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RGC - Q4 2014 Regal Entertainment Group Earnings Call

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OVERVIEW:

RGC reported 4Q14 revenues of $799.1m.

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PRESENTATION

Operator

Good afternoon. My name is Stacy, and I will be your conference facilitator today. At this time I would like to welcome everyone to the Regal Entertainment Group fiscal fourth-quarter and full-year 2014 earnings release conference call with our hosts, 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 and Director*

Hello, everyone, and thank you for joining us this afternoon. We'll cover the usual topics related to our quarterly earnings later in the call, but first we will take a few minutes to summarize the events that transpired over the past several months and provide investors with an overview of our plan for 2015 and beyond.

You have heard us say many times before that commitment to delivering shareholder value is the cornerstone of our strategy. With that commitment in mind, our Board of Directors in October of last year authorized the exploration of strategic alternatives, including a potential sale of the Company.

While that process did not ultimately result in a transaction, it did reinforce our belief that a strategy that combines prudent, return-focused investment with a healthy approach to shareholder return is the best way for us to deliver value to our long-term shareholders.

Before we look ahead to our plans for 2015, we want to take a minute to highlight how our shareholders have benefited from this strategy in recent years. While we routinely update the investment community regarding our quarterly capital spending, it is easy to lose sight of the long-term impact of the investments we have chosen to make in our circuit.

Over the last three fiscal years we have invested $615 million in the expansion, improvement, and upkeep of our asset base. As a reminder, those investments included the following: the acquisition of over 800 screens from Great Escape and Hollywood Theaters at a post-synergy multiple of just under 5 times cash flow; the construction of 22 new theaters in the US -- more than any other exhibitor; the addition of 89 large-format IMAX and RPX screens, the highest-grossing screens in our portfolio; the rollout of our enhanced food menu to over 120 locations; and our alcoholic beverage program at approximately 55 locations; and, most recently, our initial rollout of luxury reclining seats at 32 locations with 336 screens. All told, these investments enable us to offer some type of premium experience in 42% of our buildings today and give us a solid foundation for growth in the coming years.

As a direct result of these investments, our market share has increased; our concession per cap is growing at an above-average rate; and our asset base is more modern and more efficient than ever before. In conjunction with our capital spending initiatives, we have also continued our long history of returning excess cash to our shareholders. Over the past three years we have distributed $714 million or $4.56 per share in cash via recurring and special dividends. That equates to an annualized cash return of almost 13% on the share price at the beginning of 2012.

We believe that this two-pronged approach to capital allocation -- prudent, return-focused investment combined with meaningful cash distributions -- has produced outsized returns for our investors. Specifically, the total return on our shares, including reinvested dividends, over the last three years is over 130% as compared to only 75% for the S&P 500.

Now as we look ahead, our Board, our management team, and our employees remain committed to delivering shareholder value over the long term in the same manner that we have for the past three years and throughout our history. To that end, here is a look at how we plan to invest capital to enhance the customer experience in 2015.

First and foremost, our installation of luxury reclining seats gained significant momentum in the fourth quarter of 2014 and is already generating significant returns in the New Year, with converted screens producing average box office revenue growth of over 40% for the first six weeks of 2015. With those results in mind, we have scheduled the conversion of approximately 40 buildings with approximately 500 screens in the coming year and ultimately expect to outfit at least 25% of our screens with luxury seating.

Second, our low-cost, low-risk investment in the equipment necessary to provide an enhanced menu and alcoholic beverages to our customers is beginning to have a more meaningful impact on our concession revenue, adding almost $0.06 to our concession per cap in the fourth quarter of 2014. In 2015 we plan to add the enhanced menu at 65 additional locations and to begin to offer some type of alcoholic beverage at approximately 80 locations.

And third, as is always the case, we will continuously be on the lookout for industry acquisition opportunities at attractive multiples. While opportunities have been slow to materialize recently, we believe that a healthy 2015 box office environment and the necessary capital investment in luxury amenities may serve as motivation for sellers in the relative near-term.

