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# Cinemark Holdings, Inc. (CNK)

Q4 2020 Earnings Call

### CORPORATE PARTICIPANTS

### **Chanda Brashears**

Vice President-Investor Relations & Corporate Communications, Cinemark Holdings, Inc.

#### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

### Sean Gamble

Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.

### OTHER PARTICIPANTS

**Eric Wold** 

Analyst, B. Riley Securities, Inc.

Eric O. Handler

Analyst, MKM Partners LLC

Michael Ng

Analyst, Goldman Sachs & Co. LLC

**James Charles Goss** 

Analyst, Barrington Research Associates, Inc.

Robert Fishman

Analyst, MoffettNathanson LLC

David Karnovsky

Analyst, JPMorgan Securities LLC

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Analyst, Loop Capital Markets LLC

# MANAGEMENT DISCUSSION SECTION

**Operator**: Ladies and gentlemen, thank you for standing by, and welcome to the Cinemark's Fourth Quarter and Full Year 2020 Earnings Call. At this time, all participants are in a listen-only mode. After the speaker presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded. [Operator Instructions]

I would now like to turn the conference over to your speaker today, Chanda Brashears, Senior Vice President of Investor Relations. Thank you. Please go ahead.

### **Chanda Brashears**

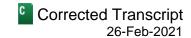
Vice President-Investor Relations & Corporate Communications, Cinemark Holdings, Inc.

Thank you, Natalia, and good morning, everyone. At this time, I would like to welcome you to Cinemark Holdings, Inc.'s fourth quarter and full year 2020 earnings release conference call, hosted by Mark Zoradi, Chief Executive Officer; and Sean Gamble, Chief Financial Officer and Chief Operating Officer.

In accordance with the Safe Harbor provision of the Private Securities Litigation Reform Act of 1995, certain matters that are discussed by members of management during this call may constitute forward-looking statements.

Such statements are subject to risks, uncertainties and other factors that may cause Cinemark's actual performance to be materially different from the performance indicated or implied by such statements. Such risk

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factors are set forth in the company's SEC filings. The company undertakes no obligation to publicly update or revise any forward-looking statements.

Today's call and webcast may include non-GAAP financial measures. A reconciliation of these non-GAAP measures to the most directly comparable GAAP financial measures can be found on today's press release, within the company's quarterly filing on Form 10-Q or on the company's website, investors.cinemark.com.

I would now like to turn the call over to Mark Zoradi.

### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

Thank you, Chanda, and good morning, everyone. We hope you and your families are healthy and well during this very challenging time. We appreciate your joining us to discuss our 2020 fourth quarter results. The format of our call this morning will be similar to that of previous calls this year.

I'll kick things off with a high level overview of the current state of our company and industry. And then, Sean will provide commentary on our liquidity position and fourth quarter financial results, before turning the call back over to me for a further update on our strategic focus and reopening status. We will then open up the line for our customary Q&A.

It's almost unfathomable that one year ago, we were reporting Cinemark's fifth consecutive year of record results, with the North America industry touting the second highest grossing box office of all time. Our earnings call this time last year reflected an incredibly strong company with a history of discipline and consistency, operating in a stable and mature industry.

It goes without saying that our environment has drastically changed. COVID-19 has caused significant distress in multiple industries, including the exhibition industry, and tested the strength and resiliency of our company over the course of the past 11 months.

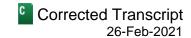
I'm immensely proud to say that Cinemark is still a strong company, operating with balance, discipline and consistency, while adapting to our current circumstances. This past year has only reinforced that Cinemark has tenacity, perseverance and pure grit, not to mention an ability and a willingness to think quickly and move nimbly as we evolve and persevere this unpredictable and ever-changing environment.

While we have provided updates throughout the year that underscore how Cinemark has continued to adapt, we thought it worthwhile to outline the key actions that have enabled us to reactivate our theaters and generate positive variable cash flow.

Our Project Phoenix Relaunch Initiative with its structure, rigor and organization, has been truly exceptional. Initially tasked with researching and defining our cleaning and safety protocols and then coordinating the relaunch of nearly 350 theaters in the US, and more than 200 in Central and South America. Our team implemented a robust test and learn process and methodical phased rollout. It is because of this meticulous planning and preparation that Cinemark was one of the first exhibitors to reopen and has largely been able to remain open, government restrictions notwithstanding.

At the end of the year, approximately 75% of our US circuit was reopened, relative to just 45% of North America industry. Similarly, in Latin America, we had approximately 65% of our theaters operating. In both regions, we remain open, were allowed, and efficiently close and reopen as government restrictions change with the

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fluctuating COVID status. With our foundation of disciplined processes and constant evaluation, the Cinemark team has become quite adept at quickly reacting to changes in regulations.

While there were many factors driving our successful reopening, our theater general managers were crucial in every aspect. We kept our GMs on staff throughout the pandemic to maintain our theaters while they were closed, which was no easy feat, and then prepare them for reopening. And because our GMs consistently live one of our core values, passion for people, they maintained a strong rapport with their hourly theater employees that had been laid off during the shutdown. As such, a vast majority of team members hired, as we began reopening, were previous Cinemark employees. It goes without saying how much time and money that saved our company in training, education, background checks, et cetera.

And our theater teams have been proficient in the execution of The Cinemark Standard and protecting the health and safety of our employees, guests and communities. Since we began reopening in June, we have consistently received 96% guest satisfaction scores on Cinemark protecting their health and safety. This simply could not be achieved without the meticulous research and planning by the Project Phoenix team and the impeccable execution of our theater staff.

And as we prepare for a steady stream of new film content, our film and marketing teams have been creative and resolute in securing relevant and varied library content and developing promotional campaigns to keep our guests engaged and entertained, including promotions around Halloween, Thanksgiving, Christmas, New Year's Eve, to name just a few.

Cinemark has also excelled in directly reaching our consumers, notifying them that we're open, highlighting films they can see, showcasing food and beverage promotions and, of course, emphasizing our clean and safety protocols. We have been aggressive in every communication channel, including digital, e-mail, social, public relations to inform consumers and entice them to visit our theaters.

