Cinemark Holdings
Third Quarter 2026 Earnings Call
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Presenters
Sean Gamble, President & CEO
Melissa Thomas, CFO
Chanda Brashears, SVP Investor Relations

Q&A Participants
David Karnovsky - J.P. Morgan
Robert Fishman - MoffittNathanson
Eric Handler - Roth Capital Partners
Omar Mejias - Wells Fargo
Aaron - Macquarie Research
Mike Hickey - Benchmark
Drew Crum - B. Riley Securities
Patrick Shull - Barrington Research
Stephen Laszczyk - Goldman Sachs

Operator
Greetings and welcome to the Cinemark Holdings' Third Quarter 2026 Earnings Call. At this time, all participants are in a listen-only mode. A question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star, zero, on your telephone keypad. As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Chanda Brashears, Senior Vice President Investor Relations. Please go ahead.

Chanda Brashears
Good morning, everyone, and thank you for joining us today to discuss our third quarter 2026 results. Our earnings release, executive commentary, and 10-Q were issued earlier this morning and are available on our website at ir.cinemark.com. Today's call is being webcast with a replay and transcript available on our website after the call. Before we begin, I would like to remind everyone that during this conference call, we will make forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements may include, but are not necessarily limited to, financial projections or other statements of the company's plans, objectives, expectations, or intentions. Forward-looking statements are subject to risk and uncertainty that could cause the company's actual results to materially differ from those expressed or implied. The factors that could cause results to differ materially are detailed in our most recent annual report on Form 10-K, as filed with the SEC and available on our website. Also, today's call will include non-GAAP financial measures. A

reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found on the company's website, in the most recently filed earnings release, and the 10-Q.

Joining me this morning are Sean Gamble, President and CEO, and Melissa Thomas, CFO. Consistent with last quarter, Sean will provide some brief introductory remarks, and then we'll turn it over to Q&A. Sean?

Sean Gamble
Thank you, Chanda, and good morning, everyone. Before opening the call for Q&A, I'd like to share a few key highlights from our third quarter results and additional details are available in our executive commentary and 10-Q that were published on our investor relations website this morning. Building on the all-time highs we delivered in the second quarter, Cinemark once again achieved record-setting results in Q3. Worldwide revenue reached $1.1 billion. Adjusted EBITDA climbed to $268 million, both third-quarter bests, and adjusted EBITDA margin expanded 460 basis points compared to the prior year.

Through disciplined execution across programming, marketing, guest service, labor, and procurement, we translated robust movie-going momentum into exceptional financial performance, with third-quarter or all-time records in admissions revenue, concessions revenue, concession per caps and sales generated by premium amenities, to list a few. Propelled by an improved cadence of compelling film releases that included North America's biggest movie of all time, Spider-Man: Brand New Day, our record results speak to the strength of our operating model, the caliber of our team and the sustained impact our many ongoing strategic initiatives continue to have advancing our business. While staying sharply focused on in-quarter execution, we also continued to actively work on building our future.

During the quarter, we deployed $70 million of targeted investments toward elevating our sight and sound technology, enhancing food and beverage infrastructure, growing our footprint of premium offerings, and maintaining the overall quality of our theaters. We also expanded our circuit with the opening of three new locations, our second family entertainment center in Greenville, Texas, and two traditional theaters in Latin America. As we look ahead, we remain highly encouraged by the growth potential of our many revenue-generating and productivity efforts, as well as the positive trajectory of our core industry drivers.

Consumer enthusiasm for theatrical movie-going remains strong, particularly among young generations. Wide release volume continues to scale with a steadier balance of week-to-week film output, as traditional and emerging studios increasingly lean into theatrical exhibition of their content. And exclusive theatrical windows are beginning to expand, following commitments made by multiple studios earlier this year. Altogether, these trends, coupled with the strength of our business, reinforce our confidence in the long-term health of our industry and the significant opportunities that lie ahead for Cinemark.

Operator, that concludes our prepared remarks, and we'd now like to open up the line for questions.

Operator
Thank you. We will now be conducting a question and answer session. If you would like to ask a question, please press star, one, on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two, if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. And our first question will come from David Karnovsky with J.P. Morgan.

David Karnovsky
Hi, thank you for the question. Sean, maybe just starting on domestic market share, I guess when we look at the moderation you called out in the release year-over-year, can you just help us parse between capacity constraints, film mix, or kind of your relative IMAX footprint versus some of your peers? Thank you.

