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IMAX earnings call for the period ending December 31, 2024.

Image source: The Motley Fool.

IMAX (IMAX 0.74%)Q4 2024 Earnings CallFeb 19, 2025, 4:30 p.m. ET

Operator

Hello, everyone, and welcome to the IMAX Corporation fourth quarter 2024 and full-year results conference call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator instructions] Please be advised that today's conference is being recorded.

Now, it's my pleasure to turn the call over to the head of investor relations, Jennifer Horsley. Please go ahead.

Jennifer Horsley -- Senior Vice President, Investor Relations

Good afternoon, and thank you for joining us for IMAX's fourth quarter 2024 earnings conference call. On the call today to review the financial results are Rich Gelfond, chief executive officer; and Natasha Fernandes, our chief financial officer. Rob Lister, chief legal officer, is also joining us today. Today's conference call is being webcast in its entirety on our website.

A replay of the webcast will be made available shortly after the call. In addition, the full text of our

earnings press release and the slide presentation have been posted on the Investor Relations section of our site. Our historical Excel model is posted to the website as well. I would like to remind you of the following information regarding forward-looking statements.

Today's call as well as the accompanying slide deck may include statements that are forward-looking and that pertain to future results or outcomes. These forward-looking statements are subject to risks and uncertainties that could cause our actual future results to not occur or occurrences to differ. Please refer to our SEC filings for a more detailed discussion of some of the factors that could affect our future results and outcomes. Any forward-looking statements that we make on this call are based on assumptions as of today, and we undertake no obligation to update these statements as a result of new information, future events, or otherwise.

During today's call, references may be made to certain non-GAAP financial measures. Discussion of management's use of these measures and the definition of these measures as well as a reconciliation to non-GAAP financial measures are contained in this afternoon's press release and earnings materials, which are available on the Investor Relations page of our website at imax.com. With that, let me turn the call over to Mr. Richard Gelfond.

Rich?

Richard Lewis Gelfond -- Chief Executive Officer and Director

Thanks, Jennifer. Thank you, everyone, for joining us. And a special word of thanks, appreciation, and support to our many employees, partners, and friends across Los Angeles, who've shown such strength and determination in overcoming last month's devastating wildfires. As we enter 2025, IMAX has great momentum, and there's no better indicator than our record-breaking Chinese New

Year slate, which is on a history-making run.

The company advanced several key strategic priorities in 2024. We strengthened our filmmaker and studio relationships, building the biggest film for IMAX slate ever and securing prime placement in studio marketing. We expanded our global network, driving strong system signings and installs and growing our partnerships with Wanda and AMC. And we further diversified our content portfolio, programming a record number of local language films, relaunching IMAX documentaries, and completing a watershed deal with Netflix for Greta Gerwig's Narnia.

And by the way, we've already delivered 14 local language films in 2025 year to date and our biggest IMAX exclusive music opening ever with Becoming Led Zeppelin. The market is recognizing our progress and our leadership in delivering awe-inspiring experiences worldwide. And yet, the bigger opportunity is still right in front of us, given the remarkable slate over the next several years and potential for global network growth. Demand for IMAX among studios is at an all-time high.

They're pursuing IMAX release dates earlier than ever and giving us great visibility several years out. Many studios are also increasing their yearly output of IMAX-friendly tentpoles. We expect this paradigm shift to play heavily in our favor through the end of the decade. In the near term, we delivered solid results for the fourth quarter, including adjusted EBITDA up 48% to \$37 million and adjusted EPS up 59% to \$0.27 a share.

For the full year 2024, our one significant headwind was softness in the China box office, but we are witnessing a complete 180-degree turn in China this year with a Chinese New Year slate that has delivered a record of more than \$120 million and counting and a strong slate of local blockbusters ahead. In fact, in less than two months, we've already surpassed our total local language box office in China for all of 2024. The outstanding start at the box office in China favorably impacts our

financial results, given our higher box office take with local Chinese language films, the incrementality in our model when releases vastly overperform, and our concentration of joint venture systems in China. Worldwide, the table is set for what we believe will be a new sustained year of growth for IMAX over the next several years.

