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PRESENTATION

Operator

Greetings and welcome to the Cinemark Holdings first-quarter 2025 earnings conference call. (Operator Instructions) Please note that this conference is being recorded.

I will now turn the call over to your host, Chanda Brashears, Senior Vice President of Investor Relations. Thank you. You may begin.

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

Good morning, everyone. I would like to welcome you to Cinemark Holdings, Inc.'s first-quarter 2025 earnings release conference call hosted by Sean Gamble, President and CEO; and Melissa Thomas, CFO.

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 factor that could cause results to differ materially are detailed in the company's 10-Q and 10-K.

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-Q, and on the company's website at ir.cinemark.com.

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

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

Thank you, Chanda, and good morning, everyone. As we indicated last quarter, we remain highly optimistic about what the future holds for Cinemark and theatrical exhibition, including a positive rebound in our industry's recovery trajectory this year. That said, and as expected, lingering headwinds from 2023 strikes in Hollywood, which caused a prolonged work stoppage on film production and an associated drag on last year's results, continue to affect the first quarter of 2025.

North American industry box office during the quarter totaled approximately $1.5 billion, which declined 12% compared to the same period in 2024. In addition to strike-induced influences that resulted in fewer year-over-year tentpole releases, this decline can also be attributed to multiple films that didn't fully resonate with audiences and trailed expectations, as well as a handful of titles that were originally planned to release in 1Q that shifted out of the quarter for a variety of reasons.

Within this pressured environment, Cinemark once again delivered outsized results. During the quarter, we exceeded year-over-year North American box office performance by 160 basis points and surpassed our comparable Latin American benchmark by nearly 60 basis points.

We also continue to maintain our industry-leading market share gains, including approximately 100 basis points of structural improvement relative to our pre-pandemic levels. These gains were further amplified by a strong mix of family films that were represented in four of the quarter's top five titles, as well as minimal capacity constraints due to the lighter release schedule, which afforded us maximum showtime scheduling flexibility to avoid hitting occupancy thresholds.

Nevertheless, while our outperforming box office proceeds and market share helped lift our overall results, one must go all the way back to the first quarter of 2022 to find a comparable level of domestic attendance, which was a period when our industry and company were still in the early stages of emerging from the pandemic. Consequently, our worldwide first-quarter revenue was $541 million with adjusted EBITDA of $36 million and an adjusted EBITDA margin of 6.7%.

It's worth noting, however, that relative to the first quarter of 2022, our 2025 adjusted EBITDA grew almost 45% despite scaling up our business since the pandemic and contending with significant inflationary cost pressures. This improvement underscores the transformative impact that our strategic initiatives have provided our company over the past several years.

The remaining headwinds associated with the Hollywood strikes were largely expected to be short lived this year. And fortunately, that appears to be the case as the second quarter exploded out of the gates with record-breaking results of A Minecraft Movie.

The film became an instant cultural phenomenon as millions of crafters let their imaginations run wild, sparking a major social movement that produced the industry's largest opening weekend ever for a film based on a video game, surpassing the giant launch of The Super Mario Brothers Movie in 2023. It also delivered Cinemark's highest three-day opening of all time for a family film.

Since then, moviegoing momentum has continued to accelerate, with A Minecraft Movie already building to more than $815 million in global box office proceeds and numerous successive films delivering solid results including the breakout faith-based hit, The King of Kings; the thrilling horror sensation, Sinners; and the action-packed return of everyone's favorite number cruncher in The Accountant 2.

The force was also strong with the 20th anniversary rerelease of repertory film Star Wars: Episode III - Revenge of the Sith, that brought in more than $25 million domestically this past weekend. And the successful release of The Chosen Season 5 represents yet another example of the growing appeal for non-traditional content in theaters.

The robust results of these recent releases are illustrative of the strong, sustained enthusiasm consumers have for experiencing compelling, well-marketed films in theaters across varied genres of titles. They're also reflective of the excitement that was generated at our industry's annual trade show, CinemaCon, a month ago.

During that event, studios and filmmakers provided glimpses into the upcoming lineup of movies that are on the horizon over the next two years, and they reaffirmed comments they've expressed over and over regarding the significant enhanced impact that theatrical exhibition provides their films, companies, and audiences. The quality of material showcased and the supportive messages that were emphasized during CinemaCon reinforced a positive overall outlook for the future of moviegoing.

In the very near term, our exuberance about the well-rounded mix of films that are still slated to release this year has only grown based on what was shared. Family films that were featured are sure to delight audiences of all ages, including a live-action version of Lilo and Stitch, Karate Kid: Legends, Elio, the Smurfs movie, The Bad Guys 2, The SpongeBob Movie: Search for SquarePants, Zootopia 2, and a live-action remake of How to Train Your Dragon, which was screened in its entirety and is absolutely sensational.

Then there was an abundance of exhilarating, heart-racing action on display, such as Mission: Impossible – The Final Reckoning, Ballerina, Jurassic World Rebirth, Predator: Badlands, a new take on the Running Man, and F1 from the producer and director of Top Gun: Maverick. Screams, scares, and thrills were also plentiful with clips of hair-raising horror and suspense in films like Final Destination Bloodlines, 28 Years Later, M3GAN 2.0, The Conjuring: Last Rites, The Long Walk, Black Phone 2, Five Nights at Freddy's 2, and a new chapter of I Know What You Did Last Summer.

Laughter also appears primed to crank the volume up to 11 based on comedy showcase like Spinal Tap II: The End Continues, The Phoenician Scheme, Freakier Friday, Good Fortune, and a hilarious-looking reboot of The Naked Gun. At the same time, we saw highly compelling looks at new superhero stories that continue to be a mainstay including Thunderbolts*, which opens this weekend, The Fantastic Four: First Steps, and the highly anticipated relaunch of Superman. In sci-fi, fantasy lovers will most certainly be captivated by further spectacles in the iconic worlds of Tron: Ares, Wicked: For Good, and Avatar: Fire and Ash, as well as a fresh new romantic adventure in A Big Bold Beautiful journey.