Sean Gamble
Sure. Thanks for the question, David. Yes. You know, overarchingly, I'd say we continue to exceed our pre-pandemic market share by more than 150 basis points, and we continue to anticipate maintaining that with the various initiatives we're pursuing. 3Q, there were really two main factors that caused our share to compress slightly year-over-year. One was, you called it out, the film mix overall. Last year, there's just a higher concentration of outsized family, horror and faith-based results, which tend to over-index in our circuit. And this year, it's more upscale urban title, like the Odyssey, which we did exceptionally well on. It did skew a little bit lower in our circuit relative to others.

And then the second piece was just the higher degree of capacity constraints that we faced on account of scale and proximity of various major releases during the quarter, in particular Spider-Man and the Odyssey, in such close proximity with each other. So these types of fluctuations are typical, and we do expect we'll see them from time to time. But again, on the whole, we continue to realize the significant gains we've seen overall relative to the industry and relative to our peers. So the relative splits difficult to parse out, but those are the main drivers of kind of what caused our share to compress modestly.

Melissa Thomas
Yeah, and David, I would just add to that, that as you're looking at modeling out fourth quarter, we do see some of those dynamics potentially coming into play in the fourth quarter as well, particularly given how heavily concentrated the slate is around that holiday corridor.

David Karnovsky
And then, Sean, Cinemark endorsed the Skydance merger. I just wanted to see if you could expand on your views here. Obviously, you have the consent decree, which guarantees a certain

volume of output for a period, but just, how'd you get comfortable with any kind of long-term risk just kind of given the history of studio consolidation? Thanks.

Sean Gamble
Sure, great question. You know, we were kind of -- obviously, the prolonged approval process was something that we thought was not constructive for the whole of the industry, so we were certainly supportive of trying to resolve that one way or another. David Ellison and team, they've been longstanding supporters of our company and theatrical exhibition. We had been highly encouraged by the many public and private statements they've made with regard to overall volume of film distribution, their plans for windows, and various commitments they were making. And then the fact that they were ultimately willing to put that into a consent decree and follow that for a healthy period of time, we saw that as constructive.

Look, over time, the consent decree from a volume perspective goes for a full five years, so a lot can happen in that time frame. So we kind of felt like this is something that both on spoken words and now based on the consent decree, we feel comfortable with, and we believe that they -- we have full belief in their intentions to follow through with all that. At the same time, we continue to see nice growth with alternative forms of content. Other studios like Amazon continue to ramp up, A24, Angel, Lionsgate. There's a lot of additional sources of volume that continues to fill in. We're seeing great momentum in the marketplace.

So I think we were comfortable kind of moving forward, and we'll see where things go from here. But I think there's a lot of value happening right in the marketplace. We see how consumers are really leaning into theatrical exhibition, and studios are deriving a lot of value from it.

David Karnovsky
Thank you.

Sean Gamble
Thanks, David. Appreciate it.

Operator
And our next question will come from Robert Fishman with Moffitt Nathanson.

Robert Fishman
Good morning. I got one for Sean and one for Melissa. Sean, just actually following up on what you just talked about, as you look at the upcoming strong slate, where does your relationship stand with Netflix, Amazon, Apple, and their plans for theatrical releases in '27? We know Narnia, Thomas Crown are two big releases set for Q1, but it also doesn't look like you're going to be playing Cliff Booth on IMAX in a few weeks. So maybe if you could just frame the opportunity for these streaming companies to drive consistent incremental box office next year and beyond.

Sean Gamble

Sure. Thanks, Robert. Great question. Look, we continue to be really encouraged by what we're seeing with these companies. I think they're all in a bit of a different stage. Amazon clearly is leaning most heavily into theatrical exhibition. Following their acquisition of MGM, they've stated multiple times their intentions to ramp up to approximately 15 theatrical releases per year, and they're close to that this year. So they definitely are in it in a big way. They put resources both domestically and internationally in place to make that happen from a distribution and marketing standpoint. So they're clearly in it for the long haul, and we continue to see them moving in a positive direction.

Apple, let me just comment on Apple first. I'll come back to Netflix. Apple had great success with F1. In the conversations that we've been having with Apple, we believe that they're likely to start to ramp up a bit more before too long. What the scale of that is, I think, still remains to be seen. They haven't made any firm commitments as of yet, but at least we're encouraged by what we're hearing of them stepping a bit more up into theatrical.

And then, with regard to Netflix, look, I think it's probably early to kind of draw any conclusions, but they've certainly been taking more constructive steps toward engaging in a bigger way with theatrical. I mean, they've got six films announced now through November of 2027 that are going to be having full theatrical releases with marketing campaigns and communicated box office results. We'll see how those get fully executed, so we got to wait and see how that goes. But again, we see it as a positive step, and we continue to believe that like all their peers, there's substantial value for them to derive in a more meaningful theatrical presence. There's obviously a lot of change happening at that company right now, so we'll see where things go.

