-19 capacity restrictions have either been 50% to completely lifted[80]. AMC no longer has to worry about PVoD as an imminent threat since new theatrical releases are back to being cinema exclusives. Therefore, this provides AMC with the opportunity to expand their locations in key regions such as California or Illinois, implementing cost saving equipment to reduce expenditures and continue to climb back to the original position they were in pre-pandemic.

[80] The New York Times. 2022. "See Reopening Plans and Mask Mandates for All 50 States," 2022. https://www.nytimes.com/interactive/2020/us/states-reopen-map-coronavirus.html.

Overall AMC is in a strong position, but they need to implement changes that will benefit them in the long run, or they risk losing a lot of the market share and profits to their competitors.

Part VII: Grand Summary (Hamza)

This strategic analysis began with a broad examination of the environment surrounding the cinema industry in the hopes of identifying key elements that will have the greatest impact on the industry in the near future. This indicated that the cinema industry will most likely be impacted by the economic and technological factors.

The focus then shifted towards the cinema industry itself where we concluded that the industry is quite unattractive but due to consistent and increasing demand, will be able to recover quickly from the pandemic. The next focus of the report was AMC Theatres, a cinema chain operating in the U.S that currently has competitive advantage as they are the largest cinema chain in North America and hold significant share in premium formats such as IMAX and Dolby Atmos. It was concluded that AMC needs to start focusing on internal growth such as strategic locations and continuing to keep their competitive advantages such as being the leader in lowest COGS among competition.

Finally, after completing a full strategic analysis based on empirical facts and normalized data, we can conclude that AMC is and will be in a strong competitive position as long as they are able to get back and surpass where they originally were before the pandemic. Additionally, as mentioned before, one of the points that our research kept getting us back to was that even though AMC has competitive advantage and is in an optimal position they cannot afford to slow down and instead focus on internal growth as that is the primary focus of their competition.

Appendices:

Appendix A: Normalized Balance Sheets

AMC Entertainment Holdings

AMC Entertainment Holdings Inc (AMC US) - Standardized

In Millions of USD except Per Share 12 Months Ending	FY 2018 12/31/2018		FY 2019 12/31/2019		FY 2020 12/31/2020	
Total Assets						
+ Cash, Cash Equivalents & STI	313.3	3.3%	265.0	1.9%	308.3	3.0%
+ Cash & Cash Equivalents	313.3	3.3%	265.0	1.9%	308.3	3.0%
+ ST Investments	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Accounts & Notes Receiv	259.5	2.7%	254.2	1.9%	91.0	0.9%
+ Accounts Receivable, Net	259.5	2.7%	254.2	1.9%	91.0	0.9%
+ Notes Receivable, Net	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Inventories	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Raw Materials	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Work In Process	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Finished Goods	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Other Inventory	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Other ST Assets	208.5	2.2%	153.9	1.1%	87.7	0.9%
+ Derivative & Hedging Assets	0.0	0.0%	0.0	0.0%	—	—
+ Assets Held-for-Sale	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Deferred Tax Assets	—	—	—	—	—	—
+ Misc ST Assets	208.5	2.2%	153.9	1.1%	87.7	0.9%
Total Current Assets	**781.3**	8.2%	**673.1**	4.9%	**487.0**	4.7%
+ Property, Plant & Equip, Net	3,039.6	32.0%	7,445.2	54.4%	6,774.0	65.9%
+ Property, Plant & Equip	4,736.7	49.9%	9,265.3	67.7%	9,017.1	87.7%
- Accumulated Depreciation	1,697.1	17.9%	1,820.1	13.3%	2,243.1	21.8%
+ LT Investments & Receivables	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Other LT Assets	5,674.9	59.8%	5,557.5	40.6%	3,015.4	29.3%
+ Total Intangible Assets	5,140.8	54.1%	4,984.4	36.4%	2,710.5	26.4%
+ *Goodwill*	*4,788.7*	50.4%	*4,789.1*	35.0%	*2,547.3*	24.8%
+ *Other Intangible Assets*	*352.1*	3.7%	*195.3*	1.4%	*163.2*	1.6%
+ Deferred Tax Assets	28.6	0.3%	70.1	0.5%	0.3	0.0%
+ Derivative & Hedging Assets	0.0	0.0%	38.0	0.3%	0.0	0.0%
+ Misc LT Assets	505.5	5.3%	465.0	3.4%	304.6	3.0%
Total Noncurrent Assets	**8,714.5**	91.8%	**13,002.7**	95.1%	**9,789.4**	95.3%
Total Assets	**9,495.8**	100.0%	**13,675.8**	100.0%	**10,276.4**	100.0%

Liabilities & Shareholders' Equity						
+ Payables & Accruals	831.1	8.8%	867.9	6.3%	556.6	5.4%
+ Accounts Payable	452.6	4.8%	543.3	4.0%	298.8	2.9%
+ Accrued Taxes	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Interest & Dividends Payable	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Other Payables & Accruals	378.5	4.0%	324.6	2.4%	257.8	2.5%
+ ST Debt	82.2	0.9%	616.1	4.5%	616.5	6.0%
+ ST Borrowings	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ ST Lease Liabilities	67.1	0.7%	596.1	4.4%	596.5	5.8%
+ ST Finance Leases	*67.1*	0.7%	*10.3*	0.1%	*12.9*	0.1%
+ ST Operating Leases	—	—	*585.8*	4.3%	*583.6*	5.7%
+ Current Portion of LT Debt	15.1	0.2%	20.0	0.1%	20.0	0.2%
+ Other ST Liabilities	414.8	4.4%	449.2	3.3%	405.4	3.9%
+ Deferred Revenue	414.8	4.4%	449.2	3.3%	405.4	3.9%
+ Derivatives & Hedging	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Misc ST Liabilities	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total Current Liabilities	**1,328.1**	14.0%	**1,933.2**	14.1%	**1,578.5**	15.4%
+ LT Debt	5,201.0	54.8%	9,736.8	71.2%	10,736.7	104.5%
+ LT Borrowings	4,707.8	49.6%	4,733.4	34.6%	5,695.8	55.4%
+ LT Lease Liabilities	493.2	5.2%	5,003.4	36.6%	5,040.9	49.1%
+ LT Finance Leases	*493.2*	5.2%	*89.6*	0.7%	*83.1*	0.8%
+ LT Operating Leases	—	—	*4,913.8*	35.9%	*4,957.8*	48.2%
+ Other LT Liabilities	1,568.7	16.5%	791.6	5.8%	819.4	8.0%
+ Accrued Liabilities	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Pension Liabilities	54.6	0.6%	—	—	—	—
+ Pensions	*37.5*	0.4%	—	—	—	—
+ Other Post-Ret Benefits	*17.1*	0.2%	—	—	—	—
+ Deferred Revenue	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Deferred Tax Liabilities	41.6	0.4%	46.0	0.3%	40.5	0.4%
+ Derivatives & Hedging	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Misc LT Liabilities	1,472.5	15.5%	745.6	5.5%	778.9	7.6%
Total Noncurrent Liabilities	**6,769.7**	71.3%	**10,528.4**	77.0%	**11,556.1**	112.5%
Total Liabilities	**8,097.8**	85.3%	**12,461.6**	91.1%	**13,134.6**	127.8%
+ Preferred Equity and Hybrid Capital	0.0	0.0%	0.0	0.0%	0.0	0.0%
+ Share Capital & APIC	1,999.8	21.1%	2,002.9	14.6%	2,467.9	24.0%
+ Common Stock	1.4	0.0%	1.0	0.0%	2.3	0.0%
+ Additional Paid in Capital	1,998.4	21.0%	2,001.9	14.6%	2,465.6	24.0%
- Treasury Stock	56.4	0.6%	56.4	0.4%	56.4	0.5%
+ Retained Earnings	-550.9	-5.8%	-706.2	-5.2%	-5,335.3	-51.9%
+ Other Equity	5.5	0.1%	-26.1	-0.2%	38.7	0.4%
Equity Before Minority Interest	**1,398.0**	14.7%	**1,214.2**	8.9%	**-2,885.1**	-28.1%
+ Minority/Non Controlling Interest	0.0	0.0%	0.0	0.0%	26.9	0.3%
Total Equity	**1,398.0**	14.7%	**1,214.2**	8.9%	**-2,858.2**	-27.8%
Total Liabilities & Equity	**9,495.8**	100.0%	**13,675.8**	100.0%	**10,276.4**	100.0%

