

NCMSM
AMERICA'S MOVIE NETWORK

Q1'20 Earnings Supplemental Presentation

Liquidity and COVID-19 Update

Forward-Looking Statements

This presentation contains various forward-looking statements that reflect management's current expectations or beliefs regarding future events, including statements providing guidance and projections for the full year 2020. Investors are cautioned that reliance on these forward-looking statements involves risks and uncertainties. Although the Company believes that the assumptions used in the forward-looking statements are reasonable, any of these assumptions could prove to be inaccurate and, as a result, actual results could differ materially from those expressed or implied in the forward-looking statements. The factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements are, among others, 1) level of theater attendance or viewership of the *Noovie* pre-show; 2) increased competition for advertising expenditures; 3) changes to relationships with NCM LLC's founding members; 4) inability to implement or achieve new revenue opportunities; 5) the impact of pandemics, epidemics or disease outbreaks, such as the novel coronavirus (COVID-19); 6) failure to realize anticipated benefits of the 2019 Exhibitor Service Agreement amendments; 7) technological changes and innovations; 8) economic conditions, including the level of expenditures on cinema advertising; 9) our ability to renew or replace expiring advertising and content contracts; 10) our need for additional funding, risks and uncertainties relating to our significant indebtedness; 11) reinvestment in our network and product offerings may require significant funding and resulting reallocation of resources; 12) fluctuations in operating costs; and 13) changes in interest rates. In addition, the outlook provided does not include the impact of any future unusual or infrequent transactions; sales and acquisitions of operating assets and investments; any future non-cash impairments of intangible and fixed assets; amounts related to litigation or the related impact of taxes that may occur from time to time due to management decisions and changing business circumstances. The Company is currently unable to forecast precisely the timing and/or magnitude of any such amounts or events. Please refer to the Company's Securities and Exchange Commission filings, including the "Risk Factor" section of the Company's Annual Report on Form 10-K for the year ended December 26, 2019, for further information about these and other risks. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. The Company undertakes no obligation to update any forward-looking statement, whether as a result, of new information, future events or otherwise, except as required by law.

This presentation contains references to Non-GAAP financial measures including Adjusted OIBDA (Operating Income Before Depreciation and Amortization, Amortization of intangibles recorded for network theater screen leases, excluding share based payment costs and CEO transition costs). A reconciliation of these measures is available in this presentation and on the investor page of the Company's website at www.ncm.com.

National CineMedia Business Update – Covid-19 Impact

- Due to the COVID-19 pandemic, almost all theaters in the NCM network were temporarily closed as of mid-March
- NCM entered the global COVID-19 crisis in a strong financial position
 - As of March 26, 2020, NCM LLC had a cash balance of \$132.2 million and a \$113.7 million accounts receivable balance
 - NCM believes it has sufficient liquidity to sustain its operations for 18 months (even with theaters in its network fully closed)
- NCM has been working swiftly and proactively to preserve cash and ensure sufficient liquidity to endure the impacts of the COVID-19 Pandemic, even if prolonged. Among other measures, the Company has:
 - Temporarily furloughed approximately 1/3 of staff, and temporarily reduced the pay of the remaining employees by up to 50%, which in aggregate reduced wage expense by 50%
 - Temporarily reduced cash compensation of the Company's Board of Directors by 20%
 - Suspended non-essential operating expenditures
 - Implemented a hiring freeze
 - Temporarily suspended the 401K employee match program
 - Terminated or deferred certain non-essential capital expenditures
 - Strategically working with our landlords, vendors, and other business partners to manage, defer, and/or abate certain costs during the disruptions caused by the COVID-19 Pandemic
 - Introduced an active cash management process, which, among other things, requires CEO approval of all outgoing payments
 - Drew down an additional \$110 million of revolving credit facility as precautionary measure due to macro-economic concerns
 - We are continuing to evaluate our cost structure for any additional savings
- On April 30, 2020, NCM obtained approval on an automatic waiver of any non-compliance with its Consolidated Net Senior Secured Leverage Ratio and Consolidated Total Leverage Ratio financial covenants occurring from the quarter ended June 25, 2020 until and including the quarter ended July 1, 2021
- The Company continues to evaluate provisions of the CARES Act and intends to seek potential benefits that would positively impact the Company.
- We believe that the exhibition industry has historically fared well during recessions, and management remains optimistic, though cannot guarantee, that the founding members and network affiliates will rebound and attendance figures will benefit from pent-up social demand as home sheltering subsidies and people seek togetherness with a return to normalcy