The Cliff Booth situation is an interesting one. We book all of our films on a case-by-case situation. In that particular situation, we always look at things through a long term lens and how certain precedents and things we might do could affect longer-term industry dynamics. In this particular case, we don't believe the proposed release model is constructive for the broader theatrical ecosystem, and it's not aligned in what's of the greatest interest in our theaters. Beyond that, we have a huge movie that's going to be opening immediately prior to that, with The Hunger Games: Sunrise on the Reaping, which is being released from one of our major studio partners, and the buzz on that film and pre-sales are through the roof. So our intention is to continue to play that in its second week, as we will in its first week on our screens.

Robert Fishman
Great, thank you, Sean, for all that. Melissa, on capital allocation, should investors expect you to deploy additional buybacks or even see increases to your dividend in the months ahead, especially if you don't find attractive M&A options, and we expect your cash to continue to build?

Melissa Thomas
So more broadly, Robert, from a capital allocation standpoint, so we do continue to have three key pillars. First, maintaining a strong balance sheet; second, investing in accretive opportunities to position the company for long-term success. That does include new builds, existing theater

enhancements and M&A, and returning excess capital to shareholders. So we remain disciplined and balanced in how we allocate capital, prioritizing balance sheet strengths and attractive growth opportunities first and foremost, followed by returning excess capital to shareholders. And the timing and extent of capital returns will depend on a number of factors. As we said previously, our net leverage ratio, cash position overall liquidity, as well as the relative attractiveness of other opportunities to deploy capital, among other factors.

Now, as you look at the third quarter in particular, we did see our net leverage ratio drop below our target range of two to three times, and we did end the quarter with a higher cash balance than we typically would carry at this point in time. Naturally, there may be periods like Q3 when we operate above or below our target ranges due to normal business fluctuations or the pursuit of accretive investment opportunities, but we're managing our balance sheet and leverage profile over a longer term horizon. What this does mean, though, in the strength of our balance sheet, is that we do have significant flexibility to pursue those growth opportunities or to return excess capital to shareholders. So we are going to continue to evaluate the relative attractiveness of those opportunities, and we'll deploy capital where we believe it can generate the greatest long-term value to shareholders.

Robert Fishman
Great, thank you.

Sean Gamble
Thanks, Robert.

Operator
We'll go next to Eric Handler with Roth Capital Partners.

Eric Handler
Good morning. Thanks for the question. Just to follow up on the last question, given that you have a good amount of excess cash and leverage, net leverage below your targeted range, are there investment projects that you've been working on, and you seem to be getting very high ROI on those premium initiatives? Is there an opportunity for maybe you to accelerate some of those investments and pull forward?

Melissa Thomas
From an investment standpoint, Eric, we do see opportunities to continue to organically invest in our business. So that is whether it be new builds, whether it be existing theater enhancements. As you've noticed, we have increasingly stepped up our capital expenditures over the last few years, and we've had more opportunities than that envelope has allowed us to pursue, so that is certainly an option. So as we think about those opportunities, and particularly as we head into 2027, we're evaluating that as part of our budgeting process.

And just even double clicking on that, historically, we have said that we had thought the upper end of our normalized CapEx range was around that $250 million mark, but we could see that range moving somewhat higher as we continue to meet ROI-generating opportunities that hit our threshold. So if we do step up that CapEx, that would be to invest in those areas where we think we can continue to enhance the guest experience, strengthen our competitive position, and generate attractive returns.

Eric Handler
Great, that's helpful. And then, secondly, recognizing that it's still very early days, but with your family entertainment center concepts, your first one, I forget where it was in Texas. Now you got your second one in in Greenville. Are there any takeaways you have from that? When you look at your existing footprint of theaters, is it possible to, particularly those that you own, is it possible to maybe expand those and build out more FEC concepts, or how you're thinking about that?

Sean Gamble
Sure. Thanks, Eric. The first one was in El Paso, and you're right, the second was in Greenville, which we opened in July. So yeah, I'd say it's still early days. What we like about the concept is it's just one more format that we have as an option as we contemplate new-builds in certain circumstances for markets, depending on what the competitive landscape looks like and what the demographic looks like. Additionally, as you just mentioned, it can create solutions for theaters that have excess screens and may not need that full capacity going forward. So we like the option that it provides, where we may have a great deal in terms of a real estate deal, and it could prove to be a good solve for that type of venue.

