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Cinemark Holdings, Inc. (CNK)

Q3 2021 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day, and thank you for standing by. Welcome to Cinemark's Third Quarter Earnings Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions]

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

Chanda Brashears
Senior Vice President-Investor Relations, Cinemark Holdings, Inc.

Thank you, Stephanie, and good morning, everyone. At this time, I would like to welcome you to Cinemark Holdings, Inc.'s third quarter 2021 earnings release conference call hosted by Mark Zoradi, Chief Executive Officer and Board Director, as well as Sean Gamble, President and Chief Financial Officer.

In accordance with the Safe Harbor provision of the Private Securities Litigation Reform Act of 1995, certain matters that are addressed 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 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 in today's press release, within the company's quarterly filing or 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 appreciate you joining us to discuss our 2021 third quarter results. I'm very pleased to start off by saying that our industry and our company continue to make significant progress in recovering from the effects of the pandemic. We're highly encouraged by the continuing positive trends with increasing consumer demand for the cinematic theatrical experience and growing momentum at the box office.

This favorable progress was demonstrated in our third quarter's 61% growth in worldwide attendance since last quarter in 2Q 2021. Importantly, that growth in attendance flowed through to our bottom line results in the third quarter, which included positive adjusted EBITDA of $44 million. Our 3Q results marked a significant milestone for Cinemark, as it represents our first quarter since the pandemic began with positive total company adjusted EBITDA. Furthermore, every month in 3Q delivered positive EBITDA, which tangibly underscores our company's resurgence.

Strength in the domestic box office was a key driver of our third quarter performance as the North America industry delivered $1.4 billion of gross proceeds on a larger volume of more sizable commercial releases. Top hits in the quarter included Shang-Chi and the Legend of the Top Rings (sic) [Shang-Chi and the Legend of the Ten Rings] (00:03:02), Black Widow, Jungle Cruise, Free Guy, Space Jam, and the carryover from 2Q's highly successful release of Fast & Furious 9. And consistent with last quarter, I'm thrilled to report that Cinemark once again overindexed the North America industry box office performance relative to 3Q 2019 with a substantial outperformance of 700 basis points. This outperformance helped us capture an approximate 15% market share of North America box office, which significantly exceeded our historic average of just under 13%. Our 15% market share achievement is particularly meaningful this quarter as the vast majority of theaters in the US and Canada had reopened.

During our last several calls, we've talked about four key factors that impact theatrical exhibition recovery, all of which continue to experience noteworthy progress. First is the status of the virus. Driven by vaccine penetration to-date as well as impacts from the virus beginning to subside, COVID rates have plunged 73% since the Delta variant peaked in September. Vaccination rates continue to rise across the US, especially with the recent approval of inoculation for children five and older. Moreover, vaccination rates are also rapidly progressing throughout Latin America.

The second factor is government restrictions which have largely gone away in the US at this juncture and continue to reduce in Latin America.

Third is consumer sentiment. While the Delta variant threw us a curveball during the third quarter and caused a meaningful dip in consumer comfort regarding visiting theaters, that sentiment has since recovered to 77% of US moviegoers expressing comfort in going to the theater in the current environment. This level of positive response is in line with the peak levels of sentiment we witnessed in early July of 78%.

And the final key factor in this ongoing exhibition recovering is the consistent flow of new film content with broad consumer appeal which clearly is now underway.

Of course, these recovery factors not only apply to the US, but are also applicable on a global basis. And while the domestic market is further along in its rebound cycle, we're also seeing positive trends in Latin America.

Currently, 100% of our theaters have reopened across the region and even though certain capacity and operating hour restrictions persist in Central and South America, consumer demand to return to the theaters is very strong. There is no question that theatrical exhibition is meaningfully recovering around the world. And Cinemark is extremely well positioned to benefit during this comeback on account of the many operational advancements we made during the pandemic as well as our ongoing efforts to maximize attendance and drive new ancillary revenue opportunities.

Some examples include improved operating efficiencies, enhanced marketing programs and capabilities, and our recently implemented online food and beverage platform, new alternative content possibilities and ongoing impact of our premium amenities.

In terms of operational efficiencies, we have made some significant strides over the course of the pandemic. For instance, we're optimizing operating hours and showtime schedules through utilization of enhanced data management analytics. We have simplified and streamlined numerous theater practices such as ticket issuance, inventory procedures and ushering routines to be leaner and more efficient. And we've refined the degree of staffing that is required to operate our theaters, including enhanced planning and management controls.

We also continue to significantly advance our digital and social marketing capabilities, utilizing proven best practices from retail, travel, and technology industries. Examples include leveraging iterative A/B testing to identify and scale winning concepts, simplifying consumer touchpoints to drive a more frictionless experience, and applying advanced analytics against our highly valuable customer database to drive improved targeting, accuracy and contextually relevant messaging.

These actions and capabilities are focused on increasing moviegoing frequency and overall consumer spend and we believe they will be highly valuable in navigating the competitive landscape ahead and maintaining our increased market share.

In tandem with our digital and social marketing actions we continue to leverage our unique industry-leading transaction-based subscription program Movie Club to drive attendance. During the third quarter, we completed billing reactivation on all Movie Club accounts that were proactively paused for the past year-and-a-half during the pandemic.

In doing so, we have been extremely pleased by the minimal amount of churn we've experienced, which represented only a modest 6% dip in our pre-pandemic membership base that was largely driven by credit cards that expired during that timeframe. This dip was better than expected due to our member first approach and we're already seeing new net positive Movie Club additions as we actively work to re-attain those expired members as well as attract new ones.

We've also continued to further enhance Movie Club and recently introduced Movie Club Platinum, an earned premium tier that provides our most frequent moviegoers with even bigger incentives. We expect this heightened tier will serve to further increase loyalty of our most active customers as well as stimulate incremental transactions.

