

 **NCM**<sup>SM</sup>  
AMERICA'S MOVIE NETWORK

# Investor Presentation

## September 2020

# Forward-Looking Statements

This presentation contains various forward-looking statements that reflect management's current expectations or beliefs regarding future events. All statements other than statements of historical facts included in this presentation, including, without limitation, statements related to our business, results of operation and future plans, and the ongoing negative effect of the current COVID-19 pandemic on the Company, may constitute forward-looking statements. 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 discusses NCM's business plans and strategies. The COVID-19 pandemic has disrupted many of these plans and strategies. Unless otherwise noted, discussions of NCM's business plans and strategies assume a resumption of normal operating conditions, although there can be no assurance when or if operating conditions will return to normal.

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](http://www.ncm.com).

# What is NCM?



# NCM is an Attractive and Unique Investment

- 1 Clear Market Leader**
  - 21,102 screens
  - 650-700 million attendees
  - NCM captures approx. 71% market share across top 10 DMAs.
- 2 Exclusive, Long-Term Agreements with Theaters**
  - Approximately 20 years remaining on agreements with the three largest US theater circuits (AMC, Cinemark and Regal).
  - 54 exclusive agreements with additional Network Affiliate theaters.
- 3 Most Significant Change since Company's Inception**
  - Future proof advertising platform with improved inventory including 5 minutes of lights down inventory plus 60 second Premium Platinum Spot.
- 4 High Margins and Strong FCF Generation**
  - >45% OIBDA margins
  - 95+% unlevered FCF conversion driven by asset light business model with low capex requirements.<sup>(2)</sup>
- 5 Robust Media Industry Trends**
  - Consistent growth in media advertising spending (7% CAGR from 2015-2019).
  - Projected growth of 8% in media advertising in 2020, before COVID-19 pandemic
- 6 Highly Resilient to Recessions**
  - Low cost of movie tickets makes cinema the live entertainment medium of choice in economic downturns.

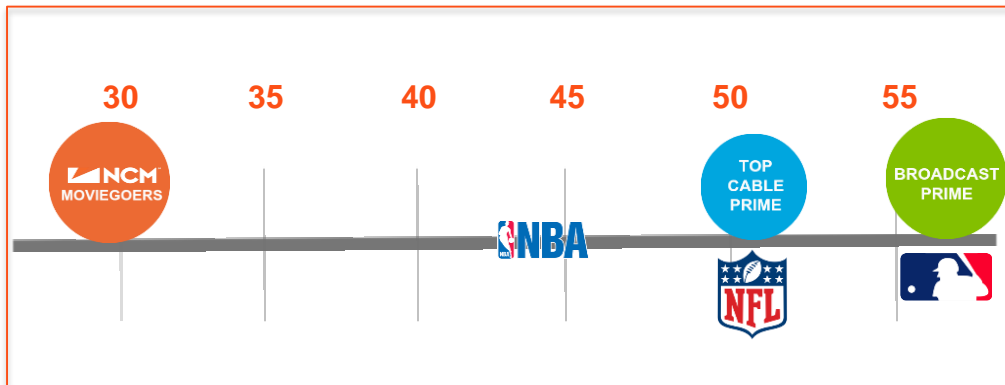
(1) All figures as of quarter ending March 26, 2020 unless otherwise indicated.

(2) See slide 28 for further information.

# Why Advertisers Love NCM?

# ...with Attractive and Differentiated Demographics

## NCM's Provides Unique Access to a Young Audience...



## ...with Cultural Diversity...

100 Index = U.S. Population Average

MOVIEGOING FREQUENCY	HISPANICS/ LATINOS	AFRICAN- AMERICANS	ASIAN AMERICANS
1+ TIMES/MONTH	132	116	126
1+ TIMES/WEEK	187	174	139
2-3 TIMES/MONTH	150	111	127

## ...and Above Average Income

Median  
HHI

US Pop	NCM Moviegoers	Index to US Pop
\$71,600	\$92,100	129

# THE POWER OF NCM

Total Audience	650-700 Million
Audience Share	63%
Opening Weekend Box Office Share	73%
Total Theaters	1,719
Total Screens	21,102
Screens-Per-Theater	12.3

## Share of US Cinema Attendance Viewing Ads



Top 10 DMAs



Top 25 DMAs



Top 50 DMAs



All DMAs

Source: Nielsen Cinema DMA Summary Report January 2020  
Nielsen Cinema Audience Report January – December 2019

