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PRESENTATION

Operator

Welcome to the Cinemark Holdings Inc second quarter 2024 earnings call. (Operator Instructions) And as a reminder, this conference is being recorded.

I would now like to turn the call over to Chanda Brashears, SVP of Investor Relations. Thank you. You may begin.

Chanda Brashears - *Cinemark Holdings Inc - Senior Vice President, Investor Relations*

Good morning, everyone. I would like to welcome you to Cinemark Holdings Inc's second quarter 2024 earnings release conference call hosted by Sean Gamble, President and Chief Executive Officer; and Melissa Thomas, Chief Financial Officer.

Before we begin, I would like to remind everyone that statements or comments made on this conference call may be forward-looking statements. Forward-looking statements may include, but are not necessarily limited to financial projections or other statements of the company's plans, objectives, expectations, or intentions. These matters involve certain risks and uncertainties.

The company's actual results may materially differ from forward-looking projections due to a variety of factors. Information concerning the factors that could cause results to differ materially is contained in the company's most recently filed 10-K.

Also, today's call may include non-GAAP financial measures. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the company's most recently filed earnings release 10-Q and on the company's website at ir.cinemark.com.

With that, I would like to turn the call over to Sean Gamble.

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Thank you, Chanda, and good morning, everyone. We appreciate you joining us today to discuss our second quarter 2024 results. During my prepared remarks this morning, I'm going to focus on three main topics. First, sustained consumer enthusiasm for immersive cinematic experiences, which continues to be validated by robust film performance and provides a positive long-term outlook for our industry, along with favorable forward-looking indicators related to wide release volume.

Second, Cinemark's solid results this quarter that continued to outperform and were driven by the consistent and skilled operational execution of our sensational team as well as the impact of our ongoing strategic actions to advance our business.

And third, the overall strength of our company, operationally, financially, and competitively, which we believe positions us exceptionally well to deliver sustainable future growth, profitability and shareholder value.

To start for the past three years now, we witnessed example, after example, of outsized film performance across a diverse range of genres and non-traditional content that include a multitude of record-setting highs. These results provide a clear indication that consumer enthusiasm for elevated larger than live theatrical experiences remains strong and vibrant when compelling titles are brought to the big screen and marketed effectively.

This performance trend was widely apparent in the first quarter and continued to be evident during 2Q in July. For example, in April, the dystopian saga Civil War delivered A24's biggest opening weekend ever. Shortly thereafter, adult drama Challengers exceeded expectations, generating $50 million of domestic box office. And then at the beginning of May, action adventure Kingdom of the Planet of the Apes delivered exceptional results, surpassing the full run of its preceding installment by more than 15%.

The second quarter also included solid results from action, comedy, Bad Boys: Ride or Die, and suspense thriller A Quiet Place: Day One, as well as a resurgence in family film volume beginning with the heartwarming IF in May that was followed by The Garfield Movie the next weekend.

And then in June, Inside Out 2 took family moviegoing to new heights with an astounding opening that blew away expectations and it's strong continued run that recently made it the highest grossing animated film of all time with over $615 million domestically and more than $1.5 billion worldwide so far. With a steadier cadence of theatrical releases over the past month, moviegoing momentum escalated during the second quarter and has continued to build in 3Q.

Along with the ongoing play through of Inside Out 2, July kicked off with the fantastic opening of yet another family film, Despicable Me 4, which has already eclipsed $675 million globally and is still growing. Additionally, over the course of July, horror film Longlegs became a breakout hit grossing more than $60 million domestically to date and yielding Indie label Neons biggest title ever.

Action thriller, Twisters created a storm at the box office stirring up more than $80 million in its domestic debut, which exceeded most industry opening weekend estimates by over 50%. In this past weekend, Disney and Marvel's highly anticipated release of superhero adventure, Deadpool and Wolverine just tore up the box office becoming the biggest R rated opening ever with over $210 million domestically and more than $440 million globally.

It produced the highest domestic July opening of all time for our industry and for Cinemark, it delivered the biggest summer opening in the history of our company. So individual title performance across all categories of films continues to demonstrate that consumer enthusiasm to view compelling content in theaters has been undeterred, even confronted by the temporary drag and fluctuations in theatrical release volume caused first by the pandemic and then last year's strikes in Hollywood.

We were thrilled to see how robust consumer enthusiasm drove second quarter North American industry box office to nearly $2 billion that was well ahead of our internal projections and how it has continued to generate strong third quarter results to date as the scale of this year's films has started turning the quarter corner, in the second half.

Furthermore, we remain highly optimistic about the ongoing rebound of theatrical release volume back toward pre-pandemic levels over the next couple of years based on our continued discussions with our traditional studio partners to further expansion into theatrical exhibition of growing studios like Amazon and Apple and the increasing success of non-traditional content.

Next, I'd like to comment on Cinemark's second quarter results. As strong consumer movie going demand produced a plethora of outperforming films during the quarter and propelled overall industry box-office meaningfully beyond our expectations, at Cinemark, we once again extended our lengthy track record of outsized results.

Notably, our second quarter box office performance far outpaced our industry and peers exceeding year-over-year industry results by more than 300 basis points, both domestically and in Latin America. Moreover, compared to 2Q '19, our box-office recovery in the second quarter was even further pronounced and surpassed the industry by nearly 1,000 basis points domestically and 500 basis points internationally.

Our strong box office outperformance, coupled with disciplined expense control and agile management of the quarter's dynamic volume fluctuations yielded strong bottom line results, even facing strike induced headwinds that caused a 22% decline in year-over-year attendance.

During the quarter, we delivered $142 million of adjusted EBITDA with a 19.4% adjusted EBITDA margin and $161 million of free cash flow. Our impressive second quarter results were amplified by the impact of our many ongoing initiatives to build audiences, grow new sources of revenue and hone our industry-leading operating capabilities.

Additionally, our results also benefited from film content mix that skewed particularly well across our global circuit as well as minimal seating capacity constraints due to the reduced volume of film releases and associated attendance levels. Some examples of impactful drivers that helped elevate our results during the quarter and were derived from our many ongoing strategic initiatives include the following.

We continued to earn high satisfaction ratings from approximately 95% of our guests surveyed in the US due to our heightened levels of guest service. We further expanded the reach of our extensive and loyal customer base, growing our Movie Club membership 10% since our last update to over 1.3 million subscribers.

