



## Supplemental Financial Information



# Forward Looking Statements Disclaimer and Non-GAAP Financial Information

AMC's consolidated financial statements are prepared and presented in accordance with generally accepted accounting principles ("GAAP"). Certain items contained herein, including Adjusted EBITDA, Adjusted EBITDA Margin, Net Debt, Net Leverage, and Adjusted Free Cash Flow, are non-GAAP financial measures and are provided as a supplement and should not be considered an alternative to any GAAP measure of our operating performance, liquidity or profitability. The presentation of these financial measures is not intended to be a substitute for or superior to any financial information prepared and presented in accordance with GAAP. While management believes such non-GAAP measures provide recipients with useful supplemental information, there are material limitations associated with the use of non-GAAP financial measures as an analytical tool, and these measures may be different from non-GAAP financial measures (even those similarly-titled) used by other companies. Such non-GAAP measures are presented here because we believe they are widely used by investors and analysts to measure performance or to value our company. Our management also uses such measures for their internal analysis. The non-GAAP financial measures included should be reviewed in conjunction with AMC's financial statements and related footnotes contained in documents filed with the SEC. For definitions and reconciliations of these non-GAAP financial measures to the nearest comparable GAAP measure, see the attached Appendix.

This presentation includes "forward-looking statements". Forward-looking statements may be identified by the use of words such as "forecast," "plan," "estimate," "will," "would," "project," "maintain," "intend," "expect," "anticipate," "strategy," "future," "likely," "may," "should," "believe," "continue," and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements are based on information available at the time the statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks, trends, uncertainties and other facts that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. These risks, trends, uncertainties and facts include, but are not limited to, risks related to: motion picture production and performance; AMC's lack of control over distributors of films; intense competition in the geographic areas in which AMC operates; AMC Stubs A-List not meeting anticipated revenue projections which could negatively impact projected operating results; increased use of alternative film delivery methods or other forms of entertainment; shrinking exclusive theatrical release windows; general and international economic, political, social and financial market conditions and other risks including the effects of the exit of the United Kingdom from the European Union; risks and uncertainties relating to AMC's significant indebtedness; limitations on the availability of capital; certain covenants in the agreements that govern AMC's indebtedness may limit its ability to take advantage of certain business opportunities; risks relating to AMC's inability to achieve the expected benefits and performance from its recent acquisitions; AMC's ability to refinance its indebtedness on favorable terms; optimizing AMC's theatre circuit through construction and the transformation of its existing theatres may be subject to delay and unanticipated costs; failures, unavailability or security breaches of AMC's information systems; risks relating to impairment losses and theatre and other closure charges; AMC's ability to utilize net operating loss carryforwards to reduce its future tax liability or valuation allowances taken with respect to deferred tax assets; review by antitrust authorities in connection with acquisition opportunities; risks relating to unexpected costs or unknown liabilities relating to recently completed acquisitions; risks relating to the incurrence of legal liability including costs associated with pending class action lawsuits; dependence on key personnel for current and future performance and our ability to attract and retain senior executives and other key personnel; poor financial results preventing AMC from deploying strategic initiatives; operating a business in unfamiliar international markets; increased costs to comply or resulting from a failure to comply with governmental regulations, including the General Data Protection Regulation ("GDPR") and pending future domestic privacy laws and regulations; and other risks, trends, uncertainties and other facts discussed in the reports AMC has filed with the SEC. Should one or more of these risks, trends, uncertainties or facts materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by the forward-looking statements contained herein. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. For a detailed discussion of risks, trends and uncertainties facing AMC, see the section entitled "Risk Factors" in the documents AMC has filed with the SEC, and the risks, trends and uncertainties identified in their other public filings. AMC does not intend, and undertakes no duty, to update any information contained herein to reflect future events or circumstances, except as required by applicable law.



# ASC 842 Adjustments to Adjusted EBITDA

## Post-ASC 842 Comparability Review

	Quarter Ended March 31,		
	2019	2018	% Change
Total Adjusted EBITDA (as reported)	\$ 108.2	\$ 277.9	(61.1%)
Adjustment to rent expense	-	(23.7)	
Total Adjusted EBITDA (post-ASC 842)	<u>\$ 108.2</u>	<u>\$ 254.2</u>	(57.4%)

## Pre-ASC 842 Comparability Review

	Quarter Ended March 31,		
	2019	2018	% Change
Total Adjusted EBITDA (as reported)	\$ 108.2	\$ 277.9	(61.1%)
Adjustment to rent expense	22.7	-	
Total Adjusted EBITDA (pre-ASC 842)	<u>\$ 130.9</u>	<u>\$ 277.9</u>	(52.9%)