But again, it's early days. I think, in addition to seeing this as an area of the market that has growth potential, it provides an additional form of diversification as well. So while we do have theaters in those venues, it leverages our operating capabilities and know-how, and it provides additional revenue streams through bowling and gaming that are at a heightened level than what you might find in some of our other theaters. So I'd say it's soon to derive any long-term conclusions on that, but we're continuing to be encouraged, and I think you'll see us continue to step into the space a bit more to see what more we learn.

Eric Handler
Thank you, Sean.

Sean Gamble
Thanks, Eric. Appreciate it.

Operator
And moving next to Omar Mejias with Wells Fargo.

Omar Mejias

Morning, and thanks for the question. Sean, maybe on premium format, you guys grew box office 50% to 18% of total this quarter, motion seats reached 7% of admissions. Just curious, how much of that growth came from new screens versus higher utilization of existing ones? And where do you guys see PLF penetration heading over the next couple of years?

Sean Gamble
Sure. Well, look, I think it's been a combination of both. Like, we're seeing healthy growth, obviously from the additional amenities that we've been adding into our screens, but our same store, same theater performance has been very healthy as well. We've seen that, particularly with the type of content that was in the marketplace in the third quarter, it lended itself well to those types of offerings. So it's been very encouraging. Part of the reason we continue to lean into these offerings so well is obviously it's consumer-driven. There's a growing category of audiences that are seeking those types of offerings. But beyond that, we continue to just see really solid returns on those installations.

So the motion seats tend to be some of the ones that get selected first with the highest occupancies, and similarly, because the biggest movies get programmed into these overall auditoriums each weekend, those tend to be some of the highest utilized auditoriums as well, so it kind of works well in all regards. So we're continuing to look as we look forward. I mean, the question was asked a moment ago, like, can we accelerate some of those? We are looking at those kinds of opportunities where we've got the ability to put more of those in, in the near term, because of how they're performing.

Some of the limitations that we do face, obviously, are like when it comes to the large screen formats, a theater has to have an appropriate size screen to be able to put one of those types of offerings in, otherwise, it undermines the intent. So there's those kinds of things. There's demographic considerations. There's resource availability because obviously it's a construction process to do that. There's timing of the year with what kinds of offerings are out. We try to put those things in when it's the right moment versus when you've got some major blockbuster coming out in the marketplace. But we're continuing to lean into that in a big way.

Omar Mejias
Very helpful. Maybe one for Melissa on concessions runway. US per caps continue to do very well. You guys just hit a 3Q record. Merch continues to be strong, and digital ordering is now about 10% of sales. Is mid-single digit per cap growth still the right framework to think about for 2027? And which levers have the most runway, pricing, incidence, mix of merch? And then just any color would be super helpful. Thank you.

Melissa Thomas
Sure. Thanks for the question, Omar. So on concession per cap side, we have been pleased with the growth that we've delivered in domestic concession per cap year-to-date at 5.5%, and we continue to feel good about the ability to deliver another year of mid-single-digit per cap growth in 2026 for the full year. As you think about going forward, we do have a broad set of initiatives

underway, as well as additional opportunities that we've identified to drive incidence and optimize our pricing, which we believe does provide us additional runway over time.

As you think about some of those initiatives, to give a few examples, so we do continue to focus on incidence rates by increasing throughput and reducing friction at our concession stands. So expanding mobile ordering, as you mentioned, including delivery-to-seat capabilities. We're evaluating technology-enabled line busting solutions and continuing to scale queue lines across the circuit. We're also separately enhancing our digital menu boards, that allows us to more effectively highlight our offerings and drive trial of new products. So that's something where we're in, again, early stages on. Enhancing our food and beverage offerings, as well as elevating our menus.

And then, as you mentioned, eventizing that overall movie-going experience, which includes merchandise sales. That's an area that we continue to lean into and see runway. And then, of course, we'll continue to evaluate our pricing to make sure that we're optimized on that front. But those are just an example of the various initiatives that we're executing upon. When you put those all together, we do believe that there's significant opportunity ahead to continue to drive per cap growth that's sustainable.

Omar Mejias
Great, very helpful. Thank you very much.

Sean Gamble
Thanks, Omar.

Operator
We'll go next to Chad Bynum with Macquarie Research.

Aaron
Hey, good morning, guys. This is Aaron on for Chad. Thanks for taking the question and congrats on the quarter. I wanted to follow up on your comments around some of the dynamics around the fourth quarter. Can you just comment on how you think the 4Q film slate will resonate with your circuit? And as we think about your market share for the fourth quarter, do you think it should look more like what you saw in 2Q or 3Q? Thanks.

