

Recommendation: OUTPERFORM
 Event risk: High
 Sector: Media Entertainment
 Analyst: Benjamin Day
 Contact info: 319-936-4543
 E-mail: day.ben@principal.com
 Date: 07/14/2023

Recommendation	
Fundamentals	50%
Technicals	70%
Valuation	80%
Total Score	60%
Recommendation	OUTPERFORM
% of Index	0.10%
Rec Weight	50 bps

Holdings - bps	
HY Fund	0.45
1010	0.91
NEI	0.46
Dublin	0.39
KIA	0.5
Al Futtain	0.48
Neufelize	0.41
GA	1.19

Company Description

AMC Networks is a global entertainment company known for its popular and award-winning content. It distributes its content to audiences globally on an array of distribution platforms, including linear networks and subscription streaming services, as well as through licensing arrangements. Its library of television and film properties includes The Walking Dead Universe, Anne Rice catalog, and Agatha Christie library. It operates in the entertainment industry for more than 40 years, powered by distinguished brands, including AMC, AMC+, BBC AMERICA (which the company operates through a joint venture with BBC Studios), IFC, SundanceTV, ALLBLK, HIDIVE, and IFC Films. Internationally, AMC Networks delivers programming that reaches subscribers in approximately 110 countries and territories around the world. It generates the majority of its revenue from the US.

Description	Recommendation	Coupon	Maturity	Amt Out (mn)	S&P Rating	Moody's Rating	Fitch Rating	Bond price	YTW	DM/OAS
AMC NETWORKS INC 1L Gtd Sr. Secd	OUTPERFORM	SOFR 1M + 150	02/08/2026	USD 624.3755	BB+	Baa2	-	99.94	6.72%	
AMC NETWORKS INC Sr Unsecured	OUTPERFORM	4.250%	02/15/2029	USD 1000	BB-	Ba3	-	56.24	16.57%	1,258
AMC NETWORKS INC Sr Unsecured	OUTPERFORM	4.750%	08/01/2025	USD 800	BB-	Ba3	-	89.35	10.63%	598
AMC NETWORKS INC Sr Unsecured	OUTPERFORM	5.000%	04/01/2024	USD 400	BB-	Ba3	-	98.62	7.04%	172

Recommendation Summary

We recommend Outperform on AMC Networks. AMC is operating in a challenging environment as linear TV faces pressure from cord cutting and its streaming business struggles to fully recover revenues that are being lost on the distribution and advertising side. The outlook for media and fundamental headwinds will continue to pressure AMC. However, the business is supported by niche content offerings including The Walking Dead spinoffs, Lucky Hank, Happy Valley, Interview With the Vampire, and Anne Rice's Mayfair Witches. We feel that the current valuation sufficiently compensates for existing risks. We recommend maintaining our 2025 position.

Risks to Recommendation

Decline in Linear TV accelerates
 AMC fails to produce popular new content to replace aging content
 Transition to streaming severely harms margins
 Loss of MVPD contract
 AMC is not able to refinance its 24 / 25 maturities

Key Covenants

Senior Secured Leverage not to exceed 3x
 \$1.2b general basket for debt incurrence
 Net Debt / Cash Flow not to exceed 6x
 Restricted Payments unlimited if net leverage less than 3.25x
 OCF to Int Exp must be >2.5x
 Dolan Family carved out of CoC

Fundamentals

AMC has very challenging fundamentals. The business model is struggling given the linear TV business is in secular decline. As a result, AMC began a restructuring plan in 4Q 2022 with the primary objective to cut costs. Restructuring and write-down charges were \$490 million in 2022 and will continue into 2023. The company appointed Kristin Dolan as CEO in February 2023. It was indicated on the 4Q 2022 conference call that James Dolan is interested in selling content assets or the entire business. The content portfolio is currently weaker due to The Walking Dead and Better Call Saul ending. The company will look to rebuild its content assets given higher content spend in 2021/2022. In the short term, FCF should stabilize as management cuts expenses and looks to monetize its content assets more efficiently. We suspect that AMC will have to spend more on content in 2025 and beyond, which will hurt FCF.

Valuation

We currently own AMCs 2025 bonds. Performance has been very strong YTD as the bonds ended 2022 at their lows around \$77. They currently trade at \$89.5 with a YTW of 10.6%. Currently, AMC 2029 bonds are lower YTD. They began the year at \$62 and currently trade at \$56.25 with a YTW of 16.57%. We think that the 2025 bonds will ultimately be refinanced and a yield of 11.72% more than sufficiently compensates for what is primarily refinance risk. We recommend maintaining our target weight of 50 bps in the 25s. The 2029s are interesting given 600 bps of additional yield and low dollar price at \$54. However, fundamentals are very uncertain beyond 2025. We expect the 2029s to be extremely volatile.

Technicals

Technicals are mixed. AMC's niche content library and declining equity valuation creates opportunity for the business to be acquired which would likely be credit positive. The stock and 2029 bonds have seen negative price momentum, which may continue. The writers strike has created negative sentiment in the media space, however this will lift once the Writers Guild and Cinemas/Studios reach an agreement. The company is also opportunistically looking to refi its near term maturities. The refi will likely be secured issuance which would further subordinate the 2029s. We think it is possible the 2029s will see a bid when the refi happens, however the recovery becomes much worse and we are not comfortable with the long term fundamentals.

