

AMC ENTERTAINMENT HOLDINGS, INC.

Form 10-Q

August 07, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the quarterly period ended June 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the transition period from                      to

Commission file number 001-33892

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AMC ENTERTAINMENT HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

|                                                                   |                                         |
|-------------------------------------------------------------------|-----------------------------------------|
| Delaware                                                          | 26-0303916                              |
| (State or other jurisdiction of<br>incorporation or organization) | (I.R.S. Employer<br>Identification No.) |
| One AMC Way                                                       |                                         |
| 11500 Ash Street, Leawood, KS                                     | 66211                                   |
| (Address of principal executive offices)                          | (Zip Code)                              |

Registrant's telephone number, including area code: (913) 213-2000

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non accelerated filerSmaller reporting company

Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standard provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Title of each class of common stock | Number of shares<br>outstanding as of July 31, 2018 |
|-------------------------------------|-----------------------------------------------------|
| Class A common stock                | 51,744,412                                          |
| Class B common stock                | 75,826,927                                          |

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### PART I—FINANCIAL INFORMATION

#### Item 1. Financial Statements. (Unaudited)

#### AMC ENTERTAINMENT HOLDINGS, INC.

#### CONSOLIDATED STATEMENTS OF OPERATIONS

| (in millions, except share and per share amounts)                | Three Months Ended |               | Six Months Ended |               |
|------------------------------------------------------------------|--------------------|---------------|------------------|---------------|
|                                                                  | June 30, 2018      | June 30, 2017 | June 30, 2018    | June 30, 2017 |
|                                                                  | (unaudited)        |               | (unaudited)      |               |
| Revenues                                                         |                    |               |                  |               |
| Admissions                                                       | \$ 896.3           | \$ 761.4      | \$ 1,771.3       | \$ 1,578.9    |
| Food and beverage                                                | 445.8              | 374.1         | 851.6            | 771.7         |
| Other theatre                                                    | 100.4              | 66.8          | 203.2            | 133.1         |
| Total revenues                                                   | 1,442.5            | 1,202.3       | 2,826.1          | 2,483.7       |
| Operating costs and expenses                                     |                    |               |                  |               |
| Film exhibition costs                                            | 471.4              | 379.8         | 897.9            | 799.4         |
| Food and beverage costs                                          | 72.2               | 62.1          | 138.4            | 121.9         |
| Operating expense, excluding depreciation and amortization below | 424.5              | 389.2         | 836.4            | 745.6         |
| Rent                                                             | 199.7              | 199.8         | 389.4            | 390.2         |
| General and administrative:                                      |                    |               |                  |               |
| Merger, acquisition and transaction costs                        | 4.3                | 11.5          | 9.0              | 51.7          |
| Other, excluding depreciation and amortization below             | 43.0               | 46.1          | 87.2             | 80.4          |
| Depreciation and amortization                                    | 137.7              | 133.3         | 268.2            | 258.6         |
| Operating costs and expenses                                     | 1,352.8            | 1,221.8       | 2,626.5          | 2,447.8       |
| Operating income (loss)                                          | 89.7               | (19.5)        | 199.6            | 35.9          |
| Other expense (income):                                          |                    |               |                  |               |
| Other expense (income)                                           | 2.2                | 1.1           | 3.4              | (1.5)         |
| Interest expense:                                                |                    |               |                  |               |
| Corporate borrowings                                             | 62.2               | 59.6          | 123.9            | 110.9         |
| Capital and financing lease obligations                          | 9.8                | 10.3          | 20.1             | 21.1          |
| Non-cash NCM exhibitor services agreement                        | 10.4               | —             | 20.9             | —             |
| Equity in (earnings) loss of non-consolidated entities           | (13.0)             | 195.0         | (4.0)            | 197.3         |
| Investment (income) expense                                      | (1.5)              | 0.6           | (6.7)            | (5.0)         |
| Total other expense                                              | 70.1               | 266.6         | 157.6            | 322.8         |
| Earnings (loss) before income taxes                              | 19.6               | (286.1)       | 42.0             | (286.9)       |

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|                                                       |         |            |         |            |
|-------------------------------------------------------|---------|------------|---------|------------|
| Income tax provision (benefit)                        | (2.6)   | (109.6)    | 2.1     | (118.8)    |
| Net earnings (loss)                                   | \$ 22.2 | \$ (176.5) | \$ 39.9 | \$ (168.1) |
| Earnings (loss) per share:                            |         |            |         |            |
| Basic                                                 | \$ 0.17 | \$ (1.35)  | \$ 0.31 | \$ (1.33)  |
| Diluted                                               | \$ 0.17 | \$ (1.35)  | \$ 0.31 | \$ (1.33)  |
| Average shares outstanding:                           |         |            |         |            |
| Basic (in thousands)                                  | 128,039 | 131,166    | 128,042 | 126,290    |
| Diluted (in thousands)                                | 128,105 | 131,166    | 128,042 | 126,290    |
| Dividends declared per basic and diluted common share | \$ 0.20 | \$ 0.20    | \$ 0.40 | \$ 0.40    |

See Notes to Consolidated Financial Statements.

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## AMC ENTERTAINMENT HOLDINGS, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

| (in millions)                                                                                   | Three Months Ended |                  | Six Months Ended |                  |
|-------------------------------------------------------------------------------------------------|--------------------|------------------|------------------|------------------|
|                                                                                                 | June 30,<br>2018   | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2017 |
| Net earnings (loss)                                                                             | \$ 22.2            | \$ (176.5)       | \$ 39.9          | \$ (168.1)       |
| Other comprehensive income (loss)                                                               |                    |                  |                  |                  |
| Unrealized foreign currency translation adjustment, net of tax                                  | (107.6)            | 77.1             | (95.9)           | 74.9             |
| Realized loss on foreign currency transactions, net of tax                                      | 1.0                | —                | 1.0              | —                |
| Pension and other benefit adjustments:                                                          |                    |                  |                  |                  |
| Net loss arising during the period, net of tax                                                  | (0.4)              | (0.6)            | (1.5)            | (0.5)            |
| Marketable securities:                                                                          |                    |                  |                  |                  |
| Unrealized net holding gain arising during the period, net of tax                               | —                  | 0.1              | —                | 0.3              |
| Realized net gain reclassified into investment income, net of tax                               | —                  | (0.1)            | —                | (0.1)            |
| Equity method investees' cash flow hedge:                                                       |                    |                  |                  |                  |
| Unrealized net holding gain arising during the period, net of tax                               | —                  | (0.1)            | 0.2              | (0.1)            |
| Realized net gain reclassified into equity in earnings of non-consolidated entities, net of tax | (0.2)              | 0.1              | (0.3)            | 0.1              |
| Other comprehensive income (loss)                                                               | (107.2)            | 76.5             | (96.5)           | 74.6             |
| Total comprehensive loss                                                                        | \$ (85.0)          | \$ (100.0)       | \$ (56.6)        | \$ (93.5)        |

See Notes to Consolidated Financial Statements.

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## AMC ENTERTAINMENT HOLDINGS, INC.

## CONSOLIDATED BALANCE SHEETS

(Unaudited)

| (In millions, except share data)                                                                                                                                                                            | June 30,<br>2018 | December 31,<br>2017 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|
| <b>ASSETS</b>                                                                                                                                                                                               |                  |                      |
| Current assets:                                                                                                                                                                                             |                  |                      |
| Cash and cash equivalents                                                                                                                                                                                   | \$ 316.4         | \$ 310.0             |
| Restricted cash                                                                                                                                                                                             | 11.0             | 8.3                  |
| Receivables, net                                                                                                                                                                                            | 179.1            | 271.5                |
| Assets held for sale                                                                                                                                                                                        | 130.5            | 80.0                 |
| Other current assets                                                                                                                                                                                        | 203.9            | 202.6                |
| Total current assets                                                                                                                                                                                        | 840.9            | 872.4                |
| Property, net                                                                                                                                                                                               | 3,028.1          | 3,116.5              |
| Intangible assets, net                                                                                                                                                                                      | 365.3            | 380.5                |
| Goodwill                                                                                                                                                                                                    | 4,830.7          | 4,931.7              |
| Deferred tax asset, net                                                                                                                                                                                     | 28.2             | 28.9                 |
| Other long-term assets                                                                                                                                                                                      | 438.6            | 475.9                |
| Total assets                                                                                                                                                                                                | \$ 9,531.8       | \$ 9,805.9           |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                                                                                                 |                  |                      |
| Current liabilities:                                                                                                                                                                                        |                  |                      |
| Accounts payable                                                                                                                                                                                            | \$ 535.8         | \$ 569.6             |
| Accrued expenses and other liabilities                                                                                                                                                                      | 312.2            | 351.1                |
| Deferred revenues and income                                                                                                                                                                                | 311.2            | 401.0                |
| Current maturities of corporate borrowings and capital and financing lease obligations                                                                                                                      | 84.2             | 87.7                 |
| Total current liabilities                                                                                                                                                                                   | 1,243.4          | 1,409.4              |
| Corporate borrowings                                                                                                                                                                                        | 4,202.6          | 4,220.1              |
| Capital and financing lease obligations                                                                                                                                                                     | 536.8            | 578.9                |
| Exhibitor services agreement                                                                                                                                                                                | 571.4            | 530.9                |
| Deferred tax liability, net                                                                                                                                                                                 | 44.3             | 49.6                 |
| Other long-term liabilities                                                                                                                                                                                 | 963.0            | 903.8                |
| Total liabilities                                                                                                                                                                                           | 7,561.5          | 7,692.7              |
| Commitments and contingencies                                                                                                                                                                               |                  |                      |
| Class A common stock (temporary equity) (\$.01 par value, 75,712 shares issued; 38,943 shares outstanding as of June 30, 2018 and 112,817 shares issued; 76,048 shares outstanding as of December 31, 2017) | 0.4              | 0.8                  |
| Stockholders' equity:                                                                                                                                                                                       | 0.5              | 0.5                  |

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Class A common stock (\$.01 par value, 524,173,073 shares authorized; 55,401,325 shares issued and 51,705,469 outstanding as of June 30, 2018; 55,010,160 shares issued and 51,814,304 outstanding as of December 31, 2017)

Class B common stock (\$.01 par value, 75,826,927 shares authorized; 75,826,927 shares issued and outstanding as of June 30, 2018 and December 31, 2017)

|                                                                                                             |            |            |
|-------------------------------------------------------------------------------------------------------------|------------|------------|
| Additional paid-in capital                                                                                  | 0.8        | 0.8        |
| Treasury stock (3,732,625 shares as of June 30, 2018 and 3,232,625 shares as of December 31, 2017, at cost) | 2,247.0    | 2,241.6    |
| Accumulated other comprehensive income                                                                      | (56.4)     | (48.2)     |
| Accumulated deficit                                                                                         | 33.5       | 125.6      |
| Total stockholders' equity                                                                                  | (255.5)    | (207.9)    |
| Total liabilities and stockholders' equity                                                                  | 1,969.9    | 2,112.4    |
|                                                                                                             | \$ 9,531.8 | \$ 9,805.9 |

See Notes to Consolidated Financial Statements.

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## AMC ENTERTAINMENT HOLDINGS, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

|                                                                                            | Six Months Ended |               |
|--------------------------------------------------------------------------------------------|------------------|---------------|
|                                                                                            | June 30, 2018    | June 30, 2017 |
|                                                                                            | (Unaudited)      |               |
| Cash flows from operating activities:                                                      | \$ 39.9          | \$ (168.1)    |
| Net earnings (loss)                                                                        |                  |               |
| Adjustments to reconcile net earnings (loss) to net cash provided by operating activities: |                  |               |
| Depreciation and amortization                                                              | 268.2            | 258.6         |
| Loss on NCM charged to merger, acquisition and transaction costs                           | —                | 22.6          |
| Loss on extinguishment of debt                                                             | —                | 0.5           |
| Deferred income taxes                                                                      | (2.0)            | (118.3)       |
| Amortization of net premium on corporate borrowings                                        | (1.7)            | (1.1)         |
| Amortization of deferred charges to interest expense                                       | 7.5              | 5.6           |
| Theatre and other closure expense                                                          | 2.2              | 1.7           |
| Non-cash portion of stock-based compensation                                               | 6.8              | 4.0           |
| Gain on dispositions                                                                       | (2.8)            | (3.6)         |
| Gain on disposition of NCM                                                                 | (1.1)            | —             |
| Repayment of Nordic interest rate swaps                                                    | —                | (2.7)         |
| Equity in loss from non-consolidated entities, net of distributions                        | 5.4              | 13.9          |
| NCM held-for-sale impairment loss                                                          | 16.0             | 204.5         |
| Landlord contributions                                                                     | 72.3             | 42.8          |
| Deferred rent                                                                              | (64.7)           | (22.5)        |
| Net periodic benefit cost                                                                  | 0.1              | 0.3           |
| Change in assets and liabilities, excluding acquisitions:                                  |                  |               |
| Receivables                                                                                | 82.3             | 78.6          |
| Other assets                                                                               | (6.7)            | (6.3)         |
| Accounts payable                                                                           | (42.0)           | (98.0)        |
| Accrued expenses and other liabilities                                                     | (79.0)           | (105.8)       |
| Other, net                                                                                 | (3.6)            | 11.7          |
| Net cash provided by operating activities                                                  | 297.1            | 118.4         |
| Cash flows from investing activities:                                                      |                  |               |
| Capital expenditures                                                                       | (241.1)          | (318.0)       |
| Acquisition of Nordic Cinemas Group, net of cash and restricted cash acquired              | —                | (577.6)       |
| Acquisition of Carmike Cinemas, Inc., net of cash and restricted cash acquired             | —                | 0.1           |
| Proceeds from sale leaseback transactions                                                  | 50.1             | —             |
| Proceeds from disposition of NCM, Inc. shares, net                                         | 7.1              | —             |
| Proceeds from disposition of long-term assets                                              | 13.5             | 22.4          |
| Investments in non-consolidated entities, net                                              | (10.7)           | 0.7           |

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|                                                                       |         |         |
|-----------------------------------------------------------------------|---------|---------|
| Other, net                                                            | (0.4)   | (2.8)   |
| Net cash used in investing activities                                 | (181.5) | (875.2) |
| Cash flows from financing activities:                                 |         |         |
| Proceeds from issuance of Senior Subordinated Sterling Notes due 2024 | —       | 327.8   |
| Proceeds from issuance of Senior Subordinated Notes due 2027          | —       | 475.0   |
| Payment of Nordic SEK Term Loan                                       | —       | (144.4) |
| Payment of Nordic EUR Term Loan                                       | —       | (169.5) |
| Net proceeds from equity offering                                     | —       | 616.8   |
| Borrowings (repayments) under Revolving Credit Facility               | —       | 50.0    |
| Principal payment of Bridge Loan due 2017                             | —       | (350.0) |
| Principal payments under Term Loan                                    | (6.9)   | (5.7)   |
| Principal payments under capital and financing lease obligations      | (35.9)  | (36.8)  |
| Cash used to pay for deferred financing costs                         | (2.2)   | (29.5)  |
| Cash used to pay dividends                                            | (51.4)  | (52.5)  |
| Taxes paid for restricted unit withholdings                           | (1.7)   | (6.5)   |
| Purchase of treasury stock                                            | (19.8)  | —       |

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|                                                                                  |          |          |
|----------------------------------------------------------------------------------|----------|----------|
| Net cash provided by (used in) financing activities                              | (117.9)  | 674.7    |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | 11.4     | 11.8     |
| Net increase (decrease) in cash and cash equivalents and restricted cash         | 9.1      | (70.3)   |
| Cash and cash equivalents and restricted cash at beginning of period             | 318.3    | 230.2    |
| Cash and cash equivalents and restricted cash at end of period                   | \$ 327.4 | \$ 159.9 |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>                        |          |          |
| Cash paid during the period for:                                                 |          |          |
| Interest (including amounts capitalized of \$0.3 million and \$0.1 million)      | \$ 138.3 | \$ 126.8 |
| Income taxes paid, net                                                           | \$ 8.4   | \$ 6.5   |
| Schedule of non-cash activities:                                                 |          |          |
| Investment in NCM (See Note 5-Investments)                                       | \$ (6.3) | \$ 235.2 |
| Construction payables at period end                                              | \$ 92.0  | \$ 101.5 |
| Accrued treasury stock payable at period end                                     | \$ 1.9   | \$ —     |

See Notes to Consolidated Financial Statements.

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AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Unaudited)

NOTE 1—BASIS OF PRESENTATION

AMC Entertainment Holdings, Inc. (“Holdings”), through its direct and indirect subsidiaries, including American Multi-Cinema, Inc. and its subsidiaries, (collectively with Holdings, unless the context otherwise requires, the “Company” or “AMC”), is principally involved in the theatrical exhibition business and owns, operates or has interests in theatres located in the United States and Europe. Holdings is an indirect subsidiary of Dalian Wanda Group Co., Ltd. (“Wanda”), a Chinese private conglomerate.

As of June 30, 2018, Wanda owned approximately 59.44% of Holdings’ outstanding common stock and 81.47% of the combined voting power of Holdings’ outstanding common stock and has the power to control Holdings’ affairs and policies, including with respect to the election of directors (and, through the election of directors, the appointment of management), entering into mergers, sales of substantially all of the Company’s assets and other extraordinary transactions.

**Use of Estimates:** The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used for, but not limited to: (1) Impairments, (2) Income and operating taxes, (3) Fair value of acquired assets and liabilities, and (4) Gift card and exchange ticket income. Actual results could differ from those estimates.

**Principles of Consolidation:** The accompanying unaudited consolidated financial statements include the accounts of Holdings and all subsidiaries, as discussed above, and should be read in conjunction with the Company’s Annual

Report on Form 10-K for the year ended December 31, 2017. The accompanying consolidated balance sheet as of December 31, 2017, which was derived from audited financial statements, and the unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in accordance with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by the accounting principles generally accepted in the United States of America for complete consolidated financial statements. In the opinion of management, these interim financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the Company's financial position and results of operations. All significant intercompany balances and transactions have been eliminated in consolidation. There are no noncontrolling (minority) interests in the Company's consolidated subsidiaries; consequently, all of its stockholders' equity, net earnings and total comprehensive income for the periods presented are attributable to controlling interests. Due to the seasonal nature of the Company's business, results for the six months ended June 30, 2018 are not necessarily indicative of the results to be expected for the year ending December 31, 2018. The Company manages its business under two reportable segments for its theatrical exhibition operations, U.S. markets and International markets.

Accumulated depreciation and amortization: Accumulated depreciation was \$1,474.2 million and \$1,266.9 million at June 30, 2018 and December 31, 2017, respectively, related to property. Accumulated amortization of intangible assets was \$65.0 million and \$55.5 million at June 30, 2018 and December 31, 2017, respectively.

Leases: During the six months ended June 30, 2018, the Company modified the terms of an existing operating lease to reduce the lease term. The Company received a \$35.0 million incentive from the landlord to enter into the new lease agreement. The Company has recorded amortization of the lease incentive as a reduction to rent expense on a straight-line basis over the remaining lease term which reduced rent expense by \$10.8 million and \$35.0 million during the three and six months ended June 30, 2018, respectively.

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**Sale and Leaseback Transaction:** On June 18, 2018, the Company completed the sale and leaseback of the real estate assets associated with one theatre for proceeds, net of closing costs of \$50.1 million. The gain on the sale of approximately \$27.3 million has been deferred and will be amortized over the remaining lease term.

**Presentation:** Certain reclassifications have been made to the prior period financial statements to conform to the current year presentation.

**Accounting Pronouncements Recently Adopted**

**Revenue from Contracts with Customers.** The Company adopted the guidance of Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers, (“ASC 606”) as of January 1, 2018 using the modified retrospective method. ASC 606 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The Company recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of accumulated deficit. ASC 606 was applied only to contracts that were not completed at January 1, 2018. The comparative information in the prior year has not been adjusted and continues to be reported under ASC 605, Revenue Recognition, which was the accounting standard in effect for those periods. See Note 2—Revenue for the required disclosures of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers per the guidance in ASC 606.

**Reclassification of Certain Tax Effects.** In February 2018, the FASB issued ASU No. 2018-02, Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (“ASU 2018-02”), which allows a reclassification from accumulated other comprehensive income to accumulated deficit for stranded tax effects resulting from the U.S. Tax Cuts and Jobs Act signed into law in December 2017. ASU 2018-02 is effective for the Company on January 1, 2019 and early adoption of the amendments is permitted, including adoption in any interim period. The Company early adopted ASU 2018-02, effective January 1, 2018, and recorded a reclassification related to the stranded tax effects that increased accumulated other comprehensive income and increased accumulated deficit by \$5.0 million in the consolidated balance sheets as of January 1, 2018. See Note 7—Income Taxes for further information.

**Modification Accounting for Stock-Based Compensation.** In May 2017, the FASB issued ASU No. 2017-09, Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting (“ASU 2017-09”), which amends the scope of modification accounting for share-based payment arrangements and provides guidance on the types of changes to the terms or conditions of the share-based payment awards to which an entity would be required to apply modification accounting under ASC 718. The amendments in ASU 2017-09 should be applied prospectively to an award modified on or after the adoption date. The Company adopted ASU 2017-09 on January 1, 2018 and will apply the guidance in ASU 2017-09 to any future changes to the terms or conditions of stock-based payment awards should they occur. The Company’s adoption of ASU 2017-09 did not have an impact on its consolidated financial statements.

**Improving Presentation of Net Benefit Costs.** In March 2017, the FASB issued ASU No. 2017-07, Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (“ASU 2017-07”). The guidance requires the service cost component of defined benefit

pension plans and other post-retirement benefit plans to be reported in the same line item as other compensation costs arising from the services rendered by the pertinent employees while the other components of net benefit cost are required to be presented in the income statement separately from the service cost component and reported outside a subtotal of operating income. The amendments in this guidance should be applied retrospectively for the presentation of the service cost component and the other components of net benefit cost in the consolidated statements of operations. The Company adopted ASU 2017-07 effective January 1, 2018 and recorded a prior period adjustment for the three and six months ended June 30, 2017 in the consolidated statements of operations to decrease general and administrative other by \$0.1 million and \$0.2 million, respectively, related to the other components of net benefit cost, with a corresponding increase to other expense (income) of \$0.1 million and decrease to other income of \$0.2 million, respectively. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

**Restricted Cash in Statement of Cash Flows.** In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (A Consensus of the FASB Emerging Issues Task Force) ("ASU 2016-18"). ASU 2016-18 requires that restricted cash be included with cash and cash equivalents when reconciling the beginning and end-of-period total amounts shown on the statement of cash flows. This guidance must be applied retrospectively to all periods presented. The Company adopted ASU 2016-18 effective January 1, 2018 and the prior

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period has been adjusted to conform to the current period presentation. This guidance also requires a new disclosure to reconcile the cash balances within the consolidated statement of cash flows to the consolidated balance sheets. The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the amounts shown in the consolidated statements of cash flows:

| (In millions)                                                                                          | June 30,<br>2018 | December<br>31, 2017 |
|--------------------------------------------------------------------------------------------------------|------------------|----------------------|
| Cash and cash equivalents                                                                              | \$ 316.4         | \$ 310.0             |
| Restricted cash                                                                                        | 11.0             | 8.3                  |
| Total cash and cash equivalents and restricted cash shown in the consolidated statements of cash flows | \$ 327.4         | \$ 318.3             |

Classification of certain cash receipts and cash payments. In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (“ASU 2016-15”). The amendments in this update provide guidance on eight specific cash flow classification issues. The update provides specific guidance on each of the eight issues, thereby reducing the diversity in practice in how certain transactions are classified in the statement of cash flows. The Company adopted ASU 2016-15 on January 1, 2018 and made an election to continue using the “nature of the distribution approach” to classify distributions received from equity method investments. The adoption of this guidance did not have an impact on the Company’s consolidated statements of cash flows.

Classification and measurement of financial instruments. In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (“ASU 2016-01”). ASU 2016-01 amends various aspects of the recognition, measurement, presentation, and disclosure of financial instruments. The amendments require that equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are to be measured at fair value with changes in fair value recognized in net income. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company adopted ASU 2016-01 on January 1, 2018 and recorded a decrease to accumulated other comprehensive income of \$0.6 million, net of tax, related to the unrealized gains on available-for-sale securities that are equity instruments with a corresponding decrease to accumulated deficit in the consolidated balance sheets as of the beginning of the year. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

#### Accounting Pronouncements Issued Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, Leases, (“ASC 842”) which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a

right-of-use model (“ROU”) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The new standard is effective for the Company on January 1, 2019, with early adoption permitted. The Company plans to adopt the guidance on January 1, 2019, using a modified retrospective transition approach with the cumulative effect recognized at the date of initial application, whereby comparative prior period financial information will not be adjusted to reflect the new standard. In January 2018, the FASB issued ASU No. 2018-01, Leases, which permits an entity to elect an optional transition practical expedient to not evaluate under ASU 842 land easements that exist or expired before the entity’s adoption of ASC 842 and that were not previously accounted for as leases.

The Company expects that this standard will have a material effect on its consolidated financial statements. While the Company is continuing to assess the effect of adoption, the Company currently believes the most significant changes relate to (1) the recognition of new ROU assets and lease liabilities on its balance sheet for theatres currently subject to operating leases; (2) the derecognition of existing assets and liabilities for certain sale-leaseback transactions (including those arising from build-to-suit lease arrangements for which construction is complete and the Company is leasing the constructed asset) that currently do not qualify for sale accounting and the recognition of new ROU assets and lease liabilities on its balance sheet; and (3) the derecognition of existing assets and liabilities for certain assets under construction in build-to-suit lease arrangements that the Company will lease when construction is complete. The Company does not expect a significant change in its leasing activity between now and adoption. However, the Company

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has not quantified the effects of these expected changes from the new standard.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”), which provides new guidance regarding the measurement and recognition of credit impairment for certain financial assets. Such guidance will impact how the Company determines its allowance for estimated uncollectible receivables and evaluates its available-for-sale investments for impairment. ASU 2016-13 is effective for the Company in the first quarter of 2020, with early adoption permitted in the first quarter of 2019. The Company is currently evaluating the effect that ASU 2016-13 will have on its consolidated financial statements and related disclosures.

## NOTE 2—REVENUE RECOGNITION

The Company adopted ASC 606 on January 1, 2018 using the modified retrospective method; and therefore, the comparative information has not been adjusted for the three and six months ended June 30, 2017.

The cumulative effect of the changes made to the consolidated balance sheet at January 1, 2018 for the adoption of ASC 606, are included in the following table:

| (In millions)                | Balance at<br>December<br>31, 2017<br>Without<br>Adoption<br>of ASC<br>606 | Adjustments<br>Due to ASC<br>606 | Balance at<br>January 1,<br>2018 |
|------------------------------|----------------------------------------------------------------------------|----------------------------------|----------------------------------|
| Assets:                      |                                                                            |                                  |                                  |
| Other long-term assets       | \$ 475.9                                                                   | \$ 11.1                          | \$ 487.0                         |
| Current liabilities:         |                                                                            |                                  |                                  |
| Deferred revenues and income | 401.0                                                                      | (10.0)                           | 391.0                            |
| Long-term liabilities:       |                                                                            |                                  |                                  |

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|                              |         |        |         |
|------------------------------|---------|--------|---------|
| Exhibitor services agreement | 530.9   | 52.9   | 583.8   |
| Stockholders' equity:        |         |        |         |
| Accumulated deficit          | (207.9) | (31.8) | (239.7) |

The disclosure of the impact of the adoption of ASC 606 on the Company's consolidated statement of operations is as follows:

| (In millions)                                                        | Three Months Ended June 30, 2018     |             |                |
|----------------------------------------------------------------------|--------------------------------------|-------------|----------------|
|                                                                      | Without<br>Adoption<br>of ASC<br>606 | Adjustments | As<br>Reported |
| Revenues:                                                            |                                      |             |                |
| Admissions                                                           | \$ 896.6                             | \$ (0.3)    | \$ 896.3       |
| Food and beverage                                                    | 445.9                                | (0.1)       | 445.8          |
| Other theatre                                                        | 87.8                                 | 12.6        | 100.4          |
| Total revenues                                                       | 1,430.3                              | 12.2        | 1,442.5        |
| Operating costs and expenses:                                        |                                      |             |                |
| Operating expense, excluding depreciation and amortization           | 417.7                                | 6.8         | 424.5          |
| Non-cash interest expense related to NCM exhibitor service agreement | —                                    | 10.4        | 10.4           |
| Net earnings                                                         | 27.2                                 | (5.0)       | 22.2           |

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| (In millions)                                                        | Six Months Ended June 30, 2018       |             |                |
|----------------------------------------------------------------------|--------------------------------------|-------------|----------------|
|                                                                      | Without<br>Adoption<br>of ASC<br>606 | Adjustments | As<br>Reported |
| Revenues:                                                            |                                      |             |                |
| Admissions                                                           | \$ 1,772.0                           | \$ (0.7)    | \$ 1,771.3     |
| Food and beverage                                                    | 851.8                                | (0.2)       | 851.6          |
| Other theatre                                                        | 178.4                                | 24.8        | 203.2          |
| Total revenues                                                       | 2,802.2                              | 23.9        | 2,826.1        |
| Operating costs and expenses:                                        |                                      |             |                |
| Operating expense, excluding depreciation and amortization           | 821.2                                | 15.2        | 836.4          |
| Non-cash interest expense related to NCM exhibitor service agreement | —                                    | 20.9        | 20.9           |
| Net earnings                                                         | 52.1                                 | (12.2)      | 39.9           |

Revenues: The Company recognizes revenue, net of sales tax, when it satisfies a performance obligation by transferring control over a product or service to a customer. Admissions and food and beverage revenues are recognized at a point in time when a film is exhibited to a customer and when a customer takes possession of food and beverage offerings. The Company defers 100% of the revenue associated with the sales of gift cards and exchange tickets until such time as the items are redeemed or estimated income from non-redemption is recorded.

The Company recognizes income from non-redeemed or partially redeemed gift cards in proportion to the pattern of rights exercised by the customer (“proportional method”) where it applies an estimated non-redemption rate for its gift card sales channels, which range from 12% to 18% of the current month sales, and the Company recognizes in other theatre revenues the total amount of expected income for non-redemption for that current month’s sales as income over the next 24 months in proportion to the pattern of actual redemptions. The Company has determined its non-redeemed rates and redemption patterns using data accumulated over ten years. Prior to January 1, 2018, income for non-redeemed exchange tickets were recognized 18 months after purchase when the redemption of these items was determined to be remote. At January 1, 2018, the Company changed its method for recognizing income from non-redeemed exchange tickets to the proportional method, where it applies a non-redemption rate of 10% to the current month sales, and the Company recognizes the total amount of income for that current month’s sales as income over the next 24 months in proportion to the pattern of actual redemptions. Management believes the 24-month estimate is supported by its continued development of redemption history and that it is reflective of management’s current best estimate. The adoption of the proportional method of recognizing income from non-redeemed exchange tickets did not have a material impact on the Company’s consolidated financial statements.

Prior to January 1, 2018, the Company recorded online ticket fee revenues net of third-party commission or service fees. In accordance with ASC 606 guidance, the Company believes that it is a principal (as opposed to agent) in the arrangement with third-party internet ticketing companies in regard to the sale of online tickets because the company controls the online tickets before it is transferred to the customer. Upon adoption of ASC 606 on January 1, 2018, the Company recognizes ticket fee revenues based on a gross transaction price. The online ticket fee revenues and the

third-party commission or service fees are recorded in the line item other theatre revenues and operating expense, respectively, in the consolidated statements of operations. These changes did not have any impact on net income or cash flows from operations.

