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RGC - Q2 2014 Regal Entertainment Group Earnings Call

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OVERVIEW:

RGC reported 2Q14 revenues of \$770.3m.



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Matthew Harrigan *Wunderlich Securities - Analyst*

Jeffrey Logsdon *Hudson Square - Analyst*

PRESENTATION

Operator

Good afternoon. My name is Rob and I will be your conference facilitator today. At this time, I would like to welcome everyone to the Regal Entertainment Group fiscal second-quarter 2014 earnings release conference call with our host Amy Miles, Chief Executive Officer of Regal Entertainment Group and David Ownby, Chief Financial Officer of Regal Entertainment Group. (Operator Instructions).

I would like to remind our listeners that this conference call contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended and Section 21E of the Securities Exchange Act of 1934 as amended. All statements other than statements of historical facts communicated during this conference call may constitute forward-looking statements. These forward-looking statements involve risks and uncertainties. Important factors that can cause actual results to differ materially from the Company's expectations are disclosed in the risk factors contained in the Company's annual report on Form 10-K dated February 24, 2014. All forward-looking statements are expressly qualified in their entirety by such factors.

Today's call and webcast may include non-GAAP financial measures. A reconciliation of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP can be found in today's press release and on the Company's website, www.regmovies.com. Now I will turn the call over to Amy Miles.

Amy Miles - *Regal Entertainment Group - CEO*

Hello, everyone and thank you for joining us this afternoon. Following a record second quarter last year in which the industry neared the \$3 billion mark for the first time in history, it should not come as a surprise that box office receipts for the second quarter did not fare well by comparison falling approximately 7% to just under \$2.8 billion. We will discuss industry box office results in more detail in a moment, but want to remind investors that the ability to react and adjust to any box office environment is one of the keys to our historical success. This quarter is a clear example of how a flexible cost structure and our focus on operational execution helps us maintain our adjusted EBITDA margin. In this case, just over 19% even when the box office is not as strong as we would like.

The underlying drivers of this quarter's industry performance look very similar to those present last year with one notable exception. As was the case in 2013, the quarter's box office was dominated by action films and headlined by a Marvel superhero film, but the solid performance of Captain America: The Winter Soldier this year was simply no match for last year's Iron Man 3, which brought in over \$400 million in North America. The year-over-year difference in the top film of the second quarter accounted for almost 75% of the industry's decline. When viewed from a broader perspective, this year's second-quarter industry box office revenue was in line with the historical average for the last five years.

One other item of note as it relates to the second-quarter box office performance, we were again encouraged by the studios' willingness to expand the summer box office season by delivering high profile films throughout the quarter. Difficult comparisons aside, we continue to believe that a diverse film slate and a well-spaced release calendar increase the long-term potential for box office success for us and our studio partners. In a challenging box office environment, it is imperative that our management team find ways to mitigate the impact of attendance decline. Concession per cap growth and cost control have been key elements of our success in recent years and were critical factors in maintaining our adjusted EBITDA margin this quarter.

David will provide more financial detail behind our operating results later in the call, but I want to personally thank our field personnel for their consistent efforts to deliver a great customer experience in a cost-efficient manner.

On our last call, we noted we were excited and encouraged by the industry's recent focus on improved consumer amenities. At a high level, we believe that the focus on improved consumer amenities will help further differentiate the theater experience from in-home content viewing platforms and ultimately have a positive impact on the industry box office environment. Furthermore, at a tactical level, we believe that our sizable, geographically diverse asset base provides numerous opportunities for experimentation with a variety of customer amenities. As always, we will approach and prioritize these opportunities based solely on our assessment of their return on investment potential.

Following are a few updates regarding the premium initiatives we outlined on our previous earnings call. Our premium IMAX and RPX screens continue to generate meaningful, low risk returns. We added a total of 10 large-format screens during the second quarter and expect to operate almost 200 large-format screens by the end of 2015, allowing us to offer a premium experience to customers in practically all of our key markets.

At the concession stand, our expanded food menu available at 110 locations added \$0.02 to our overall concession per cap and we introduced alcoholic beverage offerings at an additional eight locations during the second quarter. These initiatives require very little upfront capital investment and we expect to expand both offerings to additional sites during the remainder of this fiscal year.

