Terrific. [illegible] H

Jose A. Alvarez
jalvarezhedderich24@gsb.columbia.edu

Cinemark Holdings, Inc. (CNK)

Industry: Movies & Entertainment

Date: April 24, 2024

LONG at $17.8 (99% Upside / 50% IRR by '25)

Cinemark is the 3rd largest movie theater operator in the US. Based on my research and further confirmed by primary sources in the industry, I believe that 1) the movie theater business has proven to be more resilient than people think; 2) combined with a recent change in industry dynamics along with a box office recovery in 2025 and 3) a best-in-class operation make CNK a compelling LONG investment at $18.1 with an upside of 62% by 2025.

Trading Metrics

			2023	2024
Share Price	$17.83	Revenue	3,067	2,911
Market Cap	2,125	*Growth*		*-5%*
EV	3,708	Adj. EBITDA	581	526
52 Wk High-Low	12.07-19.85	Diluted EPS	1.24	1.42
3M Volume	56.3	LFCF Yield	10%	9%
Short Interest (% of Total)	22.6%	EV/EBITDA	6.4x	7.0x
Short Interest (% of Float)	25.6%	P/E	14.4x	12.6x

Comparison vs. Street Guidance

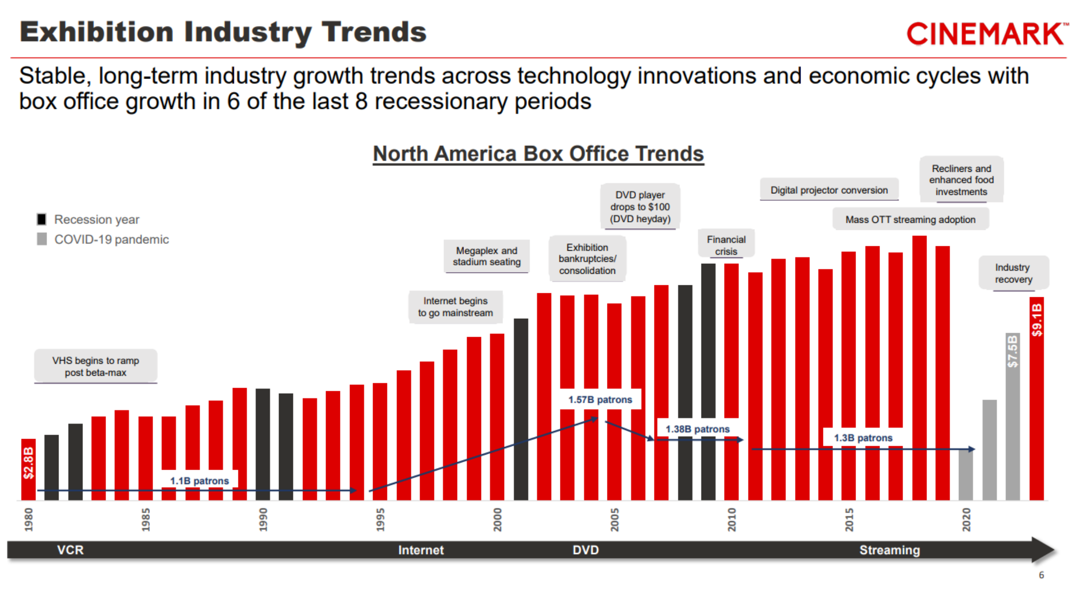
	2024	2025	2026
Revenue	2,852	3,239	3,443
JA Estimate	2,911	3,363	3,662
$ Difference	*59*	*124*	*219*
% Difference	*2.1%*	*3.8%*	*6.4%*
EBIT	246	407	479
JA Estimate	322	501	613
$ Difference	*77*	*94*	*134*
% Difference	*31.2%*	*23.0%*	*27.9%*
EBITDA	470	651	722
JA Estimate	526	736	869
$ Difference	*56*	*86*	*148*
% Difference	*12.0%*	*13.2%*	*20.5%*
Net Income	90	212	274
JA Estimate	186	339	444
$ Difference	*96*	*127*	*170*
% Difference	*106.6%*	*59.8%*	*62.0%*
Diluted EPS	$ 0.63	$ 1.60	$ 2.09
JA Estimate	$ 1.42	$ 2.58	$ 3.39
$ Difference	*$ 0.79*	*$ 0.98*	*$ 1.30*
% Difference	*124.8%*	*61.4%*	*62.1%*

Company Description

Cinemark is a movie theater operator with 501 theaters and 5,719 screens. In the US, Cinemark is the 3rd largest player and has 309 theaters and 4,324 screens. Additionally, Cinemark has a presence in Latin America with 192 theaters and 1,295 screens. Cinemark was founded in 1984 and is based in Plano, TX.