**Exhibitor Services Agreement:** The Company recognizes advertising revenues, which are included in other theatre revenues in the consolidated statements of operations, when it satisfies a performance obligation by transferring a promised good or service to the customers. The advertising contracts with customers generally consist of a series of distinct periods of service, satisfied over time, to provide rights to advertising services. The Company's ESA with NCM includes a significant financing component due to the significant length of time between receiving the noncash consideration and fulfilling the performance obligation. The Company receives the non-cash consideration in the form of common membership units from NCM, in exchange for rights to exclusive access to the Company's theatre screens and attendees through February 2037. Upon adoption of ASC 606, the Company's advertising revenues have significantly increased with a similar offsetting increase in non-cash interest expense, which is recorded to non-cash NCM exhibitor service agreement in the consolidated statements of operations. Upon adoption of ASC 606 and pursuant to the calculation requirements for the time value of money, the amortization method reflects the front-end loading of the significant financing component where more interest expense is recognized earlier during the term of the agreement than

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the back-end recognition of the deferred revenue amortization where more revenue is recognized later in the term of the agreement. See Note 5—Investments for further information regarding the common unit adjustment and the fair value measurement of the noncash consideration. The interest expense was calculated using discount rates that ranged from 6.5% to 8.5%, which are the rates at which the Company believes it could borrow in separate financing transactions. The Company recognized a cumulative effect transition adjustment of initially applying ASC 606 by increasing accumulated deficit on January 1, 2018 by approximately \$52.9 million, including income tax effect of \$0, as a result of this change. These changes did not have any impact on the Company's cash flows from operations.

Customer Frequency Program: AMC Stubs® is a customer loyalty program which allows members to earn rewards, receive discounts and participate in exclusive members-only offerings and services. In July 2016, the Company completed a national relaunch of its AMC Stubs® loyalty program featuring both a traditional paid tier called AMC Stubs Premiere™ and a new non-paid tier called AMC Stubs Insider™. Both programs reward loyal guests for their patronage of AMC Theatres. The AMC Stubs Insider™ tier rewards guests for simply coming to the movies, and benefits include free refills on certain food items, discount ticket offers, a birthday gift and 20 reward points earned for every dollar spent. For a \$15.00 annual membership fee, AMC Stubs Premiere™ members enjoy express service with specially marked shorter lines at the box office and concession stand, free size upgrades on certain food and beverage items, discount ticket offers, a birthday gift, discounted online ticketing fees and 100 reward points for every dollar spent. Some of the rewards earned are redeemable on future purchases at AMC locations. Once an AMC Stubs Premiere™ or AMC Stubs Insider™ member accumulates 5,000 points they will earn a \$5.00 virtual reward.

The portion of the admissions and food and beverage revenues attributed to the rewards is deferred as a reduction of admissions and food and beverage revenues and is allocated between admissions and food and beverage revenues based on expected member redemptions. Upon redemption, deferred rewards are recognized as revenues along with associated cost of goods. Converted rewards not redeemed within nine months are forfeited and recognized as admissions or food and beverage revenues. Prior to January 1, 2018, rewards for expired memberships were forfeited based upon specified periods of inactivity of the membership and recognized as admissions or food and beverage revenues. As of January 1, 2018, the Company changed its method for recognizing forfeited rewards from the remote method to the proportional method, where the Company estimates point breakage in assigning value to the points at the time of sale based on historical trends. The program's annual membership fee is allocated to the material rights for discounted or free products and services and is initially deferred, net of estimated refunds, and recognized as the rights are redeemed based on estimated utilization, over the one-year membership period in admissions, food and beverage, and other revenues. A portion of the revenues related to a material right are deferred as a virtual rewards performance obligation using the relative standalone selling price method and are recognized as the rights are redeemed or expire.

Disaggregation of Revenue: Revenue is disaggregated in the following tables by major revenue types and by timing of revenue recognition:

|        |        |
|--------|--------|
| Three  | Six    |
| Months | Months |
| Ended  | Ended  |

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| (In millions)       | June 30,<br>2018 | June 30,<br>2018 |
|---------------------|------------------|------------------|
| Major revenue types |                  |                  |
| Admissions          | \$ 896.3         | \$ 1,771.3       |
| Food and beverage   | 445.8            | 851.6            |
| Other theatre:      |                  |                  |
| Advertising         | 33.7             | 71.3             |
| Other theatre       | 66.7             | 131.9            |
| Other theatre       | 100.4            | 203.2            |
| Total revenues      | \$ 1,442.5       | \$ 2,826.1       |

| (In millions)                                        | Three<br>Months<br>Ended<br>June 30,<br>2018 | Six<br>Months<br>Ended<br>June 30,<br>2018 |
|------------------------------------------------------|----------------------------------------------|--------------------------------------------|
| Timing of revenue recognition                        |                                              |                                            |
| Products and services transferred at a point in time | \$ 1,396.2                                   | \$ 2,729.4                                 |
| Products and services transferred over time (1)      | 46.3                                         | 96.7                                       |
| Total revenues                                       | \$ 1,442.5                                   | \$ 2,826.1                                 |

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(1) Amounts primarily include advertising revenues.

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The following tables provide the balances of receivables and deferred revenue income:

| (In millions)                                   | June 30,<br>2018 | December<br>31, 2017 |
|-------------------------------------------------|------------------|----------------------|
| Current assets:                                 |                  |                      |
| Receivables related to contracts with customers | \$ 100.4         | \$ 204.3             |
| Miscellaneous receivables                       | 78.7             | 67.2                 |
| Receivables, net                                | \$ 179.1         | \$ 271.5             |

| (In millions)                                        | June 30,<br>2018 | December<br>31, 2017 |
|------------------------------------------------------|------------------|----------------------|
| Current liabilities:                                 |                  |                      |
| Deferred revenue related to contracts with customers | \$ 306.9         | \$ 376.1             |
| Miscellaneous deferred income                        | 4.3              | 24.9                 |
| Deferred revenue and income                          | \$ 311.2         | \$ 401.0             |

The significant changes in contract liabilities with customers included in deferred revenues and income are as follows:

| (In millions)                                                                   | Deferred<br>Revenues<br>Related to<br>Contracts<br>with<br>Customers |
|---------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Balance as of December 31, 2017                                                 | \$ 376.1                                                             |
| Cumulative effect of initially applying ASC 606                                 | (10.0)                                                               |
| Cash received in advance (1)                                                    | 181.7                                                                |
| Customer loyalty rewards accumulated, net of expirations:                       |                                                                      |
| Admission revenues (2)                                                          | 14.9                                                                 |
| Food and beverage (2)                                                           | 24.9                                                                 |
| Other theatre (2)                                                               | 3.1                                                                  |
| Reclassification to revenue as the result of performance obligations satisfied: |                                                                      |
| Admission revenues (3)                                                          | (178.4)                                                              |
| Food and beverage (3)                                                           | (42.3)                                                               |
| Other theatre (4)                                                               | (59.5)                                                               |
| Business combination - Nordic purchase price allocation (5)                     | (2.3)                                                                |

|                                         |          |
|-----------------------------------------|----------|
| Foreign currency translation adjustment | (1.3)    |
| Balance as of June 30, 2018             | \$ 306.9 |

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- (1) Includes movie tickets, food and beverage, gift cards, exchange tickets, and AMC Stubs® loyalty membership fees.
- (2) Amount of rewards accumulated, net of expirations, that are attributed to AMC Stubs® and other loyalty programs.
- (3) Amount of rewards redeemed that are attributed to gift cards, exchange tickets, movie tickets, AMC Stubs® loyalty programs and other loyalty programs.
- (4) Amounts relate to income from non-redeemed or partially redeemed gift cards, non-redeemed exchange tickets, AMC Stubs® loyalty membership fees and other loyalty programs.
- (5) See Note 3 – Acquisitions for further information.

The significant changes to contract liabilities included in the exhibitor services agreement, classified as long-term liabilities in the consolidated balance sheets, are as follows:

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|                                                                                                                        | Exhibitor<br>Services<br>Agreement |
|------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| (In millions)                                                                                                          |                                    |
| Balance as of December 31, 2017                                                                                        | \$ 530.9                           |
| Cumulative effect of initially applying ASC 606                                                                        | 52.9                               |
| Common Unit Adjustment – surrender of common units (1)                                                                 | (5.2)                              |
| Reclassification of the beginning balance to other theatre revenue, as the result of performance obligations satisfied | (7.2)                              |
| Balance as of June 30, 2018                                                                                            | \$ 571.4                           |

(1) Represents the fair value amount of the NCM common units that were surrendered due to the annual Common Unit Adjustment. Such amount will reduce the deferred revenues that are being amortized to other theatre revenues over the remainder of the 30-year term of the ESA ending in February 2037. See Note 5—Investments for further information.

Transaction Price Allocated to the Remaining Performance Obligations: The following table includes the amount of NCM ESA, included in deferred revenues and income in the Company's consolidated balance sheets, that is expected to be recognized as revenues in the future related to performance obligations that are unsatisfied as of June 30, 2018:

|                              | Six<br>Months<br>Ended<br>December<br>31, 2018 | Year<br>Ended<br>2019 | Year<br>Ended<br>2020 | Year<br>Ended<br>2021 | Year<br>Ended<br>2022 | Years<br>Ended<br>2023<br>through<br>February<br>2037 |
|------------------------------|------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------------------------------------|
| (In millions)                |                                                |                       |                       |                       |                       |                                                       |
| Exhibitor services agreement | \$ 7.4                                         | \$ 15.7               | \$ 16.8               | \$ 18.1               | \$ 19.4               | \$ 494.0                                              |

The total amount of non-redeemed gifts cards and exchange tickets included in deferred revenues and income as of June 30, 2018 was \$240.3 million. This will be recognized as revenues as the gift cards and exchange tickets are redeemed or as the non-redeemed gift card and exchange ticket revenues are recognized in proportion to the pattern of actual redemptions, which is estimated to occur over the next 24 months.

As of June 30, 2018, the amount of deferred revenue allocated to the AMC Stubs® loyalty programs included in deferred revenues and income was \$45.9 million. The earned points will be recognized as revenue as the points are redeemed, which is estimated to occur over the next 24 months. The annual membership fee is recognized ratably over the one-year membership period.

The Company applies the practical expedient in ASC 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

### NOTE 3—ACQUISITIONS

#### Nordic Cinema Group Holding AB

On March 28, 2017, the Company completed the acquisition of Nordic Cinema Group Holding AB (“Nordic”) for cash. The purchase price for Nordic was approximately SEK 5,756 million (\$654.9 million), which includes payment of interest on the equity value and repayment of shareholder loans. As a result of the acquisition, the Company assumed the indebtedness of Nordic of approximately SEK 1,269 million (\$144.4 million) and indebtedness of approximately €156 million (\$169.5 million) as of March 28, 2017, which was refinanced subsequent to the acquisition. The Company also assumed approximately SEK 13.5 million (\$1.6 million) and approximately €1.0 million (\$1.1 million) of interest rate swaps related to the indebtedness which were repaid following the acquisition. All amounts have been converted into US Dollar amounts assuming an SEK/USD exchange rate of 0.11378 and an EUR/USD exchange rate of 1.0865, which were the exchange rates on March 27, 2017.

The acquisition is being treated as a purchase in accordance with Accounting Standards Codification Topic 805, Business Combinations (“ASC 805, Business Combinations”), which requires allocation of the purchase price to the estimated fair values of assets and liabilities acquired in the transaction. The allocation of purchase price is based on

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management's judgment after evaluating several factors, including a valuation assessment. The Company finalized the appraisals for both tangible and intangible assets and liabilities during the three months ended March 31, 2018. The following is a summary of the final allocation of the purchase price:

| (In millions)                                        | March 28,<br>2017 | Changes | March 31,<br>2018 |
|------------------------------------------------------|-------------------|---------|-------------------|
| Cash                                                 | \$ 70.5           | \$ 0.9  | \$ 71.4           |
| Restricted cash                                      | —                 | 5.9     | 5.9               |
| Receivables                                          | 25.0              | (11.6)  | 13.4              |
| Other current assets                                 | 14.0              | 9.6     | 23.6              |
| Property (1)                                         | 89.8              | 43.4    | 133.2             |
| Intangible assets (1) (2)                            | —                 | 22.1    | 22.1              |
| Goodwill (3)                                         | 872.1             | (79.2)  | 792.9             |
| Deferred tax asset                                   | 5.5               | (4.6)   | 0.9               |
| Other long-term assets (6)                           | 41.0              | 34.2    | 75.2              |
| Accounts payable                                     | (30.3)            | 0.1     | (30.2)            |
| Accrued expenses and other liabilities               | (26.5)            | (9.6)   | (36.1)            |
| Deferred revenues and income                         | (43.5)            | 2.3     | (41.2)            |
| Term Loan Facility (SEK)                             | (144.4)           | —       | (144.4)           |
| Term Loan Facility (EUR)                             | (169.5)           | —       | (169.5)           |
| Capital lease and financing lease obligations (1)(4) | (29.2)            | 19.2    | (10.0)            |
| Deferred tax liability                               | (5.2)             | (13.5)  | (18.7)            |
| Other long-term liabilities (5)                      | (14.4)            | (19.2)  | (33.6)            |
| Total estimated purchase price                       | \$ 654.9          | \$ —    | \$ 654.9          |

(1) Amounts recorded for property include land, buildings, capital lease assets, leasehold improvements, furniture, fixtures and equipment. During the year ended March 31, 2018, the Company recorded measurement period adjustments primarily related to the valuation of property, intangible assets, equity method investments, financing lease obligations and related tax adjustments.

(2) Additional information for intangible assets acquired on March 28, 2017 is presented below:

| (In millions)                  | Weighted<br>Average<br>Amortization<br>Period | Gross<br>Carrying<br>Amount |
|--------------------------------|-----------------------------------------------|-----------------------------|
| Acquired intangible assets:    |                                               |                             |
| Amortizable intangible assets: |                                               |                             |
| Favorable leases               | 7.0 years                                     | \$ 3.5                      |
| Favorable subleases            | 4.0 years                                     | 1.1                         |
| Screen advertising agreement   | 5.0 years                                     | 6.6                         |
| Trade name agreement           | 4.0 years                                     | 0.4                         |
| Total, amortizable             | 5.5 years                                     | \$ 11.6                     |

Unamortized intangible assets:

Trade names \$ 10.5

- (3) Amounts recorded for goodwill are not expected to be deductible for tax purposes.
- (4) Including current portion of approximately \$1.1 million.
- (5) Amounts recorded for other long-term liabilities include unfavorable leases of approximately \$20.0 million with an amortization period of 9.3 years.
- (6) Includes equity method investments of \$64.7 million.

The fair value measurement of tangible and intangible assets and liabilities were based on significant inputs not observable in the market and thus represent Level 3 measurements within the fair value measurement hierarchy. Level 3 fair market values were determined using a variety of information, including estimated future cash flows, appraisals, and market comparables.

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The purchase price paid by the Company in the acquisition resulted in recognition of goodwill because it exceeded the estimated fair value of the assets acquired and liabilities assumed. The Company paid a price in excess of estimated fair value of the assets acquired and liabilities assumed because the acquisition of Nordic enhances its position as the largest movie exhibition company in Europe and broadens and diversifies its European platform. The Company also expects to realize synergy and cost savings related to the acquisition because of purchasing and procurement economies of scale.

During the three and six months ended June 30, 2018, the Company incurred acquisition-related and transition costs for Nordic of approximately \$1.6 million and \$2.7 million, respectively, which were included in general and administrative expense: merger, acquisition and transaction costs in the Consolidated Statements of Operations. The revenues for Nordic during the three and six months ended June 30, 2018 were \$73.2 million and \$179.8 million, respectively. Nordic net earnings during the three and six months ended June 30, 2018 were \$1.1 million and \$14.6 million, respectively.

## Pro Forma Results of Operations (Unaudited)

The following selected comparative unaudited pro forma results of operations information for the three and six months ended June 30, 2017 assumes that the Nordic acquisition occurred at the beginning of 2017 and reflects the full results of operations for the periods presented. The pro forma results have been prepared for comparative purposes only and do not purport to indicate the results of operations which would actually have occurred had the combination been in effect on the dates indicated, or which may occur in the future. These amounts have been calculated after applying the Company's accounting policies and adjusting the results of Nordic to reflect the fair value adjustments to property and equipment and financing obligations. The pro forma financial information presented includes the effects of adjustments related to fair values assigned to long-lived assets, including depreciation charges from acquired property and equipment, interest expense and incremental shares issued from financing the acquisitions and the related income tax effects, and the elimination of Carmike Cinemas, Inc. ("Carmike") and AMC historical revenues and expenses for theatres in markets that were divested as required by the final judgement with the Department of Justice ("DOJ") in connection with the acquisition of Carmike. Merger, acquisition and transaction costs directly related to the acquisitions have not been removed.

|                            | Actual<br>Three Months<br>Ended<br>June 30, 2018 | Pro Forma<br>Three Months<br>Ended<br>June 30, 2017 | Actual<br>Six Months<br>Ended<br>June 30, 2018 | Pro Forma<br>Six Months<br>Ended<br>June 30, 2017 |
|----------------------------|--------------------------------------------------|-----------------------------------------------------|------------------------------------------------|---------------------------------------------------|
| (In millions)              |                                                  |                                                     |                                                |                                                   |
| Revenues                   | \$ 1,442.5                                       | \$ 1,201.2                                          | \$ 2,826.1                                     | \$ 2,560.5                                        |
| Operating income (loss)    | \$ 89.7                                          | \$ (22.1)                                           | \$ 199.6                                       | \$ 42.7                                           |
| Net earnings (loss)        | \$ 22.2                                          | \$ (178.1)                                          | \$ 39.9                                        | \$ (173.0)                                        |
| Earnings (loss) per share: |                                                  |                                                     |                                                |                                                   |
| Basic                      | \$ 0.17                                          | \$ (1.36)                                           | \$ 0.31                                        | \$ (1.37)                                         |
| Diluted                    | \$ 0.17                                          | \$ (1.36)                                           | \$ 0.31                                        | \$ (1.37)                                         |

## NOTE 4—GOODWILL

The following table summarizes the changes in goodwill by reportable operating segment for the six months ended June 30, 2018:

| (In millions)                        | U.S.<br>Markets | International<br>Markets (1) | Total      |
|--------------------------------------|-----------------|------------------------------|------------|
| Balance as of December 31, 2017      | \$ 3,072.6      | \$ 1,859.1                   | \$ 4,931.7 |
| Adjustments to acquisition of Nordic | —               | (6.4)                        | (6.4)      |
| Currency translation adjustment      | —               | (94.6)                       | (94.6)     |
| Balance as of June 30, 2018          | \$ 3,072.6      | \$ 1,758.1                   | \$ 4,830.7 |

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(1) As of June 30, 2018, the goodwill for the Odeon Theatres reporting unit and the Nordic Theatres reporting unit was \$978.6 million and \$779.5 million, respectively.

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NOTE 5—INVESTMENTS

Investments in non-consolidated affiliates and certain other investments accounted for under the equity method generally include all entities in which the Company or its subsidiaries have significant influence, but not more than 50% voting control, and are recorded in the Consolidated Balance Sheets in other long-term assets. Investments in non-consolidated affiliates as of June 30, 2018 include interests in National Cinemedia LLC (“NCM”) of 13.6%, Digital Cinema Implementation Partners, LLC (“DCIP”) of 29.0%, Digital Cinema Distribution Coalition, LLC (“DCDC”) of 14.6%, AC JV, LLC (“AC JV”) owner of Fathom Events, of 32.0%, SV Holdco LLC, owner of Screenvision, 16.5%, and Digital Cinema Media (“DCM”) of 50.0%. The Company also has partnership interests in four U.S. motion picture theatres and one IMAX® screen of 50.0% (“Theatre Partnerships”) and approximately 50.0% interest in 57 theatres in Europe acquired in the Odeon and Nordic acquisitions. Indebtedness held by equity method investees is non-recourse to the Company.

Amounts payable to U.S. Theatre Partnerships were \$1.2 million and \$2.8 million as of June 30, 2018 and December 31, 2017, respectively.

Dreamscape and Central Services Studios Preferred Stock. During the six months ended June 30, 2018, the Company invested an additional \$5.0 million in Dreamscape Immersive, Inc. (“Dreamscape”) and invested an additional \$5.0 million in Central Services Studios, Inc. (“Central Services Studios”) as a part of its virtual reality technologies strategy. The investments are recorded at cost following the measurement alternative as there is no established market for the securities and the Company does not have significant influence over these entities.

RealD. During the three months ended June 30, 2018, the Company entered into a Stock Issuance and Restrictions Agreement with RealD Holdings Inc. (“RealD”). The new agreement replaces a similar agreement with RealD for the lease of RealD 3D systems where rental payments continue to be variable and based on paid admissions and extends the term of the agreement to December 31, 2024. The investments are recorded at cost following the measurement alternative as there is no established market for the securities and the Company does not have significant influence over these entities.

Equity in Earnings (Loss) of Non-Consolidated Entities

Aggregated condensed financial information of the Company's significant non-consolidated equity method investments (DCIP and NCM) is shown below:

|                              | Three Months Ended |          | Six Months Ended |          |
|------------------------------|--------------------|----------|------------------|----------|
|                              | June 30,           | June 30, | June 30,         | June 30, |
| (In millions)                | 2018               | 2017     | 2018             | 2017     |
| Revenues                     | \$ 156.2           | \$ 144.2 | \$ 277.5         | \$ 261.6 |
| Operating costs and expenses | 109.0              | 103.2    | 211.8            | 204.3    |
| Net earnings                 | \$ 47.2            | \$ 41.0  | \$ 65.7          | \$ 57.3  |

The components of the Company's recorded equity in earnings (loss) of non-consolidated entities are as follows:

|                                                  | Three Months Ended |            | Six Months Ended |            |
|--------------------------------------------------|--------------------|------------|------------------|------------|
|                                                  | June 30,           | June 30,   | June 30,         | June 30,   |
| (In millions)                                    | 2018               | 2017       | 2018             | 2017       |
| NCM and NCM, Inc.                                | \$ 5.8             | \$ (198.5) | \$ (11.6)        | \$ (204.5) |
| Digital Cinema Implementation Partners, LLC      | 6.8                | 7.8        | 13.5             | 15.2       |
| Other                                            | 0.4                | (4.3)      | 2.1              | (8.0)      |
| The Company's recorded equity in earnings (loss) | \$ 13.0            | \$ (195.0) | \$ 4.0           | \$ (197.3) |

NCM Transactions. In March 2018, the NCM Common Unit Adjustment ("CUA") resulted in a negative adjustment of 915,150 common units for the Company. The Company elected to return the units and recorded the surrendered common units as a reduction to deferred revenues for the ESA at fair value of \$5.2 million, based upon a price per share of National Cinemedia, Inc. ("NCM, Inc.") of \$5.64 on March 15, 2018. The Company's investment in NCM was reduced by the carrying value of the common units of \$6.3 million resulting in a loss from the surrender of the

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NCM common units of \$1.1 million, which was recorded to equity in earnings (loss) of Non-Consolidated Entities in March 2018.

As of June 30, 2018, the Company owned 21,477,480 common membership units in NCM, which are classified on the Company's balance sheet as held for sale. On July 5, 2018, the Company completed the sale of its remaining interest in NCM for \$7.30 per unit and received cash proceeds of approximately \$156.8 million and expects to record a gain on sale of approximately \$30.0 million during the three months ending September 30, 2018.

The Company recorded the following related party transactions with NCM:

| (In millions)                                  | As of<br>June 30, 2018 | As of<br>December 31, 2017 |
|------------------------------------------------|------------------------|----------------------------|
| Due from NCM for on-screen advertising revenue | \$ 2.8                 | \$ 2.5                     |
| Due to NCM for Exhibitor Services Agreement    | 5.8                    | 9.4                        |
| Promissory note payable to NCM                 | 2.8                    | 2.8                        |

| (In millions)                       | Three Months<br>Ended |                  | Six Months Ended |                  |
|-------------------------------------|-----------------------|------------------|------------------|------------------|
|                                     | June 30,<br>2018      | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2017 |
| Net NCM screen advertising revenues | \$ 15.9               | \$ 19.4          | \$ 34.7          | \$ 31.0          |
| NCM beverage advertising expense    | 2.2                   | 1.7              | 4.1              | 3.6              |

The Company recorded the following changes in the carrying amount of its investment in NCM and equity in earnings (loss) of NCM during the six months ended June 30, 2018:

| Investment<br>in | Exhibitor<br>Services | Accumulated<br>Other<br>Comprehensive | Cash | Equity in<br>(Earnings) | Advertising |
|------------------|-----------------------|---------------------------------------|------|-------------------------|-------------|
|------------------|-----------------------|---------------------------------------|------|-------------------------|-------------|

| (In millions)                                                | NCM (1)  | Agreement<br>(2) | (Income)/Loss | Received | Loss (3) | (Revenue) |
|--------------------------------------------------------------|----------|------------------|---------------|----------|----------|-----------|
| Ending balance at<br>December 31, 2017                       | \$ 161.1 | \$ (530.9)       | \$ (2.5)      |          |          |           |
| ASC 606 revenue recognition<br>change in amortization method | —        | (52.9)           | —             |          |          |           |
| Surrender of common units for<br>common unit adjustment      | (6.3)    | 5.2              | —             | \$ —     | \$ 1.1   | —         |
| Receipt of excess cash<br>distributions                      | (13.1)   | —                | —             | 13.1     | —        | —         |
| Impairment loss - held for sale<br>(4)                       | (14.4)   | —                | —             | —        | 14.4     | —         |
| Equity in earnings                                           | 3.2      | —                | 0.1           | —        | (3.3)    | —         |
| Amortization of ESA                                          | —        | 7.2              | —             | —        | —        | (7.2)     |
| For the period ended or balance<br>as of June 30, 2018       | \$ 130.5 | \$ (571.4)       | \$ (2.4)      | \$ 13.1  | \$ 12.2  | \$ (7.2)  |

(1) The following table represents AMC's investment in NCM, Inc. common shares and NCM common membership units including units received under the Common Unit Adjustment Agreement dated as of February 13, 2007:

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|                                                                  | Common Membership Units |               | Common Shares |
|------------------------------------------------------------------|-------------------------|---------------|---------------|
|                                                                  | Tranche 1               | Tranche 2 (a) | NCM, Inc. (5) |
| Beginning balance at December 31, 2012                           | 17,323,782              | —             | —             |
| Additional units received in the quarter ended June 30, 2013     | —                       | 1,728,988     | —             |
| Additional units received in the quarter ended June 30, 2014     | —                       | 141,731       | —             |
| Additional units received in the quarter ended June 30, 2015     | —                       | 469,163       | —             |
| Additional units received in the quarter ended December 31, 2015 | —                       | 4,399,324     | —             |
| Units exchanged for NCM, Inc. shares in December 2015            | —                       | (200,000)     | 200,000       |
| Additional units received in the quarter ended March 31, 2017    | —                       | 18,787,315    | —             |
| Surrender of units for transferred theatres in March 2017        | —                       | (2,850,453)   | —             |
| Surrender of units for exclusivity waiver in March 2017          | —                       | (1,807,220)   | —             |
| Conversion of units to NCM, Inc. common shares in September 2017 | —                       | (14,600,000)  | 14,600,000    |
| Sale of NCM, Inc. common shares in September 2017                | —                       | —             | (14,800,000)  |
| Conversion of units to NCM, Inc. common shares in October 2017   | —                       | (1,000,000)   | 1,000,000     |
| Surrender of units in the quarter ended March 31, 2018           | —                       | (915,150)     | —             |
| Sale of NCM, Inc. common shares in June 2018                     | —                       | —             | (1,000,000)   |
| Ending balance at June 30, 2018                                  | 17,323,782              | 4,153,698     | —             |

- (a) The additional units received (surrendered) in June 2013, June 2014, June 2015, December 2015, March 2017, and March 2018 were measured at fair value (Level 1) using NCM, Inc.'s stock price of \$15.22, \$15.08, \$14.52, \$15.75, \$12.52, and \$5.64, respectively.
- (2) Represents the unamortized portion of the ESA with NCM. Such amounts are being amortized to other theatre revenues over the remainder of the 30-year term of the ESA ending in 2037. See Note 1—Basis of Presentation and Note 2—Revenue Recognition for information on the effects of adopting ASC 606.
- (3) Excludes a lower of carrying value or fair value impairment loss of \$1.6 million related to the Company's common stock investment in NCM, Inc. See Note 8—Fair Value Measurements for further information regarding a lower of carrying value or fair value impairment losses.
- (4) The Company recorded an impairment loss on held-for-sale units and shares for NCM, Inc. of \$1.6 million and NCM of \$14.4 million for a total impairment of \$16.0 million during the three months ended March 31, 2018. The charges reflect recording our units and shares at the publicly quoted per share price on March 31, 2018 of \$5.19. See Note 8—Fair Value Measurements for further information regarding a lower of carrying value or fair value impairment loss.
- (5) The following table represents AMC's investment in NCM, Inc. common shares.

|                                                  | Investment | Cash     | NCM Inc.   |
|--------------------------------------------------|------------|----------|------------|
| (In millions)                                    | in         | Received | Equity in  |
|                                                  | NCM Inc.   | (Paid)   | (Earnings) |
| Ending balance December 31, 2017                 | \$ 6.8     | \$ —     | \$ —       |
| Held-for-sale impairment loss (4)                | (1.6)      | —        | 1.6        |
| Expenses from the sale of NCM Inc. common shares | —          | (0.1)    | 0.1        |
| Dividend received NCM, Inc. common shares        | (0.3)      | 0.3      | —          |
| Sale of NCM Inc. common shares                   | (4.9)      | 7.2      | (2.3)      |
| Ending balance at June 30, 2018                  | \$ —       | \$ 7.4   | \$ (0.6)   |

During the six months ended June 30, 2018 and June 30, 2017, the Company recorded investment income, net of related amortization of \$5.0 million and \$5.1 million, respectively, related to the NCM tax receivable agreement. During the six months ended June 30, 2018, the Company sold 1,000,000 shares of NCM, Inc. for net proceeds of \$7.2 million and a gain of \$2.3 million.