Sean Gamble
Well, I think Melissa touched on it a little bit, Aaron. So the fourth quarter slate -- first of all, the fourth quarter looks tremendous in terms of just the strength and volume of movies that are still to release. October, which tends to be a slightly lower month, has already played out a bit stronger than expected. When you look at both the pre-sales on Hunger Games and Avengers: Doomsday and Dune: Part Three, as well as a lot of the other compelling titles in the marketplace, were very optimistic about how the year closes out in a strong way.

That said, specific to kind of market share and just the profile of the films, it is a very diverse slate of titles that is particularly concentrated at year-end when you look at just the holiday corridor. So we do expect we could see some variability in our share depending on how mix and capacity plays out, especially if we start to hit some of those occupancy thresholds. So it's going to be interesting to see how those dynamics play out. As we kind of look on paper, probably skews a bit closer more towards Q3 than Q2 just as we look at it today.

Obviously it's going to depend on what films really connect and what films don't. Sometimes that can skew things a little bit differently than expectations. But as we sit here today, it looks a bit more like Q3. We're going to be doing all we can to kind of make the most of it. If we are hitting those capacity thresholds, I mean, the good thing is that's when we're fully utilized and most profitable. So again, we're really encouraged by what we see overall, and we think it's going to be a great close to the year for the industry and certainly for our company at Cinemark.

Aaron
Perfect. That's helpful. Thank you. And just a quick follow-up on the non-traditional content. You guys noted it's almost 10% of the admission revenues in the quarter. Can you just talk about where you see this percentage trending over the next several years? Thank you.

Sean Gamble
Sorry, Aaron, I missed that, the beginning part of that question. Could you just state it again?

Aaron
Yeah, yeah. It's just around non-traditional content and where you see this mix, yeah, heading over the next few years.

Sean Gamble
Thanks. Yeah, look, we've been -- probably one of the areas that was a big frustration point, certainly for me prior to the pandemic, was just non-traditional content. You could see the potential that existed, and it just didn't seem to connect beyond a couple percentage points of box office. What we have seen for the past few years is it's represented more than 10% of our box office. A lot of that is because the overall scale and quality and volume of those films are connecting more to a broader range of audiences.

So pure admissions revenue dollars have been more than 2x what they were in 2019, so just the sheer magnitude of the revenue has grown. Part of that was because overall Hollywood box office was down a bit, so that that also boosted the percentage. I think what we were really encouraged to see is, in a quarter as big as the third quarter, with the strength of the Hollywood content that was in the marketplace, non-traditional content continued to represent nearly 10% of our admissions revenues in the quarter. So I think that just that speaks substantially to just the staying power of where this is.

Interestingly, I would say, what we're starting to see are the lines are becoming a little bit blurred between what's non-traditional and what is traditional. We tend to look at faith-based, concert, foreign, anime, those are the types of things that historically were being released by studios beyond the traditional Hollywood studios. We're seeing that kind of mix and match. Sony has gotten into anime now. You look at a film like an Obsession released by Focus, like that's one that would have been in that category, but now has crossed over. Angel Studios, which is faith-based, is starting to make films that go beyond just pure faith. So the lines are becoming blurred, but I think it doesn't matter. I mean, the whole fact of the matter is this: these other sources of stories and content that are drawing people in continues to be really healthy, and we think there's further growth to be seen in that area.

Aaron
OK. Thank you very much. Good luck.

Sean Gamble
Thanks for the questions. Appreciate it.

Operator
And our next question will come from Mike Hickey with Benchmark.

Mike Hickey
Hey, StoneX now. Thanks. Hey, Sean, Melissa, Chanda, great quarter, guys. Congratulations. Just two questions from us, please. First, on the longer theatrical window, Sean, I think we're averaging 42 days now since at least a couple studios started to extend the window. What are your thoughts on that window continuing to expand here through '27? And at this point, are longer theatrical windows starting to help your attendance?

Sean Gamble
Thanks, Mike. Thanks for joining. Yeah, we've been encouraged by the shift in the pure number of days that we're already seeing since some of those commitments were made in the kind of April-May timeframe. So last year, as you may recall, is about 34-day average, and we saw that uptick to 42 days, as you mentioned. I think we're going to continue to see that grow, especially since the commitments were a minimum of 45 days. And beyond that, many of the larger films continue to have windows of 60-plus days. So I think as we turn the corner in 2027, we're going to see that window continue to expand a bit, especially as additional studios kind of join in.