In addition to all the eye-popping star-studded materials and presentations that were provided by our traditional studio partners during CinemaCon, including Sony, Lionsgate, Warner Bros., Universal, Paramount, and Disney, another highlight of the convention was Amazon MGM and who took the stage for the very first time to reconfirm their intention to release 14 to 16 films into theaters per year by 2027 and share footage from a wide range of their upcoming titles. Their message was highly encouraging with regard to the further recovery of overall wide release volume in 2026 and beyond, and so too was the quality and scale of their films, as well as how far along they are with the titles they have in motion. Our enthusiasm about the film pipeline ahead, ongoing theatrical support of our studio partners, and sustained consumer appeal for moviegoing is also coupled with optimism regarding our ability to navigate an uncertain and evolving macroeconomic landscape.

Over the years, our industry has been more closely tied to the strength of film content than swings in economic cycles, both domestically and internationally. In fact, in six of the past eight US recessions, North American box office has grown. Likewise, even with the frequent economic and political turbulence that often exists throughout Latin America, our industry and business have held strong when favorable movies are in the marketplace.

Based on our observations, during strained economic periods, people continue to pursue out-of-home experiences, and they tend to prioritize value and affordability. Going to the movies remains one of the least expensive, high-quality, localized entertainment options for spending two to three hours of time. Moreover, it provides an often much-needed opportunity to unwind, disconnect, and escape.

Interestingly, during these periods, in addition to sustained levels of moviegoing, we also haven't historically seen a dip in the degree to which our guests upgrade to premium amenities, or consume food and beverage offerings. That behavior continued to hold true in the first quarter as we achieved a new record high concession per cap, which was driven partly by increased incidence rates. Furthermore, the opening weekend of A Minecraft Movie in April just yielded our highest three-day sales of D-BOX motion seats ever.

So collectively, we remain highly encouraged about the overall direction of our industry and especially Cinemark. In particular, we believe that we are very well positioned and will continue to benefit from our many efforts and investments in enhancing the entertainment experience we provide our guests, strengthening and maintaining high-quality theaters, building loyalty to Cinemark, developing industry-leading operating capabilities, and activating levers to drive incremental value creation. Furthermore, we continue to derive significant advantages from our solid financial position, which remains a strategic asset for us.

Considering the health of our company as well as our positive outlook going forward, we paid our first quarterly dividend since the pandemic this past quarter, and we opportunistically executed $200 million of share repurchases in March. These repurchases represent the first stock buyback program we've ever transacted in the history of our company, and they've put us out in front of managing potential dilution related to the warrants associated with our upcoming convertible note settlement.

These meaningful actions reflect our steadfast confidence in Cinemark and theatrical exhibition as a whole. To that end, we aim to fully capitalize on our industry's ongoing resurgence of content over the coming years, while maintaining the operating discipline that continues to serve us so well and actively advancing a wide range of new revenue-generating productivity and synergistic diversification initiatives to secure our long-term growth and prosperity.

I'll now pass the call over to Melissa who will share more about our first quarter results. Melissa.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

Thank you, Sean. Good morning, everyone, and thank you for joining the call today. Amid the first-quarter industry headwinds Sean covered, Cinemark successfully capitalized on available box office opportunities and effectively navigated the dynamic environment, demonstrating the strength and resilience of our outstanding team.

In the first quarter, we welcomed 36.6 million patrons globally and delivered $540.7 million of worldwide revenue. We generated $36.4 million of adjusted EBITDA, with a 6.7% adjusted EBITDA margin despite operating deleverage associated with lower attendance levels.

Within our US operations, we hosted 20.6 million guests and grew our market share of 30 basis points year over year. Compared with the pre-pandemic period, we continue to maintain market share gains in excess of 100 basis points due to the combination of structural gains, a favorable content mix that over-indexed towards family titles, and minimal capacity constraints driven by a more spread-out fleet and the flexibility in our programming.

We generated $207.6 million in domestic admissions revenue. Our average ticket price increased 3% year over year to $10.08, primarily driven by strategic pricing initiatives, partially offset by a lower mix of premium formats due to the film content in the quarter.

Our domestic concession revenue was $164.4 million in the first quarter, and we grew our concession per cap 5% year over year, achieving a new all-time high per cap of $7.98. This robust growth was driven by an increase in incidence rates, a higher mix of merchandise, and strategic pricing actions. I would like to commend our Cinemark team for their diligent efforts and innovative strategies, which, combined with excellent field execution, have been instrumental in achieving this quarter's impressive concession per cap result.

We delivered $45.1 million of other revenue, down 3% versus the first quarter of 2024, primarily due to lower attendance, which led to a reduction in the variable component of other revenue, partially offset by an increase in promotional income and gaming revenue. Overall, our domestic segment generated $417.1 million of revenue and $20 million of adjusted EBITDA, yielding a 4.8% adjusted EBITDA margin.

Moving to our international operations, we welcomed 16 million guests during the first quarter, relatively flat with Q1 of last year despite the softer film slate due to a content mix that skewed more heavily towards family titles, which tend to resonate well in Latin America, strong performances from two local Brazilian titles, and promotional activities, including cinema weeks across the region to stimulate demand.

Like the US, we maintained strong market share gains in the first quarter compared with pre-pandemic levels, delivering over 200 basis points of growth versus Q1 of 2019. We grew revenue from our International segment 1% year over year to $123.6 million in the first quarter, which was comprised of $56.5 million of admissions revenue, $46 million of concession revenue, and $21.1 million of other revenue. International adjusted EBITDA was $16.4 million, with an adjusted EBITDA margin of 13.3%.

Shifting to global expenses, film rental and advertising expense was 53.5% of admissions revenue, representing a 30-basis point increase year over year due to higher marketing spend and the overall mix of films, partially offset by a lower concentration of high-grossing titles due to the residual Hollywood strike impact. Concession costs as a percent of concession revenue were 21.1%, up 150 basis points compared with the first quarter of

2024, driven by a higher mix of merchandise, lower vendor rebates, and the impact of ongoing inflationary pressure on certain concession categories. These increases were offset in part by our strategic pricing actions.