#### NCM Agreement

On March 9, 2017, the Company reached an agreement with NCM to implement the requirements of the final judgment entered in connection with the DOJ approval of the Carmike transaction. Pursuant to the NCM agreement, the

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Company received 18,425,423 NCM common units in March 2017 related to annual attendance at the Carmike theatres and 361,892 NCM common units related to the 2016 common unit adjustment. Because the Carmike theatres were subject to a pre-existing agreement with a third party and will not receive advertising services from NCM, the Company will be obligated to make quarterly payments to NCM reflecting the estimated value of the advertising services at the Carmike theatres as if NCM had provided such services. The quarterly payments will continue until the earlier of (i) the date the theatres are transferred to the NCM network or (ii) expiration of the ESA with NCM. All calculations will be made pursuant to the terms of the existing ESA and Common Unit Adjustment Agreement with NCM. With regard to the existing AMC theatres on the NCM network that are required under the final judgment with the DOJ to be transferred to another advertising provider, the Company returned 2,850,453 (valued at \$36.4 million) NCM common units to NCM in March 2017, calculated under the Common Unit Adjustment Agreement as if such theatres had been disposed of on March 3, 2017. The Company is not obligated to make quarterly payments with respect to the transferred theatres. In addition, the Company returned 1,807,220 additional NCM common units (valued at \$22.6 million) in exchange for a waiver of exclusivity by NCM as to the required transferred theatres for the term of the final judgment, which was classified as general and administrative: Merger, acquisition and transaction costs when the common units were returned to NCM during the three months ended March 31, 2017. The Company recorded a loss of \$1.2 million on the return of NCM common units as per the Common Unit Adjustment Agreement and exclusivity waiver for the difference between the average carrying value of the units and the fair value on the date of return. As a result of the agreement, the Company received 14,129,642 net additional NCM common units, valued at \$176.9 million based on the market price of NCM, Inc. stock on March 16, 2017 of \$12.52. Due to the structure of the transactions, the Company will no longer anticipate recognizing taxable gain upon receipt of new NCM common units. The Company also agreed to reimburse NCM up to \$1.0 million for expenses related to the negotiation of this agreement.

The final judgment with the DOJ also requires the Company to divest the majority of its equity interests in NCM, so that by June 20, 2019, AMC owns no more than 4.99% of NCM's outstanding equity interests on a fully converted basis per the following schedule: (i) on or before December 20, 2017, AMC must own no more than 15% of NCM's outstanding equity interests; (ii) on or before December 20, 2018, AMC must own no more than 7.5% of NCM's outstanding equity interests; and (iii) on or before June 20, 2019 AMC must own no more than 4.99% of NCM's outstanding equity interests. The Company sold 14,800,000 NCM, Inc. shares during the three months ending September 30, 2017 and satisfied the DOJ divestiture requirements related to NCM dispositions for calendar 2017. As of June 30, 2018, the Company has 21,477,480 common units of NCM classified as held-for-sale, which were sold on July 5, 2018 and the Company is in full compliance with the DOJ final judgment. In March 2018, the Company recorded in equity in (earnings) loss of non-consolidated entities a lower of carrying value or fair value impairment charge of \$16.0 million to reduce the carrying value of its held-for-sale investment in NCM to Level 1 fair value. The impairment charge reflected recording our held-for-sale units and shares at the lower of carrying value or publicly quoted per share price on March 31, 2018 of \$5.19.

On June 18, 2018, the Company entered into two Unit Purchase Agreements (the "Agreements") with each of Regal Cinemas, Inc. ("Regal") and Cinemark USA, Inc. ("Cinemark") pursuant to which Regal and Cinemark each separately agreed to purchase 10,738,740 common units of NCM at a sales price of \$7.30 per unit and aggregate consideration of approximately \$156.8 million (the "Sales"). The Sales closed on July 5, 2018. Following the closing of the Sales, the Company no longer owns any shares of common stock in NCM, Inc. or common units in NCM. NCM consented to the Sales and waived its rights under the memorandum of understanding that provided the Company would not reduce its combined ownership of NCM and NCM, Inc. below 4.5%.

Screenvision Merger. On May 30, 2018 Screenvision entered into an Agreement and Plan of Merger under which a change of control in Screenvision occurred upon consummation of the transactions contemplated therein. The Company received distributions and merger consideration of \$45.9 million on July 2, 2018 upon consummation of the Screenvision merger and retains a 21.2% common membership interest. The Company expects to reduce the carrying value of its investment in Screenvision to \$0 and record equity in earnings for the excess distribution of approximately \$30.0 million during the three months ending September 30, 2018.

Digital Cinema Media. The Company acquired its equity investment in DCM on November 30, 2016 in connection with the acquisition of Odeon. The Company receives advertising services from DCM for its Odeon theatres in International markets through a joint venture in which it has a 50.0% ownership interest.

The Company recorded the following related party transactions with DCM:

|    |    |
|----|----|
| As | As |
| of | of |

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|                                                | June 30,<br>2018 | December 31,<br>2017 |
|------------------------------------------------|------------------|----------------------|
| (In millions)                                  |                  |                      |
| Due from DCM for on-screen advertising revenue | \$ 2.1           | \$ 4.6               |

|                                 | Three Months<br>Ended |                  | Six Months Ended |                  |
|---------------------------------|-----------------------|------------------|------------------|------------------|
|                                 | June 30,<br>2018      | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2017 |
| (In millions)                   |                       |                  |                  |                  |
| DCM screen advertising revenues | \$ 4.6                | \$ 4.1           | \$ 9.2           | \$ 9.5           |

DCIP Transactions. The Company pays equipment rent monthly and records the equipment rental expense on a straight-line basis over 12 years.

The Company recorded the following related party transactions with DCIP:

|                                                | As of<br>June 30, 2018 | As of<br>December 31, 2017 |
|------------------------------------------------|------------------------|----------------------------|
| (In millions)                                  |                        |                            |
| Due from DCIP for warranty expenditures        | \$ 3.2                 | \$ 2.8                     |
| Deferred rent liability for digital projectors | 8.0                    | 8.1                        |

|                                  | Three Months<br>Ended |                  | Six Months<br>Ended |                  |
|----------------------------------|-----------------------|------------------|---------------------|------------------|
|                                  | June 30,<br>2018      | June 30,<br>2017 | June 30,<br>2018    | June 30,<br>2017 |
| (In millions)                    |                       |                  |                     |                  |
| Digital equipment rental expense | \$ 1.5                | \$ 1.4           | \$ 3.0              | \$ 2.9           |

AC JV Transactions. The Company recorded the following related party transactions with AC JV:

|                                            | As of<br>June 30,<br>2018 | As of<br>December 31,<br>2017 |
|--------------------------------------------|---------------------------|-------------------------------|
| (In millions)                              |                           |                               |
| Due to AC JV for Fathom Events programming | 2.1                       | 0.5                           |

| (In millions)                                      | Three Months Ended |               | Six Months Ended |               |
|----------------------------------------------------|--------------------|---------------|------------------|---------------|
|                                                    | June 30, 2018      | June 30, 2017 | June 30, 2018    | June 30, 2017 |
| Film exhibition costs:                             |                    |               |                  |               |
| Gross exhibition cost on Fathom Events programming | \$ 2.3             | \$ 3.2        | \$ 5.0           | \$ 6.8        |

Screenvision Transactions. The Company recorded the following related party transactions with Screenvision:

| (In millions)                                           | As of June 30, 2018 | As of December 31, 2017 |
|---------------------------------------------------------|---------------------|-------------------------|
| Due from Screenvision for on-screen advertising revenue | \$ 2.7              | \$ 3.1                  |

| (In millions)                            | Three Months Ended |               | Six Months Ended |               |
|------------------------------------------|--------------------|---------------|------------------|---------------|
|                                          | June 30, 2018      | June 30, 2017 | June 30, 2018    | June 30, 2017 |
| Screenvision screen advertising revenues | \$ 3.8             | \$ 3.0        | \$ 7.5           | \$ 6.3        |

Nordic JV's. The Company recorded the following related party transactions with the Nordic theatre JV's:

| (In millions)                             | As of June 30, 2018 | As of December 31, 2017 |
|-------------------------------------------|---------------------|-------------------------|
| Due from Nordic JVs                       | \$ 4.6              | \$ 5.7                  |
| Due to Nordic JVs for management services | 2.6                 | 2.5                     |



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## NOTE 6—STOCKHOLDERS' EQUITY

## Dividends

The following is a summary of dividends and dividend equivalents paid to stockholders during the six months ended June 30, 2018:

| Declaration Date  | Record Date    | Date Paid      | Amount per Share of Common Stock | Total Amount Declared (In millions) |
|-------------------|----------------|----------------|----------------------------------|-------------------------------------|
| February 28, 2018 | March 12, 2018 | March 26, 2018 | \$ 0.20                          | \$ 26.0                             |
| May 3, 2018       | June 11, 2018  | June 25, 2018  | 0.20                             | 26.0                                |

During the six months ended June 30, 2018, the Company paid dividends and dividend equivalents of \$51.4 million, reversed accrual for unvested Performance Stock Units and Transition Performance Stock Units of \$0.7 million, decreased additional paid-in capital for 116,268 shares surrendered to pay payroll and income taxes of \$1.7 million and as of June 30, 2018 had accrued balance of \$0.9 million for the remaining unpaid dividends. The aggregate dividends declared for Class A common stock and Class B common stock, were approximately \$21.7 million and \$30.3 million, respectively.

On July 24, 2018, Holdings' Board of Directors declared a cash dividend in the amount of \$0.20 per share of Class A and Class B common stock, payable on September 24, 2018 to stockholders of record on September 10, 2018.

## Related Party Transactions

As of June 30, 2018 and December 31, 2017, the Company recorded a receivable due from Wanda of \$0.5 million and \$0.6 million, respectively, for reimbursement of general administrative and other expense incurred on behalf of Wanda. During the six months ended June 30, 2018, the Company recorded \$0.4 million of cost reductions for general and administrative services provided on behalf of Wanda. Wanda owns Legendary Entertainment, a motion picture production company. The Company will occasionally play Legendary's films in its theatres as a result of transactions with independent film distributors.

## Temporary Equity

Certain members of management have the right to require Holdings to repurchase the Class A common stock held by them under certain limited circumstances pursuant to the terms of a stockholders' agreement. Beginning on January 1, 2016 (or upon the termination of a management stockholder's employment by the Company without cause, by the management stockholder for good reason, or due to the management stockholder's death or disability) management stockholders will have the right, in limited circumstances, to require Holdings to purchase shares that are not fully and freely tradeable at a price equal to the price per share paid by such management stockholder with appropriate adjustments for any subsequent events such as dividends, splits, or combinations. The shares of Class A common stock, subject to the stockholder agreement, are classified as temporary equity, apart from permanent equity, as a result of the contingent redemption feature contained in the stockholder agreement. The Company determined the amount reflected in temporary equity for the Class A common stock-based on the price paid per share by the management stockholders and Wanda on August 30, 2012, the date Wanda acquired Holdings.

During the three months ended June 30, 2018, an employee who held 9,910 shares relinquished his put right, therefore the related share amount of \$0.1 million was reclassified to additional paid in capital, a component of stockholders' equity.

During the six months ended June 30, 2018, a former employee who held 27,195 shares relinquished his put right, therefore the related share amount of \$0.3 million was reclassified to additional paid in capital, a component of stockholders' equity.

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## Stock-Based Compensation

Holdings adopted a stock-based compensation plan in December of 2013.

The Company recognized stock-based compensation expense of \$4.0 million and \$3.9 million within general and administrative: other during the three months ended June 30, 2018 and June 30, 2017, respectively. The Company recognized stock-based compensation expense of \$6.8 million and \$4.0 million within general and administrative: other during the six months ended June 30, 2018 and June 30, 2017, respectively.

As of June 30, 2018, including the 2018 grants, there was approximately \$22.7 million of total estimated unrecognized compensation cost, assuming attainment of the performance targets at 100%, related to stock-based compensation arrangements expected to be recognized during the remainder of 2018, 2019, and 2020.

The components of the Company's recorded and unrecognized stock-based compensation expense are as follows:

|                         | Three<br>Months<br>Ended<br>June 30,<br>2018 | Six<br>Months<br>Ended<br>June 30,<br>2018 | Amount<br>Unrecognized<br>June 30, 2018 | Additional<br>Expected<br>to<br>Recognize<br>2018 | Expected<br>to<br>Recognize<br>2019 | Expected<br>to<br>Recognize<br>2020 |
|-------------------------|----------------------------------------------|--------------------------------------------|-----------------------------------------|---------------------------------------------------|-------------------------------------|-------------------------------------|
| Grant                   |                                              |                                            |                                         |                                                   |                                     |                                     |
| 2018 Board of Directors | \$ —                                         | \$ 0.5                                     | \$ —                                    | \$ —                                              | \$ —                                | \$ —                                |
| 2018 RSU awards         | 1.0                                          | 1.3                                        | 8.9                                     | 2.1                                               | 3.4                                 | 3.4                                 |
| 2018 PSU awards         | 1.8                                          | 2.4                                        | 7.8                                     | 3.6                                               | 3.0                                 | 1.2                                 |
| 2017 RSU awards         | 0.3                                          | 0.8                                        | 2.8                                     | 0.9                                               | 1.9                                 | —                                   |
| 2017 RSU NEO awards     | 0.3                                          | 0.6                                        | 2.1                                     | 0.7                                               | 1.4                                 | —                                   |
| 2017 PSU awards (1)     | —                                            | —                                          | —                                       | —                                                 | —                                   | —                                   |
| 2016 RSU awards         | 0.3                                          | 0.6                                        | 0.5                                     | 0.5                                               | —                                   | —                                   |
| 2016 RSU NEO awards     | 0.3                                          | 0.6                                        | 0.6                                     | 0.6                                               | —                                   | —                                   |
| 2016 PSU awards (1)     | —                                            | —                                          | —                                       | —                                                 | —                                   | —                                   |
|                         | \$ 4.0                                       | \$ 6.8                                     | \$ 22.7                                 | \$ 8.4                                            | \$ 9.7                              | \$ 4.6                              |

(1) During the year ended December 31, 2017, the Company determined that achieving the three-year performance thresholds of the 2017 Performance Stock Units and the 2016 Performance Stock Units was improbable and reversed all previously recorded expense and ceased accruing any additional expense on these units. If the Company later determines that the performance thresholds become probable, then historical expense would be

reinstated, and the Company would resume recognizing expense.

#### Awards Granted in 2018

The Company's Board of Directors approved awards of stock, restricted stock units ("RSUs"), and performance stock units ("PSUs") to certain of the Company's employees and directors under the Plan. The fair value of the stock at the grant date of March 12, 2018 was \$15.65 per share and was based on the closing price of Holdings' stock.

The award agreements generally had the following features:

- Stock Award: On March 12, 2018, five members of Holdings' Board of Directors were granted awards of 28,055 fully vested shares of Class A common stock in the aggregate. The Company recognized approximately \$0.5 million of expense in general and administrative: other expense during the three months ended March 31, 2018, in connection with these share grants.

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- **Restricted Stock Unit Awards:** On March 12, 2018, RSU awards of 653,669 units were granted to certain members of management and executive officers. The grant date fair value was approximately \$10.2 million based on a stock price of \$15.65 on March 12, 2018. Each RSU represents the right to receive one share of Class A common stock at a future date. The RSUs vest over 3 years with 1/3 vesting on each of January 2, 2019, 2020, and 2021. The RSUs will be settled within 30 days of vesting. A dividend equivalent equal to the amount paid in respect of one share of Class A common stock underlying the RSUs began to accrue with respect to the RSUs on the date of grant. Such accrued dividend equivalents are paid to the holder upon vesting of the RSUs. During the three and six months ended June 30, 2018, the Company recognized \$1.0 million and \$1.3 million expense in general and administrative: other expense in connection with these awards.
- **Performance Stock Unit Award:** On March 12, 2018, PSU awards of 653,669 were granted to certain members of management and executive officers, with three-year cumulative adjusted EBITDA, diluted earnings per share, and net profit performance target conditions and service conditions, covering a performance period beginning January 1, 2018 and ending on December 31, 2020. The PSUs will vest based on achieving 80% to 120% of the performance targets with the corresponding vested unit amount ranging from 30% to 200%. If the performance target is met at 100%, the PSU awards granted on March 12, 2018, will vest at 653,669 units in the aggregate. No PSUs will vest if Holdings does not achieve 80% of the three-year cumulative adjusted EBITDA, diluted earnings per share, and net profit performance target. Additionally, unvested PSU's shall be ratably forfeited upon termination of service prior to December 31, 2020. If service terminates prior to January 2, 2019, all unvested PSU's shall be forfeited, if service terminates prior to January 2, 2020, 2/3 of unvested PSU's shall be forfeited and if service terminates prior to January 4, 2021, 1/3 of unvested PSU's shall be forfeited. The vested PSUs will be settled within 30 days of vesting which will occur upon certification of performance results by the Compensation Committee of the Board of Directors. A dividend equivalent equal to the amount paid in respect of one share of Class A common stock underlying the PSUs began to accrue with respect to the PSUs on the date of grant. Such accrued dividend equivalents are paid to the holder upon vesting of the PSUs. During the three and six months ended June 30, 2018, the Company recognized \$1.8 million and \$2.4 million expense in general and administrative: other expense in connection with these awards.

The following table represents the nonvested RSU and PSU activity for the six ended June 30, 2018:

|                                      | Shares of RSU<br>and PSU | Weighted<br>Average<br>Grant Date<br>Fair Value |
|--------------------------------------|--------------------------|-------------------------------------------------|
| Beginning balance at January 1, 2018 | 1,083,841                | \$ 28.61                                        |
| Granted                              | 1,313,152                | 15.65                                           |
| Vested                               | (195,432)                | 28.46                                           |
| Forfeited                            | (29,007)                 | 20.92                                           |
| Nonvested at June 30, 2018           | 2,172,554                | \$ 20.89                                        |

## NOTE 7—INCOME TAXES

The Company's worldwide effective income tax rate is based on expected income, statutory rates, valuation allowances against deferred tax assets and tax planning opportunities available in the various jurisdictions in which it operates. For interim financial reporting, the Company estimates the worldwide annual income tax rate based on projected taxable income for the full year and records a quarterly income tax provision or benefit in accordance with the anticipated annual rate, adjusted for discrete items, if any. The Company refines the estimates of the year's taxable income as new information becomes available, including actual year-to-date financial results. This continual estimation process often results in a change to the expected worldwide effective income tax rate for the year. When this occurs, the Company adjusts the income tax provision during the quarter in which the change in estimate occurs so that the year-to-date provision reflects the expected income tax rate. Significant judgment is required in determining the effective tax rate. The Company recognizes income tax-related interest expense and penalties as income tax expense and general and administrative expense, respectively.

At June 30, 2018 and December 31, 2017, the Company has net deferred tax liabilities of \$16.1 million and \$20.7 million, respectively. During the fourth quarter of 2017, the Company determined that it was appropriate to record

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a valuation allowance against U.S. deferred tax assets. In addition, several international jurisdictions carry valuation allowances against their deferred tax assets. As a result, the effective tax rate for the period ended June 30, 2018 reflects the impact of these valuation allowances against U.S. and international deferred tax assets generated during the six month period. For the remainder of 2018, the Company anticipates income tax expense will relate solely to domestic state tax expense and international tax expense incurred in certain profitable jurisdictions. The Company evaluates its deferred tax assets each period to determine if a valuation allowance is required based on whether it is “more likely than not” that some portion of the deferred tax assets would not be realized. The ultimate realization of these deferred tax assets is dependent upon the generation of sufficient taxable income during future periods on a federal, state and foreign jurisdiction basis. The Company conducts its evaluation by considering all available positive and negative evidence, including historical operating results, forecasts of future profitability, the duration of statutory carryforward periods, and the outlooks for the U.S. motion picture and broader economy, among others.

The projected worldwide effective tax rate based on annual projected earnings for the year ending December 31, 2018 is (0.2)%. The actual effective rate for the six months ended June 30, 2018 was 5.0%. The Company’s consolidated tax rate for the six months ended June 30, 2018 differs from the U.S. statutory tax rate primarily due to the valuation allowances in U.S. and foreign jurisdictions, foreign tax rate differences, permanent differences related to compensation and other discrete items.

Tax contingencies and other income tax liabilities were \$18.1 million and \$15.3 million as of June 30, 2018 and December 31, 2017, respectively, and are included in other long-term liabilities. The increase relates primarily to state income taxes and state income tax credits. The Company also continues to be subject to examination by the IRS and the fiscal year ended March 29, 2012 (tax year 2011) is currently under extended statute. The Company’s operations in certain jurisdictions outside of the U.S. remain subject to examination for tax years 2012 to 2016, some of which are currently under audit by local tax authorities. The resolutions of these audits are not expected to be material to the Company’s consolidated financial statements. The Company believes its allowances for income tax contingencies are adequate. Based on the information currently available, the Company does not anticipate a material (or significant) increase or decrease to its tax contingencies within the next 12 months.

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the “Tax Reform Act”). The legislation significantly changed U.S. tax law by, among other things, lowering corporate income tax rates, implementing a territorial tax system and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. The Tax Reform Act permanently reduced the U.S. corporate income tax rate from a maximum of 35% to a 21% rate, effective January 1, 2018.

While the Tax Reform Act provides for a territorial tax system, beginning in 2018, it includes the global intangible low-taxed income (“GILTI”) provisions. The GILTI provisions require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary’s tangible assets. For 2018, the Company has determined the GILTI provisions could accelerate the utilization of its domestic net operating loss carryforwards. However, the Company’s effective tax rate is not impacted due to the valuation allowance established against domestic deferred tax assets in the fourth quarter of 2017.

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 (“SAB 118”) to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Reform Act. The Company recognized provisional tax impacts of zero related to the deemed repatriated earnings and the revaluation of deferred tax assets and liabilities in its consolidated financial statements for the year ended December 31, 2017. The ultimate impact may differ from those provisional amounts, possibly materially, due to, among other things, additional analysis, changes in interpretations and assumptions the Company has made, additional regulatory guidance that may be issued, and actions the Company may take as a result of the Tax Reform Act. Any adjustments made to the provisional amounts under SAB 118 should be recorded as discrete adjustments in the period identified (not to extend beyond the one-year measurement provided in SAB 118). During the six months ended June 30, 2018, the Company did not make any adjustments to its provisional amounts included in its consolidated financial statements for the year ended December 31, 2017. The accounting is expected to be completed when the 2017 U.S. corporate income tax return is filed in 2018.

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## NOTE 8—FAIR VALUE MEASUREMENTS

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts business. The inputs used to develop these fair value measurements are established in a hierarchy, which ranks the quality and reliability of the information used to determine the fair values. The fair value classification is based on levels of inputs. Assets and liabilities that are carried at fair value are classified and disclosed in one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

Recurring Fair Value Measurements. The following table summarizes the fair value hierarchy of the Company's financial assets carried at fair value on a recurring basis as of June 30, 2018:

| (In millions)                               | Total Carrying<br>Value at<br>June 30, 2018 | Fair Value Measurements at June 30, 2018<br>Using |                                                     |                                                    |
|---------------------------------------------|---------------------------------------------|---------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|
|                                             |                                             | Quoted prices<br>in active markets<br>(Level 1)   | Significant other<br>observable inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |
| Other long-term assets:                     |                                             |                                                   |                                                     |                                                    |
| Money market mutual funds                   | \$ 0.5                                      | \$ 0.5                                            | \$ —                                                | \$ —                                               |
| Equity securities, available-for-sale:      |                                             |                                                   |                                                     |                                                    |
| Investments measured at net asset value (1) | 10.3                                        | —                                                 | —                                                   | —                                                  |
| Total assets at fair value                  | \$ 10.8                                     | \$ 0.5                                            | \$ —                                                | \$ —                                               |

- (1) The investments relate to a non-qualified deferred compensation arrangement on behalf of certain management. The Company has an equivalent liability for this related-party transaction recorded in other long-term liabilities for the deferred compensation obligation.

Valuation Techniques. The Company's money market mutual funds are invested in funds that seek to preserve principal, are highly liquid, and therefore are recorded on the balance sheet at the principal amounts deposited, which equals fair value. See Note 10—Accumulated Other Comprehensive Income for the unrealized gain on the equity securities recorded in accumulated other comprehensive income.

**Nonrecurring Fair Value Measurements.** Equity interests in NCM, Inc. and NCM classified as held-for-sale were written down to their fair value during the three months ended March 31, 2018. The Company has not recorded an additional impairment for remaining NCM units as they are under agreement to sell and classified as held for sale as of June 30, 2018 for a price above book value.

**Other Fair Value Measurement Disclosures.** The Company is required to disclose the fair value of financial instruments that are not recognized at fair value in the statement of financial position for which it is practicable to estimate that value:

| (In millions)                              | Total Carrying<br>Value at<br>June 30, 2018 | Fair Value Measurements at June 30, 2018<br>Using             |                                                        |                                                    |
|--------------------------------------------|---------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|
|                                            |                                             | Quoted prices<br>for identical<br>active markets<br>(Level 1) | Significant other<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |
| Current maturities of corporate borrowings | \$ 15.2                                     | \$ —                                                          | \$ 14.0                                                | \$ 1.4                                             |
| Corporate borrowings                       | 4,202.6                                     | —                                                             | 4,230.6                                                | 1.4                                                |

**Valuation Technique.** Quoted market prices and observable market based inputs were used to estimate fair value for Level 2 inputs. The Level 3 fair value measurement represents the transaction price of the corporate borrowings under market conditions.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities

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approximate fair value because of the short maturity of these instruments.

NOTE 9—THEATRE AND OTHER CLOSURE AND DISPOSITION OF ASSETS

A rollforward of reserves for theatre and other closure and disposition of assets is as follows:

| (In millions)                           | Six Months Ended |                  |
|-----------------------------------------|------------------|------------------|
|                                         | June 30,<br>2018 | June 30,<br>2017 |
| Beginning balance                       | \$ 27.5          | \$ 34.6          |
| Theatre and other closure expense       | 2.2              | 1.7              |
| Transfer of assets and liabilities      | 1.0              | 0.8              |
| Foreign currency translation adjustment | (0.2)            | 0.6              |
| Cash payments                           | (6.9)            | (6.0)            |
| Ending balance                          | \$ 23.6          | \$ 31.7          |

In the accompanying Consolidated Balance Sheets, as of June 30, 2018, the current portion of the ending balance totaling \$8.2 million is included with accrued expenses and other liabilities and the long-term portion of the ending balance totaling \$15.4 million is included with other long-term liabilities. Theatre and other closure reserves for leases that have not been terminated were recorded at the present value of the future contractual commitments for the base rents, taxes and maintenance.

During the three months ended June 30, 2018 and June 30, 2017, the Company recognized theatre and other closure expense of \$0.7 million and \$0.8 million, respectively, and during the six months ended June 30, 2018 and June 30, 2017, the Company recognized theatre and other closure expense of \$2.2 million and \$1.7 million, respectively. Theatre and other closure expense included the accretion on previously closed properties with remaining lease obligations.

NOTE 10—ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the change in accumulated other comprehensive income by component:

|                                                                  |          | Pension and | Unrealized Net<br>Gain from<br>Marketable | Unrealized<br>Net<br>Gain<br>from<br>Equity<br>Method<br>Investees'<br>Cash<br>Flow<br>Hedge |          |
|------------------------------------------------------------------|----------|-------------|-------------------------------------------|----------------------------------------------------------------------------------------------|----------|
| (In millions)                                                    | Foreign  | Other       | Securities                                |                                                                                              | Total    |
| Balance, December 31, 2017                                       | \$ 129.9 | \$ (6.6)    | \$ 0.6                                    | \$ 1.7                                                                                       | \$ 125.6 |
| Other comprehensive income (loss) before reclassifications       | (95.9)   | (1.5)       | —                                         | 0.2                                                                                          | (97.2)   |
| Amounts reclassified from accumulated other comprehensive income | 1.0      | —           | —                                         | (0.3)                                                                                        | 0.7      |
| Other comprehensive income (loss)                                | (94.9)   | (1.5)       | —                                         | (0.1)                                                                                        | (96.5)   |
| Adoption of ASU 2016-01 - reclassification to retained earnings  | —        | —           | (0.6)                                     | —                                                                                            | (0.6)    |
| Adoption of ASU 2018-02 - reclassification to retained earnings  | 4.0      | 0.6         | —                                         | 0.4                                                                                          | 5.0      |
| Balance, June 30, 2018                                           | \$ 39.0  | \$ (7.5)    | \$ —                                      | \$ 2.0                                                                                       | \$ 33.5  |

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The tax effects allocated to each component of other comprehensive income (loss) during the three months ended June 30, 2018 and June 30, 2017 are as follows:

| (In millions)                                                                       | Three Months Ended<br>June 30, 2018 |                             |                      | June 30, 2017     |                             |                      |
|-------------------------------------------------------------------------------------|-------------------------------------|-----------------------------|----------------------|-------------------|-----------------------------|----------------------|
|                                                                                     | Pre-Tax<br>Amount                   | Tax<br>(Expense)<br>Benefit | Net-of-Tax<br>Amount | Pre-Tax<br>Amount | Tax<br>(Expense)<br>Benefit | Net-of-Tax<br>Amount |
| Unrealized foreign currency translation adjustment (1)                              | \$ (107.4)                          | \$ (0.2)                    | \$ (107.6)           | \$ 84.0           | \$ (6.9)                    | \$ 77.1              |
| Realized loss on foreign currency transactions                                      | 1.0                                 | —                           | 1.0                  | —                 | —                           | —                    |
| Pension and other benefit adjustments:                                              |                                     |                             |                      |                   |                             |                      |
| Net loss arising during the period                                                  | (0.5)                               | 0.1                         | (0.4)                | (0.6)             | —                           | (0.6)                |
| Marketable securities:                                                              |                                     |                             |                      |                   |                             |                      |
| Unrealized net holding gain (loss) arising during the period                        | —                                   | —                           | —                    | 0.2               | (0.1)                       | 0.1                  |
| Realized net gain reclassified into investment expense (income)                     | —                                   | —                           | —                    | (0.1)             | —                           | (0.1)                |
| Equity method investees' cash flow hedge:                                           |                                     |                             |                      |                   |                             |                      |
| Unrealized net holding loss arising during the period                               | —                                   | —                           | —                    | (0.1)             | —                           | (0.1)                |
| Realized net loss reclassified into equity in earnings of non-consolidated entities | (0.2)                               | —                           | (0.2)                | 0.1               | —                           | 0.1                  |
| Other comprehensive income (loss)                                                   | \$ (107.1)                          | \$ (0.1)                    | \$ (107.2)           | \$ 83.5           | \$ (7.0)                    | \$ 76.5              |

(1) Deferred tax impacts of foreign currency translation for the Odeon and Nordic international operations have not been recorded due to the Company's intent to remain permanently invested.

The tax effects allocated to each component of other comprehensive income (loss) during the six months ended June 30, 2018 and June 30, 2017 are as follows:

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| (In millions)                                                                       | Six Months Ended<br>June 30, 2018 |                             |                      | June 30, 2017     |                             |                      |
|-------------------------------------------------------------------------------------|-----------------------------------|-----------------------------|----------------------|-------------------|-----------------------------|----------------------|
|                                                                                     | Pre-Tax<br>Amount                 | Tax<br>(Expense)<br>Benefit | Net-of-Tax<br>Amount | Pre-Tax<br>Amount | Tax<br>(Expense)<br>Benefit | Net-of-Tax<br>Amount |
| Unrealized foreign currency translation adjustment (1)                              | \$ (96.0)                         | \$ 0.1                      | \$ (95.9)            | \$ 81.4           | \$ (6.5)                    | \$ 74.9              |
| Realized loss on foreign currency transactions                                      | 1.0                               | —                           | 1.0                  | —                 | —                           | —                    |
| Pension and other benefit adjustments:                                              |                                   |                             |                      |                   |                             |                      |
| Net gain (loss) arising during the period                                           | (1.9)                             | 0.4                         | (1.5)                | (0.5)             | —                           | (0.5)                |
| Marketable securities:                                                              |                                   |                             |                      |                   |                             |                      |
| Unrealized net holding gain (loss) arising during the period                        | —                                 | —                           | —                    | 0.5               | (0.2)                       | 0.3                  |
| Realized net gain reclassified into investment expense (income)                     | —                                 | —                           | —                    | (0.1)             | —                           | (0.1)                |
| Equity method investees' cash flow hedge:                                           |                                   |                             |                      |                   |                             |                      |
| Unrealized net holding gain (loss) arising during the period                        | 0.2                               | —                           | 0.2                  | (0.1)             | —                           | (0.1)                |
| Realized net loss reclassified into equity in earnings of non-consolidated entities | (0.3)                             | —                           | (0.3)                | 0.1               | —                           | 0.1                  |
| Other comprehensive income (loss)                                                   | \$ (97.0)                         | \$ 0.5                      | \$ (96.5)            | \$ 81.3           | \$ (6.7)                    | \$ 74.6              |

(1) Deferred tax impacts of foreign currency translation for the Odeon and Nordic international operations have not been recorded due to the Company's intent to remain permanently invested.

