

# Q2'18 and YTD Earnings Supplemental Presentation

# Forward-Looking Statements

This presentation contains various forward-looking statements that reflect management's current expectations or beliefs regarding future events. Investors are cautioned that reliance on these forward-looking statements involves risks and uncertainties. Although National CineMedia, Inc (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) the 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) technological changes and innovations; 6) economic conditions, including the level of expenditures on NCM; 7) our ability to renew or replace expiring advertising and content contracts; 8) our need for additional funding, risks and uncertainties relating to our significant indebtedness; 9) reinvestment in our network product offerings may require significant funding and resulting in reallocation of resource; 10) fluctuations in operating costs; 11) changes in interest rates. In addition, this presentation does not include: 1) the impact of any future unusual or infrequent transactions; 2) any impact of sales and acquisitions of operating assets and investments; 3) any future noncash impairments of intangible and fixed assets; or 4) 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 for further information about these and other risks.

In addition, the pro forma information provided in this presentation is included for informational purposes only and does not purport to reflect the results of operations or financial position of the Company or National CineMedia, LLC ("NCM LLC") that would have occurred had the particular transactions become effective on the dates specified. References in this presentation to "PF" or "Pro Forma" mean that the information is presented as if the IPO, the reorganization and the transactions and material changes to contractual arrangements which occurred in connection with the IPO had become effective on the dates specified.

This presentation contains references to Non-GAAP financial measures including Adjusted OIBDA (Operating Income Before Depreciation and Amortization and excluding share based payment costs, merger-related costs, CEO transition costs, early lease termination expense and Fathom operating income). A reconciliation of these measures is available in this presentation and on the investor page of the Company's website at [www.ncm.com](http://www.ncm.com).

# Q2 2018 Highlights versus Q2 2017

## **Financial:**

- Total revenue increased 17.1% to \$113.7 million
- Adjusted OIBDA increased 23.6% to \$52.3 million
- National Sales revenue increased 19.4% to \$78.8 million
- Local & Regional revenue increased 11.9% to \$26.3 million
- Beverage revenue increased 13.2% to \$8.6 million
- Digital revenue increased 19.9%
- Refinanced \$270M Term Loan B (matures: June 2025) and \$175M Revolving Credit Facility (matures: June 2023) <sup>(1)</sup>

(1) The maturity dates for the revolving credit facility and term loan are contingent upon the refinancing of the Senior Secured Notes due in 2022 on or prior to October 30, 2021. If the Senior Secured Notes are not refinanced on or prior to October 30, 2021, then the revolving credit facility and term loans will instead mature on December 30, 2021.

