

NCM Investor Day

March 4, 2020



NYC

National CineMedia

Tom Lesinski, CEO



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 and selected information regarding growth in 2021 and 2022. 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) failure to realize anticipated benefits of the 2019 Exhibitor Service Agreement amendments; 6) technological changes and innovations; 7) economic conditions, including the level of expenditures on cinema advertising; 8) our ability to renew or replace expiring advertising and content contracts; 9) our need for additional funding, risks and uncertainties relating to our significant indebtedness; 10) reinvestment in our network and product offerings may require significant funding and resulting reallocation of resources; 11) fluctuations in operating costs; and 12) 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, CEO transition costs, early lease termination expense and non-recurring costs related to a system implementation). A reconciliation of these measures is available in this presentation and on the investor page of the Company's website at www.ncm.com.

The Company does not provide quantitative reconciliations of Adjusted OIBDA for 2021 and 2022 to operating income, the most directly comparable GAAP financial measure, because the Company is unable to provide such quantitative reconciliations without unreasonable effort. The Company cannot reliably forecast non-recurring operating expenses, depreciation and amortization, share based compensation costs, CEO transition costs, and other adjustments, which are difficult to predict and estimate. These items are inherently uncertain and depend on various factors, many of which are beyond the Company's control, and as such, any associated estimate and its impact on GAAP performance could vary materially.

National CineMedia Investor Day Agenda

1:50 - 2:00PM

Welcome

- Overview of the agenda
- Goals and Objectives

2:00 - 2:20PM

National CineMedia Growth Strategy

Presenting: Tom Lesinski, Chief Executive Officer

2:20 - 3:05PM

National CineMedia Growth Strategy

Moderator: Cliff Marks – President

Panelists: Mike Law – President of Amplifi

Amy Armstrong, CEO of Initiative Media

Jeni Gardener, Head of US Media at Unilever

3:05 - 3:15PM

10-Minute Break

3:15 - 3:45PM

Presentation: Overview of Advertising Network and Increasing the Quality and Value of Inventory

Presenting: Scott Felenstein, Chief Revenue Officer

3:45 - 4:00PM

Presentation: Upgrading Planning, Proposal and Inventory Tracking System

Presenting: Adam Johnson, SVP Business and Network Operations
Chuck Fredrick, SVP Chief Information Officer

4:00 - 4:30PM

Presentation: Digital Product and Data Investment

Presenting: Rick Butler, Chief Digital Office
Jerry Canning, VP of Digital Ad Sales

4:30 - 5:00PM

Presentation: National CineMedia Financials

Presenting: Katie Scherping, Chief Financial Officer
Ted Watson, SVP Finance

5:00 - 5:30PM

Q&A Session Leadership Team

5:30 - 6:30PM

Reception

NCM Management Team



Leadership Team



Tom Lesinski
Chief Executive
Officer



Cliff Marks
President



Sarah Hilty
EVP, General
Counsel & Secretary



Katie Scherping
EVP, Chief Financial
Officer



Scott Felenstein
EVP, Chief Revenue
Officer



Rick Butler
SVP, Chief Digital
Officer



Ted Watson
SVP, Finance



John Pacheco
SVP, Chief Strategy
Execution Officer



Adam Johnson
SVP, Business &
Network Operations



Chuck Fredrick
SVP, Chief
Information Officer



Christine Fenner
SVP, Human
Resources



Jerry Canning
VP, Digital Ad Sales

NCM is the Largest Cinema Advertising Network in the World

Clear Premium Video Market Leader

- 21,208 screens with 650-700M attendees
- NCM captures approximately 69% market share across top 10 DMAs

Exclusive, Long-Term Agreements with Theatres

- Nearly 20 years remaining on agreements with the largest US theater circuits (AMC, Cinemark and Regal)
- Additional 50+ theatrical exhibitor agreements exclusive to NCM platform

Recent Enhancements to Advertising Product & Currency

- New premium advertising platform with improved post-showtime inventory, including 5 minutes of "Lights Down" plus 60 second Platinum spot

High Margins, Strong FCF & Attractive Dividend

- 45%+ Adjusted OIBDA margins with high-quality earnings
- 95%+ unlevered FCF conversion driven by asset light business model with low capex requirements
- Recently Announced 12% increase in annualized tax deferred dividend from \$0.68 to \$0.76 per share

Robust Media Industry Trends

- Consistent growth in media advertising spending (7% CAGR from 2015-2019)
- Projected growth of 8% in media advertising in 2020
- Resurgence of OOH helping marketers build brands in cluttered world

Recession Resistant Industry

- Low relative cost of movie tickets makes cinema the live entertainment medium of choice in economic downturns
- 2001, 2002, and 2009 recession years all saw meaningful increases in North American cinema attendance

NCM 2.0 Growth Strategy



1 Increasing the Quality and Value of Our Media Inventory

- New premium inventory placement after the advertised movie showtime in our pre-show:
 - “Lights-Down” five minutes of inventory that begins at the advertised showtime
 - “Platinum Spot” 60-seconds deeply embedded near the end of the trailers
- Actively improving quality and relevancy of our pre-show content to ensure that it is engaging today’s Millennial and Gen Z moviegoers
- Improving attribution capabilities to create a more competitive currency

2 Upgrading Our Planning, Proposal and Inventory Tracking System

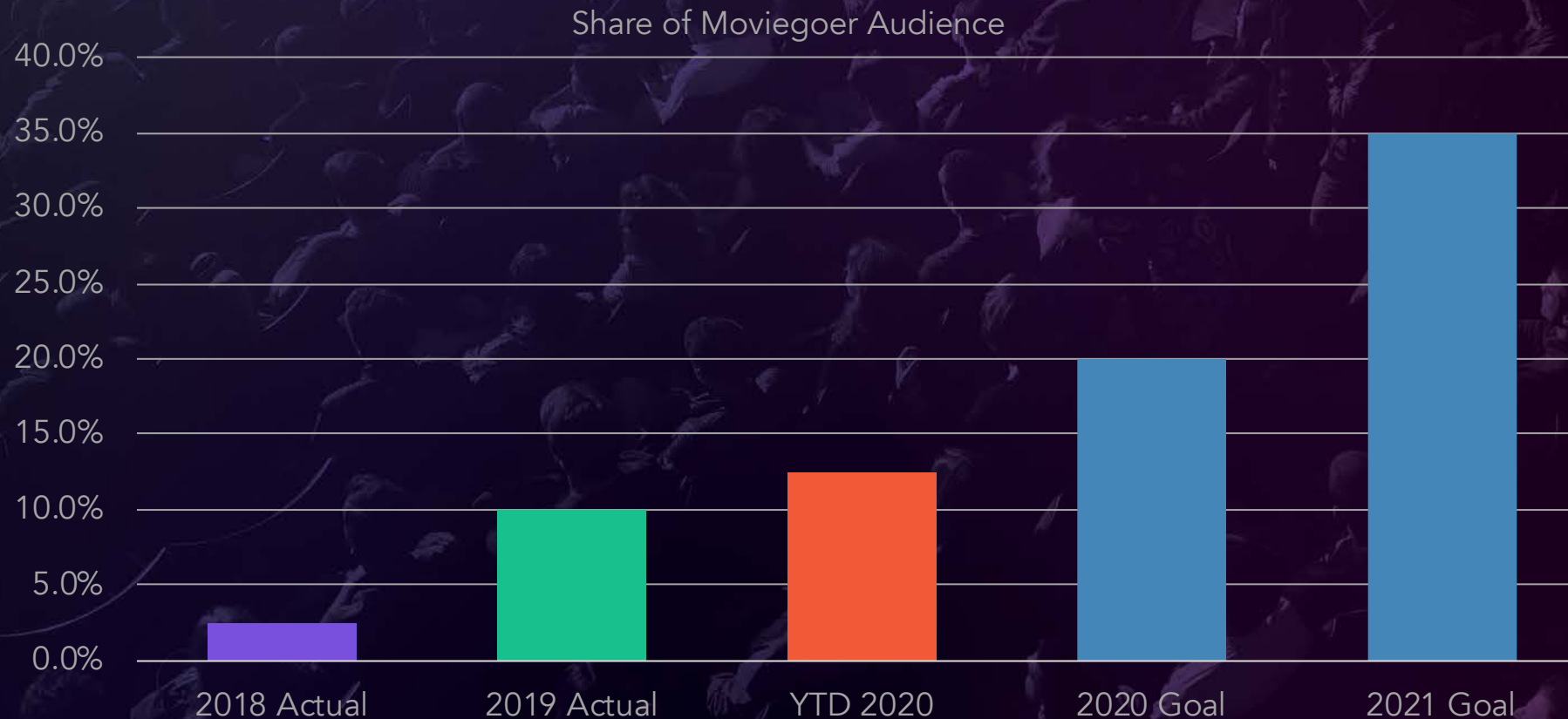
- Maximize revenue through inventory optimization
- Increase our operational efficiency and effectiveness with new technology platform
- Upgrade of our systems to make it easier and faster for advertisers to buy cinema in today's more seamless digital buying environment
- Reduces capex through the conversion from internally developed systems to third party cloud-based platform
- Full implementation expected to occur in early 2021

3 Continued Investment in Creating Consumer-Facing Digital Entertainment Products and Digital Ad Inventory

- Expand our digital ecosystem and user base of movie fans with NCM owned-and-operated products: Noovie.com, Noovie Arcade, Noovie Trivia, Noovie Fantasy
- New digital entertainment products create higher-margin digital ad inventory and extremely valuable addressable first-party customer data
- Packaging of digital with on-screen creates a stronger core product as it provides new opportunities for brands to engage with movie audiences anytime, anywhere – before, during, and after the movie

4 Accelerating the Growth of Our Consumer Data

Building a data-centric business is critical to meeting the needs of today's modern video advertising marketplace.