1. The Cinema Is Not Dead…And It Has Become Important to Major Studios Once Again

Over the past 10-15 years there has been a continued belief that the streaming business would make movie theaters irrelevant, with the Covid pandemic thought as the last stab to the heart of the business. However, despite this popular belief, the US box office grew 1% per year between 2009 and 2019, while attendance was basically flat at 1.3bn patrons per year.



Sources: North America ComScore; NATO

A few years ago, streamers started releasing their movies either direct to its streaming platforms or at the same time as a theatrical release, this was not a good sign for the theater industry that depended on an exclusive theatrical window.

People over indexed to this, but what has been happening has been a return to the importance of a theatrical release for talent and studios. Where is the other side coming from?

In the case of talent, one of the early indicators was Scarlett Johansson's lawsuit against Disney for releasing Black Widow straight to Disney+[1], depriving her from a piece of box office revenue. While this was mostly economics driven for some other talent releasing theatrically is important for their art:

- *Distribution Executive with 10+ Years of Experience: "[Studios] face pressure from talent in a lot of ways. Depending on how much value that particular talent has, if the studio wants to work with them again, they will do everything possible within reason."*
- *Sony Pictures Chairman Tony Vinciquerra in May 2023: "Our devotion to theatrical has kept us as a preferred studio for major talent and filmmakers who want the kind of cultural impact that only a theatrical release can provide, and they benefit greatly from our strength in downstream windows as well."*

Even though talent can have some leverage, it is the studios final call how the release is going to be, and probably one of the key incentives is total revenue potential. Studios have realized that releasing movies on theaters ahead of streaming is great for marketing, improves the performance of the film once it is released on a streaming platform and is a good source of cash for the studio:

- *Former Head of Theatrical Distribution at Major Studio: "Theatrical releases have a lot of downstream value in home entertainment, TV licensing, etc. If you are betting $0.5bn on a movie, you need to be sure that you are going to have a return. The streaming world won't be able to substitute that accretion of value".*
- *Paramount CEO Bob Bakish in September 2023: "So we like film. And importantly, we believe in it. We believe in theatrical. But the benefits of film are far beyond the theatrical window. They really drive total company performance, both in revenue and there -- it's great in terms of creating consumer awareness and marketing."*
- *Disney CEO Bob Iger during 1Q24 Earnings Call: "These films will not only reach global audiences and theaters, but as we've consistently demonstrated, they will become important anchors on our global streaming platforms, driving subscriptions and engagement while also continuing to fuel growth in our Experiences business. After all, one of the things that truly sets Disney apart is our unique ability to turn top-quality IP into top-quality experiences, leading to significant growth."*
- *Disney CFO Christine McCarthy in May 2023: "You look at things like the resumption of the theatrical distribution of feature films. That's also a very strong cash driver. Cash is something that we look at very keenly."*
- *Warner Brothers Head of Streaming in March 2024: "We'll talk more about streaming, obviously, is a big part of that growth, but we're also making more disciplined and smarter trade-off decisions around windowing of content and exploitation of content and not putting all our eggs in one basket, like was the previous mantra of putting everything only on streaming. We continue to believe in the theatrical window."*

Beyond the Big 5 Studios, the fear that streaming native players such as Netflix, Amazon and Apple will continue to push films to streaming is overextended. First, the pressure these players have to compete for awards forces them to release movies theatrically as it is the only way to qualify for awards; and second, but most important, they have started taking the same queue from major studios and plan to release an important slate of movies in theaters as well as on their platforms. In 2023, Apple committed to spend $1bn per year that will play exclusively in cinemas[2], while in late 2022, Amazon announced that it plans to release at least 12 films per year in cinemas[3].