# ASC 842 Adjustments to Adjusted Free Cash Flow

## Post-ASC 842 Comparability Review

	Quarter Ended March 31,		
	2019	2018	% Change
Adjusted free cash flow (as reported)	\$ (49.8)	\$ 113.4	N/M
Adjustment to cash flow used in operating activities	-	(14.6)	
Adjusted free cash flow (post-ASC 842)	<u>\$ (49.8)</u>	<u>\$ 98.8</u>	N/M

## Pre-ASC 842 Comparability Review

	Quarter Ended March 31,		
	2019	2018	% Change
Adjusted free cash flow (as reported)	\$ (49.8)	\$ 113.4	N/M
Adjustment to cash flow used in operating activities	14.0	-	
Adjusted free cash flow (pre-ASC 842)	<u>\$ (35.8)</u>	<u>\$ 113.4</u>	N/M



# Medium to Long-Term Financial Targets

	Medium to Long-Term Target	Rationale
<b>Total Revenue Growth</b>	<b>3% – 5%</b> <i>(2% – 3% box office growth + 1% – 2% industry outperformance)</i>	Outperformance driven by the AMC Platform (e.g., Stubs, A-List, premium food & beverage, high ROI growth capex)
<b>Adjusted EBITDA Margin</b>	<b>16% – 18%</b> <i>(Up to ~200 bps+ of margin expansion)</i>	Margin expansion from operating leverage (margins shown on a post ASC 842 basis)
<b>Capital Expenditures</b>	<b>\$250-300M of net capex within 3-5 years</b> <i>(\$150M maintenance + \$100-150M net growth capex)</i>	Reversion to normalized capex level as highest ROI projects are executed
<b>Net Leverage</b>	<b>3.5x – 4.5x 3-year target</b> <b>~3x long-term target</b>	Cash generation and Adjusted EBITDA growth enable deleveraging

**Due to ramp of A-List program, 2019 is expected to be a transitional year with dollar Adjusted EBITDA growth / accretion, but limited margin expansion**



For a discussion of Non-GAAP financial measures see the Appendix

# Appendix

# Appendix

## Reconciliation of Adjusted EBITDA:

(dollars in millions)

(unaudited)

	Quarter Ended	
	March 31,	
	2019	2018
Net earnings (loss)	\$ (130.2)	\$ 17.7
Plus:		
Income tax provision	5.7	4.7
Interest expense	83.6	82.5
Depreciation and amortization	113.0	130.5
Certain operating expenses (2)	2.5	3.7
Equity in (earnings) loss of non-consolidated entities (3)	(6.5)	9.0
Cash distributions from non-consolidated entities (4)	10.5	24.3
Attributable EBITDA (5)	0.9	2.0
Investment income	(16.1)	(5.2)
Other expense (income) (6)	29.9	1.2
Non-cash rent - purchase accounting (7)	7.6	—
General and administrative expense—unallocated:		
Merger, acquisition and transaction costs (8)	3.3	4.7
Stock-based compensation expense (income) (9)	4.0	2.8
Adjusted EBITDA(1)	<u>\$ 108.2</u>	<u>\$ 277.9</u>

- 1) We present Adjusted EBITDA as a supplemental measure of our performance. We define Adjusted EBITDA as net earnings (loss) plus (i) income tax provision (benefit), (ii) interest expense and (iii) depreciation and amortization, as further adjusted to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance and to include attributable EBITDA from equity investments in theatre operations in international markets and any cash distributions of earnings from other equity method investees. These further adjustments are itemized above. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Adjusted EBITDA is a non-U.S. GAAP financial measure commonly used in our industry and should not be construed as an alternative to net earnings (loss) as an indicator of operating performance (as determined in accordance with U.S. GAAP). Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. We have included Adjusted EBITDA because we believe it provides management and investors with additional information to measure our performance and estimate our value.

# Appendix

Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. For example,

Adjusted EBITDA:

