

Sector: Movie Theatre
Industry: Movie Exhibition

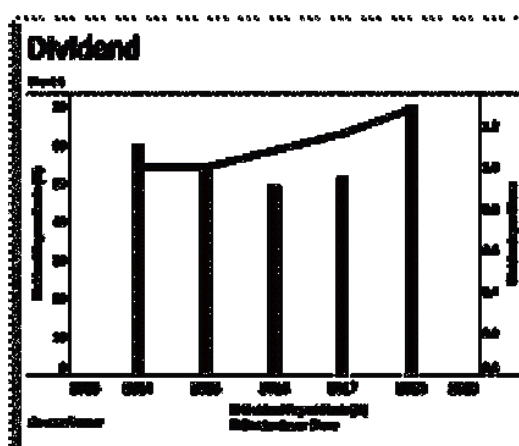
Headquarters: Plano, TX
Current Price: \$ 31.51

Recommendation: BUY
Target Price(12m): \$40.04

Financial Profile	
Price (US\$)	\$31.51 (as of 1/31/2020)
52-wk High	\$43.51
52-wk Low	\$30.59
Market Cap (BN)	\$3.67
Beta	0.70
Dividend Yield	4.18% (Dec'18)
Trailing P/E	19.97x
Forward P/E	15.22x
EPS	\$1.83

Methods of Valuation	
Quantitative Methods	Intrinsic Values
DCF (Terminal Growth)	\$37.80
Comparables (EV/EBITDA Multiple)	\$39.59
Historical P/E	\$35.60
Forward P/E	\$36.13
EV/EBITDA Historical	10.41x
EV/EBITDA (NTM)	10.53x
DuPont Analysis	Positive

Expected Return	
Target Price (12m)	\$40.04
Exp. Stock Appreciation(\$)	8.53
Exp. Stock Appreciation(%)	27.07%
Expected Dividend	1.44
Expected Dividend (%)	4.57%
Expected Total Return	31.64%



Executive Summary

Investment Recommendation

Cinemark Holdings Inc. is rated as a BUY. Based on DCF valuation using conservative cash flows and relative valuation, CNK's target price is \$40.04. With an expected dividend of \$1.44, this represents an upside of 31.64%. With the P/E ratio below industry averages and ~20% decline in stock price over past one year, CNK is currently undervalued.

Investment Highlights

Strong Box Office Revenue in 2021

The movie slate for 2020 is promising with big franchises such as *007*, *Wonder Woman*, *Mulan* etc. that could cushion the absence of less tent pole heavy slate. Moreover, we believe 2021 is going to garner growth for the movie exhibition business with mega blockbusters such as *Avatar 2*, *Batman*, *John Wick 4*, *Jurassic World 3*, *Doctor Strange* and *MI-7* slated to appear on the screen. This will have a positive impact on Cinemark's revenue forecast.

Sound Management Practices

As a major player in the mature movie exhibition industry, competitive advantage is brought on by cautious and conservative expansion, cost control, industry acumen, strong relationship with the distributors and sound balance sheet fundamentals, all of which Cinemark has been able to achieve compared to its peers.

Positive DuPont

Net Income contributes heavily toward ROE as opposed financial leverage indicating that returns are being driven by operational efficiency.

Industry Historically Unaffected by Economic Cycles

As the cheapest source of outdoor recreational activity, movie going has weathered all previous economic downturns- thriving in all economic environments.

Key Risks

Intense Competition from video streaming services

As theatrical windows shorten, and direct-to-SVOD increase, distributors are experimenting with newer models and eschewing the traditional exhibition model.

Less than Stellar 2020 Box Office Outlook

While 2018/19 have been record-breaking years for the global box office revenue, quality and quantity of 2020 is projected to be dismal. This has been taken into consideration in the DCF valuation.

Company Overview

Cinemark Holdings Inc. and subsidiaries operate in the motion picture exhibition industries with 6082 screens across 548 theatres in United States, Brazil, Argentina, Chile, Colombia, Peru, Ecuador, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Guatemala, Bolivia, Curacao and Paraguay. The strength and significance of presence in a geographic location, selective acquisition in locations where market leadership can be established are key drivers that can establish the company as an important distribution channel for major movie studios. Cinemark USA, Inc. Century Theatres, CinéArts, Rave, Tinseltown, and XD are all Cinemark brands.

Chief sources of revenue are admissions (55%), concessions (35%), and others (10%). The average revenue per patron (\$6.5) and average concession per patron (\$3.93) price have both remained stable over the years.

Management focus is to provide exceptional guest experience at accessible price points to maximize attendance and achieve operational efficiency to reduce cost. Their Luxury recliner seats have a 58% presence domestically. Development of in house large format XD screens, which include wall-to-wall screens, is another key initiative in this area.

Of the total invested capital (market value), Cinemark is financed 52% through equity, while 26% of the debt is Long-term debt the remaining 22% in the form of Capital Leases (91% of which are Operating Leases)

Corporate Governance

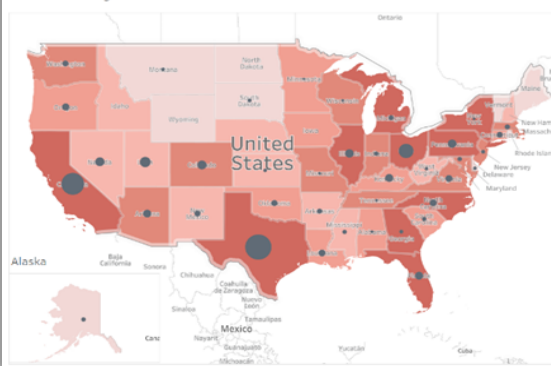
The management team at Cinemark is led by CEO Mark Zoradi. The board and management members have an average tenure of 11 years with vast experience in the entertainment industry.

For Cinemark the executive compensation program aims at providing a significant percentage of the total compensation as variable, performance-based and “at-risk” which is well balanced with the nature and responsibility of the position. Hence, it ensures compensation of top-level management is directly related to the financial success of the company and the performance of their common stock. The executive compensation program reflects a strong pay-for-performance alignment including individual contributions to the organization and business unit performance as well as encouraging retention, which enables company to deliver long-term value creation for all the stockholders.

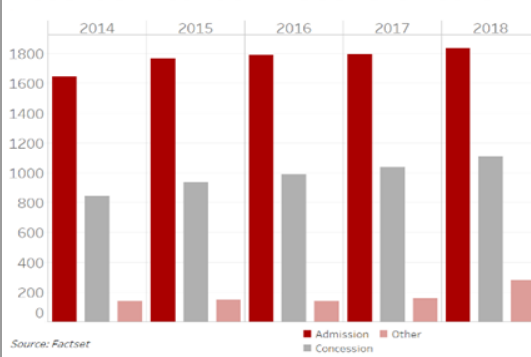
The compensation program includes cash bonus, long-term equity incentive awards and restricted stock units. The company grants restricted stock units and as awards to the employees, which are based on financial performance factors and continued service. The executive management has lot of

No. of Screens/ States

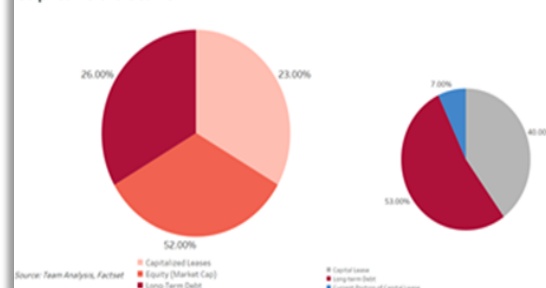
Source: Bloomberg



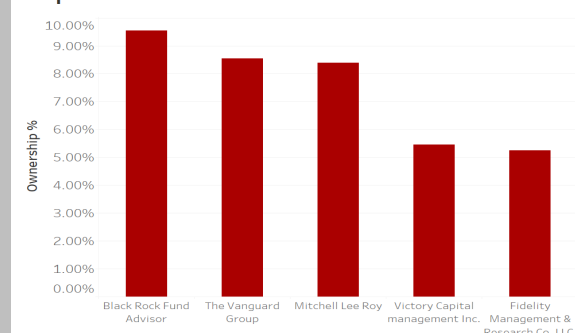
Revenue Breakdown Over the Years



Capital Structure



Top 5 Investors



interest in the company and this ensures their accountability towards company performance.

The ownership of CNK is divided with Investment Advisors having highest number of holdings, followed by Mutual Fund Manager, Individual investor, Hedge funds Manager and the least by Private Companies. The highest amount of holdings is in Growth funds followed by Index and value funds having substantial amount of holdings.

The company has a bullet proof rating of 5.95/10, which doesn't make it a good target for takeover and acquisition. Thus, it has moderate governance vulnerability. However, being incorporated in Delaware, Cinemark has a freeze out provision of 3 years allowing the majority stakeholder to initiate merger with target company.

The company has not adopted a shareholder rights plan (poison pill). This can be a weakness for Cinemark. There have been no Activist campaigns so far.

Shareholder Activism

Cinemark has a medium level of shareholder's activism. Medium level of shareholder activism entitles some benefits in terms of corporate governance. Shareholders cannot call special meetings and no action can be taken without a meeting by written consent. Directors may only be removed for cause. Board of Directors are authorized to adopt, amend or repeal bylaws even without shareholder approval. Thus, we infer that this makes the management moderately accountable for the results of their business decisions.

Corporate Social Responsibility

CNK focuses on environmental sustainability and carbon footprint reduction by installing more energy efficient equipment and by raising funds for various social causes such as the wellbeing of children and underprivileged.

Industry Overview

The total global box office revenue in 2019 hit a record high of \$42.5B with Asia-Pacific region contributing almost 40%, followed by the US/ Canada with 27%, Europe Middle East & Africa with 26% and Latin America with 8.4%. Box office revenue in US/ Canada declined 5% to earn \$11.3bn in revenue. Attendance to the cinemas also fell by 4.38% from 1.301 billion in 2018 to 1.244 in 2019. This decline in revenue can be attributed to the less than stellar performance of some of the most anticipated films and the loss generating subscription plans at AMC & Regal. Overall, we believe that the industry is in late stage maturity with long-term single digit growth in revenue driven by increase in ticket prices to offset decline in attendance. Despite the fall in attendance, 75% of the population bought at least one ticket and average

Shareholder Activism

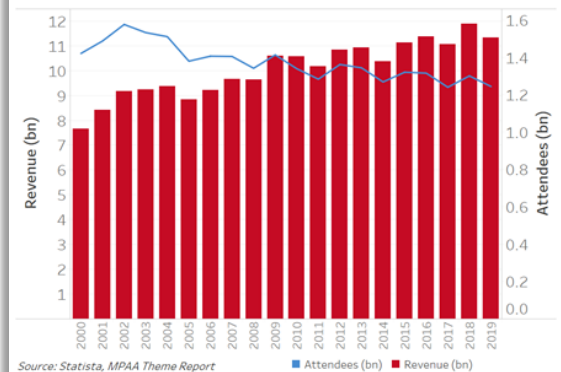


Source: Factset

Category	CNK	Cine	CGX	AMC
Audit	2	1	1	1
Board	3	6	8	7
Shareholders Rights	6	1	1	10
Compensation	3	8	6	6
Total Quality Score	3	8	5	9

Source: Yahoo Finance

Revenue & Attendance Over the Years



Source: Statista, MPAA Theme Report

No. of Movies Released Per Year



Source: Statista

attendance of all moviegoers remained steady at five times per year. In USA, AMC Entertainment Limited, Cineworld Holdings (after the recent acquisition of Regal Entertainment Group) and Cinemark Holdings Inc. together control 50% market share of the movie exhibition industry.

