

Rewrite the Script: A Bet on AMC's Capital Structure

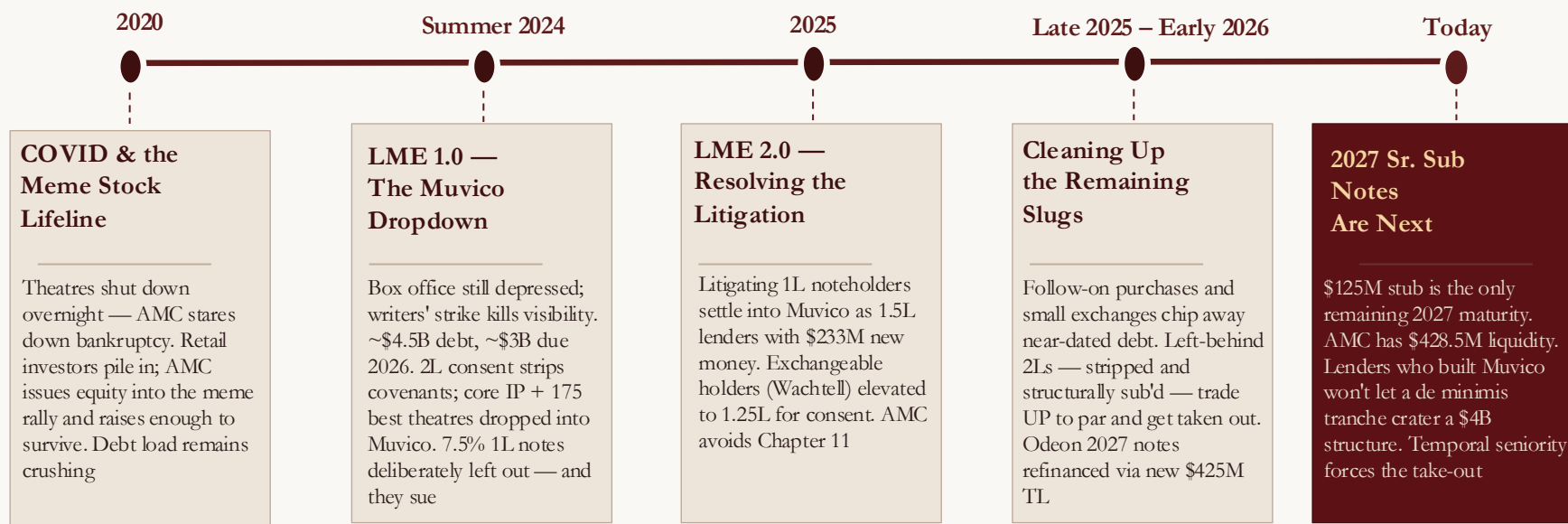
March 2026

Executive Summary

- We recommend a long position in the remaining outstanding tranche of AMC's original 6.125% Senior Subordinated notes due May 7, 2027 ("2027 Sr. Sub Notes")
- Currently trading at ~86 cents, AMC's 2027 Sr. Sub Notes offer extremely attractive risk-adjusted returns
- The market is overpricing near-term default risk even though the company's near-term credit rating hinges on taking out a relatively small 2027 stub to avoid bankruptcy
 - Target IRR: 14.75%



A Short History of AMC's Capital Structure Wizardry



“History doesn't repeat itself, but it often rhymes.” — Mark Twain

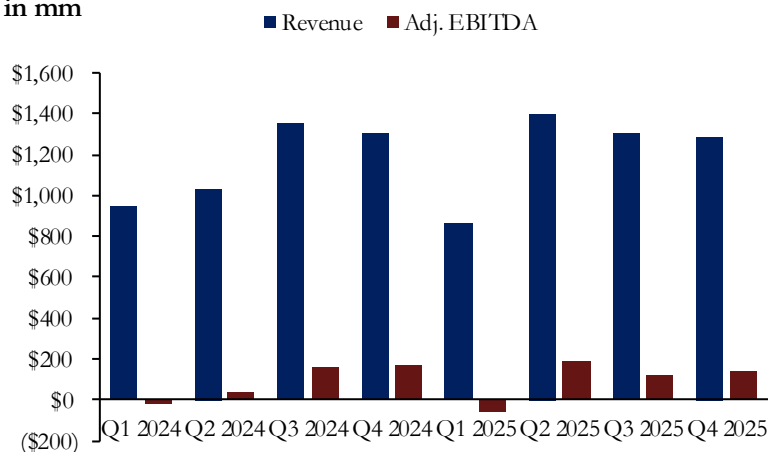
Special Situation Overview

AMC's 2027 Sr. Sub Notes are a critical-near stub that *must* be taken out, refinanced, or exchanged for the company to avoid a cross default