5 Expand Our Movie Theater Exhibitor Network

Targeting a handful of new major exhibitors in key markets

- Increase our overall impression and revenue base
- Extend our geographic coverage to additional markets
- Strengthen our reach in existing markets
- Expand new premium inventory placement throughout affiliate network

Improve Value of Ad Inventory and Grow Data while Engaging Moviegoers 360°

TO UNITE BRANDS
WITH THE POWER OF
MOVIES
AND ENGAGE MOVIE FANS
ANYTIME
AND ANYWHERE



Panel Discussion: State of the Media Industry

Cliff Marks, President



State of the Media Industry



Amy Armstrong

US CEO Initiative

Responsible for all client, strategy and investment across the US.

Amy prides herself on performance-driven results for Initiative clients.



Mike Law

President, Amplifi US

Mike Law oversees all media investment and buying activity across Dentsu Aegis Network in the US market

Sales Overview

Scott Felenstein



What We Sell

NCM Media Products



What We Sell

Multi-Platform Sales Opportunities



BIG SCREEN



DIGITAL

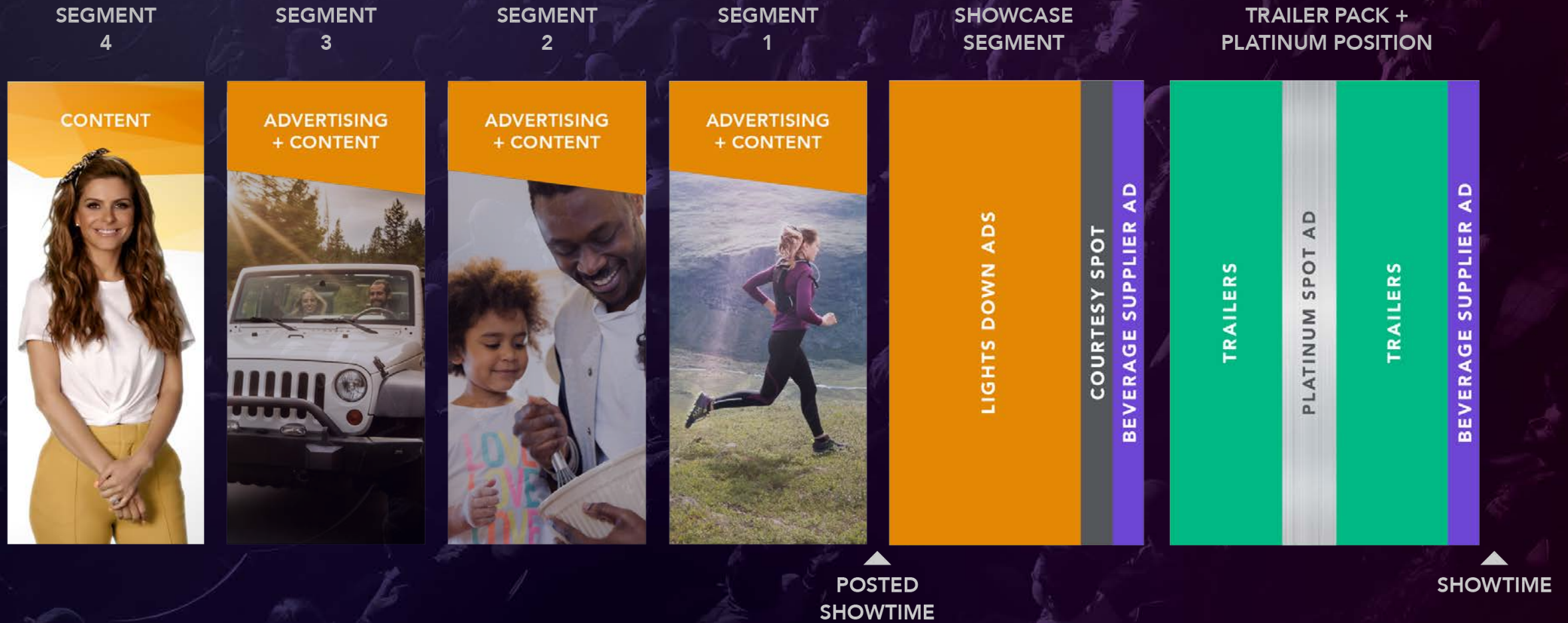


LOBBY PROMOTIONS



LOBBY ENTERTAINMENT NETWORK

The Noovie Pre-Show on the Big Screen



What We Sell

Platinum Position Launched in Q4

Google



Walmart 

Who We Sell To



Who We Sell To

We sell to four constituents:

- Brands
- Agency Strategy / Planning Teams
- Video Investment Groups / Out-of-Home Buying Groups
- Small Businesses



What Marketers Want



What do Marketers Want?

Marketers are challenged by a decaying television model:

- Audience is aging up
- Ratings are going down
- CPM's continue to rise

Marketers are looking for:

- The younger demographic: Millennials and Gen Z
- Engagement
- Attribution
- Multi-Platform Opportunities



What NCM Provides

- Young, Captive Audience:
 - NCM Median Age 28
 - Broadcast Prime: 58
 - Cable Prime: 55
- 50-Foot Screen
- Highly Engaging Environment
- Incremental / Unique Reach
- Cord-Cutters, Cord “Nevers” & Light TV Viewers
- Multi-Cultural Audience
- World’s Greatest Content – the Movies!



What NCM Provides

High Quality Content Drives a Robust Audience

Friday / Saturday



6.5



Sunday



6.0



Monday



2.4



Tuesday



3.3



Thursday



3.4



Friday



4.5



NCM provides advertising access to one of the largest audiences in a uniquely engaging setting

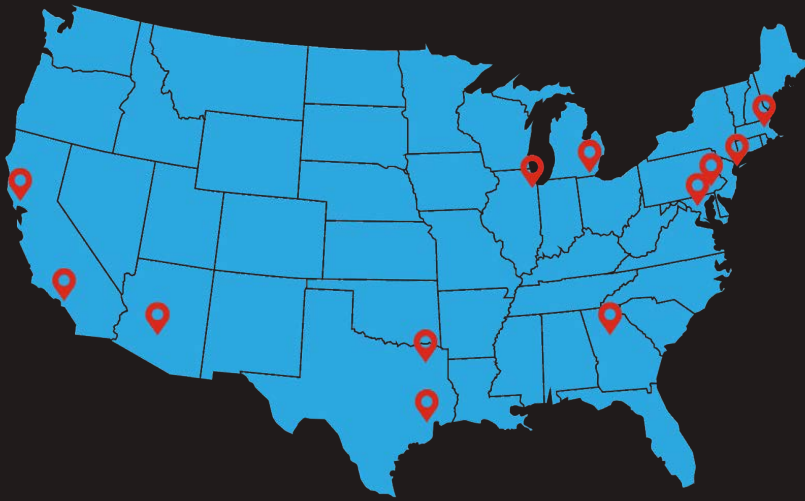
Sales Organization Overview



Good Mix of National, Regional and Local Advertising

NATIONAL & REGIONAL: 84%

LOCAL: 16%

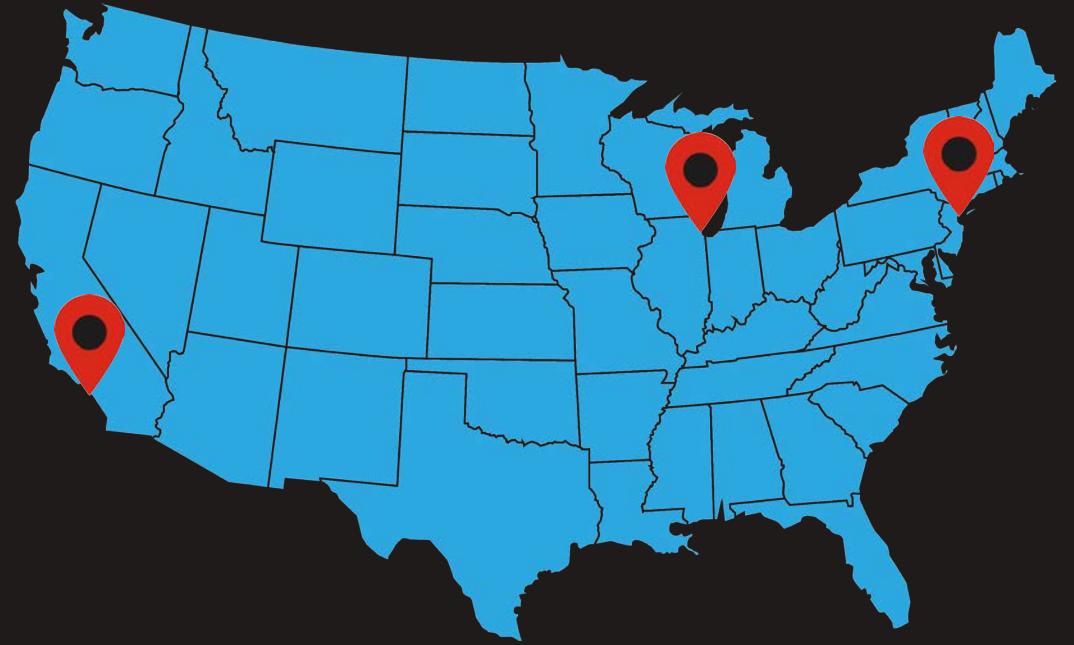


TOTAL SALES TEAM: 168

AVERAGE TENURE: 8 Years

Organizational Structure

- Based primarily out of three offices, with each office headed up by an SVP of Sales
 - East Coast / NY Office
 - West Coast / LA Office
 - Midwest / Chicago Office



National Advertising Selling Cycles

UPFRONT

- **Broadcast Sales Cycle:** Negotiated in June-July for deals that run October-September
- **Calendar Sales Cycle:** Negotiated August-December for deals that run January-December