- does not reflect our capital expenditures, future requirements for capital expenditures or contractual commitments;
  - does not reflect changes in, or cash requirements for, our working capital needs;
  - does not reflect the significant interest expenses, or the cash requirements necessary to service interest or principal payments, on our debt;
  - excludes income tax payments that represent a reduction in cash available to us;
  - does not reflect any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future; and
  - does not reflect the impact of divestitures that were required in connection with recently completed acquisitions.
- 2) Amounts represent preopening expense related to temporarily closed screens under renovation, theatre and other closure expense for the permanent closure of screens including the related accretion of interest, non-cash deferred digital equipment rent expense, and disposition of assets and other non-operating gains or losses included in operating expenses. The Company has excluded these items as they are non-cash in nature, include components of interest cost for the time value of money or are non-operating in nature.
- 3) During the three months ended March 31, 2019, the Company recorded \$5.5 million in earnings from DCIP. During the three months ended March 31, 2018, equity in loss of non-consolidated entities includes a lower of carrying value or fair value impairment loss of the held-for sale portion of our investment in NCM of \$16.0 million. The impairment charge reflects recording our held-for-sale units and shares at the publicly quoted per share price on March 31, 2018 of \$5.19. Equity in loss of non-consolidated entities also includes loss on the surrender (disposition) of a portion of the Company's investment in NCM of \$1.1 million during the three months ended March 31, 2018.
- 4) Includes U.S. non-theatre distributions from equity method investments and International non-theatre distributions from equity method investments to the extent received. The Company believes including cash distributions is an appropriate reflection of the contribution of these investments to its operations.
- 5) Attributable EBITDA includes the EBITDA from minority equity investments in theatre operators in certain international markets. See below for a reconciliation of the Company's equity (earnings) loss of non-consolidated entities to attributable EBITDA. Because these equity investments are in theatre operators in regions where the Company holds a significant market share, the Company believes attributable EBITDA is more indicative of the performance of these equity investments and management uses this measure to monitor and evaluate these equity investments. The Company also provides services to these theatre operators including information technology systems, certain on-screen advertising services and our gift card and package ticket program. As these investments relate only to our Nordic acquisition, the second quarter of 2017 represents the first time the Company has made this adjustment and does not impact prior historical presentations of Adjusted EBITDA.



# Appendix

Reconciliation of Attributable EBITDA	Quarter Ended March 31,	
	2019	2018
Equity in (earnings) loss of non-consolidated entities	\$ (6.5)	\$ 9.0
Less:		
Equity in (earnings) loss of non-consolidated entities excluding international theatre JV's	(6.0)	10.3
Equity in earnings (loss) of International theatre JV's	0.5	1.3
Income tax provision	—	—
Investment income	(0.2)	—
Depreciation and amortization	0.6	0.7
Attributable EBITDA	\$ 0.9	\$ 2.0

- 6) Other expense (income) for the three ended March 31, 2019 includes a loss of \$28.4 million as a result of a decrease in fair value of our derivative asset and an increase in fair value of our derivative liability for the Convertible Notes due 2024, also included are financing losses and financing related foreign currency transaction losses. Other income for the three months ended March 31, 2018 includes \$1.6 million financing related foreign currency transaction losses, partially offset by \$0.4 million forward foreign currency contract gains.
- 7) Reflects amortization of certain intangible assets reclassified from depreciation and amortization to rent expense due to the adoption of ASC 842.
- 8) Merger, acquisition and transition costs are excluded as they are non-operating in nature.
- 9) Stock-based compensation expense is non-cash or non-recurring expense included in General and Administrative: Other.

# Appendix

## Reconciliation of Consolidated Adjusted EBITDA Under ASC 842

(dollars in millions)

(Unaudited)

	Quarter Ended March 31,		
	2019	2018	Change
<b>Total Adjusted EBITDA</b>			
Total Adjusted EBITDA (as reported)	\$ 108.2	\$ 277.9	(61.1)%
Certain adjustments to rent expense (a)	—	(23.7)	
Total Adjusted EBITDA (post-ASC 842)	108.2	254.2	(57.4)%
Impact of ASC 842 on Adjusted EBITDA	\$ (22.7)	\$ 23.7	

(a) The adjustments for certain rent expense items include cash rent for legacy build-to-suit financing lease obligations of \$22.4 million and deferred rent related to deferred gain amortization of \$1.3 million.

## Reconciliation of net earnings to Adjusted EBITDA for 2018 (adjusted for ASC 842)(see footnotes above)

(In millions)

	Quarter Ended March 31, 2018
Net earnings	\$ 20.0
Plus:	
Income tax provision	4.7
Interest expense	74.7
Depreciation and amortization	102.4
Certain operating expenses (2)	3.7
Equity in loss of non-consolidated entities (3)	9.0
Cash distributions from non-consolidated entities (4)	24.3
Attributable EBITDA (5)	2.0
Investment income	(5.2)
Other expense (6)	1.2
Non-cash rent - purchase accounting (7)	9.9
General and administrative expense—unallocated:	
Merger, acquisition and transaction costs (8)	4.7
Stock-based compensation expense (9)	2.8
Adjusted EBITDA (1)	\$ 254.2



# Appendix

## Reconciliation of Adjusted Free Cash Flow Under ASC 842

(dollars in millions)

(Unaudited)

	Quarter Ended March 31,			Change
	2019	2018		
<b>Adjusted free cash flow</b>				
Adjusted free cash flow (as reported)	\$ (49.8)	\$ 113.4		N/M
Adjustment to cash flow used in operating activities (a)	—	(14.6)		
Adjusted free cash flow (post-ASC 842)	(49.8)	98.8		N/M
Impact of ASC 842 on Adjusted free cash flow (a)	\$ (14.0)	\$ 14.6		