# High Quality Content Drives a Robust Audience

Friday / Saturday



6.5



Sunday



6.0

NBC

Monday



2.4



Tuesday



3.3

NBC

Thursday



3.4

FOX

Friday



4.5

FOX

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



# NCM Operates in an Attractive Industry, Connecting with its Audience through a Variety of Mediums



BIG SCREEN



DIGITAL



LOBBY PROMOTIONS



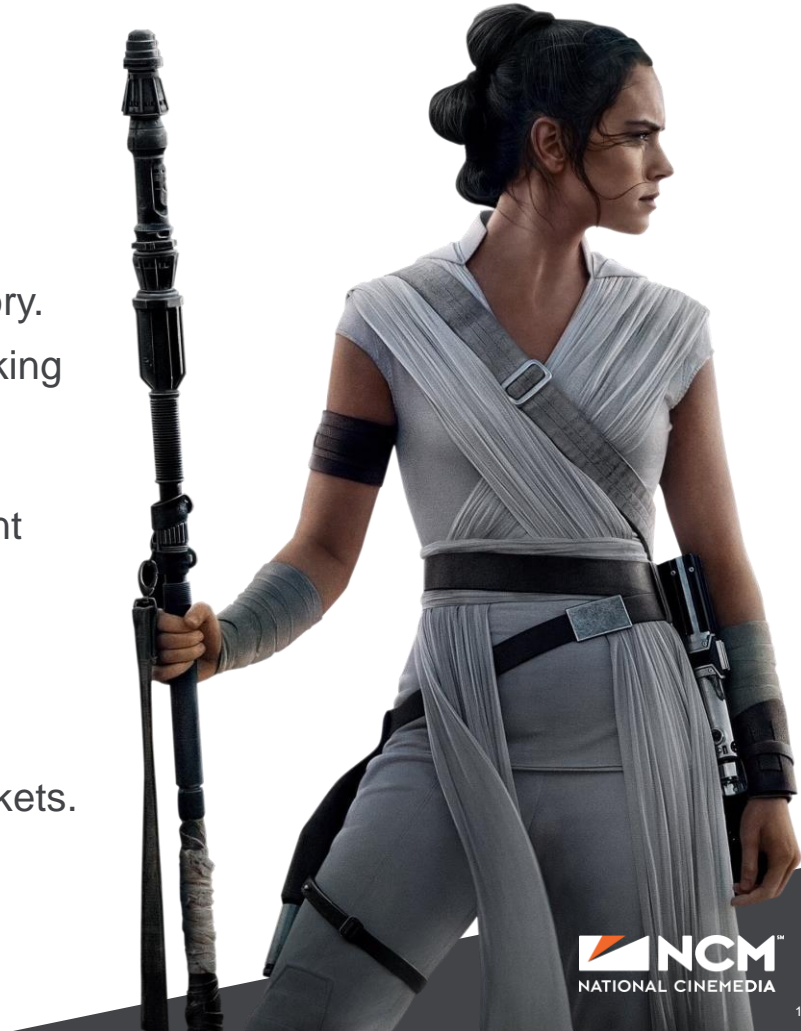
LOBBY ENTERTAINMENT NETWORK

# NCM's Growth Strategy

# NCM's Growth Strategy

1. Increasing the quality and value of our media inventory.
2. Upgrading our planning, proposal and inventory tracking system to achieve a more seamless digital buying experience required by today's media buyers.
3. Continued investment in creating digital entertainment products and digital ad inventory.
4. Accelerating the growth of our 1<sup>st</sup> and 2<sup>nd</sup> party consumer databases.
5. Expand our affiliate network by primarily focusing on adding key affiliates and screen counts in select markets.

*Star Wars: The Rise of Skywalker*  
December 2019





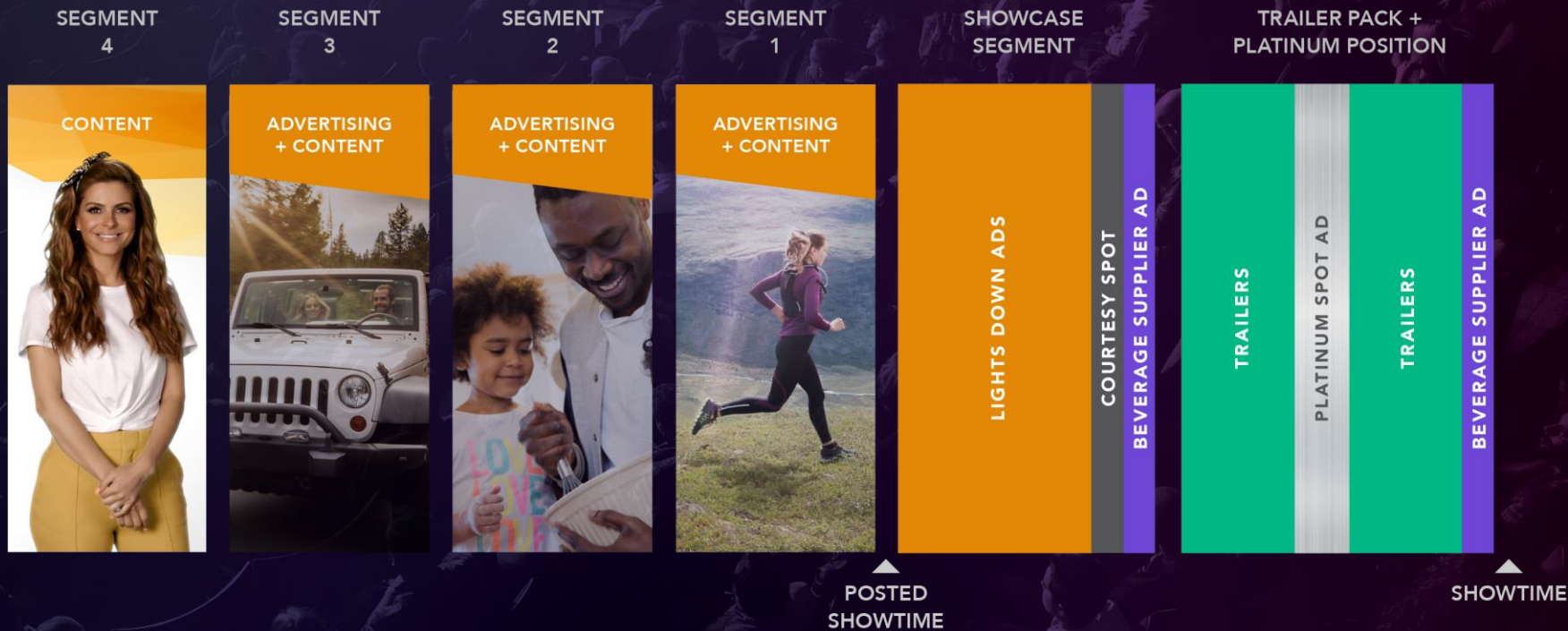
# ① Increasing the Quality and Value of Our Media Inventory

- New premium inventory placement after the advertised movie showtime in our *Noovie* 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





# The Noovie Pre-Show on the Big Screen



## 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



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





*NCM's Cinema Accelerator digital product helps advertisers reach movie audiences at every point along their movie-going journey.*

## IDENTIFY



NCM O&O Properties  
(Noovie ARcade, Noovie.com, FML)



Verve Geo-Fence  
Theater Location



Identified in-theater  
through Beacon



NCM Behind the  
Screens Panel



## DELIVER MESSAGING TO NCM'S MOVIE AUDIENCE CROSS PLATFORM



- A18+
- Love Action/Adventure Films
- Tech-savvy, heavy social media users
- In the market for a new car