COURTESY, CONTENT PARTNERS

- Negotiated in June, July and August for the following year

SCATTER

- Negotiated a week to a few months prior to air

Impressive National Client Profile

- Number of Clients: 136
- Average Deal Size: \$2.3M
- Upfront: 60-70% of the revenue
- Scatter: 30-40% of the revenue
- Upfront Deal Size: \$3.0-4.0M
- Scatter Deal Size: \$1.0-1.5M
- 2019 client churn down significantly



National Sales Category Information

60% of \$324M Revenue from the Top 5 Categories in '19

TOP 5 CATEGORIES: \$193.7M



Media /
Entertainment \$52.9M



Insurance \$38.3M



Telecom \$36.8M



Electronics \$34.0M



Automotive \$31.7M

TOP 5 GROWING: \$43.9M



Insurance +\$15.6M



Electronics +\$13.9M



CPG +\$5.4M



Restaurants +\$4.6M



Video / Mobile Games
& Devices +\$4.4M

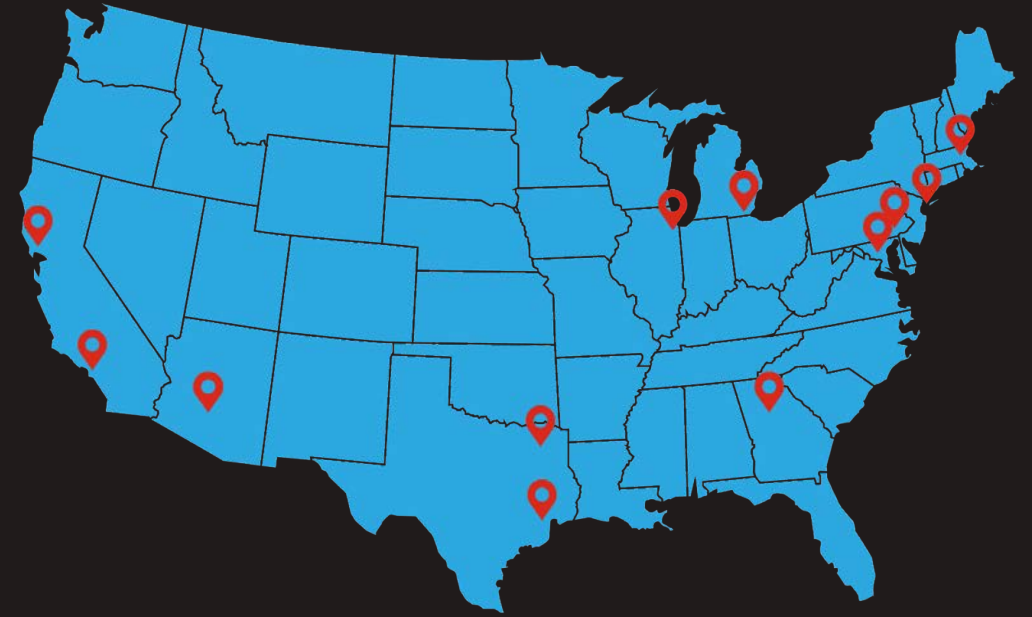
Selling Focus & Client Profile

The Regional team is focused on the following:

- Top 11 Markets and Detroit
- Agency Holding Companies
- Top 500 National Spot Spenders

Client Profile:

- Number of Clients: 190
- Average Deal Size: \$132,000



62% of \$25M Revenue from the Top 5 Categories in '19

TOP 5 CATEGORIES: \$15.3M

	Auto	\$4.2M
	Retail Trade / Apparel/Grocery	\$4.1M
	Telecom	\$3.0M
	Travel & Tourism	\$2.0M
	Transportation	\$2.0M

TOP 5 GROWING: \$4.7M

	Retail Trade / Apparel / Grocery	+\$1.9M
	Transportation	+\$1.3M
	Financial Services	+\$0.7M
	Travel & Tourism	+\$0.6M
	CPG	+\$0.2M

Local Sales Team Structure & Client Profile

The Local Sales Team:

- Target a specific theatre, geographic area or DMA
- 1 SVP of Local Sales leads three regions
- 3 Regions cover the country (North, West, South)
- Most local sales people work remotely








Client Profile:

- Number of Contracts: 10,000

Local Sales Category Information

55% of \$67M Revenue from the Top 5 Categories in '19

TOP 5 CATEGORIES: \$37.1M

	Medical, Healthcare & Medical Assistance	\$12.2M
	Government	\$10.4M
	Education	\$7.6M
	Arts, Live Entertainment, Recreation	\$4.0M
	Travel & Tourism	\$2.9M

TOP 5 GROWING: +\$1.53M

	Travel & Tourism	+\$1.0M
	Government	+\$0.3M
	Non-Profit, Social Advocacy Organizations	+\$0.2M
	Toys/Board Games	+\$0.02M
	Financial Services	+\$0.01M

NCM's Top Clients Come from a Diverse Group of Categories

TOP 5 CATEGORIES BY LINE OF BUSINESS REPRESENT ~50% OF REVENUE

National

Media / Entertainment
Insurance
Communication
Electronics
Automotive

Regional

Automotive
Retail
Communication
Travel
CPG

Local

Medical
Government
Education
Arts
Financial Services



NCM CustomerOne

Adam Johnson, SVP Business & Network Operations
Chuck Fredrick, SVP Chief Information Officer



CustomerOne Will Transform Systems & Operations Beginning 2021

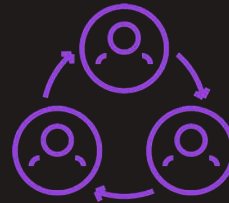
- CustomerOne is a comprehensive transformation of NCM's systems and operations
- Will enable NCM to
 - Meet evolving marketplace demands
 - Optimize inventory and client experience
 - Create operational efficiencies
- Re-engineering business processes while significantly upgrading technology, while improving our adaptability and scalability



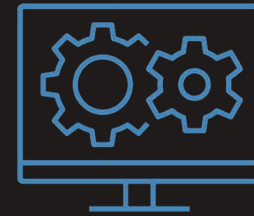
Sales Strategy



Operational Efficiency



Customer Experience



Dynamic End-to-End
Cloud-Based Solution

Coming Soon: Delivering A Better Client Experience

- System optimization will result in less makegood, and better campaign delivery
- Proposals and pricing will be easier to understand
- Clients will have the flexibility to buy cinema advertising like other premium video
- Improved ability to separate competitive advertisers within the preshow



Process and System Upgrades Will Enable Future Cash Flow Growth

- Automated inventory management will reduce overhead
- More efficient end-to-end sales process from proposal to cash collection
- Systematic advertising campaign optimization will create more efficient and flexible use of ad inventory
- Improved system integration lays the foundation for programmatic sales of our on-screen advertising inventory.
- Move from internally developed systems to cloud-based technologies



Digital Product Strategy

Rick Butler, Chief Digital Officer



Building a Product Portfolio to Engage Consumers – Before, During & After the Theatre Experience



