

April 14<sup>th</sup>, 2017

## AMC Entertainment Holdings: AMC

Analyst: Joseph Nastasi

Sector: Services

Industry: Movie Production

### Company Description:

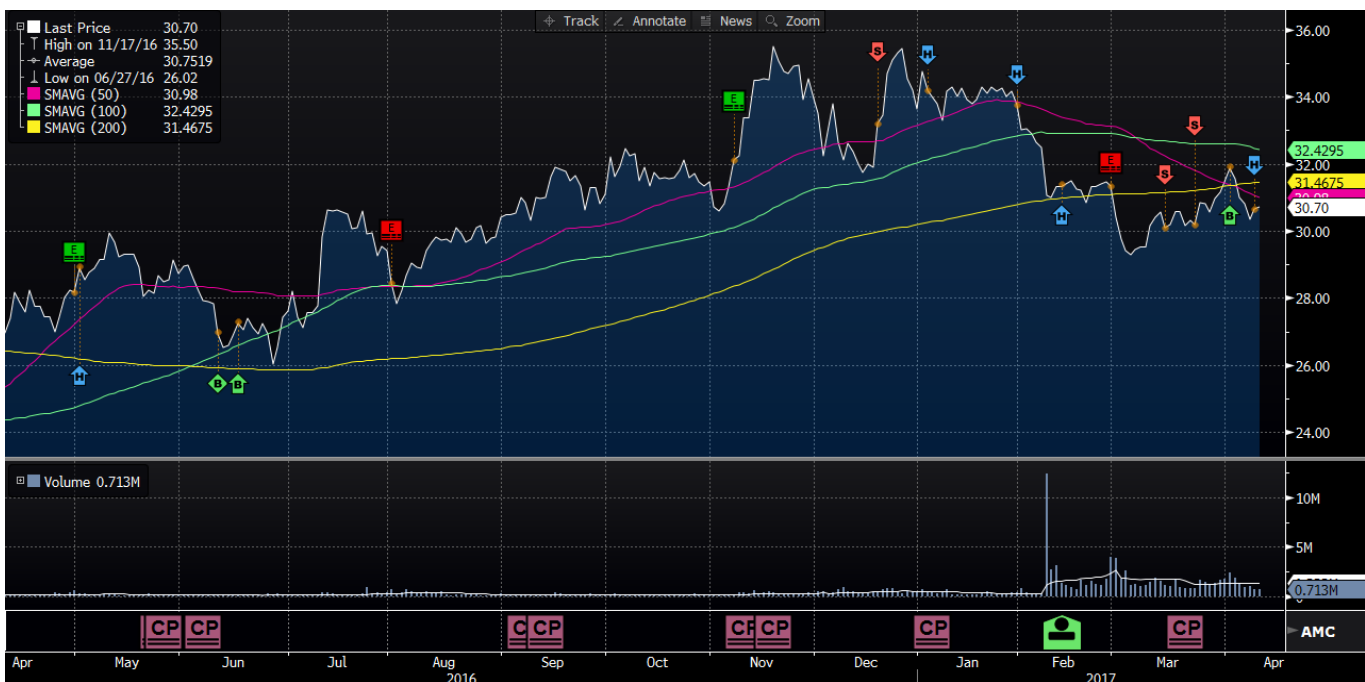
AMC Entertainment Holdings operates in the theatrical business and owns, operates, or has interests in theatres primarily located in the United States and Europe. AMC has the #1 or #2 market share position in 22 of the 25 largest metropolitan areas of the United States. Through its Odeon subsidiary, AMC is the #1 theatre chain in the UK, Ireland, Italy, and Spain. AMC serves approximately 200 million guests each year with industry-leading guest satisfaction ratings. Approximately 52% of the U.S. population lives within 10 miles of one of AMC's theaters. AMC is an indirect subsidiary of Dalian Wanda Group, a Chinese private conglomerate, which owns about 68% of AMC's outstanding common stock. AMC was founded in 1920 and was incorporated in 2013.

### BUY

Current Price:	\$30.30
Target Price:	\$37.69
Market Cap:	4.02B
Volume:	712,543
S&P Debt Rating:	B+
Ke:	10.2%
ROE:	6.30%
Net Income Margin:	3.45
Total Asset Multiplier:	0.47
Equity Multiplier:	3.87
Cash/Total Assets:	2.4%

### Catalysts:

- **Short Term (within the year):** Q1 2017 Earnings on May 4<sup>th</sup>, 2017.
- **Mid Term(1-2 years):** Synergies obtained from implementing the acquisitions of Odeon, Carmike, and Nordic into operations
- **Long Term(3+):** Greater geographical presence in suburban and rural United States, Western and Southern Europe, and Scandinavia, Nordic, and the Baltic Regions