# CONNECTING BRANDS TO MOVIE AUDIENCES EVERYWHERE

**NCM**<sup>™</sup>  
AMERICA'S MOVIE NETWORK



BIG SCREEN



TABLET

noovie<sup>®</sup>



MOBILE

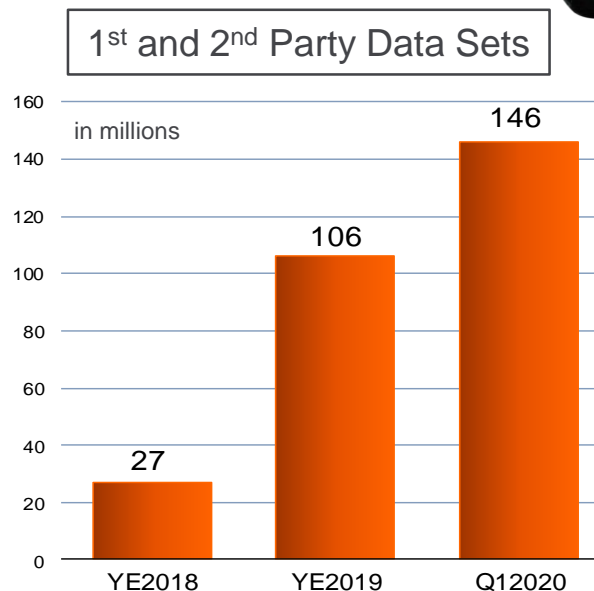


DESKTOP

## ④ Accelerating the Growth of Our 1<sup>st</sup> and 2<sup>nd</sup> Party Consumer Databases



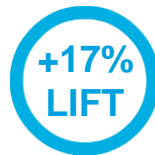
- Building a data-centric business is critical to meeting the needs of today's modern video advertising marketplace.
- 146 million first- and second-party data sets at Q12020.
- Data sets consist of both NCM first-party data from our owned-and-operated Digital products, as well as a variety of key second-party data addressable consumer records, including location-based data.



# NCM ATTRIBUTION STUDIES: DELIVER A HIGHLY MEASURABLE ROI



Toy Story 4



TELCO RETAILER  
FOURSQUARE Q3 2018  
(LIFT IN STORE VISITS)



CABLE PROGRAM TUNE-IN PLACEIQ &  
COMSCORE Q2 2019  
(LIFT IN TUNE-IN PERCENTAGE)



HOLIDAY RETAILER  
FOURSQUARE Q4 2018  
(LIFT IN STORE VISITS)



BURGER QSR  
SESSION M Q2 2016  
(LIFT IN STORE VISITS)

Source: Foursquare, Q3 2018, Q4 2018; Comscore/PlaceIQ, Q2 2019; Session M Q2 2016



## 5 Expand Our Affiliate Network by Primarily Focusing on Adding Key Affiliates and Screen Counts in Select Markets

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



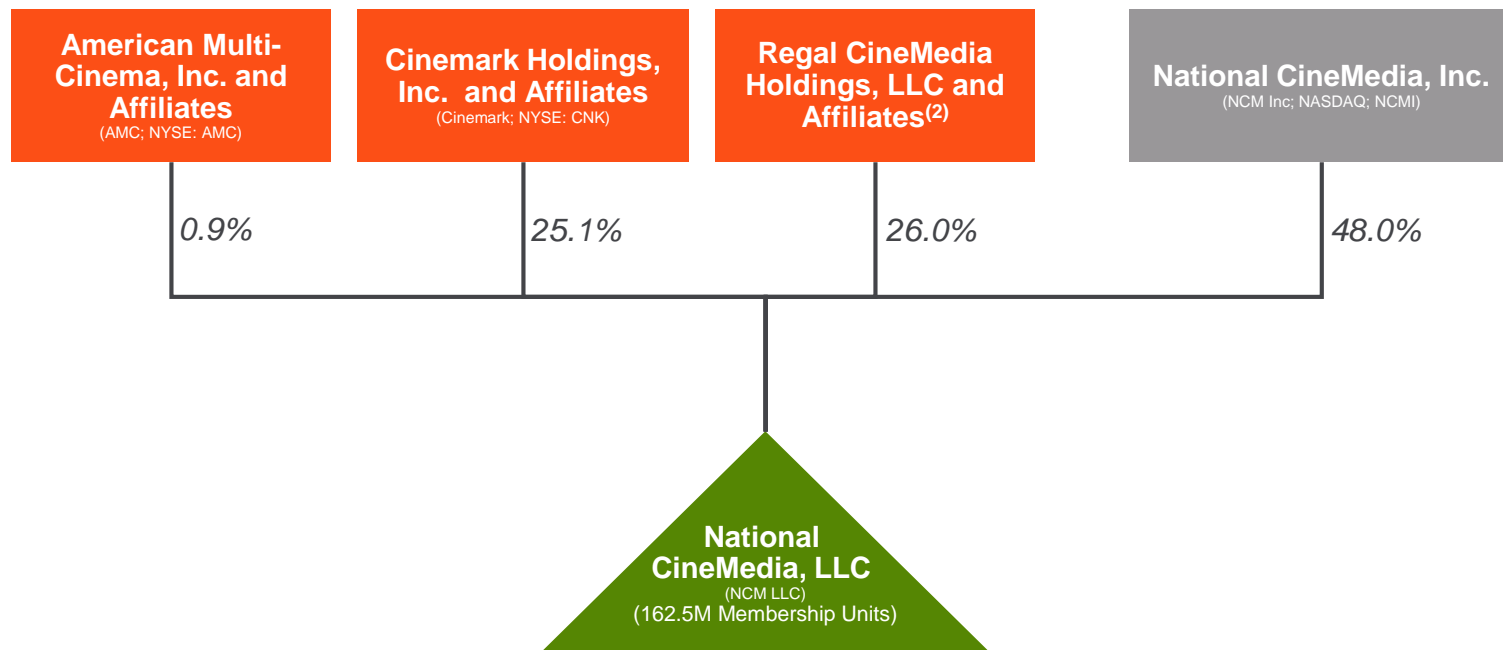
Improve Value of Ad Inventory and Grow Data while Engaging Moviegoers 360°