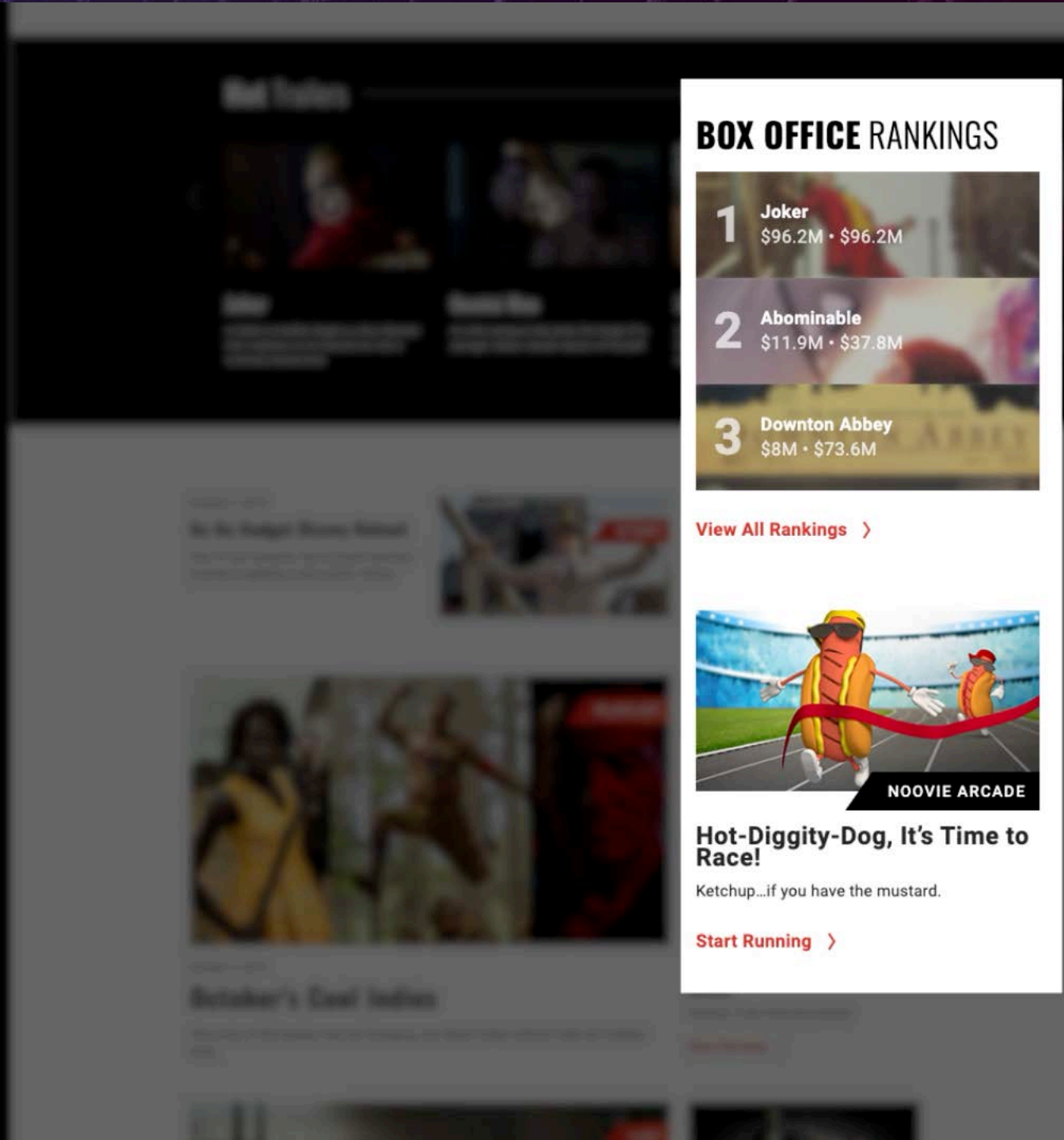
Key Digital Products

Building an All-In-One Destination for Movie Fans

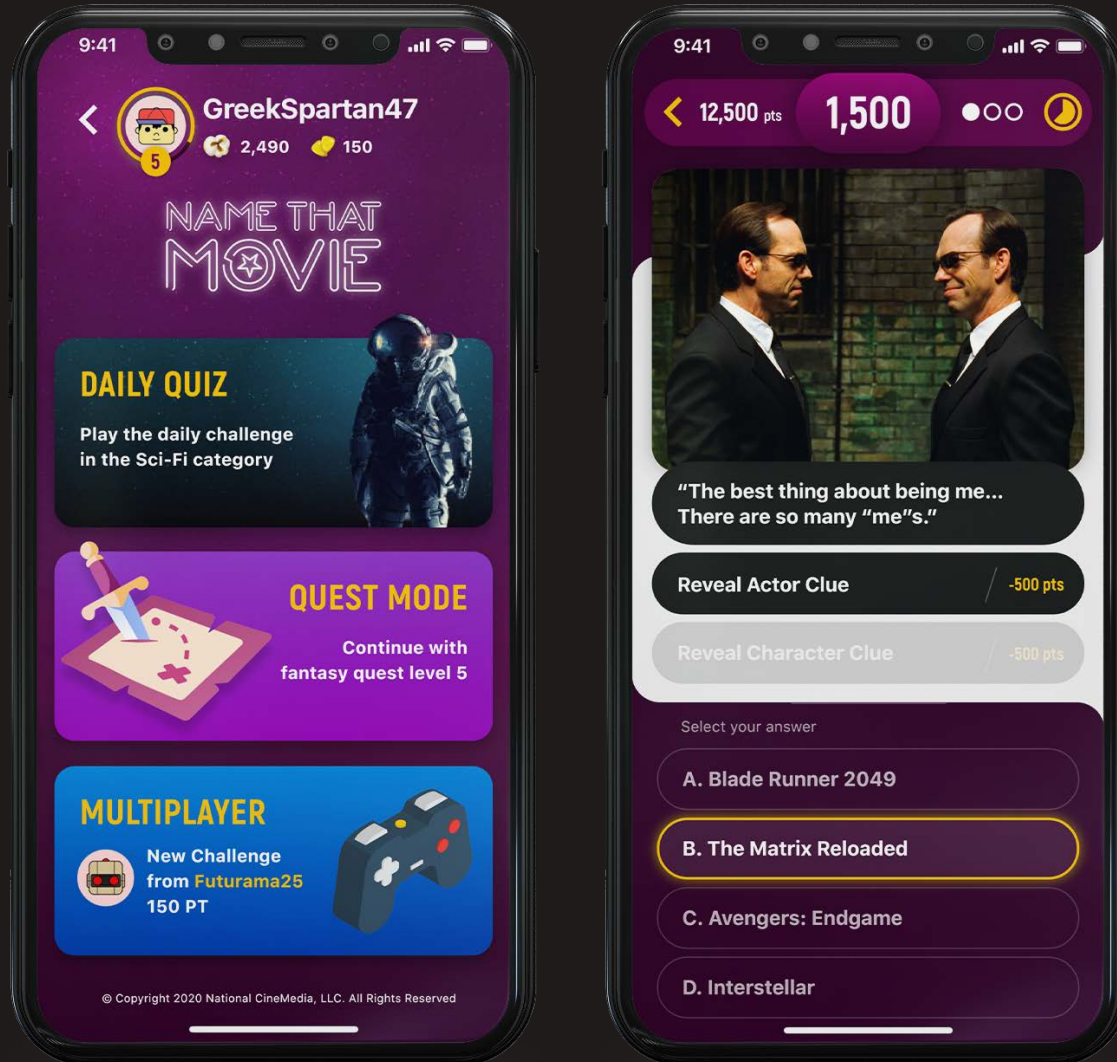
noovie.com

"What Should I Watch?"

- Featured Movies
- Integrated Advertising
- Original & Curated Content
- Streaming Services Guide
- Hot Trailers & Videos
- Top Movie Lists
- Cross Product Promotion