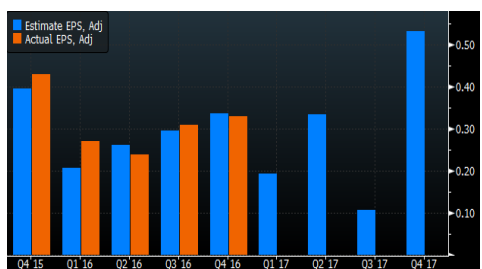


## Thesis:

AMC Entertainment Holdings is the largest theater exhibitor in the United States, in Europe, and in the World. The movie industry in North America has consistently had record box office years and the line-up of upcoming movie releases should ensure that trend. AMC's 4<sup>th</sup> quarter earnings resulted in all-time records for all of its revenue segments. AMC has a competitive advantage due to its well located and highly productive theaters and substantial operating cash flow. The company's enhanced food and beverage strategies like the MacGuffins Bars, Dine-In-Theaters, and revamped menus with margins of 86% are areas of value creation. The AMC Stubs are a highly successful marketing strategy, which contains the highest customer membership in the industry. AMC's acquisitions of Odeon, Carmike, and Nordic will allow its operations to reach suburban and rural United States, western and southern Europe, and Scandinavia, Nordic, and the Baltic Region. With these acquisitions, AMC is able to implement its highly successful strategy of a premium movie experience to its customers around the globe.

## 4<sup>th</sup> Quarter Earnings Performance:

AMC Entertainment Holdings' CEO, Adam Aron, stated, "AMC set new all-time high records for every revenue segment and adjusted EBITDA exceeding \$3 billion in total revenues for the first time ever, growing nearly 10% to a record \$3.2 billion with revenues in 2017 likely to exceed \$5 billion." Adam Aron also stated, "AMC has never been better positioned to leverage our proven strategic initiatives across a growing platform both here in the U.S. and across the globe."



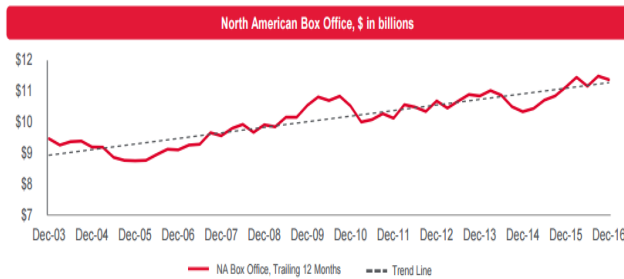
For the 4<sup>th</sup> Quarter, AMC set records for all revenue categories: admissions, food and beverage, and other. From the previous 4<sup>th</sup> quarter, total revenues increased 18.1% to \$926.1 million. Admission revenues increased 18.1% to \$588.9 million. Food and beverage revenues increased 16.6% to \$282.5 million. Total attendance increased 21.5% to \$62 million and average ticket price decreased 2.8% to \$9.50. Adjusted EBITDA increased 17.9% to \$181.6 million.

For the fiscal year, AMC also set records for all revenue categories: admissions, food and beverage, and other. Admissions revenue increased 8.3% to \$2 billion. Food and beverage revenue increased 12% to exceed \$1 billion. Food and beverage net margin increased slightly to 86%. Net earnings increased 7.5% to \$111.7 million. Diluted EPS increased 6.6% to \$1.13. During 2016, AMC opened 2 new theatres with a total of 17 screens and acquired 520 theatres with 5,201 screens. Aron stated, "AMC would have set revenue and adjusted EBITDA records even without the December contributions that came from Odeon and Carmike."

## Industry Outlook:

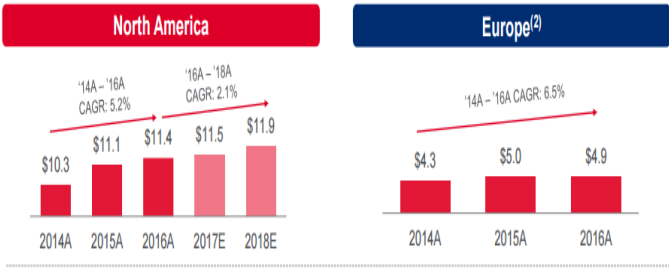
AMC's CEO Adam Aron stated, "The movie industry in North America also notched another record year, the fourth record, the fourth record year in the last five, with gross domestic box office growing 2% year-over-year to \$11.4 billion." The chart below shows the positive 14-year trend of the North American Box Office. The other chart shows the North American CAGR at 5.2% from 2014 to 2016 and the European CAGR at 6.5% in Box Office Earnings. European theatre attendance has been steadily growing especially in the UK, German, Italy, and Spain where AMC is the #1 theater chain with its Odeon subsidiary.