Reference Items			
Accounting Standard	US GAAP	US GAAP	US GAAP
Shares Outstanding	103.5	103.8	224.3
Number of Treasury Shares	3.7	3.7	3.7
Pension Obligations	54.6	0.0	0.0
Future Minimum Operating Lease Obligati	7,013.2	7,836.9	8,788.3
Capital Leases - Total	560.3	99.9	96.0
Options Granted During Period	—	—	—
Options Outstanding at Period End	—	—	—
Net Debt	4,969.9	10,087.9	11,044.9
Net Debt to Equity	355.50	830.83	—
Tangible Common Equity Ratio	-85.94	-43.38	-73.96
Current Ratio	0.59	0.35	0.31
Number of Employees	4,408.00	3,952.00	3,449.00

Marcus Corporation

Marcus Corp/The (MCS US) - Standardized

In Millions of USD except Per Share 12 Months Ending	FY 2018 12/27/2018		FY 2019 12/26/2019		FY 2020 12/31/2020	
Total Assets						
+ Cash, Cash Equivalents & STI	17.1	2%	20.9	2%	6.7	1%
+ Cash & Cash Equivalents	17.1	2%	20.9	2%	6.7	1%
+ ST Investments	0.0	0%	0.0	0%	0.0	0%
+ Accounts & Notes Receiv	25.7	3%	29.5	2%	6.4	1%
+ Accounts Receivable, Net	8.5	1%	9.3	1%	0.4	0%
+ Notes Receivable, Net	17.1	2%	20.1	1%	6.0	0%
+ Unbilled Revenues	0.0	0%	—	—	—	—
+ Inventories	0.0	0%	0.0	0%	0.0	0%
+ Raw Materials	0.0	0%	0.0	0%	0.0	0%
+ Work In Process	0.0	0%	0.0	0%	0.0	0%
+ Finished Goods	0.0	0%	0.0	0%	0.0	0%
+ Other Inventory	0.0	0%	0.0	0%	0.0	0%
+ Other ST Assets	26.2	3%	28.9	2%	54.7	4%
+ Derivative & Hedging Assets	—	—	0.0	0%	0.0	0%
+ Assets Held-for-Sale	—	—	—	—	4.1	0%
+ Deferred Tax Assets	—	—	—	—	—	—
+ Taxes Receivable	6.0	1%	5.9	0%	27.9	2%
+ Misc ST Assets	20.2	2%	23.0	2%	22.7	2%
Total Current Assets	**68.9**	7%	**79.3**	6%	**67.8**	5%
+ Property, Plant & Equip, Net	840.0	85%	1,167.1	86%	1,078.0	86%
+ Property, Plant & Equip	1,394.9	141%	1,777.7	131%	1,751.6	140%
- Accumulated Depreciation	554.9	56%	610.6	45%	673.6	54%
+ LT Investments & Receivables	0.0	0%	0.0	0%	0.0	0%
+ Other LT Assets	80.3	8%	112.8	8%	108.4	9%
+ Total Intangible Assets	43.2	4%	75.3	6%	75.2	6%
+ *Goodwill*	*43.2*	4%	*75.3*	6%	*75.2*	6%
+ *Other Intangible Assets*	*0.0*	0%	*0.0*	0%	*0.0*	0%
+ Derivative & Hedging Assets	—	—	—	—	—	—
+ Investments in Affiliates	4.1	0%	3.6	0%	2.1	0%
+ Misc LT Assets	33.1	3%	33.9	2%	31.1	2%
Total Noncurrent Assets	**920.4**	93%	**1,279.9**	94%	**1,186.4**	95%
Total Assets	**989.3**	100%	**1,359.2**	100%	**1,254.2**	100%

Liabilities & Shareholders' Equity						
+ Payables & Accruals	114.6	12%	128.6	9%	78.9	6%
+ Accounts Payable	37.5	4%	49.4	4%	13.2	1%
+ Accrued Taxes	0.0	0%	0.0	0%	0.0	0%
+ Interest & Dividends Payable	0.0	0%	0.0	0%	0.0	0%
+ Other Payables & Accruals	77.2	8%	79.2	6%	65.8	5%
+ ST Debt	15.9	2%	25.8	2%	120.1	10%
+ ST Borrowings	0.0	0%	0.0	0%	87.2	7%
+ ST Lease Liabilities	5.9	1%	15.9	1%	22.4	2%
+ ST Finance Leases	*5.9*	1%	*2.6*	0%	*2.8*	0%
+ ST Operating Leases	—	—	*13.3*	1%	*19.6*	2%
+ Current Portion of LT Debt	10.0	1%	9.9	1%	10.5	1%
+ Other ST Liabilities	18.7	2%	20.6	2%	18.3	1%
+ Deferred Revenue	0.0	0%	0.0	0%	0.0	0%
+ Derivatives & Hedging	—	—	—	—	—	—
+ Misc ST Liabilities	18.7	2%	20.6	2%	18.3	1%
Total Current Liabilities	**149.3**	15%	**175.0**	13%	**217.4**	17%
+ LT Debt	251.1	25%	459.3	34%	443.3	35%
+ LT Borrowings	228.9	23%	206.4	15%	193.0	15%
+ LT Lease Liabilities	22.2	2%	252.9	19%	250.3	20%
+ LT Finance Leases	*22.2*	2%	*20.8*	2%	*19.7*	2%
+ LT Operating Leases	—	—	*232.1*	17%	*230.6*	18%
+ Other LT Liabilities	98.9	10%	103.4	8%	94.7	8%
+ Accrued Liabilities	0.0	0%	0.0	0%	0.0	0%
+ Pension Liabilities	34.3	3%	42.4	3%	47.2	4%
+ Pensions	—	—	—	—	—	—
+ Other Post-Ret Benefits	—	—	—	—	—	—
+ Deferred Compensation	22.6	2%	12.7	1%	14.1	1%
+ Deferred Revenue	0.0	0%	0.0	0%	0.0	0%
+ Deferred Tax Liabilities	42.0	4%	48.3	4%	33.4	3%
+ Derivatives & Hedging	—	—	—	—	—	—
+ Misc LT Liabilities	0.0	0%	0.0	0%	0.0	0%
Total Noncurrent Liabilities	**350.0**	35%	**562.7**	41%	**538.1**	43%
Total Liabilities	**499.2**	50%	**737.7**	54%	**755.5**	60%
+ Preferred Equity and Hybrid Capital	0.0	0%	0.0	0%	0.0	0%
+ Share Capital & APIC	95.0	10%	176.7	13%	184.7	15%
+ Common Stock	31.2	3%	31.2	2%	31.2	2%
+ Additional Paid in Capital	63.8	6%	145.5	11%	153.5	12%
- Treasury Stock	37.4	4%	4.5	0%	3.0	0%
+ Retained Earnings	439.2	44%	461.9	34%	331.9	26%
+ Other Equity	-6.8	-1%	-12.6	-1%	-14.9	-1%
Equity Before Minority Interest	**490.0**	50%	**621.4**	46%	**498.7**	40%
+ Minority/Non Controlling Interest	0.1	0%	0.0	0%	0.0	0%
Total Equity	**490.1**	50%	**621.5**	46%	**498.7**	40%
Total Liabilities & Equity	**989.3**	100%	**1,359.2**	100%	**1,254.2**	100%