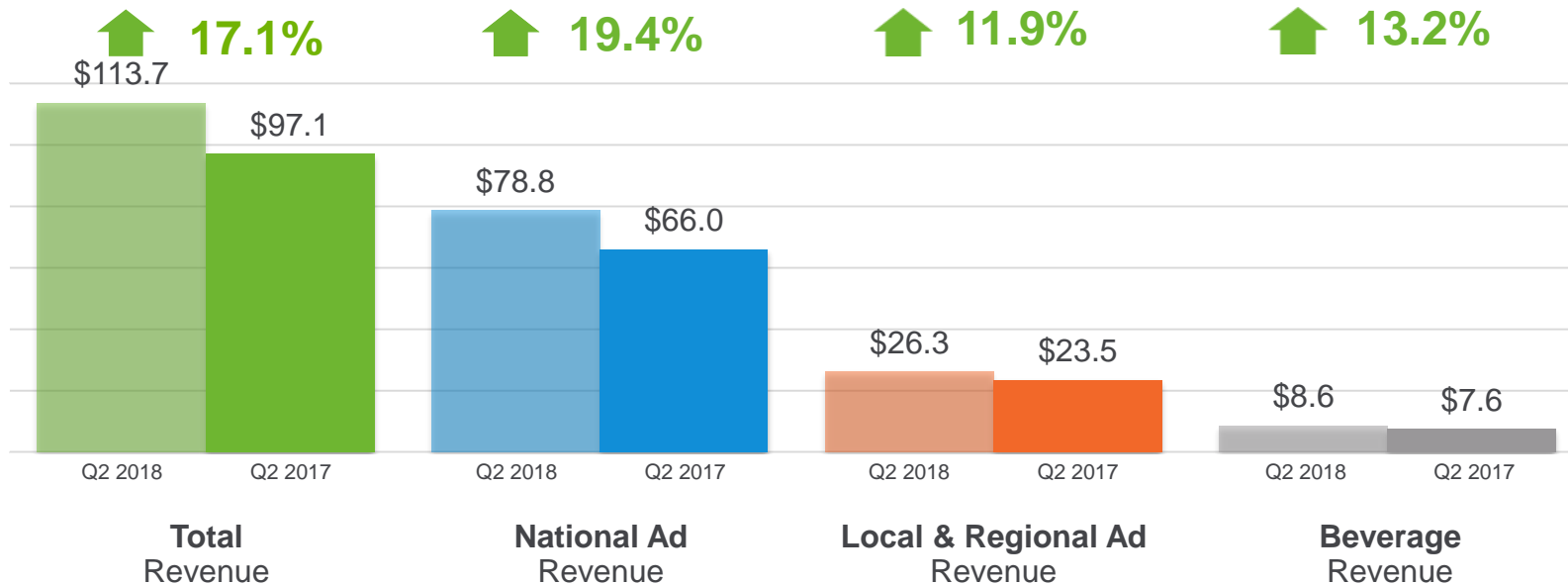
# Q2 2018 Highlights versus Q2 2017

## Other:

- Experienced the highest quarterly box office on record.
- Launched Noovie Arcade interactive augmented reality games with over 850,000 registered users
- Jerry Canning joined the company as Vice President, Digital Ad Sales. He is a digital industry thought-leader and veteran of Facebook and Google
- Reached agreement with largest stock holder, Standard General, and welcomed Andrew Glaze onto the Board.
- Successful move into new Corporate Headquarters downsizing from 82,000 sq. ft. to 63,000 sq. ft.
- Eliminated AMC unit overhang with AMC selling its remaining LLC ownership units to Regal/Cineworld and Cinemark.

# Revenue (Q2)

(\$ in millions)



# Network Stats (Q2'18 vs. Q2'17)

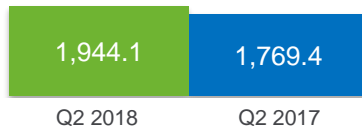
↑ 13.4%

**CPMs**  
(NATIONAL)



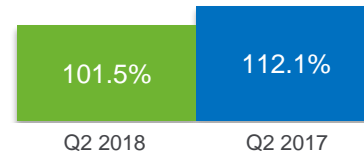
**MAKE-GOOD**  
*In Millions*

↑ 9.9%



**IMPRESSIONS SOLD**  
(NATIONAL)  
*In Millions*

↓ 10.6%



**UTILIZATION**  
(NATIONAL)

↑ 21.3%

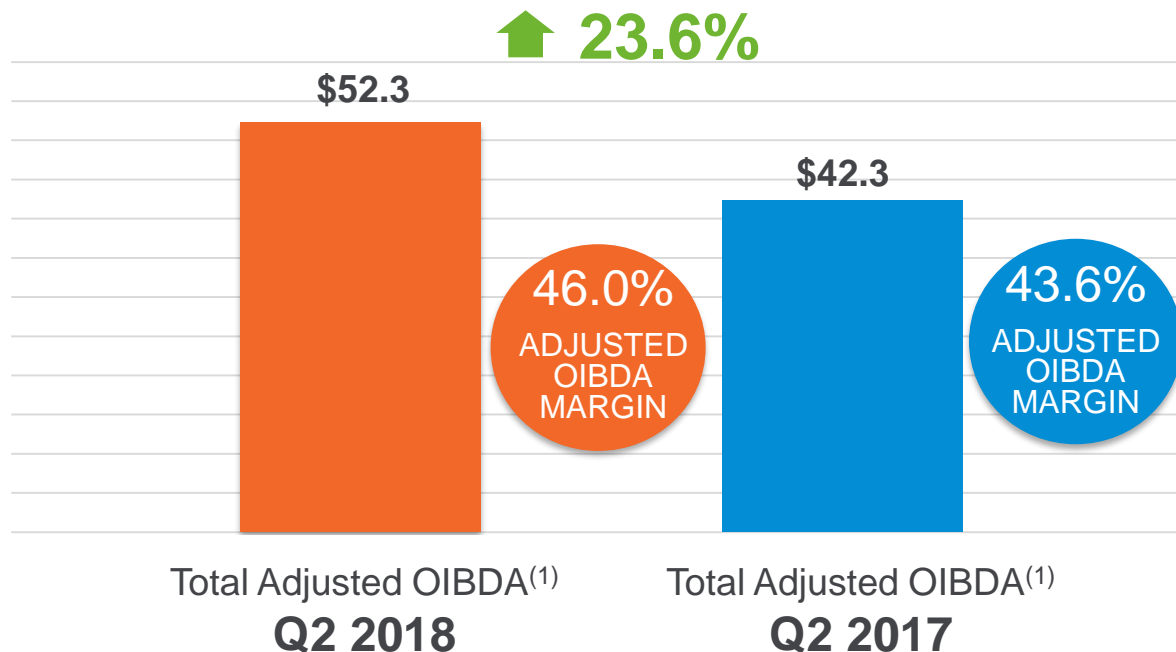
**NETWORK  
ATTENDANCE**  
(FOUNDING MEMBERS + AFFILIATES)