While these initiatives will account for the majority of our capital spend in the coming year, we will also continue to invest in new theater construction and large-format screens in appropriate markets; experiment with new concepts; and provide for the ongoing upkeep of our existing asset base. We are extremely excited about the potential for growth and financial returns associated with these initiatives and look forward to updating you as they progress.

In summary, while 2014 was somewhat disappointing from a box office perspective, we were pleased with our strategic and operational execution and believe that our ongoing investment in our asset base provide a solid foundation for growth in the coming years. I would now like to turn the presentation to David for a discussion of our financial performance.

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

Thanks, Amy; and good afternoon, everyone. For the next few minutes I will provide a brief analysis of our fourth-quarter results, including the impact of the extra week in this fiscal period, some modeling guidance for 2015, and an update with respect to our balance sheet and asset base.

For our fiscal fourth quarter, we generated total revenues of $799.1 million, including $531.2 million of box office revenue, $222.1 million of concession sales, and $45.8 million of other operating revenue. Our admissions revenue for the quarter grew by 5.5% as a result of a 7.3% increase in attendance, partially offset by a 1.7% decrease in our average ticket price.

Please note that the extra week of operations in this fiscal period accounted for 8.7 million attendees and was the primary driver of the increase in our fourth-quarter attendance. Our average ticket price was negatively impacted by a decline in premium ticket sales, which drove approximately 12% of our admissions revenue during the quarter this year as compared to 20% in the same period last year.

Our concession revenue increased by almost 15% in the aggregate as a result of the previously-mentioned increases in attendance and a 7.3% increase in our concession per cap. Strategic price increases, improvements in popcorn and beverage volume, and the continued success of our enhanced food menu and alcoholic beverage offerings all contributed to the increase and helped us achieve the second-highest quarterly concession per cap in our history and the highest per-cap growth rate in the last seven years. Other operating revenues grew by $2.8 million as compared to the same period last year, as contractual revenues from NCM and revenues from our vendor marketing programs both indicated from increased attendance during the quarter.

Our film and advertising expense of $273.9 million represented 51.6% of admissions revenue, a decrease of 110 basis points as compared to the same period last year, due primarily to an overall lack of box office concentration. When viewed from a historical perspective, this quarter's film and advertising cost percentage is in line with the average for the last several years.

Our 86.1% concession margin declined by 60 basis points as compared to the same period last year. Raw material and packaged good costs remained stable during the quarter, but overall margin was impacted by a decrease in the amount of vendor marketing revenue recorded as a reduction of cost of concession.

Total rent expense of $108 million increased 4.1% in the aggregate, due primarily to the six new theaters that came online during the quarter and incremental contingent rent associated with the increases in box office and concession revenue. Total other operating expenses of $220.8 million increased by $5.7 million or 2.6%. While our managers and field personnel reacted appropriately to the attendance environment throughout the quarter and reduced payroll cost per screen, those savings were eclipsed by preopening costs associated with the six new theaters we opened during the quarter and by approximately $14.7 million of incremental costs incurred during the extra week of operations at the end of this fiscal period.

While the quarter, excluding the impact of the extra week, was disappointing from a revenue standpoint as compared to the same period last year, we are pleased that the healthy increase in our concession per cap and our operational execution enabled us to generate adjusted EBITDA and adjusted earnings per share ahead of consensus Wall Street estimates. As we look ahead to 2015, we want to take this opportunity to provide modeling guidance related to our fiscal calendar and a few other specific items.

In September of last year, we informed investors that beginning in 2015 we would transition from a retail calendar, which always consists of 52 or 53 weeks, to a traditional calendar. While this change will not have a significant impact on the comparability of our annual results, it will have an impact on modeling assumptions for our quarterly results -- most notably in the first quarter, which last year included the high-volume week between Christmas Day and New Year's Day, and this year will not. We encourage analysts and investors to take the time necessary to understand the impact of the change in our fiscal calendar as you formulate your estimates and outlook for the coming year.

In addition, given our current asset base and capital structure, we expect full-year depreciation expense of between $210 million and $215 million and interest expense of between $120 million and $125 million in 2015. And as for our asset base and our balance sheet, capital expenditures net of asset sales for the quarter totaled $60 million. And we continued to actively manage our asset base, opening six theaters with 63 screens and closing five theaters with 43 screens, to end the year with 574 theaters and 7,367 screens.