Cinemark

Cinemark Holdings Inc (CNK US) - Standardized

In Millions of USD except Per Share	FY 2018		FY 2019		FY 2020	
12 Months Ending	12/31/2018		12/31/2019		12/31/2020	
Total Assets						
+ Cash, Cash Equivalents & STI	426	9.51%	488	8.38%	655	11.78%
+ Cash & Cash Equivalents	426	9.51%	488	8.38%	655	11.78%
+ ST Investments	0	0.00%	0	0.00%	0	0.00%
+ Accounts & Notes Receiv	95	2.12%	84	1.44%	25	0.45%
+ Accounts Receivable, Net	95	2.12%	84	1.44%	25	0.45%
+ Notes Receivable, Net	0	0.00%	0	0.00%	0	0.00%
+ Inventories	19	0.43%	22	0.37%	13	0.23%
+ Other ST Assets	18	0.41%	41	0.71%	200	3.59%
+ Derivative & Hedging Assets	0	0.00%	0	0.00%	0	0.00%
+ Deferred Tax Assets	—	—	—	—	—	—
+ Taxes Receivable	3	0.07%	4	0.07%	165	2.97%
+ Misc ST Assets	15	0.34%	37	0.64%	34	0.62%
Total Current Assets	559	12.47%	635	10.90%	893	16.05%
+ Property, Plant & Equip,	1,833	40.90	3,118	53.51%	2,893	52.01

Net		%				%
+ Property, Plant & Equip	3,404	75.95 %	4,731	81.18%	4,681	84.15 %
- Accumulated Depreciation	1,571	35.05 %	1,613	27.68%	1,788	32.14 %
+ LT Investments & Receivables	276	6.15%	266	4.56%	152	2.73%
+ LT Investments	276	6.15%	266	4.56%	152	2.73%
+ Other LT Assets	1,814	40.48 %	1,809	31.04%	1,625	29.21 %
+ Total Intangible Assets	1,607	35.86 %	1,605	27.54%	1,568	28.19 %
+ Goodwill	1,276	28.48 %	1,283	22.02%	1,254	22.54 %
+ Other Intangible Assets	331	7.38%	322	5.52%	314	5.65%
+ Prepaid Expense	16	0.36%	0	0.00%	0	0.00%
+ Deferred Tax Assets	9	0.20%	9	0.16%	0	0.00%
+ Derivative & Hedging Assets	0	0.00%	0	0.00%	0	0.00%
+ Investments in Affiliates	157	3.50%	155	2.66%	24	0.43%
+ Misc LT Assets	25	0.56%	39	0.67%	33	0.60%
Total Noncurrent Assets	3,923	87.53 %	5,193	89.10%	4,670	83.95 %
Total Assets	4,482	100.00 %	5,828	100.00 %	5,563	100.00 %
Liabilities & Shareholders' Equity						

+ Payables & Accruals	439	9.80%	456	7.82%	363	6.53%
+ Accounts Payable	105	2.33%	92	1.57%	71	1.27%
+ Accrued Taxes	12	0.27%	5	0.09%	6	0.10%
+ Interest & Dividends Payable	0	0.00%	0	0.00%	0	0.00%
+ Other Payables & Accruals	322	7.19%	359	6.16%	287	5.16%
+ ST Debt	35	0.78%	239	4.11%	243	4.37%
+ ST Borrowings	0	0.00%	0	0.00%	0	0.00%
+ ST Lease Liabilities	27	0.60%	233	4.00%	225	4.04%
+ ST Finance Leases	27	0.60%	15	0.26%	16	0.29%
+ ST Operating Leases	—	—	217	3.73%	209	3.75%
+ Current Portion of LT Debt	8	0.18%	7	0.11%	18	0.32%
+ Other ST Liabilities	1	0.01%	13	0.23%	0	0.00%
+ Deferred Revenue	0	0.00%	0	0.00%	0	0.00%
+ Derivatives & Hedging	0	0.00%	0	0.00%	0	0.00%
+ Deferred Tax Liabilities	—	—	—	—	—	—
+ Misc ST Liabilities	1	0.01%	13	0.23%	0	0.00%
Total Current Liabilities	475	10.59%	709	12.16%	606	10.90%
+ LT Debt	2,005	44.74%	3,136	53.81%	3,640	65.43%
+ LT Borrowings	1,773	39.55%	1,771	30.39%	2,377	42.73%
+ LT Lease Liabilities	232	5.19%	1,364	23.41%	1,263	22.70

						%
+ LT Finance Leases	232	5.19%	141	2.42%	125	2.24%
+ LT Operating Leases	—	—	1,223	20.99%	1,138	20.46 %
+ Other LT Liabilities	546	12.18 %	535	9.18%	518	9.30%
+ Accrued Liabilities	0	0.00%	0	0.00%	0	0.00%
+ Pension Liabilities	0	0.00%	0	0.00%	0	0.00%
+ Pensions	0	0.00%	0	0.00%	0	0.00%
+ Other Post-Ret Benefits	0	0.00%	0	0.00%	0	0.00%
+ Deferred Revenue	287	6.41%	348	5.98%	344	6.19%
+ Deferred Tax Liabilities	156	3.47%	142	2.43%	80	1.43%
+ Derivatives & Hedging	0	0.00%	0	0.00%	0	0.00%
+ Misc LT Liabilities	103	2.30%	45	0.77%	94	1.69%
Total Noncurrent Liabilities	2,551	56.92 %	3,671	62.99%	4,158	74.74 %
Total Liabilities	3,026	67.51 %	4,380	75.15%	4,764	85.64 %
+ Preferred Equity and Hybrid Capital	0	0.00%	0	0.00%	0	0.00%
+ Share Capital & APIC	1,156	25.78 %	1,170	20.08%	1,246	22.39 %
+ Common Stock	0	0.00%	0	0.00%	0	0.00%
+ Additional Paid in Capital	1,155	25.78 %	1,170	20.08%	1,246	22.39 %
- Treasury Stock	79	1.77%	82	1.40%	87	1.56%

+ Retained Earnings	686	15.32 %	687	11.79%	28	0.50%
+ Other Equity	-319	-7.12%	-340	-5.84%	-399	-7.17 %
Equity Before Minority Interest	1,444	32.21 %	1,436	24.64%	788	14.16 %
+ Minority/Non Controlling Interest	12	0.28%	13	0.21%	11	0.20%
Total Equity	1,456	32.49 %	1,448	24.85%	799	14.36 %
Total Liabilities & Equity	4,482	100.00 %	5,828	100.00 %	5,563	100.00 %

Reference Items			
Accounting Standard	US GAAP	US GAAP	US GAAP
Shares Outstanding	117	117	119
Number of Treasury Shares	5	5	5
Pension Obligations	0	0	0
Future Minimum Operating Lease Obligations	1,785	1,732	1,614
Capital Leases - Total	260	156	141
Options Granted During Period	—	—	—
Options Outstanding at Period End	—	—	—
Net Debt	1,614	2,887	3,228
Net Debt to Equity	110.84	199.33	403.97
Tangible Common Equity Ratio	-5.69	-4.01	-19.53