Key Revenue Drivers

A strong economy, by the way of lower interest rate, higher disposable income and lower tax rates incentivizes producers and studios to experiment with novel concepts and cutting edge technology to invigorate make the movie-going experience.

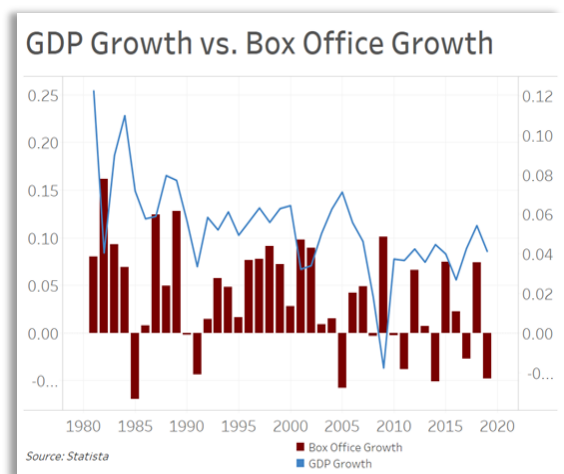
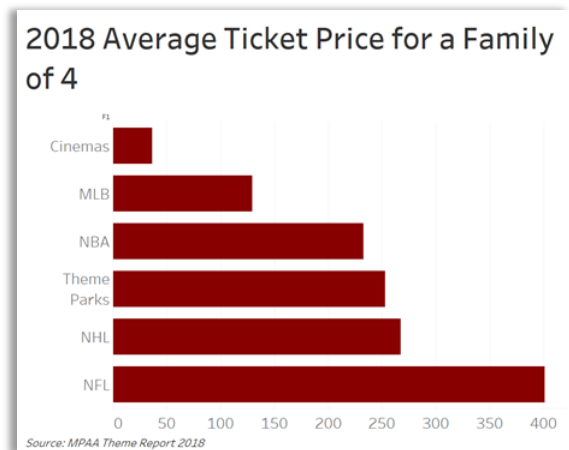
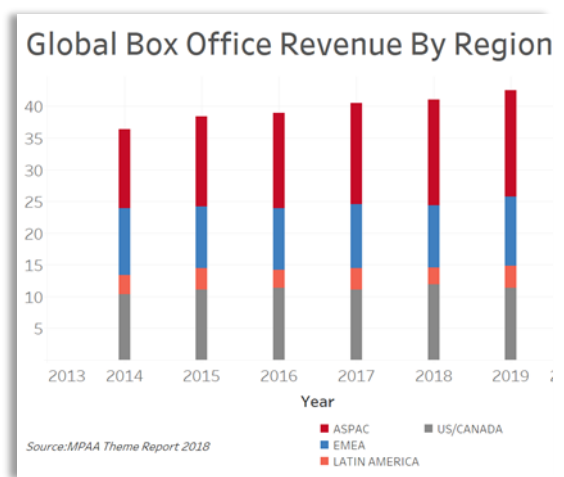
Quality content seems to be the biggest revenue driver, with franchises and animated classics from dominant studios drawing in the largest audience. In 2019, Disney accounted for 26% of the total box office revenue with blockbusters such *Avengers: Endgame*, *Lion King* and *Frozen 2*.

The box-office has largely remained unaffected by economic cycles. Historically, economic downturns did not affect movie going. Box office revenues have grown three out of the last five recessions with record growth (10%) during the great recession of 2009. Movie- going remains the one of the cheapest source of out-of-home entertain with average ticket cost for a family of four at \$36.44. As disposable income continues to grow, the contribution of concession to the overall revenue of movie exhibitor continues to widen.

Box Office Outlook

The movie industry has ebbs and flows that are abstract and based on emotion. In some years, sleeper movies generate unprecedented revenues while anticipated mega blockbusters crumble. This was the potent case of 2018. *Avenger: Infinity Wars*, *Black Panther*, *Crazy Rich Asian*, *Bohemian Rhapsody*, *A Star is Born* along with various others made 2018 a year like no other. While 2019, was anticipated to have similar effects with *Charlie's Angels*, *Star Wars: Rise of Skywalker*, *Lion King* and *Aladdin* among others, such was not the case. The box office revenue fell by 5%. This slight decline falls in the normal variability of the industry and does not indicate the permanent impairment of box office receipts. We are of the view that, as long as quality content is released, and movie going remains one of the cheapest forms of out-of-home entertainment, studios will continue to recognize the theatrical model as a unique channel to drive returns.

In 2020, the economic outlook seems stable, however with the elections in the horizon and based on the movie slate with its absence of Avenger films and Star Wars films releases, we predict another soft year for the movies.



Key Trends Shaping the Industry

Subscription Based Models in Theaters

As the economy moves towards subscription based models, movie exhibitors have also adopted the model. This stimulates repeat purchases and contributes significantly to the growth of concession revenue.

Increase in Direct to Consumer (DTC)

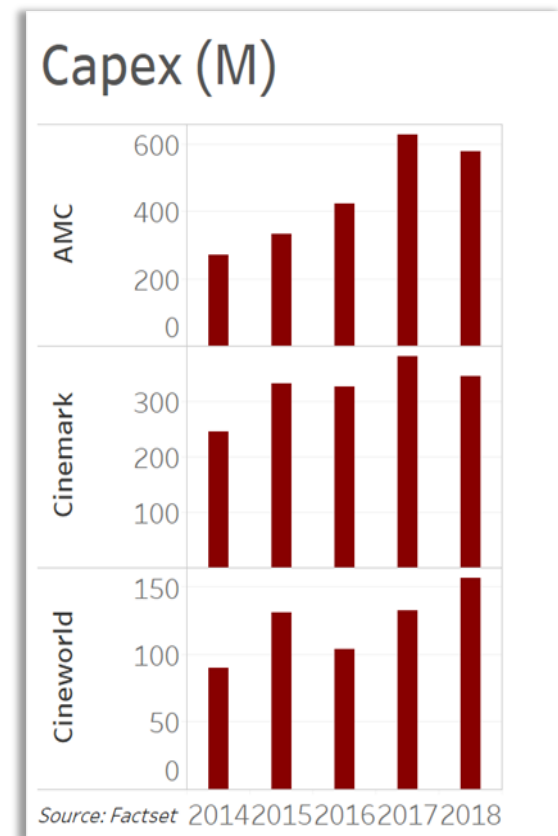
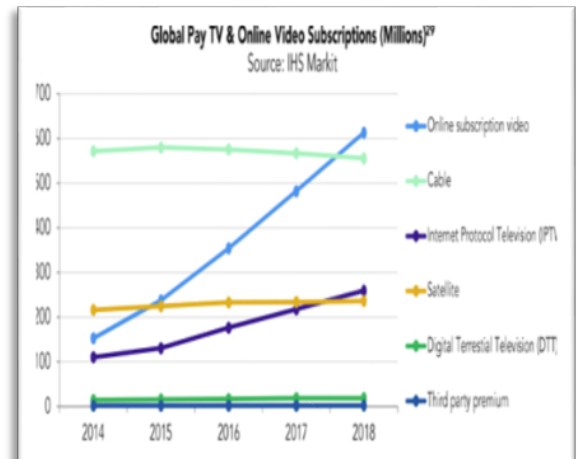
Increased DTC and shorter theatrical windows pose a major threat for the movie exhibition industry. With the success of Roma and Irishman, studios are increasingly pushing lower budget films to streaming video on demand channels such as Netflix and HBO Max. As theatre continue to compete with SVOD channels, moves such as these could affect the attendance significantly. Studios and distributors should practice caution in this strategy as box office performance is a good indicator of customer reception when the content finally reaches the cable or SVOD channel. However, major productions and franchises, especially from Disney, Warner Bros and Universal shall continue its theatrical model as that generates further revenue streams such as merchandises and theme park attractions. Since, viewership on SVOD channels are not directly quantifiable, DTCs are strong opposed by directors and actors as it hinders potential royalty revenues. Till such a contract is drawn up, traditional theatrical models will continue to be championed by industry insiders.

Consolidation

Consolidation within the sector is a major possibility as the top three players control almost 50% of the market share. However, with majority focus shifting on upgrading theaters and creating better experience and controlling cost, majority CAPEX is being engaged internally, as companies are cautious in their acquisition. While acquisition and consolidation for smaller theaters will continue, we do not expect a major acquisition in the near future.

Variable Pricing

Dynamic pricing as a factor of quality of the movie will not gain traction in the near future as studios perceive the lower rates as an indication to the quality of the film. However, variable pricing based on demographics and peak and off-peak hours shall remain.



Porter's Five Forces

Bargaining Power of Suppliers

The bargaining power of suppliers is very high because it is their content that generates the bulk of the revenue. Some of the top blockbusters are produced by a handful of studios and as trends in the past couple of years have shown, it is mostly these franchised blockbusters that draw in the large crowds. With the spike in SVOD subscription, more people are opting to stay in for regular movies while only going to the theaters for the major blockbusters.

Bargaining Power of Customers

The bargaining power of customers is also very high as they are spoilt for option in terms of modes of entertainment as well as theater venues. While certain players dominate certain markets, there are lots of independent theaters and competing theaters are all mostly showing similar contents. Hence, customer loyalty is not set in stone.

Threat of New Entrant

Threat of new entrant is low as it is a very capital-intensive business. New entrants will have difficulty breaking into the industry by investing so heavily in infrastructure, technology and negotiation with the studios.

Financial Analysis

Revenue

Cinemark had a share of 12.6% of US Box Office gross collection for the first 3 quarters of 2019. This was used as basis to forecast the revenue for Q4 19 and 2020. With holiday season and tent pole releases such as Star Wars: The Rise of Skywalker, Little Women, Frozen 2, Judy and Once Upon a Time in Hollywood, Q4 19 looks to be an optimistic quarter for Cinemark. The average ticket price increased marginally to 1.1% in the quarter ended 30th September 2019, while the concession revenue per patron increased by 4.5%. EBITDA and Net Income margins have remained stable at an average of 22% and 7.5% respectively in last five years. With introduction of new initiatives like alcohol and dine-in theatre, the concession revenue increased to 64.5 cents on every dollar earned in admission revenue in 2018, up from 60.47 cents for a dollar of admission revenue in 2017. This trend explains the stability in margins despite rising input costs and decrease in growth of attendance levels. We expect the net income margins to remain stable at average of 7% going forward.