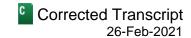
Our Private Watch Parties have been a key element of those promotional campaigns and continue to grow in popularity. To date, we have hosted more than 150,000 Private Watch Parties. As the average number of attendees is 13 people, this represents more than 2 million moviegoers that have experienced The Cinemark Standard for themselves, just with PWPs. During the fourth quarter alone, the Private Watch Parties represented 24% of our attendance and box office.

And one interesting fact here, more than half of the Private Watch Parties, during the fourth quarter, were driven by library content, led by family-favorite comedy, Elf. This library content could be watched for free, at home, on the sofa. But, instead, consumers chose to pay \$99 to see it in a theater. This reinforces what we have consistently stated: people are yearning for normality, escape and a fun out-of-home opportunity. Movie theaters provide all that and more in a safe and clean environment.

And something else that you can get only in the theater is that cravable movie theater popcorn. Our food and beverage team has been actively engaged in initiatives to sell more fan-favorite popcorn, refreshing soda and a wide variety and assortment of candy. In fact, our 4Q 2020 per cap of \$5.42 was on par with our 4Q 2019, driven by increased incidence rates in this core category, despite fewer, more streamlined concession offerings and strategically discounted welcome back pricing on selected items.

Another exciting initiative we have started rolling out, and that shows considerable early promise, is Snacks In A Tap, our mobile and online concession ordering service, which enables moviegoers to order their food and beverages in advance and either pick them up at the counter upon arrival or have them delivered directly to their

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seat for a nominal fee. About 70% of our domestic circuit already features Snacks In A Tap functionality, and we've been highly encouraged by the initial results. We look forward to utilizing our key learnings from the initial rollout process to bring this platform to moviegoers across our domestic circuit during the first half of this year.

And to assure that we are maximizing attendance, revenue and cash flow, we've refined our processes to be more efficient and accelerated productivity measures to further streamline our business. We remain laser-focused on fine tuning operations and protocols such as rightsizing our operating hours and staffing to align with film content and consumer demand.

And all these strategies combined have led to some remarkable results in consideration of the headwinds we are facing. Notably, we're continuing to more than cover our incremental variable costs associated with being open and we are burning less cash open than we would relative to being closed. This requires an immense amount of focus and analysis by our service center in conjunction with incredible execution by our theater teams.

Furthermore, we're seeing the impact of these actions in our box office results. During the fourth quarter of 2019, Cinemark theaters represented 7% of the North America industry screens and generated 13% of the overall box office. Fast-forward to the fourth quarter of 2020, Cinemark constituted 11% of the industry screens with over 20% of the domestic box office. While we fully recognize that a portion of this market share growth is due to some competitors remaining closed, we will be aggressive in our attempts to retain a meaningful amount of this share shift on a go-forward basis.

And again, we feel well poised to do so given our consistent historic investments to maintain a high-quality experience with upscale amenities. We have the highest recliner penetration amongst the major players with 64% of our auditoriums featuring luxury loungers. 75% of our circuit is equipped with expanded food and beverage capabilities. Our XD brand is the number one exhibiter, premium large format brand with 278 screens across our global platform. We also have a solid reputation of top-notch guest service. And our Movie Club, our unique transactional-based subscription program has more than 950,000 members.

Before I turn the call over to Sean, I would like to share that in my 30-plus years in the entertainment industry, I have never been more proud or impressed by my colleagues than I am with the Cinemark team. We are all working relentlessly toward common goals. Navigating the pandemic and setting ourselves up to once again thrive and excel in a post-COVID environment. With every crisis, there's an opportunity and this team has done all they can to seize that opportunity.

Sean, will now walk you through our liquidity position and 4Q results before turning it back over to me, to cover our reopening status. Sean?

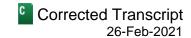
### Sean Gamble

Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.

Thank you, Mark. Good morning, everyone. As we continue to navigate the challenges associated with COVID-19, cash management and liquidity remain crucial focal points. Cinemark has long maintained a disciplined approach towards capital allocation with a consistent history of balance sheet strength. We believe that these attributes, along with the many proactive measures we've taken to bolster and preserve liquidity and numerous additional options that remain available to us, provide us a viable runway to see our way through the remaining impact of the pandemic and emerge successfully thereafter.

As we've described on prior calls, some examples of the actions we've taken include significantly limiting all nonessential operating and capital expenditures, restructuring and streamlining our operations and headquarters,

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including the permanent closure of 27 lower-performing theaters and significant reductions in workforce and payroll, negotiating substantial lease-related and other contractual payment deferrals and modifications, suspending our dividend and securing \$730 million of new debt.

We also have actively pursued tax benefits provided by the CARES Act, including adjustments to qualified improvement property deductions and carrying back net operating losses, which provided us \$124 million of meaningful cash relief during 2020, with another 100-plus million dollars expected by mid-2021.

In total, we ended the year with a global cash balance of \$655.3 million, which includes approximately \$15 million of new fourth quarter international borrowings and \$7 million of state tax refunds received during the quarter.

Excluding these inflows, our fourth quarter cash burn was approximately \$65 million per month. This figure is modestly below the estimate we provided on our prior earnings call of \$75 million per month as a result of higher variable operating profit than we initially anticipated and further reduced capital expenditures.

Based on the current operating environment, we continue to project an average monthly cash burn of approximately \$65 million. At this rate, and based on our approximate \$600 million cash balance at the end of January, our cash runway extends into the fourth quarter of 2021. This runway further extends into 2022, including the incremental tax refunds we expect to receive that we have already filed for.

Just to be clear, these projections do not assume any further improvements in operating results as new film content ramps up during the course of the year or any additional rent adjustments, which we continue to pursue.

They also do not include additional financing options that remain available to us such as drawing on our \$100 million revolving credit line, tapping incremental term loan borrowing capacity within our credit facility, executing sale leaseback arrangements on unencumbered properties we own and issuing equity.

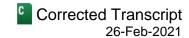
Turning attention now to our fourth quarter results, we'd like to remind you again that our reported financials follow accrual-based accounting and therefore, do not necessarily correlate directly to the timing of our cash flows. Furthermore, as in previous quarters reported this year, our traditional metrics are somewhat distorted in this current environment. Domestically, approximately 75% of our theaters were open and operating at year-end and total fourth quarter revenues were \$86.8 million driven by attendance of 5.1 million patrons.

