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PRESENTATION

Operator

Greetings, and welcome to Cinemark Holding's fourth quarter and full year 2024 earnings call. (Operator Instructions) As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Chanda Brashears, Senior Vice President of Investor Relations. Thank you. Please go ahead.

Chanda Brashears - *Cinemark Holdings Inc - Senior Vice President - Investor Relations*

Good morning, everyone. I would like to welcome you to Cinemark Holdings, Inc.'s fourth quarter and full year 2024 earnings release conference call hosted by Sean Gamble, President and Chief Executive Officer; and Melissa Thomas, Chief Financial Officer.

Before we begin, I would like to remind everyone that statements or comments made on this conference call may be forward-looking statements. Forward-looking statements may include, but are not necessarily limited to, financial projections or other statements of the company's plans, objectives, expectations or intentions. These forward-looking statements are subject to risks and uncertainties that could cause the company's actual results to materially differ from those expressed or implied in the forward-looking statements. The factors that could cause results to differ materially are detailed in the company's 10-K, which was filed this morning.

Also, today's call may include non-GAAP financial measures. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the company's most recently filed earnings release, 10-K and on the company's website at ir.cinemark.com.

With that, I would like to turn the call over to Sean Gamble.

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

Thank you, Chanda, and good morning, everyone. Before we get started, I'd like to first express our deep sympathies for our many friends, colleagues, partners and the collective Los Angeles community that has been impacted by the devastating wildfires in California. Our hearts go out to all of you as you manage through this difficult time.

Thank you all for joining us this morning for our fourth quarter and full year 2024 earnings call. During our prepared remarks today, I will focus predominantly on full year highlights, and then Melissa will provide details pertaining to our fourth quarter financials and go-forward capital allocation strategy.

As we look back on 2024, box office results once again reinforced the enduring and timeless appeal of shared cinematic experiences that are unique and exclusive to a movie theater environment. Throughout the year, audiences showcased their ongoing enthusiasm for being immersed in captivating stories and events on a grand larger-than-life scale with cutting-edge sight and sound technology that can't be matched at home or anywhere else. The collective enjoyment, elevated emotional impact and deep lasting memories that are fostered by experiencing films in a communal, theatrical setting continued to accentuate the irreplaceable impact of this long-established yet ever-evolving form of entertainment.

North American industry box office reached approximately $8.8 billion in 2024, which climbed to within 3% of 2023 despite the significant headwinds that were imposed by the prior year strikes in Hollywood. As more and more compelling content was released to the big screen, moviegoing momentum surged, delivering overall results that far exceeded expectations with numerous all-time records. Examples include the highest grossing animated film in history, the most successful R-rated film of all time and North America's biggest Thanksgiving box office weekend ever.

Furthermore, multiple franchise installments outperformed their predecessors while legacy sequels tapped into nostalgia to unite generations, attracting both long-time fans as well as new audiences with a blend of beloved characters and fresh faces and storylines.

And as the industry swelled to better-than-expected results, Cinemark once again went above and beyond with year-over-year box office performance that outpaced our industry by 300 basis points domestically and 100 basis points internationally. We have now extended our outperformance trend to 14 of the past 16 years. And relative to 2019, our recovery since the pandemic now exceeds respective industry benchmarks by 900 basis points in North America and 700 basis points in LatAm.

During 2024, we maintained our meaningful market share gains of more than 100 basis points relative to our pre-pandemic baseline, and we entertained more than 200 million guests across our global circuit. Furthermore, we also achieved all-time high concession sales with another new domestic food and beverage per cap record of $7.89 that was propelled by our second highest purchase incident rate ever.

Altogether, we delivered worldwide revenue of more than $3 billion with $590 million of adjusted EBITDA and a solid 19.4% adjusted EBITDA margin that was flat year-over-year despite a 4% decline in attendance. We also generated strong free cash flow of $315 million and further refortified our balance sheet.

Our results are the byproduct of an intense focus on effectively navigating the dynamic ebbs and flows of film release volume throughout the year while simultaneously advancing a wide range of strategic initiatives geared toward positioning our company for future success.

Over the past several quarters, I provided updates on these initiatives, including actions we've pursued to elevate the experience we provide our guests, build audiences, grow new sources of revenue, streamline processes and optimize our footprint. And this morning, I thought I would share a brief full year recap.

The content we show on our screens is always one of the primary drivers that attracts guests to our theaters. Our studio partners and filmmakers do a phenomenal job of producing all kinds of captivating films that are intriguing to audiences and then advertising those films with compelling campaigns to generate interest to see them. At Cinemark, we then work hard to amplify the impact and conversion of those campaigns, driving audiences to our theaters through the extensive marketing reach, loyalty programs and sophisticated scheduling tools that we have developed over many years.

We now have more than 30 million addressable contacts across our global circuit to whom we send weekly calls to action to stimulate ticket sales. Utilizing purchase history and expressed interest, our e-mails, push notifications, website and app automatically tailor communications with millions of unique variations to increase their effectiveness by making them highly personalized, relevant and appealing.

We also have established a wide social and digital outreach that generates billions of impressions each year with increasing engagement that has driven a heightened connection and affinity to our Cinemark brand.

Our loyalty programs also deliver significant impact in boosting awareness of upcoming films and increasing moviegoing frequency. Our guests continue to find tremendous value in our fan favorite monthly membership program, Movie Club. And over the course of the year, subscribers grew another 10% to nearly 1.4 million members. We have an active channel of communication with our Movie Club members. They are consistently our most satisfied customers. And in 2024, tickets purchased through Movie Club grew to represent 25% of our domestic box office. Moreover, combined with our free movie rewards program, loyalty members now consistently represent over half of our domestic box office proceeds every quarter.

In addition to utilizing marketing and loyalty efforts to stimulate moviegoing demand, we also have improved our programming capabilities. Through an ongoing refinement of the database tools and controls we use to schedule our showtimes, we further increased the volume and availability of films that consumers want to see most. Additionally, we once again actively pursued nontraditional content to attract guests to our theaters during slower periods of release volume as well as to expand our audience base. Foreign faith-based concert and repertory films continue to grow and appeal and generated more than 10% of our domestic admissions revenue for the third year in a row. Of course, beyond what we show on our screens, what's equally important in keeping guests coming back for more is the experience we provide them when they visit our theaters. To that end, we remain committed to continuously enhancing the quality and execution of our in-theater presentation, amenities, atmosphere, and service to deliver a comprehensive entertainment value that is unmatched across our industry and that continues to earn us positive satisfaction ratings from nearly 95% of our guests.