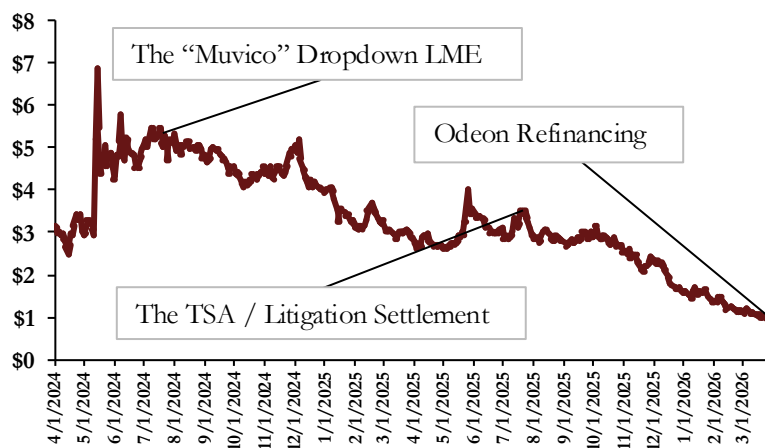
Operation Overview – Historical Figures

Revenue & Adj. EBITDA Historical

in mm



Share Price from 4/1/2024 – 3/29/26:



Investment Thesis – Capital Structure Basis Trade

1 Long 2027 Senior Subordinated Notes

- ✓ Temporal seniority and nuance value forces refinancing
- ✓ Capital markets access substitutes for restructuring
- ✓ Liquidity war chest in effect over collateralizes the Sr. Sub Notes

2 Partial Tail-Hedge on 2027 Senior Subordinated Notes

- ✓ Utilizing a .5x *notional hedge* via CDS to optimize position's risk-adjusted return
- ✓ Hedging 50% of principal, we maintain full exposure to 14-point capital appreciation while creating a synthetic floor in a default scenario

The position is designed to be carry-neutral; the 6.125% coupon on the \$100 long effectively funds the 1,500-bps premium on \$50 of CDS protection

Variant Perspective and Market View

The 2027 Sr. Sub Notes are a liquidity-driven catalyst. AMC cannot afford to let a small \$125m tranche trigger a cross default in 2027

Variant View

① AMC has already shown the market will fund extension risk

- ▶ In March, AMC entered into a commitment for a \$425m senior secured TL issued by Odeon to refi it's existing debt
- ▶ In January, AMC negotiated amendments to gain additional debt refinancing flexibility

② Full business recovery is not needed to keep Sr. Sub Notes refinanceable

- ▶ FY 2025 revenue rose to \$4.85bn and adj. EBITDA to \$388m, showing that even an incomplete recovery creates earnings lift
- ▶ Industry forecasts point to incredible 2026 GBO, projected \$35bn in sales – the highest since 2019

③ The 2027 Sr. Sub Notes benefit from time and shrinking absolute size

- ▶ July 2025 TSA included \$233m of new money financing and at least \$143m of immediate debt equitization
- ▶ Noteholders want to address problems out-of-court – the “stub” \$125.5m notes is not an unmanageable refinancing wall in absolute size if business momentum improves

Consensus View

① Consensus does not believe the box office rebound is enough for AMC

- ▶ Gower Street's \$35bn 2026 forecast is 12% behind the 2017 – 2019 average
- ▶ The market therefore sees '26-'27 as cyclical help inside a still-challenged secular model

② The 2027 Sr. Sub Notes are just a delayed restructuring

- ▶ AMC still reported a net loss of \$632m in 2025, while liquidity ended at \$428.5m
- ▶ Consensus believes the 2027s may be extended, exchanged, or otherwise managed, but not necessarily refinanced on attractive terms