**The Box Office Has Demonstrated a Positive Long-Term Trend**

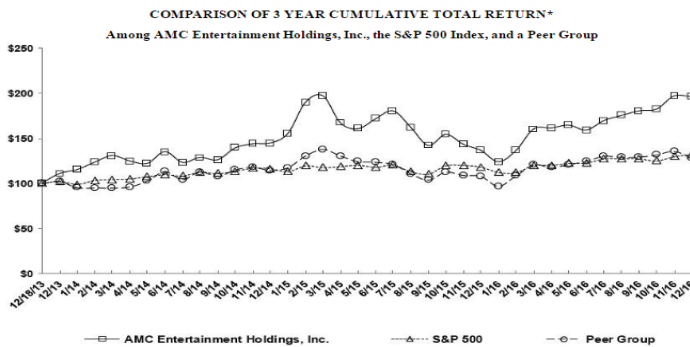


**Record Box Office Performance in 2015 and 2016**

(Box Office in \$ billions)<sup>(1)</sup>



The Movie Production Industry is highly dependent on motion picture production and performance. Also, the industry is highly seasonal with the most marketable motion pictures usually released during the summer and year-end holiday seasons. There is optimism in the industry with upcoming film releases such as Wonder Woman, Justice League, Star Wars: Han Solo, Jurassic World 2, and Avatar 2. The industry is highly competitive on numerous factors including attracting patrons, licensing motion pictures, and theater locations. The movie production industry is highly concentrated with Regal Entertainment Group, AMC Entertainment, Cinemark Holdings, and Cineplex generating approximately 65% of box office revenues in 2016 and this is up from 35% in 2000. The 3 year cumulative total returns chart below shows how AMC has outperformed its peer group and the market. Starting in December 2013 with an initial investment of



\$100 would have grown to \$196.23 for AMC, \$132.31 for the S&P 500, and \$128.15 for the peer group in December 2016. AMC has outperformed its competitors due to its competitive strengths of a leading market in diverse markets, well located and highly productive theaters (Five of the ten highest grossing theaters in the U.S. were legacy AMC theaters), substantial operating cash flow,

experiences and dynamic team, film content, and food and beverage.

**Business Model:**

AMC Entertainment Holdings operates under two principle categories: (1) Box Office Admissions and (2) Food and Beverage. Box office admissions offer consumers a borad range of entertainment alternatives including traditionmal film programing, independent and foreign films, performing arts, music and sports. Admission revenue has been increasing, but represents a decreasing share of AMC’s total revenues. Food and beverage alterantives exist beyond traditional concession itemss, including made-to-order-meals, customized coffee, healthy snacks, beer, wine, premium cocktails and dine-in theatre options. This revenue category has been rapidly increasing to over \$1 billion representinting 31.5% of total revenue. The other revenue comes from on-screen advertising, fees earned from AMC Stubs customer loyaltly program, rental of theatre auditoriums, and on-line ticketing fees. This revenue category has been increasing in recent years.

In Millions of USD except Per Share	FY 2013	FY 2014	FY 2015	FY 2016
12 Months Ending	12/31/2013	12/31/2014	12/31/2015	12/31/2016
Revenue	2,749.4 100.0%	2,695.4 100.0%	2,946.9 100.0%	3,235.8 100.0%
Admissions	1,847.3 67.2%	1,765.4 65.5%	1,892.0 64.2%	2,049.4 63.3%
Food and Beverage	786.9 28.6%	797.7 29.6%	910.1 30.9%	1,019.1 31.5%
Other Theatre	115.2 4.2%	132.3 4.9%	144.8 4.9%	167.3 5.2%

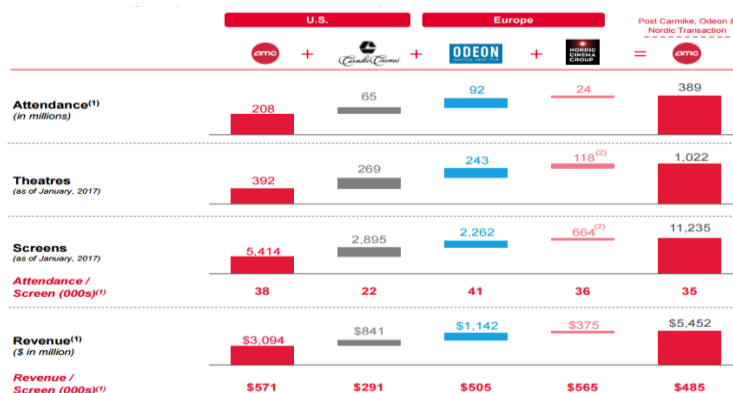


The 2016 revenue composition by currency are 72% USD, 13% Euro, 11% GBP, and 4% SEK. AMC classifies its theaters as AMC Theaters, AMC Classic Theaters, and AMC Dine-In Theaters. AMC's aims to maintain and increase its leadership position and competitive advantage through the following five strategies: more comfort and convenience, enhanced food and beverage, greater engagement and loyalty, premium sight and sound, and targeted programming.