Noovie Trivia: Our Most Popular Mobile App

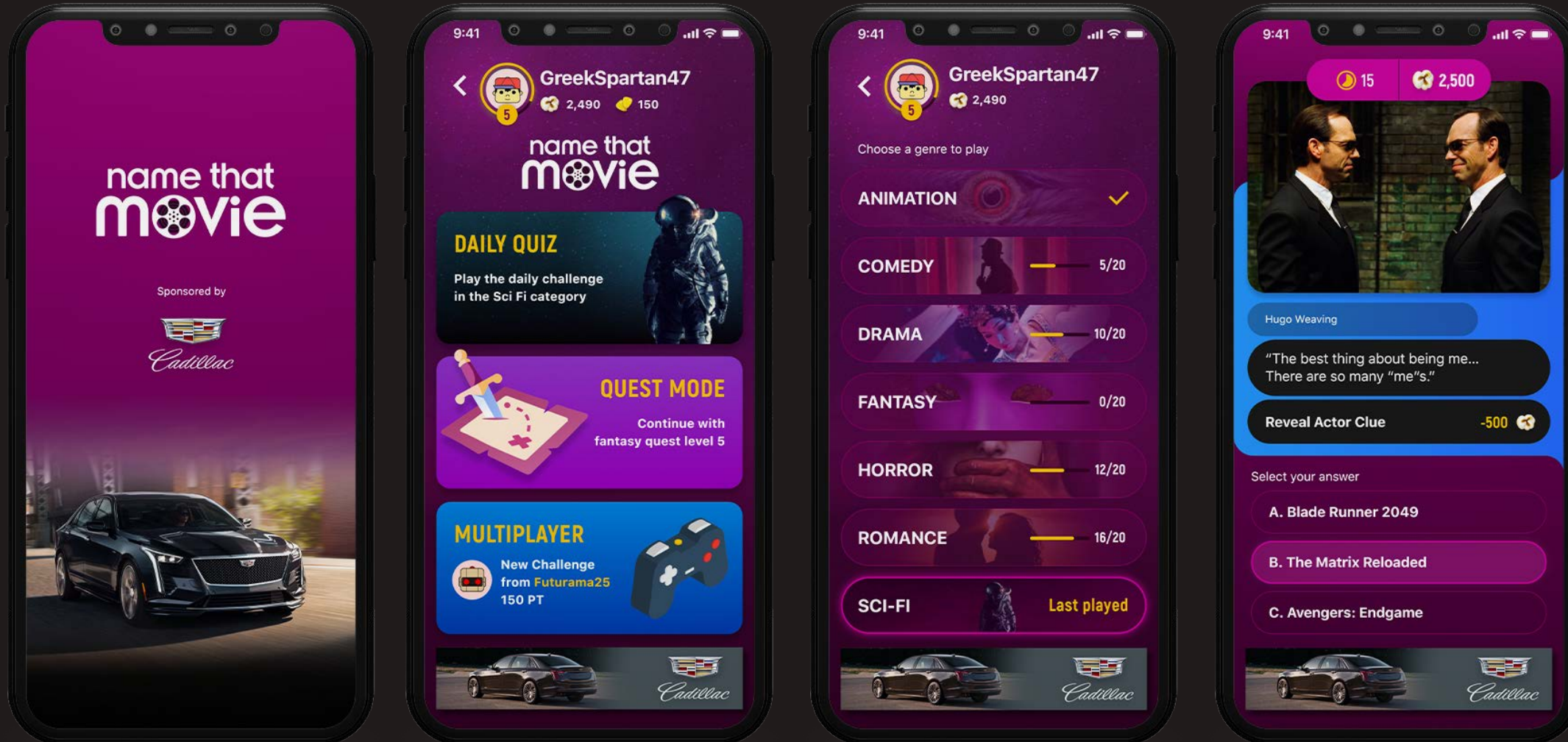


Over 5 million game plays
in 2H 2019

noovie trivia

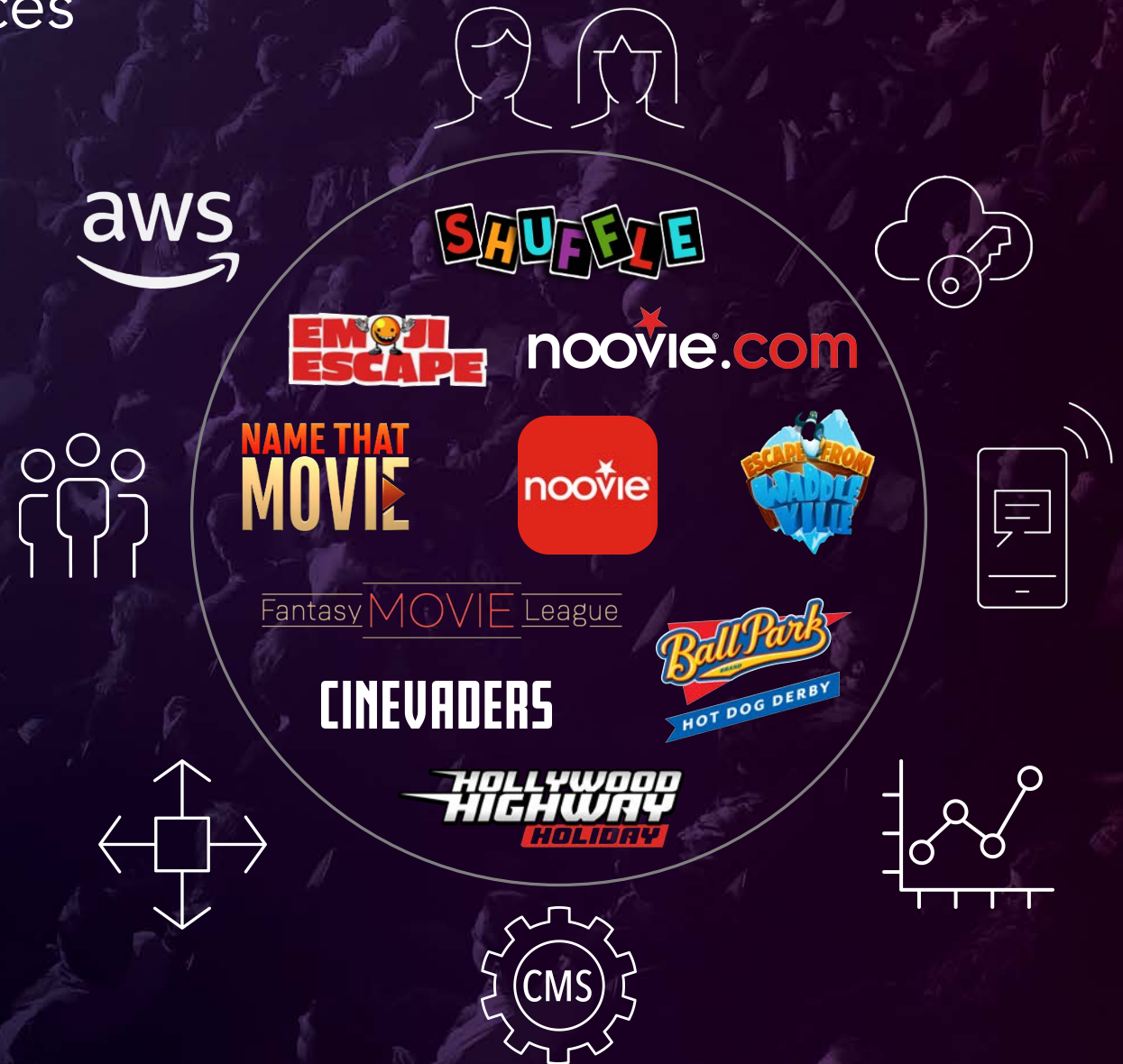
- Daily movie quizzes
- Multi-level game player
- Multi-player challenges
- Integrated brand advertising

Integrating Ad Inventory Into Game Play



Integrated Consumer Experiences

- User accounts / profiles
- Security & privacy
- Consumer messaging
- Ad serving
- Noovie rewards program
- Consumer data collection



The Value of Data in Advertising

Jerry Canning, VP Digital Ad Sales



Advancing NCM's Relationship with Consumers to Create New Data-Centric Opportunities for Brands



Our mission is to identify every person in our movie theaters and engage them in digital experiences.



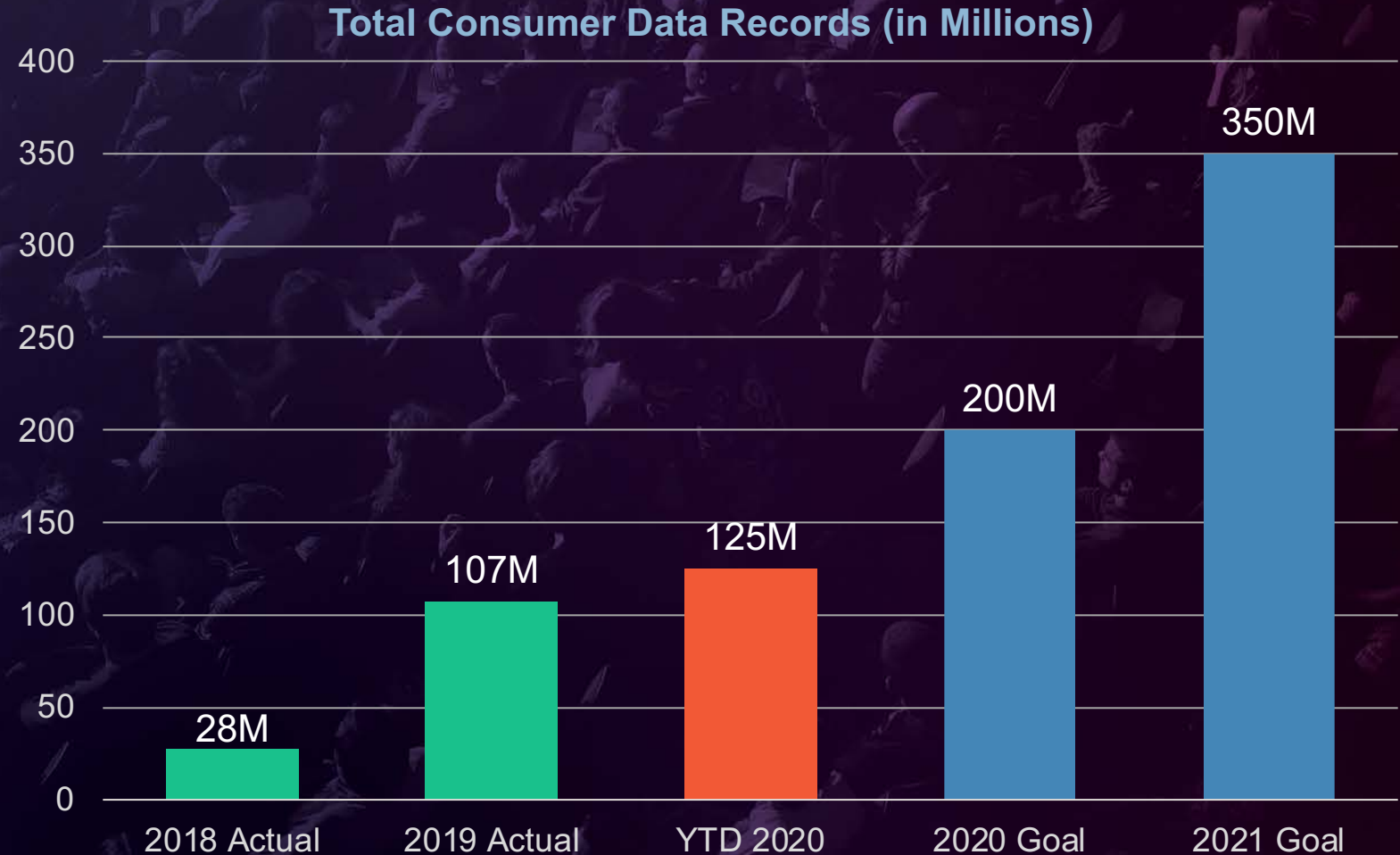
We have built a 1:1 relationship with consumers.



Positions NCM to offer attribution solutions and deliver business outcomes to a broader client base.

Significant Growth of NCM's Moviegoer Data Strategy

- Nearly 4x YOY Growth in Data Collection for 2019
- Tracking to plan for 2020
- Goal of competing with the largest platforms on movie audience data



Integrating Data into our Sales & Marketing Solutions

Increased data driven ad targeting in 2019

- 50% of digital campaigns leveraged 1:1 targeting



Integrated campaigns (big screen + digital)

- 39% of 2019 revenue was associated with integrated campaigns
- Integrated campaign revenue grew 18% YOY in 2H 2019