Cost Structure and Financial Efficiency

Film Rental fee to studios forms the largest part of expenses, and is generally higher for the periods in which more blockbuster

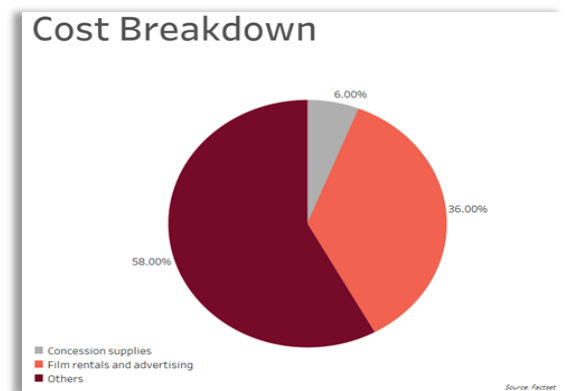
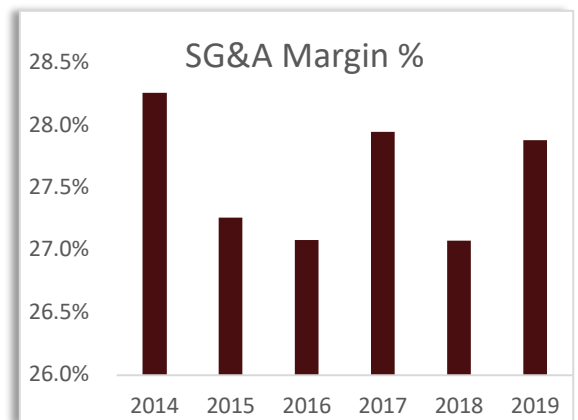
Threat of Substitute

Threat of substitute is still low but slowly becoming significant. With the proliferation of streaming services, studios are negotiating smaller theatrical windows as more people opt in to stay at home and only go to the theaters for major blockbusters. Since 2014, digital spending has increased by 170% globally, while physical spending has decreased by 48%.

However, movie going remains one of the most popular & affordable recreational activity in USA, costing a family of four an average of \$36.

Competitive Rivalry

Competitive rivalry is high within the industry. The services provided are generally similar and hence it is difficult to create a competitive edge. The three players that control over 50% of the market share are constantly fighting for the same customer base by offering similar products and services.



films are released Company. Cinemark reported rental expenses at 55% of admission revenue in 2018 and 2019.

Return on Asset and Return on Capital are highest among the industry peers, indicating CNK's efficiency in managing its resources. Margins are consistent over time and much higher than competitors. Selling and General Administration expense has been consistent at 27%. This aligns with management objectives of achieving competitive advantage via operational excellence. Gross Margin for CNK is exceptionally high. This is especially noteworthy since CNK's average ticket price is lower than the US average admission price. (Average ticket price in 2017 was \$8.97 whereas it was \$7.78 at Cinemark).

Lease Accounting

The company recorded operating lease right-of-use assets of \$1,491,245 (26% of Total Assets) of Total Assets and operating lease liabilities of \$1,545,210 upon adoption of ASC 842. The total debt figures, and several other values, increased accordingly. The Net Debt/EBIT increased from 4.16 to 6.58 Y-o-Y for Q319, while to Debt to Equity (Book Value) ratio increased to 61%. This was due to a change in accounting standards and had affect across industries. Since CNK operates in a mature industry and is focused on maintaining operations and controlling cost, we do not anticipate a change in capital structure going forward.

Impairment Cost

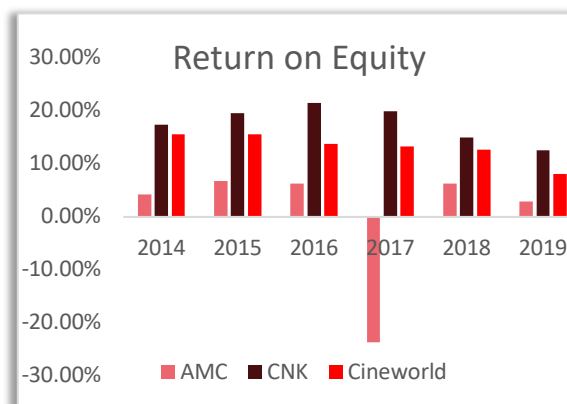
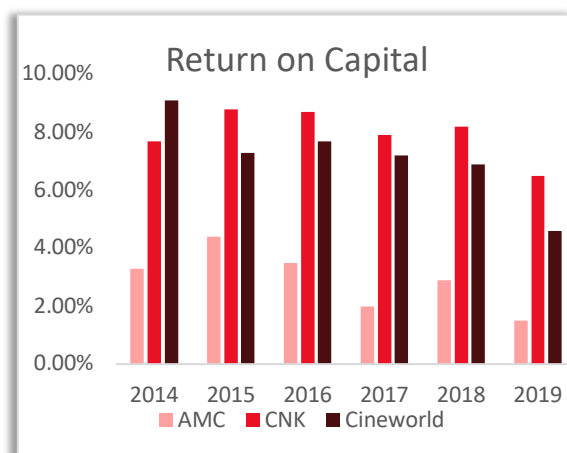
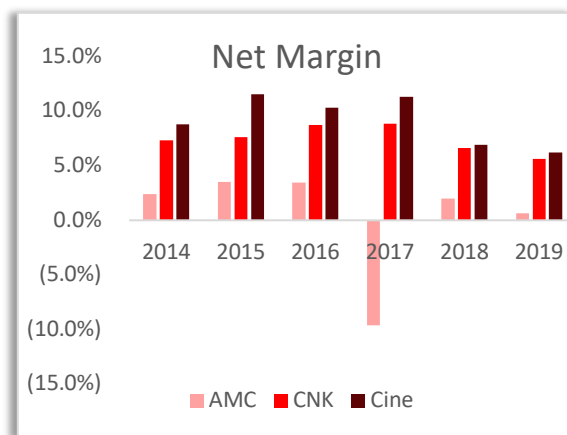
Significant rise in impairment cost has affected the Net Income in 2019. As per the 10K impairments are executed after revaluation of fixed assets that are impacted by increased competition, adverse changes in market demographics or adverse changes in the development or the conditions of the areas surrounding the theater. With 60% of theaters upgraded, we are optimistic that impairment cost going forward will not be as significant.

Segment Reporting

The ratio of revenue from US locations to Latin American locations is largely commensurate with the ratio of number of screens/investments in PP&E. Cinemark has significant presence (24% of total screens) in Latin America chiefly in Brazil and Argentina. The box office business has been exposed to contraction there, due to economic unrest and recession. Brazil saw a drop of 6% in admissions, while Argentina saw a 10% decrease in box office revenue. Cinemark had -23% YoY growth in Brazil while Argentina had -17% YoY growth. In this environment, we do not foresee any significant expansion in Latin America in near term.

Yield

FCF yield for 2018 was 5.07%, while the FCF yield for Q3, 2019 was at 7.06%. The Free Cash Flow yield growth for the last three quarters has been positive and growing at an average of 12%.



Revenue Exposure By Country

Location	Revenue %	% Chg (Y/Y)
United States**	78.9	6.00
Peru	1.5**	-9.30
Guatemala	0.5**	-8.20
Ecuador	0.7**	-12.10
Colombia	2.1**	-10.60
Chile	1.8**	-14.70
Brazil	8.7	23.00
Argentina	4.0**	-17.20

Source: Factset

With the decline in market value of shares (decline 19.3% in the Last 12 months) the dividend yield in the first quarter of 2020 is expected to rise assuming pay-out remains constant.

Du-Pont Analysis

The DuPont analysis for last 10 years indicates that Asset turnover and financial leverage are not the significant drivers for ROE. With ROE at 16.88% ,Cinemark's performance is above the industry standard of 6.75%. The decrease in ROE observed in 2018 and three quarters of 2019 were attributable to structural changes within the industry, including assets write-offs and increase in utility expenses. The average Asset turnover is 0.67, which has been constant over all quarters. It is higher than industry average of 0.56 (source: capIQ).

The trend line of ROA and ROC are running parallel to each other. Over the years the second quarter seems to be the best quarter for Cinemark owing to summer break and major movie releases. The average gross margin is steady at 49.4 % over last 3 years while net profit margin is 7.5%.

Valuation

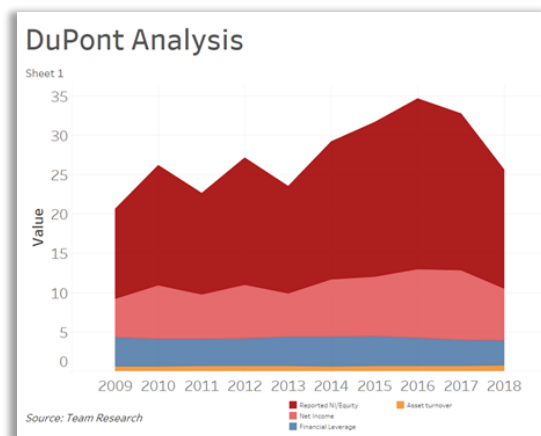
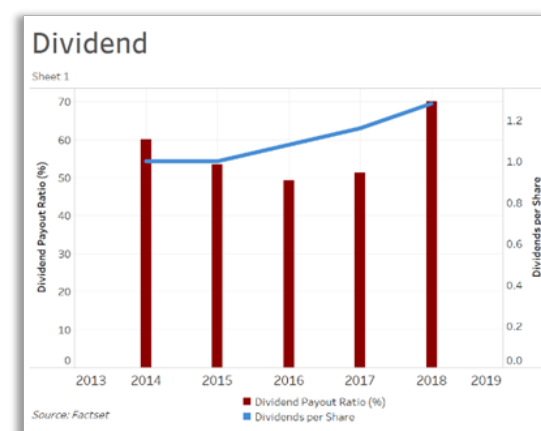
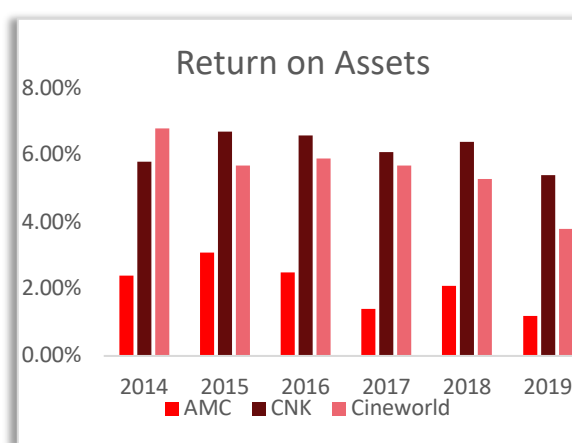
Based on our forecast we estimate the Enterprise Value of Cinemark at \$ 7305.6M and Equity at \$4402.8M. We price the intrinsic value share at \$37.8 based on DCF valuation, while the Dec. 2020 Target price is \$40.04. Our price target represents a forward EV/EBITDA multiple of 10.53x.

Comparable multiple valuation yield a price of \$39.59. We have considered AMC, Cineworld and Cineplex within the band of comparable companies, chiefly based on similarity in terms of business operations and strategy. Median of EV/EBITDA valuation multiple has been selected, as the comparable mix has outliers owing to differences in capital structure.