- *Sony Picture Tony Vinciquerra in May 2023: "Streamers have clearly taken notice. Amazon released Air in over 3,000 screens in advance of its streaming debut. And Apple recently announced they are partnering with us at Sony Pictures to release Napoleon, a major feature film directed by Ridley Scott in theaters, before it goes to streaming. That's recognition of Sony's theatrical marketing and distribution expertise. So, as we look ahead, we will continue to lean heavily into these core areas of strength in our film and television businesses."*

---

[1] Source: https://www.nytimes.com/2021/07/29/business/media/scarlett-johansson-black-widow-disney-lawsuit.html

[2] Source: https://variety.com/2023/film/news/apple-amazon-movie-theaters-1235562457/

[3] Source: https://www.bloomberg.com/news/articles/2022-11-23/amazon-plans-to-invest-1-billion-in-movies-for-theaters?embedded-checkout=true

Today, I believe the industry is stronger than before as it survived the pandemic, the streaming wars have heated up with many players retrenching, and the change in the dynamic between studios, streamers and theaters is a tailwind for the business. Since a pandemic trough US Box Office of $2bn vs. 2019 $11.3bn, the US Box Office has been on a steady recovery since and in 2023 reached $8.9bn (78% of 2019 levels), it is expected to decline in 2024 due to the SAG/WGA strikes (temporary blip) but is expected to recover $9.0-10.0bn in 2025[4].

2. Box Office Return in 2025 Will Be a Major Catalyst

In the summer of 2023, the Screen Actors Guild (SAG-AFTRA) decided to strike for the first time since 1980 and the first time they did it jointly with the Writers Guild of America (WGA) since 1960. This strike lasted over 5 months and put a pause on all film production during that period. Most of the films in production during that period were slated to be released in 2024 and due to the strikes they have been delayed, which pushed releases to late 2024 or 2025. Among the major movies pushed from 2024 to 2025 are: Mission Impossible – Dead Reckoning Part 2, Blade, Live Action Moana and Live Action Snow White.

Super-interesting

The 2024 wide release slate is expected to be 95 movies vs. 110 in 2023 and an average ~120 prior to the Pandemic. Today, the market is mostly focused on a declining box office in 2024 (expected to decline 10% to ~$8bn from 2023 levels), instead of looking at a 2025 box office that will be above 2023 levels. The industry is expecting to release 110 wide releases in 2025, in line with 2023 and 2025 should be a year with major blockbusters such as Avatar 3, 4 Marvel movies, The Batman Part 2 along with the delayed films mentioned above. All this should lead to a box office of ~$9.5bn (which is equivalent to $86mm per wide release, the same figure as in 2019) and maintaining its 14% market share, Cinemark US admissions revenue would be about $1.3bn, its highest ever, which would represent an 3% annual growth from 2023 levels.

3. Cinemark is a best-in-class operator to take advantage of the recovery

Cinemark is the 3rd largest player in the US with 309 theaters and 4,324 screens. Despite being the 3rd in terms of box office receipts and number of screens (behind AMC and Regal), CNK is either the #1 or #2 player in 21 of its top 25 markets. Having a dominant position within each market is very important as when it comes to distributing the film, studios decide locations on a market-by-market basis and having the #1 or #2 location gives you an advantage. Cinemark has kept its focus on suburban locations where rents are usually lower and going to the movies remains a consistent entertainment plan as there are limited entertainment options vs. urban locations.

CNK's management has decided to focus on filling the most seats vs. taking price. This makes sense as with the operating leverage of a movie theater, it costs the same to run a full theater than a half full one. Below an extra 10mm attendees will drive ~$100mm of revenue vs. just ~$30mm for a $0.25 increase in ticket prices. At the same time, executives in the industry consider this playing the long term,

- *COO of theater chain: "There is a long game and a short game. Do you charge more now and alienate potential guests or do you build loyalty through fair pricing. It depends on your goal, market share vs. profitability."*