Internal Rating

We have an internal rating of B+ and Stable. We believe given the headwinds in the media space that the agencies will move to downgrade AMC one notch. However, we believe fundamentals are supportive of a B+ rating. If AMC is able to maintain FCF / Net Debt of between 5-10% and continue to produce quality content as they have historically we believe that ratings will stabilize. The media space will continue to face headwinds due to cord cutting so we don't see the company as BB quality. We could see further ratings pressure if AMC is unable to cut costs or properly monetize its content.

Capital Structure

\$ Millions	1Q 2023	xLTM EBITDA 23	xLTM EBITDA 24
\$400 Million Revolver Due 2026	0.0		
Term Loan Due 2026	632.8		
Total Secured Debt	632.8	1.4x	1.3x
2024 Notes	400		
2025 Notes	800		
2029 Notes	1000		
Total Debt	2,832.8	4.9x	5.0x
(-) Cash and cash equivalents	763.9		
(+) Minority Interest	300.5		
(+) Market Capitalization	570.8		
Enterprise Value	3,062.0	5.3x	5.4x
EBITDA 2023e	581.5		
EBITDA 2024e	566.9		

Ratings

	Moody's	S&P	Internal
Issue Level Rating	Ba3	BB-	B+
Outlook	NEG	NEG	STABLE

Ownership Structure

AMC has a concentrated ownership structure where the Dolan Family owns 79% of the voting power. Internal ownership and voting power has increased with the appointment of Kristin Dolan to CEO. Three directors received over 10% negative votes at the 2022 shareholder meeting. Historically James Dolan has been comfortable with high leverage and this kind of ownership structure creates clear conflicts of interest between shareholders and bondholders.

Liquidity (\$ mill.)		
Cash and Cash Equivalents	\$	764
Revolving Credit Facility 2026	\$	400
Total	\$	1,164