Today, I'd like to discuss our content portfolio, our global network, and technology, and then I'll turn it over to Natasha to review the financials. First, we expect 2025 to be our best year ever at the global box office, projecting more than \$1.2 billion in IMAX grosses. We've dramatically expanded our content portfolio. We released a record 118 films, events, and experiences worldwide in 2024, including a record 61 local language films from eight different countries.

We were just shy of matching our highest-grossing year ever at the domestic box office in 2024 despite a strike-impacted slate and some high-profile studio misses. And we've become more fully integrated than ever into studio marketing campaigns, securing prime placement in everything from out-of-home to TV commercials. In fact, you could argue that IMAX had more spots in last week's record-setting Super Bowl than any company in the world. We're also wielding our increased bargaining power to optimize our programming as we did during the Thanksgiving holiday in playing *Gladiator II*, *Wicked*, and *Moana 2*.

And we pushed hard to secure an IMAX exclusive rerelease of *Interstellar*, our highest-grossing rerelease of all time with more than \$28 million in box office to date. We've held our recent global market share gains, up from around 2.5% pre pandemic to 3.1% globally on just over 1,700 screens worldwide and from 3% to 4.5% domestically on 400 screens. We've also been creative in expanding our roster of content partners. We agreed with Netflix to exclusively play *Barbie Director*, Greta Gerwig's *Narnia* and IMAX, eventasizing this new franchise and securing a four-week window for a film that otherwise would have gone straight to streaming.

Even Netflix, which has only sparingly released films theatrically, recognized the power of the IMAX network to create events around blockbuster entertainment. This is a first-of-its-kind partnership, and it speaks to our surging leverage in the marketplace that we're able to get this done and to our unique standing as a global platform for events. We negotiated directly with Apple for an IMAX release of F1 before the tech giant had even secured a studio partner. We relaunched our doc strategy with the Blue Angels, one of the highest-grossing documentaries of the year, and thanks to an innovative distribution deal with Amazon, one of our best-performing original films on Prime Video.

And we continue to deliver distinctive events from Queen Rock Montreal to the Paris Olympics opening ceremony to the League of Legends Championship in China, which delivered 90% occupancy on 161 IMAX screens at premium ticket prices. Looking ahead, there are three reasons why we're so bullish on the '25 box office: our biggest and most promising film slate of film for IMAX ever; second, the strength and continuity of the overall slate; and three, what we see as a very likely rebound for moviegoing in China. Our first Hollywood film for IMAX title of the year, Captain America: Brave New World, delivered an \$18 million opening worldwide for the company, including 10% of the domestic box office. Almost every IMAX release scheduled from May through September is filmed with IMAX cameras.

That includes Mission Impossible: The Final Reckoning, Marvel's Thunderbolts and Fantastic Four, F1, and Superman. This year concludes with Avatar 3, the follow-up to our two biggest-grossing films of all time, with each of which earn more than \$250 million a piece in IMAX. 2026 kicks off with the Avatar carryover and features Christopher Nolan's The Odyssey as well as Avengers, Star Wars, Super Mario Brothers, Toy Story, and the next film from Dune's Denis Villeneuve. And 2027 already boasts another Avengers and Star Wars as well as Batman 2 and Frozen 3.

With the current Chinese New Year slate, we set records across every key metrics, including our best-ever box office market share and attendance. We're on our way to doubling our previous box office record for Chinese New Year titles with more than \$120 million in so far versus \$66 million in 2023, our previous record. And a phenomenon, Ne Zha 2 has earned more than \$105 million to date and is our highest-grossing local language film of all time and our biggest release ever in China, local language, or Hollywood. Our recent NRG study found that 78% of Chinese prefer to watch movies in the theater, higher than in the United States, the U.K., France, and Japan.

We believe that supply, not demand, specifically the mix and genre of Chinese local language films in '24 helped drive the softness at the Chinese box office last year. The '24 Chinese slate was green-lit immediately post-COVID when budgets were more conservative and speed to market was a priority. This yielded dramas and comedies that typically commanded lower box office. That tide is turning.