Current Ratio	1.18	0.90	1.47
Cash Conversion Cycle	-16.99	-13.41	-75.47
Number of Employees	11,610.00	12,705.00	28,500.00

Regal Cinemas

Cineworld Group PLC (CINE LN) - Standardized

In Millions of USD except Per Share	FY 2018		FY 2019		FY 2020	
12 Months Ending	12/31/2018		12/31/2019		12/31/2020	
Total Assets						
+ Cash, Cash Equivalents & STI	316.30	3.26%	140.60	1.13%	336.70	3.17%
+ Cash & Cash Equivalents	316.30	3.26%	140.60	1.13%	336.70	3.17%
+ ST Investments	0.00	0.00%	0.00	0.00%	0.00	0.00%
+ Accounts & Notes Receiv	183.70	1.89%	184.50	1.48%	12.60	0.12%
+ Accounts Receivable, Net	183.70	1.89%	184.50	1.48%	12.60	0.12%
+ Notes Receivable, Net	0.00	0.00%	0.00	0.00%	0.00	0.00%
+ Inventories	35.10	0.36%	33.20	0.27%	13.20	0.12%

+ Raw Materials	0.00	0.00%	0.00	0.00%	0.00	0.00%
+ Work In Process	0.00	0.00%	0.00	0.00%	0.00	0.00%
+ Finished Goods	25.70	0.26%	30.50	0.24%	10.50	0.10%
+ Other Inventory	9.40	0.10%	2.70	0.02%	2.70	0.03%
+ Other ST Assets	143.30	1.48%	90.20	0.72%	250.60	2.36%
+ Prepaid Expenses	87.50	0.90%	35.40	0.28%	21.10	0.20%
+ Derivative & Hedging Assets	0.00	0.00%	10.40	0.08%	0.00	0.00%
+ Assets Held-for-Sale	2.50	0.03%	0.90	0.01%	2.90	0.03%
+ Taxes Receivable	—	—	—	—	206.60	1.94%
+ Misc ST Assets	53.30	0.55%	43.50	0.35%	20.00	0.19%
Total Current Assets	678.40	6.99%	448.50	3.60%	613.10	5.77%
+ Property, Plant & Equip, Net	2,446.30	25.21%	5,480.70	44.02%	4,094.60	38.54%
+ Property, Plant & Equip	3,011.90	31.04%	6,289.60	50.52%	5,388.30	50.71%
- Accumulated Depreciation	565.60	5.83%	808.90	6.50%	1,293.70	12.18%
+ LT Investments & Receivables	7.50	0.08%	10.00	0.08%	10.00	0.09%
+ LT Investments	7.50	0.08%	10.00	0.08%	10.00	0.09%
+ Other LT Assets	6,571.50	67.72%	6,511.30	52.30%	5,907.50	55.60%
+ Total Intangible Assets	6,024.70	62.09%	6,007.70	48.25%	5,357.80	50.43%
+ Goodwill	5,482.40	56.50%	5,492.10	44.11%	4,868.30	45.82%
+ Other Intangible Assets	542.30	5.59%	515.60	4.14%	489.50	4.61%
+ Deferred Tax Assets	31.60	0.33%	138.80	1.11%	278.10	2.62%

+ Derivative & Hedging Assets	0.00	0.00%	0.00	0.00%	0.00	0.00%
+ Prepaid Pension Costs	—	—	—	—	—	—
+ Investments in Affiliates	308.50	3.18%	300.20	2.41%	215.10	2.02%
+ Misc LT Assets	206.70	2.13%	64.60	0.52%	56.50	0.53%
Total Noncurrent Assets	9,025.30	93.01%	12,002.00	96.40%	10,012.10	94.23%
Total Assets	9,703.70	100.00%	12,450.50	100.00%	10,625.20	100.00%
Liabilities & Shareholders' Equity						
+ Payables & Accruals	753.4	7.76%	760.9	6.11%	636.9	5.99%
+ Accounts Payable	75.1	0.77%	127.4	1.02%	169.0	1.59%
+ Accrued Taxes	51.0	0.53%	48.8	0.39%	40.6	0.38%
+ Other Payables & Accruals	627.3	6.46%	584.7	4.70%	427.3	4.02%
+ ST Debt	81.4	0.84%	455.5	3.66%	650.8	6.13%
+ ST Borrowings	63.9	0.66%	133.9	1.08%	54.2	0.51%
+ ST Lease Liabilities	17.5	0.18%	321.6	2.58%	596.6	5.61%
+ ST Finance Leases	—	—	—	—	—	—
+ Other ST Liabilities	374.4	3.86%	274.0	2.20%	376.1	3.54%
+ Deferred Revenue	283.8	2.92%	263.1	2.11%	270.9	2.55%
+ Derivatives & Hedging	0.0	0.00%	4.5	0.04%	0.0	0.00%
+ Misc ST Liabilities	90.6	0.93%	6.4	0.05%	105.2	0.99%
Total Current Liabilities	1,209.2	12.46%	1,490.4	11.97%	1,663.8	15.66%

+ LT Debt	3,968.3	40.89 %	7,361.3	59.12 %	7,983.6	75.14%
+ LT Borrowings	3,885.3	40.04 %	3,485.4	27.99 %	4,608.5	43.37%
+ LT Lease Liabilities	83.0	0.86%	3,875.9	31.13 %	3,375.1	31.77%
+ LT Finance Leases	—	—	—	—	—	—
+ Other LT Liabilities	1,105.9	11.40 %	661.1	5.31%	751.5	7.07%
+ Accrued Liabilities	0.0	0.00%	0.0	0.00%	0.0	0.00%
+ Pension Liabilities	3.2	0.03%	3.5	0.03%	4.1	0.04%
+ Deferred Revenue	659.3	6.79%	635.0	5.10%	607.0	5.71%
+ Deferred Tax Liabilities	9.7	0.10%	0.0	0.00%	0.0	0.00%
+ Derivatives & Hedging	0.0	0.00%	9.7	0.08%	130.1	1.22%
+ Misc LT Liabilities	433.7	4.47%	12.9	0.10%	10.3	0.10%
Total Noncurrent Liabilities	5,074.2	52.29 %	8,022.4	64.43 %	8,735.1	82.21%
Total Liabilities	6,283.4	64.75 %	9,512.8	76.40 %	10,398.9	97.87%
+ Preferred Equity and Hybrid Capital	0.0	0.00%	0.0	0.00%	0.0	0.00%
+ Share Capital & APIC	533.9	5.50%	536.1	4.31%	533.9	5.02%
+ Common Stock	20.1	0.21%	20.1	0.16%	20.1	0.19%
+ Additional Paid in Capital	513.8	5.29%	516.0	4.14%	513.8	4.84%
- Treasury Stock	0.0	0.00%	0.0	0.00%	0.0	0.00%
+ Retained Earnings	3,157.3	32.54 %	2,645.2	21.25 %	-57.5	-0.54%
+ Other Equity	-270.9	-2.79	-243.6	-1.96	-250.1	-2.35%