## NOTE 11—OPERATING SEGMENTS

The Company reports information about operating segments in accordance with ASC 280-10, Segment Reporting, which requires financial information to be reported based on the way management organizes segments within a company for making operating decisions and evaluating performance. Beginning with the Company's acquisition of Odeon in 2016, the Company has identified two reportable segments for its theatrical exhibition operations, U.S. markets and International markets. The International markets reportable segments consist of two operating segments (Odeon Theatres and Nordic Theatres) with operations in or partial interest in theatres in the United Kingdom, Germany, Spain, Italy, Ireland, Austria, Portugal, Sweden, Finland, Estonia, Latvia, Lithuania, Norway and Denmark. Each segment's revenue is derived from admissions, food and beverage sales and other ancillary revenues, primarily screen advertising, AMC Stubs® membership fees, ticket sales, gift card income and exchange ticket income. The two international operating segments are combined into one reportable segment (International markets) because they have similar economic characteristics and meet the aggregation criteria described in the accounting guidance for segment reporting. The measure of segment profit and loss the Company uses to evaluate performance and allocate its resources is Adjusted EBITDA, as defined in the reconciliation table below. The Company does not report asset information by segment because that information is not used to evaluate the performance of or allocate resources

between segments.

Below is a breakdown of select financial information by reportable operating segment:

|                        | Three Months Ended |                  | Six Months Ended |                  |
|------------------------|--------------------|------------------|------------------|------------------|
|                        | June 30,<br>2018   | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2017 |
| Revenues (In millions) |                    |                  |                  |                  |
| U.S. markets           | \$ 1,129.3         | \$ 907.4         | \$ 2,111.4       | \$ 1,899.6       |
| International markets  | 313.2              | 294.9            | 714.7            | 584.1            |
| Total revenues         | \$ 1,442.5         | \$ 1,202.3       | \$ 2,826.1       | \$ 2,483.7       |

|                                   | Three Months Ended |                  | Six Months Ended |                  |
|-----------------------------------|--------------------|------------------|------------------|------------------|
|                                   | June 30,<br>2018   | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2017 |
| Adjusted EBITDA (1) (In millions) |                    |                  |                  |                  |
| U.S. markets (2)                  | \$ 222.2           | \$ 115.0         | \$ 430.5         | \$ 312.9         |
| International markets             | 22.6               | 20.8             | 92.2             | 74.0             |
| Total Adjusted EBITDA             | \$ 244.8           | \$ 135.8         | \$ 522.7         | \$ 386.9         |

(1) The Company presents Adjusted EBITDA as a supplemental measure of its performance. The Company defines Adjusted EBITDA as net earnings (loss) plus (i) income tax provision (benefit), (ii) interest expense and (iii)

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depreciation and amortization, as further adjusted to eliminate the impact of certain items that the Company does not consider indicative of its ongoing operating performance and to include attributable EBITDA from equity investments in theatre operations in international markets and any cash distributions of earnings from its other equity method investees. The measure of segment profit and loss the Company uses to evaluate performance and allocate its resources is Adjusted EBITDA, which is consistent with how Adjusted EBITDA is defined in our debt indentures.

(2) Distributions from NCM are reported entirely within the U.S. markets segment.

|                                    | Three Months Ended |          | Six Months Ended |          |
|------------------------------------|--------------------|----------|------------------|----------|
|                                    | June 30,           | June 30, | June 30,         | June 30, |
| Capital Expenditures (In millions) | 2018               | 2017     | 2018             | 2017     |
| U.S. markets                       | \$ 101.0           | \$ 139.4 | \$ 172.0         | \$ 289.7 |
| International markets              | 32.8               | 17.3     | 69.1             | 28.3     |
| Total capital expenditures         | \$ 133.8           | \$ 156.7 | \$ 241.1         | \$ 318.0 |

## Financial Information About Geographic Area:

|                         | Three Months Ended |            | Six Months Ended |            |
|-------------------------|--------------------|------------|------------------|------------|
|                         | June 30,           | June 30,   | June 30,         | June 30,   |
| Revenues (In millions)  | 2018               | 2017       | 2018             | 2017       |
| United States           | \$ 1,129.3         | \$ 907.4   | \$ 2,111.4       | \$ 1,899.6 |
| United Kingdom          | 125.8              | 109.4      | 256.3            | 241.0      |
| Italy                   | 33.7               | 35.1       | 94.6             | 94.1       |
| Spain                   | 42.2               | 39.2       | 91.8             | 85.2       |
| Sweden                  | 33.3               | 37.0       | 93.9             | 38.5       |
| Germany                 | 24.5               | 28.0       | 57.3             | 60.4       |
| Finland                 | 22.1               | 19.2       | 50.1             | 19.9       |
| Ireland                 | 8.8                | 7.6        | 19.3             | 18.0       |
| Other foreign countries | 22.8               | 19.4       | 51.4             | 27.0       |
| Total                   | \$ 1,442.5         | \$ 1,202.3 | \$ 2,826.1       | \$ 2,483.7 |

|                                     | As of      | As of      |
|-------------------------------------|------------|------------|
|                                     | June 30,   | December   |
| Long-term assets, net (In millions) | 2018       | 31, 2017   |
| United States                       | \$ 5,781.7 | \$ 5,866.8 |
| International                       | 2,909.2    | 3,066.7    |
| Total long-term assets (1)          | \$ 8,690.9 | \$ 8,933.5 |

(1) Long-term assets are comprised of property, intangible assets, goodwill, deferred income tax assets and other long-term assets.



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The following table sets forth a reconciliation of net earnings (loss) to Adjusted EBITDA:

| (In millions)                                              | Three Months Ended |                  | Six Months Ended |                  |
|------------------------------------------------------------|--------------------|------------------|------------------|------------------|
|                                                            | June 30,<br>2018   | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2017 |
| Net earnings (loss)                                        | \$ 22.2            | \$ (176.5)       | \$ 39.9          | \$ (168.1)       |
| Plus:                                                      |                    |                  |                  |                  |
| Income tax provision (benefit)                             | (2.6)              | (109.6)          | 2.1              | (118.8)          |
| Interest expense                                           | 82.4               | 69.9             | 164.9            | 132.0            |
| Depreciation and amortization                              | 137.7              | 133.3            | 268.2            | 258.6            |
| Certain operating expenses (1)                             | 5.7                | 3.5              | 9.4              | 8.8              |
| Equity in (earnings) loss of non-consolidated entities (2) | (13.0)             | 195.0            | (4.0)            | 197.3            |
| Cash distributions from non-consolidated entities (3)      | 3.5                | 2.2              | 27.8             | 26.6             |
| Attributable EBITDA (4)                                    | (0.4)              | 1.0              | 1.6              | 1.0              |
| Investment (income) expense                                | (1.5)              | 0.6              | (6.7)            | (5.0)            |
| Other expense (income) (5)                                 | 2.5                | 1.0              | 3.7              | (1.2)            |
| General and administrative — unallocated:                  |                    |                  |                  |                  |
| Merger, acquisition and transaction costs (6)              | 4.3                | 11.5             | 9.0              | 51.7             |
| Stock-based compensation expense (7)                       | 4.0                | 3.9              | 6.8              | 4.0              |
| Adjusted EBITDA                                            | \$ 244.8           | \$ 135.8         | \$ 522.7         | \$ 386.9         |

- (1) Amounts represent preopening expense related to temporarily closed screens under renovation, theatre and other closure expense for the permanent closure of screens including the related accretion of interest, non-cash deferred digital equipment rent expense, and disposition of assets and other non-operating gains or losses included in operating expenses. The Company has excluded these items as they are non-cash in nature, include components of interest cost for the time value of money or are non-operating in nature.
- (2) Equity in (earnings) loss of non-consolidated entities includes a lower of carrying value or fair value impairment loss of the held-for sale portion of the Company's investment in NCM of \$16.0 million for the six months ended June 30, 2018. The three and six months ended June 30, 2017 included an other-than-temporary impairment loss of \$202.6 million and \$204.5 million, respectively on the Company's investment in NCM. The impairment charges reflect recording the Company's held-for-sale units and other-than-temporary impaired shares at the publicly quoted per share price on March 31, 2018 of \$5.19 and June 30, 2017 of \$7.42. Equity in loss of non-consolidated entities also includes loss on the surrender (disposition) of a portion of the Company's investment in NCM of \$1.1 million during the three months ended March 31, 2018.
- (3) Includes U.S. non-theatre distributions from equity method investments and International non-theatre distributions from equity method investments to the extent received. The Company believes including cash distributions is an appropriate reflection of the contribution of these investments to its operations.
- (4) Attributable EBITDA includes the EBITDA from equity investments in theatre operators in certain international markets. See below for a reconciliation of the Company's equity loss of non-consolidated entities to attributable EBITDA. Because these equity investments are in theatre operators in regions where the Company holds a

significant market share, the Company believes attributable EBITDA is more indicative of the performance of these equity investments and management uses this measure to monitor and evaluate these equity investments. The Company also provides services to these theatre operators including information technology systems, certain on-screen advertising services and our gift card and package ticket program. As these investments relate only to our Nordic acquisition, the second quarter of 2017 represents the first time the Company made this adjustment and does not impact prior historical presentations of Adjusted EBITDA.

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| (In millions)                                                                               | Three Months Ended |                  | Six Months Ended |                  |
|---------------------------------------------------------------------------------------------|--------------------|------------------|------------------|------------------|
|                                                                                             | June 30,<br>2018   | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2017 |
| Equity in (earnings) loss of non-consolidated entities                                      | \$ (13.0)          | \$ 195.0         | \$ (4.0)         | \$ 197.3         |
| Less:                                                                                       |                    |                  |                  |                  |
| Equity in (earnings) loss of non-consolidated entities excluding international theatre JV's | (13.9)             | 195.3            | (3.6)            | 197.6            |
| Equity in earnings (loss) of International theatre JV's                                     | (0.9)              | 0.3              | 0.4              | 0.3              |
| Depreciation and amortization                                                               | 0.5                | 0.7              | 1.2              | 0.7              |
| Attributable EBITDA                                                                         | \$ (0.4)           | \$ 1.0           | \$ 1.6           | \$ 1.0           |

(5) Other expense (income) for the three and six months ended June 30, 2018 includes financing related foreign currency transaction losses.

(6) Merger, acquisition and transition costs are excluded as they are non-operating in nature.

(7) Non-cash or non-recurring expense included in general and administrative: other.

## NOTE 12—EMPLOYEE BENEFIT PLANS

The Company sponsors frozen non-contributory qualified and non-qualified defined benefit pension plans generally covering all employees who, prior to the freeze, were age 21 or older and had completed at least 1,000 hours of service in their first twelve months of employment, or in a calendar year ending thereafter, and who were not covered by a collective bargaining agreement. The Company also sponsors a postretirement deferred compensation plan.

Net periodic benefit cost (credit) recognized for the plans in other expense (income) during the three months ended June 30, 2018 and June 30, 2017 consists of the following:

| (In millions)                            | U.S. Pension Benefits |               | International Pension Benefits |               |
|------------------------------------------|-----------------------|---------------|--------------------------------|---------------|
|                                          | Three Months Ended    |               | Three Months Ended             |               |
|                                          | June 30, 2018         | June 30, 2017 | June 30, 2018                  | June 30, 2017 |
| Components of net periodic benefit cost: |                       |               |                                |               |
| Interest cost                            | 1.0                   | 1.0           | 0.7                            | 0.7           |
| Expected return on plan assets           | (0.8)                 | (0.8)         | (0.8)                          | (0.8)         |
| Net periodic benefit cost (credit)       | \$ 0.2                | \$ 0.2        | \$ (0.1)                       | \$ (0.1)      |

Net periodic benefit cost (credit) recognized for the plans in other expense (income) during the six months ended June 30, 2018 and June 30, 2017 consist of the following:

| (In millions)                            | U.S. Pension Benefits |               | International Pension Benefits |               |
|------------------------------------------|-----------------------|---------------|--------------------------------|---------------|
|                                          | Six Months Ended      |               | Six Months Ended               |               |
|                                          | June 30, 2018         | June 30, 2017 | June 30, 2018                  | June 30, 2017 |
| Components of net periodic benefit cost: |                       |               |                                |               |
| Interest cost                            | 2.0                   | 2.1           | 1.4                            | 1.4           |
| Expected return on plan assets           | (1.6)                 | (1.6)         | (1.7)                          | (1.6)         |
| Net periodic benefit cost (credit)       | \$ 0.4                | \$ 0.5        | \$ (0.3)                       | \$ (0.2)      |

Net periodic service cost (credit) recognized for the plans in general and administrative; other: during the three months ended June 30, 2018 and June 30, 2017 consists of the following:

| (In millions)             | U.S. Pension Benefits |               | International Pension Benefits |               |
|---------------------------|-----------------------|---------------|--------------------------------|---------------|
|                           | Three Months Ended    |               | Three Months Ended             |               |
|                           | June 30, 2018         | June 30, 2017 | June 30, 2018                  | June 30, 2017 |
| Net periodic service cost | \$ —                  | \$ —          | \$ 0.1                         | \$ 0.1        |

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Net periodic service cost (credit) recognized for the plans in general and administrative: other: during the six months ended June 30, 2018 and June 30, 2017 consists of the following:

|                           | U.S. Pension<br>Benefits<br>Six Months<br>Ended |                  | International<br>Pension Benefits<br>Six Months Ended |                  |
|---------------------------|-------------------------------------------------|------------------|-------------------------------------------------------|------------------|
| (In millions)             | June 30,<br>2018                                | June 30,<br>2017 | June 30,<br>2018                                      | June 30,<br>2017 |
| Net periodic service cost | \$ —                                            | \$ —             | \$ 0.3                                                | \$ 0.1           |

## NOTE 13—COMMITMENTS AND CONTINGENCIES

The Company, in the normal course of business, is a party to various ordinary course claims from vendors (including food and beverage suppliers and film distributors), landlords, competitors, and other legal proceedings. If management believes that a loss arising from these actions is probable and can reasonably be estimated, the Company records the amount of the loss, or the minimum estimated liability when the loss is estimated using a range and no point is more probable than another. As additional information becomes available, any potential liability related to these actions is assessed and the estimates are revised, if necessary. Management believes that the ultimate outcome of such matters, individually and in the aggregate, will not have a material adverse effect on the Company's consolidated financial position or overall trends in results of operations. However, litigation and claims are subject to inherent uncertainties and unfavorable outcomes can occur. An unfavorable outcome might include monetary damages. If an unfavorable outcome were to occur, there exists the possibility of a material adverse impact on the results of operations in the period in which the outcome occurs or in future periods.

On January 12, 2018 and January 19, 2018, two putative federal securities class actions, captioned Hawaii Structural Iron workers Pension Trust Fund v. AMC Entertainment Holdings, Inc., et al., Case No. 1:18-cv-00299-AJN (the "Hawaii Action"), and Nichols v. AMC Entertainment Holdings, Inc., et al., Case No. 1:18-cv-00510-AJN (the "Nichols Action," and together with the Hawaii Action, the "Actions"), respectively, were filed against the Company in the U.S. District Court for the Southern District of New York. The Actions, which name certain of the Company's officers and directors and, in the case of the Hawaii Action, the underwriters of the Company's February 8, 2017 secondary public offering, as defendants, assert claims under some or all of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 with respect to alleged material misstatements and omissions in the registration statement for the secondary public offering and in certain other public disclosures. On May 30, 2018, the court consolidated the Actions and appointed the International Union of Operating Engineers Pension Fund of Eastern Pennsylvania and Delaware as lead plaintiff.

On May 21, 2018, a stockholder derivative complaint, captioned Gantulga v. Aron, et al., Case No. 2:18-cv-02262-JAR-TJJ (the “Gantulga Action”), was filed against certain of the Company’s officers and directors in the U.S. District Court for the District of Kansas. The Gantulga Action, which was filed on behalf of the Company, asserts claims under Section 14(a) of the Securities Exchange Act of 1934 and for breaches of fiduciary duty and unjust enrichment based on allegations substantially similar to the Actions.

On June 25, 2018, the Company received a letter from a purported stockholder demanding to inspect certain of the Company’s books and records pursuant to 8 Del. C. § 220 in order to investigate allegations substantially similar to those alleged in the Actions (the “Demand”). On July 2, 2018, the Company rejected the Demand.

The Company believes the claims lack merit and intends to vigorously defend all claims asserted.

On May 28, 2015, the Company received a Civil Investigative Demand (“CID”) from the Antitrust Division of the United States Department of Justice in connection with an investigation under Sections 1 and 2 of the Sherman Antitrust Act. Beginning in May 2015, the Company also received CIDs from the Attorneys General for the States of Ohio, Texas, Washington, Florida, New York, Kansas, and from the District of Columbia, regarding similar inquiries under those states’ antitrust laws. The CIDs requested the production of documents and answers to interrogatories concerning potentially anticompetitive conduct, including film clearances and participation in certain joint ventures. The Company may receive additional CIDs from antitrust authorities in other jurisdictions in which it operates. The Company does not believe it has violated federal or state antitrust laws and is cooperating with the relevant governmental authorities. However, the Company cannot predict the ultimate scope, duration or outcome of these investigations.

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## NOTE 14—EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing net earnings (loss) by the weighted-average number of common shares outstanding. Diluted earnings per share includes the effects of unvested RSU's with a service condition only and unvested contingently issuable RSUs and PSUs that have service and performance conditions, if dilutive.

The following table sets forth the computation of basic and diluted earnings (loss) per common share:

| (In millions)                                                      | Three Months Ended |               | Six Months Ended |               |
|--------------------------------------------------------------------|--------------------|---------------|------------------|---------------|
|                                                                    | June 30, 2018      | June 30, 2017 | June 30, 2018    | June 30, 2017 |
| Numerator:                                                         |                    |               |                  |               |
| Net earnings (loss)                                                | \$ 22.2            | \$ (176.5)    | \$ 39.9          | \$ (168.1)    |
| Denominator (shares in thousands):                                 |                    |               |                  |               |
| Weighted average shares for basic earnings (loss) per common share | 128,039            | 131,166       | 128,042          | 126,290       |
| Common equivalent shares for RSUs and PSUs                         | 66                 | —             | —                | —             |
| Shares for diluted earnings (loss) per common share                | 128,105            | 131,166       | 128,042          | 126,290       |
| Basic earnings (loss) per common share                             | \$ 0.17            | \$ (1.35)     | \$ 0.31          | \$ (1.33)     |
| Diluted earnings (loss) per common share                           | \$ 0.17            | \$ (1.35)     | \$ 0.31          | \$ (1.33)     |

Vested RSUs and PSU's have dividend rights identical to the Company's Class A and Class B common stock and are treated as outstanding shares for purposes of computing basic and diluted earnings per share. Certain unvested RSUs and unvested PSUs are subject to performance conditions and are included in diluted earnings per share, if dilutive, based on the number of shares, if any, that would be issuable under the terms of the Company's 2013 Equity Incentive Plan if the end of the reporting period were the end of the contingency period. During the six months ended June 30, 2018, unvested PSU's of 411,657 at the minimum performance target were not included in the computation of diluted earnings (loss) per share since the shares would not be issuable under the terms of the Plan, if the end of the reporting period were the end of the contingency period and they would also be anti-dilutive. During the six months ended June 30, 2018, unvested RSU's of 902,004 were not included in the computation of diluted earnings (loss) per share because they would be anti-dilutive.

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## NOTE 15—CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10, Financial statements of guarantors and issuers of guaranteed securities registered or being registered. Each of the subsidiary guarantors are 100% owned by Holdings. The subsidiary guarantees of the Company's Notes due 2022, the Sterling Notes due 2024, the Notes due 2025, the Notes due 2026, and the Notes due 2027 are full and unconditional and joint and several and subject to customary release provisions. The Company and its subsidiary guarantors' investments in its consolidated subsidiaries are presented under the equity method of accounting.

## Consolidating Statement of Operations

Three Months Ended June 30, 2018:

| (In millions)                                                               | Holdings | Subsidiary<br>Guarantors | Subsidiary<br>Non-Guarantors | Consolidating<br>Adjustments | Consolidated<br>Holdings |
|-----------------------------------------------------------------------------|----------|--------------------------|------------------------------|------------------------------|--------------------------|
| Revenues                                                                    |          |                          |                              |                              |                          |
| Admissions                                                                  | \$ —     | \$ 571.1                 | \$ 325.2                     | \$ —                         | \$ 896.3                 |
| Food and beverage                                                           | —        | 290.4                    | 155.4                        | —                            | 445.8                    |
| Other theatre                                                               | —        | 60.3                     | 40.1                         | —                            | 100.4                    |
| Total revenues                                                              | —        | 921.8                    | 520.7                        | —                            | 1,442.5                  |
| Operating costs and expenses                                                |          |                          |                              |                              |                          |
| Film exhibition costs                                                       | —        | 322.5                    | 148.9                        | —                            | 471.4                    |
| Food and beverage costs                                                     | —        | 44.4                     | 27.8                         | —                            | 72.2                     |
| Operating expense, excluding<br>depreciation and amortization               | —        | 241.4                    | 183.1                        | —                            | 424.5                    |
| Rent                                                                        | —        | 120.7                    | 79.0                         | —                            | 199.7                    |
| General and administrative:<br>Merger, acquisition and transaction<br>costs | —        | 2.2                      | 2.1                          | —                            | 4.3                      |
| Other, excluding depreciation and<br>amortization                           | —        | 26.5                     | 16.5                         | —                            | 43.0                     |
| Depreciation and amortization                                               | —        | 72.5                     | 65.2                         | —                            | 137.7                    |
| Operating costs and expenses                                                | —        | 830.2                    | 522.6                        | —                            | 1,352.8                  |
| Operating income (loss)                                                     | —        | 91.6                     | (1.9)                        | —                            | 89.7                     |
| Other expense (income):<br>Equity in net (earnings) loss of<br>subsidiaries | (26.5)   | 7.2                      | —                            | 19.3                         | —                        |
| Other expense                                                               | 1.0      | 0.7                      | 0.5                          | —                            | 2.2                      |
| Interest expense:                                                           |          |                          |                              |                              |                          |
| Corporate borrowings                                                        | 61.4     | 63.0                     | 0.9                          | (63.1)                       | 62.2                     |
|                                                                             | —        | 1.7                      | 8.1                          | —                            | 9.8                      |

Capital and financing lease  
obligations

Non-cash NCM exhibitor service  
agreement

|                                                    |         |         |          |           |         |
|----------------------------------------------------|---------|---------|----------|-----------|---------|
|                                                    | —       | 10.4    | —        | —         | 10.4    |
| Equity in earnings of<br>non-consolidated entities | —       | (13.0)  | —        | —         | (13.0)  |
| Investment income                                  | (58.1)  | (6.3)   | (0.2)    | 63.1      | (1.5)   |
| Total other expense (income)                       | (22.2)  | 63.7    | 9.3      | 19.3      | 70.1    |
| Earnings (loss) before income taxes                | 22.2    | 27.9    | (11.2)   | (19.3)    | 19.6    |
| Income tax provision (benefit)                     | —       | 1.4     | (4.0)    | —         | (2.6)   |
| Net earnings (loss)                                | \$ 22.2 | \$ 26.5 | \$ (7.2) | \$ (19.3) | \$ 22.2 |

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## Consolidating Statement of Operations

Three Months Ended June 30, 2017:

| (In millions)                                                               | Holdings   | Subsidiary<br>Guarantors | Subsidiary<br>Non-Guarantors | Consolidating<br>Adjustments | Consolidated<br>Holdings |
|-----------------------------------------------------------------------------|------------|--------------------------|------------------------------|------------------------------|--------------------------|
| Revenues                                                                    |            |                          |                              |                              |                          |
| Admissions                                                                  | \$ —       | \$ 462.2                 | \$ 299.2                     | \$ —                         | \$ 761.4                 |
| Food and beverage                                                           | —          | 235.4                    | 138.7                        | —                            | 374.1                    |
| Other theatre                                                               | —          | 40.0                     | 26.8                         | —                            | 66.8                     |
| Total revenues                                                              | —          | 737.6                    | 464.7                        | —                            | 1,202.3                  |
| Operating costs and expenses                                                |            |                          |                              |                              |                          |
| Film exhibition costs                                                       | —          | 243.4                    | 136.4                        | —                            | 379.8                    |
| Food and beverage costs                                                     | —          | 33.4                     | 28.7                         | —                            | 62.1                     |
| Operating expense, excluding<br>depreciation and amortization               | —          | 216.1                    | 173.1                        | —                            | 389.2                    |
| Rent                                                                        | —          | 124.5                    | 75.3                         | —                            | 199.8                    |
| General and administrative:<br>Merger, acquisition and transaction<br>costs | —          | 10.4                     | 1.1                          | —                            | 11.5                     |
| Other, excluding depreciation and<br>amortization                           | 0.9        | 27.0                     | 18.2                         | —                            | 46.1                     |
| Depreciation and amortization                                               | —          | 73.7                     | 59.6                         | —                            | 133.3                    |
| Operating costs and expenses                                                | 0.9        | 728.5                    | 492.4                        | —                            | 1,221.8                  |
| Operating income (loss)                                                     | (0.9)      | 9.1                      | (27.7)                       | —                            | (19.5)                   |
| Other expense (income):                                                     |            |                          |                              |                              |                          |
| Equity in net (earnings) loss of<br>subsidiaries                            | 172.4      | 35.5                     | —                            | (207.9)                      | —                        |
| Other expense (income)                                                      | —          | 1.2                      | (0.1)                        | —                            | 1.1                      |
| Interest expense:                                                           |            |                          |                              |                              |                          |
| Corporate borrowings                                                        | 59.1       | 61.1                     | 0.5                          | (61.1)                       | 59.6                     |
| Capital and financing lease<br>obligations                                  | —          | 2.0                      | 8.3                          | —                            | 10.3                     |
| Equity in (earnings) loss of<br>non-consolidated entities                   | —          | 195.4                    | (0.4)                        | —                            | 195.0                    |
| Investment income                                                           | (55.9)     | (4.9)                    | 0.3                          | 61.1                         | 0.6                      |
| Total other expense                                                         | 175.6      | 290.3                    | 8.6                          | (207.9)                      | 266.6                    |
| Loss before income taxes                                                    | (176.5)    | (281.2)                  | (36.3)                       | 207.9                        | (286.1)                  |
| Income tax benefit                                                          | —          | (108.8)                  | (0.8)                        | —                            | (109.6)                  |
| Net loss                                                                    | \$ (176.5) | \$ (172.4)               | \$ (35.5)                    | \$ 207.9                     | \$ (176.5)               |



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## Consolidating Statement of Operations

Six Months Ended June 30, 2018:

| (In millions)                                                 | Holdings | Subsidiary<br>Guarantors | Subsidiary<br>Non-Guarantors | Consolidating<br>Adjustments | Consolidated<br>Holdings |
|---------------------------------------------------------------|----------|--------------------------|------------------------------|------------------------------|--------------------------|
| Revenues                                                      |          |                          |                              |                              |                          |
| Admissions                                                    | \$ —     | \$ 1,068.2               | \$ 703.1                     | \$ —                         | \$ 1,771.3               |
| Food and beverage                                             | —        | 536.1                    | 315.5                        | —                            | 851.6                    |
| Other theatre                                                 | —        | 121.4                    | 81.8                         | —                            | 203.2                    |
| Total revenues                                                | —        | 1,725.7                  | 1,100.4                      | —                            | 2,826.1                  |
| Operating costs and expenses                                  |          |                          |                              |                              |                          |
| Film exhibition costs                                         | —        | 583.2                    | 314.7                        | —                            | 897.9                    |
| Food and beverage costs                                       | —        | 80.8                     | 57.6                         | —                            | 138.4                    |
| Operating expense, excluding<br>depreciation and amortization | —        | 466.8                    | 369.6                        | —                            | 836.4                    |
| Rent                                                          | —        | 228.2                    | 161.2                        | —                            | 389.4                    |
| General and administrative:                                   |          |                          |                              |                              |                          |
| Merger, acquisition and transaction<br>costs                  | —        | 6.2                      | 2.8                          | —                            | 9.0                      |
| Other, excluding depreciation and<br>amortization             | —        | 52.9                     | 34.3                         | —                            | 87.2                     |
| Depreciation and amortization                                 | —        | 142.3                    | 125.9                        | —                            | 268.2                    |
| Operating costs and expenses                                  | —        | 1,560.4                  | 1,066.1                      | —                            | 2,626.5                  |
| Operating income                                              | —        | 165.3                    | 34.3                         | —                            | 199.6                    |
| Other expense (income):                                       |          |                          |                              |                              |                          |
| Equity in net earnings of<br>subsidiaries                     | (47.8)   | (16.1)                   | —                            | 63.9                         | —                        |
| Other expense                                                 | 1.0      | 0.5                      | 1.9                          | —                            | 3.4                      |
| Interest expense:                                             |          |                          |                              |                              |                          |
| Corporate borrowings                                          | 122.1    | 125.7                    | 1.9                          | (125.8)                      | 123.9                    |
| Capital and financing lease<br>obligations                    | —        | 3.5                      | 16.6                         | —                            | 20.1                     |
| Non-cash NCM exhibitor service<br>agreement                   | —        | 20.9                     | —                            | —                            | 20.9                     |
| Equity in earnings of<br>non-consolidated entities            | —        | (2.9)                    | (1.1)                        | —                            | (4.0)                    |
| Investment income                                             | (115.2)  | (16.6)                   | (0.7)                        | 125.8                        | (6.7)                    |
| Total other expense (income)                                  | (39.9)   | 115.0                    | 18.6                         | 63.9                         | 157.6                    |
| Earnings before income taxes                                  | 39.9     | 50.3                     | 15.7                         | (63.9)                       | 42.0                     |
| Income tax provision (benefit)                                | —        | 2.5                      | (0.4)                        | —                            | 2.1                      |
| Net earnings                                                  | \$ 39.9  | \$ 47.8                  | \$ 16.1                      | \$ (63.9)                    | \$ 39.9                  |



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## Consolidating Statement of Operations