There are seven films for IMAX blockbusters currently in production by Chinese studios, at least three of which will be released in 2025. Alibaba, Maoyan, and Wanda all have multiple big-budget blockbusters in production, including this year's highly anticipated action-adventure sequel, A Writer's Odyssey 2. When Chinese moviegoers see Hollywood films more than ever, they are choosing IMAX. Our average indexing on Hollywood titles in China has swelled to 15%, up from 9% five years ago.

Distinctive films that are differentiated from local language, heavy on spectacle, and light on language or cultural barriers play best. Creature features like Alien Romulus, Godzilla and Kong, and Venom have all performed very well. We did even better with Alien Romulus in China than we did in the United States. This bodes well for a 2025 slate that includes How to Train Your Dragon,

Jurassic World, and Avatar 3.

We are optimistic about the year ahead in China. Underlying demand for moviegoing is there, local film production budgets are growing, and the government is as supportive of the industry as it's ever been. Turning to our network and technology. We continue to expand and diversify our global footprint, which now spans 90 countries and territories.

We renewed our partnership with Wanda as it transitioned to new ownership, securing and upgrading a significant portion of our best-performing locations in China. AMC announced a significant expansion of IMAX with Laser, potentially into more than two-thirds of its IMAX locations. And we entered agreements with five new exhibition partners across North America. Looking ahead, we're focused on markets where we generate high PSAs, but remain underpenetrated, including Southeast Asia and the Middle East, Australia, and select markets across Europe and South America.

In all those places, we see a lot of opportunity. Local language is a powerful sales tool. We've seen a correlation between our support of local film industries and our ability to drive network growth in these markets. In Japan, we programmed just local language film in 2019 but grew to 13 in 2024, and we've gone from 36 to 53 systems nationwide over that same period of time.

We've already notched eight system signings in Japan in 2025 with many scheduled for installation this year. We've increased our rollout out of JV agreements to capitalize on the film slate over the next several years, especially in a place with really high PSAs. And we're expanding with smaller, well-run exhibitors. In recent months, we've seen success with Cinema West, Epic, Harkins, and Paragon, all in the U.S.

Our end-to-end technology remains a key differentiator. We increased our use of cloud-based digital media remastering to scale our local language business efficiently. We designed a new proprietary technology to quickly scale our live network while bringing transmission costs down dramatically. And we built the first of our next-generation film cameras, working with Chris Nolan to develop proprietary technology he's using in his current filming of The Odyssey, which comes out in '26.

To close, we believe we're entering a very exciting time for IMAX. We continue to strengthen our brand, increase demand among consumers, and make IMAX technology even more attractive to filmmakers and exhibitors. More than ever, studios are driving moviegoers to IMAX in their marketing. When there are awe-inspiring events that fully capitalize on the IMAX experiences, audiences show up.

And we have made a more promising slate through the end of the decade than we've ever seen in the few years going forward. We look forward to seizing this opportunity to deliver results for our shareholders. Thank you. And with that, I'll turn it over to Natasha.

Natasha Fernandes -- Chief Financial Officer

Thanks, Rich, and good afternoon, everyone. 2024 was a year of real progress financially and operationally at IMAX. We have strengthened our position by expanding our content portfolio and global network, while at the same time, driving efficiencies in our cost base and improvements in cash conversion. All of this sets the table for success in 2025 and beyond.

IMAX delivered solid financial results for the full year 2024, including full-year revenues of \$352 million, adjusted EBITDA of \$139 million, resulting in an adjusted EBITDA margin of 39%, achieving the top end of our guidance for high 30s percent. Operating cash flows of \$71 million, a 21%

improvement year over year; system installations of 146 systems at the high end of our guidance range, of which 57% were under joint revenue-sharing arrangements that can provide us operating leverage as box office grows, and we do this from a position of financial strength and demand in the marketplace. We had signings for 130 systems, including 57 new locations with approximately 60% of new coming in rest of world growth markets. We achieved these results while dealing with headwinds from an uneven strike-impacted slate, softer box office in China, and weak foreign currency as the U.S.

dollar strengthened. In the fourth quarter, we saw solid growth year over year. We delivered revenues of \$93 million, up 8% from the prior year. Content Solutions revenues of \$26 million grew 34% year over year, highlighted by a record Thanksgiving weekend box office and strong results from the rerelease of Interstellar.