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



# Financial Highlights

# Ownership and Corporate Structure<sup>(1)</sup>

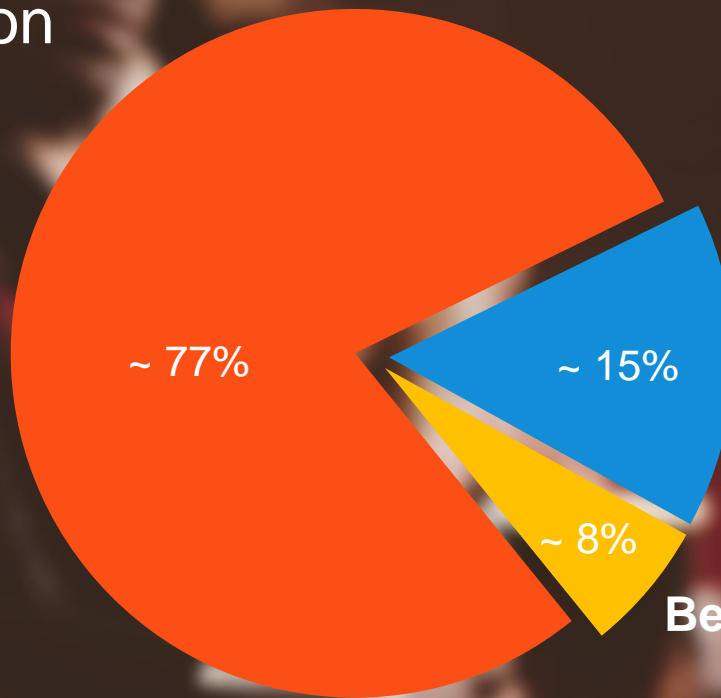


(1) Ownership as of March 26, 2020.  
(2) Subsidiary of Cineworld Group plc (LSE: CINE.L)



# YTD Revenue Composition

**National and  
Regional**

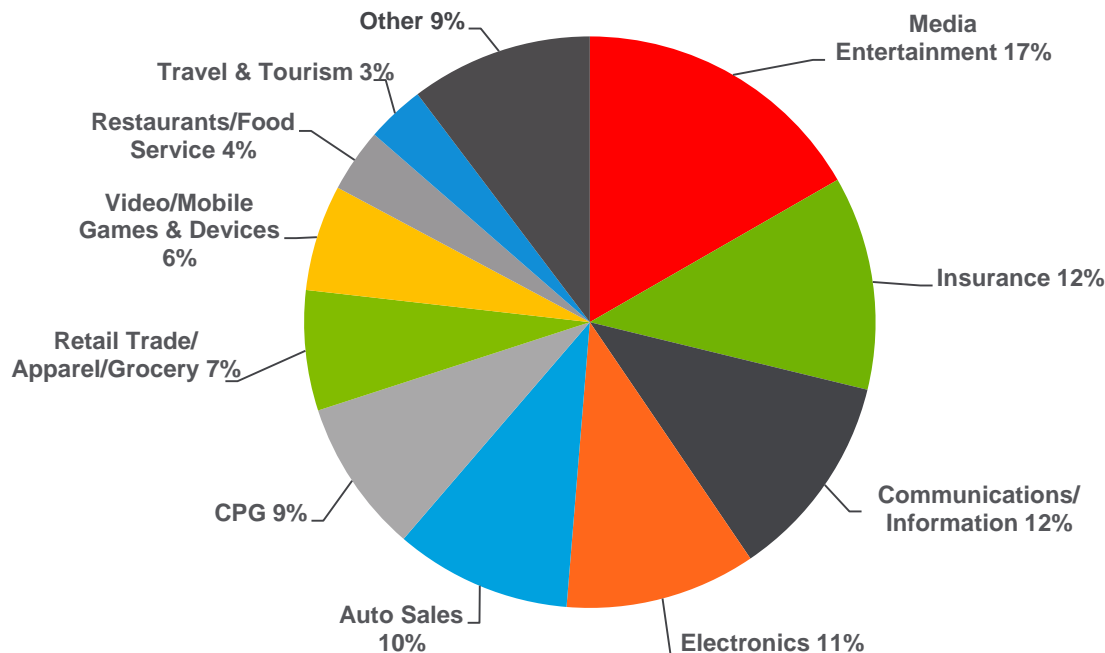


**Local**

**Beverage**

# Expanding and Diversifying National Client Base

## 2019 National Ad Revenue by Category<sup>(1)</sup>



**Added 49 new national brands in 2019.**

### **Fastest growing categories:**

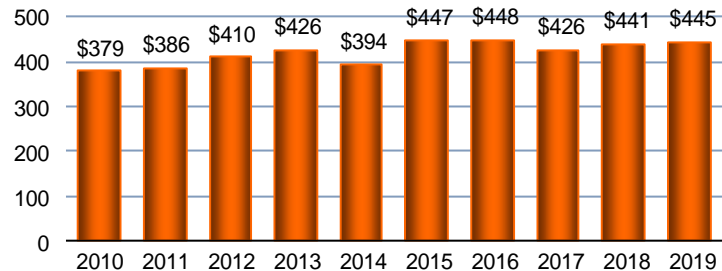
- Insurance - 68%
- Restaurants/Food Service—68%
- Professional/Trade/Business Services - 56%

(1) Excludes revenue from Founding Member's Beverage Concessionaire Advertising.

# Financial Performance

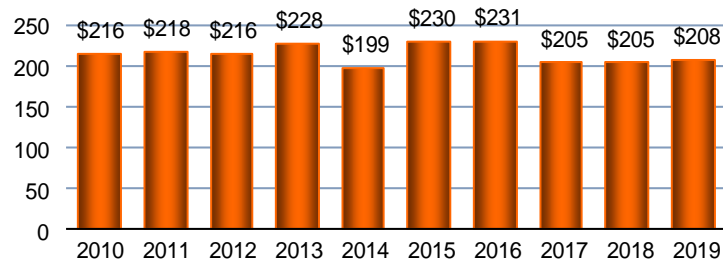
## Advertising Revenues (excludes Fathom)<sup>(1)</sup>

(\$ in millions)



## Adjusted OIBDA (excludes Fathom) <sup>(1)(2)</sup>

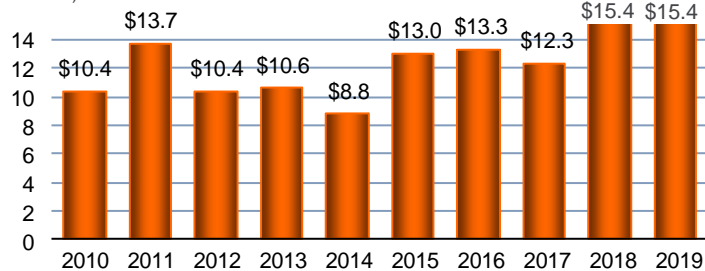
(\$ in millions)