Global salaries and wages were $90.3 million, an increase of 4% compared with the first quarter of 2024 due to wage and benefit inflation and higher workers' compensation costs, partially offset by lower attendance and foreign currency fluctuations. As we flex our labor hours based on anticipated attendance levels, salaries and wages were also impacted by the lower-than-expected box office performance.

Facility lease expense was $78.3 million, up 1% year over year, reflecting the relatively fixed nature of domestic leases and the dissipation of temporary rent abatements in our International segment that benefited the first quarter of 2024. Lower-percentage rent partially offset the increase.

Utilities and other expense was $105.7 million, an increase of 5% from the first quarter 2024, primarily driven by higher property taxes, credit card fees, and repairs and maintenance costs. An increase in third-party commissions associated with screen advertising revenue growth in International and inflationary impacts. These increases were somewhat offset by lower attendance as many of these costs are variable or semi-variable in nature, as well as foreign currency fluctuations.

G&A was $54.5 million in the first quarter and grew year over year due to wage and benefit inflation, share-based compensation and related payroll taxes, and professional fees, partially offset by the favorable impact of foreign exchange rate fluctuations. Globally, we generated a net loss attributable to Cinemark Holdings, Inc. of $38.9 million, resulting in a loss per share of $0.32.

Turning to the balance sheet, we ended the quarter with $699 million of cash. Our free cash flow was negative $141 million in the quarter, which reflects the soft box office environment, semi-annual interest payments, seasonal working capital headwinds, and ongoing investments in our circuit.

With respect to our capital allocation strategy, we continue to have three pillars: strengthening our balance sheet, investing to position Cinemark for long-term success, and returning excess capital to shareholders. Regarding the first pillar, strengthening our balance sheet, as we previously communicated, given our strong financial condition and our optimism around box office recovery, we intend to repay the $460 million principal amount of our convertible notes using cash on hand upon their maturity in August of this year. We expect our cash balance will remain elevated in the near term as we prepare to address this maturity.

Specific to the potential exposure above the principal amount, our Board and management team are mindful of potential shareholder dilution from the settlement of the warrants. To that end, given the recent equity market volatility, we announced the authorization of a $200 million share buyback program in March to proactively mitigate potential dilution.

We were thrilled to fully execute the $200 million authorization in the first quarter using cash on hand to successfully repurchase 7.93 million shares of our common stock or 6.5% of our then outstanding share count at an average price of $25.22. With that, our current intent is to issue shares to settle any incremental exposure we may have above the principal amount of the convertible notes.

Closing out the first capital allocation pillar, we ended the quarter at three times net leverage at the high end of our target range of two to three times. The health of our balance sheet remains a key differentiator for our company and affords us the flexibility to invest in long-term growth and maintain the health of our circuit, which leads me to our second pillar, investing to position the company for long-term success.

We spent $22.1 million on capital expenditures in the first quarter. For the full-year 2025, we continue to anticipate spending $225 million on capital expenditures to maintain, enhance, and grow our global circuit. We have currently earmarked roughly half of our full-year capital expenditures for maintaining a high-quality circuit and laser projector installations, with the remainder for ROI-generating opportunities, including newbuilds and other accretive opportunities such as recliners, premium formats, and food and beverage upgrades.

Moving to our third pillar, in March, we paid our first quarterly dividend post the pandemic, marking an important first step in returning excess capital to shareholders. This is a testament to the strength of our free cash flow profile, which allows us to prudently invest in the future of our business while returning more capital to shareholders over time through dividends and/or stock buybacks, provided our net leverage remains within our target range. Our goal is to maintain a balanced and disciplined approach to capital allocation, ensuring we have the flexibility to seize future value creation opportunities while also effectively managing risks.

In conclusion, we are confident in our strategic direction and the growth opportunities that lie ahead for our company. Our strong financial position, deliberate strategic initiatives, and unwavering commitment to operational excellence, provide a solid foundation for long-term success. As we look forward, we will maintain our focus on disciplined execution, prudent investments, and leveraging our strengths to maximize value for our 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) Eric Handler, Roth Capital.

Eric Handler - *Roth MKM - Analyst*

Good morning and thanks for the question. Sean, it was a very nice surprise to see you take down the whole $200 million of the share buyback in the quarter. Given that the box office is expected to be a lot stronger in the remaining three quarters of this year, and next year as well, any reason why you wouldn't want to just announce another program to have it there in case you see an opportunistic -- you could be opportunistic if you think the share price is undervalued?

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

Thanks for the question, Eric. Yeah, we are definitely very pleased with the opportunistic situation that presented itself over the quarter to fully execute that. And we're very encouraged about where the full year is heading with regard to the overall potential of box office.

I'll let Melissa talk more specifically to kind of our forward-looking plans in that regard.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

So, Eric, with respect to that, so our goal does remain to return a greater share of our free cash flow to shareholders over time through dividends and/or stock buybacks, provided our net leverage ratio remains within our target range of two to three times. And that mix between dividends and/or stock buybacks will be delivered or determined over time.

But a variety of factors go into our decision on repurchasing shares, including but not limited to cash and liquidity, valuation considerations around dilution management, as well as ongoing returns paid to shareholders. But all that said, I think it's important to also keep in mind that in the near term, we do have the upcoming convertible note settlement. As we mentioned on the call, we continue to anticipate repaying the principal amount of $460 million upon maturity in August, so that is a key priority for us from a capital allocation standpoint.

Eric Handler - *Roth MKM - Analyst*

Okay, so -- but you're not ruling it out for the future. And then could you just remind us for -- I know you've got the collar in place or the derivative instrument in place, like, for every dollar above, what I think it's a $22.08, how much does that equate to incremental payments?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

Yes. So in terms of exposure above the $460 million principal amount, every dollar of stock price movement above $22 represents $32 million of exposure or the corresponding number of shares. What I would recommend, Eric, we did include in our investor deck a slide on the convertible note mechanics, which helps to show what that looks like, particularly in light of the repurchase that we just executed on, which does mitigate dilution now associated with 7.93 million shares associated with the settlement of the warrant. So I would encourage folks to look at that as well.