In a lot of the customer-focused initiatives Amy outlined earlier in the call, we expect our 2015 capital expenditures, net of asset sales and landlord allowances, to be between $135 million and $145 million. In the coming year we expect to open two newbuild theaters with 24 screens and close 6 to 10 theaters with 50 to 80 screens, which would result in ending counts of approximately 568 theaters and 7,326 screens for 2015.

And with respect to the balance sheet, we ended the quarter with $147 million in cash at just under $2.5 billion in total debt. In closing, given the box office environment, we were again pleased with our strategic and operational execution during the quarter. And we remain excited about the opportunity to further enhance the customer experience and the potential for box office success in the coming year.

Operator, that concludes our prepared remarks, and you can now open the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Eric Handler, MKM Partners.

Eric Handler - *MKM Partners - Analyst*

Amy or Dave, I wonder if you could just dig in a little bit more about the rescreens. What's the average cost to you for a rescreen? And how should we think about CapEx divided up with, let's say, growth CapEx versus maintenance CapEx?

And when you said at least 25% of your screens with luxury seating, does that mean you are going to do -- of the 40 builds, does that mean you are not going to do every screen with luxury seating? How is it going to look on a theater basis?

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

Let's take the last part there first, Eric. I think as we reseat these theaters, the vast majority of the theaters, we will go in and we will reseat every single auditorium. There will be some rare instances where we may not do that, but that will be more because of the layout of the theater, or maybe just that we want to have a few specialty screens in a larger theater. So by and large, we will go through and fully outfit a theater with luxury seats.

As for the economics, the conversion cost all-in is probably $200,000 to $225,000 a screen to outfit an auditorium with recliners. Landlords are bearing part of that cost, and I'm going to ballpark that at kind of 25% to 35% on average of that cost.

So when you think about that in terms of our CapEx plan for 2015, we'll spend our normal amount that we typically do -- about $55 million to $60 million -- on what we would call maintenance CapEx. And to be fair, we use probably a broader definition of that than some. That includes everything that you think of, like replacing the carpet and those types of things, all the way to keeping our point-of-sale system up-to-date and occasionally that would be fully replacing that concession stand. Those kind of things.

And so the remaining amount on top of that -- so let's call that maybe $80 million or so -- would get us what you would think of as our growth CapEx, which is investments in large-format screens; newbuild theaters; and, of course, the recliners.

Eric Handler - *MKM Partners - Analyst*

So, essentially, what's your expected cost to you in 2015 for the theater reseating?

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

It will take up the line share of that $80 million of growth CapEx. Again, we do still have some newbuild dollars in there, and some other large-format and some other concepts we want to do. But the vast majority of that will be reseats.

Eric Handler - *MKM Partners - Analyst*

Great. Thanks a lot, David.

Operator

Ben Mogil, Stifel.

Ben Mogil - *Stifel Nicolaus - Analyst*

So, David, sort of a modeling question -- I guess one of your competitors consolidates on the cash flow statement CapEx, including the landlord contribution. From an accounting perspective, is your plan to do the same?

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

I don't know how others' contracts are structured with the landlords --

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Ben Mogil - *Stifel Nicolaus - Analyst*

Sure.

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

But the ones -- typically the ones we do, the proper accounting treatment is to show CapEx as a gross item in investing activities on the cash flow statement, and then show the receipt of the landlord money in operating cash flows. I think the vast majority of our deals will look like that; I can't speak for anybody else.

But we will make sure, as we report, that we will point out where those numbers are. Again, I think our net CapEx amount, net of landlord allowances, for 2015 is kind of in that $140 million range.

Ben Mogil - *Stifel Nicolaus - Analyst*

So should we expect a bit of an uptick in rents as the land presumably look to recapture some of these investments on their own?

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

I'd say it's a case-by-case basis, Ben. Some of those deals certainly will involve more rent going forward. Some of those, to be fair, will just involve more term going forward. So it's a mix. But in some cases, the answer to that is yes.