Since we announced the launch of Movie Club Platinum just over a month ago, 64% of Movie Club members familiar with the program stated that they have been incentivized to achieve platinum status this year.

Another foray into simplifying and enhancing our customer experience while driving ancillary revenues is Snacks In A Tap, our recently launched online food and beverage ordering platform. This platform enables guests to skip the line and have their concessions ready for pickup upon arrival or delivered to their seats for a nominal fee. The added convenience and time savings provided by Snacks In A Tap have been extremely well received by our moviegoers and we look forward to continuing to grow the program's awareness and utilization in the months ahead.

We're also continuing our reintroduction of select expanded food and beverage options as a more consistent release cadence of stronger film content takes hold and moviegoer attendance increases.

Another exciting new business venture that we announced last week is our heightened focus on gaming initiatives, including our plan to hire a new vice president to forge strategic relationships and pursue content and licensing agreements in the gaming realm. Gaming is the latest evolution in our ongoing focus to secure alternative content, further utilizing our auditoriums to supplement Hollywood film content. And we have seen several promising indicators with regards to consumer interest in both spectator and participatory gaming events.

Additionally, we're continuing to explore other alternative content offerings and have seen similar positive results from events such as professional wrestling with AEW and WWE, boxing with Triller Fight Club, movie premieres, special live Q&A sessions with talent, and concerts, all in addition to ongoing events provided by Fathom Entertainment.

We're also continuing to reap benefits from investments we've made in premium amenities that enrich the moviegoing experience, which movie fans continue to seek out, including reclining seats with approximately 65% of our entire domestic circuit featuring Luxury Loungers, the highest recliner penetration among the major theater operators; premium large format auditoriums led by our XD, our proprietary brand which ranks number one in the world which delivered 12% of our box office in the third quarter alone on only 4% of our screens; and an increase in D-BOX motion seats which are synchronized with the on-screen action.

And finally, Cinionic laser projectors. In line with our previously announced partnership, we are featuring laser projections, crystal-clear picture in all of our newbuild theaters and continue to upgrade our existing theaters with laser technology which lasts longer and operates more efficiently. We're happy to share that in addition to other locations across the US, we have completely converted all of our Dallas-Fort Worth theaters and screens, our home city, delivering consistently bright, colorful and sharp images on laser.

Speaking of new theaters, strategic newbuilds are a cornerstone of our strategy and we are thrilled to have opened six new theaters and 67 screens already this year, all of which were committed to prior to the onset of COVID. These newbuild theaters are all in high-growth areas with significant opportunities to capture moviegoing attendance. While it's still early days, we're highly encouraged by the results to-date. We have opened three locations in the US: Kirkland, Washington, just outside of Seattle; Jacksonville, Florida; Waco, Texas; and three in Latin America: Guatemala, Chile and Peru. We also have one more theater to open later this year in Roseville, California, just outside of Sacramento.

Based on everything I've just shared, I hope it's clear that we are pleased with our performance trend in the third quarter and the advancements we made to continue to make our business more vibrant through business development while we're cognizant there's still a long road ahead. Over the course of the coming months, we continue to expect an ongoing ramp-up of box office and overall financial results. The fourth quarter has already started out strong as October delivered our best monthly box office results since the onset of COVID. Notably, our cash generation during the month of October was significant enough to more than cover all of our variable and all of our fixed costs.

Looking ahead, upcoming film content for the balance of the year includes highly anticipated blockbusters, appealing to families and adults alike, such as Eternals, which opened with previews last night to outstanding results, Ghostbusters: Afterlife, Encanto, House of Gucci, West Side Story, Spider-Man: No Way Home, Matrix Resurrections, and Sing 2, to highlight just a few. And the slate next year looks absolutely tremendous with broad range of highly promising films for all moviegoing audiences.

Importantly, these films were made to be experienced in a cinematic out-of-home entertainment environment that only a movie theater can provide.

We're also optimistic about the future of exclusive theatrical windows, as it's such a meaningful contributor to the overall media landscape as we've witnessed with the positive box office results generated most recently. I have been a significant proponent of the longevity of the theatrical exhibition industry and especially for Cinemark, as the company is uniquely positioned and poised for long-term success.

Before I turn it over to Sean this morning, I'd like to take a brief moment to comment on the upcoming executive transition. As previously announced, this is my last earnings call as CEO of Cinemark before I hand over the reins to Sean at the end of this year. It has been an honor serving as CEO and leading the incredible people of Cinemark the past six-and-a-half years. I would like to first thank the global team for their hard work, camaraderie, willingness to change and evolve and for their industry-leading results. I would also like to thank the investment community. It has been tremendous getting to know so many of you over the years and we appreciate your ongoing support.

I, along with the rest of the board, am highly confident in Sean and his ability to lead Cinemark going forward. His operational background and strategic mindset, along with his keen eye for efficiencies and business opportunities, will be especially advantageous as Cinemark continues to emerge from the effects of the pandemic. I look forward to watching the company thrive under his direction as I continue in a strategic capacity through my position on the board.

With that, I'd now like to turn the call over to Sean.

Sean Gamble

President & Chief Financial Officer, Cinemark Holdings, Inc.

Good morning, everyone, and thank you, Mark, for your kind words. You've been a tremendous leader for our company and our industry over the past six-and-a-half years and to say you'll be missed from our day-to-day operations is clearly an understatement. We all wish you the very best in your next chapter and we're thankful that we'll have the opportunity to maintain a continued working relationship with you through your ongoing seat on our Board of Directors.

On a related note, three weeks ago, we announced Melissa Thomas will be joining Cinemark as our next CFO. Melissa was most recently the CFO for Groupon and has a strong and impressive leadership and financial background. We believe she'll be a great cultural fit for Cinemark and an excellent complement to our leadership team and finance organization. Melissa will officially start this coming Monday, November 8, and we look forward to formally introducing her in the near future.

