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CORPORATE PARTICIPANTS

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

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

Melissa Thomas *Cinemark Holdings Inc - Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Eric Handler *Roth Capital Partners LLC - Analyst*

David Karnovsky *JPMorgan Chase & Co - Analyst*

Eric Wold *Texas Capital Securities - Analyst*

Chad Beynon *Macquarie Research Ltd - Analyst*

Drew Crum *B. Riley Securities Holdings Inc - Analyst*

Patrick Sholl *Barrington Research Associates Inc - Analyst*

Robert Fishman *Moffettnathanson LLC - Analyst*

Omar Mejias *Wells Fargo Securities LLC - Equity Analyst*

Mike Hickey *StoneX - Analyst*

Stephen Laszczyk *Goldman Sachs Group Inc - Analyst*

PRESENTATION

Operator

Greetings, and welcome to Cinemark Holdings fourth-quarter and full-year 2025 earnings conference 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, Investor Relations. Thank you. You may begin.

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

Good morning, everyone, and thank you for joining us today to discuss our fourth-quarter and full-year 2025 results. Our earnings release, executive commentary, as well as our Form 10-K were issued earlier this morning and are available on our website at ir.cinemark.com. Today's call is being webcast with a replay and transcript available on the website after the call.

Before I begin, I would like to remind everyone that during this conference call, we will make forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not necessarily limited to, financial projections or other statements of the company's plans, objectives, expectations, or intentions.

Forward-looking statements are subject to risks and uncertainties that could cause the company's actual results to materially differ from those expressed or implied. The factors that could cause results to differ materially are detailed in our most recent annual report on Form 10-K as filed with the SEC and available on our website.

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

Joining me this morning are Sean Gamble, President and CEO; and Melissa Thomas, CFO. Beginning with today's call, we are shifting our earnings format to provide adequate time for your questions. Following brief introductory remarks from Sean, we will open up the lines for Q&A.

With that, I'll turn the call over to Sean.

Sean Gamble - Cinemark Holdings Inc - President and Chief Executive Officer

Thank you, Chanda, and good morning, everyone. Before we dive into Q&A, I'd like to briefly reflect on our 2025 results as well as the advancements we've made over the past few years. Driven by further market share expansion and a series of all-time record achievements in 2025, we delivered a post-pandemic high in worldwide revenue of \$3.1 billion. This strong top-line result, combined with effective cost management and incremental productivity gains resulted in \$578 million of adjusted EBITDA with a healthy 18.6% adjusted EBITDA margin.

Through a relentless focus on initiatives that are aimed at expanding our audiences, activating new sources of revenue growth, optimizing our circuit, and continuously improving our processes and capabilities, we have taken the experiences we create for our guests and our operating agility to new levels.

Furthermore, we have developed a distinctive set of competitive advantages, including a differentiated position of strength. Over the past three years, we generated nearly \$1.8 billion of adjusted EBITDA with over \$1.3 billion of operating cash flow. We increased customer loyalty to Cinemark, meaningfully expanded our market share, and grew our concession revenues and per caps to all-time highs.

We have fortified our balance sheet, extinguishing over \$700 million of COVID-related debt, while at the same time, reinvesting over \$0.5 billion in capital expenditures to advance our company for the future and returning \$315 million to shareholders through dividends and share buybacks. Achieving these results has required extraordinary dedication, ingenuity, and perseverance throughout our entire company, and I'd like to commend our sensational global team for the significant impact they have made setting up Cinemark for ongoing success in the current environment and beyond.

As we look ahead, we remain focused on effectively navigating an evolving media and entertainment landscape, continuing to diligently operate our business and delight our guests week after week, and effectuating a multitude of strategic initiatives to further strengthen our company and market position.

2026 appears set to benefit from a robust lineup of compelling films and a volume of wide releases that looks poised to reach pre-pandemic levels. We are excited about the prospects of this year's slate and we remain highly encouraged by sustained consumer enthusiasm we continue to see for the types of larger-than-life cinematic entertainment we provide at Cinemark, as well as the multitude of opportunities before us that are fully within our control to create incremental value for our customers, partners, and shareholders.

Operator, we'd now like to open up the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Eric Handler, ROTH MKM.