- More Comfort and Convenience:** Recliner seat innovations and recliner seat renovations account for a majority of capital investments. Results in significant personal space gains from ample row depths, ability to recline or stretch legs, and oversized armrests leads to 40% to 60% increase in attendance at these innovative recliner chair locations. Extensive online ticketing allows guest greater convenience and a guaranteed seat. Reserved seating creates anxiety free movie-going.
- Enhanced Food and Beverage:** There is 19 Dine-In Theaters offering dinner and a movie with luxury seats, a full menu, and seat-side service. AMC MacGuffins bars allow AMC to engage its over-21 customers with 244 locations and an expected 44 more locations worldwide. Coca Cola Freestyle with more than 100 different soft drink choices and free refills, which increases guest satisfaction and decreases labor expense. AMC has introduced the largest menu revamp including stone-fired flatbread pizzas, gourmet popcorn in Cheese with salted caramel, gluten free pre-packaged snacks, cheeseburger sliders, chicken & waffle sandwiches, etc.
- Greater Engagement and Loyalty:** AMC Stubs is a customer loyalty program which allows members to earn rewards, receive discounts, and participate in exclusive members-only offerings. There is a paid tier called AMC Stubs Premiere (\$15 annual membership fee) and a new non-paid tier called AMC Stubs Insider. AMC Stubs has crossed the 6 million members mark with sign-up rates of 400 to 500 thousand members each month. AMC's website AMCTheatres.com has generated approximately 420 million visits per year and its Facebook page has more than 5.2 million likes.
- Premium Sight and Sound:** AMC's premium large formal (PLF) auditoriums generate the highest satisfaction scores. Expanded agreements with IMAX and Dolby Cinema. AMC is the largest IMAX exhibitor in the U.S. Dolby Cinema at AMC presents movies with Dolby Vision laser projections and Dolby Atmos sound. All theaters have RealID 3d capabilities and featuring 4k resolution by Sony Digital Cinema. These services allow for an attractive 70% ticket price premium in return.
- Targeted Programming:** AMC Independent reaches into the independent production and distribution community and has generated \$76 million in U.S. box office revenue. Theatrical special events including live opera, ballet, red carpet events, and TV series premieres.

## Acquisitions:

AMC with the acquisitions of Odeon and UCI Cinemas Holdings, Carmike Cinemas, and Nordic Cinema

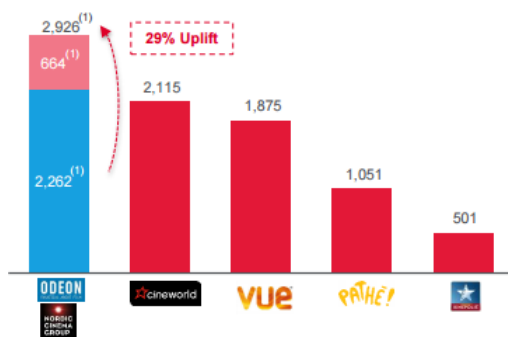


Group has made AMC the largest exhibitor in the US, Europe, and in the World. AMC acquired the 5<sup>th</sup> largest exhibitor in Carmike, 8<sup>th</sup> largest in Odeon, and 13<sup>th</sup> largest in Nordic. AMC is now 50% larger than the next largest competitor in Regal Entertainment Group. AMC has created a much larger platform to leverage its scale for growth and benefit its

guests, associates, and shareholders. The M&A transactions have resulted in AMC having 389 million in attendance, over 1 thousand theaters, over 11 thousand screens, and approximately \$5.45 billion in revenue.

- Odeon and UCI Cinemas Holdings:** On November 30, 2016 the Odeon acquisition was complete for approximately \$617.1 million. Consisting of cash in the amount of \$468 million and shares of common stock valued at \$156.7 million. Odeon is a leading European cinema operator with 243 cinemas and 2,262 screens. Odeon operates in four major markets: the UK, Spain, Italy, and Germany. Cost synergies are estimated at \$10 million. Odeon is operating in some of the best locations in the UK and Europe, but the theaters are in need of AMC’s renovation expertise. AMC estimates expected attendance to increase at Odeon theaters such that adjusted EBITDA could grow as much as 50% for the next four to five years.
- Carmike Cinemas:** On December 21, 2016 the Carmike acquisition was complete for approximately \$858.2 million. Consisting of cash in the amount of \$584 million and shares of common stock valued at \$273.9 million. Carmike is a U.S. leader in digital cinema and 3-D cinema development. The acquisition offers AMC complementary markets in suburban and rural regions of the country. Carmike has 269 theaters with 2,895 screens. Cost synergies are estimated at \$35 million. To receive regulatory approval, AMC agreed to divest 17 theaters in 15 local markets where there was an overlap with Carmike. Carmike theaters will be rebranded under AMC Theaters or AMC Classic Theaters.
- Nordic Cinemas:** On January 20, 2017 the Nordic acquisition was set forth for approximately \$631 million in an all-cash transaction. Nordic is the leading theater operator in Scandinavia, and the