In 2024, we continued advancing the multiyear conversion of our entire circuit to Barco laser projectors, reaching 20% of our global footprint. We also diligently maintained our superb fleet of digital projectors delivering an incredible 99.98% uptime while sustaining our industry-leading light levels across more than 10 million shows throughout the year.

We also maintained our commitment to investing in new premium amenities, while extracting increased impact from previous installations. In doing so, we achieved record-breaking box office results for our large format screens driven by our XD auditoriums, the world's number one exhibitor branded premium format.

For the full year, PLFs represented 5.5% of our total screens, but accounted for 13.4% of our total box office proceeds, which was up 60 basis points from 2023 and almost 400 basis points from 2019. Similarly, our D-BOX motion seats also set a new box office record that grew almost 40% year-over-year on a 30% expansion in seat count. Of course, we also continue to drive substantial benefits from our widespread fleet of premium recliner seats that span approximately 70% of our domestic circuit.

Another amenity that also meaningfully contributes to the atmosphere and experience guests enjoy at our theaters is our food and beverage selection. During 2024, we further enriched the variety, assortment and ease of purchase of our concession offerings. We continue to expand enhanced hot food options, hone our menus to better cater to local tastes and fine-tune the layout of our self-service facings to improve sell-through.

We also work to capitalize on emerging consumer trends for convenience with the introduction of more expedited queue lines that are now present in one-third of our domestic theaters while further ramping up our mobile ordering platform. At the same time, we actively leaned into growing excitement for movie-themed merchandise, which further elevates the fun, excitement and anticipation of going to the movies. Collectively, these many actions drove our all-time high food and beverage results that I mentioned earlier.

To round out the progress we have made advancing our strategic initiatives in 2024, we also continued to increase the sophistication and efficiencies in the way we operate our business. Over the course of the year, we maintained our focus on continuous improvement in our pursuit to drive productivity without compromising quality by using refined data, analytics and tools to simplify tasks, increase automation and strengthen decision-making.

Through our ongoing efforts, we further enhanced our staffing and workforce management capabilities as well as reengineered of varied operating procedures to successfully generate a third straight year of labor productivity upside reducing payroll hours deployed per customer while preserving our guest service standards.

We also strengthened our overall sourcing and procurement practices to more aggressively pursue product alternatives and cost deflation as we work to combat ongoing inflationary pressures on feeder amenities and services, cost of goods sold and utilities. And in the realm of pricing, we further invested in our team, analytics and market intelligence to more closely monitor and respond to market elasticities at a discrete theater level, so our pricing stays actively calibrated and aligned with evolving demand dynamics.

All of these actions provided significant impact in helping us to maintain our strong margins in 2024 that were consistent with 2023 despite the attendance headwinds caused by the strikes. Moreover, we believe they will continue to afford us ongoing benefits as we move forward.

I'd like to commend our exceptional Cinemark team for their outstanding determination, skill and agility to deliver yet another year of stellar results while continuing to make significant advancements in positioning our company for long-term prosperity.

As we turn our attention to 2025 and beyond, we remain highly optimistic about what the future holds for Cinemark and theatrical exhibition. After a relatively light first quarter, the 2025 release schedule for the balance of the year continues to reflect a nice spring back to the recovery trajectory our industry was following prior to the 2023 strikes in Hollywood, and 2026 is already looking like it will notch another step forward from there.

As of today, a little over 100 wide releases have been dated this year. We expect that figure will likely grow to around 115 by year-end, which is roughly 90% of pre-pandemic levels and represents a further improvement from the past two years that settled around 85%.

2025 hosts the most diversified slate we have seen since COVID with a wide range of genres and varieties of films, both big and small, that truly offers something for everyone. There's action adventure like A Minecraft Movie, The Accountant 2, Mission: Impossible - The Final Reckoning, Ballerina, F1, and Jurassic World Rebirth. Superhero films like this past weekend's heroic launch of Captain America Brave New World, Thunderbolts, Superman, and the Fantastic Four: First Steps. Family fare, including Snow White, Lilo & Stitch, How to Train Your Dragon, The Smurfs, and Zootopia 2. Suspense thriller and horror titles, such as M3gan 2, I Know What You Did Last Summer, The Conjuring: Last Rites, and Saw XI. Comedies like Mickey 17, The Phoenician Scheme, and The Naked Gun Reboot. Faith-based films, including The King Of Kings and The Next Season of the chosen. Nostalgia plays like Karate Kid: Legends, Freakier Friday, and Michael. Indian drama titles such as Warfare and Downtown Abbey 3. And fantasy Sci-Fi spectacles that include Tron: Ares, Wicked: For Good and, of course, Avatar: Fire and Ash. The list in 2025 goes on and on. And then 2026's film slate is already jam packed with new installments from widely popular franchises like the Avengers, Minions, Dune, Toy Story, Spider-Man, Shrek, Hunger Games and Mario Brothers as well as new original movies from filmmakers that include Christopher Nolan, Jordan Peele, and Steven Spielberg just to name a few.

We are thrilled to see the lineup of compelling content continue to build with so many promising films on the horizon that have already been announced.

As we consider the positive progression of film content over the next two years, one of our top priorities going forward is to fully capitalize on that resurgence, maximizing attendance, box office and margin potential. To do so, we plan to continue driving actions to further refine our programming and showtime scheduling, while strategically leveraging our marketing, pricing and loyalty capabilities and aggressively pursuing concession sales opportunities.

At the same time, we will maintain our focus on further advancing strategic initiatives to position Cinemark for long-term growth and success. This includes continuing to elevate the quality and value, the experiences we provide our guests, scaling up our investments to maintain and upgrade our circuit, pursuing revenue growth and diversification opportunities and driving incremental productivity gains.

And finally, all the while, we intend to maintain the operating discipline and prudence that have served us so well over the years and helped us build our advantaged market position. We will continue to actively focus on staying ahead of market trends, effectively navigating fluctuations in attendance, remaining disciplined with expense cash and investment management and resolving our remaining COVID-related debt.