Actions to Enhance Liquidity

NCM's highly variable cost structure allows for significant cost savings during months cinemas are closed.

P&L Actions

Theater Access Fees – variable based on Founding Member theater attendance, reduced to \$0 while theaters are closed, represent ~34% of the Company's annual expenses

Affiliate Fees – variable based on theaters being open and generating advertising revenue, represents ~13% of the Company's annual expenses

Platinum Spot Revenue Share Payments – variable based on theaters being open and generating advertising revenue

Salaries and Wages – temporarily furloughed approximately 1/3 of staff, and temporarily reduced the pay of the remaining employees by up to 50%, which in aggregate reduced wage expense by 50%; temporarily suspended the 401K employee match program

Operating Expenses⁽¹⁾ – suspended non-essential operating expenditures, including marketing, research, employee travel and consulting services; reduced monthly operating expense burn rate from approx. \$9.5 million to approx. \$5.0 million, or a reduction of 47%

General and Administrative – temporarily reduced cash compensation of the Company's Board of Directors by 20%; halted all other non-essential expenses

Other Cash Actions⁽²⁾

Working Capital – strategically working with our landlords, vendors, and other business partners to manage, defer, and/or abate certain costs

CapEx – terminated or deferred certain non-essential capital expenditures

Financing Obligations – making principal and interest payments as scheduled

Payroll Tax Expense – tax payment deferral and credits as provided under the CARES act

(1) Represents core non-contractual expenses that excludes theater access fees, affiliate payments and Platinum Spot revenue share payments.

(2) Details reflect cash-based actions while reported P&L expenses will reflect GAAP accrual-based accounting.

CARES Act Summary for National CineMedia

On March 27, 2020, the U.S. Government enacted various relief and stimulus measures in response to the unprecedented adverse economic impacts of the COVID-19 Pandemic commonly referred to as the CARES Act. Based on our preliminary analysis of the CARES Act, we expect to recognize the following benefits:

- deferral of the payment of the 6.2% FICA portion of Company's payroll taxes beginning on the enactment date through December 31, 2020 until the end of 2021 for one-half of the tax and the remaining half to the end of 2022; and
- a refundable Employee Retention Payroll Tax Credit for the Company's portion of the 6.2% FICA payroll tax for certain qualifying employees from March 13, 2020 through December 31, 2020.

The Company continues to evaluate provisions of the CARES Act and intends to seek potential benefits that would positively impact the Company.

Q1 2020 Highlights versus Q1 2019

Financial:

- Total revenue decreased 15.9% to \$64.7 million.
- Adjusted OIBDA⁽¹⁾ decreased 34.8% to \$14.4 million.
- National and Regional Sales revenue decreased 13.2% to \$49.8 million.
 - Attendance decline of 19.0% during the quarter.
- Local revenue decreased 26.6% to \$9.4 million.
- Beverage revenue decreased 17.9% to \$5.5 million related to 19.4% founding member attendance decline.