And finally, the early returns on our initial investments in luxury reclining seats are very promising and in most cases ahead of our expectations. We have fully converted five locations with 46 screens and are on track to complete 25 locations with 275 screens by the end of the year. As a reminder, this concept is not right for every location. Many of our theaters are simply too busy to sustain the seat loss that results from the installation of the larger recliners. But in some situations where the theater has been impacted by competition or simply nearing the end of its useful life, a return-minded investment in reclining seats can rejuvenate and potentially even extend the life of an existing theater. Based on the early success of these auditoriums, we believe we will have further opportunities to invest in our asset base in both 2015 and 2016. We remain excited about the potential for growth and financial return associated with these initiatives and look forward to updating you as they progress.

And finally, looking ahead to the upcoming film slate, the impact of difficult comparisons with last year's record summer box office continued into July as box office results for the first four weeks of our fiscal third quarter declined by over 25% as compared to the same period last year. Prior-year comparisons should be more manageable for the remainder of 2014 with titles like Guardians of the Galaxy and Teenage Mutant Ninja Turtles rounding out the summer season and a fourth-quarter film slate that will be headlined by The Hunger Games and Hobbit franchises and by Interstellar, an original title from acclaimed director, Christopher Nolan. With these factors in mind, we remain optimistic regarding the potential for box office success for the remainder of this year.

In summary, at the midpoint of 2014, we are very pleased that our strategic and operational execution have yielded adjusted EBITDA of just over \$283 million. That is just shy of our record total for the first half of the year and we remain excited about the ongoing opportunity to further enhance the customer experience in 2014 and beyond. I would now like to turn over the presentation to David for a discussion of our financial performance.

David Ownby - Regal Entertainment Group - EVP, CFO & Treasurer

Thanks, Amy and good afternoon, everyone. For the next few minutes, I will provide a brief analysis of our second-quarter results and an update with respect to our balance sheet and asset base. For our fiscal second quarter, we generated total revenues of \$770.3 million, including \$517 million of box office revenue, \$212.3 million of concession sales and \$41 million of other operating revenue. Our admissions revenue for the quarter declined by over 9% as a result of a 10% decline in attendance partially offset by a \$0.05 increase in our average ticket price. Routine price adjustments boosted our 2D average ticket price by 1.6%, but had a more modest impact on our overall average ticket price due to an offsetting decline in premium ticket sales. Premium ticket sales overall accounted for approximately 17% of our box office revenue during the quarter as compared to almost 21% in the same period last year.

Our concession revenue decreased by just under 7% in the aggregate as a result of the previously mentioned decline in attendance partially offset by a 3.6% increase in our concession per caps. Strategic price increases, improvements in popcorn and beverage volume and the continued success of our expanded food menu all contributed to the increase and helped drive per cap growth of over 2.5% for the 12th consecutive quarter. Other operating revenues fell by \$2.6 million as compared to the same period last year as revenues from our vendor marketing programs, in-theater arcade games and our advanced ticket programs were all impacted by the attendance decline during the quarter.

Our film and advertising expense of \$273.5 million represented 52.9% of admissions revenue, an improvement of 140 basis points as compared to the same period last year and 100 basis points below our historical second-quarter average. The lack of a clear-cut blockbuster film and an overall lack of box office concentration were the primary drivers of the improvement. Our 86.7% concession margin improved by 50 basis points as compared to the same period last year as minor increases in raw material costs were more than offset by strategic price increases and an increase in the amount of vendor marketing revenue recorded as a reduction of cost of concession.

Total rent expense of \$106.3 million increased 1.6% in the aggregate due primarily to higher per screen rent associated with the 104 newbuild screens opened in the last 12 months. And as Amy mentioned earlier, our operational execution continued to have a positive impact on our operating results. Total other operating expenses of \$203.1 million declined by over 1% due primarily to decreases in attendance-driven theater level costs and lower payments associated with premium format revenue. Once again, our field personnel's ability to control variable costs while still delivering a great customer experience and a meaningful increase in our concession per cap was a key driver of our success in the second quarter.

While the quarter was disappointing from a revenue standpoint as compared to the same period last year, we are pleased that our operational execution helped mitigate the impact of lower attendance and enabled us to generate adjusted earnings per share in line with consensus Wall Street estimates.