Paramount has obviously pledged that in their -- or Skydance now, in their consent decree. Paramount was doing it. Warner Brothers will now become part of that. Universal pledged to get there by 2027, so we'll see that shift. Sony, likewise. Disney's been there already. Most of their films are 60-plus days as is. Lionsgate has indicated they'll follow kind of industry norms, so I think that's going to continue to expand.

The impact of that, I think, remains to be seen. I mean, it's still early days. We're certainly optimistic and encouraged that that will have an impact on moving the needle regarding consumer confusion and expectations, which we think has been part of the drag and what has held some of that remaining attendance recovery gap from getting back to where things were. Whether that's sufficient or not remains to be seen, but we're certainly encouraged by what we've seen this summer, and we'll continue to evaluate it. So we're looking forward to seeing how that continues to affect things over time.

Mike Hickey
Nice, good answer. Thanks, Sean. Next question, just on the almost '27 right around the corner, just curious, off great growth in '26, what gives you sort of the most confidence here on the '27 film slate? And I think you may have called out a consistent release schedule and some wide release volume. Both those sound great. And also, just on share on market for you guys in '27, on that slate, it looks very complementary to your demo. Just curious your thoughts on both of those. Thanks, guys.

Sean Gamble
Well, look, it's still a little early, but our initial view of '27 is very positive. You hit on a couple of the points which we look at, which are really positive. One is just the overall volume. It's pacing ahead of '26, so there's a good chance that we could see overall volume for '27 actually exceed pre pandemic levels. And with that, the overall dating cadence is very well spread throughout the year right now. Which, when we look at all the momentum that we see in the marketplace right now, that has the ability to sustain that throughout the year. And that's been one of the big challenges as well that we've had coming out of the pandemic, is these kind of starts and stops. And we've seen how well things have played through throughout the course of this summer and heading into year-end, with just a more consistent week-to-week release pattern of compelling films. So that profile is sustained in '27.

And then there's, again, a number of highly anticipated films coming up. When you look at like Avengers: Secret Wars, another Frozen movie, Sonic 4, Spider-Man: Beyond the Spider-Verse, Minecraft, the Resurrection of the Christ, Godzilla, like it's pretty well-stocked now. So we think all that bodes well. Obviously, the ultimate driver of box office and performance is just going to be the end quality. What we see now is on paper. How those films turn out remains to be seen. How well they're marketed remains to be seen, and that's hard to predict this far out. You look at '26, and you look at the breakout titles of Obsession and Backrooms, which nobody had on their radar, and just the mega outperformance of Spider-Man and Odyssey, like those things are really hard to predict, so we'll see how that plays forward.

But we're really encouraged by '27, and even what we see so far of '28, 2028. We added a page in our investor deck just because it looks -- already, there's some really significant films coming out of '28. So we're encouraged about things continuing to sustain for the foreseeable future. I will say, I'll just make one comment for us in our particular circuit for LATAM. The overall slate in '27, we think that perhaps is a touch lighter than 2026. Just when you look at the profile of the

films, while there's a nice mix of horror, family and faith-based, many of the films that we think will help drive domestic box office, like Star Wars: Starfighter, A Man of Tomorrow, Bluey, Baseball, Snoop, like they're films that either are sci-fi, fantasy, or have a little bit more of a US skew that will likely under-index a bit in Latin America. Films like the carryover from Doomsday and Shrek 5 and Conjuring and Ice Age, those will work well, but just wanted to flag that for our LATAM circuit. And from a market share perspective, I mean, it is a pretty balanced slate, so I think for 2027, we believe on the whole of the year, our overall market share should continue to hold well.

Mike Hickey
Thanks. Thanks, Sean. You sound extremely bullish. Appreciate your thoughts. Good luck, guys.

Sean Gamble
Thanks, Mike. Appreciate it.

Operator
And moving next to Drew Crum with B. Riley Securities.

Drew Crum
OK. Thanks. Good morning, everyone. So I think the company has forecasted low single-digit ATP growth for 2026. I think at least that's where it was at the beginning of the year. Year-to-date, you're pacing ahead of that. Is that modest growth range or metrics still a good figure to use in our models or something higher? And how do you see that trending going forward and what are the levers for higher ATP?

Melissa Thomas
Thanks for the question, Drew. So with respect to average ticket prices, so year-to-date, we have been trending around 5% growth year-over-year, and that's primarily driven by our strategic pricing initiative and higher premium format penetration. As you move into the fourth quarter, it's important to keep in mind the comp that we have. So we do expect that our growth rate may moderate somewhat, as we are going to be lapping the exceptionally strong 3D performance from Avatar last year, and that drove about an 18 cent benefit to average ticket price in the quarter. So we do continue to expect modest average ticket price growth for the full-year domestically.