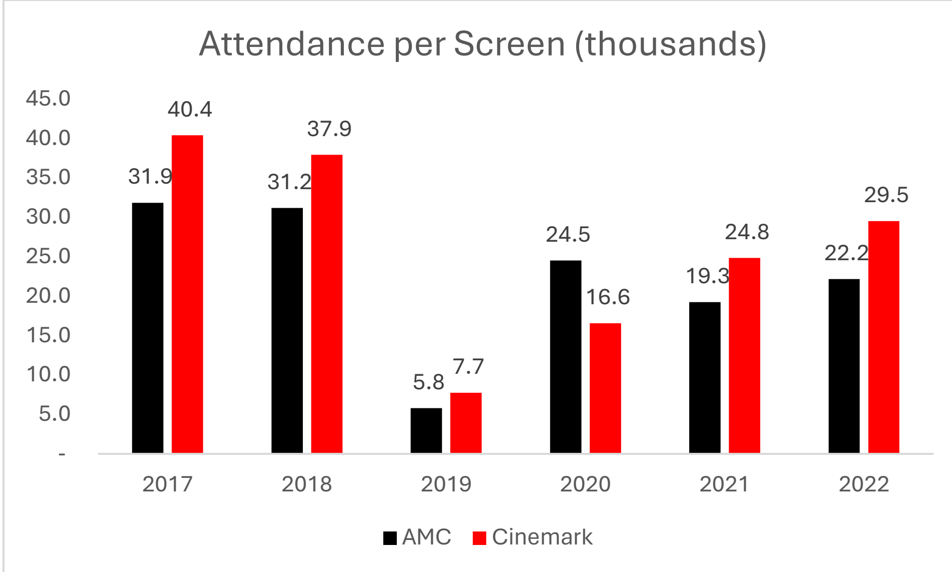
Cinemark 2025E US Admission Revenue

		2025 Attendance				
		110	120	130	140	150
	10.00	1,100	1,200	1,300	1,400	1,500
Avg.	10.25	1,128	1,230	1,333	1,435	1,538
Ticket Price	10.50	1,155	1,260	1,365	1,470	1,575
	10.75	1,183	1,290	1,398	1,505	1,613
	11.00	1,210	1,320	1,430	1,540	1,650

At the same time, Cinemark is the most efficient operator in the industry, demonstrated by its high attendees per screen. This is further evidenced how Cinemark's US average ticket price is about $1.7 below AMC's today.

---

4 Based on AMC Theaters Commentary during their 4Q23 call.



	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23
<u>**Average Ticket Price**</u>									
AMC	$ 9.6	$ 9.6	$ 9.7	$ 9.5	$ 9.5	$ 9.8	$ 11.2	$ 11.6	$ 11.9
% Growth YoY	*N/A*	*(0.2%)*	*0.8%*	*(1.3%)*	*(0.1%)*	*2.7%*	*13.9%*	*4.1%*	*2.5%*
Regal	$ 9.4	$ 9.8	$ 10.2	$ 10.3	$ 10.5	$ 9.3	$ 11.2	NA	NA
% Growth YoY	*3.6%*	*3.9%*	*4.3%*	*1.3%*	*1.6%*	*(11.2%)*	*19.9%*	*(100.0%)*	*N/A*
Cinemark	$ 7.4	$ 7.5	$ 7.8	$ 7.9	$ 8.1	$ 8.4	$ 9.2	$ 9.2	$ 9.7
% Growth YoY	*6.1%*	*1.3%*	*3.1%*	*1.4%*	*3.0%*	*2.8%*	*10.1%*	*0.4%*	*4.7%*

On top of that, Cinemark has continued to take share over the past 10 years, growing its share from 10% 2012 of the US box office to 14% in 2023, despite its screen count declining at an average of 2% per year, taking share from player such as Regal and smaller operators.

Another aspect demonstrating Cinemark's strength is its pricing power on ticket prices. Despite US attendance declining ~3% between 2013 and 2023, the Company raised its ticket prices the same percentage, for a flat revenue over the 10 years (note that this includes the pandemic years). If looked at from 2009 to 2019, CNK raised ticket prices 3% per year while increasing attendance 1% per year. This has translated into an overall revenue growth of 3% per year between 2009 and 2019. Cinemark has grown faster than the North America Box Office in 13 out of the past 15 years.

Combined with increases in admissions revenue, Cinemark's concession revenue has been a major driver for both revenue and EBIT growth. The Company has raised concession prices consistently since 2009, raising spend per guest by 6% in the US and 3% in LatAm for the 10 years prior to the pandemic. This helped the Company grow concessions revenue by 7% during the same period. At the same time, the concessions are a more profitable segment with ~80% gross margins vs. admissions ~45% margin[5] and today represent 40% of revenue vs. 30% in 2009.

- *<u>Movie theater owner</u>: "I am still impressed how much people are willing to pay for popcorn when going to the movies."*

Another characteristic of CNK's best in class operations is management's conservatism during the pandemic, specially when compared to AMC. The Company raised debt, as did many players, which it has been repaying with internally generated FCF and/or refinancing, and it stopped its dividend. However, since the pandemic, Cinemark has generated positive FCF, including ~$300mm in 2023 giving the Company capacity to reinstate the dividend. Still, management has been prudent and has not reinstated the dividend yet due to the uncertainty of strikes in 2023 and 2024 box office slate. Additionally, insiders own ~10% of the Company, providing comfort and alignment.

[5] Assumes Film Rentals as COGS for the Admissions business.