We generated almost 10% of our domestic box office through non-traditional content by continuing to actively pursue emerging categories of films such as anime, multicultural titles and faith-based releases, through rigorous planning and execution we also improved labor efficiencies while increasing the number of showtimes we offer per theater per day despite operating with fewer overall hours.

And we achieved our highest domestic food and beverage per-cap ever of $7.95 through the continued enhancement of our concession offerings, pricing strategies, purchasing platforms and space management. So again, we are thrilled with the results we're able to deliver in the quarter and believe they are a direct reflection of the significant impact we have made and continue to make advancing our company.

And that brings me to my third topic, which is the overall strength of Cinemark. As we highlighted last quarter, following many years of strategic capital deployment as well as actions to enhance our operating capabilities and the experience we provide our guests. We believe that Cinemark maintains an advantaged market position and is uniquely situated to grow and prosper as we move forward.

First and foremost, the strength and stability of our global team is unparalleled and a key differentiator for our company with domain expertise, resourcefulness, creativity, and determination that is second to none. Furthermore, in addition to our extensive and loyal customer base, as well as our industry leader, leading theater management practices that I already mentioned, we continue to benefit from the sustained investments we have made over time to develop and maintain the largest collection of high quality assets in our markets.

For instance, over the past decade, we have invested more than $675 million in high-return recliner conversions, resulting in the most extensive domestic recliner penetration of all major exhibitors and nearly 70% circuit wide. We have built Cinemark XD into the largest exhibitor branded premium large-format in the world with nearly 300 XD auditoriums across the US and Latin America and in the second quarter alone, while XD represented only said only 5% of our global screens, it generated 13% of our total company box office which was up 300 basis points compared to 2Q '19.

We have also developed the largest footprint of D-BOX motion seats in the world that now extends across 365 auditoriums globally with associated revenue growth of 75% since the pandemic. Our circuit has long been regarded as having the leading sight sound and overall presentation quality in the business, including our best in class Xenon Projection Technology and we continue to raise that standard to the next level with our ongoing rollout of Barco projectors -- Barco laser projectors.

And with the exception of 2020 through 2022, we have historically spent approximately $80 million to $100 million of CapEx per year to maintain the overall condition of our theaters, which is far beyond our major peers on a per theater basis. We also have a distinctive global footprint that we continue to optimize. Since the pandemic, we have exited approximately 70 lower-performing theaters and over the past year alone, we renegotiated a series of ongoing lease arrangements that yielded approximately $10 million of annual rent savings.

At the same time, we've opened 16 new theaters that are collectively performing well beyond the pro forma targets we established prior to the pandemic. In North America, we continue to consistently generate the number one or number two box-office results in 21 of our top 25 markets with the highest attendance per screen of the leading exhibitors. And across Latin America, we are the industry leader with over 25% market share.

As a result of our many strategic initiatives and our long history of disciplined capital management, Cinemark also maintains a solid financial position. We consistently deliver industry-leading adjusted EBITDA and free cash flow as was apparent once again in our second quarter results, and Melissa will comment in a moment about the further steps we made during 2Q to further fortify our balance sheet.

So we believe Cinemark is in great shape possesses a wide range of distinctive advantages and is well positioned to thrive in the years to come.

I will now pass the call over to Melissa, who will share more information about this quarter's results. Melissa?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

Thank you, Sean. Good morning, everyone, and thank you for joining the call today. We were pleased with the remarkable success of the June box office, which meaningfully exceeded our expectations and bolstered the second quarter's results. This box-office upside benefited our operating leverage and coupled with the operational excellence of the Cinemark team led to our strong financial performance in the quarter.

During the second quarter, we entertained 50 million guests across our global footprint and generated $734.2 million of revenue worldwide. We delivered $142.1 million of adjusted EBITDA, yielding a robust adjusted EBITDA margin of 19.4%, despite a softer box office than typical in the second quarter due to the impact of the Hollywood strikes.

In the US, we hosted 29.1 million guests, and we grew our market share. Our market share expansion was driven by three primary factors, a film slate that resonated exceptionally well across our footprint, a lack of capacity constraints, given the softer box office and successful execution of our strategic initiatives. We generated $287.4 million in admissions revenue and our average ticket price increased 3% year over year to $9.88.

The growth in average ticket price was primarily driven by our strategic pricing initiatives. We reported $231.4 million of domestic concession revenue for the second quarter. Our concession per cap achieved a new all-time high of $7.95, increasing 4% compared with the second quarter 2023, primarily driven by strategic and inflationary pricing measures.

We were pleased that our incidence rates held flat year over year despite the less favorable content mix for concession purchases. Other revenue was $53.2 million for the second quarter, down 18% year over year due primarily to reduced attendance. In total, our domestic operations generated $572 million of revenue and $108.8 million of adjusted EBITDA, resulting in a strong 19% adjusted EBITDA margin.

Shifting to our international segment, we welcomed 20.9 million moviegoers in our theaters during the second quarter with attendance recovery outpacing that of the US, largely due to the outsized performance of Inside Out 2 in Latin America, which has become the highest attended film of all time in the region.

Our international team was able to capitalize on the strength of this film and grow market share in the quarter. Our international operations generated $78.4 million of admissions revenue, $61.5 million of concession revenue and $22.3 million of other revenue in the second quarter. Collectively, we delivered $162.2 million of total international revenue and $33.3 million of adjusted EBITDA resulting in a strong 20.5% adjusted EBITDA margin.

Foreign currency devaluation, particularly in Argentina, remained a year-over-year headwind to international adjusted EBITDA in the quarter, which was largely offset by inflationary dynamics. The tenured expertise of our local teams continue to provide tremendous value as we navigate the economic and political landscape across our Latin American footprint.

Moving to global expenses, film rental and advertising expense was 55.8% of admissions revenue down 230 basis points compared with the second quarter of 2023, due to a lower concentration of high grossing titles and the overall mix of films. Concession costs as a percent of concession revenue were 19.3%, an increase of 120 basis points year over year, driven by inflationary pressures on certain concession categories and higher shrink, partially offset by pricing measures taken to mitigate some of the cost pressure.

Global salaries and wages were $97.3 million in the second quarter down 13% compared with the same period last year. As a percent of total revenue, salaries and wages were up 140 basis points year over year, primarily driven by wage rate inflation and less operating leverage due to the decline in attendance, partially offset by benefits from our labor management initiatives and reduced operating hours.