Eric Handler - *Roth Capital Partners LLC - Analyst*

Good morning. Thank you for the question. Sean, given how well premium has been performing for you guys, I'm curious how many of your theaters have two XD screens? Are there plans to add more theaters with multiple XD screens? And what do you think ultimately that could be?

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

Sure. Thanks for the question, Eric. Definitely, premium amenities we're seeing a growing interest from a section of our audiences who really enjoy the added enhancement that they provide.

And specific to your question, we've got about 10% of our domestic circuit that has two XDs. There are others that have a combination of an IMAX and XD, a ScreenX and XD, but that's the overlap. Part of the governor on that is just have enough significant screens to add an extra XD too.

We are very particular about making sure that if we're selling an enhanced experience that it fully delivers on that, and that's beyond just the sound, the environment, it goes to the scale of the screen. So if it's an existing theater, there needs to be a second auditorium that can do that.

We are in the process of rolling out additional screens over the next few years. So we're going to be continuing to do that. So we've got still a nice runway of opportunity, but I'm just flagging that there are some limits to how -- we also are just focused on how many of those we have in a theater. Premium enhanced format still only represent about 15% of overall box office.

So while there is a group of moviegoers who do like to pay that additional enhanced experience, the bulk of moviegoing still is on all the other screens and our focus is continuing to make sure all of our screens are a premium experience, regardless of whether you choose XD or something else.

Eric Handler - *Roth Capital Partners LLC - Analyst*

That's helpful. And then I wonder if you have any type of updates on new build activity, be it in the US or Latin America.

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

Sure. We -- our new build pipeline was slowed during the pandemic, obviously. And then we've reactivated our real estate efforts in exploring opportunities out there. We've got a number of things that are in motion, but these projects take -- can take two to three years to get off the ground.

So we opened a new site in El Paso in 2025. We've got plans to open an additional site in Greenville, Texas in 2026. We've got -- we've broken ground in Omaha, Nebraska and another site for 2027. And then we've got a range of other projects, as I mentioned, that are in motion.

So we reactivated that. It just takes a little bit of time to fully get up to the speed because you got to make sure you get the right site and when you go through all the exercise of finding locations, negotiating the deals, working through all the regulatory processes, it can just take a little bit.

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

And Eric, you see that increase in our pipeline coming through as well and the step-up in capital expenditures that we're expecting from '25 to 2026. So that is reflected there as well as to your point on XDs and how many opportunities there, expansion in XD, ScreenX, and D-BOX as well.

Eric Handler - *Roth Capital Partners LLC - Analyst*

Thank you very much.

Operator

David Karnovsky, JPMorgan.

David Karnovsky - *JPMorgan Chase & Co - Analyst*

Sean, on your executive commentary, you noted the softer than anticipated slate last year. So I wanted to see just with some hindsight, you can walk through the factors that you think drove this. Is this primarily about quality and film mix or are there any kind of structural impacts to consider like windows?

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

Sure. Thanks for the question, David. At a high level, I would say we view it more as just the normal ebb and flow of the industry. I think perhaps some of the expectations for 2025 got a little bit overinflated coming in. We had some pretty lofty targets for select films.

When we look at the aggregate of the film -- the aggregate slate, excuse me, there was a bit more of a mixed bag of the ones that overperformed and some of those that didn't fully resonate. The year lacked a mega blockbuster that exceeded \$0.5 billion. And there really was no major summer animated film. So I think if we had had one \$300 million animated film this summer, which we traditionally do, I think everybody would be viewing 2025 much differently.

So I think -- I don't view that as a real structural issue. I think it's just more of the way sometimes the strength and quality of films play out and how well they resonate with audiences. Windows is something we do continue to evaluate. It's something that's a big topic for the industry. There are indications that awareness of highly shortened windows is having some effect on smaller movies and more casual moviegoers, which could be providing some headwinds to overall recovery in the industry.

So there is a factor. But I don't look at kind of the softness versus expectations on '25 necessarily, because of that. It's just more based on some of the really high expectations we had.

David Karnovsky - *JPMorgan Chase & Co - Analyst*

Okay. And then just with margins, when we look at '25, obviously, attendance was a headwind. But assuming a recovery this year, how should investors think about room for operating leverage and Melissa, any help in thinking about kind of cost of goods, staffing, or G&A?

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

Sure. From a margin standpoint, we would expect -- given we do expect a stronger box office and higher attendance year over year that would support leverage in our operating model as well as margin expansion. As you know, our EBITDA margins are most heavily influenced by those two factors of box office and attendance. That said, there are a number of variables beyond that that influence our margin.