		%		%		
Equity Before Minority Interest	3,420.3	35.25%	2,937.7	23.60%	226.3	2.13%
+ Minority/Non Controlling Interest	0.0	0.00%	0.0	0.00%	0.0	0.00%
Total Equity	3,420.3	35.25%	2,937.7	23.60%	226.3	2.13%
Total Liabilities & Equity	9,703.7	100.00%	12,450.5	100.00%	10,625.2	100.00%
Reference Items						
Accounting Standard	IAS/IFRS		IAS/IFRS		IAS/IFRS	
Shares Outstanding	1,371.2		1,372.0		1,372.8	
Number of Treasury Shares	0.0		0.0		0.0	
Pension Obligations	3.2		3.5		4.1	
Future Minimum Operating Lease Obligations	3,327.9		29.2		28.6	
Capital Leases - Total	—		—		—	—
Options Granted During Period	1.6		1.8		7.1	
Options Outstanding at Period End	3.4		4.3		10.5	
Net Debt	3,733.4		7,676.2		8,297.7	
Net Debt to Equity	109.15		261.30		3,666.68	
Tangible Common Equity Ratio	-70.79		-47.65		-97.42	
Current Ratio	0.56		0.30		0.37	
Cash Conversion Cycle	6.20		6.46		-10.60	
Number of Employees	37,641.00		37,482.00		30,431.00	

Appendix B: Normalized Income Statement

AMC Entertainment Holdings

AMC Entertainment Holdings Inc (AMC US) - Adjusted

In Millions of USD except Per Share 12 Months Ending	FY 2018 12/31/2018		FY 2019 12/31/2019		FY 2020 12/31/2020	
Revenue	**5,460.8**	**100.0%**	**5,471.0**	**100.0%**	**1,242.4**	**100.0%**
+ Sales & Services Revenue	5,056.5	**92.6%**	5,020.9	**91.8%**	1,074.5	**86.5%**
+ Other Revenue	404.3	**7.4%**	450.1	**8.2%**	167.9	**13.5%**
- Cost of Revenue	1,981.1	**36.3%**	1,977.8	**36.2%**	411.5	**33.1%**
+ Cost of Goods & Services	1,981.1	**36.3%**	1,977.8	**36.2%**	411.5	**33.1%**
Gross Profit	**3,479.7**	**63.7%**	**3,493.2**	**63.8%**	**830.9**	**66.9%**
+ Other Operating Income	0.0	**0.0%**	0.0	**0.0%**	0.0	**0.0%**
- Operating Expenses	3,150.9	**57.7%**	3,257.4	**59.5%**	2,302.4	**185.3%**
+ Selling, General & Admin	224.7	**4.1%**	195.6	**3.6%**	167.4	**13.5%**
+ *Selling & Marketing*	*45.4*	**0.8%**	*42.6*	**0.8%**	*10.7*	**0.9%**
+ *General & Administrative*	*179.3*	**3.3%**	*153.0*	**2.8%**	*156.7*	**12.6%**
+ Research & Development	0.0	**0.0%**	0.0	**0.0%**	0.0	**0.0%**
+ Depreciation & Amortization	537.8	**9.8%**	450.0	**8.2%**	498.3	**40.1%**
+ Other Operating Expense	2,388.4	**43.7%**	2,611.8	**47.7%**	1,636.7	**131.7%**
Operating Income (Loss)	**328.8**	**6.0%**	**235.8**	**4.3%**	**-1,471.5**	**-118.4%**
- Non-Operating (Income) Loss	140.9	**2.6%**	314.9	**5.8%**	288.8	**23.2%**
+ *Interest Expense*	*342.3*	**6.3%**	*340.8*	**6.2%**	*356.9*	**28.7%**
+ Other Investment (Inc) Loss	-6.2	**-0.1%**	-16.0	**-0.3%**	10.1	**0.8%**
+ Foreign Exch (Gain) Loss	0.0	**0.0%**	0.0	**0.0%**	0.0	**0.0%**
+ (Income) Loss from Affiliates	-86.7	**-1.6%**	-30.6	**-0.6%**	30.9	**2.5%**
+ Other Non-Op (Income) Loss	-108.5	**-2.0%**	20.7	**0.4%**	-109.1	**-8.8%**
Pretax Income (Loss), Adjusted	**187.9**	**3.4%**	**-79.1**	**-1.4%**	**-1,760.4**	**-141.7%**

- Abnormal Losses (Gains)	64.2	**1.2%**	92.5	**1.7%**	2,769.1	**222.9%**
+ Merger/Acquisition Expense	31.3	**0.6%**	15.5	**0.3%**	24.6	**2.0%**
+ Abnormal Derivatives	—	—	-7.3	**-0.1%**	138.0	**11.1%**
+ Disposal of Assets	—	—	—	—	—	—
+ Early Extinguishment of Debt	0.4	**0.0%**	—	—	—	—
+ Asset Write-Down	29.8	**0.5%**	84.3	**1.5%**	2,513.9	**202.3%**
+ Impairment of Intangibles	—	—	—	—	—	—
+ Gain/Loss on Sale/Acquisition of Bus	—	—	—	—	—	—
+ Restructuring	—	—	—	—	—	—
+ Sale of Investments	—	—	—	—	—	—
+ Other Abnormal Items	2.7	**0.0%**	—	—	92.7	**7.5%**
Pretax Income (Loss), GAAP	**123.7**	**2.3%**	**-171.6**	**-3.1%**	**-4,529.5**	**-364.6%**
- Income Tax Expense (Benefit)	13.6	**0.2%**	-22.5	**-0.4%**	59.9	**4.8%**
+ Current Income Tax	—	—	—	—	—	—
+ Deferred Income Tax	—	—	—	—	—	—
+ Tax Allowance/Credit	—	—	—	—	—	—
Income (Loss) from Cont Ops	**110.1**	**2.0%**	**-149.1**	**-2.7%**	**-4,589.4**	**-369.4%**
- Net Extraordinary Losses (Gains)	0.0	**0.0%**	0.0	**0.0%**	0.0	**0.0%**
+ Discontinued Operations	0.0	**0.0%**	0.0	**0.0%**	0.0	**0.0%**
+ XO & Accounting Changes	0.0	**0.0%**	0.0	**0.0%**	0.0	**0.0%**
Income (Loss) Incl. MI	**110.1**	**2.0%**	**-149.1**	**-2.7%**	**-4,589.4**	**-369.4%**
- Minority Interest	0.0	**0.0%**	0.0	**0.0%**	-0.3	**0.0%**
Net Income, GAAP	**110.1**	**2.0%**	**-149.1**	**-2.7%**	**-4,589.1**	**-369.4%**
- Preferred Dividends	0.0	**0.0%**	0.0	**0.0%**	0.0	**0.0%**
- Other Adjustments	0.0	**0.0%**	0.0	**0.0%**	0.0	**0.0%**
Net Income Avail to Common, GAAP	**110.1**	**2.0%**	**-149.1**	**-2.7%**	**-4,589.1**	**-369.4%**
		0.0%		**0.0%**		**0.0%**

Net Income Avail to Common, Adj	**174.4**	3.2%	**-117.6**	-2.1%	**-1,873.6**	-150.8%
Net Abnormal Losses (Gains)	64.3	1.2%	31.5	0.6%	2,715.5	218.6%
Net Extraordinary Losses (Gains)	0.0	0.0%	0.0	0.0%	0.0	0.0%
		0.0%		0.0%		0.0%
Basic Weighted Avg Shares	120.6	2.2%	103.8	1.9%	117.2	9.4%
Basic EPS, GAAP	**0.91**	0.0%	**-1.44**	0.0%	**-39.15**	-3.2%
Basic EPS from Cont Ops, GAAP	**0.91**	0.0%	**-1.44**	0.0%	**-39.15**	-3.2%
Basic EPS from Cont Ops, Adjusted	**1.45**	0.0%	**-1.13**	0.0%	**-15.98**	-1.3%
		0.0%		0.0%		0.0%
Diluted Weighted Avg Shares	130.1	2.4%	103.8	1.9%	117.2	9.4%
Diluted EPS, GAAP	**0.41**	0.0%	**-1.44**	0.0%	**-39.15**	-3.2%
Diluted EPS from Cont Ops, GAAP	**0.41**	0.0%	**-1.44**	0.0%	**-39.15**	-3.2%
Diluted EPS from Cont Ops, Adjusted	**0.90**	0.0%	**-1.14**	0.0%	**-15.98**	-1.3%
		0.0%		0.0%		0.0%