US admissions revenues were \$44.4 million, of which 24% were generated by private watch parties. Our average ticket price of \$8.64 benefited from the impact of private watch parties, deferred revenue reversals related to loyalty point breakage and mix associated with reduced matinee availability that offset the effect of discounted pricing for library content. Domestic concession revenues were \$27.9 million with a food and beverage per cap of \$5.42.

As Mark outlined during his comments, we are extremely pleased with this result, in light of our sustained pricing discounts on concessions and the limited range of menu items we offer during the quarter. Internationally, we continue to scale up operations and ended the year with 65% of our Latin American theaters open and operating. Our total international revenues for the fourth guarter were \$11.4 million with attendance of 1.5 million patrons.

Globally, film rental and advertising expenses were 44% of admissions revenues, which declined over 1,000 basis points compared to 4Q 2019. This decline was driven by lower performing first-run film content and the impact of library films that tend to carry more favorable terms.

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Concessions costs were 27.6% of concessions revenues, an increase from [ph] 79.9% (00:18:13) in the fourth quarter of 2019, predominately as a result of additional spoilage associated with our temporarily closed theaters. Promotional pricing, which has been very helpful in attracting consumers back to our theaters and stimulating incremental purchase incidents, also created a slight near-term drag on our COGS rate.

Global salaries and wages were \$28.4 million and declined 72.1% year-over-year as our open theaters managed to effectively operate with highly reduced hours and staffing. Facility lease expenses of \$65.3 million were driven by the fixed nature of our rent commitments, however, were down \$18.3 million year-over-year, predominately as a result of permanently closed theaters, varied rent abatements, and reduced percentage rent associated with our decline in revenues. Again, these expenses are accrual based and do not reflect nearly \$15 million of cash payment deferrals executed during the quarter.

Worldwide utilities and other expenses were \$50.8 million and declined 56.8% versus 4Q 2019. While several costs within this expense category, such as credit card fees and commissions paid to third-party ticket sellers are 100% variable, others like property taxes and property and liability insurance remained fixed. Still, other expenditures such as utilities and repairs and maintenance have a blend of fixed and variable attributes and have been increasing as our theaters continued reopening. Finally, G&A for the quarter declined to \$28.2 million, driven by the impact of our recent restructuring actions, travel restrictions and reduced incentive compensation expense. Collectively, our worldwide adjusted EBITDA for the fourth quarter was negative \$97.5 million, and we posted a net loss of \$239.3 million.

Capital expenditures during the quarter were \$16.3 million, of which \$7.3 million was associated with new-build projects that had been committed prior to the COVID-19 pandemic and \$9.1 million was driven by new cleaning and safety equipment, regulatory and compliance requirements, maintenance and additional prior commitments.

For the full year 2020, we spent \$83.9 million in CapEx, which was 16% below our revised guidance of \$100 million and 72% below our original guidance of \$300 million. Throughout the fourth quarter, and since the inception of the pandemic, we aggressively curtailed expenditures to preserve cash and liquidity, as is exemplified by our significant CapEx reductions.

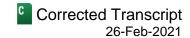
As we've already indicated, liquidity management continues to be one of our near-term priorities and, as such, our 2021 capital expenditures will remain limited to essential needs and pre-pandemic commitments.

Along these lines, we currently estimate spending approximately \$100 million on full year 2021 CapEx, with \$50 million deployed to previously committed new-build projects that were mostly delayed from 2020, and the remaining balance predominately driven by maintenance and compliance needs.

Our expected maintenance expenditures remain highly reduced from historic levels and are associated with needed repairs and safety equipment. Our consistent investments, in proactively maintaining our theaters over the years, has positioned us to sustain a period of reduced CapEx without hindering our asset quality, operations or guest satisfaction.

Before handing the call back over to Mark, we thought it would also be helpful to provide an estimate of cash interest for 2021 that captures the impact of our recent debt issuances in 2020. Based on current interest rates and our existing borrowings, we expect cash interest will be approximately \$32 million per quarter.

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It's worth noting that there is a modest differential between the interest expense that is reported on our income statement and our pure cash interest. This differential is driven by noncash items that include the amortization of debt issuance and related costs, as well as the accretion of interest related to our convertible notes.

Over the course of 2021, we will continue to carefully manage cash as we navigate the lingering impact of COVID-19 and work to start refortifying our balance sheet to its pre-COVID standing as our industry and company begin to recover. We have already made significant strides in adapting and evolving our business to the current environment, while simultaneously streamlining our overall processes to operate leaner and more efficiently going forward. We remain pleased with our progress to date and the success we've had with our cleaning and safety protocols and our ability to more than cover our incremental variable costs, which has enabled us to keep the majority of our theaters open, wherever permitted.

With that said, I will now turn the call back over to Mark who will provide additional information on our path forward. Mark?

#### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

Thank you, Sean. We continue to be highly confident in the movie-going industry that the movie-going industry will rebound in a most significant way. It's only a matter of time and we're beginning to see the signs of that recovery. The following factors continue to impact the pace of recovery, which are consistent with our commentary during prior calls. To begin, the status of the virus, the rollout of the vaccine, government regulations, consumer sentiment, clean and safety protocols and most importantly, new first-run film content.

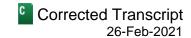
Cinemark's strategic priorities for 2021 are geared towards addressing these near-term factors while also looking forward to set our company up for success post-pandemic. First, we'll continue to effectively navigate the ongoing pandemic, including executing health and safety protocols, managing cash and liquidity, strategically coordinating theater's opening hours, resources and labor. Secondly, we'll work towards reigniting the theatrical exhibition industry to increasing consumer awareness and confidence regarding moviegoers, collaborating with our studio partners for the release of new film content while helping to lead an industry-wide campaign, welcoming back moviegoers to the theater.

We're also actively negotiating the terms and structures of the evolving theatrical window, with the goal of benefiting exhibitors, studios, moviegoers and of course, shareholders. And last, but certainly not least, we're focused on evolving and adapting the way we operate and continue to be successful in the post-pandemic landscape. Doing so, includes continuing to enhance our business to fully address evolving consumer preferences while aggressively pursuing cost-saving initiatives and developing new revenue generating opportunities.