- (a) Adjustments for principal payments for build-to-suit financing lease obligations that previously were reported in net cash used in financing activities

# Appendix

## Reconciliation of Adjusted Free Cash Flow(1)

(dollars in millions)

(unaudited)

	Quarter Ended	
	March 31,	
	2019	2018
Net cash provided by operating activities	\$ 1.4	\$ 165.4
Plus:		
Merger, acquisition and transaction costs(2)	3.3	4.7
Less:		
Maintenance capital expenditures(3)	19.3	14.6
Landlord contributions(5)	35.2	42.1
Adjusted free cash flow(1)	\$ (49.8)	\$ 113.4
<b>Reconciliation of Capital Expenditures</b>		
Capital expenditures		
Growth capital expenditures(4)	\$ 70.5	\$ 74.0
Maintenance capital expenditures(3)	19.3	14.6
Change in construction payables(6)	25.0	18.7
Total capital expenditures	\$ 114.8	\$ 107.3

Starting in the fourth quarter of 2018, AMC began disclosing a new non-U.S. GAAP measure, “Adjusted Free Cash Flow”, as a measure of our liquidity. We believe this measure is indicative of our ability to generate cash in excess of maintenance capital expenditures and certain other non-operating costs and for other uses including repayment of our corporate borrowings and generating cash for growth opportunities.

- 1) We present “Adjusted Free Cash Flow” as a supplemental measure of our liquidity. Management uses this measure and we believe it is helpful to investors as an indication of our ability to generate cash in-excess-of maintenance capital expenditures and certain other non-operating and costs and for other uses including repayment of our corporate borrowings and generating cash for growth opportunities. Adjusted Free Cash Flow is a non-U.S. GAAP financial measure and is defined as net cash provided by operating activities, plus merger, acquisition and transaction costs, less maintenance capital expenditures and landlord contributions. Adjusted free cash flow does not represent the residual cash flow available for discretionary expenditures. It should be considered in addition to, not a substitute for or superior to net cash provided by operating activities. The term adjusted free cash flow may differ from similar measures reported by other companies. Also provided is a reconciliation of Capital Expenditures disclosed in the Consolidated Statement of Cash Flows made up of growth capital expenditures, maintenance capital expenditures and change in construction payables as further explanation of the components of adjusted free cash flow.

# Appendix

- 2) Merger, acquisition and transition costs are excluded as they are non-operating.
- 3) Maintenance capital expenditures are amounts required to keep our existing theatres in compliance with regulatory requirements and in a sustainable good operating condition, including expenditures for repair of HVAC, sight and sound systems, compliance with ADA requirements and technology upgrades of existing systems.
- 4) Growth capital expenditures are investments that enhance the guest experience and grow revenues and profits and include initiatives such as theatre remodels, acquisitions, newly built theatres, premium large formats, enhanced food and beverage offerings and service models and technology that enable efficiencies and additional revenue opportunities. We did not deduct these from adjusted free cash flow because they are discretionary, and the related benefits may not be fully reflected in our net cash provided by operating activities.
- 5) Landlord contributions represent reimbursements in our strategic growth initiatives by our landlords.
- 6) Change in construction payables are changes in amounts accrued for capital expenditures and are not deducted or added back to Adjusted Free Cash Flow as they fluctuate significantly from period to period based on the timing of actual payments.

## **Forward Looking Non-GAAP Financial Information**

This information presents certain forward looking “non-GAAP” financial measures, Adjusted EBITDA Margin and Net Leverage. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by total revenues. Net Leverage is defined as Net Debt divided by Adjusted EBITDA. Net Debt is defined as Corporate borrowings plus capital and financing lease obligations, debt issuance costs for corporate borrowings, discounts (premiums) for corporate borrowings less the derivative liability related to the senior unsecured convertible notes due 2024 less cash.

The Company provides certain elements of its forward-looking 2019 outlook solely on a non-GAAP basis because the Company cannot predict certain elements that would be required in certain reported GAAP results. The Company has not presented a quantitative reconciliation of the forward-looking non-GAAP ranges of measures, Adjusted EBITDA Margin and Net Leverage to their most comparable GAAP financial measures because it is impractical to forecast certain items without unreasonable efforts due to the uncertainty and inherent difficulty of predicting the occurrence and financial impact of and the periods in which such items may be recognized. For Adjusted EBITDA and Net Leverage, these items are generally expected to be similar to the kinds of charges and costs excluded from Adjusted EBITDA and Net Leverage in prior periods and include, but are not limited to, acquisition-related expenses, stock-based compensation, income tax, interest and depreciation expense, and certain other expenses and other assumptions about capital requirements, cash and the derivative liabilities for future periods. The variability of these items may have a significant impact on our future GAAP financial results.