Assumptions

Admissions Revenue

Box office performance is the primary driver of revenue growth. The industry experiences a stable ebb and flow in its gross collections. Recent trends indicate that strong performance is pivoted by franchisee and event driven movies released by the top production houses. The last quarter of 2019 saw the release of 3 of the top 10 grossing movies of 2019, all of which belonged to the said genre. However, 2019 also saw some of the most underperforming franchisee title that would make it hard for growth to surpass 2018 Y-o-Y. We forecast a 4.7% decline in Y-o-Y admissions revenues in 2020. Box Office is expected to pick up in 2021, when a slate of strong franchisees like *John Wick 3*, *Matrix 4*, *Fantastic Beasts 3*, *The Batman*, *Avatar 2*, etc. are expected to release.



For Valuation	
Cinemark	
Discounted Free Cash Flow	1,087.70
DCF Valuation (Terminal)	6,217.90
Enterprise Value	7,305.60
Enterprise Value (Exit Multiple)	7,511.40
P/E(Historical)	19.97
P/E (NTM)	15.22
EV/EBITDA Historical	10.41
EV/EBITDA (NTM)	10.53

Sensitivity Analysis for Growth

The inherent idiosyncrasy in projecting growth rate for admissions and by extension box office has been recognized. We have tested a combination of growth rates for 2020(0% to -7%) and 2021 (2.5% to 5%) based on the available analyst forecasts. We have also tested sensitivity of Enterprise Value to changes in WACC and Terminal Growth .Based on our analysis we estimate intrinsic value to be in a range of \$24.5 to \$ 58.75(range between second and third quartile being 37.4 to 39.1), with a mean of \$ 37.7.

Risk

Quantity & quality of content

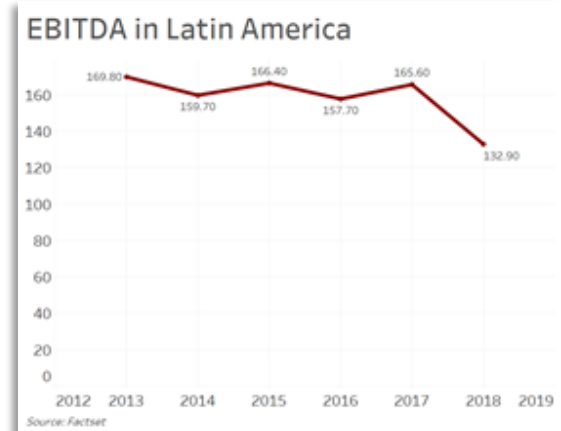
Content is the most important contributing factor for the movie exhibition business. A fall in film production or poor performance poses significant threat to the business. In 2019, films released in US/Canada decreased by 10% from 878 films in 2018 to 789 in 2019. In addition, the percentage of direct-to-stream movies have increased significantly. With the significant success of films such as Roma and Irishman, more and more studios are entertaining the direct-to-streaming model. Large movie studios with major blockbusters such as Disney have however said that they will continue to rely heavily on theatres for the distribution of their major productions as they supplement future revenue streams such as theme park attractions and merchandise

Short Selling

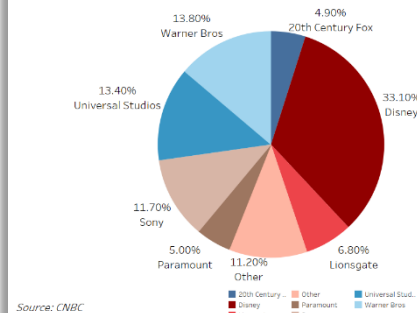
With the intense competition in already mature industry and increase in online streaming services, the investors are losing confidence in stock. Year 2019 saw a decline of approximately 20% in stock price. The stock price from last 5 years has been in approximately similar range, the price in Jan 2015 was approximately \$34 while currently it is still trading at \$31.51. With stable / falling prices, short selling of CNK stocks have soared from 2.2 million in 2015 to 22 million in 2019.

Geopolitical & Economical Risk

Cinemark has significant presence in Latin America mainly in Brazil and Argentina. Cinemark operates 84 theaters in Brazil and 10 theatres in Argentina controlling a major chunk of cinema business. The box office business is down in both the countries due to economic unrest and recession. The international revenue for Cinemark has declined by 21.7% in 2018 and it is further expected to decline in 2019. Brazil saw a drop of 6% in admissions since 2015 due to recession, while Argentina saw a 10% decrease in box office revenue, due to economic crisis.



Contribution to the Box Office By Studios



No. of Shares Sold Short



Risk of Bargaining Power of Distributors

Disney generates approximately 33% of the US Box of revenue, and 90% of the revenue comes from seven major studios. This high dependency on a handful of distributors is a major risk factor for the exhibitor. A deterioration in relationship with such distributors can have major adverse effect on Cinemark's revenue.

Sector Specific Risk

With the Writer's Guild of America's contract about to end, there is a potential for disruption. However, these disruptions are less likely to affect the movie industry as production had probably started months ago for the 2020 releases. If negotiations do fall through, this might adversely affect the 2021 lineup significantly.

Conclusion

The movie exhibition industry is a stable and mature industry that has weathered various digital disruptions and yet continues to thrive as innovations in the cinematic experience are pushed through. Based on this outlook we are optimistic that the Box Office will continue to create consistent value for the business provided quality content is being steadily generated. Cinemark maintains competitive advantage through management best practices, cost control and conservative strategy while continuing to mitigate risk. Thus, we believe that the stock for Cinemark Holdings (CNK) is currently undervalued and presents potential for capital appreciation and dividend payouts.

No. of Screens/ States

Source: Bloomberg

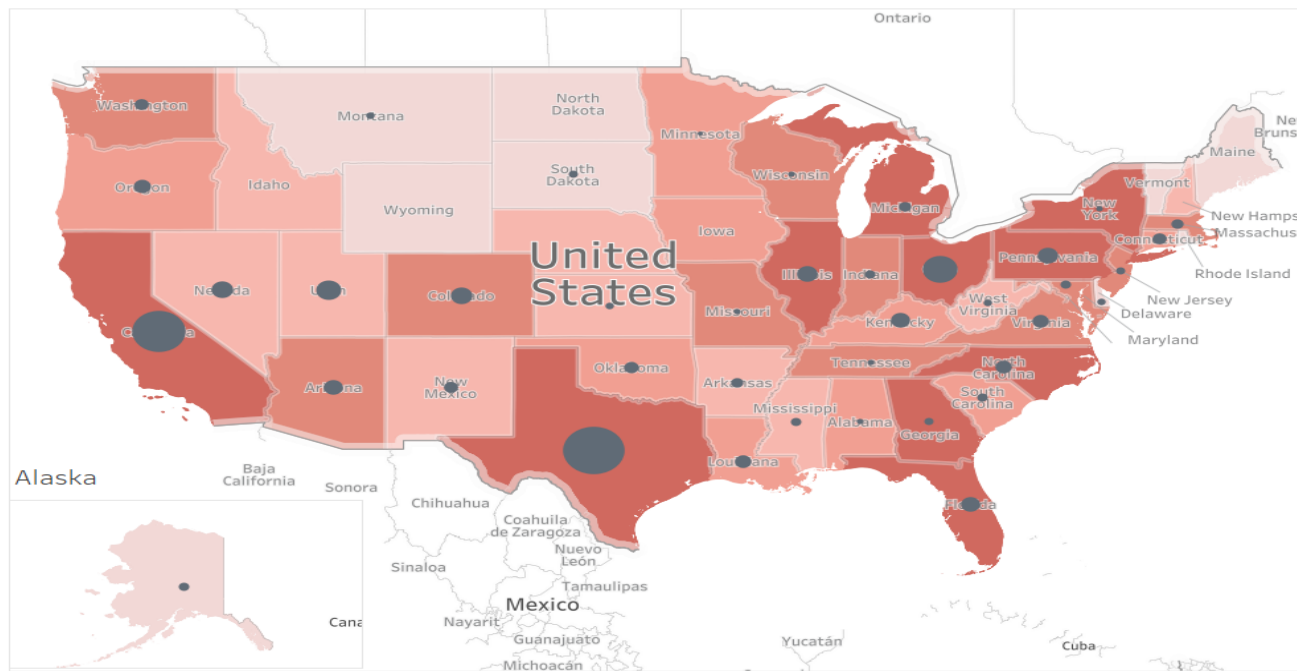


Exhibit 2: Movie List in 2019 and 2020 by Quarterly Basis

Top 20 1Q 2020 Forecasted Releases		
Title	Studio	HSX EST. (mm)
Mulan	Disney	193
Onward	Disney	173
Birds of Prey	WB	162
A Quiet Place: Part II	Paramount	130
1917	Universal	108
Bad Boys for Life	Sony	90
Sonic the Hedgehog	Paramount	66
Dolittle	Universal	60
Fantasy Island	Sony	44
The Call of the Wild	Fox	53
Bloodshot	Sony	48
The Invisible Man	Universal	45
The Gentlemen	STX	35
The Turning	Universal	30
The Way Back	WB	30
Just Mercy	WB	27
Underwater	Fox	25
My Spy	STX	25
Like a Boss	Paramount	24
The Grudge	Sony	21
Estimated 1Q 2020 Box Office		2,252

Top 20 1Q 2019 Release		
Title	Studio	Gross Total. (mm)
Captain Marvel	Disney	429
Us	Universal	174
How to Train Your Dragon 3	Universal	161
Dumbo (live action)	Disney	115
Glass	Universal	111
The Upside	STX	108
The LEGO Movie 2	WB	105
Alita: Battle Angel	Fox	86
Tyler Perry's A Madea Family Fu	Lionsgate	73
Escape Room	Sony	57
What Men Want	Paramount	55
Isn't It Romantic	WB	49
Wonder Park	Paramount	46
Five Feet Apart	Lionsgate	45
A Dog's Way Home	Sony	42
Cold Pursuit	Lionsgate	32
Dragon Ball Super: Broly	Funimation	31
Happy Death Day 2U	Universal	28
Fighting with My Family	MGM	23
Unplanned	Pure Flix	19
Calendar 1Q 2019 Box Office		2,400
Change On YoY %		-16%
Q1 CNK USA Admissions Revenue as % of Box Office		12.9%

Top 20 2Q 2020 Forecasted Releases		
Title	Studio	HSX EST. (mm)
Wonder Woman 1984	WB	315
Black Widow	Disney	225
Fast & Furious 9	Universal	200
Soul	Disney	200
No Time to Die	MGM UAR	180
Top Gun: Maverick	Paramount	140
Trolls World Tour	Universal	105
The SpongeBob Movie: Sponge	Paramount	100
Peter Rabbit 2: The Runaway	Sony	70
Candym an	Universal	70
Scoob!	WB	65
Artemis Fowl	Disney	45
King of Staten Island	Universal	45
Greyhound	Sony	40
Antebellum	Lionsgate	30
The Woman in the Window	Fox	30
In the Heights	WB	30
Monster Problems	Paramount	25
The New Mutants	Fox	20
Antlers	Disney (Fox)	20
Estimated 2Q 2020 Box Office		2,786

