

# Conference Call – 11-2-18



# Forward Looking Statement



*Certain matters discussed in this presentation are “forward-looking statements” intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995, including the expectation that the Movie Tavern acquisition will be accretive to earnings, earnings per share and cash flow in the first 12 months following the closing of the acquisition. These forward-looking statements may generally be identified as such because the context of such statements include words such as we “believe,” “anticipate,” “expect” or words of similar import. Similarly, statements that describe our future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which may cause results to differ materially from those expected, including, but not limited to, the following: (1) the availability, in terms of both quantity and audience appeal, of motion pictures for our theatre division, as well as other industry dynamics such as the maintenance of a suitable window between the date such motion pictures are released in theatres and the date they are released to other distribution channels; (2) the effects of adverse economic conditions in our markets, particularly with respect to our hotels and resorts division; (3) the effects on our occupancy and room rates of the relative industry supply of available rooms at comparable lodging facilities in our markets; (4) the effects of competitive conditions in our markets; (5) our ability to achieve expected benefits and performance from our strategic initiatives and acquisitions; (6) the effects of increasing depreciation expenses, reduced operating profits during major property renovations, impairment losses, and preopening and start-up costs due to the capital intensive nature of our businesses; (7) the effects of weather conditions, particularly during the winter in the Midwest and in our other markets; (8) our ability to identify properties to acquire, develop and/or manage and the continuing availability of funds for such development; (9) the adverse impact on business and consumer spending on travel, leisure and entertainment resulting from terrorist attacks in the United States or other incidents of violence in public venues such as hotels and movie theatres; (10) a disruption in our business and reputational and economic risks associated with civil securities claims brought by shareholders; and (11) our ability to timely and successfully integrate the Movie Tavern operations into our own circuit. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this presentation and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.*

- Marcus Theatres will acquire the Movie Tavern circuit from VSS-Southern Theatres, LLC.
- Founded in 2001, Movie Tavern is one of the largest full-service in-theatre dining operators in the United States.
  - New Orleans-based Movie Tavern is an industry leader known for its successful in-theatre dining concept featuring chef-driven menus, premium quality food and beverage and luxurious seating
  - Movie Tavern annualized 2018 revenues are expected to be approximately \$145-150 million (includes annualizing two new locations opened in 2018)
- We will acquire 22 locations with 208 screens in nine states – Texas (7), Pennsylvania (4) , Georgia (3), Louisiana (3), New York, Colorado, Arkansas, Kentucky and Virginia.
- Upon closing, Marcus Theatres will own or operate a total of 90 theatres in 17 states, with 1,098 screens (an increase in screen count of over 23%).

# Transaction Structure

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- Purchase of assets (primarily leasehold interests and FF&E – all theatres are leased)
- Limited liabilities assumed
- Customary representations and warranties, covenants and indemnities
- Purchase price:
  - \$30 million in cash, plus or minus certain working capital assets acquired/liabilities assumed
  - Issuance of 2,450,000 shares of MCS common stock at closing (no upside or downside purchase price adjustments based on share price)
  - Transaction valued at approximately \$126 million based upon Thursday, November 1, 2018 closing price of \$39.23
  - Final accounting valuation will be based upon closing sale price of MCS common stock on closing date
  - A Shareholder Agreement to be entered into at closing will place various time, manner, share quantity and share price lock-up restrictions on the resale of shares by the seller to help ensure its orderly disposition of our shares

# Conditions to Closing

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- HSR antitrust approval
- Landlord and material contract consents to assignment
- Liquor licenses or transition arrangements at each theatre
- Absence of material adverse effect
- Other customary closing conditions
- Closing anticipated early in the 1<sup>st</sup> quarter of Fiscal 2019

- Selective, disciplined acquisitions like this create a compelling opportunity to expand into new growth markets and leverage our proven success.
- We expect the acquisition will be accretive to earnings, EPS and cash flow in the first 12 months following the closing.
- By using common stock as a component of the consideration, we will continue to maintain a very strong balance sheet. We have always believed that leases are another form of debt, and soon the accounting world will catch up to us. So from our perspective, this combination of cash, stock and lease debt is an effective way to manage our balance sheet for the long term.
- After closing the transaction, our strong balance sheet will keep us in position to consider additional growth opportunities in our businesses in the future.

# Transaction Benefits - Theatres



- Marcus Theatres and Movie Tavern are both leaders in the industry with their food and beverage offerings. Marcus Theatres currently offers various lobby and in-theatre dining options in nearly 50% of its theatres.
- By acquiring Movie Tavern, we can leverage our successful platform and F&B expertise and collaborate with our new talented F&B and theatre colleagues to further enhance the Movie Tavern experience.
- Diversifies our current Midwestern footprint with new markets in the South and the East.
- Opportunity to introduce new amenities to select Movie Tavern locations, including our proprietary premium large format screens and DreamLounger<sup>SM</sup> recliner seating.
- Opportunity to introduce our many successful attendance-driving programs, such as our Magical Movie Rewards loyalty program, \$5 movies on Tuesdays with free popcorn for loyalty members, signature special programming and other proven marketing and pricing programs.
- Numerous cost synergies and other opportunities with our various vendor relationships that we expect will benefit Movie Tavern and our legacy theatres over the long-term.

# Welcome, Movie Tavern!