As Mark already highlighted, the resurgence of theatrical moviegoing is in full swing and Cinemark delivered another quarter of meaningful financial improvement. During 3Q, our average monthly cash burn reduced to approximately $11 million after normalizing for working capital timing. This rate was in line with the expectation of a $10 million to $15 million monthly cash burn that we communicated on our last earnings call. As of today's current operating environment, we have now flipped to modestly positive average monthly cash flow. And we expect this rate will continue to improve as our industry further rebounds.

At the end of the third quarter, we had a global cash balance of $543 million. As of October 31, that balance had increased to approximately $595 million, driven by the strong box office results of Venom: Let there be Carnage, No Time to Die, Halloween Kills, and Dune, as well as working capital timing associated with corresponding film rental payments.

Based on our current and improving cash flow position, we continue to believe we have ample liquidity and will not require any additional financing. That said, multiple financing opportunities still remain available to us, including 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. Also, as we described last quarter, following our recent refinancing transactions, our revolver maturity now sits at November of 2024 and all other significant debt maturities extend through March of 2025 and beyond.

Turning now to our third quarter results, we'd like to remind you that our reported financials follow accrual-based accounting and therefore do not necessarily correlate directly to the timing of our cash flows. Furthermore, as we have indicated in previous quarters since the onset of the pandemic, our traditional metrics continue to be somewhat distorted in the current environment. Considering our theaters were only beginning to reopen with limited new film content in the third quarter of 2020, we will compare our most recent quarter's results to 2Q 2021 and 3Q 2019 in select instances.

During the course of the third quarter, we continued to further expand operating hours in response to increasing consumer demand for a growing volume of new commercial film releases. Compared to second quarter, our third quarter domestic operating hours expanded by nearly 40%, although still remained approximately 25% below 3Q 2019. Expanded hours and increased moviegoing led to quarter-over-quarter domestic attendance growth of 42.4% to 21.5 million patrons. Domestic admissions revenues were $195.3 million with an average ticket price of $9.08. Our average ticket price increased 14.1% versus 3Q 2019, primarily as a result of price increases and ticket type mix, largely on account of fewer matinee and weekday showtimes.

Domestic concessions revenues were $142.6 million and yielded another all-time high food and beverage per cap of $6.63. Our third quarter per cap was roughly flat with 2Q, but grew 27% compared to 3Q 2019 as pent-up moviegoing demand continues to drive a heightened indulgence in food and beverage consumption across our core concession categories and operating hours remain concentrated in timeframes that are more conducive to concession purchases. Our third quarter results also benefited from ongoing strategic promotions and pricing initiatives, the reintroduction of various enhanced food offerings and recognition of previously deferred revenues associated with the issuance of loyalty points.

Domestic other revenues also continued to rebound during the quarter and grew 28.3% to $37.6 million, driven by volume-related increases in screen ads, transaction fees, and promotional income. Altogether, third quarter total domestic revenues were $375.5 million with positive adjusted EBITDA of $44.8 million.

Internationally, we also continued to see material recovery in Latin American box office and operating results during the third quarter. By the end of 3Q, we had reopened 100% of our international theaters, while certain restrictions on operating hours and capacity remain in place as Mark indicated during his prepared remarks.

Driven by expanded theater openings and increased availability of new commercial film content, our third quarter international attendance grew 128% versus 2Q 2021 to 9.2 million patrons which generated $30.2 million of admissions revenues and $21.6 million in concession revenues. Total international revenues were $59.3 million and yielded adjusted EBITDA that was just shy of breaking even for the quarter.

Globally, film rental and advertising expenses were 51.9% of admissions revenues which increased 200 basis points compared to 2Q 2021. This increase was expected and resulted from a higher concentration of larger, more successful new film releases. That said, compared to the third quarter of 2019, our film rental rate was still down 420 basis points, predominantly due to reduced film grosses that skew lower on our film rental scales.

Concession costs were 17.2% of concessions revenues and were in line with both our second quarter results and pre-COVID averages. Third quarter global salaries and wages were $67.6 million, an increase of 34.1% versus 2Q 2021. This increase was driven by additional theater reopenings, extended operating hours to accommodate growing consumer demand, and the reintroduction of select enhanced food and beverage options that require more labor. Facility lease expenses were $68.8 million and, while largely fixed, experienced a modest uptick from the second quarter due to a slight increase in percentage rent and common area maintenance as volumes increased.

Worldwide utilities and other expenses were $81.8 million and increased 33.7% quarter-over-quarter driven by variable costs that grew in line with volume, such as credit card fees, janitorial expenses, and commissions paid to third-party ticket sellers. Utility expenses also increased as we expanded operating hours, while other costs within this category, such as property taxes and property and liability insurance remained predominantly fixed.

Finally, G&A for the quarter was $38.6 million and remained considerably lower than pre-pandemic levels as a result of the restructuring actions we pursued in the second quarter of 2020 and our ongoing efforts to minimize non-essential operating expenditures.

Collectively, our worldwide adjusted EBITDA for the third quarter was positive $44.3 million. As Mark previously described, this result represents a significant milestone for our company, as it was our first quarter of positive total company adjusted EBITDA since the onset of the pandemic and our second consecutive quarter of material adjusted EBITDA recovery.

Our net loss also materially improved in 3Q to $77.8 million, reducing by $64.7 million quarter-over-quarter.

We'd like to congratulate our studio partners on the success their films achieved in the quarter, and we'd like to commend our hardworking teams on their relentless execution and drive to deliver these results.

Capital expenditures during the quarter were $24.4 million, of which $13.6 million was associated with newbuild projects that had been committed prior to the COVID-19 pandemic, and $10.8 million was driven by investments in maintenance in our existing theaters. Our consistent investment in proactively maintaining and enhancing our theaters over the years has enabled us to scale back capital expenditures in the near term without hindering our asset quality or guest satisfaction. As such, we continue to anticipate spending a highly reduced level of CapEx in 2021 relative to pre-pandemic ranges, which we previously estimated at approximately $100 million. However, due to varied supply chain constraints that have started impacting the delivery timing of certain equipment and supplies, we now anticipate CapEx may come in slightly below $100 million for the full year. That said, we do not expect these delays will have any adverse impact on our daily operations.