Facility lease expense was $81.5 million, a decline of 6% year over year, primarily due to lower percentage rent associated with the decline in revenue, successful lease renegotiations and theater closures. As a percent of total revenue facility lease expense increased 190 basis points.

Utilities and other expense was $104.7 million, a 13% decline versus the second quarter 2023, primarily driven by variable and semi-variable costs that declined with attendance, foreign currency impacts and a decrease in property taxes. Inflationary pressures drove a partial offset. As a percent of total revenue, utilities, and other increased 150 basis points.

G&A was $55.7 million in the second quarter, and increased year over year, primarily due to wage and benefits inflation as well as higher share-based compensation and related payroll taxes. Favorable impacts from foreign currency fluctuations drove a partial offset, and we remain diligent with our discretionary spending and staffing levels.

Globally, we delivered net income attributable to Cinemark Holdings Inc of $46 million in the second quarter and diluted earnings per share $0.32.

Turning to the balance sheet. We ended the second quarter with $789 million of cash on hand, flat with Q1 2024 levels. Even after redeeming the remaining $150 million of senior secured notes in May. We generated $161 million of free cash flow, which was bolstered by working capital benefits associated with the strong June box office and the timing of associated film rental payments. From a capital allocation standpoint, we continue to take a balanced and disciplined approach with the goal of maximizing long-term shareholder value.

As outlined in our investor deck, we have three pillars to our capital allocation strategy. One, strengthening our balance sheet post pandemic, two, making financially accretive investments to position the company for long-term success, and three, returning excess capital to shareholders with a near-term focus on the first two priorities.

Starting with our first capital allocation pillar. we have made significant progress delevering and refortifying our balance sheet with notable advancements over the past few months. In May, we redeemed the remaining $150 million of 8.75% senior secured notes at par retiring over $270 million to date of debt taken out during the pandemic.

We also capitalize on favorable market conditions and successfully repriced our term loan this May to reduce the interest rate by 50 basis points resulting in $3.2 million of cash interest savings annually. In July, we proactively addressed our unsecured notes due in March 2026 with the issuance of $500 million of 7% unsecured notes due 2032.

Concurrently, we executed a cash tender for the vast majority of the 2026 notes with the remainder to be addressed in the coming months. Collectively, these actions have enhanced our flexibility and risk management, extended our maturities, and underscore our commitment to strengthening our balance sheet.

We ended the second quarter with a net leverage ratio of 3 times, which was within our target range and better than our expectations due largely to the significant outperformance of Inside Out 2. Looking forward, given our strong financial position, coupled with our optimism around industry recovery and in turn, our free cash flow generation, we intend to leverage cash on hand to repay the principal amount of the $460 million of convertible notes upon their maturity in August 2025.

As the notes do not have a provisional call feature, we expect our cash balance will remain elevated in the interim as we prepare to address the convertible notes. Once the convertible notes have been fully addressed, our nearest maturity will be 2028.

Turning to our second capital allocation pillar. We have actively pursued strategic and financially accretive investments to position our company for success over the long term. We continue to believe our capital investments are a key differentiator for us that have contributed to our consistent industry outperformance.

During the second quarter, we deployed $24 million of capital towards maintaining and further enhancing our global circuit. We remain on track to invest $150 million for full year 2024 with normalized capital expenditures anticipated to be in the $200 million to $250 million range as our box office and free cash flow rebound.

Looking ahead, we remain highly optimistic regarding the box office for the second half of this year and in 2025 and beyond. Following the significant progress we've made on our near-term priorities coupled with our optimism around recovery and that of our industry, we will be reevaluating our capital allocation, including the possibility of returning excess capital to shareholders in connection with our 2025 budgeting process later this year.

Returning excess capital to shareholders, our third capital allocation pillar has historically been a key part of our capital allocation strategy and remains an important consideration for us as we move ahead. We look forward to providing you a comprehensive update on our capital allocation strategy on our fourth quarter earnings call in February.

In closing, our ability to consistently deliver solid performance has provided us financial flexibility and the opportunity to continue delevering. We have a long-standing history of disciplined operators and good stewards of capital, and we remain highly focused on creating long-term shareholder value.

Operator, that concludes our prepared remarks, and we would now like to open up the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Chad Beynon, Macquarie.

Unidentified Participant

Good morning. This is Aaron on for Chad. Thanks for taking my question. Really nice quarter. Your average ticket price has increased for several years in a row now. But I think we'll be facing some more difficult comps potentially from a mix standpoint with really high XD ticket. So how are you thinking about the ability to drive prices higher in '24 and '25 just given the anticipated slate and your pricing initiatives? Thanks.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

Hi, Aaron thanks for the question. So just more broadly, we do continue to see opportunity to continue to modestly grow our average ticket prices, and we're leaning into data and analytics to find that optimal pricing that maximizes our overall attendance and box office. And so we do still believe we have runway there.

As you look at full year 2024, again, modest growth expected, though that may fluctuate, our ATPs may fluctuate quarter to quarter based on film mix. Particularly with respect to Q4 of this year, it's important to keep in mind that we'll face a challenging comp given the Taylor Swift Eras Tour concert film in Q4 of last year. And then beyond that, I would just highlight on the international side, you'll continue to see some fluctuations there given FX dynamics within the recent.

Unidentified Participant

Got it. Understood. And as a quick follow up, consumers appear to have a greater appetite for premium large formats and your XDoffering is driving more of your box office as you mentioned. Can you talk about what the opportunity looks like to expand that across your circuit?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Sure. Aaron, I'll take that one. Yeah, definitely, I've been pleased with the performance of premium amenities in general has continued to grow post pandemic. There's certainly been a bit of an uptick in consumer appeal for that XDs as well as D-BOX motion seats, I would say, as well as just our overall food and beverage enhanced offerings, it's something that we're continuing to look for opportunities to deploy.

Specifically with regard to XD, which I believe was your question, some of the governors on that are just the scale of auditorium, so that are available. So we're looking in the case of existing theaters where we may have an opportunity for a second XD, but it's important that be as a large enough screen otherwise, it kind of undermines the point of having that a larger screen with the enhanced sound and so on.

So we're continuing to look for where those opportunities are to deploy those in certain cases, we may have the opportunity to design a theater to actually add to that theater. And definitely wherever we're opening new theaters we're putting in multiple XDsright out of the gate.