It's market share and average ticket prices and food and beverage per caps. And then in addition to that incremental value that we expect to capture from our strategic initiatives and our ability to manage cost pressures. And then for International segments, our performance will depend on -- we're talking about film slate. So how film slate resonates with their audiences as well as inflationary and FX dynamics.

And then to your question on expenses, particularly on a go-forward basis. From a G&A perspective, we do expect our G&A to continue to reflect merit increases and rising benefit costs. We are making targeted strategic investments in talent and capabilities, including cloud-based software to continue to advance our strategic priorities and position the company for long-term success. But we remain disciplined in our approach to expense management, ensuring that our spend is closely aligned with long-term objectives.

And then broadly, as you think about our variable costs, those are going to flex with attendance, albeit not at the same rate.

David Karnovsky - *JPMorgan Chase & Co - Analyst*

Thank you.

Operator

Eric Wold, Texas Capital Securities.

Eric Wold - *Texas Capital Securities - Analyst*

Good morning. I guess a question on kind of the moviegoer monetization. Can you talk about -- with the strength you had in concessions Q4 and then broadly throughout last year, what strategies have been driving the most success that you've kind of put into place with the various ones that you've used? Any way to parse out how much of the increase was film mix influence versus just baskets and incidents? And then lastly, kind of what do you think the opportunity is going to push ticket prices, the concessions higher this year given the environment that we're in economically?

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

So I'll take that one from a per cap standpoint, our per caps domestically were up about 5% year over year. And there are three primary drivers to that. First, our strategic pricing actions; second, higher incidence rates; and then third, a shift in product mix given the growth in merchandise sales as well as enhanced foods.

As you think about kind of the breakout that, I'd call it probably about around three points: strategic pricing, a point incidence, and a point driven by shift in product mix. In terms of the key catalyst, as we've said before, food and beverage, this is a game of singles and doubles, we have a variety of initiatives that we've been executing upon and others that we will be executing on to really drive growth on an ongoing basis, and that includes increasing the throughput of our concession stands, leveraging planograms to improve the monetization of our space.

We continue to introduce new concepts, new flavors, expanding our enhanced food offerings. We still think there's runway there as well as growth in movie theme to merchandise, and that's just to name a few. As we think about the go forward looking ahead to 2026, we do

remain optimistic about our ability to deliver another year of moderate year-over-year growth in concession per cap, supported by the broad range of initiatives that I just mentioned.

And we do think that growth can come from both incidence as well as further opportunities to optimize our pricing. Bear in mind, from quarter to quarter, our per caps will fluctuate with film mix. And then in our international markets, we do expect concession per cap to be impacted by inflationary as well as FX dynamics in the region, while shifts in country mix also can play a factor.

Overarchingly, our focus is on delivering sustainable per cap growth and ensuring that our strategies are supporting both profitability and long-term value creation.

Eric Wold - *Texas Capital Securities - Analyst*

Perfect. Thanks, Melissa.

Operator

Chad Benyon, Macquarie Asset Management.

Chad Beynon - *Macquarie Research Ltd - Analyst*

Good morning, Sean, Melissa. Thanks for taking my question. Wanted to ask about international attendance. It fell in '25, and I believe a lot of that decline was really just kind of a product of what was out there in terms of the movie slate. But as you look at '26, Sean, I know you talked about your optimism, maybe domestically or globally. But what about internationally? Do you think this could be an inflection point and maybe we could see attendance even exceed what we're expecting in the US in '26?

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

Sure. Thanks for the question, Chad. Yeah, I mean, I think you're right. When we look at overall 2025 for Latin America in particular, the profile of the slate in terms of what worked and kind of what didn't work, it skewed a little bit lower for that region relative to the US. When we look at -- and so that's just nothing more than the product, and we see how that kind of can fluctuate year to year.

2026, specific to that region, we are optimistic about a better balance relative to the US. We think that the overall slate is -- looks set to resonate stronger with Latin audiences than 2025 did. So you got titles like Michael, The Super Mario Galaxy, Spider-Man: Brand New Day, Minions, Avengers: Doomsday, these are all movies that really will resonate. There's another Insidious title on that particular type of genre of horror and that franchise in particular, has done really well there.