↑ 2.4%

**TOTAL  
SCREENS**  
(FOUNDING MEMBERS + AFFILIATES)

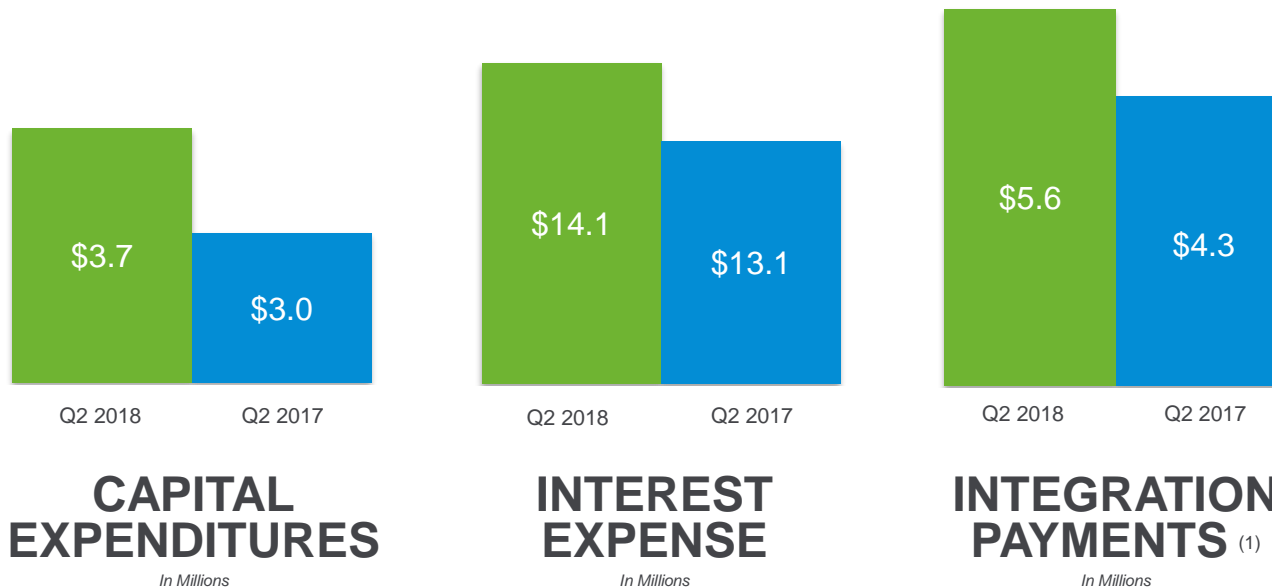
# Financials (Q2)

(\$ in millions)



(1) Adjusted OIBDA represents a non-GAAP measure (operating income before depreciation and amortization and excluding non-cash share based costs, CEO transition costs and early lease termination expense). See reconciliation to the comparable GAAP measure on slide 18 of this presentation.

## Other Financial Metrics (Q2)



(1) Integration and other encumbered theatre payments accrued.