- *<u>Former Head of Theatrical Distribution at Major Studio:</u> "During the low interest rate environment, many of the players in the US overexpanded and spent too much on capex, leading to too many theaters in the US. On the other hand, you saw Cinemark being more cautious with their growth and capex spending, evidenced by their recliners penetration for example"*
- *<u>Distribution executive with 10+ years of experience</u>: "I think [Cinemark] is a good company. They are smart and a little more conservative in the way they approach things. For example, they will give you access to multiplexes (20 plus screens) if it is a no-brainer. But then, they will track pre-sales of films before opening availability in other theaters. They don't want to lock themselves into movies that won't sell."*

Within Latin America, Cinemark is either the #1 or #2 player in its markets. The Company is the leader in Brazil and Argentina with 23% and 38% market share respectively and is the #2 player in Colombia and Chile with 19% and 37% share. The Company has made a commitment to LatAm and only plans to stay in a market if it can be a #1 or #2 player. We saw a clear example of this when they exited Ecuador in 2023.

<u>Valuation</u>

After the 2024 dip in box office, 2025 should return to a normal slate of films, leading CNK's revenue and profitability to inflect accordingly. By 2025, I expect a recovery of patrons to 2023 levels, while the Company keeps flexing its pricing muscle raising prices to $7.9 per average ticket. This all translates into $736mm of EBITDA, $404mm of FCF or $2.66 of FCF per share, for a 15% FCF yield vs. today.

Summary Financials						PROJECTION PERIOD BASE		
	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Patrons	280	54	106	173	210	193	202	225
% Growth YoY		*(80.6%)*	*94.5%*	*63.5%*	*21.5%*	*(8.0%)*	*4.7%*	*11.4%*
Average Ticket Price	$ 6.46	$ 6.57	$ 7.39	$ 7.22	$ 7.41	$ 7.46	$ 7.60	$ 8.12
% Growth YoY		*1.7%*	*12.5%*	*(2.3%)*	*2.7%*	*0.6%*	*2.0%*	*6.8%*
Average Concession Spend per Patron	$ 4.15	$ 4.25	$ 5.32	$ 5.43	$ 5.68	$ 6.10	$ 6.47	$ 6.85
% Growth YoY		*2.4%*	*25.0%*	*2.1%*	*4.6%*	*7.3%*	*6.0%*	*5.9%*
Admissions	1,805	357	780	1,247	1,556	1,439	1,536	1,827
% Growth YoY		*(80.3%)*	*118.8%*	*59.9%*	*24.8%*	*(7.5%)*	*6.8%*	*18.9%*
Concessions	1,161	231	562	938	1,192	1,177	1,306	1,541
% Growth YoY		*(80.1%)*	*143.2%*	*67.0%*	*27.0%*	*(1.3%)*	*11.0%*	*17.9%*
Advertising, Screen Rental, Promotions	152	63	84	127	145	120	120	120
% Growth YoY		*(58.9%)*	*34.6%*	*51.0%*	*13.9%*	*(17.0%)*	*0.0%*	*0.0%*
Other	165	36	85	143	175	175	175	175
% Growth YoY		*(78.0%)*	*134.0%*	*68.2%*	*22.5%*	*0.0%*	*0.0%*	*0.0%*
Revenue	**3,283**	**686**	**1,511**	**2,455**	**3,067**	**2,911**	**3,137**	**3,662**
% Growth YoY		*(79.1%)*	*120.1%*	*62.5%*	*24.9%*	*(5.1%)*	*7.8%*	*16.7%*
EBIT	**338**	**(755)**	**(252)**	**(89)**	**363**	**322**	**417**	**628**
% Margin	*10%*	*-110%*	*-17%*	*-4%*	*12%*	*11%*	*13%*	*17%*
Adj. EBITDA	**669**	**(331)**	**41**	**316**	**581**	**526**	**637**	**884**
Less: Cap-Ex	(304)	(84)	(96)	(111)	(150)	(150)	(225)	(225)
Less: Changes in NWC	26	(158)	253	(25)	22	(31)	24	60
Less: Cash Interest	(94)	(103)	(108)	(141)	(151)	(82)	(66)	(44)
Less: Cash Taxes	(87)	117	135	(5)	(22)	(54)	(79)	(132)
Levered Free Cash Flow	**210**	**(559)**	**225**	**34**	**281**	**208**	**290**	**543**
Div by: Diluted S/O	117	117	117	118	152	128	128	128
Free Cash Flow per Share	**$1.81**	**($4.79)**	**$1.92**	**$0.29**	**$1.85**	**$1.63**	**$2.27**	**$4.26**
% Yield to Equity	*10.1%*	*(26.9%)*	*10.8%*	*1.6%*	*10.3%*	*9.1%*	*12.7%*	*23.9%*
<u>Enterprise Valuation</u>								
EV/EBIT	11.0x	-4.9x	-14.7x	-41.5x	10.2x	11.5x	8.9x	5.9x
EV/EBITDA	5.5x	-11.2x	90.9x	11.8x	6.4x	7.0x	5.8x	4.2x
EV/EBITDA-CapEx	10.2x	-8.9x	-67.8x	18.1x	8.6x	9.9x	9.0x	5.6x
<u>Returns</u>								
ROA	52.5%	-88.1%	-35.7%	-3.3%	6.5%	5.2%	6.5%	9.0%
ROE	16.6%	-45.3%	-43.7%	-41.8%	149.5%	61.9%	51.2%	48.9%
ROIC	8.7%	-19.2%	-10.5%	-4.5%	16.6%	15.3%	23.0%	36.1%