On-Screen & Digital Advertising Connect Brands to Our Audience



Cinema Ad Campaigns Drives Quantifiable Business Results

Auto

61%

Lift in
Future Intent

Retail

35%

Lift in Foot
Traffic

Casual Dining

\$3M

in Incremental
Sales

Travel

\$0.32

Per Web
Interaction

TV Network

13%

Lift in
Tune-In

National CineMedia Financials

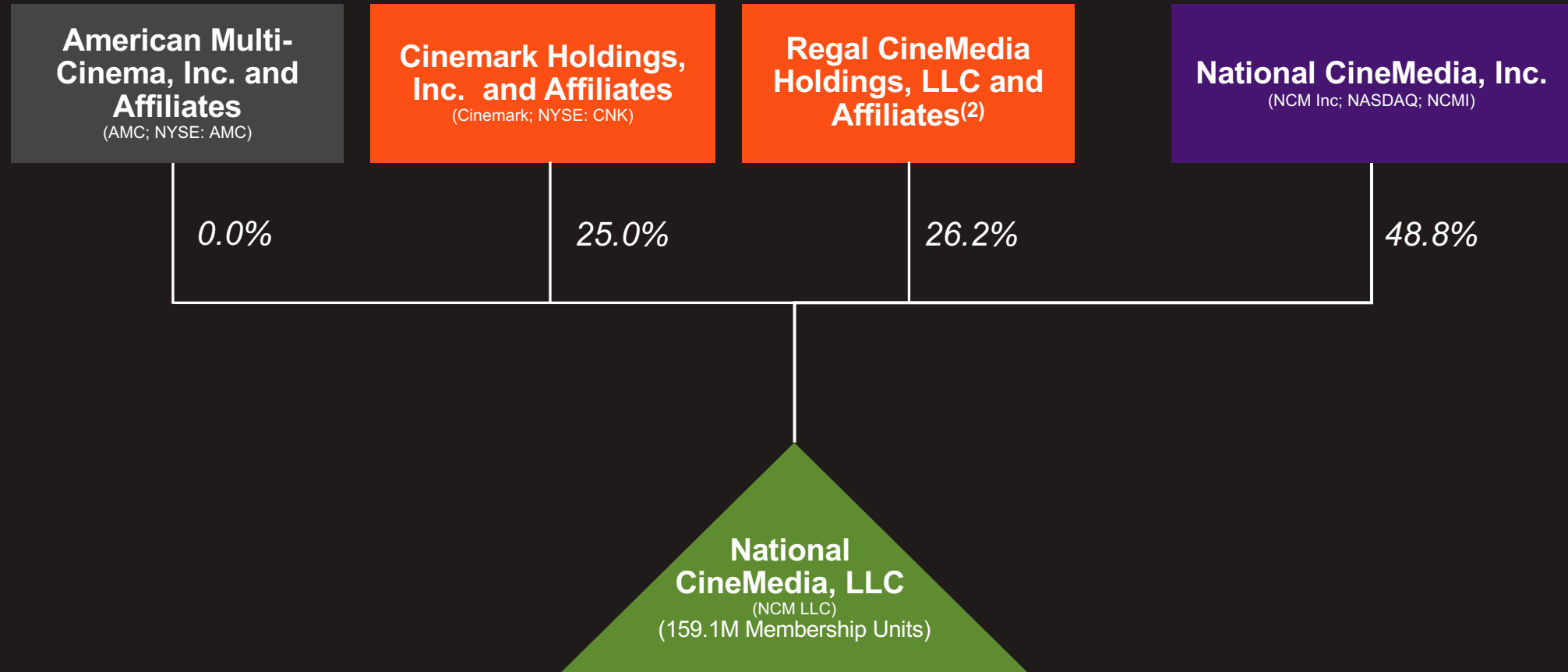
Katie Scherping, CFO &
Ted Watson, SVP Finance





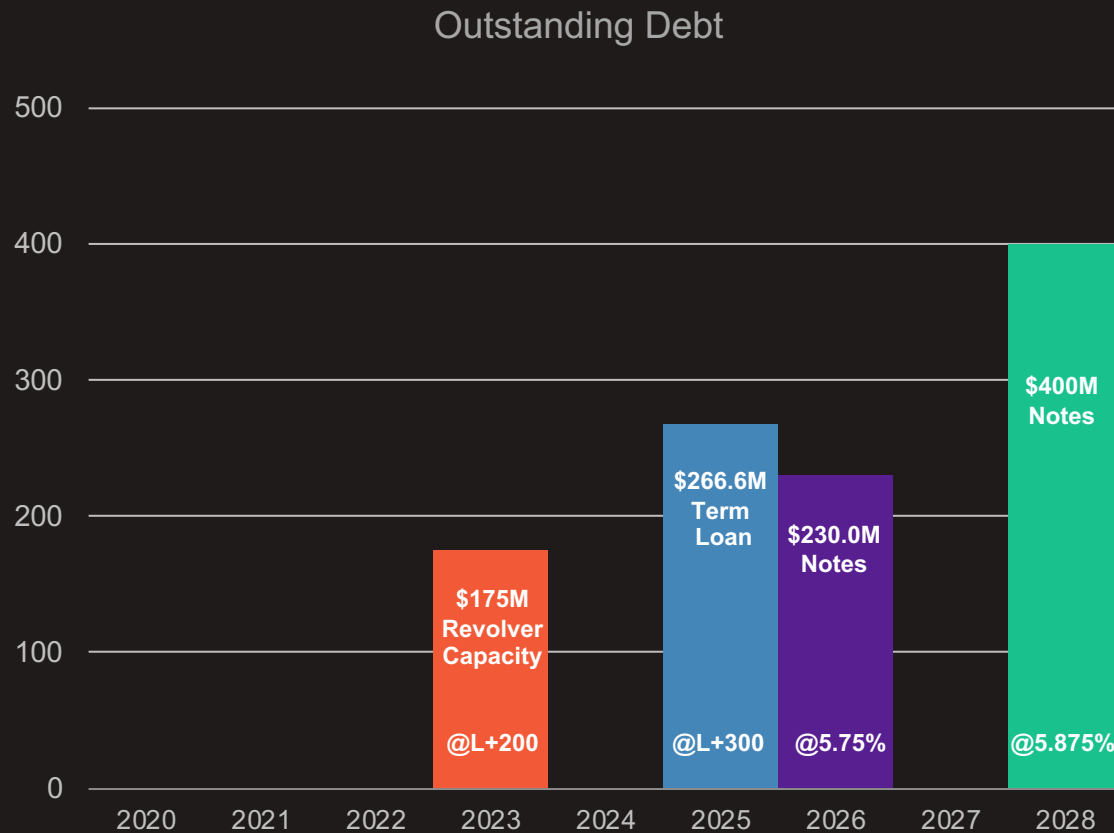
Capital Structure

Public Company Shareholders Own 48.8% of LLC Partnership



(1) Ownership as of December 26, 2019.
(2) Subsidiary of Cineworld Group plc (LSE: CINE.L)

No Near-Term Debt Maturities



(\$ in millions)

Q4 2019 Leverage

Total Leverage – 4.0x

- Maintenance Covenant – 6.25x

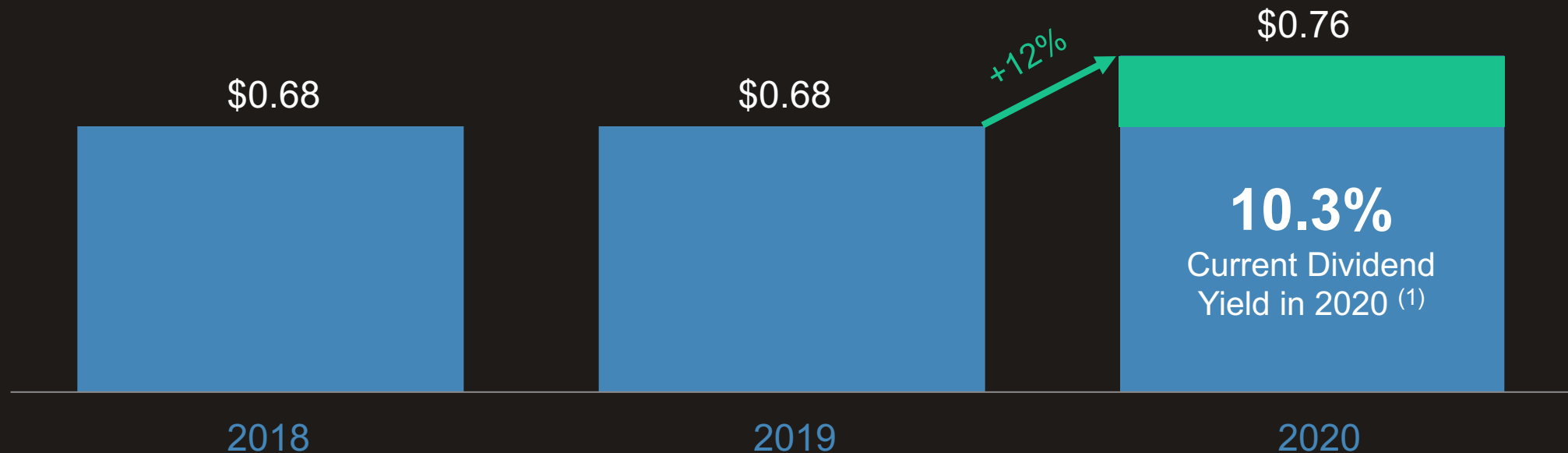
Sr. Secured Leverage – 3.0x

- Maintenance Covenant – 4.5x

2019 Total Cash Interest Coverage – 4.0x

- No Covenant

Recent 12% Increase to Tax Advantaged Dividend



(1) Annualized amount based on NCMI paying \$0.19 per share in all four quarters of 2020. Stock price of \$8.73 as of February 24, 2020. Announced February 20, 2020

Attractive Tax Deferred Dividend

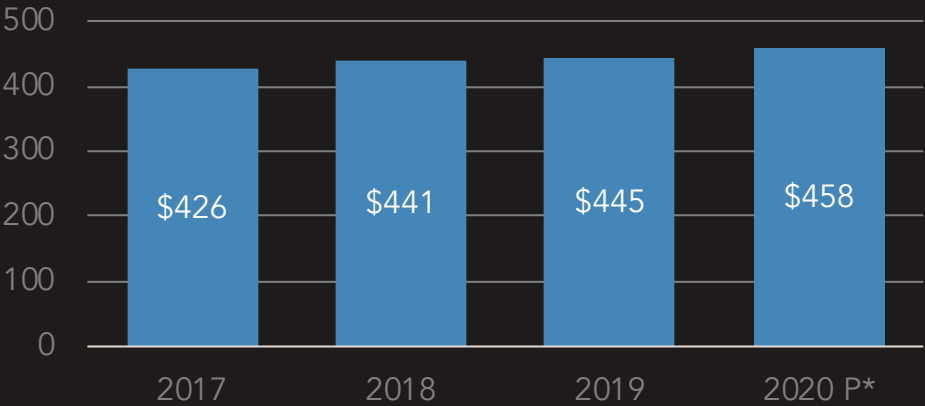
- NCMI benefits from the long-term TAX amortization of intangible assets
- The annual tax amortization currently creates a large tax deduction that puts NCMI in a tax LOSS position
- Since NCMI is not a tax-payer – dividends paid to shareholders are treated as a “return of capital”
- A dividend treated as a “return of capital” reduces the tax basis of the shares
- Upon the sale of the shares, the net tax basis (original purchase price less dividends paid) is used to determine the taxable gain or loss on the sale