In that regard, we spent a lot of time and effort, over the course of the past year, developing and incorporating new technology and systems such as Snacks In A Tap, which I spoke about in my opening comments, a new HR information system with Workday, and workforce management system that will be integral in gaining further staff efficiencies, just to name a few. These process efficiencies will enable us to deliver the same exceptional service with fewer resources.

We're singularly focused on becoming stronger, leaner and more competitive than ever before to lead the rebound in our industry. And we believe this rebound is imminent with active rollout of multiple vaccines. We're witnessing strong results, driven by pent-up demand in countries like China, Japan and Australia where the virus is more contained.

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For context, the Chinese New Year holiday brought in an all-time high of \$1.2 billion with a staggering 160 million viewers visiting a movie theater, which also sets a record. Furthermore, this was the first time ever that China's single-day box office earned more than \$155 million for five straight days. Notably, Detective Chinatown 3 has scored the largest opening day gross of any movie in a single market anywhere, overtaking the previous record held by Avengers: End Game in North America. Only days later, the Chinese movie, Hi, Mom, opened up to even higher single day sales.

These two films have now grossed more than \$600 million each in box office after only two weekends in the theater, truly astonishing results that again underscore the demand for out-of-home entertainment. Consumers are eager to return to their local theater to watch great content on the big screen.

These unprecedented results also fuel our confidence in the resurgence of the theatrical movie-going across the globe as vaccines roll out and the virus is controlled. And we are especially encouraged with the results of these foreign countries. No one loves movies more than Americans. The production of movies, the shared activity of enjoying them theatrically is deeply embedded inside the American culture.

Now, shifting back specifically to the US market. The number of theaters opened and operating is a key consideration in our studio partners' decision on release date timing. As such, the announcement that New York City theaters can begin reopening next week is a significant step forward in the recovery of our industry.

The New York City DMA alone represents 7% of the 2019 North America industry box office. We also remain optimistic that Los Angeles and San Francisco will be able to reopen in the coming weeks, with those markets representing 8% and 3% of the industry box office, respectively.

As theaters in these key markets begin to reopen and the virus is more contained, we expect the volume of new film content will accelerate. And, as we stated last quarter, we continue to believe that 2021 will be a transitionary year of recovery, leading into a more normalized year of 2022.

For some perspective on our enthusiasm, just look at the highly anticipated films beginning this summer. In May, we have Black Widow, Fast and Furious 9 and Cruella; Luca, from Pixar, releases in June; in July, there's Top Gun: Maverick, Minions 2 and Jungle Cruise; the fall season includes James Bond: No Time to Die, Suicide Squad 2, A Quiet Place II, Hotel Transylvania 4 and Boss Baby; and then, the holiday season kicks off with Marvel's Turtles, Mission: Impossible 7, Disney's animation Encanto, Sing 2, and a sequel to Spider-Man: From (sic) [Far From] Home, and this is just to name a few.

And then, 2022 is lining up to be an outstanding year with high profile films with strong consumer demand, including the long-anticipated Avatar 2 from James Cameron, The Batman, Black Panther 2, Jurassic World: Domination (sic) [Dominion], Captain America (sic) [Captain Marvel] 2, Mission: Impossible 8, Aquaman 2, Lightyear from Pixar, Thor: Love and Thunder, Doctor Strange, the list goes on and on, 2002 (sic) [2022] is truly lining up as a great year.

In closing, I am proud of the accomplishments of our team and what they've done over this past year. We are well-positioned heading into this crisis, and we've adapted and evolved the way we operate to navigate the current environment and to ensure we remain successful and further solidify our leadership position as the theatrical movie-going resurges, which will ultimately benefit the long-term shareholder value for our company.

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

### **QUESTION AND ANSWER SECTION**

**Operator**: [Operator Instructions] We will pause for just a moment to compile the Q&A roster. Your first question is from the line of Eric Wold with B. Riley Securities.

### **Eric Wold**

Analyst, B. Riley Securities, Inc.

Thank you. Good morning, guys. Excuse me. Just a couple of questions, I guess, one, you talked about in the past about keeping the private watch parties on the menu kind of going forward given the success that you've had. I guess, a couple of questions around that. I guess, one, trying to get a sense of how you can efficiently keep those on the offering without cannibalizing greater demand and kind of the \$100 for auditorium. How far advanced would you let those be [indiscernible] (00:31:51)? Kind of how would you maybe adjust the terms around that to avoid that?

### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

Thank you, Eric. The PWPs, as we've noted, have been incredibly successful. We kind of led the charge on those. What we're going to do is we're already doing exactly what you're asking, and that is we do an analysis and say, are we better off selling that auditorium for \$100? First-run product, by the way, is \$150, or do we think we can make more with a consumer demand because we can fill up more seats?

With the current restrictions that we have, some places 25%, some places 50%, we do that analysis and we open up more PWPs or we open up more regular tickets. As the new product comes, without question, especially on the high demand Friday nights and Saturdays, we're going to allocate more screens to regular show times because we're going to be able to put more people in those seats.

But we're going to continue to be able to offer PWPs during matinee time periods, Saturday afternoon, Sunday afternoon, weekdays. So, we don't see PWPs going away. We think PWPs will naturally slow down as a percentage of box office because we'll have the ability to put more people into that particular theater and generate a higher box office. So, we've got a model in place which helps us make those decisions, and it's just going to be, clearly, just one where we actually, as we move forward, adjust and adapt as necessary based on consumer demand. The good thing is we're already doing it and we can already see the benefits of that analysis.

#### **Eric Wold**

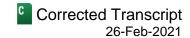
Analyst, B. Riley Securities, Inc.

Got it. Appreciate it. And then, the final question, I know you talked about the market share gains you've seen so far and obviously, some of that due to [indiscernible] (00:33:42) being closed. Another part of that, obviously, is the acquisition potential as the industry starts to reopen. I know that liquidity is the main focus near-term. But as you think about the potential for acquisitions going forward, I guess, one, what have you seen so far in terms of how plentiful and attractive those targets are? And is that something you would only want to go into on an asset light or rent light model or would you be willing to take on more of that fixed rent if the location is attractive enough? Thank you.

#### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

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Eric, again, good question. Look, our number one priority, as Sean has indicated and I've said multiple times, is we're going to be really cognizant of rebuilding back up our balance sheet. It was one of the strengths we had going into this pandemic and that's going to be a priority. As it relates to M&A, we are very open to any opportunity that comes our way. Obviously, what is most attractive to us is to – if we were going to do some kind of takeover of leases we'd be looking for either based on a percent rent, based on overall revenue or potentially a management fee. However, that does not call out that we wouldn't do a straight acquisition. But the price is going to have to be appropriate.

And as we have done over the last many years, we've been very careful in our M&A acquisitions and it's proved to be a good strategy. So, I think we know what these theaters are worth. We know the kind of cash flow that can come out of them. We do a serious amount of financial analysis and that's how we're going to continue. So, we're clearly open to M&A, but we're also going to be very careful as it relates to the amount of additional fixed lease that we would take on in this environment.

Eric Wold Analyst, B. Riley Securities, Inc.	Q
Perfect. Thank you, guys.	
Mark Zoradi Chief Executive Officer & Director, Cinemark Holdings, Inc.	Д
Thank you.	
Operator: Your next question is from the line of Eric Handler with MKM Partners.	
Eric O. Handler Analyst, MKM Partners LLC	Q

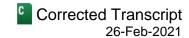
Good morning and thank you for the question. So, Mark or Sean, I think most people at this point are just looking at business in 2022 and 2023 in terms of valuing your company. And let's assume, we get back to normal in either one of those years. Based on, let's say, revenue getting back to where it once was in 2019, is it possible if that happens for you to get back to your 23%, 24% adjusted EBITDA margin level?

Sean Gamble
Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.

Good morning, Eric. Thanks for the question. It's Sean. I'll take that one. It's certainly possible and I would say that's absolutely going to be one of our goals is trying to recapture those types of margins as we look ahead. Obviously, one of the biggest factors that influences that is the overall degree of attendance given the relatively high nature of fixed costs in our business, which we've been working on reducing that. As Mark indicated, we're working on finding ways to operate leaner and restructuring aspects of the business to take many of those fixed costs out. But still just the inherent nature of the business has a certain degree of fixed cost. Attendance becomes sensitive in terms of the overall margins. So that will be probably the biggest driver.

But we've got a whole range of projects that we're working on to continue to drive incremental productivity and to continue to take costs out, and then also find additional sources of revenue would be the goal of trying to return to those types of margins. It's hard to fully predict right at this moment, but that's certainly our ambition.

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#### Eric O. Handler

Analyst, MKM Partners LLC

Great. And this is a follow-up. Mark, I wonder if you could talk about the state of Latin America at this moment and what the environment is like. How ready are they to fully reopen and how is that business looking as you project out to 2022?

### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

Eric, Latin America has been actually kind of in parallel with us relative to operating efficiencies. With Project Phoenix 2, we've been able – the landlord situation there is different than in the US. So, the vast majority of our leases have been able to be converted over to a percentage of revenue basis.

We currently have 73% of our cinemas opened throughout Latin America. Brazil is kind of the high mark there. We have 90% of our cinemas opened in Brazil. 100% of our theaters are open in Colombia. The virus is not as much under control in places like Chile, where we only have 35% open and Argentina, 10%. In Central America, we're nearly 100% open. So, it depends on the country, obviously, because there are lot of countries there.

But we believe that Latin America is going to recover in an equal way to the US. There is a strong demand to go to the theater in those countries. It's still one of the last affordable out-of-home entertainment. So, we believe that when we're able to open up fully and content is back fully with those two things that we're going to see a resurgence back to Latin America. And we feel pretty good about the 73% open and we're going to continue to grow that. I think we're going to see that grow kind of correspondingly to the US. The exception might be Argentina and Brazil just because they're a little bit behind the curve, relative to getting the virus under control.

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Analyst, MKM Partners LLC

Thank you very much.

### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

Thanks, Eric.

Operator: Your next question is from the line of Mike Ng with Goldman Sachs.

### Michael Ng

Analyst, Goldman Sachs & Co. LLC

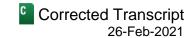
Hey. Good morning. Thanks for the question and time, Mark and Sean. I was just wondering if you could talk a little bit more about what you're seeing in places like Japan and Australia that give you confidence about the eventual consumer behavior as the domestic box office recovers. And, I was just wondering if you could talk about some of the similarities and differences and other factors that may affect the recovery curve as you look to those markets as a comparison to the United States. Thank you very much.

#### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

Thank you, Mike. I spent a lot of my years, when I was at Disney, on the international side of the business. So, I'm very familiar with those markets. I talked quite a bit about China here. So, you didn't ask about that so I won't go

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any further there. But those results, they truly are incredible to do \$1.2 billion over a period of about 10 days of Chinese New Year. Now, in Japan, they released a movie called Dragon Slayer a month, six weeks ago. And that movie went on to become the biggest movie of all time in Japan. Bigger than any American movie. Bigger than any Avenger movie. It was the biggest movie of all time in Japan. And what happened is a giant commercial movie was released when the virus was getting under control and people wanted to leave the home and go see it.

The market that's probably the most like the US in terms of just culturally, of course, is Australia. It's English-speaking and when they released Wonder Woman '84 at Christmas time, it was one of the best markets in international for Wonder Woman because the virus was more under control. And so, we saw what happened with when, again, that was an imported movie, Wonder Woman '84, it wasn't a local movie but it was one of the best markets in the world for that film because those two things happened, a big strong commercial movie along with the virus under control.

So, as we look forward to what's happening in this country with New York starting to open up and California will begin to open up in the next two to four weeks, we are really optimistic as we look at the lineup of film. And that the single most important thing for studios to leave the content where it is is our theater is going to be open. And I don't blame them.

If New York and LA hasn't been opened up, they're going to be a little bit more cautious. But now that they're opening up, we are very optimistic that major content is going to stay where it is. And the second half is the summer and then moving into the fall in the second half the year is going to — we're going to be able to start to see that recovery coming forward. So, it's — I think that as you look at these foreign markets, there's no reason to not say that same kind of phenomenon is not going to happen in the US, with the virus under control and big movies being released.