Six Months Ended June 30, 2017:

| (In millions)                                                               | Holdings   | Subsidiary<br>Guarantors | Subsidiary<br>Non-Guarantors | Consolidating<br>Adjustments | Consolidated<br>Holdings |
|-----------------------------------------------------------------------------|------------|--------------------------|------------------------------|------------------------------|--------------------------|
| Revenues                                                                    |            |                          |                              |                              |                          |
| Admissions                                                                  | \$ —       | \$ 964.1                 | \$ 614.8                     | \$ —                         | \$ 1,578.9               |
| Food and beverage                                                           | —          | 485.3                    | 286.4                        | —                            | 771.7                    |
| Other theatre                                                               | —          | 82.1                     | 51.0                         | —                            | 133.1                    |
| Total revenues                                                              | —          | 1,531.5                  | 952.2                        | —                            | 2,483.7                  |
| Operating costs and expenses                                                |            |                          |                              |                              |                          |
| Film exhibition costs                                                       | —          | 517.3                    | 282.1                        | —                            | 799.4                    |
| Food and beverage costs                                                     | —          | 67.0                     | 54.9                         | —                            | 121.9                    |
| Operating expense, excluding<br>depreciation and amortization               | —          | 436.2                    | 309.4                        | —                            | 745.6                    |
| Rent                                                                        | —          | 247.9                    | 142.3                        | —                            | 390.2                    |
| General and administrative:<br>Merger, acquisition and transaction<br>costs | —          | 50.6                     | 1.1                          | —                            | 51.7                     |
| Other, excluding depreciation and<br>amortization                           | 1.5        | 48.8                     | 30.1                         | —                            | 80.4                     |
| Depreciation and amortization                                               | —          | 146.4                    | 112.2                        | —                            | 258.6                    |
| Operating costs and expenses                                                | 1.5        | 1,514.2                  | 932.1                        | —                            | 2,447.8                  |
| Operating income (loss)                                                     | (1.5)      | 17.3                     | 20.1                         | —                            | 35.9                     |
| Other expense (income):                                                     |            |                          |                              |                              |                          |
| Equity in net (earnings) loss of<br>subsidiaries                            | 161.0      | (1.9)                    | —                            | (159.1)                      | —                        |
| Other income                                                                | —          | (1.2)                    | (0.3)                        | —                            | (1.5)                    |
| Interest expense:                                                           |            |                          |                              |                              |                          |
| Corporate borrowings                                                        | 109.8      | 109.4                    | 1.1                          | (109.4)                      | 110.9                    |
| Capital and financing lease<br>obligations                                  | —          | 4.0                      | 17.1                         | —                            | 21.1                     |
| Equity in (earnings) loss of<br>non-consolidated entities                   | —          | 197.4                    | (0.1)                        | —                            | 197.3                    |
| Investment (income) expense                                                 | (104.2)    | (10.3)                   | 0.1                          | 109.4                        | (5.0)                    |
| Total other expense                                                         | 166.6      | 297.4                    | 17.9                         | (159.1)                      | 322.8                    |
| Earnings (loss) before income taxes                                         | (168.1)    | (280.1)                  | 2.2                          | 159.1                        | (286.9)                  |
| Income tax provision (benefit)                                              | —          | (119.1)                  | 0.3                          | —                            | (118.8)                  |
| Net earnings (loss)                                                         | \$ (168.1) | \$ (161.0)               | \$ 1.9                       | \$ 159.1                     | \$ (168.1)               |



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## Consolidating Statement of Comprehensive Loss

Three Months Ended June 30, 2018:

| (In millions)                                                                                 | Holdings  | Subsidiary<br>Guarantors | Subsidiary<br>Non-Guarantors | Consolidating<br>Adjustments | Consolidated<br>Holdings |
|-----------------------------------------------------------------------------------------------|-----------|--------------------------|------------------------------|------------------------------|--------------------------|
| Net earnings (loss)                                                                           | \$ 22.2   | \$ 26.5                  | \$ (7.2)                     | \$ (19.3)                    | \$ 22.2                  |
| Other comprehensive income (loss)                                                             |           |                          |                              |                              |                          |
| Equity in other comprehensive income (loss) of subsidiaries                                   | (107.2)   | (86.0)                   | —                            | 193.2                        | —                        |
| Unrealized foreign currency translation adjustment, net of tax                                | —         | (22.0)                   | (85.6)                       | —                            | (107.6)                  |
| Realized loss on foreign currency transactions, net of tax                                    | —         | 1.0                      | —                            | —                            | 1.0                      |
| Pension and other benefit adjustments:                                                        |           |                          |                              |                              |                          |
| Net loss arising during the period, net of tax                                                | —         | —                        | (0.4)                        | —                            | (0.4)                    |
| Equity method investees' cash flow hedge:                                                     |           |                          |                              |                              |                          |
| Realized net gain reclassified to equity in earnings of non-consolidated entities, net of tax | —         | (0.2)                    | —                            | —                            | (0.2)                    |
| Other comprehensive loss                                                                      | (107.2)   | (107.2)                  | (86.0)                       | 193.2                        | (107.2)                  |
| Total comprehensive loss                                                                      | \$ (85.0) | \$ (80.7)                | \$ (93.2)                    | \$ 173.9                     | \$ (85.0)                |

## Consolidating Statement of Comprehensive Income (Loss)

Three Months Ended June 30, 2017:

| (In millions)                                                  | Holdings   | Subsidiary<br>Guarantors | Subsidiary<br>Non-Guarantors | Consolidating<br>Adjustments | Consolidated<br>Holdings |
|----------------------------------------------------------------|------------|--------------------------|------------------------------|------------------------------|--------------------------|
| Net loss                                                       | \$ (176.5) | \$ (172.4)               | \$ (35.5)                    | \$ 207.9                     | \$ (176.5)               |
| Other comprehensive income (loss)                              |            |                          |                              |                              |                          |
| Equity in other comprehensive income (loss) of subsidiaries    | 76.5       | 76.6                     | —                            | (153.1)                      | —                        |
| Unrealized foreign currency translation adjustment, net of tax | —          | —                        | 77.1                         | —                            | 77.1                     |
| Pension and other benefit adjustments:                         |            |                          |                              |                              |                          |

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|                                                                                               |            |           |         |         |            |
|-----------------------------------------------------------------------------------------------|------------|-----------|---------|---------|------------|
| Net loss arising during period, net of tax                                                    | —          | (0.1)     | (0.5)   | —       | (0.6)      |
| Marketable securities:                                                                        |            |           |         |         |            |
| Unrealized holding gain arising during the period, net of tax                                 | —          | 0.1       | —       | —       | 0.1        |
| Realized net gain reclassified to net investment income, net of tax                           | —          | (0.1)     | —       | —       | (0.1)      |
| Equity method investees' cash flow hedge:                                                     |            |           |         |         |            |
| Unrealized net holding (loss) gain arising during the period, net of tax                      | —          | (0.1)     | —       | —       | (0.1)      |
| Realized net loss reclassified to equity in earnings of non-consolidated entities, net of tax | —          | 0.1       | —       | —       | 0.1        |
| Other comprehensive income                                                                    | 76.5       | 76.5      | 76.6    | (153.1) | 76.5       |
| Total comprehensive income (loss)                                                             | \$ (100.0) | \$ (95.9) | \$ 41.1 | \$ 54.8 | \$ (100.0) |

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## Consolidating Statement of Comprehensive Loss

Six Months Ended June 30, 2018:

| (In millions)                                                                                 | Holdings  | Subsidiary<br>Guarantors | Subsidiary<br>Non-Guarantors | Consolidating<br>Adjustments | Consolidated<br>Holdings |
|-----------------------------------------------------------------------------------------------|-----------|--------------------------|------------------------------|------------------------------|--------------------------|
| Net earnings                                                                                  | \$ 39.9   | \$ 47.8                  | \$ 16.1                      | \$ (63.9)                    | \$ 39.9                  |
| Other comprehensive income (loss)                                                             |           |                          |                              |                              |                          |
| Equity in other comprehensive income (loss) of subsidiaries                                   | (96.5)    | (70.0)                   | —                            | 166.5                        | —                        |
| Unrealized foreign currency translation adjustment, net of tax                                | —         | (27.4)                   | (68.5)                       | —                            | (95.9)                   |
| Realized loss on foreign currency transactions, net of tax                                    | —         | 1.0                      | —                            | —                            | 1.0                      |
| Pension and other benefit adjustments:                                                        |           |                          |                              |                              |                          |
| Net loss arising during the period, net of tax                                                | —         | —                        | (1.5)                        | —                            | (1.5)                    |
| Equity method investees' cash flow hedge:                                                     |           |                          |                              |                              |                          |
| Unrealized net holding (loss) gain arising during the period, net of tax                      | —         | 0.2                      | —                            | —                            | 0.2                      |
| Realized net gain reclassified to equity in earnings of non-consolidated entities, net of tax | —         | (0.3)                    | —                            | —                            | (0.3)                    |
| Other comprehensive loss                                                                      | (96.5)    | (96.5)                   | (70.0)                       | 166.5                        | (96.5)                   |
| Total comprehensive loss                                                                      | \$ (56.6) | \$ (48.7)                | \$ (53.9)                    | \$ 102.6                     | \$ (56.6)                |

## Consolidating Statement of Comprehensive Income (Loss)

Six Months Ended June 30, 2017:

| (In millions)                                                  | Holdings   | Subsidiary<br>Guarantors | Subsidiary<br>Non-Guarantors | Consolidating<br>Adjustments | Consolidated<br>Holdings |
|----------------------------------------------------------------|------------|--------------------------|------------------------------|------------------------------|--------------------------|
| Net earnings (loss)                                            | \$ (168.1) | \$ (161.0)               | \$ 1.9                       | \$ 159.1                     | \$ (168.1)               |
| Other comprehensive income (loss)                              |            |                          |                              |                              |                          |
| Equity in other comprehensive income (loss) of subsidiaries    | 74.6       | 74.4                     | —                            | (149.0)                      | —                        |
| Unrealized foreign currency translation adjustment, net of tax | —          | —                        | 74.9                         | —                            | 74.9                     |

Pension and other benefit  
adjustments:

|                                                                                                     |           |           |         |         |           |
|-----------------------------------------------------------------------------------------------------|-----------|-----------|---------|---------|-----------|
| Net loss arising during the period,<br>net of tax                                                   | —         | —         | (0.5)   | —       | (0.5)     |
| Marketable securities:                                                                              |           |           |         |         |           |
| Unrealized net holding gain arising<br>during the period, net of tax                                | —         | 0.3       | —       | —       | 0.3       |
| Realized net gain reclassified into<br>net investment income, net of tax                            | —         | (0.1)     | —       | —       | (0.1)     |
| Equity method investees' cash flow<br>hedge:                                                        |           |           |         |         |           |
| Unrealized net holding loss arising<br>during the period, net of tax                                | —         | (0.1)     | —       | —       | (0.1)     |
| Realized net loss reclassified to<br>equity in earnings of<br>non-consolidated entities, net of tax | —         | 0.1       | —       | —       | 0.1       |
| Other comprehensive income                                                                          | 74.6      | 74.6      | 74.4    | (149.0) | 74.6      |
| Total comprehensive income (loss)                                                                   | \$ (93.5) | \$ (86.4) | \$ 76.3 | \$ 10.1 | \$ (93.5) |

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## Consolidating Balance Sheet

As of June 30, 2018:

| (In millions)                                                                                | Holdings   | Subsidiary<br>Guarantors | Subsidiary<br>Non-Guarantors | Consolidating<br>Adjustments | Consolidated<br>Holdings |
|----------------------------------------------------------------------------------------------|------------|--------------------------|------------------------------|------------------------------|--------------------------|
| Assets                                                                                       |            |                          |                              |                              |                          |
| Current assets:                                                                              |            |                          |                              |                              |                          |
| Cash and cash equivalents                                                                    | \$ 60.5    | \$ 135.8                 | \$ 120.1                     | \$ —                         | \$ 316.4                 |
| Restricted cash                                                                              | —          | —                        | 11.0                         | —                            | 11.0                     |
| Receivables, net                                                                             | (0.4)      | 107.2                    | 73.2                         | (0.9)                        | 179.1                    |
| Assets held for sale                                                                         | —          | 130.5                    | —                            | —                            | 130.5                    |
| Other current assets                                                                         | —          | 121.2                    | 82.7                         | —                            | 203.9                    |
| Total current assets                                                                         | 60.1       | 494.7                    | 287.0                        | (0.9)                        | 840.9                    |
| Investment in equity of<br>subsidiaries                                                      | 804.1      | 1,462.0                  | —                            | (2,266.1)                    | —                        |
| Property, net                                                                                | —          | 1,562.1                  | 1,466.0                      | —                            | 3,028.1                  |
| Intangible assets, net                                                                       | —          | 214.2                    | 151.1                        | —                            | 365.3                    |
| Intercompany advances                                                                        | 5,341.3    | (3,408.4)                | (1,932.9)                    | —                            | —                        |
| Goodwill                                                                                     | (2.1)      | 2,422.1                  | 2,410.7                      | —                            | 4,830.7                  |
| Deferred tax asset, net                                                                      | —          | —                        | 96.9                         | (68.7)                       | 28.2                     |
| Other long-term assets                                                                       | 4.9        | 284.8                    | 148.9                        | —                            | 438.6                    |
| Total assets                                                                                 | \$ 6,208.3 | \$ 3,031.5               | \$ 2,627.7                   | \$ (2,335.7)                 | \$ 9,531.8               |
| Liabilities and Stockholders'<br>Equity                                                      |            |                          |                              |                              |                          |
| Current liabilities:                                                                         |            |                          |                              |                              |                          |
| Accounts payable                                                                             | \$ —       | \$ 380.3                 | \$ 156.4                     | \$ (0.9)                     | \$ 535.8                 |
| Accrued expenses and other<br>liabilities                                                    | 23.0       | 167.0                    | 122.2                        | —                            | 312.2                    |
| Deferred revenues and income                                                                 | —          | 228.4                    | 82.8                         | —                            | 311.2                    |
| Current maturities of corporate<br>borrowings and capital and<br>financing lease obligations | 13.8       | 11.4                     | 59.0                         | —                            | 84.2                     |
| Total current liabilities                                                                    | 36.8       | 787.1                    | 420.4                        | (0.9)                        | 1,243.4                  |
| Corporate borrowings                                                                         | 4,201.2    | 1.4                      | —                            | —                            | 4,202.6                  |
| Capital and financing lease<br>obligations                                                   | —          | 68.7                     | 468.1                        | —                            | 536.8                    |
| Exhibitor services agreement                                                                 | —          | 571.4                    | —                            | —                            | 571.4                    |
| Deferred tax liability, net                                                                  | —          | 85.3                     | 27.7                         | (68.7)                       | 44.3                     |
| Other long-term liabilities                                                                  | —          | 713.5                    | 249.5                        | —                            | 963.0                    |
| Total liabilities                                                                            | 4,238.0    | 2,227.4                  | 1,165.7                      | (69.6)                       | 7,561.5                  |
| Temporary equity                                                                             | 0.4        | —                        | —                            | —                            | 0.4                      |
| Stockholders' equity                                                                         | 1,969.9    | 804.1                    | 1,462.0                      | (2,266.1)                    | 1,969.9                  |
| Total liabilities and<br>stockholders' equity                                                | \$ 6,208.3 | \$ 3,031.5               | \$ 2,627.7                   | \$ (2,335.7)                 | \$ 9,531.8               |



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## Consolidating Balance Sheet

As of December 31, 2017:

| (In millions)                                                                                | Holdings   | Subsidiary<br>Guarantors | Subsidiary<br>Non-Guarantors | Consolidating<br>Adjustments | Consolidated<br>Holdings |
|----------------------------------------------------------------------------------------------|------------|--------------------------|------------------------------|------------------------------|--------------------------|
| Assets                                                                                       |            |                          |                              |                              |                          |
| Current assets:                                                                              |            |                          |                              |                              |                          |
| Cash and cash equivalents                                                                    | \$ 1.1     | \$ 85.0                  | \$ 223.9                     | \$ —                         | \$ 310.0                 |
| Restricted cash                                                                              | —          | —                        | 8.3                          | —                            | 8.3                      |
| Receivables, net                                                                             | 0.4        | 186.4                    | 84.7                         | —                            | 271.5                    |
| Assets held for sale                                                                         | —          | 80.0                     | —                            | —                            | 80.0                     |
| Other current assets                                                                         | —          | 118.0                    | 84.6                         | —                            | 202.6                    |
| Total current assets                                                                         | 1.5        | 469.4                    | 401.5                        | —                            | 872.4                    |
| Investment in equity of<br>subsidiaries                                                      | 2,450.6    | 1,513.4                  | —                            | (3,964.0)                    | —                        |
| Property, net                                                                                | —          | 1,591.1                  | 1,525.4                      | —                            | 3,116.5                  |
| Intangible assets, net                                                                       | —          | 218.9                    | 161.6                        | —                            | 380.5                    |
| Intercompany advances                                                                        | 3,914.1    | (1,893.3)                | (2,020.8)                    | —                            | —                        |
| Goodwill                                                                                     | (2.1)      | 2,422.1                  | 2,511.7                      | —                            | 4,931.7                  |
| Deferred tax asset, net                                                                      | —          | —                        | 97.6                         | (68.7)                       | 28.9                     |
| Other long-term assets                                                                       | 5.8        | 326.5                    | 143.6                        | —                            | 475.9                    |
| Total assets                                                                                 | \$ 6,369.9 | \$ 4,648.1               | \$ 2,820.6                   | \$ (4,032.7)                 | \$ 9,805.9               |
| Liabilities and Stockholders'<br>Equity                                                      |            |                          |                              |                              |                          |
| Current liabilities:                                                                         |            |                          |                              |                              |                          |
| Accounts payable                                                                             | \$ —       | \$ 373.7                 | \$ 195.9                     | \$ —                         | \$ 569.6                 |
| Accrued expenses and other<br>liabilities                                                    | 24.2       | 165.3                    | 161.6                        | —                            | 351.1                    |
| Deferred revenues and income                                                                 | —          | 270.8                    | 130.2                        | —                            | 401.0                    |
| Current maturities of corporate<br>borrowings and capital and<br>financing lease obligations | 13.8       | 11.8                     | 62.1                         | —                            | 87.7                     |
| Total current liabilities                                                                    | 38.0       | 821.6                    | 549.8                        | —                            | 1,409.4                  |
| Corporate borrowings                                                                         | 4,218.7    | 1.4                      | —                            | —                            | 4,220.1                  |
| Capital and financing lease<br>obligations                                                   | —          | 73.5                     | 505.4                        | —                            | 578.9                    |
| Exhibitor services agreement                                                                 | —          | 530.9                    | —                            | —                            | 530.9                    |
| Deferred tax liability, net                                                                  | —          | 85.3                     | 33.0                         | (68.7)                       | 49.6                     |
| Other long-term liabilities                                                                  | —          | 684.8                    | 219.0                        | —                            | 903.8                    |
| Total liabilities                                                                            | 4,256.7    | 2,197.5                  | 1,307.2                      | (68.7)                       | 7,692.7                  |
| Temporary equity                                                                             | 0.8        | —                        | —                            | —                            | 0.8                      |
| Stockholders' equity                                                                         | 2,112.4    | 2,450.6                  | 1,513.4                      | (3,964.0)                    | 2,112.4                  |
| Total liabilities and<br>stockholders' equity                                                | \$ 6,369.9 | \$ 4,648.1               | \$ 2,820.6                   | \$ (4,032.7)                 | \$ 9,805.9               |



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## Consolidating Statement of Cash Flows

Six Months Ended June 30, 2018:

| (In millions)                                                                       | Holdings | Subsidiary<br>Guarantors | Subsidiary<br>Non-Guarantors | Consolidating<br>Adjustments | Consolidated<br>Holdings |
|-------------------------------------------------------------------------------------|----------|--------------------------|------------------------------|------------------------------|--------------------------|
| Cash flows from operating activities:                                               |          |                          |                              |                              |                          |
| Net cash provided by operating activities                                           | \$ 10.7  | \$ 211.6                 | \$ 74.8                      | \$ —                         | \$ 297.1                 |
| Cash flows from investing activities:                                               |          |                          |                              |                              |                          |
| Capital expenditures                                                                | —        | (128.7)                  | (112.4)                      | —                            | (241.1)                  |
| Proceeds from sale leaseback transactions                                           | —        | 50.1                     | —                            | —                            | 50.1                     |
| Proceeds from disposition of NCM, Inc.<br>shares                                    | —        | 7.1                      | —                            | —                            | 7.1                      |
| Proceeds from disposition of long-term<br>assets                                    | —        | 4.3                      | 9.2                          | —                            | 13.5                     |
| Investments in non-consolidated entities,<br>net                                    | —        | (10.7)                   | —                            | —                            | (10.7)                   |
| Other, net                                                                          | —        | (2.0)                    | 1.6                          | —                            | (0.4)                    |
| Net cash used in investing activities                                               | —        | (79.9)                   | (101.6)                      | —                            | (181.5)                  |
| Cash flows from financing activities:                                               |          |                          |                              |                              |                          |
| Principal payments under Term Loan                                                  | (6.9)    | —                        | —                            | —                            | (6.9)                    |
| Principal payments under capital and<br>financing lease obligations                 | —        | (5.1)                    | (30.8)                       | —                            | (35.9)                   |
| Cash used to pay deferred financing costs                                           | (2.2)    | —                        | —                            | —                            | (2.2)                    |
| Cash used to pay dividends                                                          | (51.4)   | —                        | —                            | —                            | (51.4)                   |
| Taxes paid for restricted unit withholdings                                         | (1.7)    | —                        | —                            | —                            | (1.7)                    |
| Purchase of treasury stock                                                          | (19.8)   | —                        | —                            | —                            | (19.8)                   |
| Change in intercompany advances                                                     | 145.4    | (101.7)                  | (43.7)                       | —                            | —                        |
| Net cash provided by (used in) financing<br>activities                              | 63.4     | (106.8)                  | (74.5)                       | —                            | (117.9)                  |
| Effect of exchange rate changes on cash<br>and cash equivalents and restricted cash | (14.7)   | 25.9                     | 0.2                          | —                            | 11.4                     |
| Net increase (decrease) in cash and cash<br>equivalents and restricted cash         | 59.4     | 50.8                     | (101.1)                      | —                            | 9.1                      |
| Cash and cash equivalents and restricted<br>cash at beginning of period             | 1.1      | 85.0                     | 232.2                        | —                            | 318.3                    |
| Cash and cash equivalents and restricted<br>cash at end of period                   | \$ 60.5  | \$ 135.8                 | \$ 131.1                     | \$ —                         | \$ 327.4                 |

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## Consolidating Statement of Cash Flows

Six Months Ended June 30, 2017:

| (In millions)                                                             | Holdings | Subsidiary<br>Guarantors | Subsidiary<br>Non-Guarantors | Consolidating<br>Adjustments | Consolidated<br>Holdings |
|---------------------------------------------------------------------------|----------|--------------------------|------------------------------|------------------------------|--------------------------|
| Cash flows from operating activities:                                     |          |                          |                              |                              |                          |
| Net cash provided by operating activities                                 | \$ 14.4  | \$ 24.6                  | \$ 79.4                      | \$ —                         | \$ 118.4                 |
| Cash flows from investing activities:                                     |          |                          |                              |                              |                          |
| Capital expenditures                                                      | —        | (217.0)                  | (101.0)                      | —                            | (318.0)                  |
| Acquisition of Nordic, net of cash and restricted cash acquired           | —        | (654.9)                  | 77.3                         | —                            | (577.6)                  |
| Acquisition of Carmike, net of cash and restricted cash acquired          | —        | —                        | 0.1                          | —                            | 0.1                      |
| Proceeds from disposition of long-term assets                             | —        | 9.0                      | 13.4                         | —                            | 22.4                     |
| Investments in non-consolidated entities, net                             | —        | (0.9)                    | 1.6                          | —                            | 0.7                      |
| Other, net                                                                | —        | (2.0)                    | (0.8)                        | —                            | (2.8)                    |
| Net cash used in investing activities                                     | —        | (865.8)                  | (9.4)                        | —                            | (875.2)                  |
| Cash flows from financing activities:                                     |          |                          |                              |                              |                          |
| Proceeds from the issuance of Senior Subordinated Sterling Notes due 2024 | 327.8    | —                        | —                            | —                            | 327.8                    |
| Proceeds from the issuance of Senior Subordinated Notes due 2027          | 475.0    | —                        | —                            | —                            | 475.0                    |
| Payment of Nordic SEK Term Loan                                           | (144.4)  | —                        | —                            | —                            | (144.4)                  |
| Payment of Nordic EUR Term Loan                                           | (169.5)  | —                        | —                            | —                            | (169.5)                  |
| Net proceeds from equity offering                                         | 616.8    | —                        | —                            | —                            | 616.8                    |
| Net borrowings under Revolving Credit Facility                            | 50.0     | —                        | —                            | —                            | 50.0                     |
| Principal payment of Bridge Loan due 2017                                 | (350.0)  | —                        | —                            | —                            | (350.0)                  |
| Principal payments under Term Loan                                        | (5.7)    | —                        | —                            | —                            | (5.7)                    |
| Principal payments under capital and financing lease obligations          | —        | (4.6)                    | (32.2)                       | —                            | (36.8)                   |
| Cash used to pay deferred financing costs                                 | (29.5)   | —                        | —                            | —                            | (29.5)                   |
| Cash used to pay dividends                                                | (52.5)   | —                        | —                            | —                            | (52.5)                   |
| Taxes paid for restricted unit withholdings                               | (6.5)    | —                        | —                            | —                            | (6.5)                    |
| Change in intercompany advances                                           | (759.7)  | 818.6                    | (58.9)                       | —                            | —                        |
| Net cash provided by (used in) financing activities                       | (48.2)   | 814.0                    | (91.1)                       | —                            | 674.7                    |
| Effect of exchange rate changes on cash and cash equivalents and          | 31.7     | (27.8)                   | 7.9                          | —                            | 11.8                     |

restricted cash

|                                                                      |        |         |          |      |          |
|----------------------------------------------------------------------|--------|---------|----------|------|----------|
| Net decrease in cash and cash equivalents and restricted cash        | (2.1)  | (55.0)  | (13.2)   | —    | (70.3)   |
| Cash and cash equivalents and restricted cash at beginning of period | 3.0    | 94.7    | 132.5    | —    | 230.2    |
| Cash and cash equivalents and restricted cash at end of period       | \$ 0.9 | \$ 39.7 | \$ 119.3 | \$ — | \$ 159.9 |

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

In addition to historical information, this Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "may," "will," "forecast," "estimate," "project," "intend," "plan," "expect," "should," "believe" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Similarly, certain statements made herein and elsewhere regarding our recent acquisitions are also forward-looking statements, including statements regarding the expected benefits of the acquisition on our future business, operations and financial performance and our ability to successfully integrate the recently acquired businesses. These forward-looking statements are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors, including those discussed in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the following:

- risks relating to motion picture production and performance;
- our lack of control over distributors of films;
- intense competition in the geographic areas in which we operate;
- increased use of alternative film delivery methods or other forms of entertainment;
- shrinking exclusive theatrical release windows;
- general and international economic, political, social and financial market conditions and other risks including the effects of the exit of the United Kingdom from the European Union;
- risks and uncertainties relating to our significant indebtedness;
-

limitations on the availability of capital may prevent us from deploying strategic initiatives and continue our share repurchase program;

- certain covenants in the agreements that govern our indebtedness may limit our ability to take advantage of certain business opportunities;
- our ability to achieve expected synergies, benefits and performance from our recent strategic theatre acquisitions and strategic initiatives;
- our ability to refinance our indebtedness on terms favorable to us;
- optimizing our theatre circuit through new construction and the transformation of our existing theatres may be subject to delay and unanticipated costs;
- failures, unavailability or security breaches of our information systems;
- risks relating to impairment losses, including with respect to goodwill and other intangibles, and theatre and other closure charges;
- our ability to utilize net operating loss carryforwards to reduce our future tax liability or valuation allowances taken with respect to deferred tax assets;

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- review by antitrust authorities in connection with acquisition opportunities;
- risks relating to unexpected costs or unknown liabilities relating to recently completed acquisitions;
- risks relating to the incurrence of legal liability, including costs associated with recently filed securities class action lawsuits;
- dependence on key personnel for current and future performance and our ability to attract and retain senior executives and other key personnel, including in connection with any future acquisitions;
- risks of poor financial results may prevent us from deploying strategic initiatives;
- operating a business in international markets AMC is unfamiliar with, including acceptance by movie-goers of AMC initiatives that are new to those markets;
- increased costs in order to comply or resulting from failure to comply with governmental regulation, including the General Data Protection Regulation (“GDPR”) and the impact of governmental investigations concerning potentially anticompetitive conduct, including film clearances and partnering with other major exhibitors in joint ventures; and
  - we may not generate sufficient cash flows or have sufficient restricted payment capacity under our Senior Secured Credit Facility or the indentures governing our debt securities to pay our intended dividends on our Class A and Class B common stock.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative but not exhaustive. In addition, new risks and uncertainties may arise from time to time. Accordingly, all forward-looking statements should be evaluated with an understanding of their inherent uncertainty.

Readers are urged to consider these factors carefully in evaluating the forward-looking statements. For further information about these and other risks and uncertainties as well as strategic initiatives, see Item 1A. “Risk Factors” and Item 1. “Business” in our Annual Report on Form 10-K for the year ended December 31, 2017 and our other public filings.

All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included herein are made only as of the date of this Quarterly Report on Form 10-Q, and we do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

## Overview

AMC is the world's largest theatrical exhibition company and an industry leader in innovation and operational excellence. We operate theatres in 15 countries and are the market leader in nine of those. In the United States, AMC has the No. 1 or No. 2 market share in the top three markets, New York, Los Angeles and Chicago.

Our theatrical exhibition revenues are generated primarily from box office admissions and theatre food and beverage sales. The balance of our revenues are generated from ancillary sources, including on-screen advertising, fees earned from our AMC Stubs® customer frequency membership program, rental of theatre auditoriums, income from gift card and exchange ticket sales, on-line ticketing fees and arcade games located in theatre lobbies. As of June 30, 2018, we owned, operated or had interests in 1,005 theatres and 10,988 screens.

## Film Content

Box office admissions are our largest source of revenue. We predominantly license "first-run" films from distributors owned by major film production companies and from independent distributors on a film-by-film and theatre-by-theatre basis. Film exhibition costs are accrued based on the applicable admissions revenues and estimates of the final settlement pursuant to our film licenses. Licenses that we enter into typically state that rental fees are based on aggregate

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terms established prior to the opening of the picture. In certain circumstances and less frequently, our rental fees are based on a mutually agreed settlement upon the conclusion of the picture. Under an aggregate terms formula, we pay the distributor a specified percentage of box office gross or pay based on a scale of percentages tied to different amounts of box office gross. The settlement process allows for negotiation based upon how a film actually performs.

During the 2017 calendar year, films licensed from our seven largest distributors based on revenues accounted for approximately 88% of our U.S. admissions revenues. In Europe, approximately 77% of our box office revenue came from films attributed to our six largest distributors. Our revenues attributable to individual distributors may vary significantly from year to year depending upon the commercial success of each distributor's films in any given year.

Our revenues are dependent upon the timing and popularity of film releases by distributors. The most marketable films have historically been released during the summer and the calendar year-end holiday seasons. Our results of operations may vary significantly from quarter to quarter and from year to year based on the timing on popularity of film releases.

## AMC Movie Screens

During the six months ended June 30, 2018, we opened four new theatres with a total of 40 screens, acquired three theatres with 31 screens, permanently closed 134 screens, temporarily closed 274 screens and reopened 156 screens to implement our strategy to install consumer experience upgrades.