Financial Performance

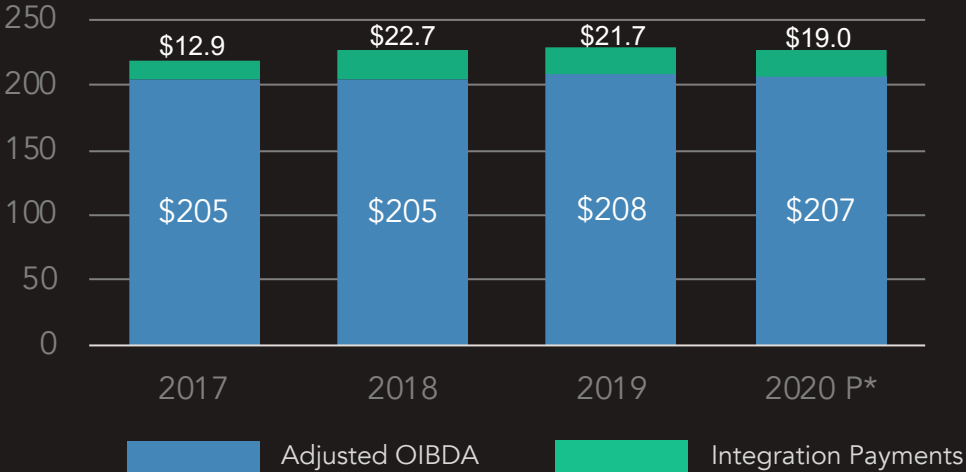


Consistent Financial Performance & Strong Cash Flow

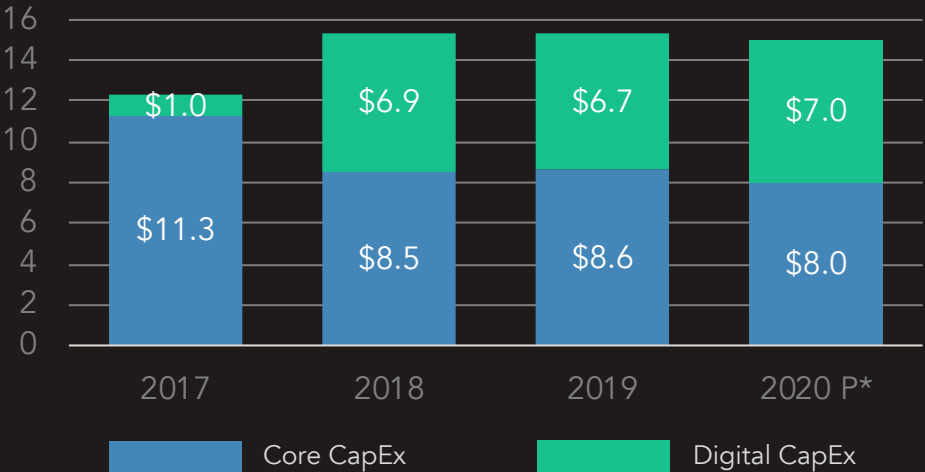
Advertising Revenues



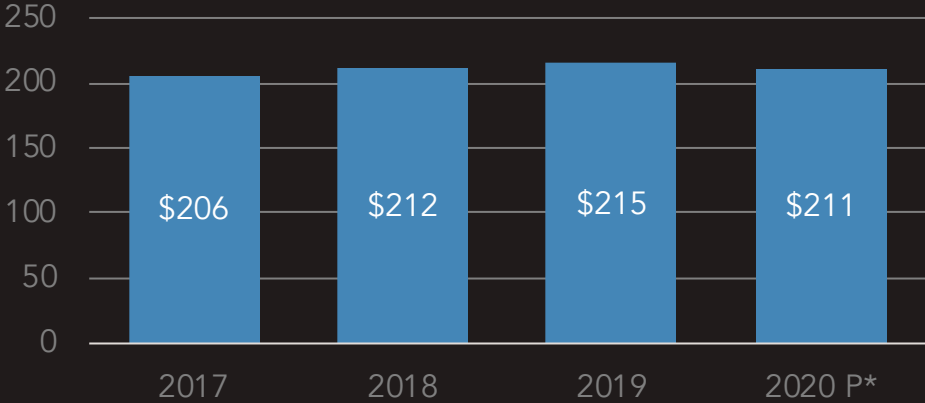
Adjusted OIBDA + Integration Payments



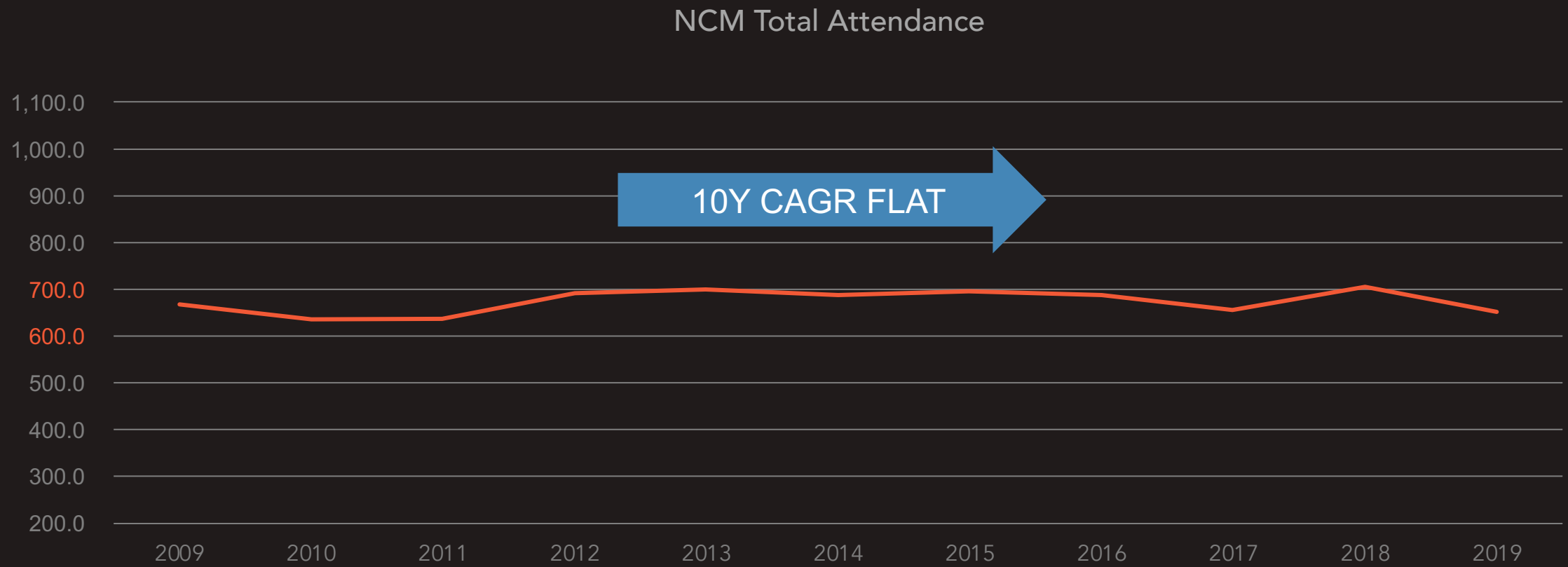
Capital Expenditures



Free Cash Flow

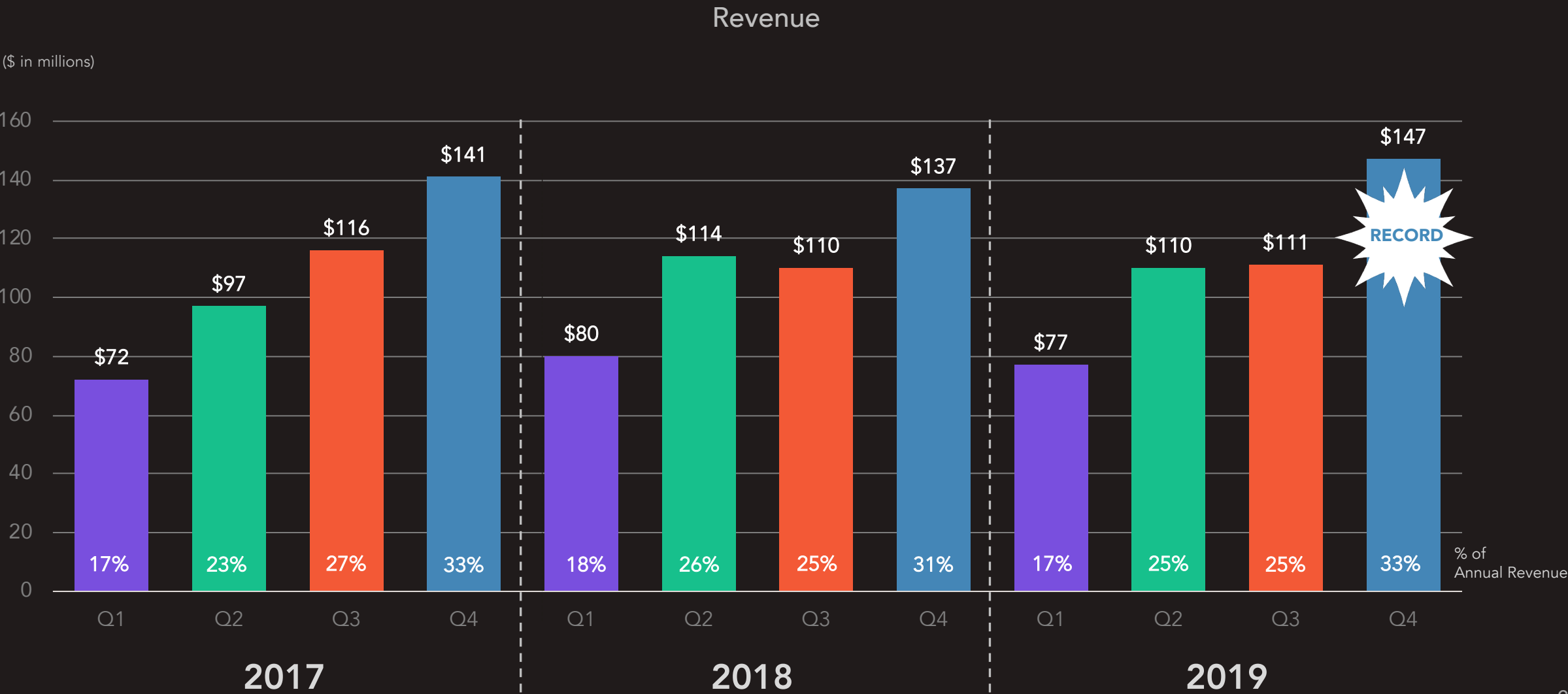


Total NCM Network Attendance Has Been Steady For 10+ Years

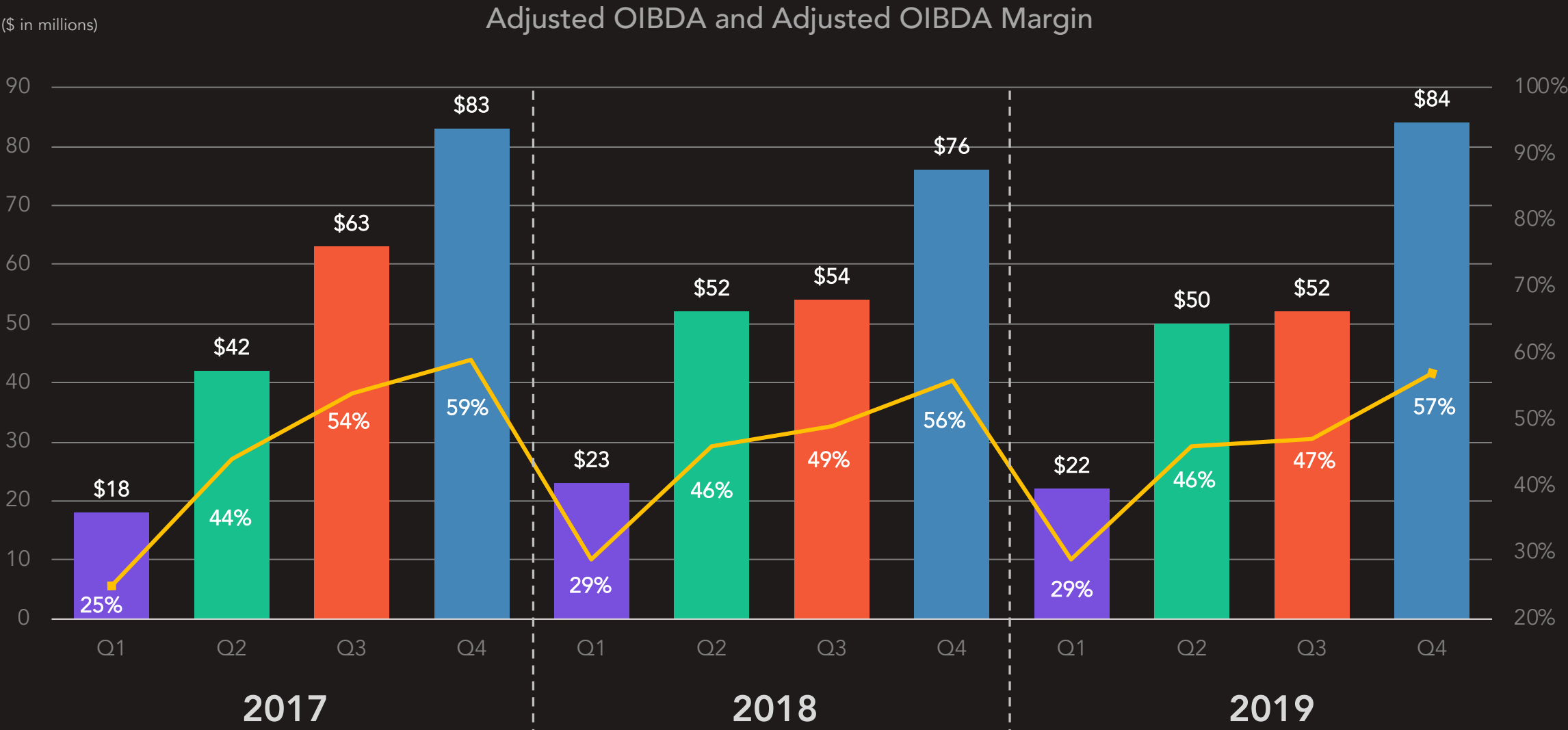


Seasonal Quarterly Revenue

Nearly 1/3 of Our Revenue is Earned in Q4 Each Year



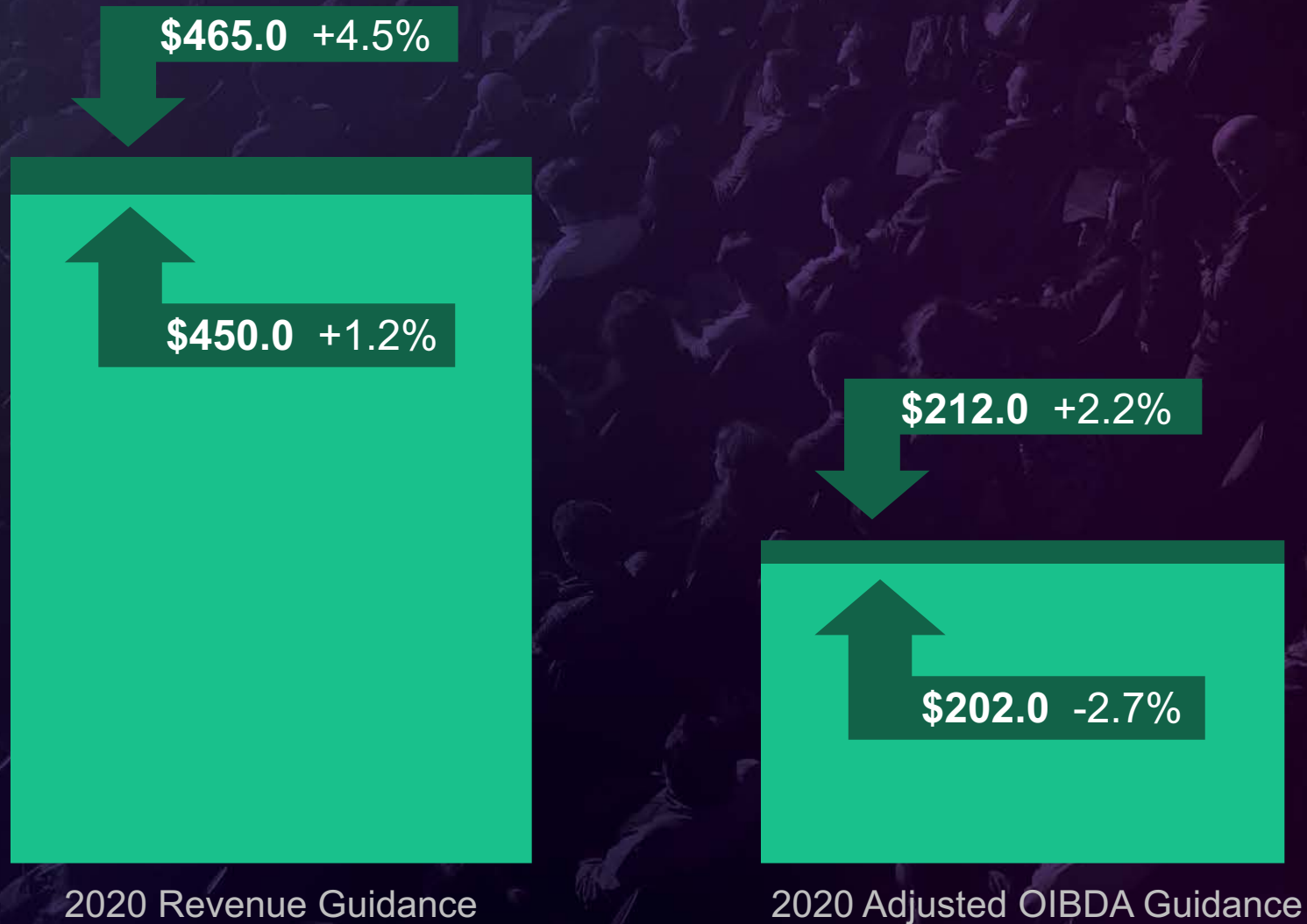
Q4 is Key Driver of Annual Performance





2020 and Beyond

Setting the Stage for Multi-Year Growth



Key Drivers

- Sales of the Platinum spot and “Lights Down” inventory forecasted to increase
- Overall CPMs expected to increase low-single digits
- Estimating network attendance to decline mid-single digits
- Attendance-based theatre access fees from the ESA amendment to increase \$9-\$10M
- Approximately \$19M in integration payments to NCM
- 2020 CAPEX expected to be \$14-\$16M
- 2020 interest on borrowings to be approximately \$52-\$53M



Strategic Plan Drives Platform Improvements & Free Cash Flow Growth

Total Revenue

4%-6% Growth

- CPM growth from new premium inventory, digital and data attribution
- Impression growth through affiliate additions
- Utilization driven by new premium inventory and increased advertising demand
- Inventory optimization through NCM CustomerOne initiative

Adjusted OIBDA

3%-5% Growth

- High margin flow through from growth in Platinum and "Lights Down" premium inventory

Capital Expenditures

3% of Revenue
Declining to 2%

- From \$15M annual historical levels to \$8M - \$10M
- Reduced capex from lower ongoing digital investments
- Move from internally developed systems to cloud-based technologies

Available Cash

4%-6% Growth

- Potential growth in dividend

Q&A





 **NCM**[™]
AMERICA'S MOVIE NETWORK

| **noovie**[®]