Diluted EPS, GAAP	**0.41**	**0.0%**	**-1.44**	**0.0%**	**-39.15**	**-3.2%**
Diluted EPS from Cont Ops, GAAP	**0.41**	**0.0%**	**-1.44**	**0.0%**	**-39.15**	**-3.2%**
Diluted EPS from Cont Ops, Adjusted	**0.90**	**0.0%**	**-1.14**	**0.0%**	**-15.98**	**-1.3%**
		0.0%		**0.0%**		**0.0%**
Reference Items		**0.0%**		**0.0%**		**0.0%**
Accounting Standard	US GAAP		US GAAP		US GAAP	
EBITDA	866.6	**15.9%**	1,590.8	**29.1%**	-136.7	**-11.0%**
EBITDA Margin (T12M)	15.87	**0.3%**	29.08	**0.5%**	-11.01	**-0.9%**
EBITA	368.4	**6.7%**	1,177.2	**21.5%**	-589.9	**-47.5%**
EBIT	328.8	**6.0%**	235.8	**4.3%**	-1,471.5	**-118.4%**
Gross Margin	63.72	**1.2%**	63.85	**1.2%**	66.88	**5.4%**
Operating Margin	6.02	**0.1%**	4.31	**0.1%**	-118.44	**-9.5%**
Profit Margin	3.19	**0.1%**	-2.15	**0.0%**	-150.80	**-12.1%**
Current Profit	—	—	—	—	—	—
Sales per Employee	1,238,838.48	**22686.0%**	1,384,362.35	**25303.6%**	360,220.35	**28993.9%**
Dividends per Share	2.35	**0.0%**	0.80	**0.0%**	0.03	**0.0%**
Total Cash Common Dividends	283.5	**5.2%**	83.1	**1.5%**	3.5	**0.3%**
Depreciation Expense	498.2	**9.1%**	413.6	**7.6%**	453.2	**36.5%**
Rental Expense	827.5	**15.2%**	1,053.1	**19.2%**	913.3	**73.5%**

Marcus Corporation

Marcus Corp/The (MCS US) - Adjusted

In Millions of USD except Per Share 12 Months Ending	FY 2018 12/27/2018		FY 2019 12/26/2019		FY 2020 12/31/2020	
Revenue	**707.1**	**100%**	**820.9**	**100%**	**237.7**	**100%**
+ Sales & Services Revenue	594.5	**84%**	695.9	**85%**	181.7	**76%**
+ Other Revenue	112.6	**16%**	125.0	**15%**	55.9	**24%**
- Cost of Revenue	365.2	**52%**	454.2	**55%**	169.3	**71%**
+ Cost of Goods & Services	365.2	**52%**	454.2	**55%**	169.3	**71%**
Gross Profit	**341.9**	**48%**	**366.6**	**45%**	**68.3**	**29%**
+ Other Operating Income	0.0	**0%**	0.0	**0%**	0.0	**0%**
- Operating Expenses	252.8	**36%**	287.3	**35%**	219.9	**93%**
+ Selling, General & Admin	95.9	**14%**	98.1	**12%**	62.1	**26%**
+ Selling & Marketing	*23.8*	**3%**	*24.6*	**3%**	*11.1*	**5%**
+ General & Administrative	*72.1*	**10%**	*73.5*	**9%**	*51.0*	**21%**
+ Research & Development	0.0	**0%**	0.0	**0%**	0.0	**0%**
+ Depreciation & Amortization	61.3	**9%**	72.3	**9%**	75.1	**32%**
+ Other Operating Expense	95.5	**14%**	116.9	**14%**	82.7	**35%**
Operating Income (Loss)	**89.1**	**13%**	**79.4**	**10%**	**-151.6**	**-64%**
- Non-Operating (Income) Loss	15.3	**2%**	14.9	**2%**	16.5	**7%**
+ Interest Expense, Net	13.1	**2%**	11.8	**1%**	16.3	**7%**
+ Interest Expense	*13.1*	**2%**	*11.8*	**1%**	*16.3*	**7%**
- Interest Income	*0.0*	**0%**	*0.0*	**0%**	*0.0*	**0%**
+ Other Investment (Inc) Loss	-0.2	**0%**	-1.4	**0%**	-0.6	**0%**
+ Foreign Exch (Gain) Loss	0.0	**0%**	0.0	**0%**	0.0	**0%**
+ (Income) Loss from Affiliates	0.4	**0%**	0.3	**0%**	1.5	**1%**
+ Other Non-Op (Income) Loss	2.0	**0%**	4.2	**1%**	-0.7	**0%**
Pretax Income (Loss), Adjusted	**73.9**	**10%**	**64.5**	**8%**	**-168.1**	**-71%**
- Abnormal Losses (Gains)	7.3	**1%**	10.0	**1%**	27.7	**12%**
+ Merger/Acquisition Expense	1.7	**0%**	2.5	**0%**	-1.4	**-1%**
+ Disposal of Assets	1.3	**0%**	-1.1	**0%**	0.9	**0%**
+ Early Extinguishment of Debt	—	—	—	—	—	—
+ Asset Write-Down	—	—	1.9	**0%**	25.5	**11%**
+ Gain/Loss on Sale/Acquisition of Bus	—	—	—	—	—	—
+ Legal Settlement	—	—	—	—	—	—
+ Restructuring	—	—	—	—	11.5	**5%**
+ Other Abnormal Items	4.3	**1%**	6.8	**1%**	-8.8	**-4%**
Pretax Income (Loss), GAAP	**66.6**	**9%**	**54.4**	**7%**	**-195.8**	**-82%**
- Income Tax Expense (Benefit)	13.1	**2%**	12.3	**2%**	-70.9	**-30%**
+ Current Income Tax	10.2	**1%**	3.2	**0%**	-32.1	**-14%**
+ Deferred Income Tax	2.9	**0%**	9.1	**1%**	-38.8	**-16%**
+ Tax Allowance/Credit	—	—	—	—	—	—