As of June 30, 2018, we had 5,428 3D enabled screens, including 212 IMAX®, and 101 Premium Large Format ("PLF") screens; approximately 49% of our screens were 3D enabled screens, including IMAX® 3D enabled screens, and approximately 2% of our screens were IMAX® 3D enabled screens. The following table identifies the upgrades to our theatre circuit during the periods indicated:

| Format                 | Number of<br>Screens As of<br>June 30, 2018 | Number of<br>Screens As of<br>December 31, 2017 |
|------------------------|---------------------------------------------|-------------------------------------------------|
| Digital                | 10,988                                      | 11,169                                          |
| 3D enabled             | 5,428                                       | 5,471                                           |
| IMAX® (3D enabled)     | 212                                         | 209                                             |
| Dolby Cinema™ at AMC   | 106                                         | 89                                              |
| Other PLF (3D enabled) | 101                                         | 99                                              |
| Dine-in theatres       | 441                                         | 430                                             |
| Premium seating        | 2,862                                       | 2,631                                           |

IMAX®. IMAX® is one of the world's leading entertainment technology companies, specializing in motion picture technologies and presentations. IMAX® offers a unique end-to-end cinematic solution combining proprietary software, theater architecture and equipment to create the highest-quality, most immersive motion picture experience for which the IMAX® brand has become known globally. Top filmmakers and studios utilize IMAX® theaters to connect with audiences in innovative ways, and as such, IMAX®'s theater network is among the most important and successful theatrical distribution platforms for major event films around the world.

As of June 30, 2018, AMC is the largest IMAX® exhibitor in the U.S. with a 51% market share, and each of our IMAX® local installations is protected by geographic exclusivity. As of June 30, 2018, our IMAX® screen count is 98% greater than our closest competitor. We believe that we have had considerable success with our IMAX® partnership.

Dolby Cinema™ at AMC. In May 2015, we partnered with Dolby Laboratories, Inc. to unveil a premium cinema offering for movie-goers that combined state-of-the-art image and sound technologies with inspired theatre design and comfort. Dolby Cinema™ at AMC includes Dolby Vision™ laser projection and object oriented Dolby Atmos® audio technology, as well as AMC's plush power reclining seats with seat transducers that vibrate with the action on screen.

As of June 30, 2018, we have 106 fully operational Dolby Cinema™ at AMC screens in the U.S. In August 2016, we announced the acceleration of our Dolby Cinema™ at AMC deployment. We expect to have 128 Dolby Cinema™ at AMC screens operational by the end of 2018.

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Prime at AMC. We believe there is considerable opportunity to add a private label PLF format in many of our locations, with superior sight and sound technology and enhanced seating as contrasted with our traditional auditoriums. This proprietary PLF auditorium offers an enhanced theatrical experience for movie-goers beyond our current core theatres, at a lower price premium when higher prices for IMAX® and/or Dolby Cinema™ at AMC might not be feasible. Therefore, it may be especially relevant in smaller or more price sensitive markets.

Technical innovation has allowed us to enhance the consumer experience through premium formats such as 3D, IMAX®, and other large screen formats. When combined with our major markets' customer base, the operating flexibility of digital technology enhances our programming flexibility. This enables us to achieve higher capacity utilization and ticket prices for premium formats, as well as provide incremental revenue from the exhibition of alternative content. Within each of our major markets, we are able to charge a premium for these services relative to our smaller markets. We intend to continue to broaden our content offerings and enhance the customer experience in operating IMAX® screens and through the installation of additional Dolby Cinema™ at AMC screens, our PLF screen concepts, and the presentation of attractive alternative content.

## Guest Amenities

We continually upgrade the quality of our theatre circuit through substantial renovations featuring our seating concepts, acquisitions, new builds (including expansions), expansion of food and beverage offerings (including dine-in theatres), and by disposing of older screens through closures and sales. We believe we are an industry leader in the development and operation of theatres. Typically, our theatres have 12 or more screens and offer amenities to enhance the movie-going experience, such as stadium seating providing unobstructed viewing, digital sound and premium seat design.

Recliner seating is the key feature of theatre renovations. We believe that maximizing comfort and convenience for our customers will be increasingly necessary to maintain and improve our relevance. These renovations, in conjunction with capital contributions from our landlords, involve stripping theatres to their basic structure in order to replace finishes throughout, upgrade the sight and sound experience, install modernized points of sale and, most importantly, replace traditional theatre seats with plush, electric recliners that allow customers to deploy a leg rest and fully recline at the push of a button. The renovation process typically involves losing up to two-thirds of a given auditorium's seating capacity. For an industry historically focused on quantity, this reduction in seating capacity could be viewed as counter-intuitive and harmful to revenues. However, the quality improvement in the customer experience is driving a 48% increase in attendance on average at these locations in their first-year post renovation. Our customers have responded favorably to the significant personal space gains from ample row depths, ability to recline or stretch their legs, extra-wide pillowed chaise and oversized armrests. The resealed theatres attract more midweek audiences than normal theatres and tend to draw more adults who pay higher ticket prices than teens or young children. We typically do not change ticket prices in the first year after construction, however, in subsequent years we typically increase our ticket prices at our resealed theatres by amounts well in excess of price adjustments for our non-renovated theatres.

As of June 30, 2018, we now feature recliner seating in approximately 295 theatres, including Dine-in-Theatres, totaling approximately 2,862 screens. By the end of 2018, we expect to convert an additional 421 screens to recliner seating.

Rebalancing of the new supply-demand relationship created by recliner seating presents us two further opportunities to improve customer convenience and maximize operating results: open-source internet ticketing and reserved seating.

Open-source internet ticketing makes our AMC seats (over 1.1 million) in all our U.S. theatres and auditoriums, for all our showtimes, widely available on as many websites as possible. This is a significant departure from the years prior to 2012, when tickets to any one of our theatres were only available on one website. Our tickets are currently on sale over the internet, directly or through mobile apps, at our own website and app, Fandango, Movietickets.com, Flixster, and Atom Tickets. We believe increased online access is important because it captures customers' purchase intent more immediately and directly than if we wait for their arrival at the theatre box office to make a purchase. Carefully monitoring internet pre-sales also lets us adjust capacity in real time, moving movies that are poised to over perform to larger capacity auditoriums or adding additional auditoriums, thereby maximizing yield.

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Food and beverage sales are our second largest source of revenue after box office admissions. Food and beverage items traditionally include popcorn, soft drinks, candy and hot dogs. Different varieties of food and beverage items are offered at our theatres based on preferences in the particular geographic region. Our traditional food and beverage strategy emphasizes prominent and appealing food and beverage offerings designed for rapid service and efficiency, including a customer friendly self-serve experience. We design our theatres to have more food and beverage capacity to make it easier to serve larger numbers of customers. Strategic placement of large food and beverage operations within theatres increases their visibility, aids in reducing the length of lines, allows flexibility to introduce new concepts and improves traffic flow around the food and beverage stands.

To address recent consumer trends, we are expanding our menu of enhanced food and beverage products to include made-to-order drinks and meals, customized coffee, healthy snacks, premium beers, wine and mixed drinks, flatbread pizzas, more varieties of hot dogs, four flavors of popcorn and other menu items. We plan to invest across a spectrum of enhanced food and beverage formats, ranging from simple, less capital-intensive food and beverage design improvements to the development of new dine-in theatre options. The costs of these conversions in some cases are partially covered by investments from the theatre landlord. We currently operate 30 Dine-In Theatres that deliver chef-inspired menus with seat-side or delivery service to luxury recliners with tables. Our recent Dine-In Theatre concepts are designed to capitalize on the latest food service trend, the fast casual eating experience.

Coca Cola Freestyle® puts customers in charge with over 100 drink flavor options in a technologically advanced compact footprint. Our operational excellence and history of innovation rewarded us with first-mover advantage on this new technology, which, as of June 30, 2018, was deployed in substantially all of our AMC theatres.

## AMC Stubs®

AMC Stubs® is a customer loyalty program for our U.S. markets which allows members to earn rewards, receive discounts and participate in exclusive members-only offerings and services. It features both a traditional paid tier called AMC Stubs Premiere™ and a new non-paid tier called AMC Stubs Insider™. Both programs reward loyal guests for their patronage of AMC Theatres. The AMC Stubs Insider™ tier rewards guests for simply coming to the movies and benefits include free refills on certain food items, discount ticket offers, a birthday gift and 20 reward points earned for every dollar spent. For a \$15 annual membership fee, AMC Stubs Premiere™ members enjoy express service with specially marked shorter lines at the box office and concession stand, free size upgrades on certain food and beverage items, discount ticket offers, a birthday gift, discounted online ticketing fees and 100 points for every dollar spent. Some of the rewards earned are redeemable on future purchases at AMC locations.

On June 20, 2018, we announced the launch of AMC Stubs® A-List, a new VIP tier of our AMC Stubs® loyalty program for \$19.95 per month. This program will offer guests the very best of AMC up to three times per week including multiple movies per day and repeat visits to already seen movies. AMC Stubs® A-List also includes premium offerings including IMAX®, Dolby Cinema™ at AMC, RealD, Prime and BigD. AMC Stubs® A-List members can book tickets on-line in advance, and select specific seats at AMC Theatres with reserved seating.

As of June 30, 2018, we had 15,279,000 member households in the AMC Stubs® program. AMC Stubs® members represented approximately 32% of AMC U.S. markets attendance during the three months ended June 30, 2018, driving an average 188% higher total gross revenue versus non-members. We believe movie-goers want to be recognized and rewarded for attending our theatres and as a result, our new AMC Stubs® program is designed to strengthen guest loyalty, attract new guests and drive additional return visits. Our much larger database of identified movie-goers also provides us with additional insight into our customers' movie preferences, and this enables us to have both a larger and a more targeted marketing effort to support our Hollywood studio partners.

The portion of the admissions and food and beverage revenues attributed to the rewards is deferred as a reduction of admissions and food and beverage revenues and is allocated between admissions and food and beverage revenues based on expected member redemptions.

Upon redemption, deferred rewards are recognized as revenues along with associated cost of goods. Prior to January 1, 2018, rewards for expired memberships were forfeited based upon specified periods of inactivity of the membership and recognized as admissions or food and beverage revenues. As of January 1, 2018, we changed our method for recognizing forfeited rewards from the remote method to the proportional method, where we estimate point breakage in assigning value to the points at the time of sale based on historical trends. The program's annual

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membership fee is allocated to the material rights for discounted or free products and services and is initially deferred, net of estimated refunds, and recognized as the rights are redeemed based on estimated utilization, over the one-year membership period in admissions, food and beverage, and other revenues. A portion of the revenues related to a material right are deferred as a virtual rewards performance obligation using the relative standalone selling price method and are recognized as the rights are redeemed or expire.

The following tables reflect AMC Stubs® activity during the three and six months ended June 30, 2018:

| (In millions)                                          | AMC Stubs® Revenue for<br>Three Months Ended June 30, 2018 |                     |                        |                                  |                       |                                                |
|--------------------------------------------------------|------------------------------------------------------------|---------------------|------------------------|----------------------------------|-----------------------|------------------------------------------------|
|                                                        | Deferred<br>Membership<br>Fees                             | Deferred<br>Rewards | Admissions<br>Revenues | Food and<br>Beverage<br>Revenues | Ticketing<br>Revenues | Other Theatre<br>Revenues<br>(Membership Fees) |
| Balance, March 31, 2018                                | \$ 16.2                                                    | \$ 24.8             |                        |                                  |                       |                                                |
| Membership fees received                               | 10.0                                                       | —                   | \$ —                   | \$ —                             | \$ —                  | \$ —                                           |
| Rewards accumulated, net of<br>expirations:            |                                                            |                     |                        |                                  |                       |                                                |
| Admissions                                             | —                                                          | 7.0                 | (7.0)                  | —                                | —                     | —                                              |
| Food and beverage                                      | —                                                          | 14.3                | —                      | (14.3)                           | —                     | —                                              |
| Rewards redeemed:                                      |                                                            |                     |                        |                                  |                       |                                                |
| Admissions                                             | —                                                          | (6.8)               | 6.8                    | —                                | —                     | —                                              |
| Food and beverage                                      | —                                                          | (11.9)              | —                      | 11.9                             | —                     | —                                              |
| Amortization of deferred revenue                       | (7.7)                                                      | —                   | 0.9                    | 1.8                              | 0.9                   | 4.1                                            |
| For the period ended or balance as<br>of June 30, 2018 | \$ 18.5                                                    | \$ 27.4             | \$ 0.7                 | \$ (0.6)                         | \$ 0.9                | \$ 4.1                                         |

| (In millions)                               | AMC Stubs® Revenue for<br>Six Months Ended June 30, 2018 |                     |                        |                                  |                       |                                                |
|---------------------------------------------|----------------------------------------------------------|---------------------|------------------------|----------------------------------|-----------------------|------------------------------------------------|
|                                             | Deferred<br>Membership<br>Fees                           | Deferred<br>Rewards | Admissions<br>Revenues | Food and<br>Beverage<br>Revenues | Ticketing<br>Revenues | Other Theatre<br>Revenues<br>(Membership Fees) |
| Balance, December 31, 2017                  | \$ 15.8                                                  | \$ 26.4             |                        |                                  |                       |                                                |
| Cumulative effect of ASC 606                | —                                                        | (3.3)               |                        |                                  |                       |                                                |
| Membership fees received                    | 17.6                                                     | —                   | \$ —                   | \$ —                             | \$ —                  | \$ —                                           |
| Rewards accumulated, net of<br>expirations: |                                                          |                     |                        |                                  |                       |                                                |
| Admissions                                  | —                                                        | 14.4                | (14.4)                 | —                                | —                     | —                                              |
| Food and beverage                           | —                                                        | 24.0                | —                      | (24.0)                           | —                     | —                                              |
| Rewards redeemed:                           |                                                          |                     |                        |                                  |                       |                                                |
| Admissions                                  | —                                                        | (13.0)              | 13.0                   | —                                | —                     | —                                              |

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|                                                        |         |         |        |        |        |        |
|--------------------------------------------------------|---------|---------|--------|--------|--------|--------|
| Food and beverage                                      | —       | (21.1)  | —      | 21.1   | —      | —      |
| Amortization of deferred revenue                       | (14.9)  | —       | 1.8    | 3.6    | 1.8    | 7.9    |
| For the period ended or balance<br>as of June 30, 2018 | \$ 18.5 | \$ 27.4 | \$ 0.4 | \$ 0.7 | \$ 1.8 | \$ 7.9 |

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The following tables reflect AMC Stubs® activity during the three and six months ended June 30, 2017:

| (In millions)                                          | AMC Stubs® Revenue for<br>Three Months Ended June 30,<br>2017 |                     |                        |                                  |                       |                                                |
|--------------------------------------------------------|---------------------------------------------------------------|---------------------|------------------------|----------------------------------|-----------------------|------------------------------------------------|
|                                                        | Deferred<br>Membership<br>Fees                                | Deferred<br>Rewards | Admissions<br>Revenues | Food and<br>Beverage<br>Revenues | Ticketing<br>Revenues | Other Theatre<br>Revenues<br>(Membership Fees) |
| Balance, March 31, 2017                                | \$ 13.0                                                       | \$ 25.1             |                        |                                  |                       |                                                |
| Membership fees received                               | 9.6                                                           | —                   | \$ —                   | \$ —                             | \$ —                  | \$ —                                           |
| Rewards accumulated, net of<br>expirations:            |                                                               |                     |                        |                                  |                       |                                                |
| Admissions                                             | —                                                             | 6.0                 | (6.0)                  | —                                | —                     | —                                              |
| Food and beverage                                      | —                                                             | 9.6                 | —                      | (9.6)                            | —                     | —                                              |
| Rewards redeemed:                                      |                                                               |                     |                        |                                  |                       |                                                |
| Admissions                                             | —                                                             | (6.4)               | 6.4                    | —                                | —                     | —                                              |
| Food and beverage                                      | —                                                             | (9.8)               | —                      | 9.8                              | —                     | —                                              |
| Amortization of deferred revenue                       | (6.1)                                                         | —                   | 0.7                    | 1.5                              | 0.7                   | 3.2                                            |
| For the period ended or balance as<br>of June 30, 2017 | \$ 16.5                                                       | \$ 24.5             | \$ 1.1                 | \$ 1.7                           | \$ 0.7                | \$ 3.2                                         |

| (In millions)                                          | AMC Stubs® Revenue for<br>Six Months Ended June 30, 2017 |                     |                        |                                  |                       |                                                |
|--------------------------------------------------------|----------------------------------------------------------|---------------------|------------------------|----------------------------------|-----------------------|------------------------------------------------|
|                                                        | Deferred<br>Membership<br>Fees                           | Deferred<br>Rewards | Admissions<br>Revenues | Food and<br>Beverage<br>Revenues | Ticketing<br>Revenues | Other Theatre<br>Revenues<br>(Membership Fees) |
| Balance, December 31, 2016                             | \$ 12.5                                                  | \$ 23.3             |                        |                                  |                       |                                                |
| Membership fees received                               | 16.2                                                     | —                   | \$ —                   | \$ —                             | \$ —                  | \$ —                                           |
| Rewards accumulated, net of<br>expirations:            |                                                          |                     |                        |                                  |                       |                                                |
| Admissions                                             | —                                                        | 12.6                | (12.6)                 | —                                | —                     | —                                              |
| Food and beverage                                      | —                                                        | 18.7                | —                      | (18.7)                           | —                     | —                                              |
| Rewards redeemed:                                      |                                                          |                     |                        |                                  |                       |                                                |
| Admissions                                             | —                                                        | (12.3)              | 12.3                   | —                                | —                     | —                                              |
| Food and beverage                                      | —                                                        | (17.8)              | —                      | 17.8                             | —                     | —                                              |
| Amortization of deferred revenue                       | (12.2)                                                   | —                   | 1.4                    | 2.9                              | 1.5                   | 6.4                                            |
| For the period ended or balance<br>as of June 30, 2017 | \$ 16.5                                                  | \$ 24.5             | \$ 1.1                 | \$ 2.0                           | \$ 1.5                | \$ 6.4                                         |

## Significant Events

### Critical Accounting Policies – Income Taxes

In the fourth quarter of calendar 2017, we recorded the impact of the change in the U.S. enacted federal income tax rate from 35% to 21% which reduced our deferred tax assets. During the fourth quarter and in connection with the preparation of our 2017 financial statements, we also determined that realization of our deferred tax assets in the U.S. tax jurisdictions was not more likely than not, primarily as a result of cumulative net losses recorded for three years and we recorded a full valuation allowance for our deferred tax assets in U.S. tax jurisdictions. As a result of the change in enacted tax rate and recording a full valuation allowance for our deferred tax assets in U.S. tax jurisdictions, we recorded a charge to income tax provision in the fourth quarter of approximately \$310.0 million. See Note 7–Income Taxes in the Notes to Consolidated Financial Statements under Part I, hereof for further information.

### Critical Accounting Policies – Goodwill

We evaluate goodwill for impairment annually as of the beginning of the fourth fiscal quarter or more frequently as specific events or circumstances dictate. A decline in our common stock price and the resulting impact on market capitalization is one of several qualitative factors we consider when making this evaluation. Based on declines in the trading price of our Class A common stock, we performed an interim goodwill impairment test as of September 30,

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2017. We performed a qualitative assessment as of December 31, 2017, March 31, 2018 and June 30, 2018. We considered the potential for changes in the inputs utilized in our prior quantitative analyses as of September 30, 2017 and our actual cashflows from September 30, 2017 through June 30, 2018 which were consistent with our projections of cashflows for our three reporting units and concluded there were no qualitative factors that would indicate it is more likely than not that the fair value of any of our reporting units is less than its carrying amount, including goodwill as of June 30, 2018.

The following table sets forth the historical closing prices per share of our Class A common stock for the calendar periods indicated:

| Date               | Closing<br>Price Per Share |
|--------------------|----------------------------|
| January 31, 2017   | \$ 33.75                   |
| February 28, 2017  | 31.35                      |
| March 31, 2017     | 31.45                      |
| April 28, 2017     | 30.30                      |
| May 31, 2017       | 22.50                      |
| June 30, 2017      | 22.75                      |
| July 31, 2017      | 20.40                      |
| August 31, 2017    | 13.40                      |
| September 29, 2017 | 14.70                      |
| October 31, 2017   | 13.90                      |
| November 30, 2017  | 14.25                      |
| December 31, 2017  | 15.10                      |
| January 31, 2018   | 12.80                      |
| February 28, 2018  | 15.00                      |
| March 31, 2018     | 14.05                      |
| April 30, 2018     | 17.45                      |
| May 31, 2018       | 14.60                      |
| June 30, 2018      | 15.90                      |
| July 31, 2018      | 16.30                      |
| August 3, 2018     | 17.15                      |

If the market price of our common stock declines from current levels, or if other events or circumstances change that would more likely than not reduce the fair value of our reporting units below their respective carrying value, all or a portion of our goodwill may be impaired in future periods. Examples of such adverse events or circumstances that could change include (i) an adverse change in macroeconomic conditions (ii) increased cost factors that have a negative effect on our earnings and cash flows (iii) negative or overall declining financial performance compared with our actual and projected results of relevant prior periods and (iv) a sustained decrease in our share price. Any impairment charges that we may take in the future could be material to our results of operations and financial condition. Our closing price per share of our common stock is in excess of our \$15.44 carrying value per share as of June 30, 2018.

NCM. As of June 30, 2018, we owned 21,477,480 common membership units in NCM, classified as held for sale. In March 2018, we recorded in the line item, Equity in loss of non-consolidated entities, a lower of carrying value or fair value impairment charge of \$16.0 million, to reduce the carrying value of our held-for-sale interests in NCM common units and NCM, Inc. common shares to Level 1 fair value as of March 31, 2018. The impairment charge reflects recording our held-for-sale units and shares at the publicly quoted per share price on March 31, 2018 of \$5.19.

On June 18, 2018, the Company entered into two Unit Purchase Agreements (the “Agreements”) with each of Regal Cinemas, Inc. (“Regal”) and Cinemark USA, Inc. (“Cinemark”) pursuant to which Regal and Cinemark each separately agreed to purchase 10,738,740 common units of NCM at a sales price of \$7.30 per unit and aggregate consideration of approximately \$156.8 million (the “Sales”). The Sales closed on July 5, 2018. Following the closing of the Sales, the Company will no longer own any shares of common stock NCM, Inc. or NCM. NCM has consented to the Sales and waived its rights under the memorandum of understanding that provided the Company would not reduce its combined ownership of NCM and NCM, Inc. below 4.5%. We expect to record a gain on sale of approximately

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\$30.0 million during the three months ended September 30, 2018. We are in full compliance with the DOJ final judgment.

**Screenvision Merger.** On May 30, 2018 Screenvision entered into an Agreement and Plan of Merger under which a change of control in Screenvision occurred upon consummation of the transactions contemplated therein. We received distributions and merger consideration of \$45.9 million on July 2, 2018 upon consummation of the merger and retain a 21.2% common membership interest in Screenvision on a fully diluted basis. We expect to reduce the carrying value of our investment in Screenvision to \$0 and record equity in earnings for the excess distribution of approximately \$30.0 million during the three months ended September 30, 2018.

**Sale and Leaseback Transaction:** On June 18, 2018, we completed the sale and leaseback of the real estate assets associated with one theatre for proceeds, net of closing costs, of \$50.1 million. The gain on the sale of approximately \$27.4 million has been deferred and will be amortized over the remaining lease term.

**Dividends.** The following is a summary of dividends and dividend equivalents declared to stockholders:

| Declaration Date  | Record Date        | Date Paid          | Amount per<br>Share of<br>Common Stock | Total Amount<br>Declared<br>(In millions) |
|-------------------|--------------------|--------------------|----------------------------------------|-------------------------------------------|
| February 28, 2018 | March 12, 2018     | March 26, 2018     | \$ 0.20                                | \$ 26.0                                   |
| May 3, 2018       | June 11, 2018      | June 25, 2018      | 0.20                                   | 26.0                                      |
| February 14, 2017 | March 13, 2017     | March 27, 2017     | 0.20                                   | 26.2                                      |
| April 27, 2017    | June 5, 2017       | June 19, 2017      | 0.20                                   | 26.5                                      |
| August 3, 2017    | September 11, 2017 | September 25, 2017 | 0.20                                   | 26.5                                      |
| October 27, 2017  | December 4, 2017   | December 18, 2017  | 0.20                                   | 25.9                                      |

During the six months ended June 30, 2018 and June 30, 2017, we paid dividends and dividend equivalents of \$51.4 million and \$52.5 million, respectively. As of June 30, 2018, we accrued \$0.9 million for the remaining unpaid dividends.

On July 24, 2018, we declared a cash dividend in the amount of \$0.20 per share of Class A and Class B common stock, payable on September 24, 2018 to stockholders of record on September 10, 2018.

**Stock Repurchases.** On August 3, 2017, we announced that our Board of Directors had approved a \$100.0 million share repurchase program to repurchase our Class A common stock over a two-year period.

Repurchases may be made at management's discretion from time to time through open-market transactions including block purchases, through privately negotiated transactions, or otherwise over the next two years in accordance with all applicable securities laws and regulations. The extent to which AMC repurchases its shares, and the timing of such repurchases, will depend upon a variety of factors, including liquidity, capital needs of the business, market conditions, regulatory requirements, and other corporate considerations, as determined by AMC's management team. Repurchases may be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when our management might otherwise be precluded from doing so under insider trading laws. The repurchase program does not obligate us to repurchase any minimum dollar amount or number of shares and may be suspended for periods or discontinued at any time. During the six months ended June 30, 2018, we repurchased 500,000 shares of Class A common stock at a cost of \$8.2 million. As of June 30, 2018, we had \$44.3 million remaining available for repurchases under this plan.

**Nordic Acquisition.** On March 28, 2017, we completed the acquisition of Nordic Cinema Group. As such, three months of Nordic financial results are included in the Management's Discussion and Analysis for the three months ended June 30, 2017, while three months and four days of Nordic financial results are included for the six months ended June 30, 2017 and six months of Nordic financial results are included for the six months ended June 30, 2018.

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## Operating Results

The following table sets forth our consolidated revenues, operating costs and expenses.

| (In millions)                                                    | Three Months Ended |                  |             |   | Six Months Ended |                  |             |   |
|------------------------------------------------------------------|--------------------|------------------|-------------|---|------------------|------------------|-------------|---|
|                                                                  | June 30,<br>2018   | June 30,<br>2017 | %<br>Change |   | June 30,<br>2018 | June 30,<br>2017 | %<br>Change |   |
| Revenues                                                         |                    |                  |             |   |                  |                  |             |   |
| Admissions                                                       | \$ 896.3           | \$ 761.4         | 17.7        | % | \$ 1,771.3       | \$ 1,578.9       | 12.2        | % |
| Food and beverage                                                | 445.8              | 374.1            | 19.2        | % | 851.6            | 771.7            | 10.4        | % |
| Other theatre                                                    | 100.4              | 66.8             | 50.3        | % | 203.2            | 133.1            | 52.7        | % |
| Total revenues                                                   | \$ 1,442.5         | \$ 1,202.3       | 20.0        | % | \$ 2,826.1       | \$ 2,483.7       | 13.8        | % |
| Operating Costs and Expenses                                     |                    |                  |             |   |                  |                  |             |   |
| Film exhibition costs                                            | \$ 471.4           | \$ 379.8         | 24.1        | % | \$ 897.9         | \$ 799.4         | 12.3        | % |
| Food and beverage costs                                          | 72.2               | 62.1             | 16.3        | % | 138.4            | 121.9            | 13.5        | % |
| Operating expense, excluding depreciation and amortization below | 424.5              | 389.2            | 9.1         | % | 836.4            | 745.6            | 12.2        | % |
| Rent                                                             | 199.7              | 199.8            | (0.1)       | % | 389.4            | 390.2            | (0.2)       | % |
| General and administrative:                                      |                    |                  |             |   |                  |                  |             |   |
| Merger, acquisition and transaction costs                        | 4.3                | 11.5             | (62.6)      | % | 9.0              | 51.7             | (82.6)      | % |
| Other, excluding depreciation and amortization below             | 43.0               | 46.1             | (6.7)       | % | 87.2             | 80.4             | 8.5         | % |
| Depreciation and amortization                                    | 137.7              | 133.3            | 3.3         | % | 268.2            | 258.6            | 3.7         | % |
| Operating costs and expenses                                     | 1,352.8            | 1,221.8          | 10.7        | % | 2,626.5          | 2,447.8          | 7.3         | % |
| Operating income (loss)                                          | 89.7               | (19.5)           | *           | % | 199.6            | 35.9             | *           | % |
| Other expense (income):                                          |                    |                  |             |   |                  |                  |             |   |
| Other (income) expense                                           | 2.2                | 1.1              | 100.0       | % | 3.4              | (1.5)            | *           | % |
| Interest expense:                                                |                    |                  |             |   |                  |                  |             |   |
| Corporate borrowings                                             | 62.2               | 59.6             | 4.4         | % | 123.9            | 110.9            | 11.7        | % |
| Capital and financing lease obligations                          | 9.8                | 10.3             | (4.9)       | % | 20.1             | 21.1             | (4.7)       | % |
| Non-cash NCM exhibitor service agreement                         | 10.4               | —                | N/A         |   | 20.9             | —                | N/A         |   |
| Equity in (earnings) loss of non-consolidated entities (1)       | (13.0)             | 195.0            | *           | % | (4.0)            | 197.3            | *           | % |
| Investment (income) expense                                      | (1.5)              | 0.6              | *           | % | (6.7)            | (5.0)            | 34.0        | % |
| Total other (income) expense                                     | 70.1               | 266.6            | (73.7)      | % | 157.6            | 322.8            | (51.2)      | % |
| Earnings (loss) before income taxes                              | 19.6               | (286.1)          | *           | % | 42.0             | (286.9)          | *           | % |
| Income tax provision (benefit)                                   | (2.6)              | (109.6)          | (97.6)      | % | 2.1              | (118.8)          | *           | % |
| Net earnings (loss)                                              | \$ 22.2            | \$ (176.5)       | *           | % | \$ 39.9          | \$ (168.1)       | *           | % |

- (1) Equity in (earnings) loss of non-consolidated entities includes a lower of cost or fair value impairment of our held-for-sale investment in NCM of \$16.0 million for the six months ended June 30, 2018. The three and six months ended June 30, 2017 included an other-than-temporary impairment loss of \$202.6 million and \$204.5 million, respectively, on our investment in NCM.

\* Percentage change in excess of 100%

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|                                       | Three Months Ended |               | Six Months Ended |               |
|---------------------------------------|--------------------|---------------|------------------|---------------|
|                                       | June 30, 2018      | June 30, 2017 | June 30, 2018    | June 30, 2017 |
| Operating Data:                       |                    |               |                  |               |
| Screen additions                      | 17                 | 23            | 40               | 42            |
| Screen acquisitions                   | 9                  | 22            | 31               | 705           |
| Screen dispositions                   | 44                 | 219           | 134              | 236           |
| Construction openings (closures), net | (65)               | 10            | (118)            | 14            |
| Average screens (1)                   | 10,684             | 10,776        | 10,737           | 10,606        |
| Number of screens operated            | 10,988             | 11,083        | 10,988           | 11,083        |
| Number of theatres operated           | 1,005              | 1,009         | 1,005            | 1,009         |
| Screens per theatre                   | 10.9               | 11.0          | 10.9             | 11.0          |
| Attendance (in thousands) (1)         | 91,245             | 81,636        | 182,177          | 174,990       |

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(1) Includes consolidated theatres only and excludes screens offline due to construction.