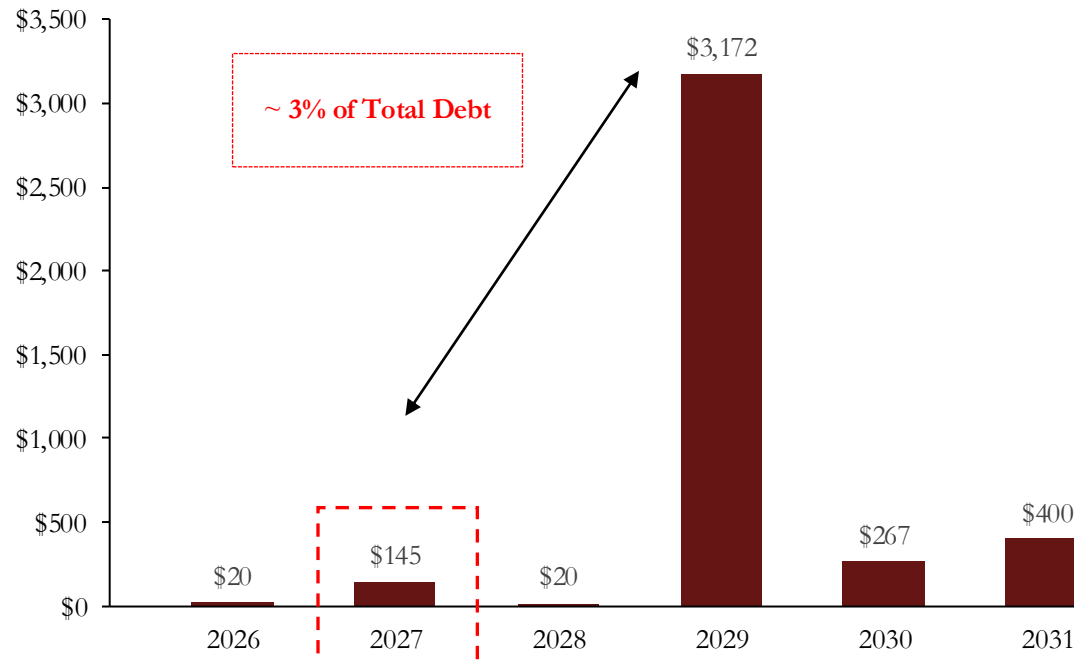
③ Diminished capital markets access creates execution risk

- ▶ The replacement Odeon facility carries a 10.50% coupon and 2% OID
- ▶ LMEs defer the problem with eliminating it, so the market view is that those tools become harder and more dilutive over time if the business does not show a sustained recovery

Maturity Wall

AMC Entertainment Holdings Inc

Maturity Wall from 2026 – 2031:
in mm



- Following the refi of Odeon's 2027 notes, the remaining stub is *only* the Senior Subordinated Notes
- The 2027 Sr. Sub Notes have temporal seniority
- AMC recently launched a \$1.73bn (now cancelled) notes offering, reflecting the firm's urge to refinance the short-end of their cap structure
- If the 2027 domino falls, cross defaults are triggered and the entire business fails

Sr. Sub Notes Triggers Muvico Debt Acceleration

AMC ParentCo guarantees on Muvico facilities trip \$50m “Material Indebtedness” cross-default and thus cross-acceleration threshold

Section 7.01(f):

“**any Borrower...** shall fail to make any payment... in respect of any Material Indebtedness... when and as the same shall become due and payable...”