We've made huge strides over the past years since COVID on account of the many actions we have pursued to establish new growth channels, develop enhanced operating capabilities, optimize our circuit, expand our market advantages and strengthen our financial position. We believe Cinemark is in excellent shape in today's environment because of these efforts.

Furthermore, we maintain a positive outlook for the future based on the current state of our company, the many opportunities that are directly within our control to drive incremental value creation and the further industry recovery we anticipate overall.

As such, we are thrilled to announce this morning that we have reinstated our cash dividend. This event marks another major milestone in our company's recovery from the pandemic and reflects the remarkable achievements of our sensational team to date, the confidence we have in the future prosperity and resilience of Cinemark and our commitment to creating long-term shareholder value.

I will now turn the call over to Melissa, who will provide added context on our fourth quarter results and capital allocation strategy. Melissa?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer, Executive Vice President*

Thank you, Sean. Good morning, everyone, and thank you for joining the call today. We were very pleased with our fourth quarter and full year 2024 operating and financial performance. Our success was fueled by industry results that far surpassed expectations, and our Cinemark team's exceptional operational execution.

In the fourth quarter, we entertained 51 million movie goers across our global footprint, a significant increase of 26% compared with the fourth quarter of 2023 given the higher volume and increased scale of films.

We grew worldwide revenue nearly 28% to a Q4 record of $814.3 million. Moreover, we gained leverage over our fixed costs with the increased attendance and benefited from the execution of our strategic initiatives, nearly doubling our adjusted EBITDA year-over-year to $156.9 million. We also expanded our adjusted EBITDA margin by 680 basis points to 19.3%.

Domestically, we welcomed 32.6 million patrons, up 24% compared with the fourth quarter of 2023. We held our market share flat with the elevated levels we saw in Q4 of last year, and maintained significant share gains of more than 100 basis points compared with the pre-pandemic period. Our market share was bolstered by a content mix that skewed more heavily towards family films, which tend to perform particularly well in our circuit, as well as our strategic initiatives.

We also benefited from our ability to capitalize on alternative content opportunities during the slower October content period, which offset the impact of some of the capacity constraints we experienced during the crowded holiday season. Propelled by the higher attendance, our domestic admissions revenue increased 27% to $338.7 million. We were able to overcome last year's challenging comparison associated with the Taylor Swift: The Eras Tour concert film and grow our average ticket price 2% year-over-year to $10.39. This growth was primarily driven by strategic pricing initiatives and higher premium format mix, particularly 3D penetration.

We grew our domestic concession revenue a sizable 29% year-over-year to $259.7 million and delivered a record-setting fourth quarter per cap of $7.97. Our concession per cap was up nearly 4%, driven by strategic pricing with incidence rates holding strong despite the outsized increase in attendance.

Other revenue was $68 million, an increase of 35% year-over-year, primarily due to higher attendance, an increase in online penetration and a onetime $6 million contractual payment received from a third-party service provider.

Overall, our domestic operations delivered $666.4 million of revenue and $128 million of adjusted EBITDA, yielding a healthy 19.2% adjusted EBITDA margin.

Shifting to our international segment. We entertained 18.4 million guests during the fourth quarter, representing a 28% increase compared with the same period last year. Notably, our fourth quarter international attendance reached 90% of 2019 levels, and our market share continued to meaningfully outperform the pre-pandemic period.

Internationally, we delivered $67.8 million of admissions revenue, $53.7 million of concession revenue and $26.4 million of other revenue in the fourth quarter. In total, we grew international revenue 23% year-over-year to $147.9 million and increased adjusted EBITDA 160% to $28.9 million, yielding a 19.5% adjusted EBITDA margin. International adjusted EBITDA benefited from enhanced operating leverage associated with the 28% increase in attendance, film performances that were stronger than expected and inflationary impacts, partially offset by FX devaluation. We continue to meaningfully benefit from our local teams' significant expertise and long track record in effectively managing the intricate economic and political environment throughout our Latin American regions.

Turning to global expenses. Film rental and advertising expense was 58% of admissions revenue, up 440 basis points compared with the fourth quarter of 2023 due to an increased concentration of high grossing titles and the overall mix of films, which is a dynamic we expect will persist going forward as the box office continues its recovery.

Concession costs as a percent of concession revenue were 19.2%, down 30 basis points year-over-year, driven by strategic pricing measures, lower shrink and waste and favorable concession rebates, partially offset by inflationary pressures on certain concession categories and a shift in product mix.

Global salaries and wages were $107.7 million, up 11% compared with the fourth quarter of 2023 due to higher payroll hours to accommodate the increase in attendance and expanded operating hours, as well as higher wage rates and employee benefits. These increases were partially offset by the impact of our labor productivity initiatives. As a percent of total revenue, salaries and wages declined 200 basis points year-over-year.

Facility lease expense was $80.6 million, a modest increase of 2% year-over-year, reflecting the relatively fixed nature of domestic leases as well as higher variable rent internationally due to the increase in attendance. As a percent of total revenue, facility lease expense decreased 240 basis points.

Utilities and other expense was $127.3 million, up 12% from the fourth quarter 2023, primarily driven by the increase in attendance, which impacted our variable costs such as credit card fees. This expense line item was also impacted by higher gift card commissions and higher property and liability insurance. As a percent of total revenue, utilities and other declined 210 basis points.

G&A was $57.1 million in the fourth quarter and increased year-over-year due to wage and benefits inflation, increased severance costs and higher share-based compensation. These impacts were partially offset by lower incentive compensation expense and foreign exchange rate fluctuations.

Globally, we delivered $51.3 million of net income attributable to Cinemark Holdings, Inc. in the fourth quarter and diluted earnings per share of $0.33. For the full year, we generated $309.7 million of net income attributable to Cinemark Holdings, Inc. and diluted earnings per share of $2.06.

Shifting to the balance sheet. We ended the year with a healthy $1.1 billion of cash, which remains elevated as we prepare to address our convertible notes maturing in August of 2025. Our year-end cash balance benefited from $315 million of free cash flow generation during 2024. Specific to the fourth quarter, we generated $136 million of free cash flow, which was bolstered by working capital tailwinds associated with the stronger December box office.

Keep in mind, our free cash flow has benefited from lower CapEx levels as well as lower cash taxes due to our utilization of tax attributes accumulated during the pandemic period. As we look forward, we expect our CapEx levels will ramp up as box office recovery resumes and our cash taxes will increase.