D-BOX seats, we continue to have a long runway of opportunity there in terms of deploying more of those across the circuit. Those have been generating really strong returns and we're, I'd say just very early in terms of the overall penetration across our circuit in terms of the opportunities there. So we see it -- we see that too as a real possibility. So it's part of our ongoing CapEx when we look at further ROI generating opportunities, we still see plenty of opportunity for further and various kinds of premium amenities.

Unidentified Participant

That's helpful. Appreciate the color, and congrats again on the quarter.

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Thanks, Aaron. appreciate.

Operator

David Karnovsky, JPMorgan.

David Karnovsky - *JPMorgan - Analyst*

Thank you. Sean, your market share gain this quarter looks outsized even relative to some of the increases from prior periods. Maybe you can segment out the performance a little bit between the film mix, which you highlighted, and then those factors that you listed that are more under your control. And would you kind of expect to sustain gains on this level going forward?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Sure. Thanks, David. We're really pleased with our share results in the quarter. Just to kind of flag again, in addition to, I'd say, just solid execution in the quarter by our team. Obviously, as I mentioned, we've benefited from content mix that was particularly strong for our circuit with about more than a third of the domestic box office, as an example, came from family films, which is right in our sweet spot.

Titles like, Kingdom of Planet of the Apes, Godzilla x Kong, A Quiet Place, those also skew really well for our circuit. And we saw that benefit -- domestically, we saw that benefit internationally. So we definitely got a lift there. The other thing that I'd say is since the pandemic, as you know, we've continued to see that volume overall film volume has been somewhat depressed.

So we haven't really encountered many situations where we're hitting seating capacity constraints that can kind of limit our ability where we hit our maximum occupancy thresholds that can limit our overall share expansion. So we benefited from that as well. So as we look forward, the comments we made is we continue to think that about 100 basis points of improvement is a reasonable expectation.

Certainly as we start to encounter more of those situations where we are hitting those seating capacity thresholds, just as an example, we've already started to see some examples of that this July. We certainly saw examples of that in the third quarter of last year. So as more and more content comes back, we expect to see more of that.

In some ways that's a good problem to have. It just means we're fully optimizing our theater capacity and highly productive. And then, of course, we're going to continue to see skews from content mix. We've seen that even recent examples where that can cause fluctuations of about 100 basis points or more in our market share, you know, as was a circumstance this quarter, which was kind of on the upper end.

So again, pleased with our performance. We're going to continue to obviously do everything we can to maximize our share into the future and push the limits on how far we can push our attendance gains and box office performance gains. But that's some of the key things that we benefited from this quarter and what our expectations are as we go forward.

David Karnovsky - *JPMorgan - Analyst*

Okay. And maybe one more on the expense side. So you've been able to manage salaries and wages during these periods of anticipated slower box. You have talked though, to recover and film supply for '25 and '26. So as you look over the medium term, does that better box office to set the tape greater hours and staffing? Or can you utilize some of these innovations that you've seen over the past couple of years? A lot more operating leverage on that line as the box recovers?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

I'll take that question. So regarding our go-forward salaries and wages expense, we do flex our labor hours up or down based on projected attendance levels and operating hours. So I would expect labor hours and in turn our salaries and wages to increase as we start to see the box office scale to accommodate higher attendance.

But we do still expect to benefit from the productivity gains that we have been seeing, just not to the same extent as we have been in these softer box office environments we've been experiencing over the past couple of quarters.

The other thing I would call out on the salaries and wages side, just to keep in mind is wage rates. So we do continue to expect to see some pressure there in line with what we saw pre-pandemic, which was in that 5% to 6% range annually. We continue, of course, to continue to look for opportunities to drive further productivity and efficiencies, but those are the puts and takes.

David Karnovsky - *JPMorgan - Analyst*

Very helpful. Thank you.

Operator

Eric Handler, ROTH MKM.

Eric Handler - *ROTH MKM - Analyst*

Good morning, and thanks for the question. Sean, it's clear that when content is compelling, people are showing up to the movie theaters. When you look at fourth quarter, when you look at '25 you have a great chart in your PowerPoint presentation, the content looks really good in '25 and then you get some really big franchises coming in 2026.

So I was like, Wallstreet's probably hyper aware of the content slate over the next two plus years. But how well do you think your consumers are aware of just how good the slate is and what can you do to improve that? So maybe it helps reinvigorate the movie pass subscriptions even more than what you're seeing right now?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Well, thanks. Yeah, thanks, Eric, for the question and for the observation. I mean, we agree, I think when we look at what is -- we have line of sight to today and which is generally as some of those larger films, we definitely think it looks quite promising. And you're right. I mean, I think that's certainly understood by industry insiders. The question on how do we get broader consumer awareness of that.

I think there's a range of ways. I mean, obviously, there's the classic ways as we get nearer to those titles on the marketing campaigns that take place, both by the studios as well as by exhibitors, just to gain awareness for what's coming in the near term. I think as we get to a place where there is a more steady cadence is why we talk about is the benefits and really desire for more of this volume to come back in.

When more volume is in, we're seeing it right now, right in the marketplace. We've got great momentum going in the marketplace as a result of number one, great films in the market, but then also this more steady cadence of release, people come in, they get exposed through trailers, through one sheets just by being there in terms of what's coming down the pipeline.

So I think that's a real other important ingredient as we have more sustained volume of content in theaters, people get into that habit of going to the theaters and getting more exposure to other things. Beyond that, I'd say there's a range of other conversations happening about just how to broaden out PR to it's one of NATO's big focal points in terms of priorities and how do they work to help the industry to create and spread more of the positive news and awareness about what's coming and try to counteract some of these false narratives that sometimes get portrayed about moviegoing, which consumers can read about.

So there's a range of things big focal point. But I think a large part is just getting back to that scenario where there are more films in the marketplace and people are just getting exposed them more regularly through marketing and by coming to the movies.

Eric Handler - *ROTH MKM - Analyst*

Great, great. And then as a follow-up, I mean, your financial position is definitely one of, if not the best in the industry right now. So I'm curious we haven't seen much in a new theater development of late, particularly in the US. There's only so much you can do to push real estate projects along, but what are you seeing right now in terms of new developments?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Well, obviously, as you point out, the development pipeline was slow, kind of like the film pipeline was slow due to the pandemic so too, is the whole new build pipeline. And if anything been more in a contraction mode in the industry have more theaters that have closed over the past few years. Certainly lower-performing theaters, which in some ways isn't a bad thing. It's kind of pruning some of those theaters that were lesser yielding venues.