As for our asset base and our balance sheet, capital expenditures net of asset sales for the quarter totaled \$28.4 million and we continue to actively manage our asset base closing four theaters with 32 screens to end the quarter with 574 theaters and 7,349 screens. Based on our development schedule and outlook for the remainder of the year, we still expect full-year capital expenditures to be between \$115 million and \$125 million. In the back half of the year, we expect to open six to eight new theaters with 70 to 90 screens and close three to five theaters with 30 to 40 screens, which would result in ending counts of approximately 577 theaters and 7,394 screens for 2014.

In early April, we completed the refinancing of our remaining 9 1/8% REG senior notes and 8 5/8% RCC senior notes with a \$775 million issuance of new 5 3/4% REG senior notes due in 2022. Needless to say, we were extremely pleased with the outcome of the transaction, which locks in a historically low fixed rate on a significant portion of our capital structure and will reduce annual cash interest expense by approximately \$18 million. With our current capital structure and interest rate swap portfolio, we now expect our interest expense to be approximately \$31 million per quarter for the remainder of the year and as of the end of the quarter, our overall leverage ratio was 3.4 times net debt to adjusted EBITDA.

In closing, given the box office environment, we were again pleased with our operational execution during the quarter and remain excited about the opportunity to further enhance the customer experience and the potential for box office success for the remainder of 2014. Operator, this concludes our prepared remarks and we can now open the lines for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Eric Handler, MKM Partners.

Eric Handler - MKM Partners - Analyst

Thank you for taking my question. Not sure if I missed this or not, but it looks like your average admissions revenue per screen was down about 10%, so underperformed the box office by about 300 basis points. What do you attribute to that? And then secondly, when you look at your concessions and the way you have revamped, you have been revamping concessions across your circuit, how far along are you with those initiatives and how much more of your screen base do you still have left to upgrade there from a concessions perspective?

David Ownby - Regal Entertainment Group - EVP, CFO & Treasurer

Hi, Eric. I will take the first part of that question. I think 9.5 was the number there on the per screen if I remember correctly or if I am doing the math correctly. And in the past, you've heard us talk about the various factors that can affect market share in the short run in a short-term period like a quarter. And we will cover those specifically for the second quarter in just a minute. But I just want to point out that when you take a broader view, those short-term factors tend to even themselves out. For example, if you look at the 12 months ended June of this year versus the 12 months ended June of last year, and pro forma for the acquisitions that we had in those periods, you'd see that our market share is actually very stable. So we do talk a lot about the factors that affect it in the short run, but I just want to make sure I pointed that out that over the long term it is very, very stable.

This particular quarter, a lot of you probably listened to IMAX's call this morning. That film product was not quite there this quarter. So our IMAX screens were down about 25%. Given the lack of a big blockbuster film, the RPX screens were also down a little bit more than the rest of the industry. We did have a little bit of geographic differences like we've had at times in the past. Two of our big markets in particular, New York and Washington, DC, both of those are top five markets for us, both were down a bit more than the national average. So that impacted us maybe a little more than some others.

And I will say too that there is always short-term ebb and flow with market share as people build new theaters or add new amenities to screens as is happening now. We always expect that to happen. We think we are in a great position though over the long term to be able -- we have the right assets and the ability to invest in those assets that we can drive market share over the long term.

Amy Miles - Regal Entertainment Group - CEO

Okay, and I think your second question related to the concession strategy. The enhanced menu right now, we have that featured in 110 locations and our initial goal is to get to 175 and then we'll -- 175 theaters and then we will step back at that time and see if we have incremental opportunities. But our target today is 175. Eric, I would guess we expand that, but where we are today is at 110 making our way to 175.

David Ownby - Regal Entertainment Group - EVP, CFO & Treasurer

Eric, that is the expanded food menu. Amy also mentioned the alcoholic beverage offerings. We have not fully identified that opportunity, but we did go from I think 31 theaters at the end of last quarter to 39 now and that number will continue to grow throughout this year.



Eric Handler - MKM Partners - Analyst

Great, thank you very much. I appreciate it.

Operator

Townsend Buckles, JPMorgan.

Townsend Buckles - JPMorgan Chase - Analyst

Thanks. On the cost and margins with the current quarter attendance looking maybe even more under pressure than the second quarter, should we look at your degree of cost variability that you've just demonstrated is how Q3 might look if attendance trends are kind of on this track? Or are there even additional areas you could turn to with a bit more advance notice and planning around weaker attendance trends, maybe areas such as staffing?