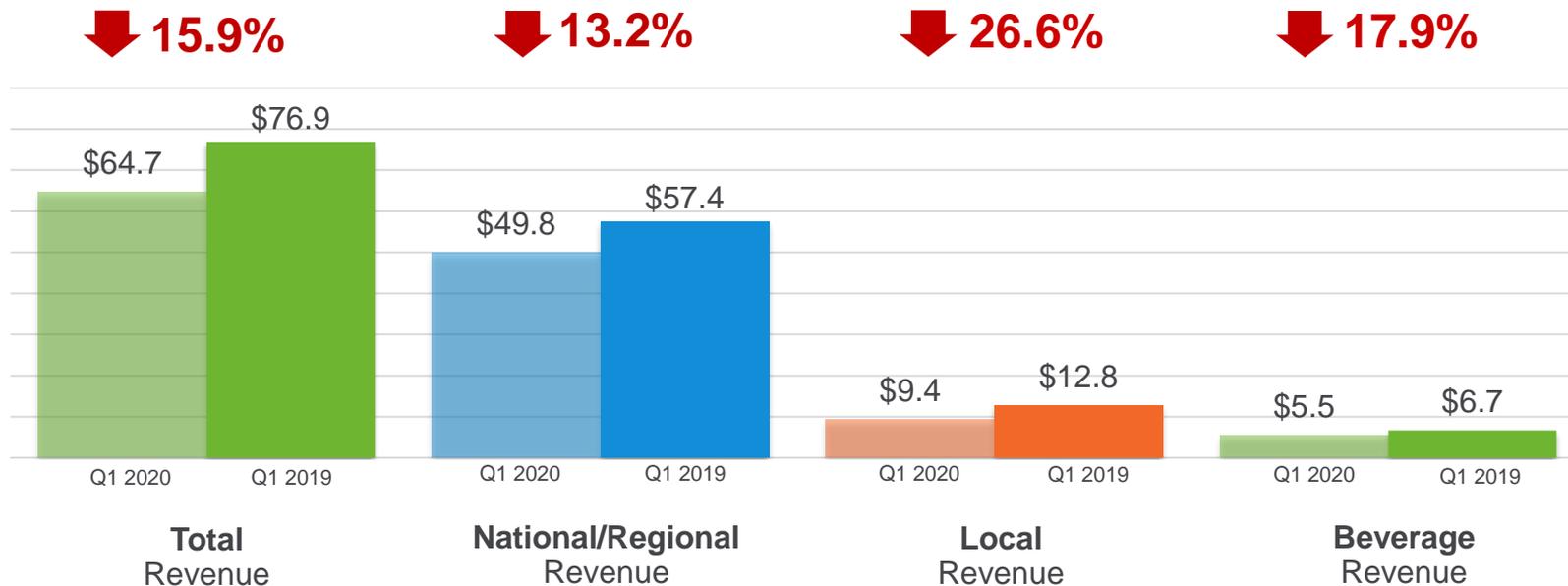
Other:

- Total first and second party data sets for our digital platform are over 146 million as of March 26, 2020, up from 39 million a year ago.

(1) Adjusted OIBDA represents a non-GAAP measure (operating income before depreciation and amortization and excluding non-cash share based costs and CEO transition costs). See reconciliation to the comparable GAAP measure on slide 17 of this presentation.

Revenue (Q1)

(\$ in millions)



Network Stats (Q1'20 vs. Q1'19)

↓ 8.7%

CPMs
(NATIONAL)



MAKE-GOOD
In Millions

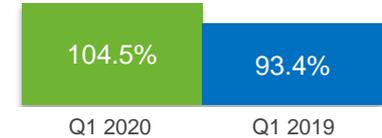
↓ 9.4%

IMPRESSIONS SOLD
(NATIONAL)
In Millions

↓ 19.0%

NETWORK ATTENDANCE
(FOUNDING MEMBERS + AFFILIATES)

↑ 11.9%



UTILIZATION⁽¹⁾
(NATIONAL)