**Creates Undoubted Leader in Europe**  
Total Number of Screens



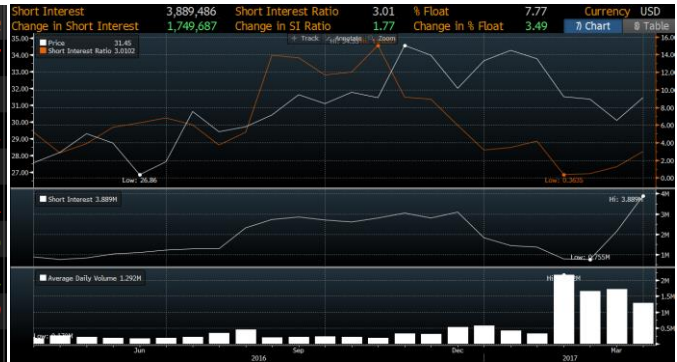
Nordic and Baltics. Nordic has the #1 market share position in Sweden, Finland, Estonia, Latvia, and Lithuania. Consisting of 118 theaters and 664 screens. The combination of Odeon and Nordic makes AMC the leader in Europe as shown by chart to the left with 2,926 screens. Cost synergies are estimated at \$5 million. Nordic’s theaters are truly modern and up-to-date, unlike Odeon’s theaters. Nordic has operating margins above Odeon and even above AMC theaters. Nordic has theaters in premium locations in prime and mid-sized cities.

## Management/Ownership:

The ownership type chart is shown below. Investment advisors own 67.52%, hedge fund managers own 14.96%, and unclassified own 12.09% of common shares outstanding. There has been an increasing position in shares outstanding held by hedge fund managers and the holding company, since the beginning of the fiscal year. The short interest is at approximately 3.9 million, which is a 1.7 million positive change in short interest. This large amount of change is due to the recent equity offering by AMC drastically increasing the volume of its stock. The short interest ratio is at 3.01, which is near AMC’s lowest SI ratio; however, there has been an increase of 1.77 in the SI ratio. There is an average of 2.85 days to cover the short interest for AMC.



54) Ownership Type	01/01/17	Curr	Change
Investment Advisor	68.79	67.52	-1.27
Hedge Fund Manager	13.53	14.96	+1.43
Unclassified	14.30	12.09	-2.21
Holding Company	0.00	2.03	+2.03
Insurance Company	1.32	1.20	-0.12
Individual	0.80	1.06	+0.26
Pension Fund	0.46	0.48	+0.02
Bank	0.46	0.37	-0.09
Brokerage	0.14	0.17	+0.03



As of December 31, 2016, Dalian Wanda Group, one of the largest privately-held conglomerates in China, has a 68.83% ownership stake in AMC and owns more than 86% of the combined voting power. Wanda is the largest theater exhibition operator in China. Dalian Wanda acquired AMC in May 2012, which was the largest Chinese acquisition of an American company. The company made major changes in AMC's theater design and layout, including reclining seats, waiter service, and expanded food and drink offerings. Ticket sales at AMC nearly doubled in the 18 months following the acquisition. Dalian Wanda is listed as a key strategic shareholder and as a competitive strength for AMC. It enables AMC to enhance relationships and obtain better terms from food and beverage, lighting, and theater supply vendors, and to expand their strategic relationship with IMAX and Dolby. On February 13, 2017, AMC completed an additional public offering of 19,047,619 shares of Class A common stock at a price of \$31.50, resulting in net proceeds of \$579 million. On February 17, 2017, AMC completed another additional public offering of 1,283,255 shares of Class A common stock resulting in net proceeds of \$39 million. Last January, AMC's public float was 21.6 million shares and now it is more than doubled to 55.7 million shares. Adam Aron is the Chief Executive Officer, President and Director of AMC since January 2016. Aron was CEO of Starwood Hotels and Resorts Worldwide and served as CEO of World Leisure Partners. Key executive compensation has been steadily increasing and has rapidly increased with the approximately \$11 million for the CEO. Adam Aron showed confidence in AMC by recently purchasing \$1 million worth of AMC stock personally.