We have reactivated our pipeline of looking at incubating new projects, we've had, as I mentioned in my prepared remarks, we've had great success with the newbuilds that we have opened since the pandemic, which were projects that were committed to prior to the pandemic and on the whole, those have been performing better than what we set out to do in our expectations before the pandemic.

So we've reactivated that pipeline. I expect others have as well. Just going to take a little bit of time because like making a movie, these projects can take years to work through all of the deals with landlords, with government permitting and just the whole construction process, it can take some time. So I expect the more that will you'll start to see more of that taking place over the next few years.

Albeit I also expect that will continue to be tempered a bit just as everybody still is going through a bit of recovery. Our whole industry still is continuing to recover, volume still is coming back. So as everyone is still working through that cycle, I still think that will be a little bit of a governing factor on how fast any kind of new build activity ramps up.

Eric Handler - *ROTH MKM - Analyst*

Thank you.

Operator

Ben Swinburne, Morgan Stanley.

Ben Swinburne - *Morgan Stanley - Analyst*

Hey, good morning, everyone. Sean, I always benefit -- we alwaysbenefit from hearing your expectations on film supply next couple of years and you hit it a little in your prepared remarks, but maybe you could just give us the latest and greatest from the studio side in terms of '25 wide releases. I think the last time you updated us, I think you felt those would be higher than '23. And then I had a follow-up for Melissa.

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Sure. Well, I mean, as we sit here today, speaking most specifically about 2024 because that's where we have the most line of sight to. So earlier, we were kind of coming into the year, we were estimating overall volume would be somewhere around 95 wide releases. At this point, we are seeing a few more. So we're looking at about 100 wide releases for this year.

There has been a few smaller films that have been dated since that time, which is great to see a little bit of further recovery. Obviously, that's still down about 25% from the 130 or so average prior to the pandemic and down a little bit from last year, which was about 110. As we look to 2025, the typical process and this even predates COVID, and we generally get a better line of sight to that towards the end of the year.

That's just we have a good sense for what some of the larger titles are, but the studios don't more fully announce what they have in all their dating until you get towards the end of this year. So we don't have complete line of sight to that. But from our conversations, the discussions we have and the different data points that we do have access to,we continue to expect that we'll see a rebound in overall volume next year, somewhere between where 2023 landed and where we were pre pandemic in '25. And there's probably a little bit of lingering impact from the Hollywood strikes of last year, but definitely a nice bounce back to the trajectory we have been progressing upon in terms of overall volume recovery in the marketplace.

Ben Swinburne - *Morgan Stanley - Analyst*

That's helpful. Thank you. And Melissa, you gave us a lot to chew on in the prepared remarks. I just wanted to come back to a couple of things. On the convert and you guys are planning to redeem that with cash. I guess my question is a little technical. You said principal amounts. I'm wondering as the stock has performed and I think that liability grows, do you plan to redeem all that in cash or might there be a stock piece if the stock were to do really well between now and next August.

And then you also mentioned in the budgeting process and sort of talking about your return of capital plans in February, you framed them as returning excess capital to shareholders. I guess I wanted to ask if that includes buybacks as a consideration historically, Cinemark's, but obviously a dividend payer, but I noticed maybe I'm reading too much into your interior language, but it seemed like you were being a little more vague. So I wondered if maybe you guys were considering buybacks as well, or the Board was? Thank you.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

So on your first question with regard to the convert, so we purchase a call spread that protects us from the impact of stock price movements up to $22.08. To the extent that the stock price exceeds $22.08, we have the flexibility to settle the incremental amount in either shares or cash. And ultimately our decision will be contingent upon the extent to which the stock price exceeds $22.08. Our cash on hand and potential dilution considerations among other factors.

And then, with respect to your question on capital allocation, we are taking, as you would expect, a comprehensive approach to evaluating our capital allocation strategy. So you can assume that is looking across all three pillars inclusive of looking at stock buybacks as well as dividends.

Ben Swinburne - *Morgan Stanley - Analyst*

Great. Thank you so much.

Operator

Jim Goss, Barrington Research.

Jim Goss - *Barrington Research - Analyst*

All right. Thanks. Sean, I'm wondering if you feel that this discussion of the film flow, if it's more of a numbers game right now? Or is it dependent primarily on the quality and demographic appeal mix of the films being released? You do seem optimistic about attendee attitudes, and I'm just wondering how you view the slate?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Sure. Well, I'd say I think we kind of look at it as it's really a factor of both. We've clearly seen examples where even with reduced film volume, overall box office can perform at levels comparable to pre-pandemic. And we saw that I think it was last July where box office exceeded July of 2019, even with quite a bit quite a fewer number of overall titles being released.

So compelling content that resonates well with audiences is clearly a critical aspect of that. But I would say the volume piece, you want to have just more opportunities for one films to have those breakouts. Like we've seen, I went through a series of those examples in many of them over the last several years, you want more of those opportunities for those breakouts, which oftentimes can propel the box office.

And then just to have that opportunity for that continued momentum of going to the films you know of this is an industry where moviegoing often begets moviegoing. You people get into that kind of habit, as I mentioned earlier, you get exposed to what's coming up. We like a nice variety of films that speak to all audiences and then sufficient volume of that to keep people coming because you get it, you get kind of into that mode, and it helps.

So it's really both elements of that. And we're again, we're encouraged by what we see thus far in terms of the appeal of and strength of what's coming down the line from a quality standpoint, and we're certainly encouraged as we listen to and look to the different indicators we have regarding overall volume filling back in.

Jim Goss - *Barrington Research - Analyst*

Okay. And maybe one other Melissa mentioned the you're leaning into data analytics to determine the most effective pricing strategy. Box-office trends and the recovery has really been focused a lot on price increases and premium share mix. And I know attendance levels as always as Cinemark priority and that's really what is going to allow you to benefit from the higher concessions per cap.

And I'm wondering if you might talk about how you view attendance -- physical attendance recovery over the next several years and how that might you now move into the next couple of years where there's a lot of optimism?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Well, I think that goes hand-in-hand with the volume. I mean, you're right. I think our primary focus is driving attendance and driving frequency of attendance because that helps to maximize box office. It helps to create those opportunities for food and beverage sales. And again, it just keeps people getting exposed to what's coming down the line.