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## Segment Operating Results

The following table sets forth our revenues, operating costs and expenses by reportable segment.

| (In millions)                                          | U.S. Markets                           |                  | International Markets                  |                  | Consolidated                           |                  |
|--------------------------------------------------------|----------------------------------------|------------------|----------------------------------------|------------------|----------------------------------------|------------------|
|                                                        | Three Months Ended<br>June 30,<br>2018 | June 30,<br>2017 | Three Months Ended<br>June 30,<br>2018 | June 30,<br>2017 | Three Months Ended<br>June 30,<br>2018 | June 30,<br>2017 |
| Revenues                                               |                                        |                  |                                        |                  |                                        |                  |
| Admissions                                             | \$ 694.2                               | \$ 565.3         | \$ 202.1                               | \$ 196.1         | \$ 896.3                               | \$ 761.4         |
| Food and beverage                                      | 369.3                                  | 300.7            | 76.5                                   | 73.4             | 445.8                                  | 374.1            |
| Other theatre                                          | 65.8                                   | 41.4             | 34.6                                   | 25.4             | 100.4                                  | 66.8             |
| Total revenues                                         | 1,129.3                                | 907.4            | 313.2                                  | 294.9            | 1,442.5                                | 1,202.3          |
| Operating Costs and Expenses                           |                                        |                  |                                        |                  |                                        |                  |
| Film exhibition costs                                  | 391.4                                  | 298.6            | 80.0                                   | 81.2             | 471.4                                  | 379.8            |
| Food and beverage costs                                | 54.3                                   | 45.1             | 17.9                                   | 17.0             | 72.2                                   | 62.1             |
| Operating expense                                      | 300.6                                  | 278.8            | 123.9                                  | 110.4            | 424.5                                  | 389.2            |
| Rent                                                   | 145.5                                  | 149.0            | 54.2                                   | 50.8             | 199.7                                  | 199.8            |
| General and administrative expense:                    |                                        |                  |                                        |                  |                                        |                  |
| Merger, acquisition and transaction costs              | 2.2                                    | 10.3             | 2.1                                    | 1.2              | 4.3                                    | 11.5             |
| Other                                                  | 26.5                                   | 27.9             | 16.5                                   | 18.2             | 43.0                                   | 46.1             |
| Depreciation and amortization                          | 97.2                                   | 98.6             | 40.5                                   | 34.7             | 137.7                                  | 133.3            |
| Operating costs and expenses                           | 1,017.7                                | 908.3            | 335.1                                  | 313.5            | 1,352.8                                | 1,221.8          |
| Operating income (loss)                                | 111.6                                  | (0.9)            | (21.9)                                 | (18.6)           | 89.7                                   | (19.5)           |
| Other expense (income):                                |                                        |                  |                                        |                  |                                        |                  |
| Other (income) expense                                 | 1.7                                    | 1.2              | 0.5                                    | (0.1)            | 2.2                                    | 1.1              |
| Interest expense:                                      |                                        |                  |                                        |                  |                                        |                  |
| Corporate borrowings                                   | 61.3                                   | 59.1             | 0.9                                    | 0.5              | 62.2                                   | 59.6             |
| Capital and financing lease obligations                | 4.4                                    | 5.1              | 5.4                                    | 5.2              | 9.8                                    | 10.3             |
| Non-cash NCM exhibitor service agreement               | 10.4                                   | —                | —                                      | —                | 10.4                                   | —                |
| Equity in (earnings) loss of non-consolidated entities | (13.9)                                 | 195.1            | 0.9                                    | (0.1)            | (13.0)                                 | 195.0            |
| Investment (income) expense                            | (1.6)                                  | 0.2              | 0.1                                    | 0.4              | (1.5)                                  | 0.6              |
| Total other expense                                    | 62.3                                   | 260.7            | 7.8                                    | 5.9              | 70.1                                   | 266.6            |
| Earnings (loss) before income taxes                    | 49.3                                   | (261.6)          | (29.7)                                 | (24.5)           | 19.6                                   | (286.1)          |
| Income tax provision (benefit)                         | 1.4                                    | (108.8)          | (4.0)                                  | (0.8)            | (2.6)                                  | (109.6)          |
| Net earnings (loss)                                    | \$ 47.9                                | \$ (152.8)       | \$ (25.7)                              | \$ (23.7)        | \$ 22.2                                | \$ (176.5)       |

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|                                          | U.S. Markets       |          | International Markets |          | Consolidated       |          |
|------------------------------------------|--------------------|----------|-----------------------|----------|--------------------|----------|
|                                          | Three Months Ended |          | Three Months Ended    |          | Three Months Ended |          |
|                                          | June 30,           | June 30, | June 30,              | June 30, | June 30,           | June 30, |
|                                          | 2018               | 2017     | 2018                  | 2017     | 2018               | 2017     |
| Segment Operating Data:                  |                    |          |                       |          |                    |          |
| Screen additions                         | 17                 | —        | —                     | 23       | 17                 | 23       |
| Screen acquisitions                      | 9                  | 22       | —                     | —        | 9                  | 22       |
| Screen dispositions                      | 44                 | 194      | —                     | 25       | 44                 | 219      |
| Construction openings<br>(closures), net | (38)               | 23       | (27)                  | (13)     | (65)               | 10       |
| Average screens (1)                      | 8,010              | 8,059    | 2,674                 | 2,717    | 10,684             | 10,776   |
| Number of screens operated               | 8,080              | 8,149    | 2,908                 | 2,934    | 10,988             | 11,083   |
| Number of theatres operated              | 639                | 643      | 366                   | 366      | 1,005              | 1,009    |
| Screens per theatre                      | 12.6               | 12.7     | 7.9                   | 8.0      | 10.9               | 11.0     |
| Attendance (in thousands) (1)            | 69,751             | 57,949   | 21,494                | 23,687   | 91,245             | 81,636   |

(1) Includes consolidated theatres only and excludes screens offline due to construction.

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| (In millions)                                              | U.S. Markets     |               | International Markets |               | Consolidated     |               |
|------------------------------------------------------------|------------------|---------------|-----------------------|---------------|------------------|---------------|
|                                                            | Six Months Ended |               | Six Months Ended      |               | Six Months Ended |               |
|                                                            | June 30, 2018    | June 30, 2017 | June 30, 2018         | June 30, 2017 | June 30, 2018    | June 30, 2017 |
| Revenues                                                   |                  |               |                       |               |                  |               |
| Admissions                                                 | \$ 1,298.9       | \$ 1,184.6    | \$ 472.4              | \$ 394.3      | \$ 1,771.3       | \$ 1,578.9    |
| Food and beverage                                          | 680.8            | 626.5         | 170.8                 | 145.2         | 851.6            | 771.7         |
| Other theatre                                              | 131.7            | 88.5          | 71.5                  | 44.6          | 203.2            | 133.1         |
| Total revenues                                             | 2,111.4          | 1,899.6       | 714.7                 | 584.1         | 2,826.1          | 2,483.7       |
| Operating Costs and Expenses                               |                  |               |                       |               |                  |               |
| Film exhibition costs                                      | 707.6            | 635.5         | 190.3                 | 163.9         | 897.9            | 799.4         |
| Food and beverage costs                                    | 98.6             | 88.5          | 39.8                  | 33.4          | 138.4            | 121.9         |
| Operating expense                                          | 582.5            | 551.4         | 253.9                 | 194.2         | 836.4            | 745.6         |
| Rent                                                       | 278.7            | 297.5         | 110.7                 | 92.7          | 389.4            | 390.2         |
| General and administrative expense:                        |                  |               |                       |               |                  |               |
| Merger, acquisition and transaction costs                  | 6.2              | 50.6          | 2.8                   | 1.1           | 9.0              | 51.7          |
| Other                                                      | 52.9             | 50.3          | 34.3                  | 30.1          | 87.2             | 80.4          |
| Depreciation and amortization                              | 191.3            | 195.3         | 76.9                  | 63.3          | 268.2            | 258.6         |
| Operating costs and expenses                               | 1,917.8          | 1,869.1       | 708.7                 | 578.7         | 2,626.5          | 2,447.8       |
| Operating income (loss)                                    | 193.6            | 30.5          | 6.0                   | 5.4           | 199.6            | 35.9          |
| Other expense (income):                                    |                  |               |                       |               |                  |               |
| Other (income) expense                                     | 1.5              | (1.2)         | 1.9                   | (0.3)         | 3.4              | (1.5)         |
| Interest expense:                                          |                  |               |                       |               |                  |               |
| Corporate borrowings                                       | 122.0            | 109.8         | 1.9                   | 1.1           | 123.9            | 110.9         |
| Capital and financing lease obligations                    | 9.0              | 10.3          | 11.1                  | 10.8          | 20.1             | 21.1          |
| Non-cash NCM exhibitor service agreement                   | 20.9             | —             | —                     | —             | 20.9             | —             |
| Equity in (earnings) loss of non-consolidated entities (1) | (3.6)            | 197.4         | (0.4)                 | (0.1)         | (4.0)            | 197.3         |
| Investment (income) expense                                | (6.7)            | (5.1)         | —                     | 0.1           | (6.7)            | (5.0)         |
| Total other expense                                        | 143.1            | 311.2         | 14.5                  | 11.6          | 157.6            | 322.8         |
| Earnings (loss) before income taxes                        | 50.5             | (280.7)       | (8.5)                 | (6.2)         | 42.0             | (286.9)       |
| Income tax provision (benefit)                             | 2.5              | (119.1)       | (0.4)                 | 0.3           | 2.1              | (118.8)       |
| Net earnings (loss)                                        | \$ 48.0          | \$ (161.6)    | \$ (8.1)              | \$ (6.5)      | \$ 39.9          | \$ (168.1)    |

| Segment Operating Data: | U.S. Markets     |               | International Markets |               | Consolidated     |               |
|-------------------------|------------------|---------------|-----------------------|---------------|------------------|---------------|
|                         | Six Months Ended |               | Six Months Ended      |               | Six Months Ended |               |
|                         | June 30, 2018    | June 30, 2017 | June 30, 2018         | June 30, 2017 | June 30, 2018    | June 30, 2017 |
| Screen additions        | 26               | 9             | 14                    | 33            | 40               | 42            |
| Screen acquisitions     | 23               | 22            | 8                     | 683           | 31               | 705           |

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|                                          |         |         |        |        |         |         |
|------------------------------------------|---------|---------|--------|--------|---------|---------|
| Screen dispositions                      | 125     | 202     | 9      | 34     | 134     | 236     |
| Construction openings<br>(closures), net | (68)    | 27      | (50)   | (13)   | (118)   | 14      |
| Average screens (1)                      | 8,053   | 8,111   | 2,684  | 2,495  | 10,737  | 10,606  |
| Number of screens operated               | 8,080   | 8,149   | 2,908  | 2,934  | 10,988  | 11,083  |
| Number of theatres operated              | 639     | 643     | 366    | 366    | 1,005   | 1,009   |
| Screens per theatre                      | 12.6    | 12.7    | 7.9    | 8.0    | 10.9    | 11.0    |
| Attendance (in thousands) (1)            | 131,607 | 124,772 | 50,570 | 50,218 | 182,177 | 174,990 |

(1) Includes consolidated theatres only and excludes screens offline due to construction.

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## Adjusted EBITDA

We present Adjusted EBITDA as a supplemental measure of our performance. We define Adjusted EBITDA as net earnings (loss) plus (i) income tax provision (benefit), (ii) interest expense and (iii) depreciation and amortization, as further adjusted to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance and to include attributable EBITDA from equity investments in theatre operations in international markets and any cash distributions of earnings from other equity method investees. These further adjustments are itemized below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Adjusted EBITDA increased by \$109.0 million or 80.3% during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. Adjusted EBITDA in U.S. markets increased by \$107.2 million or 93.2% primarily due to increases in attendance and decreases in rent expense related to a lease modification during the three months ended June 30, 2018. Adjusted EBITDA in international markets increased \$1.8 million or 8.7% primarily due to foreign currency translation.

Adjusted EBITDA increased by \$135.8 million or 35.1% during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Adjusted EBITDA in U.S. markets increased by \$117.6 million or 37.6% primarily due to increases in attendance and decreases in rent expense related to a lease modification during the six months ended June 30, 2018. Adjusted EBITDA in international markets increased \$18.2 million or 24.6% primarily due to increases in attendance from the Nordic acquisition on March 28, 2017 and foreign currency translation.

The following tables set forth our Adjusted EBITDA by reportable operating segment and our reconciliation of Adjusted EBITDA:

|                               | Three Months Ended |          | Six Months Ended |          |
|-------------------------------|--------------------|----------|------------------|----------|
|                               | June 30,           | June 30, | June 30,         | June 30, |
| Adjusted EBITDA (In millions) | 2018               | 2017     | 2018             | 2017     |
| U.S. markets (1)              | \$ 222.2           | \$ 115.0 | \$ 430.5         | \$ 312.9 |
| International markets         | 22.6               | 20.8     | 92.2             | 74.0     |
| Total Adjusted EBITDA         | \$ 244.8           | \$ 135.8 | \$ 522.7         | \$ 386.9 |

(1) Distributions from NCM are reported entirely within the U.S. markets segment.

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| (In millions)                                              | Three Months Ended |                  | Six Months Ended |                  |
|------------------------------------------------------------|--------------------|------------------|------------------|------------------|
|                                                            | June 30,<br>2018   | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2017 |
| Net earnings (loss)                                        | \$ 22.2            | \$ (176.5)       | \$ 39.9          | \$ (168.1)       |
| Plus:                                                      |                    |                  |                  |                  |
| Income tax provision (benefit)                             | (2.6)              | (109.6)          | 2.1              | (118.8)          |
| Interest expense                                           | 82.4               | 69.9             | 164.9            | 132.0            |
| Depreciation and amortization                              | 137.7              | 133.3            | 268.2            | 258.6            |
| Certain operating expenses (1)                             | 5.7                | 3.5              | 9.4              | 8.8              |
| Equity in (earnings) loss of non-consolidated entities (2) | (13.0)             | 195.0            | (4.0)            | 197.3            |
| Cash distributions from non-consolidated entities (3)      | 3.5                | 2.2              | 27.8             | 26.6             |
| Attributable EBITDA (4)                                    | (0.4)              | 1.0              | 1.6              | 1.0              |
| Investment (income) expense                                | (1.5)              | 0.6              | (6.7)            | (5.0)            |
| Other expense (income) (5)                                 | 2.5                | 1.0              | 3.7              | (1.2)            |
| General and administrative — unallocated:                  |                    |                  |                  |                  |
| Merger, acquisition and transaction costs (6)              | 4.3                | 11.5             | 9.0              | 51.7             |
| Stock-based compensation expense (7)                       | 4.0                | 3.9              | 6.8              | 4.0              |
| Adjusted EBITDA                                            | \$ 244.8           | \$ 135.8         | \$ 522.7         | \$ 386.9         |

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(1) Amounts represent preopening expense related to temporarily closed screens under renovation, theatre and other closure expense for the permanent closure of screens including the related accretion of interest, non-cash deferred digital equipment rent expense, and disposition of assets and other non-operating gains or losses

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included in operating expenses. We have excluded these items as they are non-cash in nature, include components of interest cost for the time value of money or are non-operating in nature.

- (2) Equity in (earnings) loss of non-consolidated entities includes a lower of carrying value or fair value impairment loss of the held-for sale portion of our investment in NCM of \$16.0 million for the six months ended June 30, 2018. The three and six months ended June 30, 2017 included an other-than-temporary impairment loss of \$202.6 million and \$204.5 million, respectively on our investment in NCM. The impairment charges reflect recording our held-for-sale units and other-than-temporary impaired shares at the publicly quoted per share price on March 31, 2018 of \$5.19 and June 30, 2017 of \$7.42. Equity in loss of non-consolidated entities also includes loss on the surrender (disposition) of a portion of our investment in NCM of \$1.1 million during the three months ended March 31, 2018.
- (3) Includes U.S. non-theatre distributions from equity method investments and International non-theatre distributions from equity method investments to the extent received. We believe including cash distributions is an appropriate reflection of the contribution of these investments to our operations.
- (4) Attributable EBITDA includes the EBITDA from equity investments in theatre operators in certain international markets. See below for a reconciliation of our equity loss of non-consolidated entities to attributable EBITDA. Because these equity investments are in theatre operators in regions where we hold a significant market share, we believe attributable EBITDA is more indicative of the performance of these equity investments and management uses this measure to monitor and evaluate these equity investments. We also provide services to these theatre operators including information technology systems, certain on-screen advertising services and our gift card and package ticket program. As these investments relate only to our Nordic acquisition, the second quarter of 2017 represents the first time we made this adjustment and does not impact prior historical presentations of Adjusted EBITDA.

| (In millions)                                                                               | Three Months Ended |                  | Six Months Ended |                  |
|---------------------------------------------------------------------------------------------|--------------------|------------------|------------------|------------------|
|                                                                                             | June 30,<br>2018   | June 30,<br>2017 | June 30,<br>2018 | June 30,<br>2017 |
| Equity in (earnings) loss of non-consolidated entities                                      | \$ (13.0)          | \$ 195.0         | \$ (4.0)         | \$ 197.3         |
| Less:                                                                                       |                    |                  |                  |                  |
| Equity in (earnings) loss of non-consolidated entities excluding international theatre JV's | (13.9)             | 195.3            | (3.6)            | 197.6            |
| Equity in earnings (loss) of International theatre JV's                                     | (0.9)              | 0.3              | 0.4              | 0.3              |
| Depreciation and amortization                                                               | 0.5                | 0.7              | 1.2              | 0.7              |
| Attributable EBITDA                                                                         | \$ (0.4)           | \$ 1.0           | \$ 1.6           | \$ 1.0           |

- (5) Other expense (income) for the three and months ended June 30, 2018 includes financing related foreign currency transaction losses.
- (6) Merger, acquisition and transition costs are excluded as they are non-operating in nature.

(7) Non-cash or non-recurring expense included in general and administrative: other

Adjusted EBITDA is a non-GAAP financial measure commonly used in our industry and should not be construed as an alternative to net earnings (loss) as an indicator of operating performance (as determined in accordance with U.S. GAAP). Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. We have included Adjusted EBITDA because we believe it provides management and investors with additional information to measure our performance and estimate our value.

Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. For example, Adjusted EBITDA:

- does not reflect our capital expenditures, future requirements for capital expenditures or contractual commitments;
- does not reflect changes in, or cash requirements for, our working capital needs;

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- does not reflect the significant interest expenses, or the cash requirements necessary to service interest or principal payments, on our debt;
- excludes income tax payments that represent a reduction in cash available to us;
- does not reflect any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future; and
- does not reflect the impact of divestitures that may be required in connection with recently completed acquisitions.

International Segment Information

We acquired Nordic on March 28, 2017 and our results of operations include Nordic from the acquisition date forward.

Results of Operations— For the Three Months Ended June 30, 2018 and June 30, 2017

Consolidated Results of Operations

**Revenues.** Total revenues increased 20.0% or \$240.2 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. Admissions revenues increased 17.7%, or \$134.9 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to a 11.8% increase in attendance and a 5.3% increase in average ticket price. The increase in attendance was primarily due to the popularity of films (for U.S. Markets) released in the quarter as compared to the same period a year ago, partially offset by a decline in attendance internationally due to the lack of popular films compared to last year (for International Markets), increased competition in international markets and temporary screen closures for international theatre refurbishments. The increase in average ticket price was primarily due the increased popularity and related increase in attendance for IMAX and other PLF premium content and strategic pricing initiatives in our U.S. Markets and improvements in foreign currency translation rates and pricing in our International Markets.

Food and beverage revenues increased 19.2%, or \$71.7 million, during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to the increase in attendance and a 6.8% increase in food and beverage revenues per patron. Food and beverage revenues per patron increased as a result of our food and beverage initiatives including our Feature Fare menu that was introduced in 2017 and is available in 346 of our U.S. theatres, offering our guests a broader selection of items to choose from, price increases, and improvements in foreign

currency translation rates and pricing in our International Markets.

Total other theatre revenues increased 50.3%, or \$33.6 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to increases in ticketing fees and advertising including gross up for third party ticket fees of \$7.1 million and increases from non-cash NCM ESA interest of \$10.4 million, offset by a \$3.8 million reduction in NCM ESA principal amortization in our U.S. Markets. Other revenues in our International Markets increased primarily due to increased gift card and package ticket income, ticket fees and improvements in foreign currency translation rates. See Note 1—Basis of Presentation for a further discussion of the increases in other revenues related to ASC 606.

Operating costs and expenses. Operating costs and expenses increased 10.7%, or \$131.0 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. Film exhibition costs increased 24.1%, or \$91.6 million, during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to the increase in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 52.6% for the three months ended June 30, 2018 and 49.9% for the three months ended June 30, 2017. The increase in film exhibition costs percentage is primarily due to the concentration of box office revenues in higher grossing films in the U.S. Markets in the current year, which typically results in higher film terms.

Food and beverage costs increased 16.3%, or \$10.1 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. As a percentage of food and beverage revenues, food and beverage costs were 16.2% for the three months ended June 30, 2018 and 16.6% for the three months ended June 30, 2017. The

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increase in food and beverage costs was primarily due to the increase in food and beverage revenues. Food and beverage gross profit per patron increased 7.1% and is calculated as food and beverage revenues less food and beverage costs divided by attendance.

As a percentage of revenues, operating expense was 29.4% for the three months ended June 30, 2018 and 32.4% for the three months ended June 30, 2017. This reduction is related to fixed operating costs that remain relatively constant as revenues increase. Rent expense decreased 0.1%, or \$0.1 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to the modification of a theatre lease in our U.S. markets which reduced rent expense by \$10.8 million, offset by increases in rent in International markets due primarily to improvements in foreign currency translation rates.

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were \$4.3 million during the three months ended June 30, 2018 compared to \$11.5 million during the three months ended June 30, 2017, primarily due to expenses incurred in connection with the Carmike, Odeon and Nordic acquisitions in the prior year. The merger, acquisition and transaction costs are a corporate function primarily recorded in the U.S. markets operating segment.

Other. Other general and administrative expense decreased \$3.1 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, due to decreases in occupancy costs, advertising and public relations costs, legal fees and stock-based compensation.

Depreciation and amortization. Depreciation and amortization increased \$4.4 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to increases in foreign currency translation rates.

Other Expense (Income):

Other expense. Other expense increased \$1.1 million during the three months ended June 30, 2018 and is primarily due to higher foreign currency transaction losses. During the three months ended June 30, 2017, other expense included third party fees related to the Third Amendment to our Senior Secured Credit Agreement of \$1.0 million.

Interest expense. Interest expense increased \$12.5 million to \$82.4 million for the three months ended June 30, 2018 compared to \$69.9 million the three months ended June 30, 2017 primarily due to a non-cash NCM ESA expense of \$10.4 million recorded due to adoption of ASC 606 – Revenue Recognition, that required us to reflect an interest component for our long-term performance obligation.

Equity in (earnings) losses of non-consolidated entities. Equity in earnings of non-consolidated entities were \$13.0 million for the three months ended June 30, 2018 compared to equity losses of \$195.0 million for the three months ended June 30, 2017. During the three months ended June 30, 2017, we incurred an other-than-temporary impairment loss on our investment in NCM of \$202.6 million and equity losses on our investment in Open Road Releasing, LLC ("Open Road") of \$4.1 million.

Investment income. Investment income was \$1.5 million for the three months ended June 30, 2018 compared to investment expense of \$0.6 million for the three months ended June 30, 2017. Investment income for the three months ended June 30, 2018 includes a \$1.5 million gain on the sale of a joint venture managed theatre.

Income tax benefit. The income tax benefit was \$2.6 million for the three months ended June 30, 2018 and income tax benefit was \$109.6 million for the three months ended June 30, 2017. See Note 7—Income Taxes of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Net earnings (loss). Net earnings (loss) were \$22.2 million and \$(176.5) million during the three months ended June 30, 2018 and June 30, 2017, respectively. Net earnings during the three months ended June 30, 2018 compared to the three months ended June 30, 2017 were positively impacted by improvements in equity in earnings of non-consolidated entities related to the prior year impairments charge of \$202.6 million for our investment in NCM, higher revenues, lower merger, acquisition and transaction costs, a \$10.8 million rent reduction due to a lease modification and lower general and administrative expense (other), offset by increases depreciation and amortization expense, interest expense, and income tax provision.

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Theatrical Exhibition—U.S. Markets

Revenues. Total revenues increased 24.5% or \$221.9 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. Admissions revenues increased 22.8%, or \$128.9 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to a 20.4% increase in attendance and a 1.9% increase in average ticket price. The increase in attendance was due to the popularity of film product compared to the prior year. The increase in average ticket price was primarily due to the increased popularity and related increase in attendance for IMAX and other PLF premium content and strategic pricing initiatives put in place last year, partially offset by declines in premium format attendance for 3D and alternative content.

Food and beverage revenues increased 22.8%, or \$68.6 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to the increase in attendance and by an increase in food and beverage revenues per patron of 1.9%. Food and beverage revenues per patron increased as a result of our food and beverage initiatives including our Feature Fare menu that was introduced in 2017 and is available in 346 of our U.S. theatres, offering our guests a broader selection of items to choose from, and price increases.

Total other theatre revenues increased 58.9%, or \$24.4 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to increases in ticket fees and higher advertising revenues including gross up for third party ticket fees of \$7.1 million and increases from non-cash NCM ESA interest of \$10.4 million, offset by \$3.8 million reduction in NCM ESA principal amortization. See Note 1—Basis of Presentation for a further discussion of increases in other revenues related to ASC 606.

Operating costs and expenses. Operating costs and expenses increased 12.0%, or \$109.4 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. Film exhibition costs increased 31.1%, or \$92.8 million, during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to the increase in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 56.4% and 52.8% for the three months ended June 30, 2018 and June 30, 2017, respectively. The increase in film exhibition cost percentage is primarily due to the concentration of box office revenues in higher grossing films in the current year which typically results in higher film terms.

Food and beverage costs increased 20.4%, or \$9.2 million, during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. As a percentage of food and beverage revenues, food and beverage costs were 14.7% for the three months ended June 30, 2018 and 15.0% for the three months ended June 30, 2017. Food and beverage gross profit per patron increased 2.5% and is calculated as food and beverage revenues less food and beverage costs divided by attendance.

As a percentage of revenues, operating expense was 26.6% for the three months ended June 30, 2018 and 30.7% the three months ended June 30, 2017. This reduction is related to fixed operating costs that remain relatively constant as revenues increase. Rent expense decreased 2.3%, or \$3.5 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily from the modification of a theatre lease which reduced rent expense by \$10.8 million.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were \$2.2 million during the three months ended June 30, 2018 compared to \$10.3 million during the three months ended June 30, 2017, primarily due to expenses incurred in connection with the Carmike, Odeon and Nordic acquisitions in the prior year. The merger, acquisition and transaction costs are a corporate function primarily recorded in the U.S. markets operating segment.

Other. Other general and administrative expense decreased \$1.4 million, during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to decreases in occupancy costs, advertising and public relations costs, legal fees and stock-based compensation expense.

Depreciation and amortization. Depreciation and amortization decreased \$1.4 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to the prior year

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impairment charges and adjustments to the estimated fair value of property, net acquired in the Carmike acquisition, partially offset by depreciation on capital expenditures of \$172.0 million during the six months ended June 30, 2018, and \$543.7 million during the year ended December 31, 2017.

Other Expense (Income):

Other expense. Other expense of \$1.7 million during the three months ended June 30, 2018 is primarily due to loss on foreign currency transactions of \$1.8 million, and net periodic benefit cost of \$0.2 million, partially offset by \$0.3 million in business interruption recoveries. Other expense in the prior year was primarily due to \$1.0 million of third party fees expensed related to the Third Amendment to our Senior Secured Credit Agreement.

Interest expense. Interest expense increased \$11.9 million to \$76.1 million for the three months ended June 30, 2018 compared to \$64.2 million the three months ended June 30, 2017 primarily due to a non-cash NCM ESA expense of \$10.4 million recorded due to adoption of ASC 606 – Revenue Recognition, that required us to reflect an interest component for our long-term performance obligation.

Equity in (earnings) losses of non-consolidated entities. Equity in earnings of non-consolidated entities were \$13.9 million for the three months ended June 30, 2018 compared to equity in losses of \$195.1 million for the three months ended June 30, 2017. Equity in earnings for the three months ended June 30, 2018 includes a \$2.3 million gain on the sale of NCM, Inc. common shares. During the three months ended June 30, 2017, we incurred an other-than-temporary impairment loss on NCM of \$202.6 million and equity losses on our investment in Open Road of \$4.1 million.

Investment (income) expense. Investment income was \$1.6 million for the three months ended June 30, 2018 compared to investment expense of \$0.2 million for the three months ended June 30, 2017. Investment income for the three months ended June 30, 2018 includes a \$1.5 million gain on the sale of a joint venture managed theatre.

Income tax (benefit) provision. The income tax provision was \$1.4 million for the three months ended June 30, 2018 and income tax benefit was \$108.8 million for the three months ended June 30, 2017. See Note 7–Income Taxes of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Net earnings (loss). Net earnings were \$47.9 million and net losses were \$152.8 million during the three months ended June 30, 2018 and June 30, 2017, respectively. Net earnings during the three months ended June 30, 2018 compared to the three months ended June 30, 2017 were positively impacted by improvements in equity in earnings of non-consolidated entities related to the prior year impairment charge of \$202.6 million for our investment in NCM, higher revenues, lower merger, acquisition and transaction costs, a \$10.8 million rent reduction due to a lease modification that reduced rent expense, lower depreciation and amortization, decreases in general and administrative

expense (other), offset by increased interest expense and income tax provision.

#### Theatrical Exhibition - International Markets

Revenues. Total revenues increased 6.2% or \$18.3 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. Admissions revenues increased 3.1% or \$6.0 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to a 13.5% increase in average ticket price and partially offset by a 9.3% decline in attendance. Average ticket price increased due to improvements in foreign currency translation rates and price increases. Attendance declined primarily due to the lack of popular films compared to last year, increased competition and temporary screen closures for our renovation initiatives.

Food and beverage revenues increased 4.2% or \$3.1 million, during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to a 14.8% increase in food and beverage per patron, partially offset by the overall decrease in attendance. Food and beverage per patron increased due to improvements in foreign currency translation rates and price increases.

Total other theatre revenues increased 36.2% or \$9.2 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to increased package ticket and gift card income, increases in ticket fees and improvements in foreign translation rates.

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Operating costs and expenses. Operating costs and expenses increased 6.9% or \$21.6 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. Film exhibition costs decreased 1.5% or \$1.2 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. The decrease in film exhibition cost is primarily due to the decrease in film exhibition cost as a percentage of admissions revenues offset by the increase in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 39.6% for the three months ended June 30, 2018 and 41.4% for the three months ended June 30, 2017.

Food and beverage costs increased 5.3% or \$0.9 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. The increase in food and beverage costs was primarily due to the increase in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were 23.4% for the three months ended June 30, 2018 and 23.2% for the three months ended June 30, 2017.