Compared to our Q4 expectation, IMAX box office fell short, mostly due to the underperformance in China, which has now significantly turned around, and a softer-than-expected Christmas holiday period. Technology Products and Services Q4 revenues of \$64 million was up 2% year over year as growth in box office and maintenance revenue was offset by a lower mix of sales arrangement system installations. Moving to profit. Q4 gross margin of 52% reflects a nominal increase over Q4 2023.

We continue to see positive results across expense areas. SG&A, excluding stock-based compensation, was \$27 million, a \$2 million improvement year over year, driven by benefits from our ongoing expense management and reduction initiatives, along with lower compensation payouts. R&D was also lower year over year. In 2024, our team focused on the development and creation of new film cameras and other technologies for which costs have been capitalized.

In addition, we continue to take proactive steps to enhance operational efficiency, reduce costs, and optimize IMAX's organizational structure, including eliminating redundant roles and centralizing select functions. Over the fourth quarter, total consolidated adjusted EBITDA of \$37 million increased \$12 million year over year. Lastly, adjusted EPS for Q4 was \$0.27, an increase of \$0.10 or 59% growth over the prior year. This result includes a Q4 tax rate of 18%.

As a reminder, we took a number of actions in 2024 to improve our corporate structure and align operations geographically, including an internal asset sale, which we believe will result in a more effective tax rate in the future. Turning to full-year cash flow and balance sheet. Operating cash flow improved in 2024 to \$71 million, up 21% from \$59 million in 2023. Our improvements in working capital, particularly receivable collections led to a stronger adjusted EBITDA conversion rate, which is a priority of the team.

We will continue to improve this further as IMAX box office grows and we maintain our focus on working capital. Our capital position remains very strong with cash of \$101 million, up from \$76 million at the end of 2023. Debt, excluding deferred financing costs, was \$269 million as of year-end 2024, which compared to \$257 million at the end of 2023. As a reminder, \$230 million of our debt comes from our convertible senior notes due in April 2026 that bear an interest rate of 0.5% per annum with a capped call leading to a \$37 per share conversion price.

Our current available liquidity is over \$418 million, which includes \$317 million in available borrowing capacity under the company's various revolving facilities. In 2024, we used our available capital to invest in the business, having spent \$41 million on capex with almost 60% of that or \$24 million in growth capex, an increase of \$6 million year over year. In 2024, we also deployed capital to deliver direct shareholder returns with \$18 million in IMAX share repurchases, including IMAX China. IMAX Corp repurchases had an average price of \$13.99 and were weighted toward the first quarter of

2024 when we drew on our revolver for repurchases at a time when our share price was significantly pressured following the Hollywood strike.

Looking ahead, our full-year guidance for 2025 is based on our confidence of the positive trajectory for IMAX. With the portfolio of titles scheduled to release in 2025, we aim to achieve a record level of IMAX box office, over \$1.2 billion, led by several geographic factors. Starting first with domestic. Box office attendance in IMAX fandom have been on the rise.

Even in a strike-impacted year that was weighted toward family animation titles, we nearly matched our domestic record box office from 2023. The domestic potential is even greater in 2025, where we have a record number of film for IMAX titles. This is significant as our opening weekend domestic market share is historically over 20% higher for film for IMAX titles. Secondly, within Greater China, there is a significant opportunity for growth considering 2024's box office was \$200 million or approximately \$100 million lower than 2023 and more than \$150 million lower than the record 2019.