David Ownby - Regal Entertainment Group - EVP, CFO & Treasurer

Yes, Townsend, if you look over the last two or three years, I think you have heard us say this before, but for the last two or three years, that other OpEx per screen number where most of the costs you are talking about are located in the P&L, that number -- in a low attendance quarter or a lower attendance quarter, that number has been down around 26,500, 27,500 a screen depending on the different quarter dynamics like premium revenue and those kind of things. On the high end, in a very high attendance quarter, it has been up about 29,000 a screen. That is about as much room as we really have to flex for the most part. Obviously, we will always look to reduce costs where we can in a low attendance environment and I think our managers and our field personnel will continue to do a great job doing that. But to ask them to do a lot more than that I think is going to be tough for us.

Townsend Buckles - JPMorgan Chase - Analyst

Got it. And then on the first five reseeded theaters where you mentioned encouraging results, any more color you can give about what you've seen early on in terms of capacity and attendance and maybe any updated sense on how you are sizing the next tranche after the first 25?

David Ownby - Regal Entertainment Group - EVP, CFO & Treasurer

Some of those have only been open for a few weeks, Townsend, so I don't want to jump the gun. I think you've probably heard some of the numbers that have been bantered about recently in general and I think these look very similar to those. So I won't go into too much detail there other than to say they look very similar probably to what you have heard before. Given that early success and given where we are now with this year, I think it is safe to say we will continue that rollout into 2015 and certainly wouldn't surprise me if the number in 2015 looks similar to the one that we have this year.

Townsend Buckles - JPMorgan Chase - Analyst

Okay, thank you.

Operator

Ben Mogil, Stifel.



Ben Mogil - *Stifel Nicolaus - Analyst*

Hi, guys. Good afternoon. So I'm not sure if this sort of a little premature, but it's been a long time since we've had any kind of real studio consolidation. There is obviously one that is potentially on the table. When you look at those deals, should we be or is the concern sort of around film rental splits or is it really more the concern that they cut back -- a combination would cut back the number of middle-of-the-road movies that they release in shoulder season periods, that sort of volume is important for the industry in total?

Amy Miles - *Regal Entertainment Group - CEO*

I guess, Ben, the way that we think about it, it's probably not very prudent for us to join a lot of the speculative commentary that is out there today as it relates to a potential merger, but I guess if I had to step back and think about it from a picture perspective, and let's just take the past 30 or 40 year timeframe, and during that period, you've seen consolidation on the exhibition side, you've seen consolidation on the studio side. We have probably weathered a few financial cycles. We've weathered several film production cycles and I think the historical perspective of that past 30 or 40 years with all those different things going on is our financial terms or economic arrangements with the studios have remained really stable during that time period.

And I guess to address the content piece, the number of films that generate call it 95% of our box office has also remained pretty stable over that time period. So again, I don't think we have any comments with respect to kind of an announced -- or a pending potential merger, but that is how I think about these type of changes in our industry if that is helpful.

Ben Mogil - *Stifel Nicolaus - Analyst*

That's very helpful. Thanks, guys. That's it for me.

David Ownby - *Regal Entertainment Group - EVP, CFO & Treasurer*

Thanks, Ben.

Operator

Robert Fishman, MoffettNathanson.

Robert Fishman - *MoffettNathanson - Analyst*

Hi, good afternoon. I have one for Amy and then one for David, if I can. Amy, you mentioned the extended release dates of the summer schedule from the studios. How much can you help to influence the timing of some of the major studio tentpole releases in light of the recent gap that we just saw over the July 4 weekend?

Amy Miles - *Regal Entertainment Group - CEO*

Yes, I don't think that we have as much influence with respect to the studio calendar. I think the biggest benefit to extending the studio calendar is things like huge successes such as Captain America, which was released in April. I may have these numbers a little bit long, but let's think about the \$230 million plus that Captain America grossed in April. If I go back and look at the previous Captain America, that release was in July and it was \$176 million. So you can see where releasing that film in April did not harm the gross. So I think box office success is going to be the biggest catalyst for extending the summer and holiday season.

Robert Fishman - *MoffettNathanson - Analyst*

Got it. David, now with Great Escapes and Hollywood under your control for over a year, can you just update us on how the revenue and cost synergies have compared to your initial budget in spite of the acquisition and have the acquired theaters recently performed up to expectations?