So it becomes a positive circle. So when we've think about attendance trends and by the way, it also plays into our pricing strategies too, as Melissa mentioned earlier. When we approach pricing, we're looking at it strategically, like clearly, we're looking to do what we can to get price gains, but we're very conscious of what that can do ultimately to attendance.

So it's really that goal of finding that sweet spot where we're not negatively affecting attendance or were not negatively affecting incidence of consumption of food and beverage. So we're looking for what can actually stimulate that. And we think there the trends on both attendance and box office looks positive just as more movies come back into the marketplace and people come in, they received all the enhancements that have been made in the theaters when is particularly for those people who may not have been there frequently. We just think that winds up continuing a positive continue of moviegoing.

Jim Goss - *Barrington Research - Analyst*

All right. Thanks very much. Appreciate it.

Operator

Omar Mejias, Wells Fargo.

Omar Mejias - *Wells Fargo - Analyst*

Good morning, guys. Thank you for taking the questions. Sean, maybe first, in your prepared remarks, you mentioned expansion of alternative content as a driver of film supply volumes. Could you give us an update on what your plans are for traditional, not-traditional content going forward and if you continue to expect that to continue to enhance the box office performance?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Sure. Thanks, Omar. Yes, look, I think we've been pleased with some of the building success we've seen in non-traditional content, anime, faith-based film, multicultural titles, concert films, I know for a long while prior to the pandemic, at least for me personally, it was a disappointment. I always felt like there was this huge potential in this space of alternative content that never was kind of living up to fruition.

And it's been great to finally see that momentum build. There's been many, many examples now across all those different categories. So it feels like it's getting to a place where audiences are seeking those out more there's more compelling content in that space. And because of that success, there's more of that content getting made now.

You've got now studios like Angel Studios that's putting out, I think they've announced five releases of faith-based films this year, and they had phenomenal success last year. So there's more of that. We obviously saw Taylor Swift and Beyonce last year with the concert based films. There's been many of those types of examples with BTS and Metallica and Coldplay and a smaller scale and we're optimistic that will lead to more in that area.

Anime has been growing really strong. Obviously, Sony purchased Crunchyroll, they're leaning more heavily into that space. So there's more and more of that compelling content coming into the market. So we remain optimistic about what it can continue to do on a go forward basis.

Last year was a banner year. It was about 14% of our box office. This past quarter, again, it was about 10% for us. So real pleased that now we think that percentage may go down a bit just as we have more of that Hollywood content rebounding over future years. But we said for a long while we could see non-traditional content represent more like 5% or so of overall box office and we can tick versus the 1% to 2% it's historically been, and we continue to expect that as we look ahead.

Omar Mejias - *Wells Fargo - Analyst*

That's very helpful. And maybe for Melissa, on per-caps, you mentioned that incidence rate was flat year over year, yet per-caps grew over 4%. A clear sign that some of the strategic initiatives are working. Can you provide us some color on the key drivers of this success and how much room for improvement you have ahead? Thanks.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

Sure. So on the per cap side for Q2, our increase was driven largely by our strategic pricing actions to offset some of the inflationary pressures that we've experienced. So we've seen success in being able to push price on food and beverage. Again, as Sean mentioned, we're very cognizant similar to how on average ticket prices. We're cognizant of we want to maximize attendance first and foremost.

On the food and beverage side, we're looking to ultimately find the optimal pricing as well as drive our incidence. The last two quarters, just the film slate hasn't been as conducive to concession purchases. So more action orientated horror content typically brings in that audience that it does have a higher concession purchase.

But we were pleased given some of the initiatives that we've been leaning into that, we were able to hold incidence flat year over year despite that dynamic. As you think about some of the things that we're doing that we're most excited about, I would say would be on modifying our flow of concession traffic, putting in self-service capabilities, mobile ordering.

We also have enhanced our hot foods offering. So as we offer more products and we've certainly seen some success from that pushing merchandise sales as well as scaling third-party delivery are some other initiatives that we're pursuing to ultimately drive incidence rates higher. So we feel good about where we're at and the film slate will allow our per caps to fluctuate quarter to quarter, but we still I believe we have plenty of opportunity to grow.

Omar Mejias - *Wells Fargo - Analyst*

Thank you, guys. Appreciate it.

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Thanks so much.

Operator

Mike Hickey, The Benchmark Company.

Mike Hickey - *The Benchmark Company - Analyst*

Hey, Sean, Melissa, Chanda, good morning, guys. Great job on your quarter. I guess on the topic of concession, and this dovetails a bit, I think on Omar's question and your answer, Melissa, but looking at 2Q and this has obviously been a trend here exiting the pandemic. But your concession looking at domestic revenue, your concession to admission ratio is about 81%.

And I think that's all-time record and you compare that to pre-pandemic, it was 68%. So I'm just curious, I heard what you said, Melissa, on concession, what's driving it on a per cap basis, but just curious, sort of the total volume here relative admission, what do you think is sort of the key driver there? And I guess the question is, can we keep waiting for this to come down a bit, but it seems very durable and in fact, it seems to be the mix seems to be growing.

So curious as you look forward, how durable, in fact, you think it will continue to be when we have a full product play and maybe economic challenges, obviously, we've seen strain on the consumer that's fed through into some of the restaurants, doesn't seem to be the case at all in theater, but wondering your view there.

And then I guess the last piece if it is, in fact durable, and we do see a larger portion of the mix when you think about attendance getting back to pre-pandemic. And I know that, Sean, you said you think volume of product in the next couple of years should be equal to pre-pandemic. So maybe attendances to what does that sort of mix towards concession ultimately mean to you total margin opportunity versus pre-pandemic? Thanks, guys.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

So I can start on that, Mike. One of the things you mentioned, the percentage of concessions relative to admissions and even if we look at that on a per cap basis versus 2019, our domestic per cap is up north of 40% and the majority of that growth that we're seeing is driven by higher incidence rates and then to a lesser extent, price.

And that higher incidence rate is a blend of core concession purchases. So say coke and popcorn as well as expanded product offerings, including alcohol, ICEE, and hot foods, such as pizza as well as the execution of some of the strategic initiatives that I mentioned earlier.

So we did coming out of the pandemic, we did think that incidence rates would start could potentially normalize. We haven't seen that, and we do believe that our efforts that we've been leaning into to drive incidence rates are ultimately causing them to hold. So we feel good about where we're at, but those are kind of the drivers since 2019.