Eric Handler - *Roth MKM - Analyst*

Thank you.

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

Thanks, Eric.

Operator

Ben Swinburne, Morgan Stanley.

Benjamin Swinburne - *Morgan Stanley & Co. LLC - Analyst*

Thank you, good morning. Sean, and with a couple of questions from some of your prepared remarks, I guess, coming out of CinemaCon, helpful to hear your feedback on Amazon. I think that's been a bit of a debate given the shifting management and leadership at their studio. I don't know if you had any more color on sort of the expectations you have from their studio and the kind of films they're working on maybe beyond the Bond story. I'd love to hear similar thoughts on Apple. I think there's some debate in Hollywood about their appetite today to keep pushing into theatrical and invest behind that.

And then I don't know how much you'd be willing to share, but last year's Q2 had really strong market share for Cinemark. I think it was your highest, maybe ever. But this year, second quarter also looks really good from a mix point of view, so I'm just curious if you had any thoughts on kind of comparing what we're seeing now in the current quarter versus a year ago that might impact year-over-year market share performance for Cinemark's circuit. Thank you.

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

Sure. Thanks for the questions, Ben. Starting with your questions on Amazon and Apple. Yeah, I mean, look, Amazon, we continue to be very encouraged. I think Mike Hopkins was very clear at CinemaCon about their enthusiasm regarding putting out up to 14 to 16 in theatrical releases by 2027. I think they're looking at the potential to have up to 14 even next year.

And they've shared a lot of that content during the course of the event. They had some great-looking materials from their upcoming film, Project Hail Mary, which is based on a book with Ryan Gosling. They just recently announced a new -- the new take on Thomas Crown Affair, Mercy, they have a whole Masters of the Universe film. So they got some varied content coming out across a range of genres of varied scales that I'd say everybody was pretty overwhelmed with, just the quality and how far along they are with the movies that they showcased.

They've continued to lean into putting resources in place, so they've got real skin in the game with people in production and marketing and distribution. They're putting in a whole international distribution team now. So they're really leaning into this in a big way. So I think when we just look at their actions, it really shows that they're in this for the long haul.

Your question on Apple, I think Apple has a big focal point in the short run on F1 that they're going to be releasing through Warner Bros. this summer. The materials that they shared on that during CinemaCon looked fantastic. Everything we've heard about the film is it's just a sensational movie, so I think they're kind of waiting to get through that. And I believe they even commented -- made a comment about that on their earnings call yesterday.

But I think that in their case, they're still in a little bit of an earlier phase of sorting out their longer-term plans. We continue to be optimistic about where they ultimately land just because we think it is a -- it would be a great complement for their business and their platform given the type of benefits that theatrical provides films from a quality perception standpoint, which really fits well with their whole Apple branding. But we'll have to see where that goes.

Your other question on market share for the second quarter, I mean, we're going to see how things unfold this quarter. Yeah, there's certainly a fair amount of family films, which, as you know, works very well and tends to over-index for our circuit, as does horror.

So that will be definitely working in our favor from a content mix standpoint, albeit there's a lot more significant films coming into the marketplace now with a larger cadence, which we've said, those are the periods that we have seen our share, we start to hit more of those capacity constraints hitting our kind of occupancy thresholds where some of that attendance spills over to other circuits, so our share has the potential to compress a bit in those circumstances.

It still means that we're operating at our most efficient way and we're capitalizing on that. But we do expect that our share may compress a bit in an environment where we have a lot of content in the marketplace. And that's a good thing. Again, fortunately, we're heading into -- appear to be heading into that type of situation with a steady cadence of meaningful releases week after week after week.

Benjamin Swinburne - *Morgan Stanley & Co. LLC - Analyst*

Got it. And I just want to clarify, Melissa, thank you for the convert slide. I appreciate that. The $32 million of incremental value above $22.08, you plan to settle that in shares now, I think you said earlier? And is that shares issued at $22.08? Is that the rough math? So it's about in 1.45 million shares per -- I think about that, right?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

The way you would want to do the math, Ben, is you would basically take, say, 32 -- if the stock price, for example, based on where we closed yesterday, it was $30, you would compare -- basically take $30 less $22, that gives you roughly $8 spread, times that by $32 million, that gives you your dollar value, divide that by $30 share price, and that will get you the equivalent shares.

Benjamin Swinburne - *Morgan Stanley & Co. LLC - Analyst*

I see. So you'll issue shares at basically the market, whatever the stock is in August is the value they'll get.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

Yes.

Benjamin Swinburne - *Morgan Stanley & Co. LLC - Analyst*

Got you. So you effectively bought back stock at $25 and you'll be issuing shares presumably much higher, which is obviously a nice trade for you guys. But anyway, that's not a --

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

That would be the goal.

Operator

Chad Beynon, Macquarie.

Chad Beynon - *Macquarie Capital Inc. - Analyst*

Sean, film windowing was another big theme at CinemaCon this year. Could you kind of give us the download in terms of where that sits from your conversations? And then, I guess, the side bar of that is, since you're gaining share, and it seems like you're contributing on the marketing side, is that less of an issue for you just given your Movie Club and kind of your market share?

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

Sure. And just to clarify the last question, are you referring to are Windows less of an issue for us? Or is something related to marketing less of an issue for us?

Chad Beynon - *Macquarie Capital Inc. - Analyst*

Windowing -- if that compresses.

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

Got you. Sure. Happy to provide some added color to that. So the topic of Windows is becoming a more active discussion again. Following all the considerable evolution that's taken place with the theatrical window, both length as well as just variability over a relatively short period since the pandemic, more and more conversation is taking place now between studios and exhibitors as we collectively are evaluating the longer-term impacts on consumer behavior over time, especially for the circumstances where there's a more highly shortened window.