Turning to capital allocation. As we have consistently stated, we have three pillars to our capital allocation strategy, strengthening our balance sheet, investing to position the company for long-term success, and returning excess capital to shareholders with a focus over the past few years on the first two priorities.

Regarding the first pillar, we are proud of the progress we made during 2024 to strengthen our balance sheet. We paid down $156 million of pandemic-related debt, extended our maturities and reduced the interest rate on our term loan through successful reprices, most recently in November, where we achieved a 50 basis point reduction.

Furthermore, we maintained our net leverage ratio within our target range of 2 times to 3 times, ending the year at 2.2 times net leverage. We continue to view our balance sheet as a strategic asset and a key differentiator for our company, providing us with the flexibility to invest in long-term growth and maintain the health of our circuit.

Moving to our second pillar, pursuing strategic and financially accretive investments to grow and secure Cinemark's long-term success. In 2024, we spent $151 million on capital expenditures. Given the anticipated box office recovery and our intent to capitalize on that recovery, we are increasing our capital expenditures for 2025 to approximately $225 million. We expect to allocate roughly half of that spend towards maintaining a high-quality circuit and laser projector conversions with the remainder to be spent on high confidence, ROI-generating opportunities, including new builds and other theater enhancements, such as recliners, premium formats and food and beverage upgrades.

While we intend to continue to prioritize the strength of our balance sheet and growth opportunities, first and foremost, given the progress we've made on these two pillars, coupled with our expectations around Cinemark and the broader industry's recovery, we have reevaluated our near-term capital allocation priorities.

For our third pillar, returning excess capital to shareholders, we are thrilled to share that our Board of Directors has authorized the reinstatement of an annual cash dividend of $0.32 per share, payable quarterly, representing an approximate 1% yield. Based on our outstanding shares, this equates to approximately $40 million annually. The first quarterly dividend will be payable on March 19 to shareholders of record as of March 5. The reinstatement of our dividend underscores the health of our balance sheet, strength of our operational and financial performance as well as the positive trends we are seeing in the industry's recovery.

Beyond this, the repayment of our convertible notes remains our primary capital consideration in the near term. Once the convertible notes are fully addressed, our intent is to return a greater share of our free cash flow to shareholders through dividends and/or stock buybacks, provided our net leverage ratio remains within our target range of 2 times to 3 times. The relative mix of dividends and/or stock buybacks will be determined over time.

Our overarching goal is to maintain a balanced and disciplined approach to capital allocation, that provides us with sufficient flexibility to capitalize on any future value creation opportunities that may arise, including M&A, while also mitigating risk.

In closing, we are proud of our 2024 results and the strong positioning of our company. Our success enables us to confidently invest in the future of our business and prioritize shareholder returns, demonstrating our dedication to being good stewards of capital. As we look forward, we remain highly focused on continuing to generate strong financial and operating results while creating long-term value for all shareholders.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Chad Beynon, Macquarie.

Chad Beynon - *Macquarie Research - Analyst*

Congrats on reinstating the dividend. Sean, I wanted to start with just concessions, maybe focusing on the US. You mentioned that this is a big driver of growth in the next couple of years. Obviously, the numbers that you've been putting up have continue to grow at record-setting paces. So can you maybe just elaborate a little bit more in terms of what's going to drive the further growth? Is it incidence of purchase, just the overall consumer environment, which we've seen a nice improvement, particularly after the presidential election? So is it controllables or uncontrollables and kind of how you see the CapEx helping grow that line?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

Sure. Thanks for the question, Chad. Look, we've been thrilled with our continued food and beverage performance really over the years. I think the whole industry saw a big jump in food and beverage coming out of the pandemic. There was some question as to whether or not there would be a reset and it really just established a new baseline from there, and we've continued to grow.

I always look at food and beverage as a game of singles and doubles. It's a whole series of varied initiatives that ultimately drive the overall results that we've had. Everything from the assortment of what we're putting into our theaters to just kind of optimizing the way we lay that out to new ways to ease purchase through the way we navigate lines in our theaters and the different types of forward-facing fixtures that we have in our theaters. Clearly, merchandise has had some big uptick over the last couple of years as well. So it's a whole range of things.

Specific to your question on kind of incidents and pricing, I mean, that plays into it, too, like we have our strategic pricing team that's not only working on how to best optimize ticket pricing based on elasticity, but the same goes for our food and beverage. So there's a component of that. But we do heavily focus on how do we drive incidents. And that tends to overall lead to the richest margins. And we still have seen the bulk of our growth over the last several years come from stimulating more volume through promotions, through just better fine-tuning what we're offering to guests and some of those other things I mentioned just in terms of like the ease of purchase.

So a wide range of things, and we've got a whole series of initiatives that are in motion to just continue to try to sustain those types of increases over time.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer, Executive Vice President*

And Chad, just to provide a little bit of context on expectations for full year 2025, we are expecting to continue to grow our domestic concession forecast moderately year-over-year in 2025 with catalysts that Sean described.

Chad Beynon - *Macquarie Research - Analyst*

Great. Thank you both. And then as we think about the remainder of the content for 2025, obviously, more, I guess, loaded in the last three quarters. Can you talk about how you're feeling about the spacing of content? And then just the breadth at this point of different genres, family-friendly, faith-based, action, et cetera, how you're feeling at this point for the rest of the year?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

Sure thing. Well, yes, as you kind of mentioned, we mentioned in prepared remarks, the first quarter is a little bit lighter. I mean the conversations we've had with the studios, it would seem as though that could be just some residual impact from the Hollywood strikes. And then the rest of the year really gets moving along.

As far as the spacing goes, I mean, there is more -- we're seeing an increase in volume, as I mentioned, during the year. So while there are some pockets of content that are spaced out nicely with a great cadence, we do see a little bit more bunching up in periods of place -- throughout the year. So that could create some more capacity constraints than we've seen in the past. Again, I would flag those are usually positive signs in the sense that we're fully maximized in terms of our occupancy in those periods.

As I mentioned in prepared remarks, the types of content, we think it's one of the most diverse slates we've seen. So we think that has a lot to offer all types of audiences. And based on at least on paper, the films that we've seen and what materials have been released thus far, we're really optimistic about how these films will perform over the course of the year.

Operator

David Karnovsky, JPMorgan.