In closing, we are thrilled with the positive momentum we continue to experience regarding the rebound of theatrical exhibition and our company's financial results and we are optimistic about the robust release calendar that lies ahead in the fourth quarter and beyond as well as further improvements in consumer moviegoing enthusiasm as the pandemic subsides. We are proud of the advancements our team has already made to set up Cinemark for success in a post-pandemic environment and we look forward to the impact our strategic initiatives will continue to have on further enhancing the cinematic entertainment experience we provide our guests and delivering long-term shareholder value.

Stephanie, that concludes our prepared remarks and we would now like to open up the lines for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from the line of Alexia Quadrani with JPMorgan.

Alexia S. Quadrani
Analyst, JPMorgan Securities LLC
Q

Hi. Thank you very much. And congratulations, Mark. Best of luck. I had just a couple of questions. The first one is on the commentary you gave about the recovery that seems to be kind of broad based across both Latin America and in the US. But if you sort of drill into the Latin America recovery and look at where they are versus the US, can you give us perspective in terms of if we're in the seventh inning, they might be in the fourth. I'm just trying to get a sense of relatively how much behind – it doesn't sound like too much, how much behind your LatAm operations are versus the US recovery.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.
A

Thank you, Alexia. Well, I like your baseball analogy. But I think I'll go to more of a number of days and months, if I could. We've been very encouraged with the amount of vaccination progress that's taking place in Latin America just over the last 90 days. I mean, basically now in Argentina and Brazil and in Chile and others of our key territories down there, the rate of vaccination as a percentage of total population is very similar to the US. It's caught up quite significantly in the last 90 days. That said, the business overall is still somewhere between 60 to 120 days behind the US in regards to recovery. So, as you I'm sure noted, the EBITDA in Latin America was just slightly negative this quarter but made a significant improvement from the quarter behind that. So, to answer your question specifically, I'd say somewhere between 60 and 120 days behind the US but very much on a trend that we're positive about.

Alexia S. Quadrani
Analyst, JPMorgan Securities LLC
Q

Terrific. And then just a quick follow-up if I may. On the film slate and production delay that we've seen, at least with some of the studios like Marvel which pushed out some of the film, in 2022, obviously, you have the backlog of all the delays from 2021, so it looks like an amazing slate. Is there any reason to be concerned though that if you look further out because things are getting delayed with staff shortages or difficulties sort of getting things done on time, it becomes a bigger issue down the road, or do you think we have enough time to sort that out given the slate near term is so chock-full?

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Again, that's a very interesting question. Sean and I had the opportunity to go out just two weeks ago and visit with every one of our content providers in Los Angeles. And they are extremely positive about the 2022 slate, as am I. I've been looking at this business for 40 years now and the 2022 slate might be as good a slate as any that I can remember over this time.

And also as we look to 2023, they are all active in putting together release schedules. And so I mean, really, from the smallest studio all the way up to the most prolific studio, everybody is working on their 2023 content. There's not a specific lineup at this point that we're ready to share with you, but it's starting to come together and we see it as very positive as well.

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

A

The other thing I would add, too, is some of the labor shortages that are going on within the retail sector and other industries. At least, we're not aware of that affecting the movie production cycle at this point in time. So, nor does it appear that the current state of the pandemic is having a material effect on that at this point. Production is largely back into full swing.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Yeah, actually on that, too, Sean, just there was a threat of a labor stoppage, and they were all very, very pleased that that didn't take place. So, it looks like we're in good shape.

Alexia S. Quadrani
Analyst, JPMorgan Securities LLC

Q

Good to hear. Okay. Thank you.

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

A

Thanks, Alexia.

Operator: Your next question comes from the line of Eric Handler with MKM Partners.

Eric Handler
Analyst, MKM Partners LLC

Q

Good morning and thank you for the question. Two questions for you. And first one being October US or domestic revenue for the box office was down 20%. But given the market share gains that you've seen, given the cost efficiencies that you're producing, I'm curious how close are you to getting back to 2019 profitability or margin levels.

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

A

Well, Eric, are you referring to 20% relative to 2019 or is it to...

Eric Handler
Analyst, MKM Partners LLC

Q

To 2019.

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

A

To 2019, got you.

Eric Handler
Analyst, MKM Partners LLC

Q

Yes. Yeah.

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

A

Got you. Well, we're certainly improving on that trajectory. As we indicated in the prepared remarks, we have flipped currently to positive cash flow generation. And you heard how our cash had increased from the end of the third quarter in October already on account of the improvements in box office and just the overall state of moviegoing.

One stat that we didn't provide but may give you some directional sense, our overall occupancy levels for the third quarter were about 13%. In all of 2019, the full year in pre-pandemic terms, our occupancy was about 19%. So, we're continuing to notch closer to that. Obviously, profitability is affected both by that as well as the extent of operating hours, which are still about 25% below what they were in 2019. So, there still is a ways to go. But we're definitely moving in a positive direction. We flipped to positive EBITDA in the third quarter. We expect that to continue to grow and improve as we move forward. Getting all the way back to 2019, obviously, that still is dependent on the ongoing improvement in the pandemic and just some of these other evolutionary factors that continue to take place within our industry. But things like our improved market share and some of the other revenue-generating opportunities we're pursuing, I think those have a good ability to get us close to where we were previously and if not better over time.

Eric Handler
Analyst, MKM Partners LLC

Q

Brilliant. Thank you. And looking at your concession per cap numbers which continue to climb quite nicely, I'm curious, how much of that is a function of volume versus pricing?