Ben Mogil - *Stifel Nicolaus - Analyst*

And then lastly, I think sort of compared to benchmark, your box office per screen was a little bit softer. Was there anything in the quarter that you wanted to call out? Was there some temporary closures because of renovations? Was there anything in the quarter that you think is noteworthy, if you will, around that issue?

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

Yes, just a couple of things I will point out to there, Ben. The single biggest driver in this quarter was really just the performance of the large-format screens. We had a tough comp against Gravity last year and a film slate that just didn't seem to include as many titles that really begged to be seen in a large format.

And as a result of that, our highest grossing screens, our IMAX screens and our RPX screens were off -- I think both of those were off north of 20%. I think 25% for the IMAX screens and about 20% for the RPX screens. So that's a big chunk of that difference that you are talking about.

And then, maybe to a lesser extent, we did open six new theaters in the fourth quarter -- most of those very late in the quarter. So they are in the screen count, but we don't have a lot of box office revenue for those yet. You won't really see the full benefit of those until the first quarter of 2015.

Ben Mogil - *Stifel Nicolaus - Analyst*

Okay. That's great. Just to make sure I heard the number correctly, your fixed costs in the quarter by the extra week were $15 million. Is that correct?

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

$14.7 million, yes. That's on the other OpEx line. There's also a little bit of ramp that goes there too, Ben, but the big chunk is $14.7 million of other OpEx.

Ben Mogil - *Stifel Nicolaus - Analyst*

That's great. Thanks a lot for the color, guys.

Operator

Ryan Fiftal, Morgan Stanley.

Ryan Fiftal - *Morgan Stanley - Analyst*

I just wanted to follow up on the previous question on the performance versus the overall box office. I think we've see this for the last couple of quarters, and it sounds like, David, you were -- it seems like it's somewhat idiosyncratic from your large-format screens. But could you talk generally about what you are seeing in the competitive environment? Are you seeing rising pressure? And how do you see your outlook for market share? Then I have a second, if I may.

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

You know, Ryan, I think we said on the last couple of calls that with the industry's recent focus on customer amenities, we have seen a little bit of an uptick in investment in both new theaters and existing assets. Anytime that happens, we would expect to see some short-term impacts on market share. And we did see a little bit of that this quarter. I think Amy made it pretty clear in her prepared remarks how we plan to deal with that going forward.

Ryan Fiftal - *Morgan Stanley - Analyst*

Okay. And then I guess maybe on that point, on the rescreens, so -- the cost information was very helpful. Maybe you can help us think through the revenue upside a little bit? I think you gave the number in the prepared remarks -- about 40% growth in the first six weeks. Is that just straight admissions growth in those screens? Or is that some kind of outperformance versus the box? And maybe any help on how you are thinking about or seeing -- or your expectations for returns on this investment, generally? Thanks.

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

I think that 40% number that Amy gave you for the first six weeks -- I think if you just overlay the normal box office for that period, it was probably up about, I don't know, plus or minus 10% or so. So those theaters were up 40%. So they obviously outperformed the market by a pretty significant rate there.

And in terms of returns, obviously we look at that project by project. But the returns that we are seeing here on these projects probably range, on the low end, from -- I'll call it 30% kind of cash-on-cash to as high as 100% or more cash-on-cash.

Ryan Fiftal - *Morgan Stanley - Analyst*

Okay. And then I guess as a follow-up on that, how do you think about the pace of this rollout? I think you said 500 screens this year. To get to 25%, I think that's a good three-year build. So if the returns are good, why not accelerate that? Thanks.

Amy Miles - *Regal Entertainment Group - CEO and Director*

I think from that perspective, if you think about our strategy -- where we talk about deploying a lot of capital from a prudent perspective, as well as supporting a healthy dividend to our shareholders -- that's always how we are going to approach the capital. So from that perspective the one thing that that -- that's how we are going to continue to manage the capital allocation.

But the other thing that I'll add there is in addition to sort of these conversions that we are talking about, we are also continuing to build new theaters. So as we look out 2015, 2016, and 2017, these new theaters are going to also feature the luxury amenities. So in addition to the reseating projects, we are also going to have a newbuild that will support that effort.