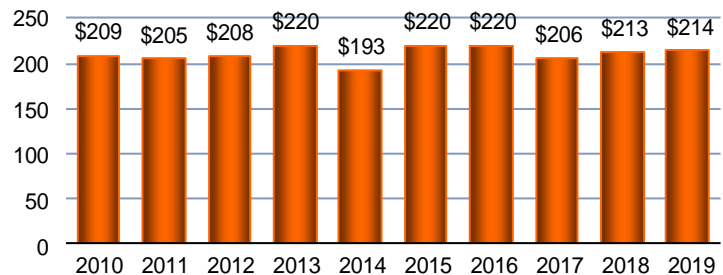
Adj. OIBDA margin 56.9% 56.4% 52.7% 53.5% 50.6% 51.5% 51.5% 48.1% 46.5% 46.7%

## Capital Expenditures

(\$ in millions)



## Free Cash Flow (excludes Fathom) <sup>(1)(2)</sup>

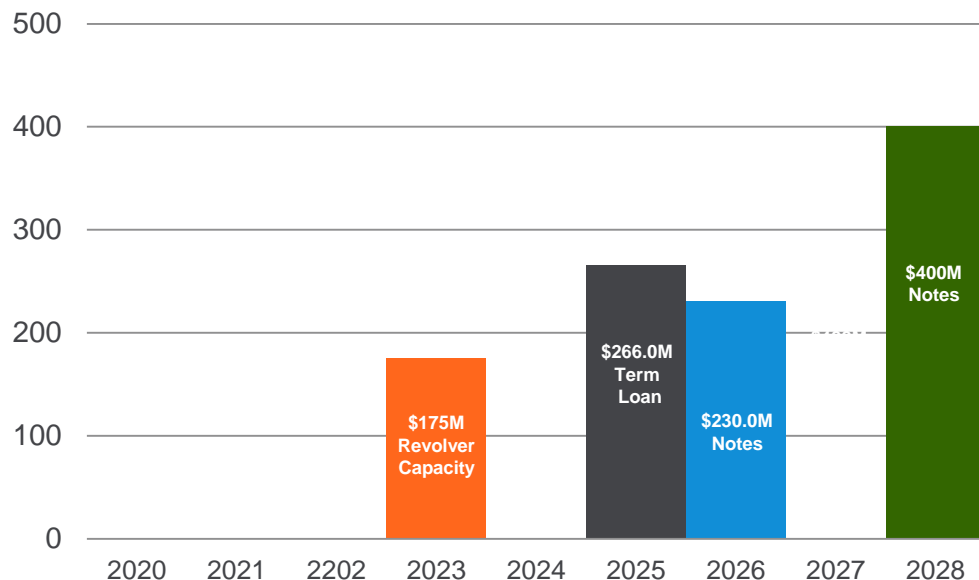


(1) Excludes Fathom revenues and Adjusted OIBDA for 2009-2013 as that business was sold December 2013.

(2) Adjusted OIBDA represents a non-GAAP measure (operating income before depreciation and amortization and excluding share based payment costs, merger-related costs, CEO transition costs and Fathom operating income.) See reconciliation to the comparable GAAP measure in the Appendix of this presentation.

# Debt Structure (NCM LLC)

(\$ in millions)



- (1) The revolving credit facility and term loan will mature on June 20, 2023 and June 20, 2025, respectively.
- (2) The term loan amortizes at a rate equal to 1.00% annually, to be paid in equal quarterly installments. As of March 26, 2020, the Company has paid principal of \$4.0 million, reducing the outstanding balance to \$266.0 million.
- (3) Leverage defined as Net Debt/(LTM Adjusted OIBDA plus Founding Member Integration Payments).
- (4) Defined as Adjusted EBITDA/Cash Interest Expense.
- (5) 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.

## Capital Structure

- \$175M Sr. Secured Revolver Capacity due 2023<sup>(1)</sup> (L+200)
- \$266.0M Sr. Secured Term Loan due 2025<sup>(1)(2)</sup> (L+300)
- \$400M 5.875% Sr. Secured Notes Due 2028
- \$230.0M 5.75% Sr. Unsecured Notes Due 2026
- Average Debt ~70% Fixed
- Credit Rating: B2 / B

## Q1 2020 Leverage<sup>(3)(5)</sup>

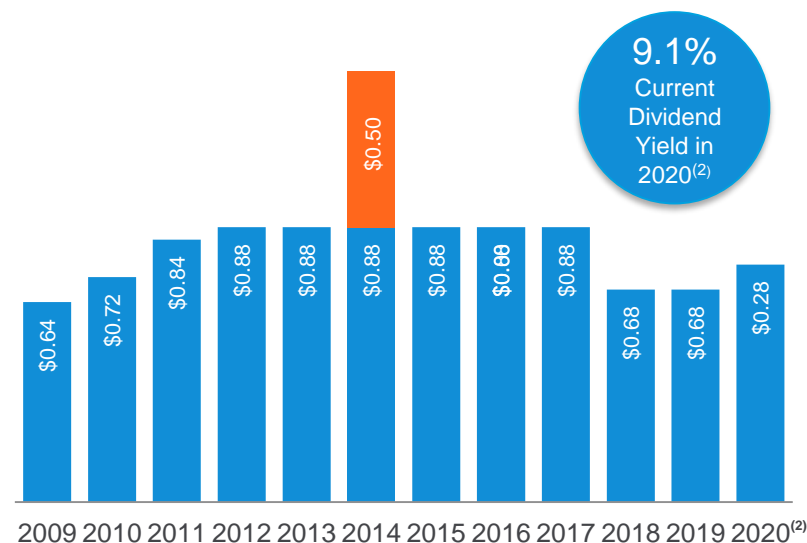
- Sr. Secured Leverage – **3.3x**
  - Maintenance Covenant – 4.5x
- Total Leverage – **4.3x**
  - Maintenance Covenant – 6.25
- 2019 Total Cash Interest Coverage<sup>(4)</sup> – **4.0x**
  - No Covenant

# Strong Cash Flow and Stable, Tax Advantaged Dividend

## Strong Cash Flow

- Average Adjusted OIBDA margins<sup>(1)</sup>: ~47%
- Capital Expenditures: ~3% of revenue
- Cash Interest Expense: ~\$54M Annually

## Dividends Paid Per Share



(1) Represents a non-GAAP measure as Adjusted OIBDA/Revenue, calculated as an average of 2017, 2018 and 2019.