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Eric, we have not pushed pricing in a real significant way, and in fact, when we first came back online fully, we did welcome back pricing. And we've now brought pricing back up to approximately, not the whole way, but approximately 2019. So, we still have an ability, if we so choose, to push pricing a bit. Most of it has been in terms of increased volume and increased spending on a per cap basis. And I think Sean's prepared remarks pointed also that since we have a little bit less operating hours, we focused that operating hours more on timeframes where people are buying greater and greater amount of concessions.

Eric Handler
Analyst, MKM Partners LLC

Q

Great. Thank you very much.

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

A

Thanks, Eric.

Operator: Your next question comes from Meghan Durkin with Credit Suisse.

Meghan Durkin
Analyst, Credit Suisse Securities (USA) LLC

Q

Hi. Good morning, guys. Can you give us just a little more color on your market share gains, maybe some of the markets where you are outperforming on attendance, what you think is driving that and maybe who the share could be coming from?

And then on the laser projectors, do you have any idea or detail on how many of theaters have this type of amenity and how you expect it to impact your share over time? It should be a pretty interesting amenity if others don't have that type of upgrade in their auditoriums. So, I'm just looking for any color you can give there.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Meghan, I'll take the first part of your question and Sean will take the second. Regarding market share, this is something that we have focused a tremendous amount of effort on because we just knew that how important it was. In a pre-pandemic world, our market share was approximately 12.75%. And we have been operating of recent in the 15% market share basis, and that's with all the other theaters opened and Canada opened up. So, that's a meaningful increase to go from 12.75% to 15%. We focus tremendously on our marketing efforts in order to help achieve that.

And you asked about some specific markets. Dallas and Houston have been very important in that mix. San Francisco, Sacramento, Salt Lake City, these are our cities and DMAs in which we have very high penetration, Cleveland, Ohio. And we think that it's a combination of a lot of things. The marketing effort is one. Two is the way that we've approached our customer service from an operational standpoint. Movie Club is another one. Movie Club has been tremendously important. Our food and beverage initiatives along with that. So, market share is a combination of all the various elements of our business. Film and our ability to get not only the big blockbusters, but also the smaller midsize movies that can actually perform very significantly. And so it's been a combination of things. We feel like the market share growth has been substantial, and as I noted, it's gone from about 12.75% to 15%.

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

A

And with regard to your question on laser projectors, immediately preceding the pandemic, actually, we announced a 10-year exclusive agreement with Cinionic to roll out their Barco laser projectors over a 10-year timeframe. And as you pointed out, Meghan, not only do those projectors help to elevate the moviegoing experience and take our already fantastic cinematic experience to new levels, they also provide meaningful productivity benefits in terms of improved operating expenditures with regard to warranties and maintenance and electricity and parts.

Right now, we've installed – about 7% of our screens have laser projectors including the entire DFW marketplace. We have not yet started to heavily promote that in those locations, but that is part of our marketing intent as we move forward. It's just another premium amenity in the collective of our theaters that we have to help both differentiate ourselves from other forms of both in-home and out-of-home entertainment as well as competition in the marketplace. So, we're really excited about this additional amenity in addition to our reclining seats and our enhanced food and just varied other aspects of the moviegoing experience that we've built into our theaters and the potential it has for future attendance.

Meghan Durkin
Analyst, Credit Suisse Securities (USA) LLC

Q

And are you actually pricing those rooms at a premium to the other rooms that have not been upgraded?

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

A

We have not. We have not. It's almost akin to – we have not yet, I should say. It's akin to when we did recliners. When we go into a theater, we're generally putting lasers in the entire theater. And then, that gives us an ability to market the entirety of that theater in the marketplace. So with that and that further differentiation, it will give us pricing power over time. But it's not something like a recliner which we might increase the price immediately. It's something that just helps with the market share aspect of the first part of your question.

Meghan Durkin
Analyst, Credit Suisse Securities (USA) LLC

Q

Great. Thanks, guys.

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

A

Thanks, Meghan. Appreciate it.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Thank you.

Operator: Your next question comes from Steven Cahall with Wells Fargo.

Steven Cahall
Analyst, Wells Fargo Securities LLC

Q

Thanks. Good morning. Maybe first one for me. It looks like the box office maybe for the next year or so is going to be pretty heavily skewed to some really big tentpoles, probably more premium format experiences. So how do you think about the financial trends in the business if we do start to just see the box office really skew to those big releases?

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Well, first, Steven, we'd like to welcome you to our investor group and...

Steven Cahall
Analyst, Wells Fargo Securities LLC

Q

Thanks. Great to be here.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

...glad to have your question. For a long time, there has been some area of question regarding concentration of large tentpole movies. I don't think 2022 is going to be anything that's overly different than what we've seen in previous years. That's been going on for quite some time. Our business is clearly driven by the big out-of-home cinematic experience kind of movies, and 2022 is chockablock with that and listing them out would almost take too long because there's so many of them. But that does not mean that the more mid-range and smaller independent, specialized movies are necessarily not going to have an opportunity to perform as well.

So we're very, very happy to have those big blockbuster films. We think our circuit is really well positioned for that because of the concentration that we have with the number of XD auditoriums in which we get a $3 upcharge, not only in the United States, but also throughout Latin America. So we're very well positioned for those, and I don't think it's going to be an overly large share that's going to be detrimental to our business.

Steven Cahall
Analyst, Wells Fargo Securities LLC

Q

Great. And then you talked about the decline in film rents versus where you were in 2019. You talked about being out in LA just recently. So, as you're talking to the studios, I know there's a very dynamic discussion going on around windowing. Are you seeing any abatement in the way they're perceiving future rents as the industry kind of makes this transition?

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Steven, it's interesting, the way in which we're continuing to pay film rental really has not adapted and changed. It's a scale basis. So, the higher the box office, the larger on the scale it is. There's been no significant renegotiation of those scales. So, in the one hand, you don't like to pay a higher film rental. On the other hand, it's really, really good news when you do because that means that you have a giant box office smash hit, and you pay the higher film rental and you get food and beverage along the way. So, no big change in the way that the deals are being done. It's on a scaled basis; higher the box office, the higher scale one pays.