Source: Company reports, Bloomberg, PGI HY research

Fiscal year ended 12/31

\$ Millions	2019	2020	2021	1Q22	2022	3Q22	4Q22	2022	1Q23	2023E	3Q23E	4Q23E	2023E	2024E	2025E
Revenue Decomposition:															
Linear TV	1,292	1,199	1,198	294	278	273	272	1,117	263	246	243	239	991	887	781
Streaming	96	186	371	110	126	129	137	502	141	147	154	163	605	684	752
Subscription	1,388	1,385	1,569	404	404	402	409	1,619	404	393	397	403	1,597	1,571	1,533
Content Licensing	678	554	558	85	111	82	308	586	134	114	85	206	540	583	635
Advertising	994	876	951	223	223	198	248	892	180	192	170	213	755	664	585
Income Statement:															
Revenue	3,060	2,815	3,078	712	738	682	965	3,097	717	699	652	822	2,891	2,818	2,753
D&A	101	105	94	23	27	30	28	107	26	20	20	20	86	82	75
SG&A	679	709	892	231	232	208	226	897	186	196	185	222	788	767	743
Write Down/Asset Impairment	107	122	160	0	0	0	41	41	0	25	25	23	73	40	40
Restructuring Expense	41	35	10	0	0	0	449	449	6	10	10	15	41	40	20
Amortization and write off of Program Rights	975	924	909	193	204	213	398	1008	187	268	234	354	1043	1007	1015
Technical and Operating	532	478	523	91	122	80	214	507	140	112	98	148	497	492	487
Operating Profit (EBIT)	625	443	490	175	153	151	-392	87	173	69	81	40	363	390	373
EBITDA	726	547	584	197	180	180	-364	194	199	89	101	60	449	472	448
Adj EBITDA	944	767	816	211	195	194	41	641	215	127	139	101	581	567	523
Non-Operating Loss (Income)	6	-68	-3	-6	9	2	0	-4	-5	0	0	0	-5	0	0
Interest Expense, Net	133	109	119	28	30	31	32	120	30	36	36	36	137	137	159
Income Taxes	78	145	94	42	33	28	-144	-41	37	8	11	1	57	63	53
Minority Interest Payments	27	17	29	6	6	5	-15	3	8	8	8	6	29	29	29
Net Income	380	240	251	104	75	85	-265	8	104	17	26	-3	144	161	131
Business Trends:															
Subscription Revenue Growth:		-0.2%	13.3%	7.8%	-0.6%	3.8%	3.9%	3.1%	0.1%	-2.7%	-1.4%	-1.6%	-1.4%	-1.6%	-2.4%
Content Licensing Growth:		-18.3%	0.7%	-4.6%	-4.6%	-12.8%	127.7%	4.8%	36.4%	2.9%	3.8%	-49.3%	-8.6%	8.0%	9.0%
Advertising Growth:		-11.9%	8.6%	1.0%	-6.2%	-15.9%	-6.7%	-6.6%	-24.2%	-16.3%	-16.3%	-16.3%	-18.2%	-12.0%	-12.0%
Linear TV Subs (millions)	378.5	374.1	360.7	351	341	331	321	321.0	314	307	299	292	292	266	239
YoY Change	-5.4%	-1.2%	-3.6%	-5%	-7%	-9%	-11%	-11.0%	-11%	-10%	-10%	-9%	-9.0%	-9.0%	-10.0%
Streaming Subs (millions)	2	6	9	9.5	10.8	11.1	11.8	11.8	11.5	12.4	12.7	13.2	13.2	14.4	15.6
YoY Change		200%	50%	46%	46%	35%	31%	31%	21%	15%	14%	12%	12%	9%	8%
ARPU Streaming	\$ 4.00	\$ 2.58	\$ 3.43	\$ 3.85	\$ 3.88	\$ 3.88	\$ 3.88	\$ 3.87	\$ 4.08	\$ 3.95	\$ 4.05	\$ 4.12	\$ 4.05	\$ 3.96	\$ 4.03
Total Subs (Streaming + Linear TV)	380.5	380.1	369.7	360.3	351.7	342.0	332.8	332.8	325.3	319.0	312.0	305.3	305.3	280.2	254.8
YoY Revenue growth	2.9%	-8.0%	9.3%	2.9%	-4.5%	-18.9%	16.7%	0.6%	0.7%	-5.5%	-4.6%	-17.3%	-7.1%	-2.5%	-2.3%
LTM SG&A (as % revenue)	22.2%	25.2%	29.0%	30.0%	31.5%	32.4%	29.0%	29.0%	27.5%	26.6%	26.1%	27.3%	27.3%	27.2%	27.0%
TTM Adj EBITDA	944	767	816	814	753	719	641	641	645	576	521	581	581	567	523
Adj EBITDA Margin	30.8%	27.2%	26.5%	29.6%	26.4%	28.5%	4.2%	20.7%	30.0%	18.1%	21.3%	12.3%	20.1%	20.1%	19.0%
Balance Sheet:															
Cash and cash equivalents	816	889	892	822	817	791	930	930	764	777	763	905	905	842	809
Trade and Other Receivables	857	814	815	773	744	696	722	722	703	699	696	692	692	689	675
Prepaid Expenses	230	223	282	357	430	415	287	287	229	225	220	216	216	214	212
Short Term Program/Broadcast rights	427	13	10	15	14	13	11	11	11	11	11	11	11	11	11
Total Current Assets	2330	1939	2000	1967	2005	1915	1950	1950	1707	1711	1690	1823	1823	1755	1706
PP&E, Net	454	403	352	341	326	314	310	310	298	289	279	272	272	247	230
Goodwill	702	686	709	701	684	667	643	643	647	634	622	609	609	603	597
Program Rights	1563	1680	2131	2244	2316	2470	2118	2118	2214	2215	2252	2103	2103	2183	2299
Other Non-Current Assets	548	539	556	496	462	448	613	613	597	597	597	597	597	597	597
Total Non-Current Assets	3266	3308	3749	3782	3788	3898	3684	3684	3757	3735	3750	3582	3582	3630	3723
Total Assets	5597	5246	5749	5750	5794	5813	5634	5634	5463	5447	5439	5405	5405	5385	5429
Payables and Accruals	346	441	514	443	452	439	591	591	508	498	488	478	478	464	459
Short Term Debt	90	107	70	72	71	69	70	70	78	78	78	78	78	78	78
Other ST Liabilities	369	330	474	527	544	575	509	509	396	396	396	396	396	396	396
Current Liabilities	804	878	1058	1042	1066	1083	1170	1170	982	972	962	952	952	937	933
Long Term Debt	3251	2969	2957	2940	2924	2914	2904	2904	2880	2872	2863	2855	2855	2620	2488
Other LT Liabilities	540	440	548	503	519	494	453	453	382	382	382	382	382	382	382
Total Non-Current Liabilities	3791	3409	3504	3443	3443	3408	3356	3356	3263	3254	3246	3237	3237	3002	2870
Total Liabilities	4596	4288	4562	4485	4509	4492	4526	4526	4244	4226	4207	4189	4189	3940	3803
Total Equity	1001	959	1187	1265	1284	1322	1107	1107	1219	1221	1232	1216	1216	1446	1626
Total Equity and Liabilities	5597	5246	5749	5750	5794	5813	5634	5634	5463	5447	5439	5405	5405	5385	5429
Credit Metrics:															
Secured Debt/Adj EBITDA			0.8x	0.8x	0.9x	0.9x	1.0x	1.0x	1.0x	1.1x	1.2x	1.1x	1.1x	2.8x	2.9x
Debt/Adj EBITDA	3.5x	4.0x	3.7x	3.7x	4.0x	4.1x	4.6x	4.6x	4.6x	5.1x	5.6x	5.0x	5.0x	4.8x	4.9x
Net Debt/Adj EBITDA	2.7x	2.9x	2.6x	2.7x	2.9x	3.0x	3.2x	3.2x	3.4x	3.8x	4.2x	3.5x	3.5x	3.3x	3.4x
Adj EBITDA/Int. Expense	7.1x	7.1x	6.9x	7.4x	6.6x	6.3x	1.3x	5.3x	7.2x	3.6x	3.9x	2.8x	4.2x	4.1x	3.3x
(Adj EBITDA - Capex)/Int. Expense	6.4x	6.6x	6.5x	7.0x	6.3x	5.9x	0.9x	5.0x	6.9x	3.2x	3.6x	2.5x	3.9x	3.7x	2.9x
TTM FCF as % of Net Debt	14.5%	31.3%	3.4%	-0.2%	7.0%	5.4%	6.6%	6.6%	1.4%	1.9%	2.1%	2.9%	2.9%	12.0%	8.4%
Capex (as % of Revenue)	3.0%	1.7%	1.4%	1.6%	1.4%	1.8%	1.1%	1.4%	1.6%	1.6%	1.6%	1.6%	1.6%	2.0%	2.1%
Cash flow:															
Adj EBITDA	944	767	816	211	195	194	41	641	215	127	139	101	581	567	523
Cash Interest	-152	-131	-115	-44	-14	-47	-19	-125	-51	-36	-36	-36	-158	-137	-159
Cash Taxes	-140	-100	-60	-6	-28	-6	-11	-50	-7	-8	-11	0	-26	-63	-53
Program Rights and Obligations (Content Spend)	-970	-850	-1298	-340	-327	-398	-281	-1347	-370	-268	-271	-205	-1115	-1087	-1131
Amortization and write off of Program Rights	975	924	909	193	204	213	398	1008	187	268	234	354	1043	1007	1015
Change in non-cash WC	-219	148	16	-44	19	58	-28	5	-95	-2	-2	-2	-100	-9	11
Other Adjustments	46	-9	-124	7	-7	5	46	51	-13	-35	-35	-38	-121	0	0
Cash Flow From Operations	484	749	145	-24	41	19	145	182	-133	45	18	174	104	278	206
Minority Interest Payments	-27	-17	-29	-6	-6	-5	15	-3							
Capex	-92	-47	-43	-12	-10	-12	-11	-44	-11	-11	-10	-13	-46	-56	-58
Free Cash Flow	365	685	73	-41	24	2	149	134	-144	34	7	161	58	222	148
TTM FCF	365	685	73	-5	153	119	134	134	31	41	46	58	58	222	148
Investing & Financing Activities															
Minority Interest Payments	0	0	-69	0	0	-5	5	0	-8	-8	-8	-6	-29	-29	-29
Acquisitions & Divestitures	-27	-260	-34	-9	-9	-9	-9	-37	-9	-8	-8	-8	-35	-235	-132
Cash From (Repayment) Debt	-89	-373	-23	-20	0	-1	-1	-22	-6	-5	-5	-5	-21	-20	-20
Share Issuance (Repurchase)	14	13	86	7	-10	0	-26	-29	0	0	0	0	0	0	0
Other Financing & Investing Activities	-2	7	-29	-6	-9	-13	21	-8	2	0	0	0	2	0	0
FX Adjustment															
Net Change in Cash	261	72	4	-71	-4	-26	139	38	-166	13	-14	142	-25	-62	-34