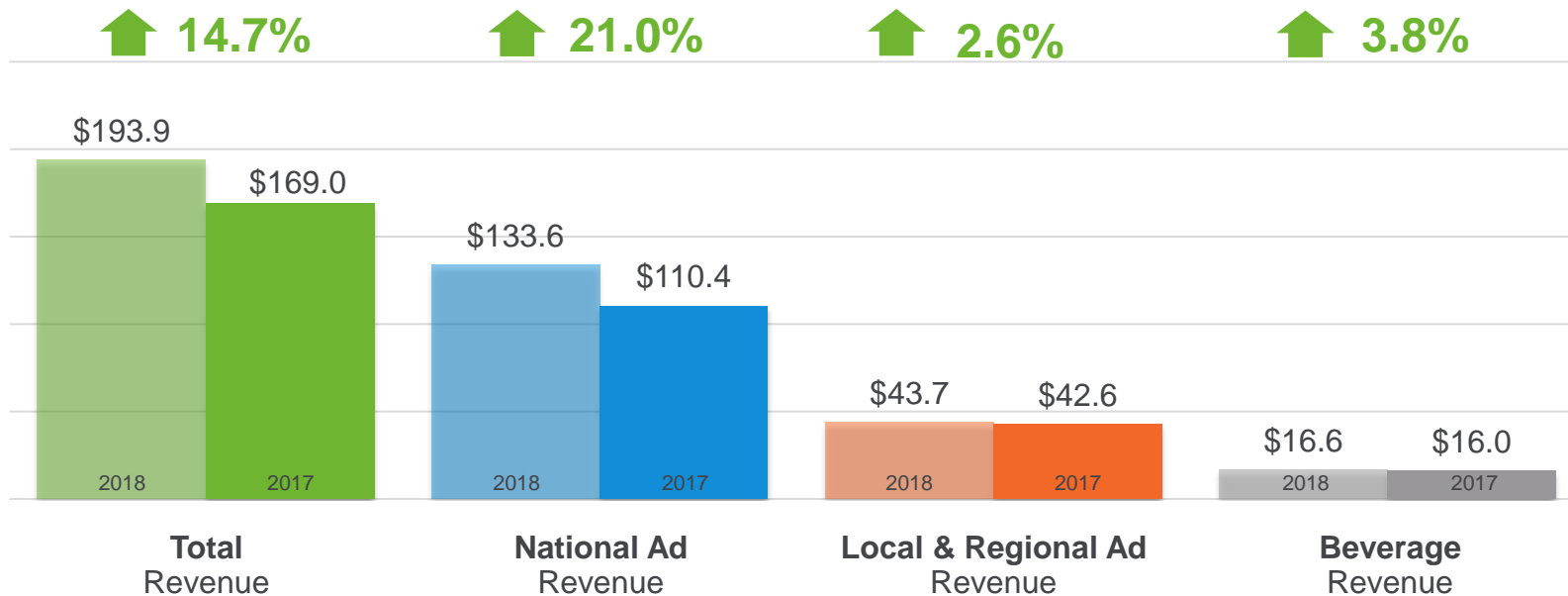


# YTD Highlights — 2018

- Total revenue increased 14.7% to \$193.9 million
- Adjusted OIBDA increased 26.2% to \$75.6 million
- National Sales revenue increased 21.0% to \$133.6 million
- Local & Regional revenue increased 2.6% to \$43.7 million
- Digital revenue increased 19.7%
- Seeing traction from our national spot strategy (with revenue from the STRATA and Mediaocean buying systems up 189%)

# Revenue (YTD 2018)

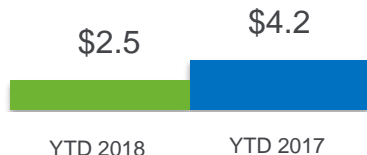
(\$ in millions)