David Karnovsky - *JPMorgan - Analyst*

Maybe just following up on your capital allocation commentary. Can you just clarify on the convert and how you intend to settle that with cash and/or stock? And then you mentioned a buyback. I know you might want to comment on this later, but maybe what would be the factors that would determine the mix of repurchases versus dividends over time?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer, Executive Vice President*

Great. So in terms of your question on convertible note maturities. So as we've conveyed in our prepared remarks, given our strong financial condition and optimism around our recovery in that of the industry, we do intend to repay the principal amount of the convertible notes using cash on hand upon their August 2025 maturity. The notes don't have a provisional call feature. So we do expect cash, our cash balance to remain elevated in the near term as we prepare to address the converts.

Beyond the principal amount, we do have a call spread in place that protects us from stock price movements up to $22.08, and we have the flexibility to settle the impact in either cash or shares. How we choose to settle any exposure above the principal amount will be contingent upon the extent to which the stock price exceeds $22.08, our cash on hand and potential dilution considerations among other factors. And so we're -- that's really the strategy there. We'll determine based on where the stock price is at that time. And we'll take the course of action that we believe is in the best interest of the company and our shareholders.

With respect to determining the relative mix of dividends versus stock buybacks over time, that will really be based on the facts and circumstances that we see there. In terms of factors and the natures of buybacks in general, the things that we're going to consider would include, but not be limited to our cash and liquidity valuation, dilution management and total ongoing returns paid to shareholders. But again, we'll evaluate that based on facts and circumstances available at the time.

David Karnovsky - *JPMorgan - Analyst*

Okay. And then just on a separate topic, Sean, I'd be interested to get your thoughts on Netflix's agreement with IMAX for the Narnia film. You'll participate in this somewhat to your IMAX footprint, but I wanted to get your overview -- overall view on the structure and then whether you see an opportunity at some point down the line for a similar participating arrangement with your XD screens?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

Sure. I think it's an interesting structure they put together. I think we would have preferred to see a more full wide release of a film such as that. I think that also sounds like is similar to what the filmmaker would prefer. But I know it's pretty clear from their commentary, that's not the strategy they're choosing to employ right now. So I think this has been described more as promotional effort and way to support talent versus any real shift.

I think ultimately, it remains to be seen how that film gets programmed because it is being released in a very crowded period of the year in 2026, where it will be going up against several other major films that will have full releases from major studio suppliers. So I think it's kind of a TBD in terms of how that plays out. So it's an interesting concept, and I know it's an approach that's being used, but I don't think it's necessarily one that is sustainable over time.

Operator

Robert Fishman, MoffettNathanson.

Robert Fishman - *MoffettNathanson - Analyst*

I'll start with Sean and then one for Melissa too. Sean, actually a two-parter for you. So, you continue to perform strongly in the markets in the US. I think you called out number one or number two in the box office in 20, 21 of your top 25 markets. Can you just talk about the advantages of your domestic geographic footprint. I think it still leans a little bit more suburban, rather regions in the US that you can benefit from getting even bigger.

And maybe on the flip side of that, since 2019, you've reduced your screen count by about 400 screens. So do you see building more screens going forward as good ROI or should we expect further reductions of the underperforming screens in the years ahead?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

Thanks, Robert. Great question. Yes, we -- I mean, I think starting with our profile. We do tend to operate more in suburban markets across the country at large, not to say that we aren't in some urban markets. We obviously have a large presence in places like San Francisco and Los Angeles, and that's just how the circuit has evolved over time, certainly has nothing to do with any aversion to other markets that we're not in, in the US. We tend to evaluate those, as areas of further opportunity for growth, like kind of you asked.

Ultimately, it boils down to what's the opportunity on a discrete level. So as we look -- we looked over time, as we've looked over time, the places that we've chosen to put theaters in have just yielded the best prospects for returns. So we would be open to broadening out into some other markets to the extent that there were opportunities that had a high confidence of accretive new theaters.

You mentioned kind of closing down theaters. We have reactivated our new build pipeline. We do believe that will continue to be part of our overall optimizing footprint strategy over time in a pocket of growth for us. We do see more opportunities emerging that have the right kind of return profile and the right kind of demographics for new builds. Clearly, that whole pipeline was put on a bit of pause during the pandemic, but we're encouraged by what we see in terms of future opportunities that will all boil down to the types of the returns and prospects we have and the balancing of our capital allocation priorities that Melissa spoke about earlier.

Robert Fishman - *MoffettNathanson - Analyst*

Okay, cool. And so Melissa, if we go back to some of your prepared remarks, keeping margins flat in full year '24 versus '23. Just can you talk a little bit more about how we should think about margin improvement in '25 and beyond. Clearly, a lot of moving pieces on the cost side with box office is expected to recover further. Maybe just talk about some of the cost line items like the film rental costs and other potential efficiencies.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer, Executive Vice President*

All right. So if we had go-forward margins, a couple of things that I'd highlight first based on the performance that we've been experiencing over the past couple of years. We're certainly optimistic on our ability to expand margins as the box office rebounds further in 2025 and beyond.

In terms of 2025, we do expect our margin to benefit from higher operating leverage over our fixed cost due to the stronger year-over-year box office as well as the ongoing execution of our strategic initiatives and growth in our average ticket prices as well as our concession per caps. However, these anticipated benefits may be somewhat offset by market share tempering as the box office recovers, and auditoriums increasingly reach capacity limits as well as ongoing inflationary and other expense pressures, as you mentioned.

More specifically on the expense side, as you project out, margins for 2025, there's a couple of things that I would keep in mind. So first, we do expect our film rental rates will increase in 2025 versus last year given a greater share -- greater concentration of blockbuster content anticipated. Second, on the salaries and wages side, we are facing ongoing wage rate pressure that you want to take into account. And then specific to international due to local labor laws, we do have less flexibility to adjust staffing levels with changes in attendance, which may impact international margins as the box office further rebounds.

I'd also call out utilities and other. We do expect that to reflect higher repairs and maintenance this year as we address some deferred maintenance needs across the circuit.

And then on the G&A side, modest increases are expected there as we look to invest in head count and capabilities to further advance our strategic initiatives and position the company for long-term success, but those investments will be targeted in nature.