AMC NETWORKS

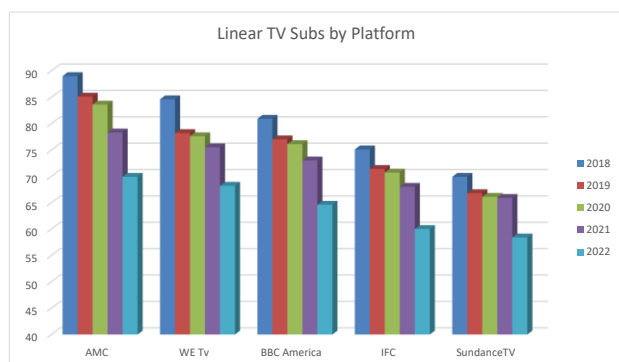
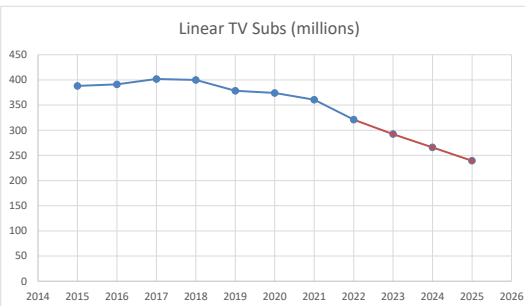
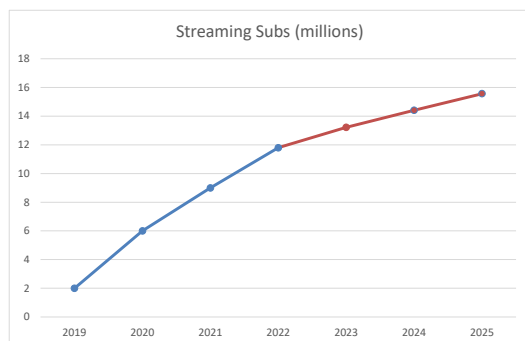


Top 5 New Cable Drama Premieres in 2023 to Date through 6/18/23

Net	Program	Date	L+3 A25-54 (000)	Rank
AMC	WALKING DEAD: DEAD CITY	06/18/23	404	1
AMC	MAYFAIR WITCHES	01/08/23	355	2
HBOM	LAST OF US, THE	01/15/23	353	3
PAR	1883	06/18/23	311	4
SYFY	ARK, THE	02/01/23	280	5

AMCX plans to raise \$1bn term loan and use the proceeds (and available liquidity) to tender for 2024 and 2025 notes as follows:

Title of Notes	CUSIP Numbers / ISIN	Aggregate Principal Amount Outstanding ⁽¹⁾	Tender Cap	Acceptance Priority Level	Dollars per \$1,000 Principal Amount of Notes		
					Tender Offer Consideration ⁽²⁾	Early Tender Premium	Total Consideration ⁽²⁾⁽³⁾
5.00% Senior Notes due 2024	00164V AD5 / US00164VAD55	\$400,000,000	N/A	1	\$970	\$30	\$1,000
4.75% Senior Notes due 2025	00164V AE3 / US00164VAE39	\$800,000,000	\$400,000,000	2	\$920	\$30	\$950