Ryan Fiftal - *Morgan Stanley - Analyst*

All right. Thank you.

Operator

Townsend Buckles, JPMorgan.

Townsend Buckles - *JPMorgan - Analyst*

Amy, on your comments regarding your strategic review, is the main takeaway here that you are really going back to business as usual, more or less; and there's been no real change in how you want to do things? It does sound like you are stepping up your reseating pace a bit this year. But any other new priorities? Can we also assume that your capital allocation and dividend priorities are going to stay the same?

Amy Miles - *Regal Entertainment Group - CEO and Director*

Yes. I mean, I think we've talked a lot about how we are thinking about capital and strategically what we are focusing on for 2015, so from that perspective I would call that business as usual.

Townsend Buckles - *JPMorgan - Analyst*

Got it. And with only two new theaters planned this year, does that reflect the stepped-up reseatings as a bigger priority, as you want to kind of control CapEx to an extent? Or are there other factors -- whether that's not seeing as many attractive projects these days, or it's just kind of a slow year of newbuilds?

Amy Miles - *Regal Entertainment Group - CEO and Director*

No. I would speak to it more with respect to timing. Obviously we have a lot of opportunities inside the existing asset base that we are going to take advantage of, but it's a healthy pipeline where we have theaters in place that we've committed to for 2016 and on into 2017. So some of that is just timing of the opportunities.

Townsend Buckles - *JPMorgan - Analyst*

So you would expect an acceleration in newbuilds in the out years?

Amy Miles - *Regal Entertainment Group - CEO and Director*

We have more newbuilds on the schedule for 2016 than we do for 2015, and I would expect 2017 will be the same.

Townsend Buckles - *JPMorgan - Analyst*

Okay. Great. Thanks.

Operator

Barton Crockett, FBR Capital Markets.

Barton Crockett - *FBR Capital Markets - Analyst*

Thanks for taking the question. I was interested for the 40 reseats that you are doing, the 40 theaters I think you are reseating this year -- are those theaters going to be in markets where there is already someone who has reseated? Or you think someone who is coming who has reseated? In other words, is this going to be a competitive situation -- you know, one luxury seat against another luxury seat? Or are these more going into markets where there isn't really a luxury seat, and you think there might not be one?

Amy Miles - *Regal Entertainment Group - CEO and Director*

Barton, I would characterize it as just in markets where, particularly as you are prioritizing -- let's say we did 30-some odd buildings this year -- I'm sorry, 14; call it 40 more this year. They are prioritized solely based on where we believe we can get the highest return. So what may drive that return is a landlord contribution and other aspects at the market, but they are prioritized by our return. Where do we think we can get the highest?

Barton Crockett - *FBR Capital Markets - Analyst*

I guess the concern here is, obviously, AMC has been talking about spending a lot on reseats; now you are doing more of this. Is it there could be some type of arms race competition that could ultimately be a zero-sum game? How can you respond to that kind of risk? How do you guys manage so that doesn't end up being the outcome?

Amy Miles - *Regal Entertainment Group - CEO and Director*

From that perspective, we look at it is bringing a premium option to our customer that doesn't exist today in a wider base of theaters. We talked about a number that gets to -- let's say the near term, we said at least 25% of the circuit. So when you're -- I mean, that's still 75% of our buildings where we are not talking about featuring this amenity. So I think we are just doing what we always do, and that's being very prudent about how we spend capital and making sure we get that return. So, no, I don't view it as an arms race.

Barton Crockett - *FBR Capital Markets - Analyst*

The lift that you are seeing, is that more share gain from other people coming to your theaters? Or do you think it's market expansion -- is it more people going to movies?

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

It's been some of both, Barton. That varies a little bit market by market, oftentimes based on the size of the market. But, yes, we've seen growth from both aspects -- both from share shift and from just overall expansion of the market.

Barton Crockett - *FBR Capital Markets - Analyst*

Okay. So you are doing 40 theaters now. How long do you think it takes to get to that 25% of your circuit?