Top 20 2Q 2019 Release		
Title	Studio	Gross Total. (mm)
Avengers: Endgame	Disney	858
Toy Story 4	Disney	434
Aladdin	Disney	356
John Wick 3	Lionsgate	171
Secret Life of Pets 2	Universal	158
Detective Pikachu	WB	144
Shazam !	WB	140
Godzilla: King of Monsters	WB	111
Rocketm an	Paramount	96
Men in Black International	Sony	80
Annabelle Com es Home	WB	74
Yesterday	Universal	73
Dark Phoenix	Fox	66
The Curse of La Llorona	WB	55
Pet Sem atary	Paramount	55
Ma	Universal	45
Breakthrough	Fox	41
Little	Universal	41
The Intruder	Sony	35
The Hustle	UAR	35
Calendar 2Q 2019 Box Office		3,219
Change On YoY %		-4%
Q2 CNK USA Admissions Revenue as % of Box Office		12.6%

Top 20 3Q 2020 Forecasted Releases		
Title	Studio	HSX EST. (mm)
Minions: The Rise of Gru	Universal	225
Tenet	WB	160
Jungle Cruise	Disney	150
Ghostbusters: Afterlife	Sony	135
Morbius	Sony	135
Free Guy	Disney	100
The Conjuring 3	WB	70
The King's Man	Disney	70
Without Remorse	Param ount	70
Malignant	WB	60
Bill & Ted Face the Music	Orion	60
Infinite	Param ount	55
The Purge 5	Universal	40
The One and Only Ivan	Disney	40
The Mitchells vs. the Machines	Sony	40
The M any Saints of Newark	WB	40
Respect	MGM / UA	30
Monster Hunter	Sony	30
Nobody	Universal	25
Last Night in Soho	Universal	25
Estimated 3Q 2020 Box Office		2,908

Top 20 3Q 2019 Release		
Title	Studio	Gross Total. (mm)
The Lion Kind	Disney	544
Speder Man: Homecoming 2	Sony	391
It: Chapter 2	WB	212
Hobbs & Shaw (F&F Spinoff)	Universal	174
Once Upon a Tim e in Hollywood	Sony	141
Hustlers	STX	105
Downton Abbey	Focus	97
Good Boys	Universal	83
Angel Has Fallen	Lionsgate	69
Scary Stories to Tell in the Dark	Lionsgate	69
Dora and the Lost City of Gold	Paramount	60
Abominable	Universal	60
Ad Astra	Fox	50
Ram bo: Last Blood	Lionsgate	45
Angry Birds 2	Sony	42
Crawl	Paramount	39
Overcomer	Sony	35
Ready of Not	Fox	29
Midsommar	A24	27
Art of Racing in the Rain	Fox	26
Calendar 3Q 2019 Box Office		2,812
Change On YoY %		3%
Q3 CNK USA Admissions Revenue as % of Box Office		12.5%

Top 20 4Q 2020 Forecasted Releases		
Title	Studio	HSX EST. (mm)
The Eternals	Disney	200
Godzilla vs. Kong	WB	170
Dune	WB	155
Venom 2	Sony	150
Coming 2 America	Paramount	140
Raya and the Last Dragon	Disney	125
Halloween Kills	Universal	100
The Croods 2	Universal	100
Tom and Jerry	WB	85
West Side Story	Disney	75
The Witches	WB	70
The Last Duel	Disney	70
BIOS	Universal	65
Snake Eyes	Paramount	60
Death on the Nile	Disney	55
Uncharted	Sony	55
The Tomorrow War	Paramount	50
News of the World	Universal	40
Deep Water	Disney	35
King Richard	WB	35
Estimated 4Q 2020 Box Office		2,845

Top 20 4Q 2019 Release		
Title	Studio	Gross Total. (mm)
Star Wars: The Rise of Skywalker	Disney	463
Frozen 2	Disney	454
Joker	WB	334
Jumanji: The Next Level	Sony	243
Knives Out	Lionsgate	134
Maleficent: Mistress of Evil	Disney	114
Ford v Ferrari	Fox	110
The Addams Family	UAR	97
Zombieland: Double Tap	Sony	73
Little Women	Sony	66
Terminator: Dark Fate	Paramount	62
A Beautiful Day in the Neighborhood	Fox	59
Midway	Lionsgate	57
Spies in Disguise	WB	50
Gemini Man	Paramount	49
Playing with Fire	Paramount	44
Harriet	Universal	43
Queen & Slim	Universal	43
Uncut Gems	A24	40
Last Christmas	Universal	35
Calendar 4Q 2019 Box Office		2,886
Change On YoY %		-2%
Q4 CNK USA Admissions Revenue as % of Box Office		12.6%

Total estimated box office revenue in 2020 is expected to be approximately 10.8 billion USD, declining by around 4.5% YoY from 2019.

(Source – Bloomberg)

Exhibit 3: Executive Members and Ownership Details

Name	Title	Background
Mitchell, Lee Roy	Executive Chairman of the Board	Mr. Lee Roy Mitchell has been a Director of National CineMedia, Inc. since October 2006 and National CineMedia LLC since July 2005. Mr. Mitchell has over four decades of executive leadership experience, including a key role in the theater industry and has important institutional knowledge. He founded Cinemark Inc., and served as its Chief Executive Officer from 1987 to December 12, 2006. He served as a Director of Cinemark Inc. since 1987.- Present
Zoradi, Mark	CEO & Director	Mr. Lee Roy Mitchell has been a Director of National CineMedia, Inc. since October 2006 and National CineMedia LLC since July 2005. Mr. Mitchell has over four decades of executive leadership experience, including a key role in the theater industry and has important institutional knowledge. He founded Cinemark Inc., and served as its Chief Executive Officer from 1987 to December 12, 2006. He served as a Director of Cinemark Inc. since 1987.- Present
Sean Gamble	EVP, Chief Operating & Financial Officer	Sean Gamble is EVP, Chief Operating & Financial Officer at Cinemark Holdings, Inc. and Chief Financial Officer & Treasurer of Cinemark USA, Inc. (a subsidiary of Cinemark Holdings, Inc.). Mr. Gamble is also on the board of Cinemark Brasil SA. In his past career Sean Gamble was Chief Financial Officer & Executive Vice President of Comcast Corp. Chief Financial Officer & Executive Vice President at Universal Pictures Co., Inc. and Chief Financial Officer & Executive Vice President for Universal Studios LLC (both are subsidiaries of Comcast Corp.) and Chief Financial Officer of GE Oil & Gas SpA. Mr. Gamble received an undergraduate degree from Bucknell University.
Damian Wardle	VP-Theatres Technology & Presentation	Presently, Damian Wardle occupies the position of VP-Theatres Technology & Presentation at Cinemark Holdings, Inc. and Vice President-Theatre Technology at Century Theatres, Inc. (a subsidiary of Cinemark Holdings, Inc.).
Wanda Marie Gierhart	Chief Marketing Officer & Executive Vice President	Currently, Wanda Marie Gierhart is Chief Marketing Officer & Executive Vice President of Cinemark Holdings, Inc. Ms. Gierhart previously occupied the position of Chief Marketing Officer & Senior Vice President of Neiman Marcus Group, Inc. and Chief Marketing Officer & Senior Vice President at Neiman Marcus Group Ltd. LLC (a subsidiary of Neiman Marcus Group, Inc.), President & Chief Executive Officer for TravelSmith Outfitters, Inc. and EVP, Chief Marketing & Merchandising Officer at Design Within Reach, Inc. Wanda Marie Gierhart received an undergraduate degree from the University of Nebraska.

Rank	Type	%OS	Activism	Report Date	Source
1	BlackRock Fund Advisors	9.55	Medium	09/30/2019	13F Form
2	The Vanguard Group, Inc.	8.54	Very Low	09/30/2019	13F Form
3	Wellington Management Co. LLP	6.55	Very Low	12/31/2019	13G
4	Victory Capital Management, Inc. (Investment Management)	5.71	Very Low	12/31/2019	13G
5	Fidelity Management & Research Co. LLC	5.24	Very Low	09/30/2019	13F Form
6	Capital Research & Management Co. (World Investors)	4.87	Very Low	09/30/2019	13F Form
7	ArrowMark Colorado Holdings LLC	3.77	Very Low	09/30/2019	13F Form
8	JPMorgan Investment Management, Inc.	3.25	Low	09/30/2019	13F Form
9	Renaissance Technologies LLC	3.15	Very Low	09/30/2019	13F Form
10	Eagle Asset Management, Inc.	2.81	Very Low	12/31/2019	13F Form
11	SSgA Funds Management, Inc.	2.34	Very Low	09/30/2019	13F Form
12	Raymond James & Associates, Inc. (Inv't Mgmt)	2.03	Very Low	09/30/2019	13F Form
13	Kayne Anderson Rudnick Investment Management LLC	2.00	Very Low	09/30/2019	13F Form
14	Silvercrest Asset Management Group LLC	1.71	Very Low	09/30/2019	13F Form
15	Hamlin Capital Management LLC	1.70	Very Low	12/31/2019	13F Form
Insiders / Stakeholders		9.10	-	-	-
1	Mitchell Lee Roy	8.38	-	03/28/2019	Proxy
2	Zoradi Mark	0.34	-	03/28/2019	Proxy
3	Cavalier Michael D	0.17	-	03/28/2019	Proxy
4	Gamble Sean	0.11	-	08/02/2019	Form 4 Chgs Ben Ownership
5	Fernandes Valmir	0.10	-	05/07/2019	Form 4 Chgs Ben Ownership

Exhibit 4: Key Assumptions

Key Assumptions	
Days sales	9.5
Days payable	27.6
Days inventory	4.3
CAPEX (% of Revenue)	9.0%
Long-term debt (% of revenue)	53%
Long-Term Leases	5%
Other Revenue as Percent of Total	10%
Depreciation (% of Revenue)	7.3%
Risk-free rate	1.32%
Market risk premium	8.77%
Opportunity cost of debt	4.88%
Tax rate	27.0%
Payout ratio	70%
Terminal growth rate	1.50%
Interest As a percent of revenue	4.00%
Levered beta	0.70
Levered cost of equity	7.46%
WACC	6.07%
Debt/Total	47.2%

	2019	2020	2021	2022	2023
Admission Growth	-0.13%	-4.73%	4.00%	2.00%	2.00%
Concession Growth	4.70%	-0.26%	8.10%	6.19%	6.19%
SG&A (% of revenue)	27.83%	28.04%	29.28%	28.69%	28.90%
COGS (% of rev)	51.06%	50.46%	50.66%	51.10%	50.65%
CAPEX Growth (as % of Revenue)	9.00%	8.55%	8.10%	7.65%	7.20%