Pay-TV Providers	Subscribers at end of 1Q 2023	Net Adds in 1Q 2023
Cable Companies		
Comcast	15,528,000	(614,000)
Charter	14,906,000	(241,000)
Altice**	2,475,800	(60,500)
Breezeline	300,684	(8,943)
Cable One	167,000	(14,500)
Other major private companies^	3,440,000	(120,000)
Total Top Cable	36,817,484	(1,058,943)
Other Traditional Services		
DIRECTV^^	12,750,000	(350,000)
DISH TV (DBS)	7,098,000	(318,000)
Verizon FIOS (Telco)	3,225,000	(76,000)
Frontier (Telco)*	288,000	(18,000)
Total Top Other Traditional	23,361,000	(762,000)
Internet-Delivered (vMVPD)		
YouTube TV*	5,700,000	100,000
Hulu + Live TV	4,400,000	(100,000)
Sling TV	2,100,000	(234,000)
Fubo	1,285,000	(160,000)
Total Top vMVPD	13,485,000	(394,000)
Total Top Providers	73,663,484	(2,214,943)

Sources: The Companies and Leichtman Research Group, Inc.

* LRG estimate

** Altice now includes non-residential subscribers

^ Includes LRG estimates for Cox and Mediacom

^^ LRG estimate, includes DIRECTV, U-verse, and DIRECTV Stream

Company subscriber counts may not solely represent residential households

Top pay-TV providers represent approximately 96% of all subscribers

Net additions reflect pro forma results from system sales and acquisitions, reporting adjustments, and changes to the list of top providers – therefore, comparing totals in this release to prior releases will not produce accurate findings

Viewership at AMC Channels					
	2Q23	Y/Y % Change	2Q22	Y/Y % Change	2Q21
Cable Prime (P2+)					
AMC	321	-33.7%	484	6.8%	453
BBC-America	173	-10.8%	194	1.6%	191
IFC-TV	181	-18.1%	221	13.3%	195
Sundance TV	364	-16.7%	437	7.9%	405
WETV	213	-5.8%	226	9.7%	206
Total Day (P2+)					
AMC	177	-20.3%	222	0.0%	222
BBC-America	101	-4.7%	106	-6.2%	113
IFC-TV	89	-11.9%	101	16.1%	87
Sundance TV	237	-10.9%	266	7.7%	247
WETV	133	-13.6%	154	4.8%	147

Note: All ratings scaled in (000's), Live+7D, 2Q: 04/01/xx-06/13/xx (as of 06/14/2023)

Bloomberg

Company	EV/Adj EBITDA	FCF/Net Debt	Net Leverage	Interest Coverage
AMC Networks	4.8x	6.6%	3.4x	7.2x
Netflix	35.9x	26.9%	1.6x	10.4x
Disney	17.8x	3.7%	3.1x	6.8x
Amazon	21.5x	60.1%	1.4x	22.4x
Lamar Media	12.0x	13.3%	3.7x	6.6x
Gray Television	6.0x	9.7%	5.0x	3.8x
Fox Corp	7.0x	46.4%	1.3x	15.1x
Tegna Inc	6.2x	29.9%	2.3x	4.7x
Lionsgate	18.7x	N/A	N/A	0.1x

Date	Transactions	EV/EBITDA
Dec-17	Disney buys 21st Century Fox	11.9x
May-21	Gray buys Meredith Assets	7.9x
Feb-21	Gray buys Quincy Media	6.9x
Dec-21	Dotdash/IAC buys Meredith Assets	7.5x
Apr-23	Endeavor buys UFC	7.8x
May-21	Discovery buys Warnermedia	6.9x

BIGGEST DEALS OF 2021

TARGET	BUYER	SELLER	DEAL VALUE
WarnerMedia	Discovery	AT&T	\$43B
MGM	Amazon	Anchorage Capital, other investors	\$8.45B
DirecTV	TPG Capital	AT&T	\$7.1B
Oath	Apollo Global	Verizon	\$5B
Televisa Content	Univision	Grupo Televisa	\$4.8B
Moonbug Entertainment	Blackstone/Mayer/Staggs	Founders René Rechtman and John Robson, shareholders	\$2.7-3B
Meredith (TV stations)	Gray Television	Meredith Corp.	\$2.85B
Meredith (digital assets)	Dotdash/IAC	Meredith Corp.	\$2.7B
Simon & Schuster	Bertelsmann	ViacomCBS	\$2.17B
Crunchyroll	SPE/Funimation	AT&T	\$1.2B
Axel Springer	Politico	Robert Allbritton/Capitol News Company	\$1B+
Quincy Media	Gray Television	Quincy Media (family owned)	\$925M
Hello Sunshine	Blackstone/Mayer/Staggs	Founder Reese Witherspoon, shareholders	\$900M
Endeavor Content	CJ ENM	Endeavor Group	\$775M
Tribune	Alden Global	Tribune investors	\$633M
eOne Music	Blackstone	Hasbro	\$385M
Complex Networks	Buzzfeed	Hearst/Verizon	\$300M
STX Entertainment	Najafi Cos.	Eros STX Global	\$173M
The Hill	Nexstar Media	Jimmy Finkelstein	\$130M
MediaLink	UTA	Ascential PLC	\$125M
MarVista Entertainment	Fox Corp.	Marvista Entertainment	\$100M+
TMZ	Fox Corp.	WarnerMedia/AT&T	\$50M
ICM	CAA	ICM principals, investors	N/A
Dark Horse Media	Embracer	Dark Horse Media	N/A
Xandr	Microsoft	AT&T	N/A
Group Nine Media	Vox Media	Group Nine Media	N/A