Certain films like The Odyssey, Star Wars, Supergirl, The Cat in the Hat, like some of those, like sci-fi oriented Dune, those do tend to skew down, but on the whole, we definitely are more optimistic about 2026 in LatAm.

And in general, attendance throughout that region has recovered in certain pockets, more so than in the US. And with everything -- I mean, a great example what we guys like to point to is Argentina with all the hyperinflation and the economic and political turmoil that has happened within that country over recent years, attendance is neck and neck with pre-pandemic levels. So they've recovered exceptionally well. So when the content is there and it connects, that region in particular can really show some upside.

Chad Beynon - *Macquarie Research Ltd - Analyst*

Okay. Great. Thank you. And then as we think more broadly just in terms of the loyalty product, I think you said 60% domestically, 30% internationally. Are there any changes that we should expect in the near term that could either help that loyalty increase moviegoing? Yeah, just anything on the product side that could be different in the near term for consumers?

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

I would say, I don't know if there's anything materially different. I mean, I think that the core value and the core benefits that are inherent to these programs continue to resonate with existing members and continue to attract growth in our overall membership, like we've continued to see growth year after year in these programs. Movie Club, in particular, in the US is up over 50% from where we were in 2019.

We do expect that, that will start to level off a bit more as the program continues to mature. But thus far, we've continued to see terrific growth. So what we're doing is, in addition to those kind of core benefits, we do keep adding additional elements to it just to keep it fresh and enriched. There's all kinds of surprise and delight type of events we do for our loyalty members throughout the year where they get invited to special programming and things of that sort.

I mentioned that we just added a new premium tier to Movie Club, which we're hopeful will attract those audiences who are more inclined to upgrade on a regular basis. We've introduced badges. So there's a whole slew of things like that, that we continue to add to the program to make it attractive from a retention standpoint as well as attracting new guests. So I think that's really it.

We do other kind of promotional events, sometimes tied to films, sometimes tied to just engaging types of incentives also to stimulate growth. But those are the things that we continue to lean into to sustain growth and sustain our existing membership.

Chad Beynon - *Macquarie Research Ltd - Analyst*

Okay. Thank you very much.

Operator

Drew Crum, B. Riley Securities.

Drew Crum - *B. Riley Securities Holdings Inc - Analyst*

So solid ATP growth have accelerated over the last few years. How do you foresee the rate of change for ATP trending going forward? Given the ongoing shift towards and success with PLFs across your circuit, amongst other factors, is the mid-single-digit increase the business delivered in 2025, the new normal? Or was last year more of a one-off and not sustainable?

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

Thanks for the question, Drew. So -- we have, to your point, we were pleased we've delivered a 4% CAGR in our domestic average ticket price over the past three years. As we look ahead to 2026, we expect average ticket prices will increase modestly year over year in the full year. And that's really twofold.

One, we do believe that there's further strategic pricing opportunities, as well as opportunities related to our continued expansion of premium offerings. So as we mentioned, XD, D-BOX, IMAX, and ScreenX. So we do think it's twofold, but not likely to the same extent that we saw in 2025, given some of the outsized mix benefit.

But keep in mind average ticket prices, they will fluctuate quarter to quarter depending upon the film mix. And then on the international side, inflationary and FX dynamics in the region could play a factor as well as country mix. We do continue to approach our pricing decisions thoughtfully and are leveraging data to identify those optimal price points that maximize attendance as well as box office performance.

Drew Crum - *B. Riley Securities Holdings Inc - Analyst*

Got it. Okay. Thanks. And then maybe one follow up. Can you address the planned splits between US and International in terms of CapEx spend? And is the \$250 million number you're planning for this year a good annual run rate for the business or is '26 a peak?

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

Yeah. So in terms of the split between International and the US, I mean, typically, around \$50 million to \$60 million of our CapEx is dedicated on the International side. Remainder is towards the US. And then in terms of our capital expenditures in 2026, those are ramping up to \$250 million, and that's based on not only our expectations for cash flow generation, but also the ROI-generating opportunities in front of us that we're looking to pursue.

And as we look forward beyond 2026, the extent of our spending and whether we kind of stay at that \$250 million level will again be predicated on the ROI-generating opportunities we see in front of us. And then the other point I would call out is as the new build pipeline ramps, that can cause variability from year to year with temporary uptick and then coming back down, just depending upon where we're at within that new build timeline. So there could be some fluctuations, but by and large, I would say we're too early to tell at this stage.