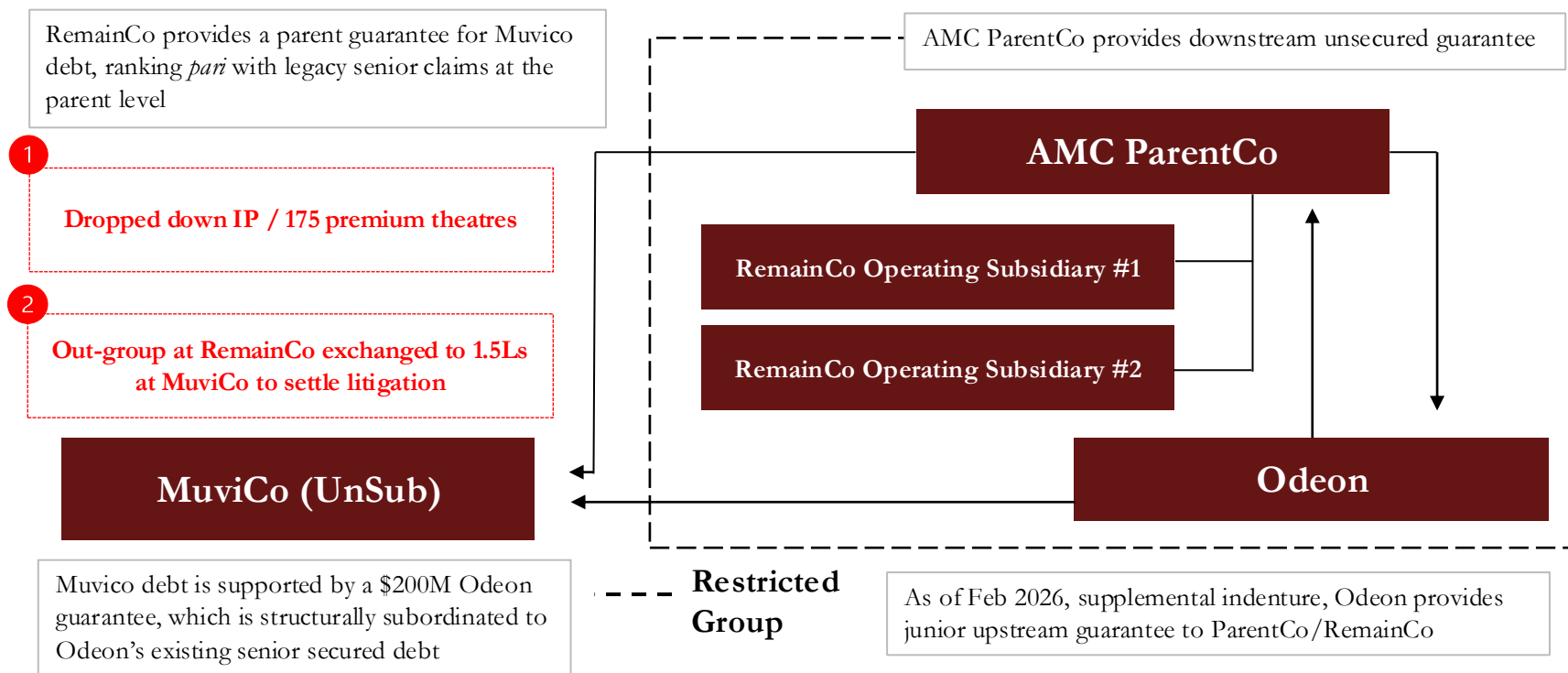
Section 7.01(g):

“any event or condition occurs that results in any Material Indebtedness... becoming due prior to its scheduled maturity or that enables or permits... the holder... to cause any **Material Indebtedness... to become due... prior to its scheduled maturity...**”

“Material Indebtedness” is defined as “borrowed money... in an aggregate principal amount exceeding \$50,000,000.00”

Organizational Structure

Our edge is on duration: AMC does not need to become a good business, only a financeable one long enough for the 2029 1Ls to redate



Asset transfers outside the restricted group force creditors/debtor to address the “stub” Sr. Sub Notes

- AMC has potential to become a viable business as fundamentals stabilize and the capital structure is right-sized
- Credits that funded the drop down and exchange participants have incentive to take-out the 2027 Sr. Sub Notes – why would they fund a silo just to leave a *de minimis* amount of debt to default?

Capital Structure

AMC Entertainment Holdings Inc (As of 2/2026)

RemainCo/Parent Capital Structure

Facility	Amount	% of Par	Mkt. Value	Rate	Interest	Maturity	xEBITDA Book	xEBITDA Mkt.
7.5% 1L Notes due 2029	360.0	71.40%	257.05	7.500%	27.00	15-Feb-29	-	-
6.125% Senior Subordinated Notes due 2027	125.5	86.78%	108.91	6.125%	7.69	5-May-27	-	-
Total AMC RemainCo Debt	485.5		366.0		34.69		1.25x	0.94x