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

A

The only thing I would add to that, Steven, is which we've said in the past, we had previously communicated that we've received economic consideration commensurate with the degree of window modification and subsequent release structure that has taken place. In addition – the scales have largely remained in place but we have received that type of economic consideration and we continue to expect similarly aligned considerations with regard to any future changes in structure that take place going forward.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

And it's I think probably one other key point there, as Sean and I had these discussions, we're pretty darn confident that we're going to see exclusive theatrical windows on the vast majority of the releases coming next year, whether that's a 45-day window or a 30-day window. But that's an extremely important confirmation that we got across the board with all of our major content suppliers.

Steven Cahall
Analyst, Wells Fargo Securities LLC

Q

Yeah. And then maybe just last one for me. You talked about the financing options available to you. Also said you have ample liquidity. So capital markets are pretty healthy right now. Do you have an interest in raising any capital or is that just to note that if things take a turn for the worse, you've got lots of options?

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

A

It's more of the latter to the extent things take a turn for the worse or opportunities, new opportunities present themselves that we think are strategic to the long-term for our organization. Right now, we're more focused on de-leverage as well as investing in building the company. If anything, our more near-term focus will be on trying to refinance some of the more recent debt we've taken on at higher terms in order to have some savings within there going forward.

Steven Cahall
Analyst, Wells Fargo Securities LLC

Q

Thank you.

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

A

Thanks, Steven. Appreciate the questions.

Operator: Your next question is from Robert Fishman with MoffettNathanson.

Robert Fishman
Analyst, MoffettNathanson LLC

Q

Good morning. A couple of big picture questions for you guys. Mark, you've had a front row seat to lots of changes in the movie industry on both sides of the table with your career at Disney and now Cinemark. What have been the biggest surprises that jump to mind either in general or specifically related to the relationship between the studios and exhibitors?

And then, Sean, with your own experience at Universal, now leading Cinemark going forward, how do you expect to shape the future of Cinemark and the exhibition industry, including working with the studios on windowing strategies and maybe other aspects to the relationship, like leveraging your loyalty program or Movie Club data?

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Robert, thank you. Those are interesting questions. Let me start and I'll let Sean take the bigger picture going forward. As you noted, I've been doing this a long time and I've seen the windows change dramatically over the years. And one thing that was always a concern to exhibition was as windows decrease is our box office go into decline. That hasn't really happened. That hasn't turned out to be the case. Windows used to be, as you know, six months and then they were five months and four months. And now it's looking more like 45 days. And at least what we've experienced thus far in 2021, a 45-day window is likely going to be long enough for us to be able to get the vast majority of the theatrical box office potential.

So that's been, let's call it, a pleasant surprise. And you'd never know that until you actually experiment and do it. And I don't think that necessarily would have happened as quickly as it did if there hadn't been the pandemic to kind of really shake things up and cause people to not be willing to leave their home for a period of time. So, I think that's been actually a positive change and it's shown the studios that the theatrical business is very, very important to help launch these big franchise movies. And so that's probably been the single biggest thing.

As I look back over the course of it too, I think this is just a confirmation. And that is that people very much want to get out of their house and experience a movie in a big, darkened environment with a group of people and be completely concentrated on it. So, the theatrical moviegoing experience has been going on for 100-plus years through every piece of technology, many of which I had an opportunity to be involved with. Some before me, going back to television, and then I jumped into this business in the VHS and Beta business, didn't decline, DVD didn't decline, cable, now streaming. We still have an extremely vibrant business. Theatrical is the locomotive that brings the movie up to the top and then everything else is able to benefit from that theatrical experience.

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

A

And Robert, to your question as far as my thoughts on shaping the future of Cinemark, I mean, first, clearly first and foremost is fully getting beyond the pandemic and back to more of a dedicated focus on pure execution and evolution and growth of moviegoing and our business and back to our industry-leading results. We've clearly been focusing within that regard on what are the next key initiatives to enhance the moviegoing experience, continue to make that a premium offer that consumers seek out. Along with that, building audiences through marketing and additional types of experiential opportunities, and then generating more incremental revenue.

As far as collaborating with the studios and the windows evolution, I guess the way I look at it is, we've been working on that for quite some time. Even before the pandemic, we were having proactive conversations that we had initiated about a more flexible window. And obviously, as Mark said, that has accelerated throughout the pandemic. We're going to continue to work actively with the studios on that to try to figure out the best collective solution. The way we look at it is trying to be collaborative partners. Our goal is to work with the studios to grow the pie and be supportive partners. And I know I firmly believe that much like theatrical has always done, it provides a phenomenal way to eventize and elevate content, brand content, differentiate content, which is going to continue to be highly important as these content providers aim to promote their films, promote their streaming platforms and be more in the cultural discussion. So I think that theatrical will continue to play a meaningful part in that equation.

From a marketing standpoint, we've been using Movie Club actively with the studios as a way to help increase the frequency of moviegoing. I think that I don't see any reason why that will change post-pandemic. In fact, I think that'll continue to grow and build. And we've continued to, as Mark mentioned in his prepared remarks, we've continued to enhance the sophistication of our digital and social marketing capabilities in tandem with the studios, which provides for a more targeted way of attracting consumers to our theaters and to moviegoing and it all just intertwines back with that concept of helping them be supportive of promoting their content and having a win-win for both sides.

Robert Fishman
Analyst, MoffettNathanson LLC

Q

Great. Thank you both. And Mark, wish you all the best.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Thank you, Robert.

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

A

Thanks, Robert. I appreciate it.

Operator: Your next question comes from Jim Goss with Barrington Research.

James Charles Goss
Analyst, Barrington Research Associates, Inc.

Q

Thanks. You mentioned earlier about the gaming initiatives. And I was wondering if this is the moment in the sun for alternative content considerations and if you plan to do this primarily through Fathom. And are there other things involved such as maybe negotiating sports rights so you can do sporting events in theaters also?