As you look more broadly over into next year in terms of catalysts, we still believe we have runway on the pricing side. Again, continue to be thoughtful there to make sure that we're maximizing attendance in box office, first and foremost, but we do believe we have runway there as well as on the premium format side. So as we continue to launch more premium format offerings, as well as you see the slate, as well as that driving more premium format penetration, we do believe there are growth catalysts. But I would say, on balance, continuing with that modest average ticket price growth is a reasonable assumption as of now for '27.

Drew Crum
Got it. OK. And Melissa, maybe a follow-up. Nice job managing the OpEx growth in the quarter. Can you address your ability to sustain this? Are there any expense line items that could see pressure? Just trying to understand how to model the middle of the P&L, at least in the interim. Thanks.

Melissa Thomas
Yeah. In terms of what we saw in Q3, the team did a fantastic job managing costs, as you said. We do continue to see inflationary pressures, particularly across our concession costs, as well as on the wage rate side that's impacting our theater labor. We do expect those to continue. However, we have done a nice job offsetting those. On the COGS side, we do continue to look at our pricing actions as well as drive benefits from strategic sourcing initiatives. So that, we do expect to continue to have some benefit there, which could help mitigate inflationary impacts.

On the theater labor side, kind of same there. We continue to pursue labor productivity initiatives to help offset what we're seeing on wage rate inflation. So that will continue. The one thing I would mention, as you think about salaries and wages line item going forward, is that in the third quarter, while we did have disciplined labor management and strong operational execution, we did also have some films that outperformed our expectation, and given that, we do schedule our labor based on attendance levels that we are projecting. We did see some favorability there that won't recur, but we will still continue to be managing in a disciplined way, but there will be some puts and takes, likely.

Drew Crum
Got it. OK. Thanks.

Sean Gamble
Thanks, Drew.

Operator
We'll hear next from Patrick Shull with Barrington Research.

Patrick Shull
Hi, thanks for taking the question. On the new-build pipeline, do you have any sort of outlook on how you think about like a runway for new-builds in Latin America domestically?

Sean Gamble
Sure, Pat. Thanks. Yeah, we have, as we mentioned on [inaudible], we've kind of reactivated our new-build pipeline, so we are out looking at opportunities, once again, working, we've got fantastic relationships with our developers, and we're working with them on a range of potential projects. So I would say, hard to project an outlook on that, but new-builds, we believe will continue to be part of our growth strategy as we look forward. We continue to see plenty of

market opportunity, both domestically and internationally, where there are underserved communities that would benefit from new theaters that would generate strong returns for us.

As I say, we don't expect that the pace of our new-builds will be quite at the same level pre-pandemic. That's going to continue to be governed by just overall industry dynamics, our overall cash and balance sheet priorities, and just the strengths of the opportunities that surface. And my observation is those deals have been moving a bit slower. Just the development process overall is taking a bit longer than what we historically saw. I just think based on the dynamics in the marketplace more so than anything else, but it's something that we obviously opened another new Gamescape recently. We opened a theater in Argentina and a theater in Chile this quarter, and so we expect that we'll have a few new-builds per year going forward as we look over the near-term.

Patrick Shull
OK. Thank you. And then on recliner seating, you mentioned that you had done a couple dozen auditoriums for the past year. I was curious if any of that was more just related to new-build activity or responding to any competitive pressure or how you see those, like the ROI on those projects versus historically? Thank you.

Sean Gamble
Well, I wouldn't say we've done a couple dozen. We did do some remodels with recliners. So yes, I would say more of the recliners are either remodels or new some of the new-builds. We have put more of the premium amenities in with like our XDs and ScreenXes and IMAXs and motion seats. We've been adding those to a wide range of auditoriums. But I would say recliners specifically are either been more attached to an overall just remodel of an aging theater, or in select cases, one or two a year of just taking in a strong theater and upgrading it to recliners.

Melissa Thomas
Yeah, I think in general, I would say from an assumption standpoint, as you mentioned, ROI opportunities, we do still have recliner opportunities that generate strong ROIs that we are pursuing, but that is, I would say, a handful a year is what we're looking at on the recliner side, and it's really dependent upon the market dynamics at play. So it's that, and then any new-build obviously has recliners in it.

Sean Gamble
Yeah, I would add too, like we're nearing almost 75% of our circuit now, domestic circuit reclined. So those opportunities are reducing. We always felt that was likely going to be kind of hitting the kind of max level, when you consider certain theaters just will never require that, or if they're too highly utilized, it's tough to lose the seats. So we're kind of approaching that threshold, if you will.