Michael Ng Analyst, Goldman Sachs & Co. LLC	Q
Great. Thank you very much, Mark. That was very helpful.	
Mark Zoradi Chief Executive Officer & Director, Cinemark Holdings, Inc.	A
Okay.	
Operator: Your next question is from the line of Jim Goss with Barrington	on Research.
lames Charles Goss	

Thanks and good morning. We probably all hope everything will return to pre-pandemic levels, but I'm wondering if you think that should physical attendance not quite get there, because of the streaming options and windows, and that sort of thing, do you think there is a path to the level of profitability you've been able to achieve in a fairly reasonable period of time in terms of ticket pricing, cost controls, technology and other sort of things that might not necessitate it, and then that would be a bonus if we were able to do that in terms of physical attendance?

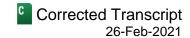
# Sean Gamble

Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.

Yes, Jim. There's certainly a path, obviously, that becomes more challenged with the reduction of attendance. And, I think, some of that would depend on the degree to which attendance is affected. That's precisely what we

Analyst, Barrington Research Associates, Inc.

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have been working on in the form of, twofold: one is figuring out ideas to generate incremental sources of revenue to supplement anything we might be affected on in terms of the downside of attendance; and then likewise, finding efficiencies on the cost front. Both of those play toward recapturing any lost margins associated with reduced attendance and margin dollars as well as margin rate.

So, there's definitely a path but, I would just say, some of that's going to be – in the near term, some of that will just be a factor of what the attendance profile looks like over the coming years, and the speed...

**James Charles Goss** 

Analyst, Barrington Research Associates, Inc.

Okay. Thank you.

Sean Gamble
Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.

...of the rebound.

**James Charles Goss** 

Analyst, Barrington Research Associates, Inc.

Thanks. I'm wondering, do you think there will be any permanent shifts in attendance patterns by time and day of week now that maybe some who have come back have decided that maybe seeing something later in the evening or the prior day or something like that might be just as satisfactory and they can feel more comfortable in terms of safety issues, too, even with the vaccine?

Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

Jim, I'll pick that one up. I don't really think so. I don't think there's going to be any permanent shift in consumer behavior to different times. What we've done and we're going to continue to do is highly flexible variable pricing because, with our Discount Tuesdays that we've had, that's always been either the second or third most popular day of the week because we get all the value consumers wanting to come that time.

And then, usually, we price also a little lower for the afternoon shows, and then slightly higher on the weekend shows. But I don't think anything relative to the pandemic is going to cause any kind of permanent shift in days of the week that people come to the movies.

Sean Gamble

Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.

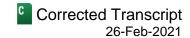
We've also seen from some of the surveys, too, that the commentary when the vaccines are fairly widespread, the intent that people express, it's significant in terms of returning to the theaters. And it's not a derivative of timing of the week or anything like that. To Mark's point, shifting behaviors is more just an overall level of comfort with vaccines and getting out and just kind of scaling out in the general environment.

James Charles Goss

Analyst, Barrington Research Associates, Inc.

Okay. And one last one, I'm curious of your thoughts given your background in the theatrical side or in the studio side of the WarnerMedia and HBO Max take on windows with day-and-day pricing and then taking it out of the

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theaters or having a theater exclusive after 30 days instead of the opposite way that everybody else is approaching it.

Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

to negotiate

Warner's made a decision to put a real focus on HBO Max for 2021. And we've been able to continue to negotiate an acceptable deal with them relative to that strategy. HBO Max obviously, is important to them. As they go forward, Warner's has made public statements about that they intend to shift that strategy into 2022, back to a more traditional exclusive window with theatrical.

So, we're very encouraged by those statements that they've made and I'm sure they will probably be coming out with further details about that in the coming months. But they've indicated that this was a 2021, during the pandemic strategy and that they were going to return to a more traditional window strategy for 2022. And we've been very highly encouraged with this, with the announcement that Paramount made just this week about what they're doing with Quiet Place 2 and with Top Gun: Maverick and with Mission Impossible that they're looking at somewhere between a 45- and 60-day window.

And finally, I'd say that the – what Universal, the deal that we were able to do with Universal where we're getting five full weekends on their big movies at a minimum and three weekends on their smaller, moderate-sized movies will probably turn out to be an acceptable way to go as well there. So, I think everybody's trying. And clearly, Disney, announced a significant number of movies that are going to be going theatrically both for 2021 and 2022. So, it's actually been a good 30 days as we look at product availability and windows going forward.

### **James Charles Goss**

Analyst, Barrington Research Associates, Inc.

Well, I agree the great support for windows of some sort anyway. But thank you very much.

#### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

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Thank you, Jim.

**Operator**: Your next question is from the line of Robert Fishman with MoffettNathanson.

**Robert Fishman** 

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Analyst, MoffettNathanson LLC

Good morning. I've got a few questions for you guys, and let's just continue that window conversation if we can. When you think about all the experimenting, going on with your partners and what you just talked about and the formal agreements that you already do have in place, could you just help frame for us the expected longer-term impacts on your company, both positive likely from potentially lower film rental costs and getting your share of new PVOD revenues? And then the negatives like the cannibalization on movie-going attendance and together, do you think these net out as a positive or negative for Cinemark?

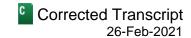
### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

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Robert, I'll take that. It's hard to say at this point since we're just starting and all these various Window scenarios are just beginning, and we're in the middle of a pandemic. It's very difficult to say exactly what the positive or

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negative of that is going to be. So maybe that's more appropriate for the next earnings call when we actually have some data to look at instead of just projections.

But I would say this as well. It's allowed us to be open to test some alternative content as well. And we're open to testing alternative content with other streaming services, whether that be a Hulu or whether it'd be Amazon or whether it'd be Netflix or whether it'd be Apple TV+. So, we're looking at this as a way for us to think about, do we do we want to open our theaters up to some of this other content with different restructured deals, depending on the length of the exclusive window. So, yes, it potentially has some negatives but also, yes, it potentially has some positives. So, one, I think we'd probably need three, four, six months to be able to see the data, and then be able to get back to you.

#### **Sean Gamble**

Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.

And I would just add, too, that, that was always a big unknown. As you know, Robert, this has been something that's been talked about and evaluated for many years, even pre-pandemic. And there is always kind of an unknown of what the longer standing impact is on consumer behavior and what all that means.

So, for us, we'll clearly be focusing on trying to get a net result that's in, neutral to positive for exhibition. It's just that much more complicated, as Mark said. It was complicated before, it's that much more complicated now with the pandemic and, probably, the lingering effects of the pandemic for the next year or so that will continue to cloud real solid answer to that.