Drew Crum - *B. Riley Securities Holdings Inc - Analyst*

Okay. Thank you.

Operator

Patrick Sholl, Barrington Research.

Patrick Sholl - *Barrington Research Associates Inc - Analyst*

Good morning. I just had a quick follow up on some of your CapEx question -- CapEx comments. Just on the new builds, are these kind of expanding into like additional markets or are they kind of more replacing older theaters within those markets? And I guess, similarly, is that sort of the path that you're taking to increase recliner penetration or are you still finding opportunities within existing theaters to kind of renovate those, and make -- increase, I guess, competitiveness and attractiveness of those amenities?

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

So in terms of the new build pipeline, most of the locations that we are looking at are new locations, so that would be in new markets where we see that there's under-penetration and there's an opportunity for us to go in and have a high confidence returns. So that is really the genesis of what we're doing on the newbuild side.

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

And I'll add on the recliners, we do still see recliner opportunities. I mean, with 72% of our circuit reclined in the US, those are fewer than they once were, but we are still finding opportunities beyond our newbuilds to have attractive returns with some of our theaters that strengthen the overall competitiveness as well as just provide a good lift in performance.

Patrick Sholl - *Barrington Research Associates Inc - Analyst*

Okay. And then on just the film slate for 2026 and maybe in 2027 as well, I guess how are you seeing like the cadence of releases and are you seeing it kind of create more stability in box office in the coming years? Just how are you doing that?

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

It's a great question. I mean, the good news is volume continues to grow. We saw that 2025 got to within 5% or so of pre-pandemic levels. 2026 looks to at least match that potentially go beyond that. And the benefit of that is, obviously, it's -- our industry tends to be a bit of a momentum type of business where people come to the theater.

They see what's coming up. They get excited. They have a good experience and they come back because of that.

And when you get these kind of lulls in terms of things being released, you're winding up having to reboot the engine over and over and over again. And that's the type of cycle that we've been in. So I think the good news is with further recovery in volume coming forward, there should be fewer of those instances of having to reboot.

I will say what we've still yet to see and these are conversations we continue to have with our studio partners is, for a long while, prior to pandemic, we would see more of the films getting bunched in the summer and at year end. And then in time, everybody learned, it's a 12-month calendar. Movies can do huge business any time of the year. First quarter, late summer, not just kind of in those peak when kids are off from school types of months.

I'd say the industry has gravitated a little bit back to this old norm, and we see a bit of a more crowded summer in 2026 and a crowded year end. So that's one of the things that we're still looking for that to fully resolve itself. So we can truly have a fluid cadence of movies every month throughout the year and just sustain that momentum. So that's something that still is being sorted out. But the good news is it's moving in the right direction.

Patrick Sholl - *Barrington Research Associates Inc - Analyst*

Okay. Thank you.

Operator

Robert Fishman, MoffettNathanson.

Robert Fishman - *MoffettNathanson LLC - Analyst*

Good morning. Two for you. When you look at 2026, and beyond, how do you balance leaning into your organic growth led by the sustainability of market share gains compared to positioning the company for other opportunities like M&A that hasn't really been an option for a while. And then just if we could get any update on where things stand with any conversations you've had on the Warner Bros. acquisition, both with either Netflix or Paramount Skydance?

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

Thanks, Robert. I'll take the first part of your question. So in terms of our strategy for investing in growth, we have a balanced and disciplined approach to capital allocation, and we intend to invest in growth opportunities, including new builds, existing theater enhancements, and M&A to the extent attractive opportunities present themselves.

As you think about M&A, we evaluate all transactions that come to market, and we target high-quality assets with minimal deferred maintenance needs. And consistent with our disciplined approach, we're looking for accretive M&A opportunities at attractive multiples. We'd prefer to deepen our penetration in markets where we already have a presence to leverage established infrastructure, relationships, and market knowledge to drive growth and create value.

Naturally, there's other factors we also look at. So scale, strategic importance, competitive positioning, and margin profile. And then in terms of new builds and theater enhancements, we, again, remain disciplined with our capital expenditures. We're looking for ROI-generating opportunities that are high confidence and that position the company well for the long term and enhance the guest experience. But overarchingly, we're looking to balance among the three, but that is something that we're evaluating on an ongoing basis to try to create value for all shareholders.