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

At that 40-a-year rate, it's probably two or three years, Barton. But we'll gauge that as we go and gauge that in light of what other opportunities we have, as well.

Barton Crockett - *FBR Capital Markets - Analyst*

Okay. That's great. Thank you very much.

Operator

Robert Fishman, MoffettNathanson.

Robert Fishman - *MoffettNathanson LLC - Analyst*

First one for Amy, if I can. As there seems to be a recent increasing trend of what I guess I will call nontraditional film releases, including the obviously much-publicized The Interview, do you feel any pressure to change your previous views on the strict theatrical windowing timelines and policies -- even perhaps working with some of these new platforms to come up with a joint windowing arrangement?

Amy Miles - *Regal Entertainment Group - CEO and Director*

No, I do not. From that perspective, as you are seeing new entrants to the market, we would be happy to have conversation as it relates to a business model that we think makes sense for theatrical and down home -- I mean, in the home in the downstream. So -- happy to have those conversations, but our policy on windowing has not changed.

Robert Fishman - *MoffettNathanson LLC - Analyst*

Okay. Thanks. David, can we expect the strengthening in concessions to continue into 2015, given the success that you guys are talking about with the premium and the alcohol rollouts?

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

Robert, I think we will continue to get some traction from that. To be fair, these last two quarters have been -- I would call them outliers, probably, at least in terms of the historical average. So I think you will continue to see healthy increases there. Whether that's 7.3% again or not -- I think that just is going to depend a lot on the film mix and a lot of other factors besides just the new menu and the alcoholic beverage offerings.

Robert Fishman - *MoffettNathanson LLC - Analyst*

Got it. Maybe if I could add one more last one: should we expect that the CapEx levels that they talked about for 2015 -- how should we think about that as a proxy for 2016 and beyond, given some of the comments that you just made about returning to some more newbuilds? Is it just more of an allocation, or should it start to trend up over time?

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

No, I think we'll probably look at the same area code going forward. You can probably use 2015 as a proxy for the next couple of years.

Robert Fishman - *MoffettNathanson LLC - Analyst*

Okay. Thanks a lot, guys.

Operator

Matthew Harrigan, Wunderlich.

Matthew Harrigan - *Wunderlich Securities, Inc. - Analyst*

A couple of questions: one, you are getting this done on the luxury seating on a pretty nice financial envelope. And I'm curious as to how -- you can't run away from a 40% ROI; I understand that. But buybacks seem like a pretty compelling use of capital for you right now. I'd just like to know the considerations that went into that.

And then on the luxury seating, is there a nice correlation for you on the concessions revenues on those theaters -- on those screens -- as well? Given the experience in the theater, would that possibly even open up more alternatives for sports, and concerts, and everything, given the quality of the experience? Thank you.

Amy Miles - *Regal Entertainment Group - CEO and Director*

I'll take your second question first. I think with respect to luxury -- the seating, as we think about what that environment creates for the future, we are seeing a lift from a concession side. So I think it's positive from that perspective. Anything that we can do, I think, to bring a better customer experience, it won't just benefit us on the film side; it could also bring potentials on the alternative content side, as well. Because, again, we are talking about just a better customer, a more premium customer experience. So that's kind of an all boats rise for any type of content in our facilities from that perspective.

And then I'll circle back to your last question. But as we are thinking about -- and we've talked about it today, and I guess historically we've framed this more in the context of dividends, because we have tended to pay more dividends. But always, as we are looking at capital, we are going to try to figure out what is our best alternative. How do we grow the business, but grow the business in a prudent manner from what we invest.

And to the extent we have excess, we return that value to shareholders. Now, primarily, that's been in the form of dividends. But that strategy of growing the business and returning value hasn't changed, and it won't change in the future.

Matthew Harrigan - *Wunderlich Securities, Inc. - Analyst*

Thank you.

Operator

Thank you. There are no further questions. I would like to turn the floor back over to management for closing comments.

Amy Miles - *Regal Entertainment Group - CEO and Director*

Thank you for joining us today, and we look forward to speaking to you soon with our first-quarter results. Thank you.

Operator

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