#### Key Executive Compensation AMC

Name/Title	2012	2013	2014	2015	2016
▶ Key Executive Compensation	7,748,161	11,000,954	7,470,242	7,661,887	20,206,368
▶ Adam M. Aron/Chief Executive Officer and President	-	-	-	-	10,932,004
▶ Craig R. Ramsey/Executive Vice President and Chief Financial Officer	2,755,943	2,960,646	1,882,940	2,624,733	2,659,220
▶ John D. McDonald/Executive Vice President, North American Operations	1,683,416	2,785,546	1,994,992	1,750,734	2,320,247
▶ Mark A. McDonald/Executive Vice President, Global Development	1,263,992	2,587,303	1,860,863	1,586,673	2,180,109

### Capital Allocation Comparison:

AMC Entertainment Holdings has a large amount of debt due to its acquisitions of Odeon, Carmike, and Nordic. AMC, pushed by its majority stakeholder the Dalian Wanda Group, has made numerous acquisitions to expand its growth. AMC acquired Odeon for approximately \$617 million, Carmike for \$858 million and Nordic for \$631 million. On November 8, 2016, AMC issued \$595 million aggregate principal amount of its 5.875% Senior Subordinated Notes due 2026 and \$250 million of its 6.375% Senior Subordinated Notes due 2024. AMC also completed an additional public offering (discussed above) resulting in net proceeds of \$618 million. AMC's high amount of operating cash flow will also be used to fund the acquisitions. Management discussed how the \$0.80 annual dividend per share should not be affected. Moody assigned B2 for AMC is

under review due to its increasing amount of debt undertaken from the transactions resulting in a material rise in leverage and the increased exposure to currency risk. AMC's increase in total debt, capitalization, and cost of debt, WACC, and ROC/WACC compared to its competitors are shown below.

In Millions of USD	FY 2013	FY 2014	FY 2015	FY 2016
12 Months Ending	12/31/2013	12/31/2014	12/31/2015	12/31/2016
Market Capitalization	2,001.2	2,549.6	2,337.7	3,707.1
- Cash & Equivalents	546.5	218.2	211.3	207.1
+ Preferred & Other	0.0	0.0	0.0	0.0
+ Total Debt	2,195.0	1,900.3	2,014.7	4,436.4
Enterprise Value	3,649.7	4,231.7	4,141.1	7,936.4

Capitalization (Debt/Equity)			Kd		WACC		ROC /WACC				
	History	LFY	History	LFY	History	LFY	History	LFY			
AMC	0.86	1.20	AMC	5.9%	3.8%	AMC	8.0%	7.8%	AMC	0.54	0.72
Competitors	0.43	0.42	Competitors	6.1%	5.4%	Competitors	9.6%	8.7%	Competitors	1.10	1.21

AMC's total debt has increased from approximately 2.01 billion in FY 2015 to \$4.44 billion in FY 2016. As expected, AMC's last fiscal year capitalization is at 1.20 and much higher than its competitors of 0.42. AMC's cost of debt at 3.8% is lower than its competitors; this could be due to its large size and better credit rating. Its WACC at 7.8% is also lower than its competitors. However, AMC's ROC to WACC at 0.72 is smaller than its competitors. AMC's low cost of debt and WACC allow for these acquisitions to be profitable.

## Profitability Comparison:

AMC Entertainment Holdings' revenue, gross profit, EBITDA, Net Income, and EPS are shown below with their respective margin. Revenue has increased at 9.8% to \$3.2 billion in FY 2016. Gross profit has increased 11% to \$2 billion with a margin 61.9%. EBITDA has increased 11% to 536.7 million with a margin of 16.6%. Net Income has increased 26% to 147.9 million with a margin of 4.6%. EPS has increased 25% to 1.50. AMC is less profitable compared to its competitors. AMC's ROE at 8.33%, ROA at 2.16%, profit margin at 4.57%, and EBITDA margin at 7.45% is below its competitors' median. AMC's gross margin at 61.94% is above its competitors' median. AMC also manages its resources less efficiently than its competitors since its activity ratios are lower. AMC's asset turnover rate at 0.47, A/R turnover rate at 20.28, and A/P turnover rate at 3.02 are worse than its competitors' median. The financial leverage ratio is at 3.87, which is above its competitors. AMC has seen an increasing trend in its profitability; however its profitability ratios are below its competitors. AMC is well positioned to increase its profitability ratios with its recent acquisitions enabling it to become the largest exhibitor, have an increased geographical presence, and obtain acquisition synergies.

