

Q1 '21 Earnings Supplemental Presentation Liquidity and COVID-19 Update



MAY 2021

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 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) the impact of pandemics, epidemics or disease outbreaks, such as the novel coronavirus (COVID-19) and the success of actions taken to mitigate such situations, vaccine rollouts and potential changes to consumer behavior; 3) the availability and predictability of major motion pictures displayed in theaters, 4) increased competition for advertising expenditures; 5) changes to relationships with NCM LLC's founding members; 6) inability to implement or achieve new revenue opportunities; 7) failure to realize the anticipated benefits of the 2019 amendments to the Company's exhibitor service agreements with Regal and Cinemark; 8) technological changes and innovations; 9) economic conditions, including the level of expenditures on and perception of cinema advertising; 10) our ability to renew or replace expiring advertising and content contracts; 11) our need for additional funding, risks and uncertainties relating to our significant indebtedness; 12) reinvestment in our network and product offerings may require significant funding and resulting reallocation of resources; 13) fluctuations in and timing of operating costs; and 14) 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 31, 2020, 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, impairment of long-lived assets, 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

- NCM entered the global COVID-19 crisis in a strong financial position and maintained that strong position during the first quarter of 2021.
 - NCM LLC began the first quarter of 2021 with a cash balance of \$123.9 million and ended the first quarter with a cash balance of \$139.4 million.
 - The accounts receivable balance, net of allowance for doubtful accounts, at the beginning of the first quarter was \$16.2 million and was \$7.5 million at the end of the first quarter.
- NCM LLC's theater access fees, network affiliate payments and Platinum Spot revenue share payments are driven by attendance, active screens and revenue, and therefore, were not incurred for the duration that the theaters were closed and will be reduced for the period of time that attendance is lower than historical levels and may be reduced for periods where screens are in use for only part of the month.
- The Company continued to control its operating and capital expenditures, with total operating expenses over 40% lower in the first quarter of 2021, as compared to the first quarter of 2020.
- The Company has significantly reduced payroll related costs through a combination of temporary furloughs, permanent layoffs and salary reductions. In total, the Company's headcount has been reduced by almost 30% as compared to headcount levels prior to the COVID-19 pandemic.
- As of May 7, 2021, theater attendance has been increasing with the reopening of several temporarily closed key markets, the loosening of capacity limitations throughout the U.S., and a series of successful major motion picture releases. Approximately 77% of the theaters within the Company's network are open, as compared to 60% as of April 1, 2021.

Q1 2021 Highlights versus Q1 2020

Financial:

- Total revenue decreased 91.7% to \$5.4 million.
- Adjusted OIBDA⁽¹⁾ decreased 212.5% to -\$16.2 million.
- National and Regional Sales revenue decreased 92.6% to \$3.7 million.
- Local revenue decreased 87.2% to \$1.2 million.
- Beverage revenue decreased 90.9% to \$0.5 million.