### **Robert Fishman**

Analyst, MoffettNathanson LLC

Okay. No, that makes a lot of sense. Following up on your higher share comments in the prepared remarks, I'm curious if you can provide any more color around how much of the increase could be sustainable given your geographic footprint that you have today. And then, relatedly, any updates on what you're hearing about the ability of some of the smaller private chains to reopen starting this summer with the release slate improving there?

#### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

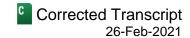
Let me start with the second part of that. I really don't have insight into what the smaller private chains are going to do relative to their timing. Obviously, there's one big national chain, which is not yet open. I would expect them to open sometime in the early to mid-spring. But, obviously, I think you'll ask them to be able to give you specifics. But the smaller, littler guys, there's dozens and dozens of them, so I really don't have a perspective on that.

As it relates to market share shift, we've been incredibly aggressive promotionally and marketing and with film in order to gain that 20%-plus market share, and we do not expect to keep the majority of it. But we do expect to keep, I'll say, a meaningful portion of it. Now, what that's going to prove to be? That's very hard to say. We've traditionally been in the 12.5% to 13% market share. And I would expect that we're going to be able to hold on to at least a point or two. And again, let's let the data actually speak for itself as opposed to us putting a projection there.

### **Robert Fishman**

Analyst, MoffettNathanson LLC

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Okay. And if I could squeeze one last one maybe for Sean. How can we think about normalized longer-term CapEx spending? And whether there should be this – would you expect to be a meaningful catch-up spend in 2022?

#### Sean Gamble

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Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.

I'm not sure I'd go there. Historically, we'd been spending in the excess of \$300 million as we're working on our whole recliner conversions. Don't anticipate being anywhere near that in the near term here as we're working on rebuilding our balance sheet.

I'd say that the 100-or-so million level that we're currently at is a bit depressed. You know, probably somewhere in between the two of those is more likely as we get going again over the coming years. There will be – there still are some prior commitments on new builds that we'll be moving forward on. There will be opportunities. There ultimately will be some maintenance that's been on hold that we'll have to do which will increase that.

But a big chunk of what drove our levels in the past were opportunistic revenue-generating and ROI-generating types of projects. And we'll do some of those but those are more selective. Those are more things that we can choose.

So, I expect it'll start to go up, but I don't believe that we're going to have like a massive catch-up coming in 2022 or 2023. And a lot of that comes back to the comments I made in the opening remarks that we've been very proactive about preventative maintenance and things like that in the past. And now, we're getting to reap the benefits of that in that we – our circuit is in really good shape.

So, it just comes back to how much our cash flow is recovering and how opportunistic we're going to be in the future versus a big catch-up we have to do on any kind of maintenance or anything like that.

Robert Fishman Analyst, MoffettNathanson LLC	Q
Great. Thank you very much both of you.	
Sean Gamble Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.	A
Thanks, Robert.	

**Operator**: Your next question is from the line of Alexia Quadrani with JPMorgan.

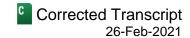
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Analyst, JPMorgan Securities LLC

**David Karnovsky** 

Hi. Thank you. This is David Karnovsky on for Alexia. Mark, any update you can provide on talks to distribute movies for streaming services? Do you sense any incremental interest from these platforms to releasing theatrical? And then, maybe on a separate note, is there any update you can provide on Movie Club, maybe how the awareness of the program or active membership has shifted during the pandemic and how you think about leveraging that and loyalty to bring moviegoers back? Thanks.

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#### Chanda Brashears

Vice President-Investor Relations & Corporate Communications, Cinemark Holdings, Inc.

David, I'm sorry, we missed your first question. Could you mind repeating the first part of your question as well?

Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

Yeah. Well, you cut out for just a second. We didn't hear – you said something about – what company did you refer to?

David Karnovsky

Analyst, JPMorgan Securities LLC

No, just if you can provide an update on talks to distribute for streaming services and whether there's any incremental interest there to release in theatrical?

Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

Discussions. Well, you know, I think we've told you before that we did a series of tests during the holiday season and shortly thereafter. Specifically, we did a number of test movies with Netflix.

So, we're in active discussions with Netflix, Apple TV+ and others to continue to look and, say, we're not talking about quantity. We're not talking about huge quantities. We're talking about there's a half a dozen pictures that are really important to some of the streaming services. They're either big important Academy movies or bigger midsized commercial films that we would be interested in playing. We would be open to a shortened window depending on what the financial terms were on that particular deal. So, I would put it as active discussions and positive and I think it's been a positive outcome. One of the opportunities that I referred to are relative to being in the middle of this pandemic. So, that we're open to that. And I think the major streaming services are open to it, too. And specifically, excuse me, with their bigger, more commercial films or their Academy-oriented films.

Relative to Movie Club, we have been really active with Movie Club to keep those members engaged. At this time, we have not initiated rebilling of people unless they have chosen to reactivate. And we've got — we've had a number of people that have chosen to do that. Churn has been very, very low during this time and we will have a big effort when the significant content returns to reactivate all of those accounts and begin rebilling with a marketing effort around it. But what's been important is that we stayed in active communication with our Movie Club members and very, very few have declined that's why we still have more than 950,000 members. So, we expect Movie Club to continue to be very positive.

David I	<b>Sarno</b>	ovsky
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Analyst, JPMorgan Securities LLC

Thank you.

Sean Gamble

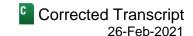
Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.

Thanks, David.

**Chanda Brashears** 

Vice President-Investor Relations & Corporate Communications, Cinemark Holdings, Inc.

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Thanks. David.

### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

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Thank you, David.

Operator: Your next question is from the line of Alan Gould with Loop Capital.

Alan Gould

Analyst, Loop Capital Markets LLC

Thanks for taking my questions. Most have been asked but, Sean, I've got a question. The company has historically paid a dividend. I realize I'm looking a little bit early. We're all looking forward to getting back to the theater. What has to happen for the board to reconsider reinstating the dividend here?

**Sean Gamble** 

Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.



Sure. Well, I mean, the biggest driver is that it's obviously going to be the state of our cash flows. We're going to want to get to back to a position of healthy and sustained positive cash flow generation. And then, the decision to reactivate part or all of that dividend is just going to be the degree of that cash flow and kind of balancing that with the priority we stated of getting our balance sheet kind of back to its pre-COVID standing. So, those are really going to be the big drivers. We want to kind of look ahead and make sure we've got a sustained level of reliable future cash flows coming our way.