Pre-Covid CNK traded around 8.0x-9.0x EV/EBITDA, assuming a lower multiple today due to rates, but what I believe is a better environment for cinemas, Cinemark's shares should be worth about $35 by 2025, a 99% upside vs. today.[6]

Bear		Base		Bull	
'25 EBITDA	552	'25 EBITDA	736	'25 EBITDA	810
EV/EBITDA	5.0x	EV/EBITDA	7.0x	EV/EBITDA	7.0x
EV	**2,761**	**EV**	**5,155**	**EV**	**5,670**
- Debt	(1,809)	- Debt	(1,809)	- Debt	(1,809)
+ Cash	1,298	+ Cash	1,298	+ Cash	1,298
Equity Value	2,250	**Equity Value**	**4,643**	**Equity Value**	**5,158**
Shares Outstanding	115	Shares Outstanding	131	Shares Outstanding	133
Share Price	**$ 19.57**	**Share Price**	**$ 35.40**	**Share Price**	**$ 38.81**
Upside/(Downside)	*10%*	Upside/(Downside)	*99%*	Upside/(Downside)	*118%*
IRR	*6%*	IRR	*50%*	IRR	*59%*

The upside is also similar if looked at from a FCF yield, the Company traded at an average 5% FCF vs. 15% on 2025E estimates. Assuming a 10% FCF yield Cinemark shares should be worth around $27. Then if looked at from a P/E perspective, on my 2025 estimates, at a 14.0x (below its pre-pandemic average of 16.0x), Cinemark shares should trade for $31. So, no matter how you look at it, Cinemark is cheap!

EPV and AV Analysis

Beyond the traditional valuation techniques above, we can analyze CNK from its Asset Value and Earnings Power Value. Based on the calculations Cinemark has EPV > AV, thus demonstrating competitive advantage.

On Asset Value, CNK currently has about $729mm vs. a book equity of $310mm. Still, once has to consider that CNK went through a tough period where loses mounted during C19 eating into the equity value. Thus, I also look at what this would look like if CNK had a more normalized Book Equity value (assumed as the average BV of Equity from '09-'19). The main adjustments here are to PP&E and the value of a loyalty program that is not reflected in the financials[7].

	Current	Normalized
Book Equity	310	1,169
Goodwill	(1,251)	(1,251)
Intangibles	(303)	(303)
Adjustment to PP&E	1,368	1,368
Loyalty Program	572	572
Investment in NCM	21	21
Total Asset Value	**717**	**1,576**

On the EPV calculations, I compare CNK on its current state, what it does in a "Smoothed" environment when its operating margin returns to historical average as attendance and box office recovers. Lastly, I included a sensitivity case where the assumptions from the Smoothed case remains, but takes into account the cash generation of this business to repay debt and generate cash, which is a major driver of equity value for CNK.[8] Based on either of the cases there continues to be upside in CNK.

	Current	Smoothed	Sensitivity Case
Revenue	3,067	3,067	3,067
Operating Margin	*12%*	*15%*	*15%*
Sustainable Op Income	**363**	**457**	**457**
Excess Depreciation	158	158	158
Total Adj. Operating Income	521	614	614
Tax Rate	*23%*	*23%*	*23%*
Adj. NOPAT	401	473	473
WACC	*9%*	*9%*	*9%*
EPV Op. Business	4,607	5,438	5,438
Cash	849	849	1,298
Debt	2,432	2,432	1,809
EPV Equity	**3,024**	**3,855**	**4,927**
Shares Outstanding	*119*	*119*	*131*
Implied Share Price	**$ 25.4**	**$ 32.4**	**$ 37.6**
Upside (Downside)	*42%*	*82%*	*111%*

Market cap 2.8 bn

[6] Assumes that the 2025 Convert as converted and dilution is limited due to anti dilutive warrants in place.
[7] For further detail on adjustments refer to the Appendix 5
[8] For further detail refer to Appendix 6.