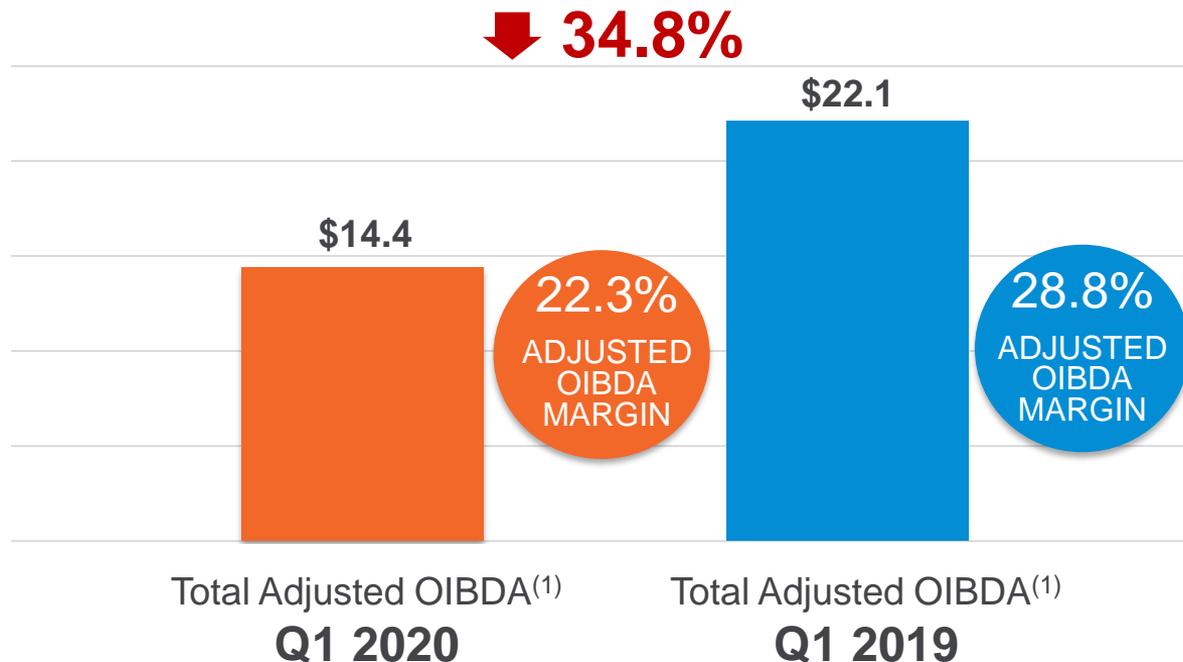
↑ 0.8%

TOTAL SCREENS
(FOUNDING MEMBERS + AFFILIATES)

(1) Utilization is calculated as utilized impressions divided by total advertising impressions, which is based on eleven 30-second salable national advertising units in our *Noovie* pre-show, which can be expanded, should market demand dictate.

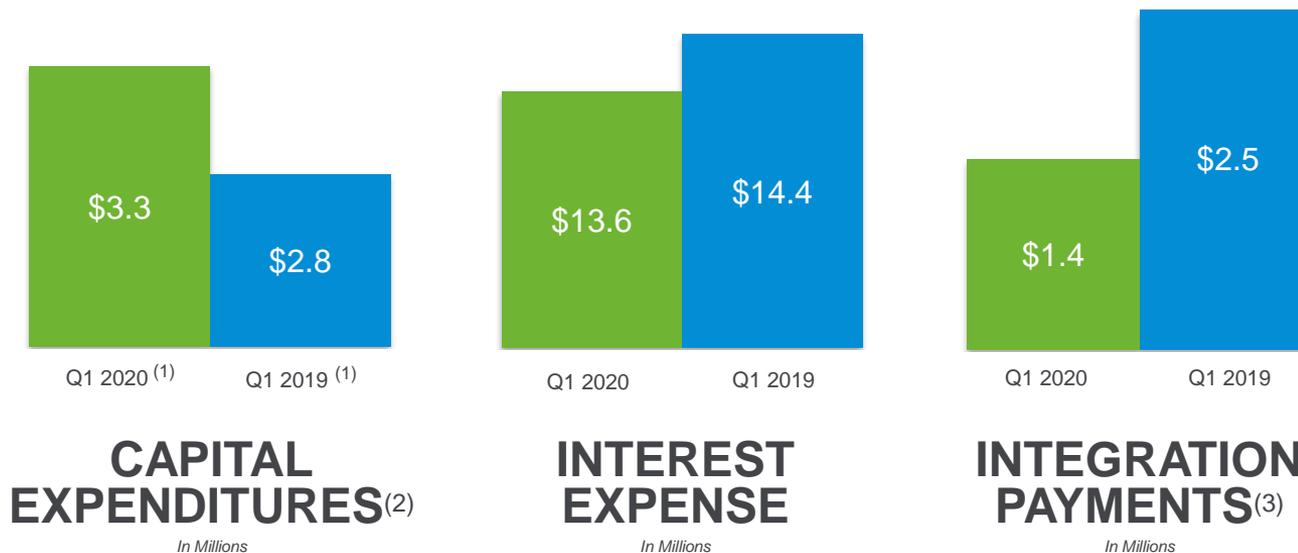
Adjusted OIBDA⁽¹⁾ (Q1'20 vs. Q1'19)