(2) 2020 annualized amount based on NCMI paying \$0.07 per share in Q2 of 2020. Stock price of \$3.08 as of May 4, 2020.

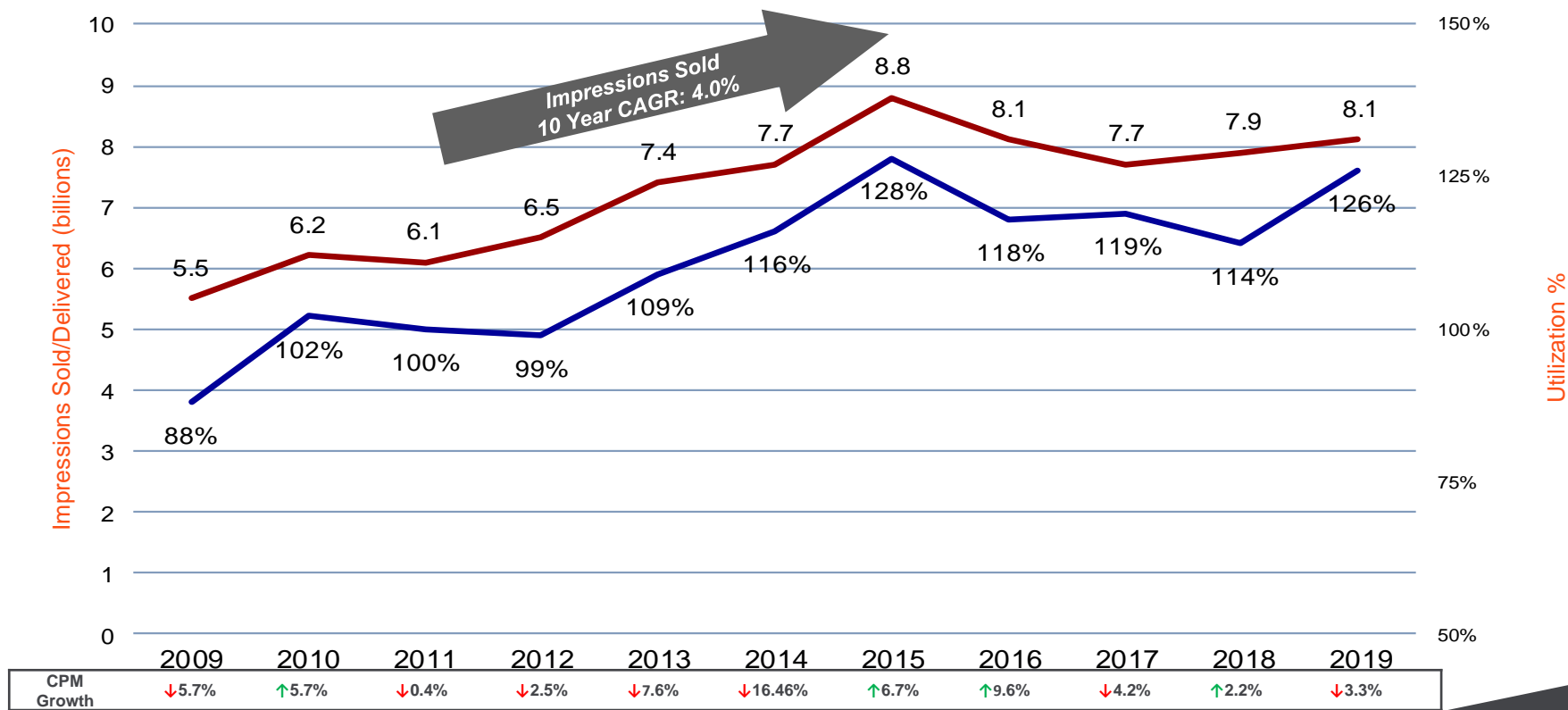


# Q&A



# Appendix

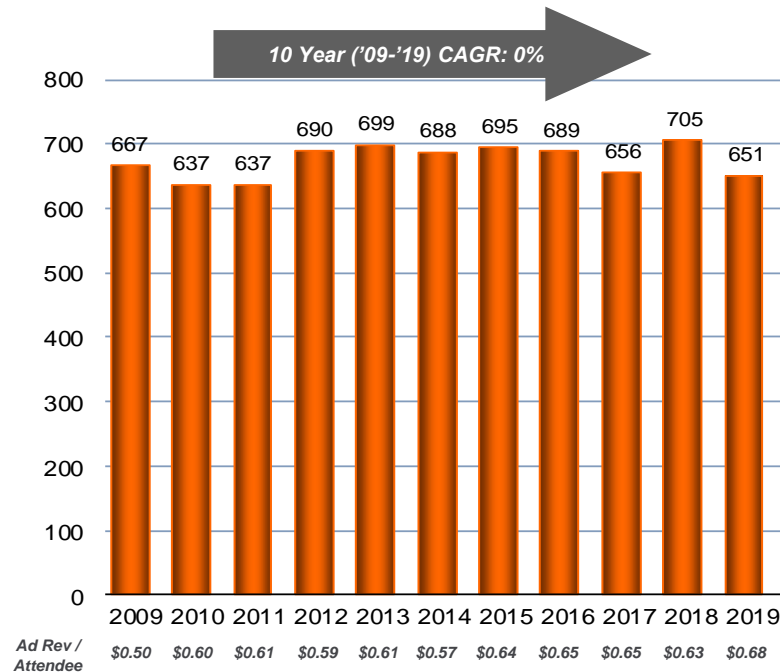
# National On-Screen Advertising Drivers