# Network Stats (YTD 2018)

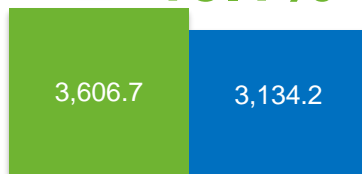
↑ 8.3%

**CPMs**  
(NATIONAL)



**MAKE-GOOD**  
*In Millions*

↑ 15.1%

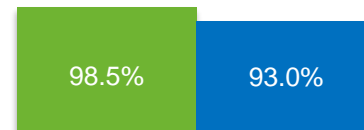


YTD 2018

YTD 2017

**IMPRESSIONS SOLD**  
(NATIONAL)  
*In Millions*

↑ 5.5%



YTD 2018

YTD 2017

**UTILIZATION**  
(NATIONAL)

↑ 8.7%

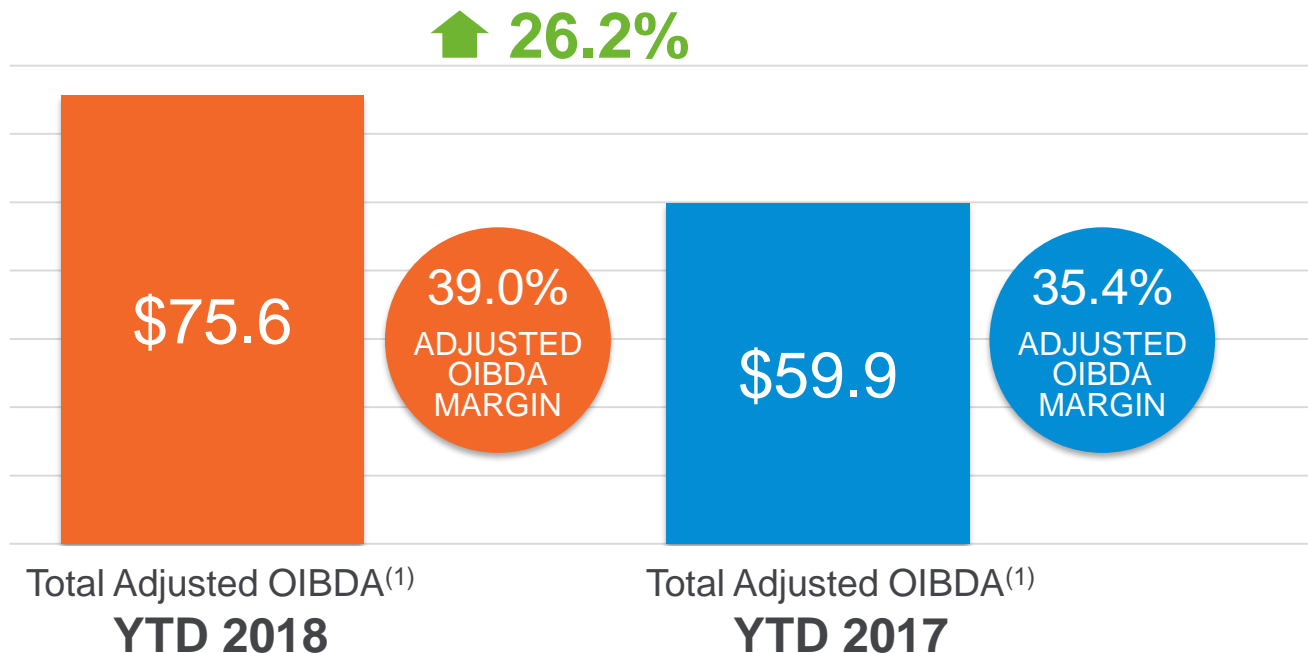
**NETWORK  
ATTENDANCE**  
(FOUNDING MEMBERS + AFFILIATES)

↑ 2.4%

**TOTAL  
SCREENS**  
(FOUNDING MEMBERS + AFFILIATES)

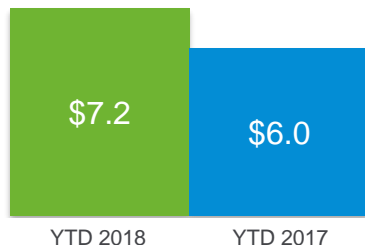
# Financials (YTD 2018)

(\$ in millions)



- (1) Adjusted OIBDA represents a non-GAAP measure (operating income before depreciation and amortization and excluding non-cash share based costs, CEO transition costs and early lease termination expense). See reconciliation to the comparable GAAP measure on slide 18 of this presentation

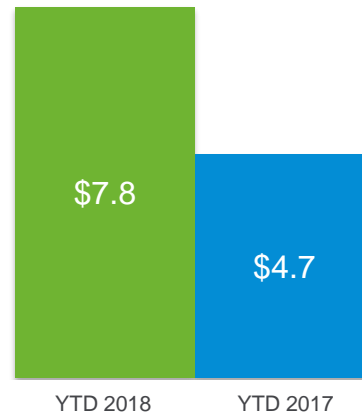
## Other Financial Metrics (YTD 2018)