In Millions of USD	FY 2013	FY 2014	FY 2015	FY 2016					
12 Months Ending	12/31/2013	12/31/2014	12/31/2015	12/31/2016					
Revenue, Adj	2,749.4	2,695.4	2,946.9	3,235.8					
Growth %, YoY	3.6	-2.0	9.3	9.8					
Gross Profit, Adj	1,665.2	1,649.2	1,796.9	2,004.2					
Margin %	60.6	61.2	61.0	61.9					
EBITDA, Adj	394.1	395.7	480.1	536.7					
Margin %	14.3	14.7	16.3	16.6					
Net Income, Adj	368.0	61.1	117.4	147.9					
Margin %	13.4	2.3	4.0	4.6					
EPS, Adj	4.80	0.62	1.20	1.50					
Growth %, YoY	-74.8	-87.0	92.2	24.9					
Name	ROE:Y	ROA:Y	GM:Y	PM:Y	EBITDA Mrgn:Y	Ast TO:Y	A/R Trnovr:Y	A/P Turnover:Y	Finl Lev:Y
Median	10.48%	5.54%	57.05%	6.27%	11.81%	0.69	31.87	8.79	2.81
AMC ENTERTAINMENT HL...	8.33%	2.16%	61.94%	4.57%	7.45%	0.47	20.28	3.02	3.87
READING INTERNATION...	8.52%	3.03%	23.26%	4.36%	7.73%	0.70	28.76	20.97	2.81
CINEMARK HOLDINGS INC	23.63%	6.62%	61.73%	9.56%	14.56%	0.69	39.10	10.21	3.57
REGAL ENTERTAINMENT...	--	6.66%	61.63%	5.47%	10.73%	1.22	20.99	5.77	--
TIX CORP	15.52%	13.51%	52.48%	14.19%	14.38%	0.95	514.55	9.07	1.15
MARCUS CORPORATION	10.48%	4.47%	46.88%	7.07%	12.88%	0.63	34.98	8.50	2.34

**Summary:**

In conclusion, AMC Entertainment Holdings is a buy at its current price due to its upward growth potential. AMC has the competitive advantage of offering its customers the best movie-going experience with its film content, comfort and convenience with recliner seating, superior food and beverage with MacGuffins and expanded food offerings, and premium sight and sound with its partnership with IMAX and Dolby Cinema. This superior movie-going experience will be expanded globally due to the acquisitions of Odeon, Carmike, and Nordic. This will lead to greater theater attendance by international customers due to this superior experience and will result in greater revenue growth for AMC. With these acquisitions, AMC is well positioned for continued success as the #1 operator in the U.S., Europe, and the World. AMC Entertainment Holdings' one-year target price of \$37.69, a 28.52% price return, is reasonable due to their upward growth potential.

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**AMC Entertainment Holdings, Inc. (AMC)**

**CENTER FOR GLOBAL FINANCIAL STUDIES**

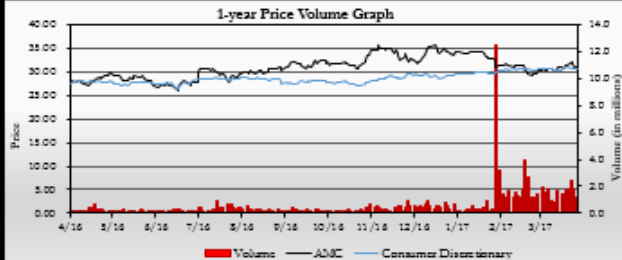
**BULLISH**

Analysis by Joseph Nastasi  
4/12/2017

Current Price: **\$30.30**  
Dividend Yield: **4.1%**

Intrinsic Value: **\$33.75**  
Target Price: **\$37.69**

Target 1 year Return: 28.52%  
Probability of Price Increase: 69.2%



**Description**  
AMC Entertainment Holdings, Inc., through its subsidiaries, operates in the theatrical exhibition business.

**General Information**

Sector	Consumer Discretionary
Industry	Media
Last Guidance	November 3, 2015
Next earnings date	May 4, 2017
Estimated Country Risk Premium	6.20%
Effective Tax rate	33%
Effective Operating Tax rate	28%

**Market Data**

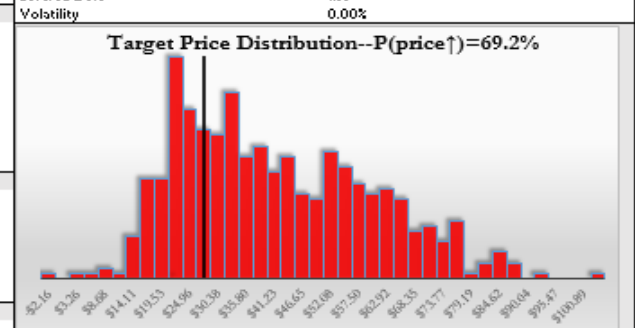
Market Capitalization	\$4,016.18
Daily volume (mil)	0.84
Shares outstanding (mil)	130.82
Diluted shares outstanding (mil)	36.87
% shares held by institutions	28%
% shares held by investments Managers	22%
% shares held by hedge funds	2%
% shares held by insiders	0.40%
Short interest	2.37%
Days to cover short interest	2.85
52 week high	\$35.65
52-week low	\$25.75
Levered Beta	1.55
Volatility	0.00%

**Past Earning Surprises**

Quarter ending	Revenue	EBITDA
12/31/2015	-3.32%	-18.61%
3/31/2016	-4.10%	-12.22%
6/30/2016	-5.63%	-16.33%
9/30/2016	-1.00%	-7.33%
12/31/2016	0.44%	-14.32%
Mean	-2.85%	-13.68%
Standard error	1.1%	1.3%

**Peers**

Regal Entertainment Group
Cinemark Holdings, Inc.
Lions Gate Entertainment Corp.
Viacom, Inc.
IMAX Corporation
Reading International, Inc.
Time Warner Inc.