David Ownby - *Regal Entertainment Group - EVP, CFO & Treasurer*

They have. They have done very much what we thought they would do, performed in line with our expectations from a revenue perspective. And from a cost synergy and integration perspective, we really get the vast majority of those benefits on pretty much the first day we operate those theaters. So if you think about the film synergy we get, the concession buying synergy we get, that really kicks in on day one for us. So that has been done for quite some time at this point.

Robert Fishman - *MoffettNathanson - Analyst*

Okay, thanks, guys.

Operator

Barton Crockett, FBR.

Barton Crockett - *FBR Capital Markets - Analyst*

Okay, thanks for taking the question. Just one I guess accounting issue. If you could reiterate, with the extra week this year, how much of a lift do you see that providing to your accounting year? And then following up on one of the comments you made, you said that there was an ebb and flow of new theater additions and changes that factored into the underperformance this quarter. I was wondering if you could elaborate on what you saw there.

David Ownby - *Regal Entertainment Group - EVP, CFO & Treasurer*

Yes, what I meant, Barton, there was that happens every quarter. There's always an ebb and flow there. We built a new theater, we pick up some market share; someone else builds a new theater, they pick up market share. Same for we add recliners, they add recliners. So that ebbs and flows over time in the short run. We think over the long run we have a chance because of our size and our ability to invest in our asset base that we have a chance to gain some market share there. Sorry if that didn't come through in my original remarks.

And as for the 53rd week this year in the fourth quarter, Barton, I don't want to really give guidance for that week, but just from a historical perspective, if you go back and look, that one week is typically 5% of our revenue. So we are basically going to have two of those weeks this year, one at the beginning of the year and one at the end. And then the last time we had this situation back in 2008, I think the range there was it added about \$35 million to \$40 million of EBITDA for us.

Barton Crockett - *FBR Capital Markets - Analyst*

Okay, great. Thank you.



Operator

Tuna Amobi, S&P Capital.

Tuna Amobi - S&P Capital IQ - Analyst

Hi, thank you so much. I was wondering maybe, Amy or David, so there's a lot of talk obviously about consolidation on the content and distribution side among the majors. And I guess that might beg the question if you think that there may be a possible scenario where you guys could consider combining with some of the major circuits out there. Do you see any kind of rationale, either strategic or otherwise, that could maybe be somewhat of a defensive weapon if there's possible scale arguments there?

Amy Miles - Regal Entertainment Group - CEO

I guess if you step back and think about the way that Regal has grown historically, 70% of our growth is acquisitions and 30% of that growth has been through organic growth and new theaters that we build, the investments we make in our asset base. So we are always going to look to acquisition opportunities that we think make sense for Regal and our shareholders. And I don't think that perspective has changed today. So we are always going to continue to be active buyers in a very prudent way from a consolidation perspective. So I don't think any changes in the environment today would impact our strategy. We have always felt like accretive acquisitions were a prudent way for us to grow.

Tuna Amobi - S&P Capital IQ - Analyst

Okay, that's helpful. Separately, I think, David, you said the premium accounted for about 17% of box office. I know that number has kind of fluctuated give or take and I am wondering if you see a plateau around that high teens area. Do you ever see a scenario where it could hit 20% again or what are the gating factors to maybe getting that number higher?

David Ownby - Regal Entertainment Group - EVP, CFO & Treasurer

If you look at in I'll call this the post-Avatar period, but it is actually -- the number has actually been pretty stable on an annual basis, it does fluctuate quarter to quarter based on the content, but it has been between 18% and 20% every year in the post-Avatar period, after 2009. We are certainly hopeful that over the long run studios will continue to learn how to use 3D to their advantage and that customers will continue to embrace 3D and the other premium formats. As for the near term, we simply view it as a very stable part of our business.

Tuna Amobi - S&P Capital IQ - Analyst

Okay, thank you very much.

Operator

David Miller, Topeka Capital Markets.