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

And the last point for Warner Bros., I would just add too, they're not mutually exclusive, right? I mean, we've got -- the good news is with the strength that we've recovered on our balance sheet. We have the opportunity to pursue multiple attractive accretive types of deals, whether they be new build or M&A to the extent they're there. But as Melissa said, we're going to continue to be disciplined in that approach.

Specific to the Warner Bros. deal, I don't know if there's a tremendous amount to update on that. Clearly, the overall transaction remains pretty active and fluid in terms of what direction this may go going forward. Our focus, along with our trade organization Cinema United, has just been to engage directly with all the respective parties as well as the regulators to pursue -- ultimately pursue an outcome that is in -- we believe is in the best interest of our industry, of the creative community, of consumers, and of the local economies that benefit from healthy theaters in their towns.

And that's a focus on sustained volume of output, with whichever direction this transaction plays out. Sustained exclusive theatrical windows in a meaningful way that support the industry, as well as sustained levels of comprehensive marketing campaigns to get that message out. Those are the things that have driven value have been moving in a positive direction with new entrants coming in and growth from different players in terms of volume.

And we just want to make sure that things continue to progress that way versus any type of risk that might ensue from a consolidation of a significant studio like Warner Bros. that has been a strong partner of theatrical exhibition for many, many years and just had a record-breaking performance in 2025.

Robert Fishman - *Moffett Nathanson LLC - Analyst*

Sounds good. Thank you, guys.

Operator

Omar Mejias, Wells Fargo.

Omar Mejias - Wells Fargo Securities LLC - Equity Analyst

Good morning. And thanks for the question. Sean, market share has been a key driver of Cinemark's outperformance, and we were encouraged by the 4Q results despite the softer box office. I understand that the box office continues to recover. There might be some capacity constraints. But how have you guys been able to gain share? And how do you plan to manage your footprint with the busier slate in '26?

Sean Gamble - Cinemark Holdings Inc - President and Chief Executive Officer

Sure. Thanks for the question, Omar. I mean, it's been a variety of things we pursue. I mean, there's -- if we kind of unpack 2025, first, we were thrilled with our overall results of 2025. We continue to see the benefits of the varied initiatives that we've been pursuing to build our audiences, everything from our showtime programming to our marketing actions, to our pricing strategies to our loyalty programs, which we spoke about earlier.

All of those things have helped support increasing our structural market share. 2025, in particular, while we had at the beginning of the year, expected our market share might moderate a little bit, it actually continued to benefit from a high concentration of outperforming family and horror films, as well as what played out to be more of a balanced cadence of releases throughout the year, which limited the amount of capacity constraints we hit and enabled us to fully optimize our screens.

So we benefited from that throughout the year. I'll flag that, obviously, our share year to year will fluctuate based on that content mix and how well individual films resonate with our audiences as well as those capacity constraints. So when we look at 2026, in particular, again, we see a highly compelling diverse profile of films on paper as we look at the composition.

There is a little bit more crowding that we do see during the summer and year-end, as I alluded to a moment ago, you've got some pretty substantial films in that pocket, which could lead to more capacity constraints where we're just fully utilized and don't have the benefit of kind of expanding further like we were able to do in '25, which could create a little bit of a headwind and cause our market share to normalize a bit.

Ultimately, it's just going to depend on how the actual results film by film play out, and the extent to which any of those dating decisions spread a bit more from the way they're organized right now.

Omar Mejias - Wells Fargo Securities LLC - Equity Analyst

Great. And on alternative content, you guys have seen some notable success recently. Just curious how Cinemark is leaning into this category and what untapped opportunities do you see within this vertical?

Sean Gamble - Cinemark Holdings Inc - President and Chief Executive Officer

Absolutely. Look, I think alternative content is definitely one of the real positive signs we're seeing with nice growth. Similar to younger moviegoers, we're seeing nice growth in younger moviegoers, but specific to alternative content, we've had multiple consecutive years now where alternative programming has been more than 10% of our box office. And that's not just because of the overall box office. The pure proceeds from alternative content as an example, in 2025 are up more than double what they were in 2019.

So audiences continue to be attracted by this content. And it's a range of different areas, everything from faith-based films, to anime, to other foreign films, content creator, concerts, there's a whole slew of things that are [repertory] films. I mean, they just continue to grow in their scale and magnitude.