**Management**

Management	Position	Total compensations grow	Total return to shareholders
Aron, Adam	Chief Executive Officer, Pre	N/M	N/M
Ramsey, Craig	Chief Financial Officer and	11.35% per annum over 6y	N/M
McDonald, John	Executive Vice President of	3.43% per annum over 6y	N/M
McDonald, Mark	Executive Vice President of	11.52% per annum over 5y	N/M
Frank, Elisabeth	Chief Content & Programming	0.68% per annum over 5y	N/M
Cox, Chris	Chief Accounting Officer and	N/M	N/M

**Profitability**

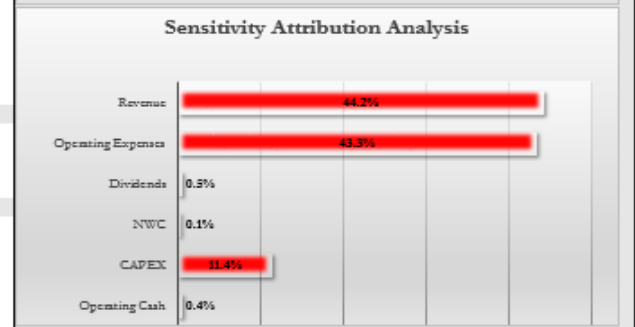
Profitability	AMC (LTM)	AMC (5 years historical ave)	Industry (LTM)
ROIC	14.6%	14.62%	3.88%
NOPAT Margin	13%	6.83%	14.2%
Revenue/Invested Capital	1.12	2.12	0.70
ROE	-16.5%	-1.78%	12.50%
Adjusted net margin	3%	1.63%	13.0%
Revenue/Adjusted Book Value	-1.34	-1.03	0.36

**Invested Funds**

Invested Funds	AMC (LTM)	AMC (5 years historical ave)	Industry (LTM)
Total Cash/Total Capital	2.2%	4.2%	3%
Estimated Operating Cash/Total Capital	2.2%	3.6%	N/A
Non-cash working Capital/Total Capital	-6.8%	-7.3%	1%
Invested Capital/Total Capital	48.6%	46.5%	88%

**Capital Structure**

Capital Structure	AMC (LTM)	AMC (5 years historical ave)	Industry (LTM)
Total Debt/Common Equity (LTM)	2.10	1.28	0.37
Cost of Existing Debt	4.31%	5.24%	4.53%
Estimated Cost of new Borrowing	1.21%	1.80%	4.53%
CGFS Risk Rating	AA	BBB	B
Unlevered Beta (LTM)	0.67	0.82	1.18
WACC	6.13%	8.63%	10.11%



**Revenue growth**

Period	Revenue growth
Base Year	9.8%
12/31/2017	55.5%
12/31/2018	3.3%
12/31/2019	3.4%
12/31/2020	8.7%
12/31/2021	8.1%
12/31/2022	7.4%
12/31/2023	6.7%
12/31/2024	6.0%
12/31/2025	5.3%
12/31/2026	4.7%
Continuing Period	4.0%

**Invested Capital**

Period	Invested Capital
Base Year	\$3,802.16
12/31/2017	\$3,852.43
12/31/2018	\$286.16
12/31/2019	\$2,959.48
12/31/2020	\$2,900.51
12/31/2021	\$4,505.75

**Valuation**

Valuation	NOPAT margin	ROIC/WACC
Base Year	13.1%	2.38
12/31/2017	10.7%	1.93
12/31/2018	7.8%	1.06
12/31/2019	8.2%	0.80
12/31/2020	3.5%	0.37
12/31/2021	10.0%	1.05
12/31/2022	10.5%	1.08
12/31/2023	11.0%	1.10
12/31/2024	11.6%	1.15
12/31/2025	12.3%	1.21
12/31/2026	13.1%	1.27
Continuing Period	13.7%	1.31

**Net Claims**

Net Claims	Price per share
Base Year	\$1,391.73
12/31/2017	\$8,859.78
12/31/2018	\$11,381.37
12/31/2019	\$11,531.05
12/31/2020	\$11,817.44
12/31/2021	\$12,449.61