Muvico Capital Structure

Facility	Amount	% of Par	Mkt. Value	Rate	Interest	Maturity	xEBITDA Book	xEBITDA Mkt.
Muvico 1L Term Loan due 2029	1,999.1	99.50%	1,989.1	SOFR + 7.000%	219.90	4-Jan-29	-	-
New Muvico 1.25L Exchangeable Notes due 2030	154.4	80.96%	125.0	8.000%	12.35	30-Apr-30	-	-
New Muvico 1.5L Notes due 2029	857.0	99%	848.4	15.000%	128.55	19-Feb-29	-	-
Muvico 2L Exchvangeable Notes due 2030	107.3	55.88%	60.0	8.000%	8.58	30-Apr-30	-	-
Total Muvico Debt	3,117.8		3,022.5		369.39		8.05x	7.80x

Odeon Capital Structure

Facility	Amount	% of Par	Mkt. Value	Rate	Interest	Maturity	xEBITDA Book	xEBITDA Mkt.
12.75% Senior Secured Notes due 2027	400.0	100%	400.0	12.750%	51	1-Nov-27	-	-
Total Odeon Debt	400.0		400.0		51		1.03x	1.03x
Total Debt	4,003.3		3,788.4		455.07		10.33x	9.78x
(-) Cash and Equivalents	428.5		428.5					
Net Debt	3,574.8		3,359.9				9.23x	8.67x
(+) Market Capitalization	549.9		549.9					
Enterprise Value	4,124.7		3,909.9				10.64x	10.09x

Capital structure highlights

- 1 The 2027 Sr. Sub Notes have temporal seniority – they are “front end” of the RemainCo’s maturity wall, they *must* be addressed first
- 2 Odeon’s \$400m obligation has been refinanced, removing a major same-year maturity overhang, which lowers the chances that AMC faces a broader liquidity event before the sub notes come due – thus, the path to addressing the \$125.5m stub becomes much cleaner
- 3 Ample liquidity to take-out the 2027 Sr. Sub Notes

CDS on Sr. Sub Notes Mitigates Downside Risk

Scenario	Long Only (\$100 @ 86)	Long + CDS
Refi at Par	+\$20.1 (Gain + Coupon)	+\$13.61 (Gain - Carry)
Default	-\$86 (0% Recovery)	-\$36 (58% Recovery)
Implied 1-Yr IRR	23.4%	14.75%

CDS Premium Calculation (Carry Cost):

- Principal is \$86 – we want 50% cash recovery in the event of default
 - The Sr. Sub Notes recovery is 0%
- Implied 1-Yr CDS Spread on AMC Entertainment is 1,509 bps
 - $\$43 \times 15.09\% = \6.48 per year in premiums
 - Monthly equivalent: \$0.54; Quarterly equivalent: \$1.62
- The “Safety Tax”
 - Paying an 8% tax on IRR to avoid tail-end risk

14.75% IRR on a position that is 50% protected by a cash-settled derivative is an incredible risk-adjusted return

Risks and Mitigants

Box office recovery disappoints, weakening refinancing confidence

- AMC still needs improvement in attendance and EBITDA for the financing window to stay open
- If the content pipeline underperformances, the 2027 Sr. Sub Notes could price lower
- **Mitigant 1: GBO does need to outperform to refinance the 2027 Sr. Sub Notes**
- **Mitigant 2: High operating leverage means even a modest GBO improvement can help EBITDA and sentiment disproportionately**

CDS may not fully hedge the bond over 1 yr

- Bond can widen without CDS trigger
- **Mitigant 1: Merely a mark-to-market loss on the bond – CDS protects against true default risk**
- **Mitigant 2: Partial protection reduces blow-up risk while keep the trade economically attractive (15% IRR w/ hedge)**

The 2027 Sr. Sub Notes are subordinated and underperform in an LME

- Company can pursue a coercive transaction that impairs the 2027s before a formal default
- Prices can fall materially on fear of subordination even if there is no imminent default
- **Mitigant 1: Docs became tighter after the '24 and '25 LMEs – added Serta Blocker, J. Crew Blocker, etc.**
- **Mitigant 2: Removing the larger Odeon '27 maturity increases the odds that management deals with the sub note as nuisance maturity**

AMC is only extending the inevitable

- Company still has a levered balance sheet and longer-dated maturities
- **Mitigant 1: Our thesis does not require a full turn around, only requires taking out the 2027 stub**
- **Mitigant 2: To retain optionality, they must address the 2027 stub**