And then lastly, on the Latin America side, you always want to factor in inflation as well as the FX dynamics in the region. All of that said, we do remain highly focused on maximizing overall profitability and margin potential.

Operator

Eric Handler, ROTH Capital.

Eric Handler - *Roth Capital Partners - Analyst*

Melissa or Sean, maybe a variation on the last question. Cinemark pre-pandemic had a long track record of operating adjusted EBITDA margin above 20%, as a matter of fact, 10-year average was like 23%. Revenue this year, at least from a consensus basis is for a record level. But how -- to get back to those normalized levels, do you have to see attendance sort of get close to record levels? Or are there other levers that you can use to sort of get back there?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer, Executive Vice President*

I'll take that one, Eric. So it's worth noting that pre-pandemic margin rates benefited by about 200 basis points from dividends received from NCM and DCIP, which will not recur on a go-forward basis. As we think about levers to drive margin expansion going forward, attendance is certainly the biggest attendance and box office are going to be the biggest drivers of that margin expansion. But outside of that, market share, our ability to sustain market share or grow market share as well as the average ticket prices and concession per caps the extent to which we grow that, those are going to be key factors, and you've seen us have success, particularly on the food and beverage side, kind of shifting the mix of business towards food and beverage, which is higher margin.

And then outside of that, it's really going to be offsetting cost pressures that we're facing. And we have many initiatives in place, whether it be revenue generating productivity driving our cost mitigating to look to continue to expand margins. But there certainly are some puts and takes on the expense side that are headwinds for us.

Eric Handler - *Roth Capital Partners - Analyst*

That's helpful. And then, Sean, you did mention about sort of reactivating your new build plans. And I believe that part of that is in your 2025 budget. At this point, do you have many projects signed up for construction? And when do we -- when can we start seeing maybe some of those come online? And then can you maybe talk about the variation between domestic versus LATAM?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

Sure thing. Yes, we actually have a new location opening this week, in fact, in El Paso, which is our first family entertainment center concept, that is happening right now. We have a couple of other projects that are in motion that we expect will be happening this year. There's some other opportunities also that we are not committed as of this point, but that we're also working on.

I mean -- so we do have a variety of things, and that's continuing to build. Of course, that, as I mentioned earlier, the pace of that will be dependent on just ongoing industry recovery, our cash flow projections, our balance sheet fortification objectives and just the overall strength of opportunities. So there's a range of things that go into that.

More of those opportunities at this point are domestic-based versus international based. There are a couple of things that are actually in motion international as well as far as some screen additions and things of that nature, so that we have reactivated kind of our exploration across the LatAm markets, too. But I would say that's moving a little bit slower at this stage than what's happening in the US.

Operator

Ben Swinburne, Morgan Stanley.

Ben Swinburne - *Morgan Stanley - Analyst*

I wanted to ask a couple of cash flow-related questions. Because, I don't know if you can help us with cash tax rate in '25. I think it was about 18% of book income in '24. I know you said cash taxes would grow, but I presume that's partly because -- or entirely because income is going to grow. And then I think you had mentioned at a conference last year, what kind of longer-term capital spending in the $200 million to $250 million range. Obviously, that's within your '24 numbers in that range. Just wanted to see if that was still the right kind of longer-term framework?

And then I think maybe the more important question is just how do you guys -- how do you and the Board think about the right free cash flow payout ratio when you just combine whatever it is you're going to do with buybacks and dividends, presumably it's to some degree, tied to free cash flow generation. I think your $40 million dividend is going to be about 13% of at least last year's free cash flow. Pre-pandemic, you were paying out like 60% to 100% in any given year. Obviously, the dividend was much higher. But just like long term, what's the philosophy around sort of return to capital once we get beyond the August convert?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer, Executive Vice President*

Sure. I'll start with the cash taxes. So on the cash taxes side, we do expect that to start to step up meaningfully in 2025. And there's a couple of drivers of that. First is business recovery continues, that will naturally cause our cash taxes to increase. We also have less available tax attributes to minimize our tax exposure. And then thirdly, Brazil, has been under a corporate income tax holiday since 2022, and they'll start to return to their statutory income tax rate of 34%.

So those three factors are really driving our cash taxes to increase in 2025. As you step back and look at where effective tax rate will land, we think on a normalized basis, that, that will begin to return closer to 30%. So that's the context on the cash tax side.

In terms of capital expenditures and really what that normalized range would be over time. We have stated in the past, as you mentioned, Ben, $200 million to $250 million as being within that normalized range, and we're at $225 million is the expectation for this year. As we think about beyond 2025, we do think that the number could grow to $250 million, potentially a little beyond that, but that's going to be contingent upon the accretive investment opportunities at that time. So I'd say for now, that's a pretty good range for where we think things could shake out. But we'll have to see where the ROI opportunities are.

And then on the third point in terms of how we're thinking about free cash flow, the percentage of free cash flow that we ultimately will allocate over time. Just from a philosophy standpoint, the way that we're thinking about this is we want to make sure that our capital allocation strategy is maintaining sufficient flexibility for us to be able to capture opportunities that are in front of us, while at the same time mitigating risk. So we want to make sure at the end of the day that we're considering those two factors. But we're really just trying to deliver long-term value for all shareholders. So we'll be balancing those factors.

Ben Swinburne - *Morgan Stanley - Analyst*

Okay. But you'll operate presumably within your leverage range? Or would you get below the leverage range? Because, obviously, if you keep the payout ratio lower, at some point, you'll dip below 2%?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer, Executive Vice President*

Yes. So the intent is for us to operate within that 2 times to 3 times net leverage ratio going forward.

Ben Swinburne - *Morgan Stanley - Analyst*

Got you. And then if I could just ask Sean about the slate. I know you don't have a crystal ball, but since you have a '26 slate slide in your deck there, I feel like it's fair game, are you still expecting supply to get back to pre-pandemic levels next year and presumably box office as well along the way?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

Well, I mean, it's interesting. We're certainly optimistic of that volume pipeline continuing to round out. We had thought that potentially 2025 would be a year we'd see volume creep back to pre-pandemic levels. And then clearly, the six months of work stoppage in Hollywood, impacted that. We're looking this year continuing to bounce back somewhere between 2023 and where 2019 was. I mentioned potentially up to 115 releases, which will be about 90% of pre-pandemic levels.