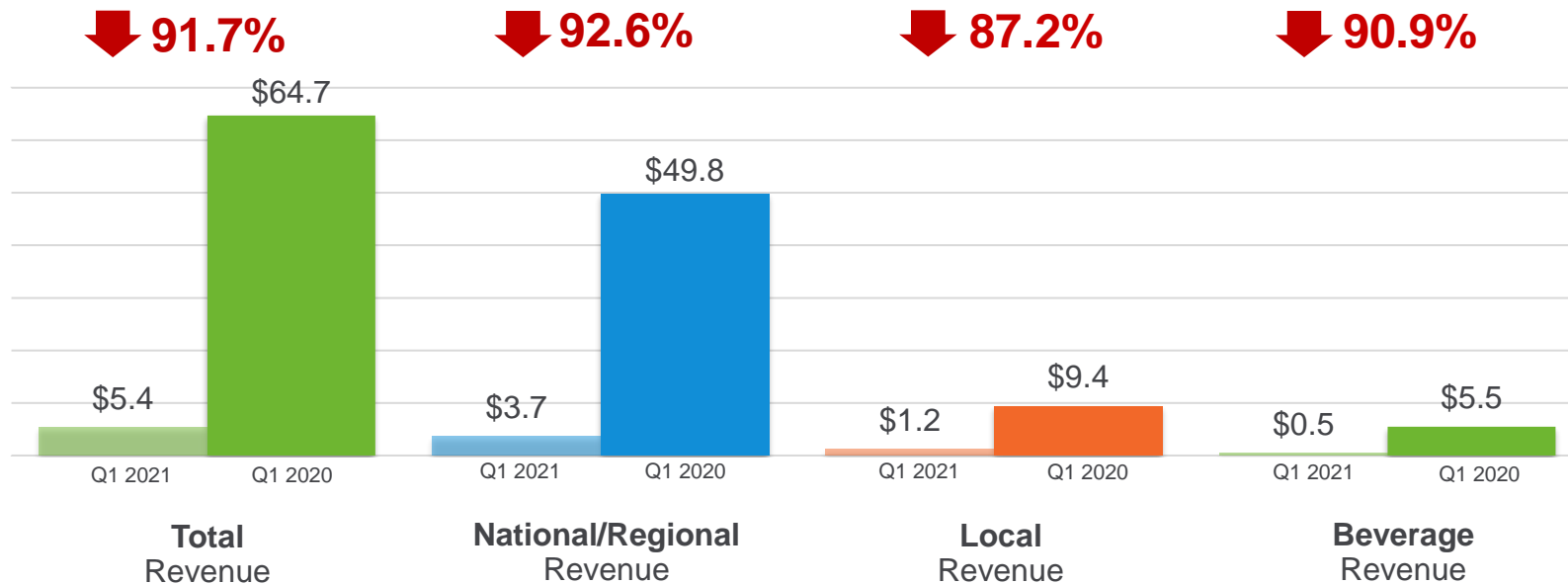
Other:

- Formed a new data partnership with one of our Founding Member exhibitors to supply movie ticket data that will greatly expand our ability to leverage audience data and create more robust targeting solutions for advertisers.
- Formed an exclusive relationship with Vobile - a SaaS industry leader in content recognition, protection, monetization, and marketing — to sell brand-safe, reservable digital video ad inventory alongside movie studio content like movie clips and trailers on top video platforms including YouTube. This partnership provides NCM with over 120 million additional monthly digital ad impressions to sell.

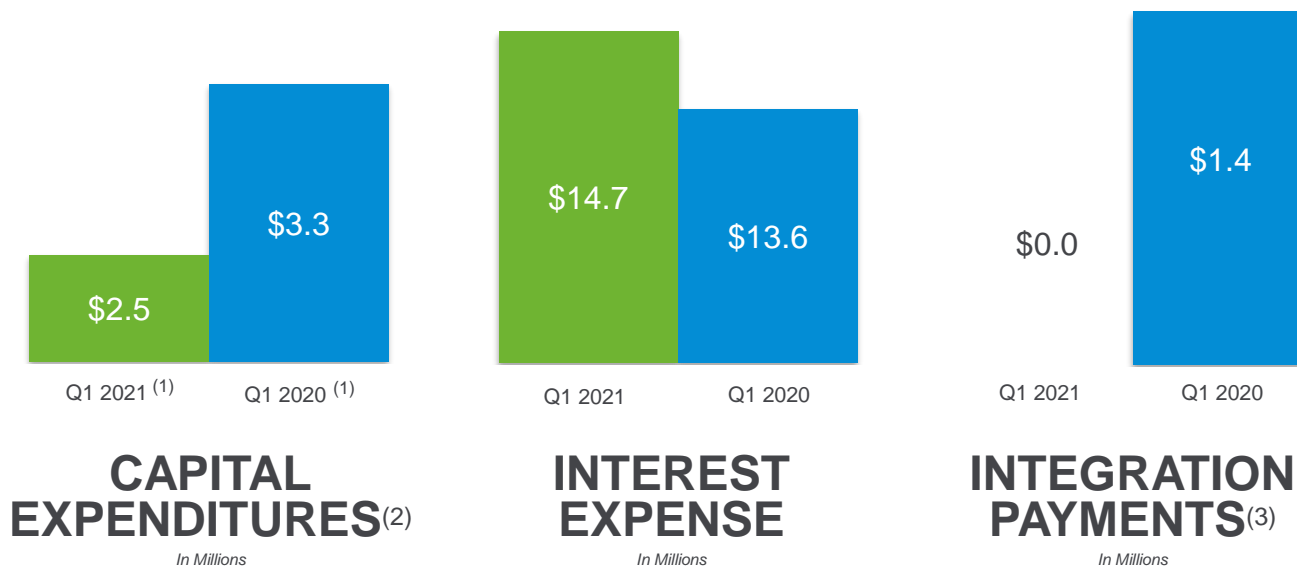
(1) Adjusted OIBDA represents a non-GAAP measure (operating income before depreciation and amortization of intangibles recorded for network theater screen leases and excluding non-cash share based costs and impairment of long-lived assets). See reconciliation to the comparable GAAP measure on slide 10 of this presentation.