And then from a margin standpoint, as we talk about adjusted EBITDA margin going forward and even look at what we were able to deliver in full year 2023 with concession revenue being higher than it was pre-pandemic, we certainly feel that's a key element to adjusted EBITDA margin going forward. And ultimately, as we look to get back to trying to get back to pre-pandemic margins, our ability to sustain and grow our per-caps would be an important driver of that.

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

And I would just add, Mike, just while we're certainly going to continue to pursue the kinds of initiatives Melissa's mentioned and things we've been successful with to grow per-caps, we don't know at least historically, one of the areas that pressures per caps is just when you have full theaters in long lines or is probably the number one deterrent to buying food and beverage, people see that and then they'll skip it.

So we've worked really hard to avoid that, obviously with a lower volume of films in the marketplace. And thus, because of that lower attendance, we haven't had as much of those kinds of situations where we find that pressure, that is something that we could see into the future as a more full slate of films comes back which could put a little bit of pressure on that concession to admission ratio.

That said, again, we've been working on initiatives like the mobile platforms where you can order ahead, delivery to seat, things of that sort that allow people to avoid the lines. And thus by doing that, it makes it easier for people who are buying in theaters to have lower line. So hopefully, we'll see that all those things will continue to sustain as we go forward.

And we have fuller theaters with more volume in the marketplace, but we'll have to see. But obviously, we're very pleased by the impact that our many initiatives have had to boost our per-caps with our attendance, and we got a lot more of those on that we're working on to sustain that type of growth going forward.

Mike Hickey - *The Benchmark Company - Analyst*

Thanks, guys.

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Thanks, Mike. Appreciate.

Operator

Eric Wold, B. Riley Securities.

Eric Wold - *B. Riley Securities - Analyst*

Thanks. Good morning. I guess, just a high-level question. So on I guess in the past couple years, the whole issue around windows days in theater that came about during the pandemic has essentially disappeared from discussions of the exhibition industry. But maybe just update us on kind of what you hear in general from studios recently around windows.

Are they coming into kind of scheduling discussions with you with kind of any predetermined date that a film may go to a streaming platform that is completely flexible on that date? And when they'll start marketing streaming availability to subscribers, depending on how a film performs and how do you think that could or could not change as the slate becomes more robust and '25 and beyond?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Sure. Great question. Obviously, there was a lot of kind of public focus on that with all the experimentation that was going on during the pandemic. I would say it's probably less in the public eye now. It's an ongoing conversation holistically amongst exhibitors, amongst studios as we just continue to try to evaluate any impact that evolving windows might have on consumer behavior.

I would say what we're where we are right now is it's been a little bit more stable albeit stable with a dynamic component right before things were more rigid. Now it's a more flexible window, which I know we've commented we view as a positive because in many respects, it de-risks. It reduces some of the risks for certainly smaller and mid-tier films for the studios, giving them the opportunity to run a long window in success and get those titles into home -- the home faster and curtail losses if things just don't connect.

Likewise for us when things are connecting, we're looking to put other things onto our screens. So it kind of works both ways. Generally what we're finding is things are still kind of coalescing around 45 days for those more compelling films. Films that's kind of a in some respects, the starting point for those larger, more compelling films, some of the smaller films are ranging, are kind of skewing a little, but it largely is depending on size, scale, and ultimate performance in terms of how that's playing through.

Thus far, again, we're still evaluating. Are we seeing any kind of impact on moviegoing thus far. We're not seeing that having a major effect on people's decisions to go to the movies and kind of where we've landed at this point in time, which is probably why there hasn't been as much discussion on it. But it's something that we all continue to watch carefully as we're just trying to figure out what's the sweet spot and optimal point for the studios to maximize their financial gains on their films as well as for us in the exhibitor side for us to be able to maximize our opportunities as well.

Eric Wold - *B. Riley Securities - Analyst*

Perfect. And thanks.

Operator

Robert Fishman, MoffettNathanson.

Robert Fishman - *MoffettNathanson - Analyst*

Good morning, everyone. One for Sean and then one for Melissa, if I can. Sean, given your strong financial position. Can you just update us on your appetite for acquisitions both in the US and internationally? And do you even have a preference in terms of larger portfolios versus smaller tuck-ins if they both meet your return on investment criteria. And just maybe on a related note, any thoughts you can share about Sony's acquisition of Alamo taking it from the other side?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Sure. Well, yeah. I mean, look, as we have, talked about optimizing our circuit and evolving our footprint, which includes growing and recalibrating and strengthening our circuit M&A is certainly a piece of that equation. So the appetite for M&A, it's certainly there. I would say, as we've indicated in the past, you know, our focus is generally on high quality assets that we believe have can deliver solid assured returns over time.

And as I've also mentioned, like we don't just pursue growth for growth's sake, and we really are targeting accretive investments that don't strain our balance sheet. We've had great success following that approach in the past, and we believe it's the right approach as we move forward. So we keep a close view on what's out there in the marketplace.

There hasn't been I would say there we look across the industry. The M&A activity has been fairly limited. There have been a handful of assets that have come to the market. None of those, I would say, met our strategic or investment thresholds, but we'll continue to keep a close watch on what's out there. In terms of smaller opportunities versus larger opportunities,it really would just depend, I would say it clearly it all comes back to the quality assets, the assurance of being able to deliver the returns that we're looking for. And then how they fit in with our circuit. I think directionally, we tend to favor going a bit deeper in the markets we're in versus just going broader. And when I say markets, I'm talking more like US, Latin America.

But again, we keep a close eye. We evaluate everything that's out there as well, thinking about the best way to move our circuit forward, and we're going to continue to do that.

Robert Fishman - *MoffettNathanson - Analyst*

And Alamo?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Oh, I'm sorry. And then a second question on Alamo. Yeah, I mean, it's an interesting acquisition by Sony and we know from the what Sony has commented on in their earnings last quarter even based on their mid-range plan. We know that they've talked about looking for ways to further monetize their IP, their film IP, their gaming IP and looking at experiential types of opportunities to do that.

So this clearly fits that category. We know Sony has been a big supporter of the theatrical experience for a long, long time. And certainly this transaction is a demonstration of that, the fact that they are actually physically purchasing a circuit and entering into this space themselves. I think that's just a it underscores their feelings of the future of theatrical exhibition.