The goal is to maximize the shared value revenue and margin creation achieving increased flexibility and marketing leverage and overall film results without adversely impacting theatrical attendance and overall theatrical proceeds. So in our view, we continue to believe that a flexible window structure provides benefits both to studios and theaters, both of our economics. However, the debate really is on the time frame. We think that the time frame between when a movie releases in theaters and when it becomes available in homes needs to be sufficient enough across a majority of films to fully stimulate and realize the theatrical moviegoing excitement, build those cultural moments like we're seeing recently with A Minecraft Movie and Sinners, just maximize value creation, without the risk of causing consumer confusion and sub-optimizing revenue generation.

So I'd say it's just an active topic because there's some debate going on, what is that optimal window length. And while we don't necessarily believe it's a one-size-fits-all scenario. We do share some of that sentiment that more of a 45-day average kind of across the bulk of films is a good target that we think minimizes the risk of suboptimizing results over time, particularly for casual moviegoers and in smaller films. So that's really the topic that has kind of resurfaced more actively now that we're a few years from all these changes, and taking a good look at, all right, what are we seeing now with regard to the impact of that.

In our viewpoint, I wouldn't say that our marketing efforts and our share gains, those have been real positives, but I'm not sure that necessarily changes the matter with regard to Windows. I think the Windows concept is more of a macro industry discussion just because we're looking at, all right, are any consumer behavior patterns changing over time because of some of these shifts and trying to hone in on, again, what's that optimal point to maximize overall value for all key stakeholders.

Chad Beynon - *Macquarie Capital Inc. - Analyst*

Great. Very comprehensive. And then Melissa, the domestic concession per cap bumping up against $8, I guess, for the fourth quarter in a row pretty nice growth you mentioned, good incidence of spending and strategic pricing increases and the benefit from the slate. Should we continue to see growth in CPPs? Or are we getting to a level that it's more based on the content that's out there in the people that are in your auditoriums?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

Thanks for the question. So we do continue to expect moderate year-over-year growth in our domestic concession per cap for full year 2025. And that's driven by ongoing execution of our initiatives aimed at both increasing incidence rates as well as optimizing our concession prices. Now keep in mind, our per caps do fluctuate quarter-to-quarter with film mix. But we do expect to continue to be able to grow our concession per caps. That's on the domestic front.

I would just highlight, as it relates to international, we do expect to face some pressure from FX dynamics with some offset expected from inflationary price increases. But that's just the dynamic that's been playing out in international is not really a new phenomenon there.

Operator

Patrick Sholl, Barrington Research.

Patrick Sholl - *Barrington Research Associates, Inc. - Analyst*

I just had a question about the market share impacts of the growing box office that you guys have talked about. And just curious on the opportunities that you see around operating hours to maybe make that a little bit easier to absorb? Or if you feel you're kind of at like just the sustainable capacity of operating levels where it would be kind of more margin dilutive if you were to expand it?

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

It's a great question, Pat. I'll take that one. The operating hours are definitely something that we look at as a way to try to capture more attendance when the demand is there. Our team actually looks at profitability by theater, by hour, by day of the week with the anticipated demand we have. And that's generally how we're kind of gearing up the degree of operating hours we have.

So you tend to have a little bit lower margins in the wings kind of in the early hours and then later hours, but we're looking at driving positive just dollar generation in those moments.

So we're flexing that based on the level of demand. And you're right, your observation is one where with greater demand, there's an opportunity to expand that within reason so that you're still profitable, but that's the way you do it. as it pertains to share, that can help a bit. However, the periods where we're starting to hit some of those threshold, those capacity thresholds are really in like the weekend evening moments like Friday, Saturday evening where you only have so many seats to sell across your circuit. And in those periods, even if you're expanding hours in the wings, it may not fully capture that because if somebody is looking to go during that period of time, particularly in some of the prime sets and you don't have any seats they may look elsewhere.

So some of that demand may spill over to other time frames, but not all of it. So that's where we just get some of that compression at times when you get into these really big moviegoing periods with a lot of films in the marketplace. I'll just add one point. The way we compensate for that in a lighter period is you can basically expand the volume of showtimes you have on a given title across more auditoriums, but when you have many large important films in the marketplace, you just -- you don't have as much flexibility to do that.

Chad Beynon - *Macquarie Capital Inc. - Analyst*

Right. And then maybe just on capital expenditures. You mentioned recliners as one of the investment areas. Should we think of -- are you looking at more quickly going to full recliner seating or is that still more just a gradual process more around like new builds and things like that?

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

Well, we're -- at this point, we have approximately 70% of our domestic circuit is reclined and I wouldn't say we're aiming for 100%. Part of that is a factor of just the performance of the theaters, part of that and the age of the theater. Part of that is -- if a theater is just is doing so much demand if your occupancy levels are really high, we can't afford to lose that volume of seats because you can't generate the lift you need without the number of seats in the marketplace.

That tends to be the situation in Latin America where auditoriums generally are a bit smaller, occupancies are higher you can't really afford to take seats out. So you wind up with a few auditoriums that are VIP and recline and the remainder auditoriums that are kind of your standard rocker seating. So we look at it really where there's opportunities to generate positive returns based on the lift that we feel confident we can get if we have enough capacity theater by theater for those -- the remaining 30% of the circuit that's not reclined.

Operator

Omar Mejias, Wells Fargo.

Omar Mejias - *Wells Fargo Securities - Analyst*

Sean, I know you mentioned how resilient the box office is during recessionary periods, but I wanted to dig in on this a bit further. Can you touch on the state of the consumer? And if you have seen any early signs of weakness in 2Q? And curious if you have any concerns on average ticket prices or per caps being pressured by the weaker macro?

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

Sure. Look, it's a great question, kind of the current state of macro economy. The short answer is we haven't seen any indications of any of those factors adversely affecting moviegoing. I mean, as we kind of mentioned, second quarter specifically, we're in a moment right now where there's a lot of positive momentum in the marketplace for moviegoing. We've seen generally the majority of films have been outperforming this quarter at significant levels, particularly when you look at kind of what A Minecraft Movie has done, the holds on Sinners have been sensational.