As a percentage of revenues, operating expense was 39.6% for the three months ended June 30, 2018 and 37.4% during the three months ended June 30, 2017. Rent expense increased \$3.4 million or 6.7% during the three months ended June 30, 2018 compared to the three months ended June 30, 2017 due to increases in foreign currency translation rates.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs increased \$0.9 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. The majority of our consolidated merger, acquisition and transaction costs related to Odeon and Nordic are included in our Theatrical Exhibition – U.S. markets operating segment. The merger, acquisition and transactions costs are a corporate function primarily recorded in the U.S. markets operating segment.

Other. Other general and administrative expense decreased 9.3% or \$1.7 million, during the three months ended June 30, 2018 compared to the three months ended June 30, 2017 primarily due to efficiencies from consolidation including alignment with a shared services theatre support model.

Depreciation and amortization. Depreciation and amortization increased 16.7% or \$5.8 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017 primarily due to depreciation on capital expenditures of \$69.1 million during the six months ended June 30, 2018, and \$83.1 million during the year ended December 31, 2017 and as a result of increases in foreign currency translation rates.

Interest expense. Interest expense increased 10.5% or \$0.6 million for the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to improvements in foreign currency translation rates.

Income tax provision. The income tax benefit is \$4.0 million for the three months ended June 30, 2018 as compared to income tax benefit of \$0.8 million for the three months ended June 30, 2017. See Note 7—Income Taxes of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Net loss. Net loss increased \$2.0 million or 8.4% during the three months ended June 30, 2018 primarily due to declines in attendance and increases in foreign currency translation rates.

Results of Operations— For the Six Months Ended June 30, 2018 and June 30, 2017

#### Consolidated Results of Operations

Revenues. Total revenues increased 13.8% or \$342.4 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Admissions revenues increased 12.2%, or \$192.4 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to a 4.1% increase in attendance, and a 7.8% increase in average ticket price. The increase in attendance was primarily due to the popularity of films (for U.S. Markets) released as compared to the same period a year ago and the acquisition of Nordic on March 28, 2017 (for International Markets), partially offset by a lack of popular film product, temporary screen closures for theatre refurbishments and increased competition in international markets. The increase in average ticket price was primarily due to strategic pricing initiatives put in place over the last year, improvements in attendance and popularity of IMAX

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and other PLF premium content and improvements in foreign currency translation rates.

Food and beverage revenues increased 10.4%, or \$79.9 million, during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to the increase in attendance and a 5.9% increase in food and beverage revenues per patron. Food and beverage revenues per patron increased as a result of our food and beverage initiatives including our Feature Fare menu that was introduced in 2017 and is available in 346 of our U.S. theatres, offering our guests a broader selection of items to choose from, price increases and improvements in foreign currency translation rates.

Total other theatre revenues increased 52.7%, or \$70.1 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to increases in advertising revenues, ticket fees and income from gift cards and package tickets including gross up for third party ticket fees of \$13.1 million and increases from non-cash NCM ESA interest of \$20.9 million, offset by a \$7.6 million reduction in NCM ESA principal amortization. Other revenues also increased due to the acquisition of Nordic. See Note 1—Basis of Presentation for a further discussion of the increases in other revenues related to ASC 606.

Operating costs and expenses. Operating costs and expenses increased 7.3%, or \$178.7 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Film exhibition costs increased 12.3%, or \$98.5 million, during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to the increase in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 50.7% for the six months ended June 30, 2018 and 50.6% for the six months ended June 30, 2017.

Food and beverage costs increased 13.5%, or \$16.5 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. The increase in food and beverage costs was primarily due to the increase in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were 16.3% for the six months ended June 30, 2018 and 15.8% for the six months ended June 30, 2017 due to the Nordic acquisition where food and beverage costs as a percentage of food and beverage revenues are much higher in our International markets than in our U.S. markets. Food and beverage gross profit per patron increased 5.4% and is calculated as food and beverage revenues less food and beverage costs divided by attendance.

As a percentage of revenues, operating expense was 29.6% for the six months ended June 30, 2018 and 30.0% for the six months ended June 30, 2017. Rent expense decreased 0.2%, or \$0.8 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to the modification of a theatre lease in the U.S. markets which reduced rent expense by \$35.0 million, offset by increases in rent in International markets due to the Nordic acquisition and improvements in foreign currency translation rates.

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were \$9.0 million during the six months ended June 30, 2018 compared to \$51.7 million during the six months ended June 30, 2017, primarily due to expenses incurred in connection with the Carmike, Odeon and Nordic acquisitions in the prior year. The merger, acquisition and transaction costs are a corporate function primarily recorded in the U.S. markets operating segment.

In conjunction with the Carmike acquisition and the DOJ final judgment, we returned 1,807,220 additional NCM common units (valued at \$22.6 million) in exchange for a waiver of exclusivity by NCM which resulted in \$22.6 million of expense during the six months ending June 30, 2017.

Other. Other general and administrative expense increased \$6.8 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to the acquisition of Nordic, increases in foreign currency translation rates and increases in stock-based compensation expense.

Depreciation and amortization. Depreciation and amortization increased \$9.6 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to the acquisition of Nordic and improvements in foreign currency translation rates.

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Other Expense (Income):

Other expense. Other expense of \$3.4 million during the six months ended June 30, 2018 is primarily due to \$3.6 million financing related foreign currency transaction losses. During the six months ended June 30, 2017, other income included a foreign currency transaction gain of \$1.2 million, a \$0.4 million recovery for business interruption, offset by a \$0.4 million loss on the repayment of the Bridge Loan Facility.

Interest expense. Interest expense increased \$32.9 million to \$164.9 million for the six months ended June 30, 2018 compared to \$132.0 million the six months ended June 30, 2017 primarily due to a non-cash NCM ESA expense of \$20.9 million recorded due to adoption of ASC 606 – Revenue Recognition, that required us to reflect an interest component for our long-term performance obligation. On March 17, 2017, we issued \$475.0 million of our 6.125% Notes due 2027 and £250.0 million (\$313.4 million) of our 6.375% Sterling Notes due 2024.

Equity in (earnings) losses of non-consolidated entities. Equity in earnings of non-consolidated entities were \$4.0 million for the six months ended June 30, 2018 compared to equity losses of \$197.3 million for the six months ended June 30, 2017. Equity in earnings for the six months ended June 30, 2018 includes a \$2.3 million gain on the sale of NCM common shares, partially offset by a \$16.0 million lower of carrying value or fair value impairment loss on 9,492,820 NCM units and 1,000,000 NCM, Inc. common shares held-for-sale and a \$1.1 million loss on the return of 915,150 NCM units as a part of the annual common unit adjustment under the NCM ESA. During the six months ended June 30, 2017, the loss was primarily due to an other-than-temporary impairment loss on NCM of \$204.5 million and a loss on our investment in Open Road of \$8.9 million.

Investment income. Investment income was \$6.7 million for the six months ended June 30, 2018 compared to investment income of \$5.0 million for the six months ended June 30, 2017. Investment income includes payments received related to the NCM tax receivable agreement of \$5.4 million and \$5.5 million for the six months ended June 30, 2018 and June 30, 2017, respectively. Investment income for the six months ended June 30, 2018 includes a \$1.5 million gain on the sale of a joint venture managed theatre.

Income tax (benefit) provision. The income tax provision was \$2.1 million for the six months ended June 30, 2018 and income tax benefit was \$118.8 million for the six months ended June 30, 2017. See Note 7–Income Taxes of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Net earnings (loss). Net earnings (loss) were \$39.9 million and \$(168.1) million during the six months ended June 30, 2018 and June 30, 2017, respectively. Net earnings during the six months ended June 30, 2018 compared to the six months ended June 30, 2017 were positively impacted by improvements in equity in earnings of non-consolidated entities related to the prior year impairment charge of \$204.5 million for our investment in NCM, higher revenues, lower merger, acquisition and transaction costs, a \$35.0 million rent reduction due to a lease modification, offset by increases in depreciation and amortization expense, interest expense, income tax provision and general and administrative expense (other).

Theatrical Exhibition—U.S. Markets

Revenues. Total revenues increased 11.1% or \$211.8 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Admissions revenues increased 9.6%, or \$114.3 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to a 5.5% increase in attendance and a 4.0% increase in average ticket price. The increase in attendance was due to the popularity of film product during the current year as compared to the prior year. The increase in average ticket price was primarily due to strategic pricing initiatives put in place over the last year and increased popularity and related increase in attendance for IMAX and other PLF premium content.

Food and beverage revenues increased 8.7%, or \$54.3 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to the increase in attendance, and an increase in food and beverage revenues per patron of 3.0%. Food and beverage revenues per patron increased as a result of our food and beverage initiatives including our Feature Fare menu that was introduced in 2017 and is available in 346 of our U.S. theatres, offering our guests a broader selection of items to choose from and price increases.

Total other theatre revenues increased 48.8%, or \$43.2 million during the six months ended June 30, 2018

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compared to the six months ended June 30, 2017, primarily due to ticket fees and advertising revenues including gross up for third party ticket fees of \$13.1 million and increases from non-cash NCM ESA interest of \$20.9 million, offset by \$7.6 million reduction in NCM ESA principal amortization. See Note 1—Basis of Presentation for a further discussion of increases in other revenues related to ASC 606.

Operating costs and expenses. Operating costs and expenses increased 2.6%, or \$48.7 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Film exhibition costs increased 11.3%, or \$72.1 million, during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to the increase in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 54.5% and 53.6% for the six months ended June 30, 2018 and June 30, 2017, respectively. The increase in film exhibition cost percentage is primarily due to the concentration of box office revenues in higher grossing films in the current year which typically results in higher film terms.

Food and beverage costs increased 11.4%, or \$10.1 million, during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. As a percentage of food and beverage revenues, food and beverage costs were 14.5% for the six months ended June 30, 2018 and 14.1% for the six months ended June 30, 2017. The increase in food and beverage costs as a percentage of food and beverage revenues was primarily due to higher cost items in the new Feature Fare menu. Food and beverage gross profit per patron increased 2.6% and is calculated as food and beverage revenues less food and beverage costs divided by attendance.

As a percentage of revenues, operating expense was 27.6% for the six months ended June 30, 2018 and 29.0% for the six months ended June 30, 2017. Rent expense decreased 6.3%, or \$18.8 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily from the modification of a theatre lease which reduced rent expense by \$35.0 million and partially offset by higher snow removal costs in the current year.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were \$6.2 million during the six months ended June 30, 2018 compared to \$50.6 million during the six months ended June 30, 2017, primarily due to expenses incurred in connection with the Carmike, Odeon and Nordic acquisitions in the prior year. The merger, acquisition and transaction costs are a corporate function primarily recorded in the U.S. markets operating segment.

Other. Other general and administrative expense increased \$2.6 million, during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to increases in stock-based compensation expense.

Depreciation and amortization. Depreciation and amortization decreased \$4.0 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to the prior year impairment charges and adjustments to the estimated fair value of property, net acquired in the Carmike acquisition, partially offset by depreciation on capital expenditures of \$172.0 million during the six months ended June 30, 2018 and \$543.7 million during the year ended December 31, 2017.

Other Expense (Income):

Other expense. Other expense of \$1.5 million during the six months ended June 30, 2018 is primarily due to \$1.4 million financing related foreign currency transaction losses and \$0.4 million in other net periodic benefit costs, partially offset by \$0.4 million business interruption recovery. Other income in the prior year was primarily due to a foreign currency transaction gain.

Interest expense. Interest expense increased \$31.8 million to \$151.9 million for the six months ended June 30, 2018 compared to \$120.1 million the six months ended June 30, 2017 primarily due to a non-cash NCM ESA expense of \$20.9 million recorded due to adoption of ASC 606 – Revenue Recognition, that required us to reflect an interest component for our long-term performance obligation. On March 17, 2017, we issued \$475.0 million of our 6.125% Notes due 2027 and £250.0 million (\$313.4 million) of our 6.375% Sterling Notes due 2024.

Equity in (earnings) losses of non-consolidated entities. Equity in earnings of non-consolidated entities were \$3.6 million for the six months ended June 30, 2018 compared to equity in losses of \$197.4 million for the six months

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ended June 30, 2017. Equity in earnings for the six months ended June 30, 2018 includes a \$2.3 million gain on the sale of NCM common shares, partially offset by a \$16.0 million lower of carrying value or fair value impairment loss on 9,492,820 NCM units and 1,000,000 NCM, Inc. common shares held-for-sale and a \$1.1 million loss on the return of 915,150 NCM units as a part of the annual common unit adjustment under the NCM ESA. During the six months ended June 30, 2017, the loss was primarily due to an other-than-temporary impairment loss on NCM of \$204.5 million and a loss on Open Road of \$8.9 million.

Investment income. Investment income was \$6.7 million for the six months ended June 30, 2018 compared to investment income of \$5.1 million for the six months ended June 30, 2017. Investment income includes payments received related to the NCM tax receivable agreement of \$5.4 million and \$5.5 million for the six months ended June 30, 2018 and June 30, 2017, respectively. Investment income for the six months ended June 30, 2018 includes a \$1.5 million gain on the sale of a joint venture managed theatre.

Income tax (benefit) provision. The income tax provision was \$2.5 million for the six months ended June 30, 2018 and income tax benefit was \$119.1 million for the six months ended June 30, 2017. See Note 7—Income Taxes of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Net earnings. Net earnings were \$48.0 million and net losses were \$161.6 million during the six months ended June 30, 2018 and June 30, 2017, respectively. Net earnings during the six months ended June 30, 2018 compared to the six months ended June 30, 2017 were positively impacted by improvement in equity in earnings of non-consolidated entities due to the prior year \$204.5 million impairment of our investment in NCM, higher revenues, lower merger, acquisition and transaction costs, a \$35.0 million rent reduction due to a lease modification that reduced rent expense, lower depreciation and amortization, partially offset by, increased interest expense, income tax provision and general and administrative expense (other).

Theatrical Exhibition - International Markets

Revenues. Total revenues increased 22.4% or \$130.6 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Admissions revenues increased 19.8% or \$78.1 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to a 19.0% increase in average ticket price, and a 0.7% increase in attendance. The increase in average ticket price is due to improvements in foreign currency translation rates and increased ticket prices for Odeon. Attendance increased primarily due to the acquisition of Nordic, offset by attendance declines at Odeon due to the lack of popular films as compared to the prior year, increased competition and temporary screen closures for theatre refurbishments.

Food and beverage revenues increased 17.6% or \$25.6 million, during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to food and beverage per patron increase of 17.0% and the

overall increase in attendance. Food and beverage per patron increased primarily due to improvements in foreign currency translation rates and price increases.

Total other theatre revenues increased 60.3% or \$26.9 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to the acquisition of Nordic, increases in ticket fees and gift card and package ticket income and improvements in foreign currency translation rates.

Operating costs and expenses. Operating costs and expenses increased \$130.0 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Film exhibition costs increased \$26.4 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to the increase in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 40.3% for the six months ended June 30, 2018 and 41.6% for the six months ended June 30, 2017.

Food and beverage costs increased \$6.4 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. The increase in food and beverage costs was primarily due to the increase in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were 23.3% for the six months ended June 30, 2018 and 23.0% for the six months ended June 30, 2017.

As a percentage of revenues, operating expense was 35.5% for the six months ended June 30, 2018 and 33.2% during the six months ended June 30, 2017. Rent expense increased \$18.0 million during the six months ended June 30,

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2018 compared to the six months ended June 30, 2017 due primarily to the acquisition of Nordic on March 28, 2017 and improvements in foreign currency translation rates.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were \$2.8 million during the six months ended June 30, 2018 compared to \$1.1 million during the six months ended June 30, 2017, primarily due to expenses incurred in connection with the Odeon and Nordic acquisitions. The merger, acquisition and transaction costs are a corporate function primarily recorded in the U.S. markets operating segment.

Other. Other general and administrative expense increased \$4.2 million, during the six months ended June 30, 2018 compared to the six months ended June 30, 2017 primarily due to the Nordic acquisition and stock-based compensation.

Depreciation and amortization. Depreciation and amortization increased \$13.6 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017 primarily due to the acquisition of Nordic on March 28, 2017 and improvements in foreign currency translation rates.

Interest expense. Interest expense increased \$1.1 million for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to interest expense related to amortization of deferred charges on Odeon's revolving credit facility and improvements in foreign currency translation rates.

Income tax provision (benefit). The income tax benefit was \$0.4 million for the six months ended June 30, 2018 as compared to income tax provision of \$0.3 million for the six months ended June 30, 2017. See Note 7—Income Taxes of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Net loss. Net loss increased \$1.6 million during the six months ended June 30, 2018 as a result of increases in other expenses and interest expense, offset by increases in equity in earnings of non-consolidated entities and increased benefit for income taxes.

LIQUIDITY AND CAPITAL RESOURCES

Our consolidated revenues are primarily collected in cash, principally through box office admissions and food and beverage sales. We have an operating “float” which partially finances our operations, and which generally permits us to maintain a smaller amount of working capital capacity. This float exists because admissions revenues are received in cash, while exhibition costs (primarily film rentals) are ordinarily paid to distributors from 20 to 45 days following receipt of box office admissions revenues. Film distributors generally release the films which they anticipate will be the most successful during the summer and year-end holiday seasons. Consequently, we typically generate higher revenues during such periods.

We had working capital deficits (excluding restricted cash) as of June 30, 2018 and December 31, 2017 of \$(413.5 million) and \$(545.3 million), respectively. Working capital included \$311.2 million and \$401.0 million of deferred revenues as of June 30, 2018 and December 31, 2017, respectively. We have the ability to borrow under our Revolving Credit Facility to meet obligations as they come due (subject to limitations on the incurrence of indebtedness in our various debt instruments). As of June 30, 2018, we had \$210.8 million available for borrowing, net of letters of credit, under our Revolving Credit Facility. We also maintain a £100.0 million (\$132.1 million based on the foreign currency translation rate of 1.32 on June 30, 2018) revolving credit facility at our Odeon subsidiary of which \$112.6 million was available for borrowing, net of letters of credit, as of June 30, 2018.

We believe that cash generated from operations, existing cash and cash equivalents, availability under our Revolving Credit Facility and Odeon’s Revolving Credit Facility, and closing and collecting proceeds from the sales of non-strategic assets will be sufficient to fund operations, planned capital expenditures, dividends and repurchases of our common stock currently and for at least the next 12 months and enable us to maintain compliance with all financial debt covenants.

As of June 30, 2018, we were in compliance with all financial debt covenants.

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Cash Flows from Operating Activities

Cash flows provided by operating activities, as reflected in the Consolidated Statements of Cash Flows, were \$297.1 million and \$118.4 million during the six months ended June 30, 2018 and June 30, 2017, respectively. The increase in cash flows provided by operating activities was primarily due increased attendance levels which drove higher operating results, increases in landlord contributions and decreases in payments for accounts payable.

Cash Flows used in Investing Activities

Cash flows used in investing activities, as reflected in the Consolidated Statements of Cash Flows, were \$181.5 million and \$875.2 million during the six months ended June 30, 2018 and June 30, 2017, respectively. Cash outflows from investing activities include capital expenditures of \$241.1 million and \$318.0 million during the six months ended June 30, 2018 and June 30, 2017, respectively. Our capital expenditures primarily consisted of strategic growth initiatives and remodels, capital improvements to existing locations in our theatre circuit, and technology upgrades. During the six months ended June 30, 2018, cash inflows from investing activities included the proceeds from sale leaseback transactions of \$50.1 million. During the six months ended June 30, 2017, cash outflows from investing activities included the acquisition of Nordic, net of cash and restricted cash, of \$577.6 million. We expect that our gross cash outflows for capital expenditures will be approximately \$600.0 million to \$640.0 million for 2018, before giving effect to expected landlord contributions of approximately \$140.0 million to \$150.0 million.

We fund the costs of constructing, maintaining and remodeling our theatres through existing cash balances, cash generated from operations, landlord contributions, or borrowed funds, as necessary. We generally lease our theatres pursuant to long-term non-cancelable operating leases which may require the developer, who owns the property, to reimburse us for the construction costs. We may decide to own the real estate assets of new or acquired theatres and, following construction or acquisition, sell and leaseback the real estate assets pursuant to long-term non-cancelable operating leases. See Commitments and Contingencies below for additional discussion of the potential cash outflows and future sources of liquidity.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities, as reflected in the Consolidated Statements of Cash Flows, were \$(117.9) million and \$674.7 million during the six months ended June 30, 2018 and June 30, 2017, respectively.

On February 28, 2018, our Board of Directors declared a cash dividend in the amount of \$0.20 per share of Class A and Class B common stock, paid on March 26, 2018 to stockholders of record on March 12, 2018. On May 3, 2018,

our Board of Directors declared a cash dividend in the amount of \$0.20 per share of Class A and Class B common stock, paid on June 25, 2018 to stockholders of record on June 11, 2018. We paid dividends and dividend equivalents of \$25.7 million during the three months ended June 30, 2018 and paid dividends and dividend equivalents of \$26.3 million during the three months ended June 30, 2017. We paid dividends and dividend equivalents of \$51.4 million during the six months ended June 30, 2018 and paid dividends and dividend equivalents of \$52.5 million during the six months ended June 30, 2017.

On July 24, 2018, our Board of Directors declared a cash dividend in the amount of \$0.20 per share of Class A and Class B common stock, to be paid on September 24, 2018 to stockholders of record on September 10, 2018.

We made tax payments for restricted stock units withholdings of \$1.7 million and \$6.5 million during the six months ended June 30, 2018 and June 30, 2017, respectively.

We paid \$13.5 million for treasury stock purchased at the end of 2017 and settled during January of 2018. We paid \$6.3 million for treasury stock purchased during the six months ended June 30, 2018.

As of June 30, 2018, we had no borrowings outstanding under our Revolving Credit Facility and \$14.2 million in outstanding standby letters of credit in the ordinary course of business and we had no borrowings under our Odeon revolving credit facility and \$19.5 million in outstanding standby letters of credit in the ordinary course of business.

On March 17, 2017, we issued \$475.0 million aggregate principal amount of our 6.125% Senior Subordinated

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Notes due 2027 in a private offering and £250.0 million (\$327.8 million) additional aggregate principal amount of our Sterling Notes due 2024 at 106% plus accrued interest from November 8, 2016 in a private offering.

On March 28, 2017, we paid the Nordic SEK Term Loan of \$144.4 million and the Nordic EUR Term Loan of \$169.5 million aggregate principal amount in connection with the acquisition of Nordic using proceeds from our Senior Subordinated Notes due 2027 and Sterling Notes due 2024.

In February 2017, we completed an additional public offering of 20,330,874 shares of Class A common stock at a price of \$31.50 per share (\$640.4 million), resulting in net proceeds of \$616.8 million after underwriters commission. We used a portion of the net proceeds to repay the aggregate principal amount of our Bridge Loan of \$350.0 million.

## Investment in NCM

As of June 30, 2018, we owned 21,477,480 common membership units in NCM, classified as held for sale. On July 5, 2018, we completed the sale of our remaining interest in NCM for \$7.30 per unit and received cash proceeds of approximately \$156.8 million.

## Contractual Obligations, Commitments and Contingencies

We have commitments and contingencies for capital and financing leases, corporate borrowings, operating leases, capital related betterments and pension funding that were summarized in a table in our Annual Report on Form 10-K for the year ended December 31, 2017. Since December 31, 2017, there have been no material changes to the commitments and contingencies of the Company outside the ordinary course of business.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of business, our financial results are exposed to fluctuations to interest rates and foreign currency exchange rates. In accordance with applicable guidance, we presented a sensitivity analysis showing the potential impact to net income of changes in interest rates and foreign currency exchange rates. For the six months ended June 30, 2018, our analysis utilized a hypothetical 100 basis-point increase or decrease to the average interest rate on our variable rate debt instruments to illustrate the potential impact to interest expense of changes in interest rates. For the six months ended June 30, 2018, our analysis utilized a hypothetical 100 basis-point increase or decrease to market interest rates on our fixed rate debt instruments to illustrate the potential impact to fair value of changes in interest rates.

Similarly, for the same period, our analysis used a uniform and hypothetical 10% strengthening of the U.S. dollar versus the average exchange rates of applicable currencies to depict the potential impact to net income of changes in foreign exchange rates. These market risk instruments and the potential impacts to the consolidated statements of operations for the current year, have not materially fluctuated, individually or in the aggregate from the preceding year; thus, only current year information is presented below.

Market risk on variable rate financial instruments. At June 30, 2018, we maintained a Senior Secured Credit Facility comprised of a \$225.0 million revolving credit facility, \$858.6 million of Senior Secured Term Loans due 2022 and \$493.8 million of Senior Secured Term Loans due 2023. The Senior Secured Credit Facility provides for borrowings at a rate equal to an applicable margin plus, at our option, either a base rate or LIBOR + 2.25%. The rate in effect at June 30, 2018 for the outstanding Senior Secured Term Loans due 2022 and 2023 was 4.3233% per annum. Increases in market interest rates would cause interest expense to increase and earnings before income taxes to decrease. The change in interest expense and earnings before income taxes would be dependent upon the weighted average outstanding borrowings during the reporting period following an increase in market interest rates. At June 30, 2018, we had no variable-rate borrowings outstanding under our revolving credit facility and had an aggregate principal balance of \$1,352.4 million outstanding under the Senior Secured Term Loans due 2022 and 2023. A 100-basis point change in market interest rates would have increased or decreased interest expense on the Senior Secured Credit Facility by \$6.8 million during the six months ended June 30, 2018.

Market risk on fixed-rate financial instruments. Included in long-term corporate borrowings at June 30, 2018 were principal amounts of \$230.0 million of our Senior Secured Notes due 2023, \$600.0 million of our Notes due 2025, \$375.0 million of our Notes due 2022, \$595.0 million of our Notes due 2026, \$475.0 million of our Notes due 2027, and £500.0 million (\$660.3 million) of our Sterling Notes due 2024. A 100-basis point change in market interest rates would have caused an increase or (decrease) in the fair value of our fixed rate financial instruments of approximately \$163.0 million and (\$152.0) million, respectively.

Foreign currency exchange rate risk. We are also exposed to market risk arising from changes in foreign currency exchange rates as a result of our ownership of Odeon and Nordic. Odeon's revenues and operating expenses are

transacted in British Pounds and Euros, and Nordic's revenues and operating expenses are transacted primarily in Swedish Krona and Euros. U.S. GAAP requires that our subsidiaries use the currency of the primary economic environment in which they operate as their functional currency. If Odeon and Nordic operate in a highly inflationary economy, U.S. GAAP requires that the U.S. dollar be used as the functional currency for Odeon and Nordic. Currency fluctuations in the countries in which we operate result in us reporting exchange gains (losses) or foreign currency translation adjustments. Based upon our ownership in Odeon and Nordic as of June 30, 2018, holding everything else constant, a 10% immediate, simultaneous, unfavorable change in all of the foreign currency exchange rates to which we are exposed, would increase the aggregate net loss of our International markets reportable segment for the six months ended June 30, 2018 by approximately \$0.8 million.

Our foreign currency translation rates improved favorably by approximately 10.7% from the six months ended June 30, 2017 to the six months ended June 30, 2018, which increased our net loss by approximately \$0.9 million for the six months ended June 30, 2018.

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Item 4. Controls and Procedures.

(a)Evaluation of disclosure controls and procedures.

The Company maintains a set of disclosure controls and procedures designed to ensure that material information required to be disclosed in its filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that material information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have evaluated these disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q and have determined that such disclosure controls and procedures were effective.

(b)Changes in internal control.

As part of the adoption of ASC Topic 606, the Company implemented changes to its control activities related to revenue recognition to ensure adequate evaluation of its contracts and proper assessment of the impact of the new accounting standard. There were no significant changes in the Company's internal control over financial reporting due to the adoption of the new standard, and no other changes in its internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) during the quarter ended June 30, 2018, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II—OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Note 13—Commitments and Contingencies of the Notes to the Company's Consolidated Financial Statements contained in Part I of this quarterly report on Form 10-Q for information on certain litigation to which we are a party.

Item 1A. Risk Factors

Reference is made to Part I Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017, which sets forth information relating to important risks and uncertainties that could materially adversely affect our business, financial condition or operating results. There have been no material changes to the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None.

(b) None.

(c) Issuer Purchases of Equity Securities

Purchases of Equity Securities

|                                                            |  | Approximate<br>Dollar<br>Value of<br>Shares that<br>May Yet Be<br>Purchased<br>Under the |
|------------------------------------------------------------|--|------------------------------------------------------------------------------------------|
| Total Number of<br>Shares Purchased as<br>Part of Publicly |  |                                                                                          |

| Period                               | Total Number of<br>Shares Purchased | Average<br>Price<br>Paid<br>Per Share | Announced Plans or<br>Programs (a) | Plans or<br>Program (a)<br>(in millions) |
|--------------------------------------|-------------------------------------|---------------------------------------|------------------------------------|------------------------------------------|
| April 1, 2018 through April 30, 2018 | —                                   | \$ —                                  | —                                  | \$ 52.5                                  |
| May 1, 2018 through May 31, 2018     | —                                   | \$ —                                  | —                                  | \$ 52.5                                  |
| June 1, 2018 through June 30, 2018   | 500,000                             | \$ 16.36                              | 500,000                            | \$ 44.3                                  |
| Total                                | 500,000                             |                                       | 500,000                            |                                          |

(a) As announced on August 3, 2017, our Board of Directors authorized a share repurchase program for an aggregate purchase of up to \$100.0 million of our common stock, excluding transaction costs. As of June 30, 2018, \$44.3 million remained available for repurchase under this plan. A two-year time limit has been set for the completion of this program, expiring August 2, 2019.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

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Item 6. Exhibits.

EXHIBIT INDEX

| EXHIBIT<br>NUMBER | DESCRIPTION                                                                                                                                                                            |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| *10.1             | <u>Amendment No. 1 to the American Multi-Cinema, Inc. Non-Qualified Deferred Compensation Plan effective May 1, 2018.</u>                                                              |
| *31.1             | <u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Acts of 2002.</u>                                                                            |
| *31.2             | <u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Acts of 2002.</u>                                                                            |
| *32.1             | <u>Section 906 Certifications of Adam M. Aron (Chief Executive Officer) and Craig R. Ramsey (Chief Financial Officer) furnished in accordance with Securities Act Release 33-8212.</u> |
| **101.INS         | XBRL Instance Document                                                                                                                                                                 |
| **101.SCH         | XBRL Taxonomy Extension Schema Document                                                                                                                                                |
| **101.CAL         | XBRL Taxonomy Extension Calculation Linkbase Document                                                                                                                                  |
| **101.DEF         | XBRL Taxonomy Extension Definition Linkbase Document                                                                                                                                   |
| **101.LAB         | XBRL Taxonomy Extension Label Linkbase Document                                                                                                                                        |
| **101.PRE         | XBRL Taxonomy Extension Presentation Linkbase Document                                                                                                                                 |

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\* Filed herewith

\*\* Submitted electronically with this Report.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMC ENTERTAINMENT HOLDINGS, INC.

Date: August 7, 2018 /s/ ADAM M. ARON  
Adam M. Aron  
Chief Executive Officer, Director and President

Date: August 7, 2018 /s/ CRAIG R. RAMSEY  
Craig R. Ramsey  
Executive Vice President and Chief Financial Officer