Patrick Shull
OK. Thank you.

Sean Gamble
Thanks, Pat.

Operator
We'll go next to Stephen Laszczyk with Goldman Sachs.

Stephen Laszczyk
Great. Thanks for the questions. Sean, could you talk a little bit more about the strengths we saw in your international business in the third quarter? Would be curious what parts of that strength do you feel like are durable as we look ahead into 2027, or anything that was maybe more specific to the quarter here in 3Q.

Sean Gamble
Sure. Well, yes, look, our LATAM business had an incredibly strong quarter, biggest since the third quarter of '19. Attendance was up 25% year-over-year. A few things, obviously, the overall content worked really well in our theaters across the region. Spider-Man, of course, globally and in the US, was a huge film for that market. Third highest-grossing film of all time in that region. We had really strong carryover from Toy Story 5, which is a franchise that also performs exceptionally well in Latin America. So that franchise in particular drove a lot of business carrying into the quarter from 2Q.

Odyssey actually wound up performing better than expected. I think just the word of mouth helped that to become a bit more of a global film, even though that's the type of film that typically would not resonate as well in that type of market. And then there was also a really strong local film in Brazil, which wound up being the fifth biggest film throughout the region for our circuit. So we also got some support from local content in the quarter, which tends to be a bit more off and on. It's a little bit more sporadic when it comes to local films. So those were the things that drove it. When we look at fourth quarter, I would say we continue to look positively on the fourth quarter for LATAM.

I will just kind of flag, 4Q does tend to be one of the lowest attended quarters just from a seasonality perspective in the region because of the way some of the holidays play out in LATAM. And oftentimes movies like, for instance Angry Birds, there'll be markets where Angry Birds and Jumanji will push into January of 2027 to accommodate those holidays. So there's things like that that'll work. We think Avengers will be huge. Some other films like A Cat in the Hat and Dune will under-index significantly relative to the US, but on the whole, we feel good about it. And as I mentioned earlier, 2027 looks good overall. Although we think it'll likely be perhaps a touch lower than the US, simply based on the profile of the films. And some of the films that are expected to really resonate strongly in the US are the types of films that don't always perform as well in Latin America. But on the whole, it looks really positive.

Stephen Laszczyk

That's great. And then, just for Melissa, follow up to the expense question. I was wondering if you could help unpack the growth that we saw in utilities and other in the quarter? And then just would appreciate any updated thoughts on how you would expect this line item to trend into the fourth quarter, and then perhaps even into 2027, to the extent you have visibility there. Thank you.

Melissa Thomas
Sure. So on the utilities and other line item, the primary driver there, the year-over-year increase was attendance, as many of the expenses within that line item are either variable or semi-variable in nature. So you have credit card fees, repairs and maintenance costs, janitorial expenses. Those are some examples of expenses that roll up in there that are more fit in that kind of move with attendance or somewhat with attendance buckets. In addition to that, we also did, given the higher premium format penetration in the quarter, we did see an increase in our licensing fees related to premium formats. And again, just associated with the strong performance of premium formats across our circuit. So those were the key catalysts as you look at year-over-year in Q3.

As you think about going forward, expectations there, volume is going to be the primary driver of that line item. Again, just given the mix of variable and semi-variable components there, so we would expect that you know to increase year-over-year with higher attendance and operating hours as we've seen year-to-date. Beyond volume, we are still seeing some pressure from higher electricity rates and the ongoing costs required to maintain a high-quality circuit.

On the electricity rates, as you may recall from last quarter, we had mentioned that we saw some increased rates, particularly in Texas, that kicked in over the summer, so we haven't fully lapped that yet from a year-over-year perspective. So you'll see that continue to persist. And then this line item also does have fixed costs, so property insurance, real estate taxes, those fluctuate essentially with broader market conditions and property values. We'll continue to be disciplined on that line item and drive efficiencies where we can't offset some of the pressure that we're seeing.

Stephen Laszczyk
Great, thank you both.

Sean Gamble
Thanks, Stephen.

Operator
And this now concludes our question and answer session. I would like to turn the floor back over to Sean Gamble for closing comments.

Sean Gamble
OK. Thank you, Carrie, and thank you all once again for joining us this morning. We're thrilled with another record-setting quarter in Q3, and we look forward to reconnecting in a few months

to share and discuss our fourth quarter and full year 2026 results. Hope you all have a wonderful day.

Operator
Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines and have a wonderful day.