Source: Company announcements, industry sources and press reports

FTV SCORES	WEIGHTING	SCORES
Fundamentals (6-12 months)	60%	50%
Technicals (0-3 months)	15%	70%
Valuation (current)	25%	80%
PGI HY Factor Score		60%
BONUS Recommendation		OUTPERFORM

BONUS SCALE	
>80%	BUY
60% - 80%	OUTPERFORM
40% - 60%	NEUTRAL
20% - 40%	UNDERPERFORM
<20%	SELL

SCORE (0-10)		COMMENTS
Fundamentals (6-12 months)		
Future Risk Profile		
Forecasted growth in cash flow	5.0	
Free cash flow to debt	6.0	
Expected change in Leverage	5.0	
Margins / Capital Intensity	5.0	
Financial policy & shareholder initiatives	7.0	
Financial Flexibility (covenants & liquidity)	7.0	
Business Strategy & Sustainability		
Business model assessment (MOAT)	5.0	
Management team assessment	5.0	
Complexity of corporate/capital structure	5.0	
Analyst Fundamental Score	56%	
ESG score	49%	
ACP Fundamental Score	4.0	
Total Fundamental Score	50%	
Technicals (0-3 Months)		
Expected impact from issuance (company & sector)	8.0	
Equity price/Volatility/Earnings Surprises	4.0	
Event Risk (+15 to -15)	2.0	
Analyst Technical Score	70%	
ACP Technical Score	70%	
Total Technical Score	70%	
Valuation (Current)		
Expected Return	8.0	Total return scenarios
Relative Value	9.0	vs. peers/rating
Variability of Potential Returns	5.0	10 - low variability in returns. 1-extremely variability/possible downside risk.
Analyst Valuation Score	73%	
ACP Valuation Score	100%	
Total Valuation Score	80%	
Analyst FTV	62%	
Total FTV Score	60%	

2025 Recovery Analysis

2025 recovery	Expected Downside	Worse Downside
Adj EBITDA	400	350
Multiple	6.50x	6.00x
EV	2600	2100
Admin Fees @ 3%	78	63
DIP	200	200
Total Priming Liens	278	263
Coverage Priming Liens	935%	798%
Residual Value	2322	1837
Revolver (fully drawn)	400	400
Secured TL A	595	595
Secured Coverage	233%	185%
Residual Value Unsec	1327	842
Unsecured Notes	2200	2200
Unsecured Coverage	60%	38%
PV Coverage	48.91	29.86
	Disc Rate	Years
Expected	15%	1.5
Worse	18%	1.5

Recovery Analysis 2025s

EV Multiple

	48.91	7.25x	7.00x	6.75x	6.50x	6.25x	6.00x	5.75x
Adjusted EBITDA	500	81.09	81.09	76.62	72.15	67.68	63.21	58.74
	475	79.08	74.83	70.59	66.34	62.09	57.85	53.60
	450	72.60	68.57	64.55	60.53	56.51	52.49	48.46
	425	66.12	62.32	58.52	54.72	50.92	47.12	43.32
	400	59.64	56.06	52.49	48.91	45.34	41.76	38.18
	375	53.16	49.80	46.45	43.10	39.75	36.40	33.05
	350	46.68	43.55	40.42	37.29	34.16	31.03	27.91
	325	40.20	37.29	34.39	31.48	28.58	25.67	22.77

Discount Rate

	48.91	12.0%	13.0%	14.0%	15.0%	16.0%	17.0%	18.0%
Years	0.5	57.00	56.74	56.49	56.25	56.00	55.76	55.53
	1	53.86	53.38	52.91	52.45	52.00	51.55	51.12
	1.5	50.89	50.21	49.56	48.91	48.28	47.66	47.06
	2	48.09	47.24	46.41	45.61	44.83	44.06	43.32
	2.5	45.44	44.44	43.47	42.53	41.62	40.74	39.88
	3	42.93	41.80	40.71	39.66	38.64	37.66	36.71

	AMCX 4.75% 08/01/2025		Value	Weighted Value	
5%	Sale of Company		100	5	
83%	24s / 25s get Refi'd		100.00	83	
10%	2025 Default expected recovery		48.91	4.89	
2%	2025 Default low recovery		29.86	0.60	
	Current Price	89.58			
	POD w high recovery	10%	Price Weighted Value:	93.49	
	POD w low recovery	2%			
	LGD high recovery	40.66			
	LGD low recovery	59.72			
	Expected loss	5.26			

2029 Recovery Analysis

2029 recovery post 25 refi		
	Expected Downside	Worse Downside
Adj EBITDA	350	275
Multiple	6.00x	5.00x
EV	2100	1375
DIP	300	300
Admin Fees @ 3%	63	41.25
Total Priming Liens	363	341.25
Coverage Priming Liens	579%	403%
Residual Value	1737	1033.75
Revolver (fully drawn)	400	400
Secured Debt	1200	1200
Secured Coverage	109%	65%
Residual Value Unsec	137	-566
Unsecured Notes	1000	1000
Unsecured Coverage	13.7%	-56.6%
PV Coverage	6.25	-20.95
	Disc Rate	Years
Expected	17%	5
Worse	22%	5