Shares Outstanding (MM)	116.6
-------------------------	-------

Exhibit 5: Income Statement as of 31st December

Income Statement	Actuals			Forecasted				
For the Fiscal Period Ending	2016	2017	2018	2019	2020	2021	2022	2023
Revenue								
= Admissions	1,789.1	1,795.0	1,834.2	1,831.79	1,745.08	1,814.88	1,851.18	1,888.20
growth	1.3%	0.3%	2.2%	-0.1%	-4.7%	4.0%	2.0%	2.0%
+ Concessions	990.1	1,038.8	1,108.8	1,160.9	1,157.9	1,251.7	1,329.2	1,411.4
growth	5.7%	4.9%	6.7%	4.7%	-0.3%	8.1%	6.2%	6.2%
Other Revenue	139.5	157.8	278.8	332.5	322.6	340.7	353.4	366.6
Total Revenue	2,918.8	2,991.5	3,221.7	3,325.2	3,225.5	3,407.3	3,533.7	3,666.2
Cost Of Goods Sold	1,473.1	1,487.9	1,628.8	1,697.78	1,627.51	1,726.09	1,805.80	1,856.87
margin	50.5%	49.7%	50.6%	51.1%	50.5%	50.7%	51.1%	50.6%
Gross Profit	1,445.7	1,503.7	1,592.9	1,627.4	1,598.0	1,681.2	1,727.9	1,809.4
Selling General & Admin Exp.	790.4	836.0	872.3	925.48	904.31	997.82	1,013.83	1,059.66
margin	27.1%	27.9%	27.1%	27.8%	28.0%	29.3%	28.7%	28.9%
R & D Exp.	0	0	0	0	0	0	0	0
Depreciation & Amort.	209.1	237.5	261.2	243.99	240.45	251.89	261.08	267.64
margin	7.2%	7.9%	8.1%					
Other Operating Exp., Total	999.5	1,073.5	1,133.5	1,169.5	1,144.8	1,249.7	1,274.9	1,327.3
Operating Income	446.2	430.2	459.4	458.0	453.3	431.5	453.0	482.1
Interest Expense	(108.3)	(105.9)	(129.7)	(133.01)	(129.02)	(136.29)	(141.35)	(146.65)
Interest and Invest. Income	6.4	6.2	10.6	10.60	10.60	10.60	10.60	10.60
Net Interest Exp.	(101.9)	(99.7)	(119.1)	(122.4)	(118.4)	(125.7)	(130.7)	(136.0)
Income/(Loss) from Affiliates	46.6	52.4	54.6	50	50	50	50	50
Currency Exchange Gains (Loss)	6.5	0.9	(11.7)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)
EBT Excl. Unusual Items	397.4	383.8	383.3	380.1	379.3	350.3	366.8	390.5
Gain (Loss) On Sale Of Invest.	3.7	0	0	0	0	0	0	0
Gain (Loss) On Sale Of Assets	(24.2)	(22.8)	(38.7)	(22.9)	(22.9)	(22.9)	(22.9)	(22.9)
Asset Writedown	(2.8)	(15.1)	(32.4)	(13.1)	(13.1)	(13.1)	(13.1)	(13.1)
Other Unusual Items	(13.4)	(0.5)	(1.5)	-	-	-	-	-
EBT Incl. Unusual Items	360.7	345.4	310.7	344.1	343.3	314.3	330.8	354.5
Income Tax Expense	103.8	79.4	95.4	102.61	102.42	94.59	99.03	105.44
Earnings from Cont. Ops.	256.9	266.1	215.2	241.4	240.9	219.8	231.7	249.1
Minority Int. in Earnings	(1.8)	(1.9)	(1.4)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Net Income	255.1	264.2	213.8	239.9	239.4	218.3	230.2	247.6
Margin	8.7%	8.8%	6.6%	7.2%	7.4%	6.4%	6.5%	6.8%
Common Dividends Paid	(125.5)	(135.1)	(149.5)	(168.0)	(167.6)	(152.8)	(161.2)	(173.3)
Percentage	49.2%	51.1%	69.9%	70.0%	70.0%	70.0%	70.0%	70.0%

Exhibit 6: Balance Sheet as of 31st December

Balance Sheet as of:	2016	2017	2018	2019	2020	2021	2022	2023
ASSETS								
Surplus Funds (Plug)				745	754	917	1,064	1,232
Cash And Equivalents	561.2	522.5	426.2	745	754	917	1,064	1,232
<i>Percentage</i>	<i>13.0%</i>	<i>11.7%</i>	<i>9.5%</i>	<i>12.0%</i>	<i>12.1%</i>	<i>14.4%</i>	<i>16.3%</i>	<i>18.5%</i>
Accounts Receivable	75.0	89.3	95.1	86.55	84.0	88.7	92.0	95.4
<i>days sales</i>	<i>9.4</i>	<i>10.9</i>	<i>10.8</i>	<i>10</i>	<i>10</i>	<i>10</i>	<i>10</i>	<i>10</i>
Other Receivables	7.4	11.7	3.3	3.29	3.29	3.29	3.29	3.29
<i>Percentage</i>	<i>0.2%</i>	<i>0.3%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.0%</i>
Inventory	17.0	17.5	19.3	20.0	19.2	20.3	21.3	21.9
<i>day inventory</i>	<i>4.2</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>
Prepaid Exp.	15.8	16.5	15.1	15.1	15.1	15.1	15.1	15.1
<i>Percentage</i>	<i>0.4%</i>	<i>0.4%</i>	<i>0.3%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>
Total Current Assets	676.3	657.6	559.0	869.6	875.9	1,043.9	1,195.9	1,367.9
Gross Property, Plant & Equipment	3,059.8	3,328.6	3,404.2	3,703.4	3,979.2	4,255.2	4,525.5	4,789.5
<i>Percentage</i>	<i>71%</i>	<i>74%</i>	<i>76%</i>	<i>60%</i>	<i>64%</i>	<i>67%</i>	<i>69%</i>	<i>72%</i>
Accumulated Depreciation	(1,355.2)	(1,500.5)	(1,571.0)	(1,814.99)	(2,055.45)	(2,307.33)	(2,568.41)	(2,836.05)
<i>Percentage</i>	<i>0.3</i>	<i>0.3</i>	<i>0.4</i>	<i>29.3%</i>	<i>33.1%</i>	<i>36.1%</i>	<i>39.4%</i>	<i>42.6%</i>
Net Property, Plant & Equipment	1,704.6	1,828.1	1,833.2	1,888.4	1,923.8	1,947.9	1,957.1	1,953.5
Operating Lease Right of Use Assets				1,356.3	1,329.2	1,302.6	1,276.6	1,251.0
Long-term Investments	288.3	320.6	432.4	432.4	432.4	432.4	432.4	432.4
<i>Percentage</i>	<i>6.7%</i>	<i>7.2%</i>	<i>9.6%</i>	<i>7.0%</i>	<i>7.0%</i>	<i>6.8%</i>	<i>6.6%</i>	<i>6.5%</i>
Goodwill	1,263.0	1,284.1	1,276.3	1,276.3	1,276.3	1,276.3	1,276.3	1,276.3
Other Intangibles	334.9	336.8	330.9	330.9	330.9	330.9	330.9	330.9
<i>Percentage</i>	<i>7.8%</i>	<i>7.5%</i>	<i>7.4%</i>	<i>5.3%</i>	<i>5.3%</i>	<i>5.2%</i>	<i>5.1%</i>	<i>5.0%</i>
Deferred Tax Assets, LT	2.1	4.1	9.0	9.0	9.0	9.0	9.0	9.0
<i>Percentage</i>	<i>0.0%</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>
Other Long-Term Assets	37.6	39.8	41.1	41.1	41.1	41.1	41.1	41.1
<i>Percentage</i>	<i>0.9%</i>	<i>0.9%</i>	<i>0.9%</i>	<i>0.7%</i>	<i>0.7%</i>	<i>0.6%</i>	<i>0.6%</i>	<i>0.6%</i>
Total other assets	1,925.8	1,985.3	2,089.7	2,089.7	2,089.7	2,089.7	2,089.7	2,089.7
Total Assets	4,306.7	4,470.9	4,481.9	6,204.0	6,218.6	6,384.1	6,519.3	6,662.1
LIABILITIES								
Short Term Debt (Plug)	0	0	0	0	0	0	0	0
Accounts Payable	110.2	110.0	104.6	128.4	123.1	130.5	136.5	140.4
<i>day payable</i>	<i>27.3</i>	<i>27.0</i>	<i>23.4</i>	<i>28</i>	<i>28</i>	<i>28</i>	<i>28</i>	<i>28</i>
Accrued Exp.	220.8	308.9	322.3	322.3	322.3	322.3	322.3	322.3
<i>Percentage</i>	<i>5.1%</i>	<i>6.9%</i>	<i>7.2%</i>	<i>5.2%</i>	<i>5.2%</i>	<i>5.0%</i>	<i>4.9%</i>	<i>4.8%</i>
Curr. Port. of LT Debt	5.7	7.1	8.0	8.0	8.0	8.0	8.0	8.0
<i>Percentage</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>
Unearned Revenue, Current	0	0	0	0	0	0	0	0
Curr. Port. of Leases	21.1	25.5	27.1	37.1	27.1	27.1	27.1	27.1
Curr. Port. Of Operating Leases				212.9	212.9	212.9	212.9	212.9
Curr. Income Taxes Payable	5.1	5.5	12.2	12.2	12.2	12.2	12.2	12.2
Unearned Revenue, Current	70.2	0	0	0	0	0	0	0
Def. Tax Liability, Curr.	0	0	0	0	0	0	0	0
Other Current Liabilities	10.1	11.9	0.6	0.6	0.6	0.6	0.6	0.6
Total Current Liabilities	443.2	468.9	474.7	721.3	706.0	713.4	719.5	723.3
Long-Term Debt	1,782.4	1,780.4	1,772.6	1,729.1	1,709.5	1,805.9	1,872.9	1,943.1
<i>Percentage % REVE</i>	<i>61.1%</i>	<i>59.5%</i>	<i>55.0%</i>	<i>52.0%</i>	<i>53.0%</i>	<i>53.0%</i>	<i>53.0%</i>	<i>53.0%</i>
Long-Term Leases	234.3	251.2	232.5	310.20	310.9	319.2	326.0	333.1
<i>Percentage</i>	<i>5.4%</i>	<i>5.6%</i>	<i>5.2%</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>
<i>Operating Lease Obligations, less current portion</i>				1205.5	1181	1157.8	1134.7	1112.0
<i>Percentage</i>				<i>19.4%</i>	<i>19.0%</i>	<i>18.1%</i>	<i>17.4%</i>	<i>16.7%</i>
Unearned Revenue, Non-Current	343.9	351.7	287.3	434.3	435.3	446.9	456.3	466.3
<i>Percentage</i>	<i>8.0%</i>	<i>7.9%</i>	<i>6.4%</i>	<i>7.0%</i>	<i>7.0%</i>	<i>7.0%</i>	<i>7.0%</i>	<i>7.0%</i>
Def. Tax Liability, Non-Curr.	135.0	121.8	155.6	155.6	155.6	155.6	155.6	155.6
Other Non-Current Liabilities	94.8	91.3	103.0	103.0	103.0	103.0	103.0	103.0
Total Liabilities	3,033.7	3,065.2	3,025.7	4,659.0	4,601.8	4,701.8	4,767.9	4,836.4
Common Stock	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Additional Paid In Capital	1,128.4	1,141.1	1,155.4	1,155.4	1,155.4	1,155.4	1,155.4	1,155.4
Retained Earnings	453.7	582.2	686.5	758.44	830.27	895.74	964.82	1,039.09
Treasury Stock	(73.4)	(76.4)	(79.3)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)
Comprehensive Inc. and Other	(247.0)	(253.3)	(319.0)	(319.0)	(319.0)	(319.0)	(319.0)	(319.0)
Total Common Equity	1,261.8	1,393.7	1,443.7	1,545.0	1,616.8	1,682.3	1,751.4	1,825.6
Minority Interest	11.1	12.0	12.4	12.4	12.4	12.4	12.4	12.4
Total Liabilities And Equity	4,306.7	4,470.9	4,481.9	6,204.0	6,218.6	6,384.1	6,519.3	6,662.1