So we look at that as a positive. But beyond that, I mean, I think, again, we see this as a plus in terms of their view on the marketplace. And I think we will probably learn more as they continue to talk about their future plans.

Robert Fishman - *MoffettNathanson - Analyst*

And if I can just squeeze one quickly for Melissa, just coming back to the margin conversation than a lot of talk about that. But just in terms of the sustainability outside of from the cost side, outside of the salaries which you talked about. Are there any other big lessons learned that you can share with us that you've given is slower box office periods that gives you the confidence in terms of the sustainability of cost efficiencies going forward as box office ramps up?

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

So as we think about the sustainability of cost efficiencies in our one of our largest variable cost is salaries and wages. So that has been the area where I would say we've gained most of our productivity and we talked about that side as we scale, as the box-office scales.

I think the other just a couple of things that I would keep in mind from an expense and margin standpoint is over the past couple of quarters, given the mix of films and concentration of box office, our film rental rates have been lower than they historically have been. So we would expect as that overall mix and concentration starts to change in second half of the year and beyond that film rental rate would normalize.

And the other thing I would just call out is on the facility lease expense side, particularly in international, that is more variable in nature, given it's tied to box office generated. So that we would expect to scale as the box office scales. And there have been other efficiencies that we've learned within utilities and other as well as I would say, the biggest drivers would be theater labor. The learnings that we've gained there and then just some of the other costs will naturally increase as a result of the box office scaling.

Robert Fishman - *MoffettNathanson - Analyst*

Thank you all.

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Thanks, Robert.

Operator

Stephen Laszczyk, Goldman Sachs.

Stephen Laszczyk - *Goldman Sachs - Analyst*

Great. Thanks for taking the questions. Maybe first, Sean, you mentioned the strategy to exit underperforming theaters. I think you've done 70 or so to date, I'd just be curious on how much more opportunity you think there is to close less productive theaters and then maybe how you think about the benefit financially, perhaps some long-term margin side from that recalibration?

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Sure. I'm sorry, could you repeat the last part? I got the question on what we think going forward on closing, I didn't hear the last piece.

Stephen Laszczyk - *Goldman Sachs - Analyst*

Just the financial benefit of that strategy and the potential long-term margin benefit.

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Got it. Thanks. Yeah, I think as far as closing theaters, goes, there was a bigger amount of titles that were affected more recently as we've exited pandemic. Now the majority of those were theaters that were at the end of their lease life. So they were a bit older, and I would say more on the cusp financially. So on the whole, those have yielded positive bottom line benefits to our organization by exiting those theaters.

I think as we look forward, we're getting more into that normal state of operation where historically we've been in that case, we may close a few theaters a year and then we would open a few theaters a year. And generally, it's repurposing older theaters with newer theaters that have just run their course. So I expect we will continue to have a certain number of closures just each year, which is just part of the norm of the business.

But at the same token, it was talked about earlier. We've reactivated both our newbuild pipeline, we'll see what comes from a potential M&A perspective as we go forward. But we expect that we'll be adding new theaters as well. Net-net in all cases as we pursue these type of activities.

To your question on future margin impact, we're looking at circumstances that enhance our margins and benefit our margins. It's rare, I don't think of -- I can't think of a situation where we're closing a theater that actually has a negative margin impact. Generally, when that's happening, it's happening for a reason and it's to the positive.

Stephen Laszczyk - *Goldman Sachs - Analyst*

Great. Thanks for that. And then maybe one for Melissa. On the international side, there's been some continued volatility on the inflationary front in some of your markets. Could you talk a little bit more about the operating environment at the moment? And then maybe looking ahead, are there any aspects of that environment that you see easing or becoming more difficult over the next couple of quarters? Thank you.

Melissa Thomas - *Cinemark Holdings Inc - Chief Financial Officer*

Thanks for the question, Stephen. So on the international side, we do continue to see volatility in Argentina. So Argentina continues to contend with FX devaluation, and you're seeing that in our numbers year over year. Now Argentina is also a highly inflationary environment. So inflation has been providing an offset to the FX devaluation that we're seeing in the country.

Now, one of the dynamics that we saw in Q2, when you look at our average ticket price and per cap, we did have promotional activity within the quarter, particularly in the softer box office months of April and May, which led essentially our prices to increase at a rate that was slower than the rate of inflation so we did see some pressure in the quarter in international related to that. And it continues to be a dynamic situation. But again, we have teams on the ground who are highly experienced at navigating the economic landscape in Argentina.

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

I would just add, we've been really pleased with the performance of our Latin American circuit on the whole. I mean, in the midst of the environment that Melissa was just describing, which we know has been somewhat fluid from a economic and political standpoint, the results have been really strong. I mean, again, last year, our overall EBITDA in Latin America was higher than 2019.

And in the case of Argentina, which is probably the extreme situation right now, attendance last year was higher than 2019. So even in the midst of a really challenging environment and we are facing some pressures on what we may be able to do from a pricing standpoint, otherwise just to contend with this market.

And as that we have teams that are very well adept at dealing with that. We still see great examples of performance in the marketplace here as a result of just our teams. Our team's impact. These are strong moviegoing cultures, again on the whole, Latin America has actually recovered further than the US at this stage.

So for a while, during the pandemic that lagged due to availability of vaccines, that's changed again, we look at that as a testament how strong moviegoing is in these marketplaces. And also to a certain degree how content has resonated the content that's been released thus far has resonated in those markets. We may face a little bit of pressure on that in the second half, but on the whole, we're really pleased with how Latin America has performed.

Stephen Laszczyk - *Goldman Sachs - Analyst*

Great. Thank you, both.

Operator

Thank you. We have reached the end of our question-and-answer session. I would now like to turn the floor back over to Sean Gamble for any closing remarks.

Sean Gamble - *Cinemark Holdings Inc - President, Chief Executive Officer*

Thank you very much. In closing, I'd just like to reiterate, once again, our enthusiasm about the future of our industry and Cinemark. Consumer interest in theatrical experiences, as we have discussed, remains robust and the key indicators we continue to see related to a continued recovery of wide release volume are positive. And we continue to believe that Cinemark is exceptionally well positioned to prosper as we move forward.

We appreciate all of you joining us this morning, and we look forward to speaking with you again following our third quarter results. Have a great day and thank you.

Operator

This does conclude today's teleconference. We appreciate your participation. You may disconnect your lines at this time. Enjoy the rest of your day.