I mentioned kind of the first quarter, food and beverage, but also the second quarter on Minecraft, we had our highest box sales ever for a 3-day opening period. So people are continuing not only to come to the movies, but they are continuing to consume food and beverage, merchandise as well as upgrade to premium amenity offerings, seats and auditoriums and things of that sort. So we haven't seen a stall in that, which is consistent with historic patterns -- when compelling films are in the marketplace people may trade off on other types of activities, but they're still looking for affordable local forms of out-of-home entertainment and going to the movies as one of the best choices, most economical choices they have.

So short answer again is we haven't seen any impact and hopefully, that will continue as we progress through the year. Pricing, I think we're going to be careful about. Obviously, it's the same way when we were coming out of the pandemic. We were really careful about pricing when we were trying to encourage people to come back. So we'll continue to use our data analytics to guide that decision-making in terms of what the market will bear and how much elasticity there is.

But our overall goal with all those decisions, we want to make sure when consumers come to our theaters, they get a premium movie-going experience that they feel is a great value, and that's what continues to drive more frequency and keeps them coming back again and again.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

And one thing I would add, Omar, just on the average ticket price side for our expectations there. We do continue to expect modest growth. As Sean mentioned, we'll approach our pricing cautiously, but we do still see pockets of opportunity there. In addition, given the strength of the film slate from here on out that we're expecting that also bodes well for premium format mix. So we do still see the ability to modestly grow our ticket prices.

Omar Mejias - *Wells Fargo Securities - Analyst*

That's super helpful. And Melissa, maybe on the cost side, concession costs were a little bit higher when compared to historical levels. Can you unpack some of the key drivers that drove costs higher? And do you see this as a new run rate or just a one-off?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

Sure. So on the COGS rate side, there were a couple of drivers of rate in the quarter. I would say the largest impact was the higher mix of merchandise and then followed by lower rebates and just some ongoing inflationary pressure that we've been seeing on certain concession categories, offset by our pricing initiatives. What I would highlight on the merch mix is in a quarter like Q1, where, as Sean pointed out in his prepared remarks, where we had the lowest attendance level since Q1 of 2022.

We do have some noise in our -- in the expense side, I would say the level of merchandise mix and how much this is impacting our COGS rate in the quarter, is probably exacerbated by that. So we're not expecting this run rate on a go-forward basis for COGS. We do still expect it to increase year-over-year, but not at the clip it that you're seeing in the quarter.

Operator

Robert Fishman, MoffettNathanson.

Robert Fishman - *MoffettNathanson LLC - Analyst*

One for Sean and one for Melissa, if I can. Sean, could we go back to windows for a second. Any best estimate you can give us on the box office cannibalization that you've seen from the current studio flexible windows relative to the pre-pandemic longer windows, maybe if you just think of full year '24 as an example? And would you be willing to give any offsetting economics to the studios to help convince them given their own success in PVOD like Universal generating $100 million from Wicked?

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

Sure. Well, I mean trying to evaluate the impact is the exercise going on right now because it's not perfectly straightforward, unfortunately. On the plus side, what we're not seeing is an accelerated drop in theatrical performance when movies enter the home on PVOD. So that's a good sign. What's unclear and harder to fully pierce through is the overall opening is the overall impact not as large as it otherwise could be because people are starting to decide to either stay home or wait because of that.

And that's the analysis we're going on. Or is there a confusion being created right now that could be leading to that over time over any particular types of film.

The other thing that convolutes it a little bit is the fact that overall volume in the marketplace still hasn't fully recovered to pre-pandemic levels. So when we kind of compare what we're seeing now relative to prepandemic circumstances, it's just another factor that distorts things because like we've talked about, this tends to be a momentum type business that when there's a regular cadence of films in the marketplace it keeps people coming. It keeps people getting exposed to the film -- the future films that are coming down the pipe and then continue to come more. We've had more of those starts and stops like, for instance, the first quarter, it was a weaker film segment. Now we're in a stronger film period and the momentum is starting to crank back up again.

So how much of what we're seeing at a macro level is because of that versus other factors. This is what we're all kind of studying and evaluating. So can't really give a direct sense for that because it's not fully clear right now, which is why we're all trying to understand that collectively to figure out what is the best ultimate landing point to go forward with. I think from an economic standpoint, that's just -- that's an ongoing discussion that I think will play out as we're sorting these types of things out to figure out what is that right balance. So it's an appropriate and fair kind of just economic structure in whatever kind of final place things land.

Robert Fishman - *MoffettNathanson LLC - Analyst*

Makes sense. Melissa, after the slower start to the box office that you guys have talked to and the impact on margins. Just can you help us investors think about what kind of full year margin target you might be expecting, given the stronger rebound in the box office for the rest of the year? Is 20% the right goal? Anything more meaningful or any help around some of the other cost pieces would be very helpful.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

Yes. So from a margin standpoint, as you know, the largest driver of our margins are going to be attendance in box office performance given the operating leverage that we gain as revenue scales, additional factors, market share growth in food and beverage per cap and our average ticket prices that we've talked about, as well as the value capture from our strategic initiatives and our ability to mitigate potential cost pressures. Given what we're expecting regarding box office recovery this year, we expect our margins to expand as we benefit from that higher operating leverage over our fixed costs. The execution of our strategic initiatives and then the growth in per cap and ATP. But we do expect some offset from market share tempering from the record levels that we've experienced in the past couple of years.

And that's really just driven by some of the commentary Sean made earlier in the call around the capacity constraints that we may face just given the more robust film slate.

Beyond that, the other considerations would be ongoing inflationary and other headwinds as well as potential impacts from FX devaluation on the international side. But we -- all that said, remain highly focused on maximizing our overall profitability and expanding margins as the box office recovers.

Operator

David Karnovsky, JPMorgan.

David Karnovsky - *J.P. Morgan Securities LLC - Analyst*

Sean, I'm curious, when you think about the Minecraft movie and the Popcorn trend, I know this is an organic thing. But is there kind of an opportunity to either work with studios in advance and figuring out how to kind of potentially create these moments or just kind of execute more on maybe viral trends that you're seeing across social channels.