Recovery Analysis 2029s								
EV Multiple								
	6.25	6.75x	6.50x	6.25x	6.00x	5.75x	5.50x	5.25x
Adjusted EBITDA	450	45.61	42.75	37.77	32.79	27.82	22.84	17.86
	425	40.26	35.56	30.86	26.16	21.46	16.76	12.06
	400	32.79	28.37	23.95	19.52	15.10	10.67	6.25
	375	25.33	21.18	17.03	12.89	8.74	4.59	0.44
	350	17.86	13.99	10.12	6.25	2.38	-1.49	-5.37
	325	10.40	6.80	3.21	-0.39	-3.98	-7.58	-11.17
	300	2.93	-0.39	-3.71	-7.02	-10.34	-13.66	-16.98
	275	-4.54	-7.58	-10.62	-13.66	-16.70	-19.74	-22.79

Discount Rate								
	6.25	12.0%	13.0%	14.0%	15.0%	16.0%	17.0%	18.0%
Years	3	9.75	9.49	9.25	9.01	8.78	8.55	8.34
	3.5	9.21	8.93	8.66	8.40	8.15	7.91	7.68
	4	8.71	8.40	8.11	7.83	7.57	7.31	7.07
	4.5	8.23	7.90	7.60	7.30	7.03	6.76	6.51
	5	7.77	7.44	7.12	6.81	6.52	6.25	5.99
	5.5	7.35	7.00	6.66	6.35	6.06	5.78	5.51

Decision Tree			
AMCX 4.25% 02/15/2029			
		Value	Weighted Value
5%	Sale of Company	100.00	5
43%	24s / 25s get Refi'd with stable FCF	70.00	30.1
40%	24s / 25s get Refi'd with deteriorating fundamentals	45.00	18.00
12%	2025 Default	45.74	5.49
	Current Price	56.15	
	POD 2025	12%	
	LGD 2025	10.42	
	POD 2028	15%	
	LGD 2028	93.75	
	Expected loss 2025 default	1.25	
	Expected loss 2028 default	14.06	
		Price Weighted Value:	58.59