(\$ in millions)



(1) Adjusted OIBDA represents a non-GAAP measure (operating income before depreciation and amortization and excluding non-cash share based costs and CEO transition costs). See reconciliation to the comparable GAAP measure on slide 17 of this presentation.

Other Financial Metrics (Q1)



(1) Includes capital expenditures of \$1.7 million in Q1 2020 related to our digital product investment versus \$1.1 million in Q1 2019.

(2) Includes certain other implementation costs associated with Cloud Computing Arrangements.

(3) Integration and other encumbered theater payments. These payments were recorded as a reduction of an intangible asset and are excluded from Adjusted OIBDA.

Diversified Debt Structure

Q1 2020	 \$1,063.0M	 \$167.0M	 \$215.3M	 5.1%	4.3X
Q1 2019	\$935.7M	\$37.0M	\$82.4M	5.8%	4.3X
	Total Debt Outstanding	Outstanding Revolver Balance	Consolidated Cash and Investment Balances⁽¹⁾	Average Interest Rate on All Debt	Gross Leverage Ratio (Total Debt / Adjusted OIBDA + Integration Payments)

(1) \$83.1 million of this balance is at NCMI at March 26, 2020 and \$77.7 million at March 28, 2019.

Cash Dividends in Q2'20 and Annualized FY '20 Dividend

The dividend was reduced from previous quarters due to the reduced cash flows to NCM LLC from the theater closures from the COVID-19 pandemic and the corresponding limitations on available cash distributions from NCM LLC to NCM, Inc. under the Credit Agreement amendment entered into on April 30, 2020.



- (1) The dividend declared on May 5, 2020 is \$0.07 per share for payment in Q2 2020 and represents an annualized dividend of \$0.28 per share.
- (2) Dividend yield based on NCMI closing stock price on May 4, 2020 of \$3.08.

2020 Annual Guidance Withdrawn

Due to the current unprecedented market conditions related to the coronavirus (COVID-19) and the resulting uncertainty regarding the duration and ultimate impact of governmental regulations, including shelter-in-place orders and mandated business closures including our network theaters and clients, as well as the impact of changes in consumer behavior (such as social distancing) on attendance following the reopening of the theaters, the Company is withdrawing its previously published financial guidance related to revenue, Adjusted OIBDA and integration payments for the fiscal year ending December 31, 2020.

Operating Income to Adjusted OIBDA and Adjusted OIBDA Margin

\$ in millions

	Quarter Ended	
	March 26, 2020	March 28, 2019
Operating income	\$ 4.9	\$ 10.9
Depreciation expense	3.2	3.3
Amortization of intangibles recorded for network theater screen leases	6.1	6.9
Share-based compensation costs (1)	0.2	0.8
CEO transition costs	—	0.2
Adjusted OIBDA	\$ 14.4	\$ 22.1
Total revenue	\$ 64.7	\$ 76.9
Adjusted OIBDA margin	22.3 %	28.8 %

- (1) Share-based compensation costs are included in network operations, selling and marketing and administrative expense.

Thank You!

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