And your specific question on what are we doing. I mean, we have a team that is dedicated to finding these kind of opportunities, pursuing them, and then trying to really understand what the potential is so we can optimize how we're programming that throughout our circuit. And it's been really successful and we expect -- or at least we're optimistic about continued growth in this area as we move forward.

Omar Mejias - Wells Fargo Securities LLC - Equity Analyst

Great. Thank you, guys.

Operator

Mike Hickey, StoneX.

Mike Hickey - StoneX - Analyst

Hey, Sean, Melissa, Chanda. Congrats, guys, on '25, and I appreciate this new format as well. It's very helpful. First question from us is just, Sean, the impact on AI, we've obviously seen AI sort of, pun intended, rewrite the script here of a lot of companies and being, I guess, destructive here, but it seems like out-of-home entertainment is in a really sweet spot in terms of not being negatively impacted.

And I guess the flip side the positive impact, although delicate, I'm sure, on film development, it seems like there's a lot of opportunity to reduce expense and time and ultimately increase volumes. So I'm just sort of curious, overall, your view on AI and how helpful it will be to your business? Then I have a follow up.

Sean Gamble - Cinemark Holdings Inc - President and Chief Executive Officer

Sure. Well, you captured some of the points nicely there, Mike. I'd say broadly, we're optimistic and enthused about the potential AI has in a number of areas. I mean, specific in terms of things we're doing within our company, the ability to both drive efficiencies as well as support our revenue growth objectives we see lots of opportunity. We're already incorporating it into pricing optimization, some of the showtime optimization efforts I mentioned, our app development work in terms of how we're doing our software development.

We've even got it going in our hiring activities within HR and our guest services. So there's a whole range of things that we're looking to utilize this for within our own company. And then on the content creation side of things, as you just mentioned, we see lots of potential for AI to unlock new types of capabilities, whether that's in visual effects, previs, and efficiencies just in terms of movie making with timelines and things of that sort, which could lead to an increased volume of movies being made as well as just new quality enhancements along the way.

So we see a lot of potential for that. Just as every filmmaker has his or her own unique way of bringing stories to life, it would appear that AI is another tool that can enable select filmmakers to use it effectively and do new things that we haven't seen before.

Obviously, there's quite a bit of risk regarding IP and copyright infringement, and we very much support filmmakers and creatives and our studio partners and their efforts to protect their IP with AI as it evolves. But it seems like if that balance can be struck appropriately in the right measures and safeguards are in place, there's just a tremendous amount of potential that AI provides for our business specifically and broadly for the industry.

Mike Hickey - StoneX - Analyst

Nice. Thanks, Sean. The next question on the Warner Bros. deal, and I guess, specifically focusing on Netflix here. Definitely not asking you to bless anything, but just sort of holistically just sort of your view on a couple of things.

One, Netflix was originally thinking a 17-day window. And I think they shocked and awed a few of us here and went to 45-day window and maybe that's in front of streaming. So that's a consideration. But just thinking about a new partner here with the 45-day window, how you think -- whether that's workable or not?

And then, I guess, just to maybe your own view, Sean, in terms of Netflix, if they are being sincere or maybe if you believe -- obviously, you've had conversations with them, they've been ongoing just as part of your business, if you believe they can be a real theatrical partner for you not just the Warner Bros. asset, but maybe the core asset as well.

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

Sure. Thanks, Mike. Look, I'd say -- we've said this before, for a long while, we've been optimistic that in time, Netflix would recognize the opportunity that theatrical exhibition provides their platform and their content, much like all their other peers are doing, whether it's traditional studios, Amazon, even Apple getting a bit into the space. We've seen through data, and we've heard from the conversations that theatrical exhibition provides a real meaningful lift to engagement and retention and interest in those platforms.

So we thought for a long while, there's just value that was being ignored by not taking advantage of that opportunity. We obviously look at the recent comments providing some element of encouragement. I would say that we, much like our industry at large is a bit apprehensive in just placing too much stock into those comments just given how contradictory they now are to many of the other disparaging remarks that have been made over the recent years, even as recently as middle of last year when there was references to the industry being outmoded as an idea.