**CAPITAL  
EXPENDITURES**  
*In Millions*








**INTEREST  
EXPENSE**  
*In Millions*

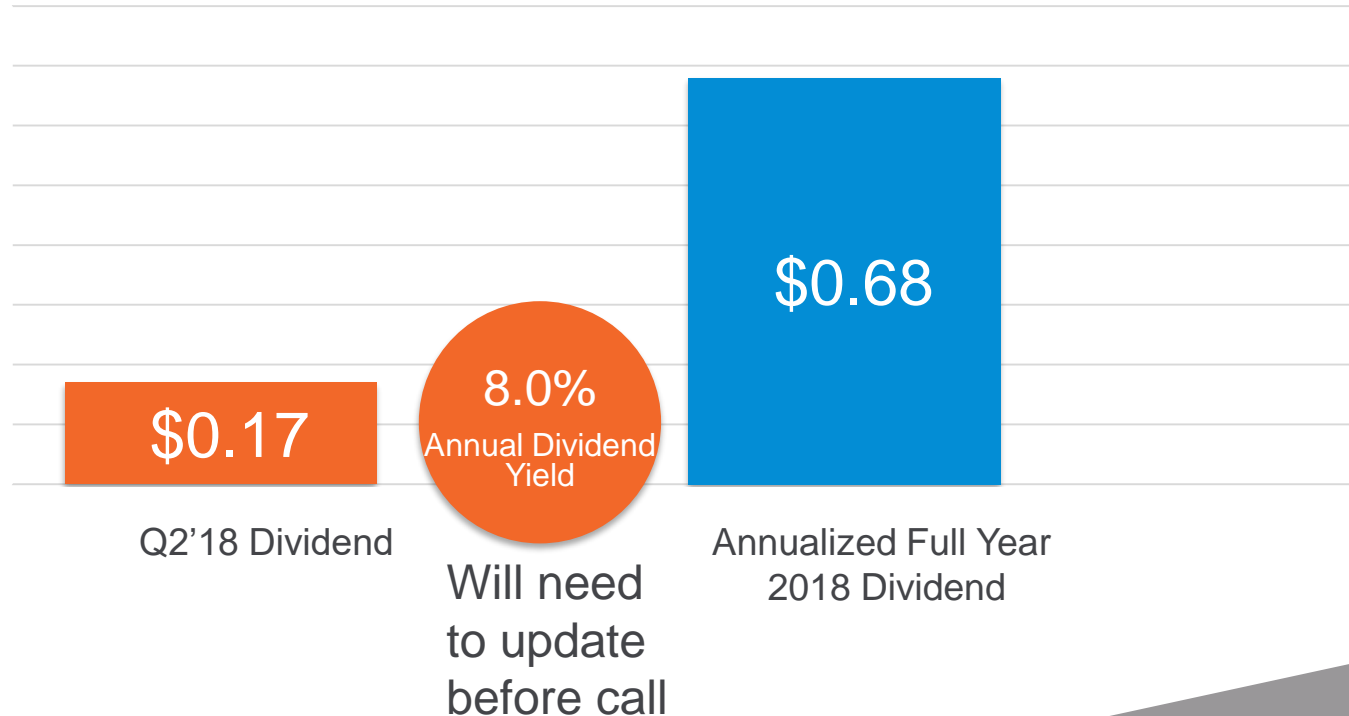


**INTEGRATION  
PAYMENTS**  
*In Millions*

# Diversified Debt Structure

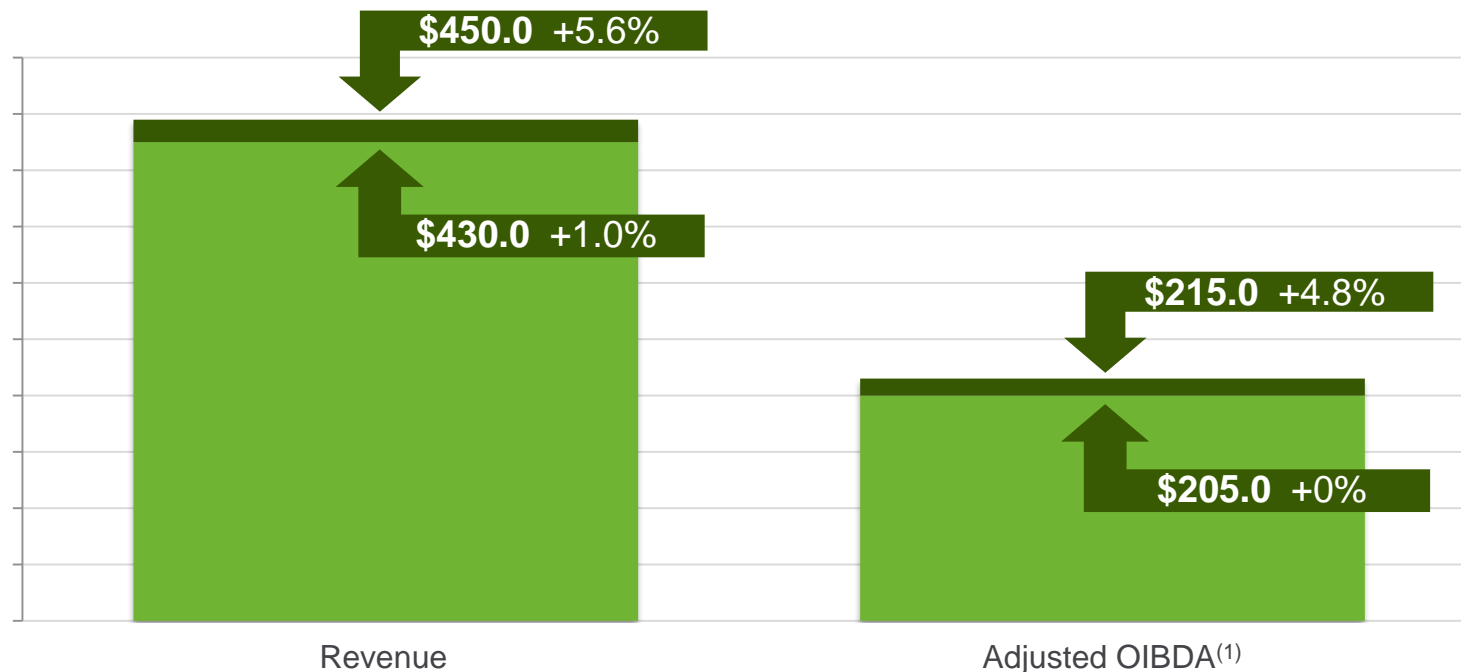
										
Q2 2018		\$950.2M		\$30.2M		\$65.6M		5.6%		4.0X
Q2 2017		\$930.0M		\$10.0M		\$51.6M		5.3%		4.5X
	Total Debt Outstanding		Outstanding Revolver Balance		Consolidated Cash and Investment Balances		Average Interest Rate on All Debt		Gross Leverage Ratio (Total Debt / Adjusted OIBDA + Integration Payments)	

# Cash Dividends Paid Q2'18 and Annualized FY 2018



# 2018 Annual Guidance

(\$ in millions)



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



# 2018 Annual Guidance - Operating Income to OIBDA and Adjusted OIBDA

Annual Guidance (\$ in millions)

Year Ending December 27, 2018		
NCM, Inc.		
	Low	High
Operating income	\$ 161.0	\$ 163.0
Depreciation and amortization	36.0	40.0
OIBDA	197.0	203.0
Share-based compensation costs (1)	8.0	12.0
Adjusted OIBDA	\$ 205.0	\$ 215.0
Total revenue	\$ 430.0	\$ 450.0

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

# Operating Income to OIBDA, Adjusted OIBDA and Adjusted OIBDA Margin

\$ in millions