Risks

- 2025 Box Office Disappoints: despite a large slate of potential blockbusters, film success is unpredictable, so any underperformance from major films, might hit the overall box office and thus Cinemark's revenue.
- Major studio strategy change: this was the major threat to the industry over the past 10 years. Still, the recent changes of them leaning into theatrical releases provides respite. However, any change or return to a streaming first industry will probably hurt box office potential.
- Capital allocation: as a limited grower, CNK will have to allocate that FCF to other opportunities such as shareholder returns, debt paydown, etc. Any misallocation of this excess FCF into poor acquisitions or other pursuits might be a negative for the Company in the short and long term.
- Market Share Loss: Cinemark has been a consistent share gainer within the industry. Any potential aggressive expansion from a competitor might eat into its dominance in each local market.
- FX Risk: ~20% of Cinemark's revenue comes from Latin America, a region that has been volatile politically and economically for many years. Any major FX moves might impact CNK's earnings. Still, the Company has operated in the region for decades and has managed in especially volatile countries like Argentina.

Appendix

Appendix 1: Cinemark Historical Operating Data

							PROJECTION PERIOD		
	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Cinemark (US Metrics)									
Box Office Market Share	*12%*	*13%*	*14%*	*15%*	*14%*	*14%*	*14%*	*14%*	*15%*
Cinemark Number of Patrons	185	176	35	73	109	128	115	130	140
% Growth YoY	*6.3%*	*(4.9%)*	*(80.2%)*	*109.2%*	*49.7%*	*16.8%*	*(9.9%)*	*13.0%*	*7.7%*
Cinemark Average Ticket Price	$ 7.9	$ 8.1	$ 8.4	$ 9.2	$ 9.2	$ 9.7	$ 9.8	$ 10.3	$ 10.5
% Growth YoY	*1.4%*	*3.0%*	*2.8%*	*10.1%*	*0.4%*	*4.7%*	*1.3%*	*5.1%*	*1.9%*
% of Industry Average	*87.0%*	*87.6%*	*87.0%*	*91.1%*	*88.4%*	*92.1%*	*101.7%*	*95.4%*	*91.0%*
US Admissions Revenue	1,461	1,432	292	672	1,010	1,236	1,127	1,339	1,470
% Growth YoY	*7.7%*	*(2.0%)*	*(79.6%)*	*130.4%*	*50.4%*	*22.4%*	*(8.8%)*	*18.8%*	*9.8%*
Cinemark Average Concession Spend per Guest	$ 4.8	$ 5.3	$ 5.4	$ 6.6	$ 7.0	$ 7.5	$ 8.2	$ 8.7	$ 9.0
% Growth YoY	*6.3%*	*10.3%*	*2.2%*	*21.7%*	*5.6%*	*6.8%*	*10.0%*	*6.1%*	*3.4%*
US Concession Revenue	892	936	190	483	763	952	943	1,131	1,260
% Growth YoY	*12.9%*	*4.9%*	*(79.7%)*	*154.6%*	*58.0%*	*24.8%*	*(0.9%)*	*19.9%*	*11.4%*

							PROJECTION PERIOD		
	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Cinemark (LatAm Metrics)									
Cinemark Number of Patrons	97	103	19	33	63	82	78	82	85
% Growth YoY	*(5.7%)*	*6.8%*	*(81.2%)*	*68.0%*	*94.5%*	*29.5%*	*(5.0%)*	*5.1%*	*3.7%*
Cinemark Average Ticket Price	$ 3.9	$ 3.6	$ 3.3	$ 3.3	$ 3.7	$ 3.9	$ 4.0	$ 4.1	$ 4.2
% Growth YoY	*(9.8%)*	*(6.3%)*	*(7.4%)*	*(0.7%)*	*12.4%*	*4.3%*	*2.8%*	*2.5%*	*2.4%*
LatAm Admissions Revenue	373	374	65	108	237	320	312	336	357
% Growth YoY	*(14.9%)*	*0.1%*	*(82.6%)*	*66.9%*	*118.6%*	*35.0%*	*(2.4%)*	*7.8%*	*6.2%*
Cinemark Average Concession Spend per Guest	$ 2.2	$ 2.2	$ 2.1	$ 2.4	$ 2.8	$ 2.9	$ 3.0	$ 3.2	$ 3.3
% Growth YoY	*(7.8%)*	*(2.7%)*	*(1.6%)*	*13.1%*	*14.2%*	*5.7%*	*2.6%*	*6.7%*	*3.1%*
LatAm Concession Revenue	216	225	42	79	175	240	234	262	281
% Growth YoY	*(13.0%)*	*3.9%*	*(81.5%)*	*90.1%*	*122.2%*	*36.9%*	*(2.5%)*	*12.1%*	*6.9%*