Income (Loss) from Cont Ops	**53.5**	**8%**	**42.1**	**5%**	**-124.9**	**-53%**
- Net Extraordinary Losses (Gains)	0.0	**0%**	0.0	**0%**	0.0	**0%**
+ Discontinued Operations	0.0	**0%**	0.0	**0%**	0.0	**0%**
+ XO & Accounting Changes	0.0	**0%**	0.0	**0%**	0.0	**0%**
Income (Loss) Incl. MI	**53.5**	**8%**	**42.1**	**5%**	**-124.9**	**-53%**
- Minority Interest	0.1	**0%**	0.1	**0%**	0.0	**0%**
Net Income, GAAP	**53.4**	**8%**	**42.0**	**5%**	**-124.8**	**-53%**
- Preferred Dividends	0.0	**0%**	0.0	**0%**	0.0	**0%**
- Other Adjustments	0.0	**0%**	0.0	**0%**	0.0	**0%**
Net Income Avail to Common, GAAP	**53.4**	**8%**	**42.0**	**5%**	**-124.8**	**-53%**
		0%		**0%**		**0%**
Net Income Avail to Common, Adj	**56.8**	**8%**	**49.4**	**6%**	**-104.3**	**-44%**
Net Abnormal Losses (Gains)	3.5	**0%**	7.4	**1%**	20.5	**9%**
Net Extraordinary Losses (Gains)	0.0	**0%**	0.0	**0%**	0.0	**0%**
		0%		**0%**		**0%**
Basic Weighted Avg Shares	28.1	**4%**	30.7	**4%**	31.0	**13%**
Basic EPS, GAAP	**1.90**	**0%**	**1.37**	**0%**	**-4.02**	**-2%**
Basic EPS from Cont Ops, GAAP	**1.90**	**0%**	**1.37**	**0%**	**-4.02**	**-2%**
Basic EPS from Cont Ops, Adjusted	**2.02**	**0%**	**1.61**	**0%**	-3.36	**-1%**
		0%		**0%**		**0%**
Diluted Weighted Avg Shares	28.7	**4%**	31.2	**4%**	31.0	**13%**
Diluted EPS, GAAP	**1.86**	**0%**	**1.35**	**0%**	**-4.02**	**-2%**
Diluted EPS from Cont Ops, GAAP	**1.86**	**0%**	**1.35**	**0%**	**-4.02**	**-2%**
Diluted EPS from Cont Ops, Adjusted	**1.98**	**0%**	**1.58**	**0%**	-3.36	**-1%**
		0%		**0%**		**0%**
Reference Items		**0%**		**0%**		**0%**
Accounting Standard	US GAAP		US GAAP	**#VALUE!**	US GAAP	
EBITDA	150.8	**21%**	175.9	**21%**	-50.7	**-21%**
EBITDA Margin (T12M)	21.33	**3%**	21.43	**3%**	-21.33	**-9%**
EBITA	89.3	**13%**	103.7	**13%**	-125.8	**-53%**
EBIT	89.1	**13%**	79.4	**10%**	-151.6	**-64%**
Gross Margin	48.35	**7%**	44.67	**5%**	28.75	**12%**
Operating Margin	12.60	**2%**	9.67	**1%**	-63.77	**-27%**
Profit Margin	8.04	**1%**	6.01	**1%**	-43.90	**-18%**
Sales per Employee	232,605.26	**32895%**	269,135.41	**32787%**	56,592.38	**23810%**
Dividends per Share	0.60	**0%**	0.64	**0%**	0.17	**0%**
Total Cash Common Dividends	16.9	**2%**	19.3	**2%**	5.1	**2%**
Capitalized Interest Expense	0.1	**0%**	0.1	**0%**	—	—
Depreciation Expense	61.5	**9%**	72.3	**9%**	75.1	**32%**
Rental Expense	11.3	**2%**	26.1	**3%**	26.9	**11%**

Reference Items			
Accounting Standard	US GAAP	US GAAP	US GAAP
Shares Outstanding	28.4	30.9	31.1
Number of Treasury Shares	2.8	0.2	0.1
Pension Obligations	34.3	42.4	47.2
Future Minimum Operating Lease Obligati	130.6	339.8	338.0
Capital Leases - Total	28.1	23.4	22.5
Options Granted During Period	0.3	0.3	0.7
Options Outstanding at Period End	1.5	1.6	2.2
Net Debt	249.8	464.3	556.7
Net Debt to Equity	50.97	74.71	111.63
Tangible Common Equity Ratio	47.23	42.54	35.92
Current Ratio	0.46	0.45	0.31
Number of Employees	3,040.00	3,050.00	4,200.00

Cinemark

Cinemark Holdings Inc (CNK US) - Adjusted

In Millions of USD except Per Share	FY 2018		FY 2019		FY 2020	
12 Months Ending	12/31/2018		12/31/2019		12/31/2020	
Revenue	3,222	100.00%	3,283	100.00%	686	100.00%
+ Sales & Services Revenue	2,943	91.35%	2,966	90.35%	588	85.61%
+ Other Revenue	279	8.65%	317	9.65%	99	14.39%
- Cost of Revenue	1,181	36.65%	1,210	36.86%	235	34.31%
+ Cost of Goods & Services	1,181	36.65%	1,210	36.86%	235	34.31%
Gross Profit	2,041	63.35%	2,073	63.14%	451	65.69%
+ Other Operating Income	0	0.00%	0	0.00%	0	0.00%
- Operating Expenses	1,582	49.09%	1,665	50.73%	1,042	151.78%
+ Selling, General & Admin	165	5.13%	173	5.28%	128	18.59%
+ General & Administrative	165	5.13%	173	5.28%	128	18.59%
+ Research & Development	0	0.00%	0	0.00%	0	0.00%
+ Depreciation & Amortization	261	8.11%	261	7.95%	260	37.85%

+ Other Operating Expense	1,155	35.86%	1,231	37.49%	654	95.34%
Operating Income (Loss)	459	14.26%	407	12.41%	-591	-86.09%
- Non-Operating (Income) Loss	76	2.36%	65	1.97%	172	25.11%
+ Interest Expense, Net	99	3.08%	87	2.66%	125	18.22%
+ Interest Expense	110	3.41%	100	3.04%	130	18.92%
- Interest Income	11	0.33%	13	0.38%	5	0.70%
+ Foreign Exch (Gain) Loss	12	0.36%	3	0.10%	5	0.71%
+ (Income) Loss from Affiliates	-39	-1.22%	-42	-1.28%	39	5.65%
+ Other Non-Op (Income) Loss	4	0.13%	16	0.48%	4	0.54%
Pretax Income (Loss), Adjusted	383	11.90%	343	10.44%	-763	-111.20%
- Abnormal Losses (Gains)	73	2.25%	69	2.10%	164	23.92%
+ Merger/Acquisition Expense	—	—	—	—	—	—
+ Disposal of Assets	—	—	—	—	—	—
+ Early Extinguishment of Debt	1	0.05%	—	—	—	—
+ Asset Write-Down	32	1.00%	57	1.74%	153	22.25%
+ Impairment of Intangibles	—	—	—	—	—	—
+ Restructuring	—	—	—	—	20	2.97%

+ Other Abnormal Items	39	1.20%	12	0.37%	-9	-1.30%
Pretax Income (Loss), GAAP	311	9.64%	274	8.34%	-927	-135.12 %
- Income Tax Expense (Benefit)	95	2.96%	80	2.43%	-309	-45.08%
+ Current Income Tax	72	2.24%	82	2.49%	-270	-39.41%
+ Deferred Income Tax	23	0.72%	-2	-0.06%	-39	-5.67%
+ Tax Allowance/Credit	—	—	—	—	—	—
Income (Loss) from Cont Ops	215	6.68%	194	5.90%	-618	-90.04%
- Net Extraordinary Losses (Gains)	0	0.00%	0	0.00%	0	0.00%
+ Discontinued Operations	0	0.00%	0	0.00%	0	0.00%
+ XO & Accounting Changes	0	0.00%	0	0.00%	0	0.00%
Income (Loss) Incl. MI	215	6.68%	194	5.90%	-618	-90.04%
- Minority Interest	1	0.05%	2	0.07%	-1	-0.16%
Net Income, GAAP	214	6.64%	191	5.83%	-617	-89.88%
- Preferred Dividends	0	0.00%	0	0.00%	0	0.00%
- Other Adjustments	0	0.00%	0	0.00%	0	0.00%
Net Income Avail to Common, GAAP	214	6.64%	191	5.83%	-617	-89.88%
		0.00%		0.00%		0.00%