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Jim, it's a very timely question. Thank you. As you know, we made an announcement earlier this – actually, late last week regarding gaming. And we have been experimenting with a variety of gaming initiatives both from a spectator standpoint and also from a participatory standpoint. We are going to double down on that. We're going to create a unique department. We're going to put a senior level executive in charge of that department to help set up strategic partnerships, content, licensing agreements.

We've done some very interesting tests. One of the more recent ones that we talked about was we did a 25-city test with Critical Role and Dungeons & Dragons to outstanding results. I mean, there was a tremendous fan base that wanted to go and visit our theaters. We literally sold that out. We've also done testing with League of Legends, with competitions, with The Game Awards. From a participatory standpoint, we've had private gaming parties in our theaters now for months. We participated with Super League Gaming, which effectively puts one city against another city and kids can play against each other in a gaming environment in our theaters. We've done a deal with Mission Control. We are clearly looking at esports and sporting events. This is on top of what we're doing with other alternative content suppliers like Fathom. It's not in exchange of, it's on top of. But we think there's tremendous opportunity to leverage our brick-and-mortar assets with both alternative content and gaming and esports.

James Charles Goss
Analyst, Barrington Research Associates, Inc.

Q

Okay. And separately on the theater opening side, you've talked about outperforming the industry, but it's been an uneven opening. Are there any other additional larger markets that have yet to fully reopen that could push this a little further?

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Are you referring to additional theaters are going to open, Jim? I'm sorry.

James Charles Goss
Analyst, Barrington Research Associates, Inc.

Q

No. I mean, I know New York was lagging for a while, LA.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Okay, got it. Yes.

James Charles Goss
Analyst, Barrington Research Associates, Inc.

Q

Are there any areas where you might draw attention to where there might be some more impetus for outperformance?

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

No, I don't think so. All the markets are now opened across the board. So, what we look for everywhere is we're always looking for is there a spot to add a new theater in a marketplace that we're not in or that needs additional servicing. But at this point, we don't anticipate any significant changes in our market share based only upon new market openings because everything is open at this point.

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

A

Yeah. And I would add, it's been open for multiple months at this point too.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Yeah.

James Charles Goss
Analyst, Barrington Research Associates, Inc.

Q

Okay.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Canada is fully back up. For a while, some of Eastern Canada wasn't open, but everybody is open now.

James Charles Goss
Analyst, Barrington Research Associates, Inc.

Q

Okay. And finally, congratulations, Mark, one final time here.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Thank you, Jim.

James Charles Goss
Analyst, Barrington Research Associates, Inc.

Q

And are there any things in your history you're most proud of you'd like to draw some attention to in this final conference call?

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

That's a very interesting question, Jim. So, I actually didn't fully anticipate it. So, I'll give you my thoughts in a candid way. Looking back over the past six and a half years, I was very fortunate to walk into a really good company. So, the company was not broken in any way when I walked in. But maybe I had an opportunity to walk in with a renewed sense of urgency. But when you walk into a company that Lee Roy Mitchell and all the people that preceded me built, financially strong like we were, it made the job a lot simpler in some ways because we had a good company.

But along the way, we developed Movie Club. It was the very first exhibitor subscription program that has been highly successful, we continue to talk about it. And then I think we recognized early, and our team recognized early, that one of the most important amenities that consumers were asking for were reclined seats. And so, we really doubled down on redoing our theaters, not just the seats, but also the way the snack bars looked and the way our theaters looked. And so, we invested very heavily, as you know, in 2016, 2017, 2018 and 2019 in order to grow the amount of recliner seats that we've had.

And then I think I'm also – I want to throw a nod to what's happened internationally. We've had a very difficult macroeconomic environment down there, and our teams have not only survived, but have thrived through a very difficult timeframe and we're well positioned to come out of the marketplace.

And I guess maybe the final thing is just the team members that really supported the effort here, because this is a big time team sport and we've got thousands and thousands of people around the country. Our general managers and assistant managers and hourly workers have just done a yeoman's job through this whole pandemic and being able to open our theaters back up early and be some of the first ones to stay open.

And then since you asked me a question that I wasn't fully prepared for, I'm going to add one more thing, because it popped up in my head. And that is in the midst of the pandemic, when everything was just opening up and people were concerned about coming back, our team – it certainly was not me, our team came up with the idea of these private watch parties. And we really forged new ground there and literally brought back, in addition to 3 million people – most of them hadn't been to a movie theater in six, eight months and they came back because they had the opportunity to do a private watch party. And we kept the lights on and kept covering our variable costs through private watch parties during this time. So, we innovated during the most difficult times. There's a saying, never lose the opportunity of a good crisis. And I think our teams did that. And then during the pandemic as well, the whole Snacks In A Tap initiative came to life. So, it was really, really a positive thing.

Thank you for the question. Sorry for the extended answer.

James Charles Goss
Analyst, Barrington Research Associates, Inc.

Q

No, great answer. And best wishes.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Thank you.

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

Alan Gould
Analyst, Loop Capital Markets LLC

Q

Thanks for taking the question. I have a few. First, just to follow-up on Jim's question about alternative programming, do you guys have rights to either in-market or out-of-market NFL games? Can you put that in your theaters Sunday, Monday, Thursday nights? And can you expand a little on the wrestling rights that – or the potential wrestling rights?

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

The NFL games right now are not available for in-city showing. In other words, we're in Dallas – or we're located here in Dallas and the NFL rights are to show games only outside of Dallas. I don't think that's proven to be highly successful. At such time that those might become available and we could get the rights in San Francisco to have the 49ers or in Dallas-Fort Worth to have the Cowboys, then that could really become a big business. We are looking at college sports as well and whether or not in the future we can get rights to the big local teams and local games. We think that's the critical part.