And then, we're going to be working on de-levering the company and putting back the balance sheet. So, we're going to get there. Those will be – there are – we've already been talking about conceptual timing of that with the board when we look at our forward-looking cash flows. But obviously, at this moment in time, there still are a lot of unknowns just with regard to the ramp-up of the recovery and whatnot. But it certainly will be something that will be an active conversation going forward.

**Alan Gould** 

Analyst, Loop Capital Markets LLC



Okay. And if I can follow-up, seems like minimum wage talks are getting heated again. If hypothetically we would go to a \$15 minimum wage, any idea what kind of impact that would have had, would have against a normalized earnings?

Sean Gamble

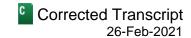
Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.



It's something that we are actively watching and working on quantifying. It's a little difficult at the moment just it's a little early to speculate because of clearly, we have kind of a dynamic scale of our staffing and workforce in this current environment. The positives I would say are, our current workforce, at least at the end of 2020, only about 3% of our workforce was at the federal minimum wage level. Already the majority is in excess of that. So, clearly, that will be a factor that would have a reduced amount of impact. So, we're going to watch it, you know.

As always, we have a long history of dealing with these kinds of minimum wage requirements. California has been very active with that and we have, obviously, a large presence in California. So, we're accustomed to

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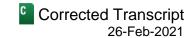


dealing with these types of things. We look to offset that where we can with pricing and then obviously with other types of productivity initiatives. So, those are the kind of tools we have to deal with those types of circumstances.

And, look, to a certain degree being a very affordable form of entertainment across the nation when those types of things happen, it puts more discretional spending into people's pockets that oftentimes leads to more movie going. So, whatever impact we might have on the cost front oftentimes gets offset with just more general movie going as a result of the off-shot impact of those types of increases. So, I know that's not a specific number in terms of but it is something we're paying close attention to, and again we have a long history of dealing with these things, so I think it's something we can navigate.

Alan Gould Analyst, Loop Capital Markets LLC	Q
Okay. That's helpful. Well, thanks a lot.	
Sean Gamble Chief Operating Officer & Chief Financial Officer, Cinemark Holdings, Inc.	A
Thanks, Alan.	
Mark Zoradi Chief Executive Officer & Director, Cinemark Holdings, Inc.	A
Thanks.	
Operator: Your final question is from the line of Benjamin Swinburne with Mo	rgan Stanley.
	Q
Hi. Good morning. This is [ph] Mary Ann (01:02:26) for Ben. Thanks for taking first get your thoughts on The Croods 2 [indiscernible] (01:02:34) box offices regiven they released [indiscernible] (01:02:40) operating model?	
Chanda Brashears Vice President-Investor Relations & Corporate Communications, Cinemark Holdings, Inc.	A
Croods 2 performance.	
Mark Zoradi Chief Executive Officer & Director, Cinemark Holdings, Inc.	A
Oh, Croods 2. Thank you. Sorry, [ph] Mary Ann (01:02:46). I didn't hear Croods	s 2.
	Q
Oh, sorry.	
Mark Zoradi Chief Executive Officer & Director, Cinemark Holdings, Inc.	A

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We actually were very, very pleased with Croods. Croods 2 is a movie that has just continued to play and play and play. I mean, I think they were into their 11th week and they returned to number one in the box. So, it was a combination of a movie that had a very good pedigree coming in, coming off of the first movie, and then a very entertaining and successful movie that people liked.

And then, it was released in a timeframe where there wasn't that much product. So, I think Universal reaped the benefit of continuing to have a very, very long tail on this movie. And, I think, it's – that gives us a positive outlook on what we think is going to happen with Tom and Jerry. Tom and Jerry, again, is a well-known franchise. It actually opens today across the country. And, we think, Warner Brothers is likely to have a success in that. And I think they could only hope for it to be as successful as Croods 2 which, I'm sure, Universal is pleased with.

Got it. That's helpful. And then, secondly, as we kind of move towards reopening, is there a film or is there a weekend that you're looking at maybe this summer that you think might be the inflection point for normalization?

Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

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Well, that is a really good question and, actually, one that I didn't particularly anticipate, but I have thought about it a lot. And I look at the summer and I say, probably with Black Widow opening up on May 7, that is just a very high profile movie. And then, even in, in April, you've got Godzilla and Mortal Kombat. So, it's hard to say, but Black Widow on May 7.

And then, if you get down to the end of May, which has traditionally been the beginning part of summer and you look at it and you go the week before May 28, there's Free Guy from Fox Disney. And then, the last weekend in May, which has been kind of that traditional beginning of summer, you have both Cruella from Disney and you have Fast and Furious from Universal and you have Infinite from Paramount. So, you've got three big movies on that last weekend in May.

So, that's an awful exciting time. And then, I think it would be wrong of me not to look forward and say, another kind of traditional very big weekend in the summer as a launching pad, not particularly on the day is that weekend of July 4. July 4 specifically is not that great of a day because people want to be outside barbecues and such. But that weekend, you've got a great family movie with Minions coming from Universal and you've got Top Gun: Maverick coming from Paramount which I expect both those movies to be highly successful.

So, look, at the beginning of the summer, the middle of the summer and even the end of the summer, we're optimistic about this content. And I think the positive information about the virus rates and of course, the vaccines coming, likely a third vaccine coming now with Johnson & Johnson, we're optimistic that we're going to be able to light up these theaters again come this summer.

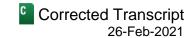
Awesome. Super helpful. Thank you so much.

Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

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Thank you, [ph] Mary Ann (01:06:10).

**Operator**: There are no further questions. I will turn the call back over to Cinemark for any closing remarks.

### Mark Zoradi

Chief Executive Officer & Director, Cinemark Holdings, Inc.

Well, again, I'd like to thank you all very much for joining us this morning. We look forward to the recovery and we look forward to speaking with you again following our first quarter. Please stay safe. Be well. Enjoy your families. Bye now.

**Operator**: This concludes the Cinemark's fourth quarter and full year 2020 earnings call. Thank you for participating. You may now disconnect.

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