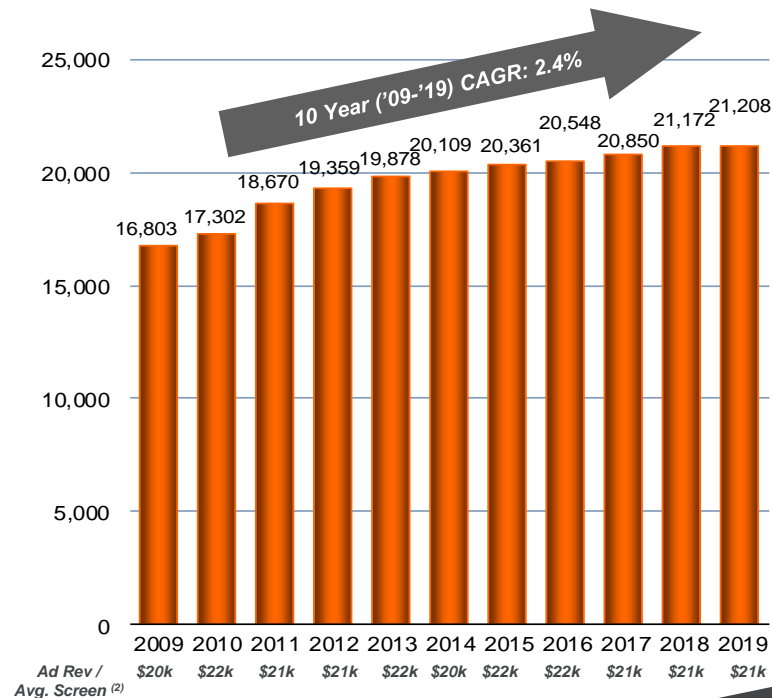
# Annual Network Growth

## Total Attendees

(in millions)



## Total Screens<sup>(1)</sup>



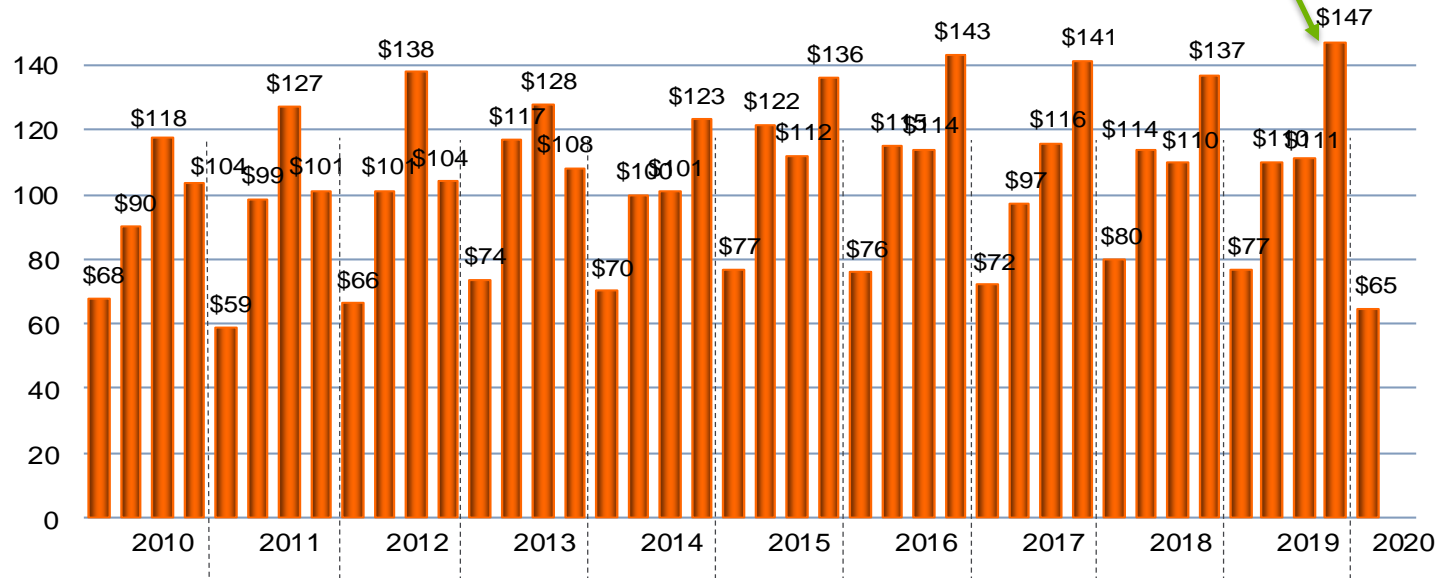
(1) Screen counts as of period end.

(2) Revenue / Screen calculations based on average screen count for each fiscal year.

# Quarterly Revenue Performance<sup>(1)</sup>

Record Q4  
Revenue

(\$ in millions)