And then 2026, what's phenomenal about '26, I mean the -- obviously, the studios tend to plant their stakes for their large films. We have nice visibility into that and it looks very promising. How those mid-tier and smaller films round out, we won't get line of sight to that until much later. But based on the conversations we continue to have, the new entrants that continue to ramp like an Amazon and Angel Studios and A24 as well as nontraditional content, we're definitely optimistic that it will close the gap further, if not reach the level of volume that we saw prior to pandemic. So we're definitely encouraged by the continued trends we see with regard to the rebuild of volume.

Operator

Omar Mejias, Wells Fargo.

Omar Mejias - *Wells Fargo Securities, LLC - Analyst*

Sean, I think you highlighted on your prepared remarks and maybe a follow-up to the prior question for your expectations of 115 films by year-end and 90% of pre-pandemic. And you talked about just closing that gap over the next few years. So how should we think about where these films will come from. It's mostly from just additional volume from some of the major studios, new entrants or some of the smaller studios just ramping up the volume of midsized films? Just any color on sort of how that bridge looks like to sort of closing that gap or potentially exceeding it.

And Melissa on the cost side, US costs came in a bit higher than expected, and you talked about some of the potential drivers there. But maybe I think you talked about salaries and wages and some inflationary pressures there. But maybe on the concession side, they were also elevated. And I think you've talked about some inflationary pressures and some internal initiatives. Can you unpack what were some of the drivers there from those two key factors?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

Thanks, Omar. Yes, just on your -- I'll start with your first question regarding volume. I think -- kind of our sense is from all the factors you mentioned, when we speak with our traditional studio partners and try to get a sense for what their plans are and add all that up. And then as we know that Amazon has publicly indicated the potential to get to up to 16 films by 2027. So they are clearly building to the level of a major studio in terms of the scale of releases that they plan to have. Angel Studios has been delivering about five to six films a year. A24 has ramped up. Lionsgate has expressed similar intentions.

So we kind of put all that together. And then as we look -- continue to look at how nontraditional content has grown. I mentioned it's been over 10% of our box office for the past three years. We continue to see consumer appeal for faith-based, foreign, repertory, concert, creator content types of films gain bigger and bigger results. So there's that element, too. And then when we just look at the risk equation on smaller and mid-tier films that has improved as a result of a more dynamic window. We think there's more opportunities even for the studios to continue to try more of that because there's lower downside potential and more upside potential.

So that's how we're kind of coming to that overall assessment of things building back towards that volume level because we're not that far off. I mean, when we were talking about 115 films this year versus 130 on average pre-pandemic, that gap has been closing. And it doesn't -- wouldn't take too much more to get that fully back. Obviously, the scale and the mix of the types of films within that will vary year-to-year. But back to the earlier question, '26 is looking really, really compelling right now.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer, Executive Vice President*

And then, Omar, to your question on the cost side, there are a couple of things that I would mention there. On cost of goods sold, rate, there we were favorable 60 basis points year-over-year in the US. So we were pleased with the outcome there, and that was really driven by strategic pricing actions, lower shrink and waste and higher concession rebates due to the increase in attendance that we saw partially offset by ongoing inflationary pressures that we continue to see on certain concession categories. We think going forward, in '25, we'll still see some modest pressure or we'll start to see some modest pressure continue on the COGS front with -- on the inflationary side.

However, maybe the point that I would call out on the quarter, Q4, in particular, that may have come in a little bit higher and pressured margins a bit would have been on the utilities and other side. We did see an increase there driven in part by the 24% increase in attendance, which impacts our variable and semi-variable expenses, so namely credit card fees, janitorial, utilities to varying degrees.

But in addition to that, we did have higher gift card commissions due to stronger gift card sales as well as increased penetration in third-party channels. We also saw on the fixed cost side, some impact due to higher property and liability insurance. So that contributed to the increase there. So that is something that on utilities and other, we do think will remain elevated as we move into 2025, particularly, as I mentioned earlier that we are going to be leaning into and addressing some deferred maintenance on the R&M side across the circuit. So that -- and we expect that to be around $8 million to $10 million of headwind in 2025.

Operator

Patrick Sholl, Barrington Research.

Patrick Sholl - *Barrington Research Associates - Analyst*

I just have a question on ticket pricing and how you're kind of approaching that the strong 2025 and 2026 slate. And I guess, also sort of like in the context that you mentioned of maybe giving back some of that market share gain as you kind of are at your kind of like -- as you're kind of closer to your capacity limits. And then maybe like with a stronger slate, how like filling in the gap in the slate and whether alternative content needs like a little bit more marketing to stand out and how you approach kind of supporting that side of the film slate?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer, Executive Vice President*

Okay. I'll take the average ticket price question to start. So in terms of 2025, we expect modest growth in our average ticket prices domestically for full year 2025. That will fluctuate quarter-to-quarter based on film mix.

In terms of the primary drivers, strategic pricing opportunities continue to be a tailwind for us as well as growth in premium format mix, including XD, D-Box and 3D, given the expected strength of the film slate. Keep in mind on the international side that we do expect ticket prices to face some continued pressure from FX dynamics in the region with some offset from inflationary price increases, country mix typically a factor as well. But we continue to leverage data and analytics to really lean in and find the optimal pricing that's going to maximize overall attendance as well as box office. With respect to your question...

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

On alternative content marketing, I'll take that one. With regard to alternative content marketing, it's interesting, in some ways, the nontraditional content is -- in some way it is easier to target market because they tend to be a little bit more niche focused audiences with established channels to reach them. So you think like a concert film, usually the artist has a broad base of followers that you can tap into Foreign films, similar. They're usually looking for those kinds of things more proactively. Faith-based films, same fold. They have their kind of different channels that they get to those audiences well.

So all of those films always have the potential to cross over as you look like a sound of freedom or something like that when it gets a bit more mainstream. And on occasion, they'll follow these -- the distributors of those -- that content will follow a more traditional marketing campaign. But generally speaking, through their channels where they have direct connectivity to their consumers as well as supplemented with our own marketing channels, that's basically the way we're kind of getting to these audiences and how they're finding this content. Does that hit on what you were asking, Pat?

Operator

Mike Hickey, Benchmark.