So I think there's going to need to be more action versus comments to really and firmer assurances to give everybody comfort that what's being said is real. 45-day window, I think, generally speaking, we all view that as a good target point that is, strikes the right balance of giving studios more flexibility with getting content into the home and capitalizing on the market campaigns that have been spent in the theatrical space without creating too much adverse risk to theatrical performance.

As I mentioned earlier, in some cases, things have kind of overshot that a bit, and it's causing some concern about what that might mean on select films. So it's a good starting point, but it also begs the question of 45 days to what, like 45 days to a transactional type of offering in home like a premium video on demand is one thing, where there's a price point there.

45-day window to an SVOD, which consumers generally view as free is a different type of construct. So there's a lot still to clarify with what exactly is being referenced. And again, I think we're all looking for much firmer assurances that are long-standing for not only a window, but levels of continued investment and also sustained marketing, which is a critical component of this, too, versus just verbal comments and promises.

Mike Hickey - *StoneX - Analyst*

Nice. Thanks you, guys.

Operator

Stephen Laszczyk, Goldman Sachs.

Stephen Laszczyk - *Goldman Sachs Group Inc - Analyst*

Thanks for taking the questions. Sean, just would love to get your latest thoughts on what you're expecting to see on the competitive front this year. And if you're seeing anything as you make your way out of '25 into '26 that might make you more confident that some of the recent

gains in market share are perhaps more structural or could become structural with how you position the brand as you look ahead into the next year?

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

Sure. Well, look, I think from a broad competitive landscape, I think competition just continues to grow. I think we see industry a large improving marketing capabilities, continuing to lean into amenities and upgrades. And I think that's a good thing on the whole because it creates an overall lift for everybody. We, too, obviously, are continuing to ratchet up our competitiveness, pursuing ongoing initiatives in all the different areas we've talked about before to try to push our share even further.

I think the structural gains we've talked about, we're very pleased about it. It's -- we do our best to kind of tease out how much is content mix and capacity constraints relative to structural things. But we've said, we believe at least 100 basis points growing beyond that 100 basis points of our gains since pre-pandemic levels we believe are sustainable, and we continue to push that further. So I think we feel good about the direction we're heading in. And I think our ability to continue to compete as overall competition grows.

Stephen Laszczyk - *Goldman Sachs Group Inc - Analyst*

Great. Thanks for that. And then Melissa, maybe just a follow up on margin. Curious if there's any more help, you could perhaps provide investors just on the magnitude of margin expansion you would expect to see in 2026 if box performed in line with expectations. And given some of the puts and takes you called out on the expense side a bit earlier?

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

Yeah. So from a margin perspective, again, as I mentioned earlier, really box office and attendance are going to be the primary drivers. And given anticipated growth, we do believe that that supports margin expansion. But there are a number of other variables at play. We've talked about on the average ticket price side and per cap side that we do expect to continue to grow those top-line measures. We talked about market share but we'll have to see how the film slate, how individual films shake out to see more market share trends.

And then from a big picture expense standpoint, as I was alluding to earlier, so we do expect to gain some leverage over our fixed costs, and that's particularly in the US, where we have a higher fixed cost structure on the variable expense side, film rental and advertising, salary and wages, concession supplies, and then in the case of international facility lease expense. Those will fluctuate based on attendance and box office performance, although not necessarily at the same rate.

Other factors from a modeling standpoint to consider would be ongoing inflation impacts on wage rates and certain concession categories. Also from a film rental standpoint, just keep in mind that that's going to vary depending upon the mix of blockbuster content. And then utilities and other expenses, I would just call out there. We expect them to remain elevated as we continue to address deferred maintenance needs across the circuit, albeit from a year-over-year standpoint, I don't expect that to be a meaningful headwind given that we started those efforts in 2025.

Also on utilities and other, just keep in mind, electricity costs, which continue to be impacted by rising market rates. Outside of that, we continue as always to pursue productivity initiatives and cost mitigation strategies to maximize our profitability and margin potential.

Stephen Laszczyk - *Goldman Sachs Group Inc - Analyst*

Great. Thank you, both.

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 and Chief Executive Officer

Okay. Thank you, Donna, for your help, and thank you to everyone for joining us this morning. Really appreciate the time and all your questions, and we look forward to reconnecting in a few months to share and discuss our first-quarter 2026 results. Have a great day.

Operator

Ladies and gentlemen, this concludes today's event. You may disconnect your lines or log off the website at this time and enjoy the rest of your day.

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