Revenue (Q1)

(\$ in millions)



Other Financial Metrics (Q1)







(1) Includes capital expenditures of \$0.4 million in Q1 2021 related to our digital product investment versus \$1.7 million in Q1 2020.

(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. There were no payments during Q1 2021 because the Company generated negative Adjusted OIBDA during this period due to the closure of the encumbered theaters in response to the COVID-19 pandemic.

Diversified Debt Structure

Q1 2021	 \$1,109.6M	\$167.0M	 \$192.2M	 5.2%	 N/A
Q1 2020	\$1,063.0M	\$167.0M	\$215.3M	5.1%	4.3X
	Total Debt Outstanding	Outstanding Revolver Balance	Consolidated Cash and Investment Balances⁽¹⁾	Average Interest Rate on All Debt	Consolidated Total Leverage Ratio⁽²⁾⁽³⁾ <small>(Total Debt / Adjusted OIBDA + Integration Payments)</small>

(1) \$52.8 million of this balance is at NCM at April 1, 2021 and \$83.1 million at March 26, 2020.

(2) On March 8, 2021, NCM obtained approval of a waiver of any non-compliance with its Consolidated Net Senior Secured Leverage Ratio and Consolidated Total Leverage Ratio financial covenants through the quarter ended June 30, 2022.

(3) The Company's leverage ratios are N/A as the company generated negative Adj. OIBDA during the four fiscal quarters ended April 1, 2021.

Cash Dividends in Q2'21 and Annualized FY '21 Dividend

The dividend was reduced from 2020 quarterly dividend amounts 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 March 8, 2021.



- (1) The dividend declared on May 10, 2021 is \$0.05 per share for payment in Q2 2021 and represents an annualized dividend of \$0.20 per share.
- (2) Dividend yield based on NCMI closing stock price on May 10, 2021 of \$4.39.

2021 Annual Guidance

Due to the continued uncertainties related to the COVID-19 pandemic over the near term and the impact of changes in consumer behavior on attendance following the reopening of the theaters, the Company is not providing revenue and Adjusted OIBDA guidance for the fiscal year ending December 30, 2021. The Company anticipates reviewing this guidance policy when it better understands theater attendance trends and the level of commitments received in the national scatter market and as a result of our participation in the upcoming television upfront selling process.

The Company expects its revenue to begin to meaningfully increase in the month of June 2021, but it is expected to remain well below pre-COVID-19 pandemic levels. With network attendance levels expected to begin to pick up in the second quarter of 2021 and theatrical release schedules firming-up for the remainder of 2021, the Company expects to recognize more meaningful in-theater revenue in the third quarter of 2021 with a continued build into the fourth quarter of 2021 that will benefit from our participation in the 2021 television upfront. Based on this it is our expectation that late in the third quarter of 2021 we will achieve breakeven cash flow after debt service on an accrual basis and by the end of 2021 we expect to be trending back towards 2019 revenue levels, assuming that the theatrical release schedule remains firm, COVID-19 cases further decline allowing government restrictions to continue to decrease and an upfront consistent with the Company's expectations.

Operating Income to Adjusted OIBDA and Adjusted OIBDA Margin

\$ in millions

	<u>Q1 2021</u>	<u>Q1 2020</u>
Operating (loss) income	\$ (28.3)	\$ 4.9
Depreciation expense	3.3	3.2
Amortization of intangibles recorded for network theater screen leases	6.1	6.1
Share-based compensation costs <i>(1)</i>	2.7	0.2
Adjusted OIBDA	<u>\$ (16.2)</u>	<u>\$ 14.4</u>
Total revenue	\$ 5.4	\$ 64.7
Adjusted OIBDA margin	(300.0)%	22.3 %

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

Thank You!

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