David Miller - Topeka Capital Markets - Analyst

Hey, guys. Congratulations on the stellar results, especially in light of a tough comparison. Just a couple questions. David, the total debt, \$2.36 billion, is that inclusive of capital leases? Just refresh my memory there. Or is that just total bank debt plus paper? And then, Amy, not to beat a dead horse on this whole M&A theme, but on the day that the Time Warner Fox deal was announced -- of course, it is not really a deal yet; it has to go through -- we don't even know if this is real yet obviously, but on the day that that was announced, which was last Wednesday, did you see any difference in private multiples amongst the circuits that are out there that you are potentially looking at? I know you have been acquisitive. I am

going to guess you are going to say that there is not really that much change in your overall philosophy, but amongst market share player numbers, say 55, 65, 75, any difference in private multiples that have taken place since the deal was announced or is it all business as usual? Thanks a lot.

Amy Miles - *Regal Entertainment Group - CEO*

David, I would say it is business as usual. Typically, changes in the multiple seem to trend over longer time periods. So I would say, at this date, that we would expect purchase multiples to be similar to what they have been in recent history.

David Ownby - *Regal Entertainment Group - EVP, CFO & Treasurer*

David, that debt number does include capital leases.

David Miller - *Topeka Capital Markets - Analyst*

Wonderful. Thank you.

Operator

Matthew Harrigan, Wunderlich Securities.

Matthew Harrigan - *Wunderlich Securities - Analyst*

Thank you. Two questions. Firstly, one of the trade magazines said that product this summer really wasn't all that bad because the cinema scores were pretty comparable with last year. Really a heavy element of sample bias there and I think that's a misleading analysis. But kind of tangential to that, when you look at social media having more effect on films, do you think it is really increasing the amplitude of movies that are good do even better or movies that are worse doing worse that causes more of these seasonal fluctuations?

And the second question is the happy side of the box office in some of the overseas markets -- like Transformers is already the top grossing all-time film in China. Are you expecting to see increasingly heavy subsidization of new movies, especially the IMAX type films that have a lot of special effects that perform well in overseas markets and you are going to be the indirect beneficiary stateside on that phenomenon?

Amy Miles - *Regal Entertainment Group - CEO*

Matthew, I will just start with your latter question, if that's okay, but I think when you are talking about the exponential growth we are seeing in the international market, Regal obviously being a pure-play domestic exhibitor, I still think we benefit from the perspective that it creates a healthier ecosystem. So to the extent that our studio partners are successful, be it domestic or international, that generates additional cash flow to be reinvested in the business and I think that is a positive for Regal.

David Ownby - *Regal Entertainment Group - EVP, CFO & Treasurer*

Matthew, I think one quarter of tough comparison box office like this quarter, we would stop short of ever calling that a trend. Obviously, we pay attention to all the things you mentioned, but, at this point, it just seems like the movies weren't quite as popular as they were in the same quarter last year. So I think we would probably not overanalyze that at this point.

Matthew Harrigan - *Wunderlich Securities - Analyst*

Congratulations on the margin.

Amy Miles - *Regal Entertainment Group - CEO*

Thank you.

David Ownby - *Regal Entertainment Group - EVP, CFO & Treasurer*

Thank you.

Operator

Jeffrey Logsdon, Hudson Square.

Jeffrey Logsdon - *Hudson Square - Analyst*

Thank you. Two questions. Number one, how many shares of NCMI did you own at the end of the quarter? And secondly, on the film cost line as we think through now into the September quarter, it seems like we have the same kind of financial dynamics at play that we had in the second quarter. Not that I am asking you to tell us that it is equivalent, but is the thinking straight on what may be happening on film costs this next quarter?

David Ownby - *Regal Entertainment Group - EVP, CFO & Treasurer*

So, Jeff, we had 25.8 million NCM shares at the end of the quarter.

Jeffrey Logsdon - *Hudson Square - Analyst*

Okay, great.

David Ownby - *Regal Entertainment Group - EVP, CFO & Treasurer*

And just obviously there is a lot of time left in this quarter, so I won't speculate too much on what it will eventually look like. But just to give you a little bit of perspective, I think our average historical film cost for Q3 is just over 53% and on average, the top three films generally account for about 30% of the box office. So if you see this quarter develop and it looks differently than that then that at least should give you an idea of which way directionally it might move.

Jeffrey Logsdon - *Hudson Square - Analyst*

Great, thank you both.

Operator

At this time, I will turn the floor back to management for closing comments.



Amy Miles - *Regal Entertainment Group - CEO*

Thank you for joining us this afternoon and we look forward to speaking with you soon after our third-quarter release. Thank you.

Operator

This concludes today's teleconference. You may disconnect your lines at this time and we thank you for your participation.

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