Exhibit 7: Cash Flow statement as of 31st December

Cash Flow								
For the Fiscal Period Ending	2016	2017	2018	2019	2020	2021	2022	2023
Net Income	255.1	264.2	213.8	239.9	239.4	218.3	230.2	247.6
Depreciation & Amort.	209.1	232.0	255.4	244.0	240.5	251.9	261.1	267.6
Amort. of Goodwill and Intangibles	0	5.6	5.7	0	0	0	0	0
Depreciation & Amort., Total	209.1	237.5	261.2	244.0	240.5	251.9	261.1	267.6
Other Amortization	7.3	8.5	7.9	0	0	0	0	0
(Gain) Loss On Sale Of Invest.	20.5	22.8	38.7	22.0	22.0	22.0	22.0	22.0
Asset Writedown & Restructuring Costs	2.8	15.1	32.4	14.0	14.0	14.0	14.0	14.0
(Income) Loss on Equity Invest.	(10.0)	(10.0)	(9.1)	(9.1)	(9.1)	(9.1)	(9.1)	(9.1)
Stock-Based Compensation	13.4	12.7	14.3	10.0	10.0	10.0	10.0	10.0
Other Operating Activities	(8.0)	(31.7)	3.6	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Change in Acc. Receivable	(0.7)	(13.2)	(4.6)	8.54	2.59	(4.73)	(3.29)	(3.45)
Change In Inventories	(1.0)	(0.5)	(1.8)	(0.68)	0.83	(1.16)	(0.94)	(0.60)
Change in Acc. Payable	(30.5)	23.4	(11.4)	23.74	(5.31)	7.45	6.03	3.86
Change in Unearned Rev.	14.4	(1.9)	5.0	-	-	-	-	-
Change in Other Net Operating Assets	(9.4)	2.2	6.8	-	-	-	-	-
Cash from Ops.	463.0	529.0	556.9	542.4	504.9	498.6	520.0	541.9
Capital Expenditure	(326.9)	(380.9)	(346.1)	(299.27)	(275.78)	(275.99)	(270.33)	(263.97)
Sale of Property, Plant, and Equipment	3.6	15.1	3.9	7	7	7	7	7
Cash Acquisitions	(16.8)	(41.0)	(11.3)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Divestitures	0	0	0	0	0	0	0	0
Invest. in Marketable & Equity Secur.	12.3	(3.7)	(97.9)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Net (Inc.) Dec. in Loans Originated/Sold	0	0	0	0	0	0	0	0
Other Investing Activities	0	0	0	0	0	0	0	0
Cash from Investing	(327.8)	(410.5)	(451.4)	(307.3)	(283.8)	(284.0)	(278.3)	(272.0)
Short Term Debt Issued	0	0	0	0	0	0	0	0
Long-Term Debt Issued	222.8	10.2	0	(43.51)	(19.58)	96.35	66.99	70.24
Total Debt Issued	222.8	10.2	0	(43.5)	(19.6)	96.4	67.0	70.2
Short Term Debt Repaid	0	0	0	0	0	0	0	0
Long-Term Debt Repaid	(235.9)	(27.4)	(33.3)	(45.05)	(35.05)	(35.05)	(35.05)	(35.05)
Total Debt Repaid	(235.9)	(27.4)	(33.3)	(45.0)	(35.0)	(35.0)	(35.0)	(35.0)
Issuance of Common Stock	0	0	0	0	0	0	0	0
Repurchase of Common Stock	(6.8)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)
Common Dividends Paid	(125.5)	(135.1)	(149.5)	(168.0)	(167.6)	(152.8)	(161.2)	(173.3)
Other Financing Activities	(18.2)	(2.8)	(6.9)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Cash from Financing	(163.7)	(158.0)	(192.6)	(265.4)	(231.1)	(100.4)	(138.1)	(147.0)
Foreign Exchange Rate Adj.	1.2	0.8	(9.3)	(9.3)	(9.3)	(9.3)	(9.3)	(9.3)
Net Change in Cash	(27.3)	(38.7)	(96.3)	(39.5)	(19.3)	105.0	94.3	113.7

Exhibit 8: Ratio Analysis

Ratio Analysis	Actuals		Forecast				
For the Fiscal Period Ending	12 months Dec-31-2017	12 months Dec-31-2018	12 months Dec-31-2019	12 months Dec-31-2020	12 months Dec-31-2021	12 months Dec-31-2022	12 months Dec-31-2023
Profitability							
Return on Assets %	6.13%	6.41%	6.26%	5.33%	5.00%	5.13%	5.34%
Return on Capital %	7.92%	8.24%	6.10%	6.00%	5.56%	5.70%	5.93%
Return on Equity %	19.86%	15.05%	16.16%	15.24%	13.32%	13.50%	13.93%
Margin Analysis							
Gross Margin %	50.3%	49.4%	48.9%	49.5%	49.3%	48.9%	49.4%
Net Income Margin %	8.8%	6.6%	7.2%	7.4%	6.4%	6.5%	6.8%
Short Term Liquidity							
Current Ratio	1.40	1.18	1.21	1.24	1.46	1.66	1.89
Quick Ratio	1.33	1.11	1.16	1.19	1.41	1.61	1.84
Cash from Ops. to Curr. Liab.	1.13	1.17	0.75	0.72	0.70	0.72	0.75
Long Term Solvency							
Total Debt/Equity	147%	140%	145%	138%	138%	137%	136%
Total Debt/Capital	59.5%	58.4%	72.3%	70.9%	70.5%	69.9%	69.2%
LT Debt/Equity	145%	138%	131%	124%	125%	125%	124%
LT Debt/Capital	58.5%	57.3%	71.8%	70.7%	70.3%	69.8%	69.3%
Total Liabilities/Total Assets	68.6%	67.5%	75.1%	74.0%	73.6%	73.1%	72.6%
Growth Over Prior Year							
Total Revenue	2.5%	7.7%	3.2%	-3.0%	5.6%	3.7%	3.8%
Gross Profit	4.0%	5.9%	-1.0%	1.2%	-0.4%	-0.9%	0.9%
EBITDA	1.9%	7.9%	-2.6%	-1.2%	-1.5%	4.5%	5.0%
Net Income	4%	-19%	12%	0%	-9%	5%	8%
Capital Expenditures	16.5%	-9.1%	-13.5%	-7.8%	0.1%	-2.1%	-2.4%

Exhibit 9: Peer Analysis

Peer Analysis						
Company	Beta	Share Price	Market Cap (mm)	Dividend Yield	Net Debt	EBITDA LTM (mm)
Cinemark	0.65	31.51	3,666.30	4.20%	3,385.60	703.80
Cineworld	0.66	1.77	2,438.20	6.40%	5,548.50	918.10
Cineplex	0.44	33.77	2,143.20	5.30%	2,048.90	265.10
AMC	0.75	6.52	710.30	11.70%	10,256.00	712.00

Company	EV/EBITDA	EV/Revenue	P/E
Cinemark	2.0x	6.5x	20.6x
Cineworld	2.3x	8.3x	11.8x
Cineplex	2.5x	11x	40.8x
AMC	2.0x	14.5x	NM

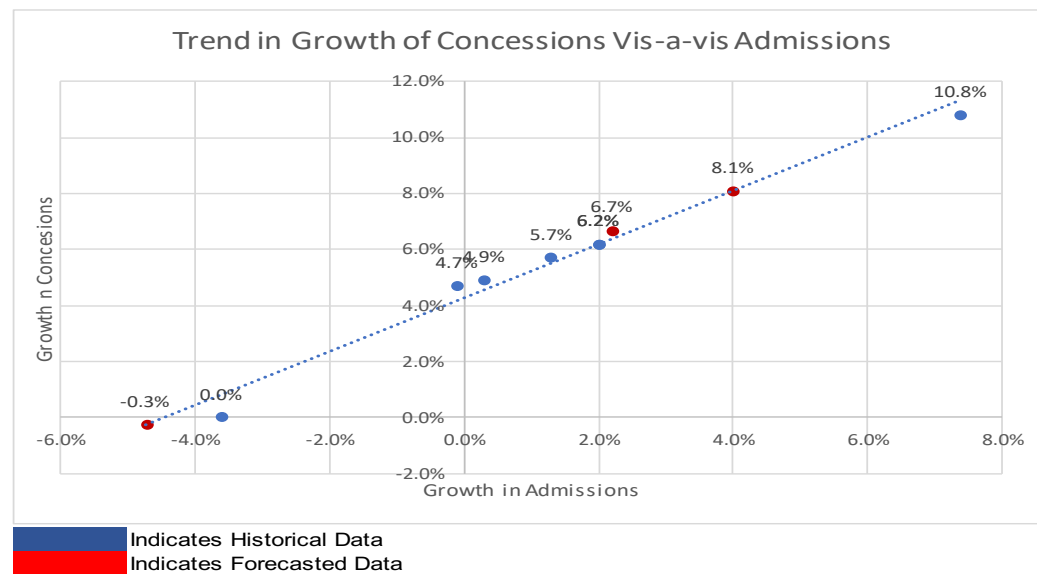
Company	Net Income Margin	EBITDA Margin	Return on Assets	Return on Capital	Current Ratio	EBITDA/Interest	Total Debt/Equity
Cinemark	5.60%	21.40%	5.40%	6.50%	0.9x	8.0x	226.20%
Cineworld	6.20%	27.50%	3.80%	4.60%	0.4x	6.5x	220.00%
Cineplex	3.20%	16.00%	3.40%	4.10%	0.4x	5.8x	335.70%
AMC	0.60%	13.10%	1.20%	1.50%	0.3x	2.3x	866.80%

Exhibit 10: DuPoint Analysis with Comparables

Company name	Tickers	Adj ROE	Net Income Margin	Asset Turnover	Financial Leverage
Cinemark	CNK	17.43	3.82	0.65	3.89
Imax	IMAX	10.76	10.46	0.44	1.67
AMC	AMC	7.87	(4.16)	0.48	10.68
Cinemeworld	CNNWF	15.81	6.90	0.71	2.60
Cineplex	CPXGF	11.71	4.77	0.87	2.67
Source: Bloomberg	Mean	12.72	4.36	0.63	4.30
	Median	11.71	4.77	0.65	2.67
	High	17.43	10.46	0.87	10.68
	Low	7.87	(4.16)	0.44	1.67

Exhibit 11: Analysis of growth in concessions and growth in admission for Valuation

	Year	Growth in Admissions	Growth in Concessions
Historical	2014	-3.6%	0.0%
	2015	7.4%	10.8%
	2016	1.3%	5.7%
	2017	0.30%	4.9%
	2018	2.20%	6.7%
	2019	-0.10%	4.7%
Forecast	2020	-4.7%	-0.3%
	2021	4.0%	8.1%
	2022	2.0%	6.2%
	2023	2.0%	6.2%



Regression Statistics	
Multiple R	0.9876
R Square	0.9754
Adjusted R Square	0.9692
Standard Error	0.0061
Observations	6