And relative to wrestling, look, we're just trying to experiment there and get big, high-profile wrestling events and then be able to charge a premium in our theaters. There's an very active fan base that wants to come together and enjoy the big time wrestling in our theaters. So, we've put our foot in the water, we've had success and we plan to continue that and expand that into 2022.

Alan Gould
Analyst, Loop Capital Markets LLC

Q

Okay. And Sean, you grew cash by $52 million in October. How much of that was from working capital benefits versus just core operations?

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

A

It's probably about half and half. I don't have the number right in front of me, but a big chunk of that was all the collections that we took in for the films that launched towards the end of the month and then, obviously, will pay the film out over the subsequent month's timeframe. So just ballpark-ish, I would say it's probably about 50/50 in terms of the performance versus the working capital lift.

Alan Gould
Analyst, Loop Capital Markets LLC

Q

Okay. And Mark, one final windows question. When we listen to the studios talk, they keep talking about flexibility on all their conference calls. Clearly, the big films have to go to the theaters. Do you have any sense on how much the [indiscernible] (01:02:08) change will be in the number of wide releases we are getting from the studios?

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

Pete, let's look at Disney, for example, who's been the most prolific. I mean, when I was there, we cut the lineup from 20 major pictures down to about 10 or 12, and they're continuing to do that today. Most of those tend to be the big wide-release movies.

Warner Brothers was making as many as 20 pictures. They've indicated that they're going to continue to make 10 to 12 which they would call as the big, high-profile tentpole movies and then maybe they're going to make 8 to 10 that are going to be more oriented more for a television, HBO Max release.

So I think it's going to be a combination. The big movies will hold onto the longer windows. The smaller movies perhaps could have a shortened window with a lower film rental percentage. So, we think it's going to continue to be a good mix along the way without a significant reduction in the biggest, high-profile movies which really drive the business.

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

A

And I would just add, while there have been some talks of some smaller films shifting to streaming platforms, interestingly, those same companies have also talked about content being made for the platforms potentially being released theatrically when it has the right scale. I think we also feel there's the potential for some segments of types of films like romantic comedies, these mid-tier films that have been more challenged pre-pandemic because of the more rigid window, that those may have a new life post-pandemic with a more flexible window because they're more financially viable for the studios.

And then, as we've talked about on past calls, in addition to the alternative content discussion we have, we're also in conversations with new content providers like the Netflixes and Amazons of the world which could also provide sources of content to fill whatever gaps we might have of smaller films from the traditional studio providers.

Alan Gould
Analyst, Loop Capital Markets LLC

Q

Interesting. Well, Mark, I just want to add it's been a pleasure getting to know you. I've got one easy last question for you. Can you give us your final public non-blockbuster film pick.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

For next year?

Alan Gould
Analyst, Loop Capital Markets LLC

Q

Or what's out there right now.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

A

What's out there right now. You know, that's kind of like asking a parent to say which one of their children they like the best. And that's always a mistake, believe me. From a veteran parent and a grandparent at this point, you never do that. So, I'm going to pass on that one because you can only make one person happy and a lot of people unhappy.

Alan Gould
Analyst, Loop Capital Markets LLC

Q

Okay. Thank you.

Operator: [Operator Instructions] Your next question is from Benjamin Swinburne with Morgan Stanley.

Q

This is [ph] Daniel (01:05:02) for Ben. With the current inflationary environment we've been seeing and the strong consumer, do you think this above-average cap spending is sustainable at some level? And you've kind of touched on this already, but do you see that you can raise ticket prices in 2022 and beyond above your historical rates? Thank you.

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

A

Sure. Thanks for the question, [ph] Daniel (01:05:27). Our per caps, we've definitely been pleased obviously with the heightened per cap results. And like we said, a good portion of that we do believe we will continue to receive going forward on account of the promotions and initiatives we're pursuing, the new online platform we have. Although, perhaps a third or so might normalize, which is related more to that near-term heightened consumption as consumers come back as well as some of the benefit we're seeing just from selling more of the food and beverage in higher purchase windows. We've reduced our operating hours in some of the earlier times of day and weekday periods and those tend to be periods that don't drive as much per cap. So, we're getting a little bit of a mix lift on that. So majority we believe we will continue to retain going forward and there'll be a portion of that which will normalize.

As far as pricing going goes on, I believe it was, ticket pricing. We certainly think that there will continue to be opportunities with regard to both our base ticket prices as well as our food and beverage prices. And we're also starting to pursue more – a variety of new pricing tactics, and we think dynamic pricing will be something that will present an opportunity over time. At the moment, we're in the midst of a series of tests to ascertain how elasticities have evolved during the course of the pandemic and how they're going to continue to evolve as we continue to emerge from it, which will help us to further optimize our base pricing levels. Those test results might suggest that we have the ability to take prices up or it may suggest that it makes more sense to lower prices in certain instances.

All that being said, I would say when it comes to pricing in general, we're going to continue to be careful with the pricing actions we have, certainly as we're aiming to restimulate moviegoing because we want to make sure that we're not doing anything that could have an adverse consumer perception. We've got to look at it in light of all the inflation that's happening in the marketplace, but we don't want to give the impression that going to the movies is expensive.

So, that approach has been really successful for us over time. We're going to be opportunistic with pricing but we're going to continue to be careful.

Q

That all makes sense. Thank you.

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

A

Thanks, [ph] Daniel (01:08:03). I appreciate the questions.

Operator: At this time, there are no additional questions. I would like to turn it back over to management for closing remarks.

Mark Zoradi
Chief Executive Officer & Director, Cinemark Holdings, Inc.

Thank you all very much for joining us this morning. Again, it has been an absolute pleasure getting to know so many of you. While there's many aspects that I've enjoyed being Cinemark's CEO, working alongside the investment community has truly been one of the highlights. I appreciate your willingness to challenge us along the way and also support us along the way over these many, many years. Thank you all very much.

Operator: Thank you. This concludes today's conference call. You may now disconnect.