	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Operating income	\$ 40.2	\$ 28.3	\$ 51.2	\$ 33.4
Depreciation and amortization	10.0	9.2	19.5	18.8
OIBDA	\$ 50.2	\$ 37.5	\$ 70.7	\$ 52.2
Share-based compensation costs (1)	2.1	2.8	4.9	5.5
CEO transition costs (2)	—	0.2	—	0.4
Early lease termination expense (3)	—	1.8	—	1.8
Adjusted OIBDA	\$ 52.3	\$ 42.3	\$ 75.6	\$ 59.9
Total revenue	\$ 113.7	\$ 97.1	\$ 193.9	\$ 169.0
Adjusted OIBDA margin	46.0%	43.6%	39.0%	35.4%

- (1) Share-based compensation costs are included in network operations, selling and marketing and administrative expense in the accompanying unaudited Condensed Consolidated Financial Statements.
- (2) Chief Executive Officer transition costs represent consulting, relocation and other costs.
- (3) Early lease termination expense represents an expense recorded upon the early termination of the lease of our previous corporate headquarters because the early termination payment made by the Company was reimbursed by the landlord of the new building.

# Thank You!

National CineMedia, Inc.

Investor Contact:

**Ted Watson**

800-844-0935

[investors@ncm.com](mailto:investors@ncm.com)