ANOVA

	df	SS	MS	F	Significance F
Regression	1	0.005931488	0.00593149	158.3365468	0.000229573
Residual	4	0.000149845	3.7461E-05		
Total	5	0.006081333			

I. Dependant Variable: Concessions Growth

II. Independent Variable: Admissions Growth

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.043	0.003	15.989	0.000089	0.035	0.050	0.035	0.050
Admissions Growth Variable	0.957	0.076	12.583	0.000230	0.746	1.168	0.746	1.168
Concessions Growth Forecast	-0.003	0.081	0.062	0.062				
Based on admission growth forecast								

DCF VALUATION MODEL									
Free Cash Flow Calculation (\$ million)									
EBIT				459.4	458.0	453.3	431.5	453.0	482.1
Income tax on EBIT				124.0	123.6	122.4	116.5	122.3	130.2
NOPAT				335.4	334.3	330.9	315.0	330.7	351.9
Depreciation				261.2	244.0	240.5	251.9	261.1	267.6
Less: Capital expenditures				(346.1)	(299.3)	(275.8)	(276.0)	(270.3)	(264.0)
Less: Change in NWC				6.0	(31.6)	1.9	(1.6)	(1.8)	0.2
Firm Free Cash Flow				270.7	247.4	297.4	289.4	319.7	355.8

Discounted Cash Flow with WACC			
Free Cash Flow			
Discounted cash flow	1,087.7		
Terminal value GGM	7,978.4	Long term growth	1.50%
Discounted Terminal Value	6,313.4	WACC	6.03%
Total value	7,401.0		
PV terminal value (EBITDA multiple)	6,122.5		
Average of the two method for termin	6,217.9		
Enterprise value	7,305.6		
Net debt (cash)	2,902.8		
Value of equity	4,402.8		
Intrinsic Value	37.8		
Target Price (2020 Dec)	40.04		

Exhibit 12: Computation of Beta and WACC

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.365659131
R Square	0.1337066
Adjusted R Square	0.130361838
Standard Error	0.031711837
Observations	261

ANOVA

	df	SS	MS	F	Significance F
Regression	1	0.040200402	0.04	39.9749	1.12002E-09
Residual	259	0.260460911	0.001		
Total	260	0.300661314			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-0.00090207	0.001971802	-0.46	0.64771	-0.004784872	0.00298074	-0.004784872	0.002980737
X Variable 1	0.70461183	0.111443855	6.323	1.1E-09	0.485160429	0.92406323	0.485160429	0.924063232

S&P 500 was considered as a benchmark for market return and treasury bills as risk free return. 5 years weekly return of Cinemark and S&P 500 was used to run regression to calculate the Beta of Cinemark.

WACC Calculation	
Target Capital Structure	
Debt-to-Total Capitalization	47.92%
Equity-to-Total Capitalization	52.08%
Cost of Debt	
Cost-of-Debt	4.88%
Tax Rate	27.0%
After-tax Cost of Debt	3.56%
Cost of Equity	
Risk-free Rate (1)	1.32%
Market Risk Premium (2)	8.77%
Levered Beta	0.70
Cost of Equity	7.46%
Country Risk Premium (3)	0.84%
Cost of equity after other risk	8.30%
WACC	6.03%

(1) Treasury yield curve rate on 5-year U.S. Treasury , sourced from US Department of Treasury as on January 31st 2020

(2) Annualised Return of S&P 500 (5 years) - Risk Free Rate

(3) Country Risk Premium (weighted as per screen presence) for Latin America-sourced from Damodaran(Exhibit 15)

Company	Predicted Levered Beta (4)	Market Value of Debt	Market Value of Equity	Debt/Equity	EST. Marginal Tax Rate	Unlevered Beta
Cineworld	0.66	5,600.0	3,920.0	1.43	20.0%	0.31
AMC	0.75	10,256.7	3,024.6	3.39	25.0%	0.21
Cineplex	0.44	2048.9	983.6	2.08	27.0%	0.17
Mean	0.64			1.96		0.28
Median	0.68			1.76		0.26

Exhibit 13: Sensitivity Testing

	EV	Long term growth				
	7,305.58	-1.00%	1.00%	1.50%	2.00%	2.50%
WACC	5.17%	6,504.34	7,693.06	8,192.68	8,849.91	9,753.29
	5.57%	6,318.73	7,325.84	7,732.27	8,252.54	8,942.29
	6.07%	6,115.61	6,947.32	7,269.00	7,669.71	8,182.66
	6.57%	5,938.67	6,635.82	6,896.04	7,213.21	7,608.30
	7.17%	5,754.16	6,327.55	6,534.10	6,780.61	7,079.90

Admission Growth of 2021	EV	Admission Growth of 2020				
	7,305.6	0.00%	-2.50%	-4.73%	-5.50%	-7.00%
	2.50%	7,452.7	7,344.4	7,247.6	7,214.4	7,149.4
	3.50%	7,493.3	7,383.9	7,286.3	7,252.8	7,187.2
	4.00%	7,513.5	7,403.7	7,305.6	7,271.9	7,206.0
	4.50%	7,533.8	7,423.5	7,324.9	7,291.1	7,224.9
	5.00%	7,554.1	7,443.3	7,344.2	7,310.3	7,243.8

WACC Sensitivity Analysis						
Debt-to-Total Capitalization	Cost of equity					
	0.9	7.30%	7.80%	8.30%	8.80%	9.30%
	37.1%	5.91%	6.23%	6.54%	6.86%	7.17%
	42.1%	5.72%	6.01%	6.30%	6.59%	6.88%
	47.1%	5.54%	5.80%	6.07%	6.33%	6.60%
	52.0%	5.35%	5.59%	5.83%	6.07%	6.31%
	57.0%	5.17%	5.38%	5.60%	5.81%	6.03%

Long term growth						
WACC	37.43	-1.00%	1.00%	1.50%	2.00%	2.50%
	5.17%	30.85	41.04	45.33	50.96	58.71
	5.57%	29.26	37.89	41.38	45.84	51.76
	6.07%	27.51	34.65	37.41	40.84	45.24
	6.57%	26.00	31.98	34.21	36.93	40.32
	7.17%	24.41	29.33	31.10	33.22	35.78

		Admission Growth of 2020				
Admission Growth of 2021	37.43	0.00%	-2.50%	-4.73%	-5.50%	-7.00%
	2.50%	38.68	37.76	36.93	36.65	36.10
	3.50%	39.03	38.10	37.26	36.98	36.42
	4.00%	39.20	38.27	37.4	37.14	36.58
	4.50%	39.38	38.43	37.59	37.30	36.74
	5.00%	39.55	38.60	37.76	37.47	36.90

Descriptive Stats	
Mean	37.7
Standard Error	0.9
Median	37.4
Standard Deviation	6.0
Range	34.3
Minimum	24.4
Maximum	58.7
Second Quartile	37.4
Third Quartile	39.1
Count	50

Exhibit 14: Multiples Valuation

Company	Beta	Unlevered Beta	Debt
Cinemark	0.7	0.276	3385.65
Cineplex	0.44	0.133	1934.9
Cineworld	0.66	0.262	6923
AMC	0.75	0.108	9657

IS	Amount
Revenue	3,325.20
EBITDA	702.00
EBIT	458.00

	Cinemark	Cineworld	Cineplex	AMC
EV / EBITDA	6.50	10.70	9.80	14.50

Median	Mean
10.70	11.67

EV Median	EV Mean
7,511.40	8,190.00

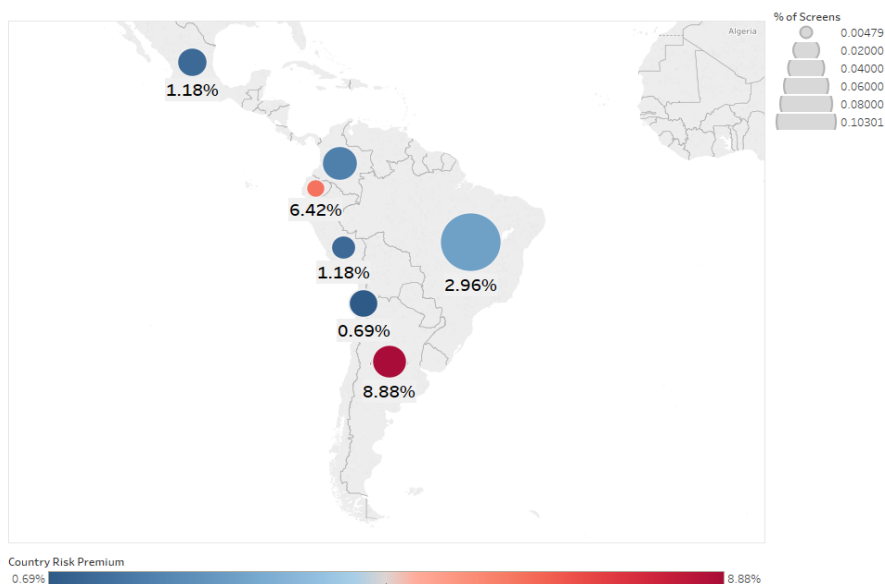
EV Value	7,511.40	8,190.00
Less: Net Debt	2,902.85	2,902.85
Equity	4,608.55	5,287.15
Stock Price	39.59	45.42

Exhibit 15: Country Risk Premium

United States Theatres	76%
------------------------	-----

	Percentage	Weights	Country Risk Premium	Weighted average
International Theatres	24%	100%		3.20%
Brazil	10%	42.6%	2.96%	1.26%
Colombia	3%	13.8%	1.88%	0.26%
Argentina	3%	13.0%	8.88%	1.15%
Mexico	2%	9.6%	1.18%	0.11%
Chile	2%	9.1%	0.69%	0.06%
Peru	2%	6.4%	1.18%	0.08%
Ecuador	1%	3.5%	6.42%	0.22%
Other countries	0%	2.0%	2.46%	0.05%

Country Risk Premium



Reference Links:

- <https://www.motionpictures.org/wp-content/uploads/2019/03/MPAA-THEME-Report-2018.pdf>
- <https://www.statista.com/statistics/187069/north-american-box-office-gross-revenue-since-1980/>
- <https://www.latimes.com/business/hollywood/la-fi-ct-mpaa-box-office-report-20190321-story.html>
- <https://www.hollywoodreporter.com/news/domestic-box-office-attendance-falls-46-percent-2019-1270900>
- <https://www.motionpictures.org/research-docs/2018-theatrical-home-entertainment-market-environment-theme-report/>
- <https://www.natoonline.org/data/admissions/>
- <https://www.billboard.com/articles/news/8547827/2019-global-box-office-revenue-hit-record-425b-despite-4-percent-dip-in-us>
- <https://www.the-numbers.com/market/2018/top-grossing-movies>
- <https://www.mbaskool.com/brandguide/media-and-entertainment/15016-cinemark.html>
- <https://clients1.ibisworld.com/reports/us/industry/ata glance.aspx?entid=1244>
- <https://apnews.com/Business%20Wire/2cf81f01460b4de8974c78d2ccb9edf0>

Databases and websites referred:

- Factset
 - Bloomberg
 - Thomson Reuters Eikon
 - Capital IQ
 - Statista
 - Hollywood Stock Exchange
-