Total Return Analysis

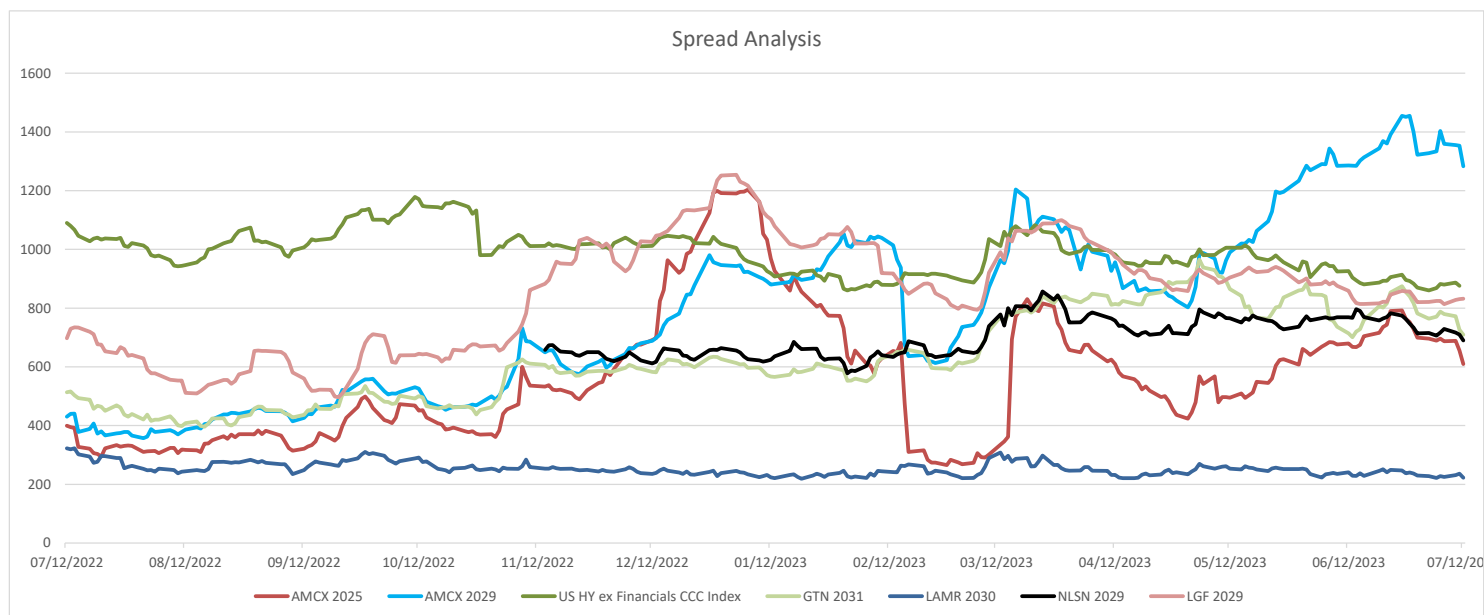


AMCX 4 1/4 2/15/29

Scenario Description	Probability	Current Price	Current YTW	Coupon	Resulting Price	Resulting YTW	Price Appreciation	Current Yield	Holding Period TRR	Annualized TRR
Sale of Company	5%	56.24	16.43%	4.250%	100.00	4.25%	77.82%	7.56%	85.38%	85.38%
24s / 25s get Refi'd with stable FCF	43%	56.24	16.43%	4.250%	70.00	13.15%	24.47%	7.56%	32.03%	32.03%
24s / 25s get Refi'd with deteriorating fundamentals	40%	56.24	16.43%	4.250%	45.00	25.06%	-19.98%	7.56%	-12.42%	-12.42%
2025 Default	12%	56.24	16.43%	4.250%	45.74	24.60%	-18.67%	7.56%	-11.12%	-11.12%
Expected Total Return									11.74%	11.74%
									Std. Dev of Returns:	46.15%
									Expected Return/Std. Dev of Return Scenarios	0.25

AMCX 4 3/4 8/01/25

Scenario Description	Probability	Current Price	Current YTW	Coupon	Resulting Price	Resulting YTW	Price Appreciation	Current Yield	Holding Period TRR	Annualized TRR
Sale of Company	5%	89.35	10.55%	4.750%	100.00	4.75%	11.92%	5.32%	17.24%	17.24%
24s / 25s get Refi'd	83%	89.35	10.55%	4.750%	100.00	4.75%	11.92%	5.32%	17.24%	17.24%
2025 Default expected recovery	10%	89.35	10.55%	4.750%	48.91	88.72%	-45.26%	5.32%	-39.94%	-39.94%
2025 Default low recovery	2%	89.35	10.55%	4.750%	29.86	166.28%	-66.58%	5.32%	-61.27%	-61.27%
Expected Total Return									9.95%	9.95%
									Std. Dev of Returns:	40.12%
									Expected Return/Std. Dev of Return Scenarios	0.25



ESG Scoring Grid



AMC NETWORKS INC ESG SCORING GRID

Date 07/14/2023

Factor	Subfactor	Items of Consideration	Principal Score	Subfactor Weight	Analyst Comments	Calculated Score
Environmental	Toxic and Carbon Emissions	Percentage of operations with high/moderate/low carbon and toxic emission intensity and policies in place to manage/reduce emissions	7	5%		7
	Environmental Opportunities	Degree to which the company is investing in renewable energy, clean technology and green building		0%		
	Material Sourcing/Land Use	Evaluation of practices used by company in natural resource extraction and associated depletion thereof: controversial sourcing		0%		
	Product Waste	Percentage of operations in businesses with high reliance on production of or use of packaging materials: consideration of regulation and recycling		0%		
	Water Stress	Water intensity of business: location of operations in high/moderate/low water stress areas		0%		
	Financing Environmental Impact	Potential credit or reputational risks resulting from indirect exposure to environmental concerns facing borrowers		0%		
	Climate Change Vulnerability	Percentage of premiums derived from P&C insurance lines; risks to insured exposure to geographies vulnerable to climate change effects, and integration of climate change risks into product strategy and risk management		0%		
	Optional Other			0%		
	Total Environmental Score		7	5%		
Social	Health/Safety/Nutrition	Risk and management of health and safety-related issues that can lead to accidents causing production disruption, litigation, liabilities, etc: nutritional evaluation of product portfolio		0%		6
	Product Safety & Quality	Evaluation of product and/or chemical safety as it relates to issues such as recalls, controversies, adverse affects on human health and the environment: pct of revenues facing elevated product/service quality risks (vulnerable populations, government, public services): pct of retail & consumer lending in loan portfolio		0%		
	Human Capital & Community Management	Ability to adequately motivate, compensate, retain and manage workforce: high-reliance on skilled workers: jurisdictional & community relationships: supply chain labor standards: percentage of operations in business segments with high/moderate/low levels of employee specialization, education, and qualification needs, and levels of compensation per employee	6	30%		
	Privacy & Data Security	Does business require collection or handling of sensitive personal data: cost and frequency of data breaches		0%		
	Access (Healthcare, Communications, Finance)	Access to healthcare: strong/weak access to internet, phone, etc: opportunity to increase access to finance: extent to which companies take advantage of opportunities for growth and strengthening their reputation in developing countries and underserved markets		0%		
	Insuring Health & Demographic Risk	Exposure to product lines and geographies facing emerging health risks, major demographic shifts: integration of risks into risk management and product strategy		0%		
	Responsible Investment	Potential for competitive disadvantages in attracting ESG-related assets or asset depreciation due to ESG investment risks		0%		
	Optional Other			0%		
	Total Social Score		6	30%		
Governance	Board Evaluation	Factors include CEO/chairman independent, entrenched board, board member experience, the presence of key committees (audit, compensation, etc.)	4	15%		4
	Management Evaluation	Factors include management tenure, relevant experience, compensation & incentives	5	15%		
	Business Ethics	Risk and history of ethics issues such as fraud, corruption, misconduct, instability, etc: anticompetitive practices: preventative measures against such problems	4	35%		
	Financial System Instability	Extent to which companies may face enhanced regulatory scrutiny from contributions to systemic risk in financial markets: risk oversight, governance, commitments to ethical standards		0%		
	Regulatory/Legal Track Record	History of regulatory, legal, and compliance issues		0%		
	Optional Other			0%		
	Total Governance Score		4	65%		
			5	100%		5.0