Net Income Avail to Common, Adj	271	8.42%	246	7.49%	-487	-70.98%
Net Abnormal Losses (Gains)	57	1.78%	55	1.66%	130	18.90%
Net Extraordinary Losses (Gains)	0	0.00%	0	0.00%	0	0.00%
		0.00%		0.00%		0.00%
Basic Weighted Avg Shares	116	3.60%	116	3.54%	117	17.00%
Basic EPS, GAAP	1.83	0.06%	1.63	0.05%	-5.29	-0.77%
Basic EPS from Cont Ops, GAAP	1.83	0.06%	1.63	0.05%	-5.29	-0.77%
Basic EPS from Cont Ops, Adjusted	2.34	0.07%	2.11	0.06%	-4.18	-0.61%
		0.00%		0.00%		0.00%
Diluted Weighted Avg Shares	116	3.61%	117	3.55%	117	17.00%
Diluted EPS, GAAP	1.83	0.06%	1.63	0.05%	-5.29	-0.77%
Diluted EPS from Cont Ops, GAAP	1.83	0.06%	1.63	0.05%	-5.29	-0.77%
Diluted EPS from Cont Ops, Adjusted	2.32	0.07%	2.10	0.06%	-4.18	-0.61%
Reference Items						
Accounting Standard	US GAAP		US GAAP		US GAAP	
EBITDA	721		1,024		-53	
EBITDA Margin (T12M)	22.37		31.19		-7.67	

EBITA	463	768	-308
EBIT	459	407	-591
Gross Margin	63.35	63.14	65.69
Operating Margin	14.26	12.41	-86.09
Profit Margin	8.42	7.49	-70.98
Current Profit	—	—	—
Sales per Employee	277,496.55	258,410.00	24,081.05
Dividends per Share	1.28	1.36	1.44
Total Cash Common Dividends	150	160	168
Personnel Expenses	384	410	145
Depreciation Expense	258	256	255
Rental Expense	323	355	278

Regal Cinemas

Cineworld Group PLC (CINE LN) - Adjusted

In Millions of USD except Per Share	FY 2018		FY 2019		FY 2020	
12 Months Ending	12/31/2018		12/31/2019		12/31/2020	
Revenue	4,119.1	100%	4,369.7	100%	852.3	100%
+ Sales & Services Revenue	4,119.1	100%	4,369.7	100%	852.3	100%
- Cost of Revenue	3,125.4	76%	2,749.1	63%	888.1	104%
+ Cost of Goods & Services	3,125.4	76%	2,749.1	63%	888.1	104%
Gross Profit	993.7	24%	1,620.6	37%	-35.8	-4%
+ Other Operating Income	5.3	0%	5.7	0%	2.3	0%
- Operating Expenses	428.5	10%	855.7	20%	759.5	89%
+ Selling, General & Admin	185.6	5%	171.8	4%	236.4	28%
+ General & Administrative	185.6	5%	171.8	4%	236.4	28%
+ Research & Development	0.0	0%	0.0	0%	—	—
+ Depreciation & Amortization	320.5	8%	729.8	17%	643.3	75%
+ Other Operating Expense	-77.6	-2%	-45.9	-1%	-120.2	-14%
Operating Income (Loss)	570.5	14%	770.6	18%	-793.0	-93%
- Non-Operating (Income) Loss	143.9	3%	512.4	12%	727.2	85%
+ Interest Expense, Net	155.4	4%	190.0	4%	192.0	23%

+ Interest Expense	157.7	4%	194.5	4%	199.4	23%
- Interest Income	2.3	0%	4.5	0%	7.4	1%
+ Foreign Exch (Gain) Loss	-90.2	-2%	8.5	0%	0.9	0%
+ (Income) Loss from Affiliates	-27.4	-1%	-29.3	-1%	33.0	4%
+ Other Non-Op (Income) Loss	106.1	3%	343.2	8%	501.3	59%
Pretax Income (Loss), Adjusted	426.6	10%	258.2	6%	-1,520.2	-178%
- Abnormal Losses (Gains)	77.6	2%	45.9	1%	1,487.7	175%
+ Merger/Acquisition Expense	56.0	1%	10.7	0%	60.8	7%
+ Abnormal Derivatives	—	—	—	—	56.2	7%
+ Disposal of Assets	1.0	0%	-12.2	0%	6.4	1%
+ Early Extinguishment of Debt	—	—	—	—	-33.2	-4%
+ Asset Write-Down	18.3	0%	46.9	1%	1,344.5	158%
+ Gain/Loss on Sale/Acquisition of Business	—	—	6.3	0%	—	—
+ Legal Settlement	2.8	0%	6.4	0%	—	—
+ Other Abnormal Items	-0.5	0%	-12.2	0%	53.0	6%
Pretax Income (Loss), GAAP	349.0	8%	212.3	5%	-3,007.9	-353%
- Income Tax Expense (Benefit)	64.7	2%	32.0	1%	-356.4	-42%
+ Current Income Tax	72.7	2%	104.6	2%	-224.0	-26%
+ Deferred Income Tax	-8.0	0%	-72.6	-2%	-132.4	-16%

Income (Loss) from Cont Ops	284.3	7%	180.3	4%	-2,651.5	-311%
- Net Extraordinary Losses (Gains)	0.0	0%	0.0	0%	0.0	0%
+ Discontinued Operations	0.0	0%	0.0	0%	0.0	0%
+ XO & Accounting Changes	0.0	0%	0.0	0%	0.0	0%
Income (Loss) Incl. MI	284.3	7%	180.3	4%	-2,651.5	-311%
- Minority Interest	0.0	0%	0.0	0%	0.0	0%
Net Income, GAAP	284.3	7%	180.3	4%	-2,651.5	-311%
- Preferred Dividends	0.0	0%	0.0	0%	0.0	0%
- Other Adjustments	0.0	0%	0.0	0%	0.0	0%
Net Income Avail to Common, GAAP	284.3	7%	180.3	4%	-2,651.5	-311%
		0%		0%		0%
Net Income Avail to Common, Adj	360.3	9%	226.5	5%	-1,094.1	-128%
Net Abnormal Losses (Gains)	76.0	2%	46.2	1%	1,557.4	183%
Net Extraordinary Losses (Gains)	0.0	0%	0.0	0%	0.0	0%
		0%		0%		0%
Basic Weighted Avg Shares	1,265.5	31%	1,371.6	31%	1,372.4	161%
Basic EPS, GAAP	0.23	0%	0.13	0%	-1.93	0%
Basic EPS from Cont Ops, GAAP	0.23	0%	0.13	0%	-1.93	0%
Basic EPS from Cont Ops, Adjusted	0.29	0%	0.16	0%	-0.80	0%
		0%		0%		0%

Diluted Weighted Avg Shares	1,268.3	31%	1,375.2	31%	1,372.4	161%
Diluted EPS, GAAP	0.22	0%	0.13	0%	-1.93	0%
Diluted EPS from Cont Ops, GAAP	0.22	0%	0.13	0%	-1.93	0%
Diluted EPS from Cont Ops, Adjusted	0.28	0%	0.16	0%	-0.80	0%
Reference Items						
Accounting Standard	IAS/IFRS		IAS/IFRS		IAS/IFRS	
EBITDA	891.0		1,500.4		-149.7	
EBITDA Margin (T12M)	21.63		34.34		-17.56	
EBITA	601.3		803.2		-767.3	
EBIT	570.5		770.6		-793.0	
Gross Margin	24.12		37.09		-4.20	
Operating Margin	13.85		17.64		-93.04	
Profit Margin	8.75		5.18		-128.37	
Sales per Employee	109,431.21		116,581.29		28,007.62	
Dividends per Share	0.15		0.11		0.00	
Total Cash Common Dividends	205.7		432.4		0.0	
Personnel Expenses	507.6		555.0		244.1	
Depreciation Expense	289.7		697.2		617.6	
Rental Expense	527.5		27.4		4.8	

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