Appendix 2: Primary Research Sources

Title	**Company / Experience**
Former CEO / Theater Owner	Publicly Traded TV and Film Producer
Theatrical Distribution Consultant	Major Independent Studio / 10+ Years of Experience Distributing Films
COO	Theater chain with 200+ screens
Former Head of Theatrical Distribution	Major Studio

Appendix 3: Cinemark Locations

Appendix 4: Cinemark Capital Structure

Cinemark (CNK) Capital Structure - B/S as of 12.31.23	Outstanding	LTM Val.	Mkt. Price	Mkt. Val.	Leverage	Int. Rate	Int. Exp.	Availability	Maturity	YTM
Cash and Cash Equivalents										
Cash and Cash Equivalents	**849**									
Senior Secured Debt										
Revolver due 2028	-		100.0	-		8.6%	-	125	5/26/2028	9%
Cinemark USA, Inc. Term Loan due 2030	645		100.0	645		9.1%	58		5/28/2030	9%
Cinemark USA, Inc. 8.75% Senior Secured Notes due 2025	150		101.0	152		8.75%	13		5/1/2025	8%
Senior Secured Debt	**795**	**1.4x**		**797**	**1.4x**		**58**	**125**		
Cinemark Holdings, Inc. 4.50% Convertible Notes due 2025	460		133.3	613		4.50%	21		8/15/2025	-16%
Cinemark USA, Inc. 5.875% Senior Notes due 2026	405		100.0	405		5.88%	24		3/15/2026	6%
Cinemark USA, Inc. 5.25% Senior Notes due 2028	765		93.5	715		5.25%	40		7/15/2028	7%
Other Debt	7		100.0	7		1.00%	0			NA
Unsecured Debt	**1,637**	**4.2x**		**1,740**	**4.4x**		**85**			
Total Debt										
Total Debt	2,432			2,537			**143**	**125**		
Less: Cash and Cash Equivalents	(849)			(849)			(45)			
Net Debt	**1,583**	**2.7x**		**1,688**	**2.9x**		**98**			
Market Valuation										
Share Price	$18.10			$18.10						
Mult by: Diluted S/O	119			119						
Market Cap.	**2,158**			**2,158**						
Add: Net Debt	1,583			1,688						
Enterprise Value	**3,741**	**6.4x**		**3,845**	**6.6x**					

2023 EBITDA	**581**

Appendix 5: Asset Value Adjustment Details

PP&E Adjustments

	2023	Adjustments	
Land	98	98	
Buildings	531	286	*Avg. Lease per Owned Theater at a 10% Cap Rate*
Property Under Finance Lease	130	130	
Theater Furniture & Equipment	1,433	716	*Assumed 50% value*
Leashold Interests & Improvements	1,300	1,300	
Total	**3,491**	**2,530**	
Accumulated Depreciation	(2,329)	-	
Total, Net	**1,162**	**2,530**	

PP&E Adjustment	**1,368**

Loyalty Program

	2023	
Members (mm)	1.2	
Annual Price	120.0	
Total Revenue ($mm)	**144.0**	
Tickets per Year Included	12.0	
Profit per Ticket	4.3	*55% margin*
Total Profit from Loyalty Program	51.5	
Discount Rate	9%	*per CapIQ*
Value of Loyalty Program	**572.3**	

Appendix 6: Earnings Power Value Adjustments

Capex vs. Depreciation

	2018	2019	2020	2021	2022	2023
Capex	346	304	84	96	111	150
Estimated Run Rate	90	90	90	90	90	90
Growth Capex	256	214	(6)	6	21	60
Depreciation	261	261	260	265	238	210
Overdepreciation	5	48	266	260	218	150

Average	**158**

Go forward FCF Generation

	2024	2025	Cumulative
FCF	208	403	**611**
Debt Paydown	(156)	(6)	**(163)**
To Cash Balance	52	397	**448**

Appendix 7: 2024 Major Film Releases

<u>Appendix 8: 2025 Major Film Releases</u>