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

Yes. I mean, look, it's a great question. I mean that is a great example of as really getting into the film, creating this cultural moment and this event building where they just kind of created their own unique ways of engaging with the films with elevated emotion. Trying to work with the studios on that. I mean one of the things that we do, it's not to the level of what we're just talking about with Minecraft.

But obviously, like merchandise is an example where we're starting to see that continue to grow, and it adds to the whole experience, right, some of these fun types of offerings that engage fans, it makes the experience more special in terms of going. And so it's a version of that.

I don't think anybody quite expected this to take off. So it's almost like we've seen with some of the sing-a-longs with Wicked or Frozen in the past. It's maybe more of a question of when we start to see some sign of that, how do you quickly work together to engage in that and try to make it grow and make it something more than it otherwise could be. But sometimes, they're just hard to fully anticipate what's going to catch on. We do other kinds of fan events, I would just say, in terms of the launch.

So there are things like that, that we do. But it's a great question is how do we just feed into these kind of moments when they start to emerge because they're just -- they're fun for fans.

And we see that also, too, with the way people dress up for movies. We saw that with Mario Brothers where people were coming as Mario and Luigi, and Princess Peach. I mean like there's all those kinds of different activities that make for a fun outing.

David Karnovsky - *J.P. Morgan Securities LLC - Analyst*

And then with other revenue growth in the quarter, well in excess of attendance losses. Maybe you could just speak to the drivers there. Melissa, you mentioned gaming revenue, for instance. And just would you expect over the balance of the year for those other revenue lines to selectively outpace attendance?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

So as we look at other revenue in the quarter on the domestic side, that declined about 3% relative to a 13% decline in attendance. So what we saw there was essentially offsetting some of the attendance decline was higher promotional income. Some of that is really timing and depends on content mix. Those are vendor contributions to promote content. So we do see timing flex quarter-to-quarter there. And then gaming revenue, we did see increase.

I would expect the gaming revenue to continue as we've launched our first FEC in El Paso. But as we think about kind of going forward, I think the couple of drivers to just call out is that on the variable component side, you have transaction fees, screen advertising revenue, promotional income and gaming. Those will fluctuate with attendance and film content not necessarily at the same rate. Beyond that, you also need to keep in mind that other revenue includes a fixed portion associated with the amortization of NCM screen advertising advances. That's about $8 million per quarter.

So when you have a quarter that has low box office levels that we do, like we did in Q1, that will represent a higher percentage of the mix.

Operator

Mike Hickey, Benchmark Company.

Mike Hickey - *The Benchmark Company LLC - Analyst*

Just two topics here, Sean. First on premium format. It looks like XD if our math is right here, is about 12% of your global box office on 5% of your screens. Just curious if you think the trend here from moviegoers, which has been substantial toward the premium screen is going to continue even in the face of maybe an economic downturn and what opportunity, I guess, you have within your network to expand your premium formats. And then I have a follow-up.

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

Sure. Thanks, Mike, and good observation. Yes. I mean, we've certainly seen a nice uptick from consumers in terms of leaning further into premium amenities since the pandemic, which are up probably a couple of percentage points from where they were prior to the pandemic. So there's certainly -- there's definitely a segment of audience that likes to pursue these elevated experiences whether it be auditorium, food and beverage, seating choice, et cetera. It's not just limited to auditoriums.

And we've continued to lean into that. We're not -- as I mentioned earlier, we're not seeing any signs of trade downs, both domestically or internationally with what's going on kind of in the macroeconomic landscape. I will say that our focus, however, is just on making the entirety of coming to our theaters a premium moviegoing experience regardless of which auditorium our guests choose. We focus on service levels, our recliner seats, our cleanliness and maintenance, our food and beverage offerings. Like those are the attributes that affect everybody, and they drive a perception of value and from what we've seen ultimately lead to increased moviegoing frequency and loyalty across all categories of films, not just the big, big blockbusters.

And so when we look at -- it's important not to lose sight of the fact that these upgradable offerings they still only represent a small fraction of the overall sales in the industry. As an example, just you mentioned our XDs like PLFs in general across the industry are less than 20% of the box office that's generated. So we need to strike our right balance between those further enhanced offerings and just making sure that the entirety of going to theaters is viewed as a premier experience. So we're continuing to lean into those. Again, we see further growth there. We continue to expect that there'll be further opportunity in that regard, but there is -- it's a balancing act.

Mike Hickey - *The Benchmark Company LLC - Analyst*

Just a clarification, Sean. When you look at your '25 and '26 slate, is premium a tailwind for you over the next couple of years when you look at it, what it'd be as a percentage of your mix -- tailwind on pricing?

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

A tailwind on pricing. I think so. I think that as you have -- I mean, particularly this year, the next 3 quarters, next year's slate looks incredibly strong from a tentpole standpoint. All those things -- obviously, those are the films in particular that tend to over-index in these premium formats. They also lend themselves to more merchandise, which is kind of premium food and beverage offerings as well.

So I would say it was the likelihood for a skewed mix, both in the form of price and just overall percentage of box office for the remainder of this year and next.

Mike Hickey - *The Benchmark Company LLC - Analyst*

Last question, Sean. On the tariff war, there is some concern that some Hollywood films may not be allowed into the China market. Curious your view on that? And if you think that situation could influence any studios on their release dates this year?

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

I think that'll have to remain to be seen. Right now, we're not getting any indications from the studios of that being an issue. It's not one of the topics that really comes up much. I think on the whole, while there was a period of several years ago where China was becoming a much larger percentage of the Hollywood box office in worldwide box office of the film, that's come down a bit as that market has become more localized, local films have started to grow considerably.

So the amount of box office that's being derived from China for the studios is still important, but to a lesser degree than where it was. So we haven't heard any indication of that impacting both greenlighting decisions of new films being made or shifts in release dates because of just quotas and things of that sort with regard to what gets into China.