Mike Hickey - *The Benchmark Company LLC - Analyst*

Congrats on the quarter and your dividend. Just two from us. Clearly, the domestic growth opportunity, Sean, for '25 and '26 is pretty obvious, good tailwinds here in terms of film volume, variety, et cetera, everything you pointed out, maybe less obvious is how you think Latin America will perform over the next couple of years and whether you think that region for you is sort of a plus or minus to the growth in revenue and margin that you see from the domestic business?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

Sure. Thanks for the question, Mike. Latin America, we've been really pleased with the performance in Latin America. I mean, obviously, the financial results and just the recovery of the region as a whole, I would say, is actually pacing ahead of the US at this stage. For a while during the pandemic, it was lagging, but you look at certain places, even Argentina with everything that has gone on there recently economically, the recovery of moviegoing has been one of the strongest that we've seen around the world.

So we look at just the moviegoing behavior of consumers is really strong. The way we've been able to enhance the performance of our business there, similar to the US has been really strong. And as we look ahead, we continue to just see positive signs about where that region is going. I mean there has been no loss of interest in going to movies -- moviegoers in that region tend to over-index in the level of consumption that they have. So we still think the overall fundamentals of Latin America look positive and are positive for our business.

Mike Hickey - *The Benchmark Company LLC - Analyst*

Good to hear, Sean. Second question on Movie Club. It seems like every quarter, you've got great data to share. I think you said maybe 25% of your admission of revenues now from Movie Club. I think that's trending higher. I guess thinking forward here, how do you sort of maximize the value of this loyalty program? And how important has it been in terms of sort of achieving some of your strategic goals in terms of retention when you think about market share and reoccurrence of attendance is obviously is key to your growth and your concession sales, which have been a huge success?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

Sure, sure. Well, yes, I mean it's -- it's a very important program for us that has had a tremendous amount of success. I mean as you kind of hit on some of the goals that we seek through that is, number one, it keeps audiences coming to Cinemark. These are very loyal consumers to our business. They derive a lot of value from the program overall. And as you mentioned, the -- we can continue to see the ratio of box office that they represent grow year after year.

We've also seen that the program has helped stimulate increased moviegoing frequency and food and beverage consumption in both cases. So when we look at consumers' behavior, prior to joining the program and after joining the program, we see both of those tend to grow. So it comes back to the value they derive from the program. It stimulates greater consumption, there's greater upgrading behavior, which is all a positive and directly aligned with kind of the studio's interest as well, which they think very highly of this program.

And -- the third piece of this, it just enhances the overall experience, which leads to increased guest satisfaction. So it's simplistic. We have a direct line of communication to these guests, so we can -- we tailor our communications to their likes based on the data we get in terms of learnings of what they tend to prefer, and the ease of purchase is just simplified. So all around, there's just a whole range of benefits that consumers drive, and it's been very important.

Fortunately, we continue to see the program grow at a pace that's consistent with what we were seeing even pre-pandemic. That ebbs and flows based on the amount of volume or amount of content that's in the marketplace, but it's continued growing. And as I mentioned, we were up 10% year-over-year, and we're up considerably since 2019.

Operator

Stephen Laszczyk, Goldman Sachs.

Stephen Laszczyk - *Goldman Sachs - Analyst*

Just two follow-ups from me. First, for Sean on market share. Could you elaborate a little bit more on your outlook for market turn in 2025 in US, it sounds like you're expecting some pressure. Just curious how much of that might be slate related or capacity related versus how much might be added competition or any other factors?

And then second for Melissa on film rental expense in your prepared remarks, I think you called out some of the increases were expected to dynamically persist going forward. Just curious if you could talk a little bit more about what this means and if there's any quarters in particular, we could expect film rental expense to be heavier or lighter?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

Sure. Thanks, Stephen. I'll talk about 2025 by at least starting with 2024 market share. I mean, we were thrilled with the results of '24. We continue to see benefits of all the efforts we've pursued to drive attendance in just kind of structural market share improvements, which we continue to believe will be sustained at about 100 basis points ahead of where we were pre-pandemic. In '24, those benefits were further amplified by a mix of content that really worked well for our circuit as well as a slate that was pretty well spread out over the year that minimized the amount of capacity constraints, we had with hitting occupancy thresholds.

So as we look to 2025, we continue to expect those structural benefits will be maintained, but we do expect some of the content mix benefits we received in '24 as well as the capacity constraints, the -- or the limited capacity constraints to temper a bit. So -- and that's just a byproduct of more volume in the marketplace overall, more diversified content in the marketplace.

So as I mentioned earlier, at least with regard to the capacity constraints, I mean, what generally is happening there is when there's a lot of great content in the market, we're being fully utilized. So we're highly productive in those moments, but some of that volume will spill over to other parts of the market, and our share may compress a little bit. So it's not necessarily a bad thing, but it does affect the overall rate of share that we have overall.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer, Executive Vice President*

And then on the film rental side, our film rental rates for 2024 benefited from a lower concentration of tentpole films due to the Hollywood strike, particularly in the first half of the year. So as blockbuster content resurged in the second half, what we saw is box office concentration increase as did our film rental rates.

So as we look forward to 2025, we do expect that dynamic to continue with a greater concentration of blockbuster content, which will increase our film rental rates year-over-year. But as you think about how that could present from a quarterly standpoint, it's really going to be dependent upon the concentration in any given quarter. But the first half of the year, given the impact of the Hollywood strikes in 2024 was certainly lighter on the film rental rate side.

I think the other point that would be worth calling out would be on the marketing side, that is also included within our film rental line item and that does also vary quarter-to-quarter, based on our expected attendance and the returns that we're seeing, but we do expect for the full year 2025 that marketing spend as a percent of admissions and concession revenue will be relatively consistent to what we saw in 2024.

Operator

At this time, I'd like to turn the floor back over to Mr. Gamble for closing comments.

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer, Chief Operating Officer, Director*

All right. Thank you, Donna. In closing, I'd just like to reinforce once again the strength -- our confidence in the strength of Cinemark and the advantaged position that we maintain in today's environment as a result of the significant advancements we've been able to make over the past years to position our company for success. We remain highly encouraged about the road ahead and the further upside we anticipate with further box office recovery and the continued impact of our strategic initiatives.

And I'd just like to thank you all once again for joining us this morning, and we look forward to speaking with you again following our first quarter results. Thank you.

Operator

Ladies and gentlemen, this concludes today's event. You may disconnect your lines and walk up the webcast at this time, and enjoy the rest of your day.