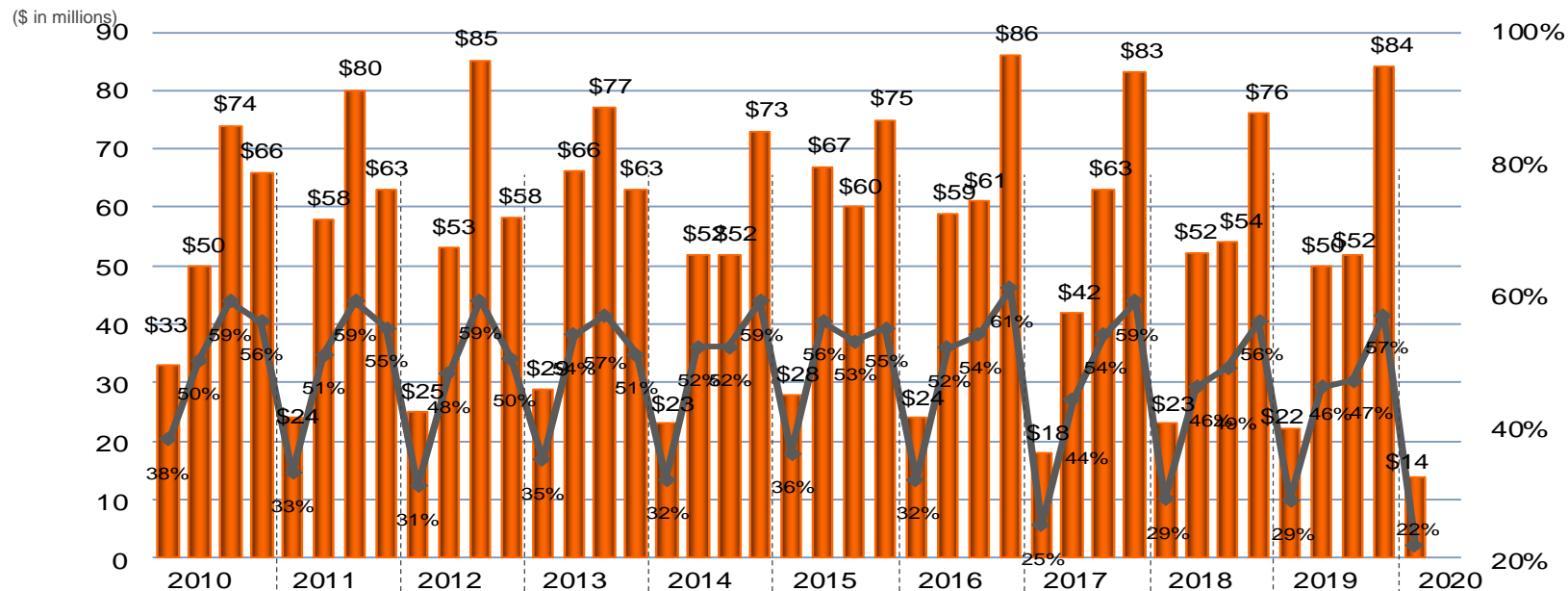


(1) Quarterly revenue for the periods prior to December 31, 2013, includes revenue from the Fathom business that was sold December 2013.



# Quarterly Adjusted OIBDA Performance <sup>(1)(2)</sup>

## Adjusted OIBDA and Adjusted OIBDA Margin



(1) Includes the Fathom business that was sold December 2013..

(2) Represents a non-GAAP measure. See annual reconciliation to the comparable GAAP measure on slide 44 and the Financial Information – GAAP Reconciliations section of the Company's investor page at investor.ncm.com.

# Non-GAAP Reconciliations

## Operating Income to Adjusted OIBDA and Adjusted OIBDA Margin

(\$ in millions)  
(unaudited)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Operating income	\$ 190.6	\$ 193.7	\$ 191.8	\$ 202.0	\$ 151.7	\$ 148.0	\$ 173.0	\$ 153.9	\$ 154.3	\$ 161.3
Depreciation	7.1	7.5	8.1	10.6	11.1	9.6	8.8	11.0	12.6	13.6
Amortization expense	10.7	11.3	12.3	16.0	21.3	22.6	27.0	26.6	27.3	—
Amortization of intangibles recorded for network theater screen leases (1)	—	—	—	—	—	—	—	—	—	26.7
Fathom operating income	(6.7)	(6.4)	(5.3)	(6.5)	—	—	—	—	—	—
Share-based compensation costs (2)	14.0	11.8	9.0	5.9	7.7	14.8	18.3	11.2	7.8	5.5
Merger-related administrative costs (3)	—	—	—	—	7.5	34.3	—	—	3.4	—
CEO transition costs	—	—	—	—	—	0.6	3.6	0.6	—	0.4
Early lease termination expense (4)	—	—	—	—	—	—	—	1.8	—	—
Adjusted OIBDA (excluding Fathom Events)	\$ 215.7	\$ 217.9	\$ 215.9	\$ 228.0	\$ 199.3	\$ 229.9	\$ 230.7	\$ 205.1	\$ 205.4	\$ 207.5
Integration and encumbered theater payments	3.9	0.7	2.8	2.2	2.8	2.7	2.6	12.9	22.7	21.7
Capital Expenditures	(10.4)	(13.7)	(10.4)	(10.6)	(8.8)	(13.0)	(13.3)	(12.3)	(15.4)	(15.3)
Free Cash Flow	\$ 209.2	\$ 204.9	\$ 208.3	\$ 219.6	\$ 193.3	\$ 219.6	\$ 220.0	\$ 205.7	\$ 212.7	\$ 213.9
Total advertising revenue	\$ 379.4	\$ 386.1	\$ 409.5	\$ 379.5	\$ 386.2	\$ 409.5	\$ 426.3	\$ 426.1	\$ 441.4	\$ 444.8
Adjusted OIBDA margin excluding Fathom Events	56.9%	56.4%	52.7%	60.1%	51.6%	56.1%	54.1%	48.1%	46.5%	46.7%

(1) Following the adoption of ASC 842, as discussed in our current report on Form 10-Q filed with the SEC on May 6, 2019 for the quarter ended March 28, 2019, amortization of the ESA and affiliate intangible balances is considered a form of lease expense and has been reclassified to this account as of the adoption date, December 28, 2018. The Company adopted ASC 842 prospectively and thus, prior period balances remain within amortization expense.

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

(3) Merger-related costs primarily include the merger termination payment and legal, accounting, advisory and other professional fees associated with the terminated merger with Screenvision.

(4) Early lease termination expense represents an expense recorded upon the early termination of the lease of our corporate headquarters because the early termination payment made by the Company was reimbursed by the landlord of the new building.

# Non-GAAP Reconciliations

## Operating Income to Adjusted OIBDA and Adjusted OIBDA Margin

(\$ in millions)  
(unaudited)

	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.

# Experienced Management Team

Name	Title	Age	Previous Experience
<b>Thomas F. Lesinski</b>	<b>Chief Executive Officer</b>	60	<ul style="list-style-type: none"><li>▪ CEO since August 2019</li><li>▪ CEO and Board Director, Sonar Entertainment</li><li>▪ Founder and CEO, Energi Entertainment</li></ul>
<b>Clifford E. Marks</b>	<b>President of Sales and Chief Marketing Officer</b>	58	<ul style="list-style-type: none"><li>▪ President, Sales and Marketing, Regal CineMedia (since formation in 2002)</li><li>▪ Senior VP, ESPN / ABC Sports</li></ul>
<b>Sarah K. Hilty</b>	<b>Executive VP General Counsel</b>	49	<ul style="list-style-type: none"><li>▪ EVP, General Counsel and Secretary since February 2018</li><li>▪ Deputy General Counsel-Corporate, CH2M Hill</li><li>▪ Partner, Hogan &amp; Hartson, LLP</li></ul>
<b>Scott D. Felenstein</b>	<b>Chief Revenue Officer</b>	51	<ul style="list-style-type: none"><li>▪ CRO since April 2017</li><li>▪ EVP, National Advertising Sales, Discovery Communications</li><li>▪ Senior VP, Discovery Channel / Science Channel / American Heroes Channel / Velocity</li></ul>

The NCM team has a diverse mix of sales, media and technical expertise.