Mike Hickey - *The Benchmark Company LLC - Analyst*

Nice. Thanks, guys. Good luck. Thanks.

Operator

Stephen Laszczyk, Goldman Sachs.

Stephen Laszczyk - *Goldman Sachs & Company, Inc. - Analyst*

First, Sean, if I could, I'd love to get maybe your latest thoughts on industry consolidation and M&A. If you thought consolidation was something that could happen, maybe more at scale over the near to medium term, what you thought or think could catalyze that? And then if the opportunities did present themselves, how interested would you be in pursuing them?

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

Sure. We haven't -- obviously, we haven't seen a tremendous amount of consolidation. We had been of the mindset that we might see more in the earlier days emerging from the pandemic, but I think some of the government stimulus money kind of staved off, what otherwise would have been more bankruptcies and circuits going out of business, particularly for the smaller circuits. So we haven't seen a tremendous amount. Now if you were a would-be seller presumably if you're able to get through kind of the last few years were a bit of a tougher box office cycle and make it to now.

And now as we look forward, it would be a better market to bring your assets to the marketplace.

For us, I mean, it's certainly when we think about optimizing our circuit and pockets of growth, M&A is one of the areas that we look at. We do tend to be prudent buyers and looking for assets that are of quality can deliver solid assured returns over time. We generally tend -- we've mentioned this in the past, we tend to prefer deeper penetration in our existing markets that can leverage our infrastructure and relationships and knowledge and obviously, we also consider things like scale and strategic importance and just competitive position in margins. But we're looking for assets that can really have an assured positive return over time. And we're not looking to grow just simply for growth's sake, like we already have a meaningful scale as it is.

So it really has to have a good financial profile to it. So I think remains to be seen kind of what comes. I still believe we'll start to see a little bit more in that kind of area, just again, as we get to a better marketplace. I'm not expecting it to be rampant, but there could be some more opportunities that come to the table over the next couple of years.

Stephen Laszczyk - *Goldman Sachs & Company, Inc. - Analyst*

That's great. And then maybe just a second one, a housekeeping question for Melissa. Utilities and other expense. Just curious if you could dig a little bit deeper into the drivers of the step-up in the first quarter. I think there's a mix of fixed and variable expenses in that line item.

Would just be curious how you would encourage us to think about how that trends over the course of the year as Box scales?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

Sure. So on utilities and other, there are a couple of key drivers we have in the quarter. So property taxes and other fixed costs were higher that there is kind of a tougher comparison year-over-year on the property tax side just given successful tax appeals in the prior year. So we do expect that to subside. Repairs and maintenance, this is an area that impacted our expense in Q1.

And as you may recall from our year-end earnings call, we mentioned that this year, we do anticipate to spend an additional $8 million to $10 million on repairs and maintenance to address some deferred maintenance needs across the circuit.

So I would expect that to continue to be an area that you need to model in as you think about utilities and other for full year 2025. And outside of that, we did have higher credit card fees and a couple of drivers there, but one of them includes higher online penetration and a shift from cash to credit cards. So as we start to see consumers increase their online purchases, we do start to see higher credit card transactions as a result. So I would expect that to continue as well. So by and large, kind of big picture, what I would expect is utilities and other as a percentage of revenue to remain elevated with the most material driver of that being repairs and maintenance expense.

Stephen Laszczyk - *Goldman Sachs & Company, Inc. - Analyst*

Got it. Thank you both. Thanks.

Operator

Alicia Reese, Wedbush Securities.

Alicia Reese - *Wedbush Securities, Inc. - Analyst*

You already talked about concession cost and merchandising costs a bit, but I wanted to dig in a little bit more. So just curious to what degree was the Q1 concession costs higher due to cost pressures versus just a higher mix of merchandising and then also, I wanted to ask about the potential for merchandising more over the course of the year and certainly into 2026 as the volume and quality of the content increases, and whether or not that would be bigger in quarters or periods where there are more family-friendly titles versus adult fare like, say, Sinners or around Halloween with horror.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

So Alicia, I'll take the first part on mix. So higher merchandise mix was the key driver of the 140 basis point increase in domestic COGS rate, I would call it just north of 100 bps of that. The other items that we mentioned, the lower rebates and inflationary pressures, those were largely offset by pricing initiatives. So I'd say it's the lion's share of that increase in the quarter.

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

And as we look forward, I would just say we're certainly optimistic about further growth of merchandise, both when we look at just the profile of films coming out over the rest of this year and next that lend themselves to merch as well as just the growing interest of consumers in that. As I mentioned earlier, it kind of adds to the fun and overall entertainment experience. It's also a great promotional vehicle too for these films as they're coming up.

While that could create a little bit of a mix -- further mix drag on COGS over time. I think Melissa kind of addressed some of the expectations on that. The good news is, like we've largely seen it to be incremental in terms of consumption -- so while it can have a little bit of a mixed drag on COGS, it’s adding incremental dollars to the pie, which we view as a positive thing. So it's an area within our many food and beverage and concession initiatives that we continue to lean into for all those reasons.

Alicia Reese - *Wedbush Securities, Inc. - Analyst*

Yes, definitely seen higher gross profit. And so expanding that further seems like a wise thing to do. And following on to that, have you started a merchandising effort in Latin America? If not now, is that in the works? Is that planned for the coming year?

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

Absolutely. We do it the same that we're pursuing in the U.S. we're also doing in LatAm on a comparable level. So we were also expanding more now while we have been pursuing food and beverage and merchandise, specifically in our theaters for years, we continue to grow our e-commerce channel as well where there's a greater degree of inventory space in a way to -- if for whatever reason we sell out, we have another channel to also feed into demand beyond our theaters. So we're doing that domestically and also working on that internationally.

Operator

This now concludes our question-and-answer session. I would like to turn the floor back over to Mr. Gamble for closing comments.

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

Thank you, Jessie, and thank you, everyone, for joining. I always appreciate your time and all the great questions. We look forward to speaking with you again soon following our second quarter results. Have a great day.

Operator

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