As Rich described, the 2025 Chinese New Year slate has smashed through all records, positioning us to surpass our best-ever Q1 box office in China of \$106 million in Q1 2019. Third, in rest of world, we continue to expand our local language partnerships. For example, we will have our first Arabic and Vietnamese titles coming in 2025, and the rest-of-world IMAX continues to grow, up over 5% in 2024 and 25% larger than 2019, with many of these new locations coming in high per-screen average regions. This momentum is reflected in our 2025 year-to-date global box office of \$200 million, including China booking fee or \$187 million excluding this fee.

As per industry practice, box office figures in China are reported, including customer booking fees. For consistency, we are starting this year to report box office, including and excluding China booking fees to ensure comparability and market share accuracy. Important to note, our box office guidance

of over \$1.2 billion applies to both including and excluding China booking fees. The last factor driving our confidence in 2025's box office target is the next Avatar film anchoring the end of the year.

As a reminder, the first two avatars are No. 1 and No. 2 on IMAX's all-time box office list. This is a proven way to close 2025 and to start off 2026, a year that could easily outpace 2025.

Avatar is also a good exhibitor incentive, which we coined the Avatar effect, for new system signings and installation. As an example, in advance of the last Avatar, we had 40 systems installed in the month prior to its release, which leads me to our system installation guidance. We expect 145 to 160 system installations in 2025, which compares to 146 systems in 2024 and 128 systems in 2023 skewed toward joint revenue sharing arrangements, which will benefit our operating leverage, particularly in the domestic market. Lastly, on guidance, we expect adjusted EBITDA margin to be 40% at a minimum in 2025.

As has been shown in the past, there is significant operating leverage in IMAX's business as we grow our network in box office, given many costs are relatively fixed and as we continue to reduce this fixed cost base that we carry. Finally, we look to continue efforts to be a more efficient company and reduce costs. We will do this as part of our ongoing plan to be disciplined and focus on driving financial performance. Longer term, we are very optimistic on how IMAX's increasing scale and growing importance in the industry can translate to higher financial growth.

The visibility into the film slate through the end of the decade has never been as good with an abundance of mega franchise titles. The combined visibility into the future IMAX slate, along with a significant runway to grow our network further as IMAX location zones are less than 50% penetrated, gives us confidence in our longer-term growth and margin expansion. To conclude,

IMAX's global scale is unmatched and still growing. Our value as a launch platform for awe-inspiring experiences is proven.

We continue to innovate and develop new technologies and products such as our latest film cameras and other technologies. Our relationships with studios and filmmakers as well as exhibitors have never been stronger. All of this, along with the strength of our balance sheet and business model, tailwinds in the market, and our focus on executing on the opportunities before us, give us confidence. We believe IMAX is positioned to deliver strong growth, expanding margins, and increasing cash flows in 2025 and beyond.

With that, I will turn the call over to the operator for Q&A.

Operator

Thank you so much. [Operator instructions] One moment for our first question, from the line of Eric Handler with ROTH Capital. Please proceed. Eric, your line is open.

Eric Handler -- Analyst

Sorry, helps to take mute off. Thanks for the question. Wondered, Rich, if you could give a little insight into with your screen count growth this year, how do you think that plays out in terms of North America versus China versus the rest of the world in terms of installations?

Richard Lewis Gelfond -- Chief Executive Officer and Director

Eric, I don't have the chart in front of me of where our count is growing. But remember, we guided to 145 to 160 installs. So, I just don't know the territories, but that's not going to make a material impact on box office in any one region. I think what you could do is basically look at where our historical, over the last few years, installs have been and extrapolate out.

But I don't think it's going to really change the mix dramatically.

Eric Handler -- Analyst

OK. And maybe just put it another way, like you talked about focus on the highest revenue-generating markets. At this point, as you look at where a lot of your discussions are going, which of those markets do you see as being the most opportunistic right now?

Richard Lewis Gelfond -- Chief Executive Officer and Director

Yeah. I mean, I think Japan is extremely strong. And we've had, I don't know, around eight signings already this year, and we have a number of other discussions going on, which is very positive for us. Also, there's a lot of activity going on in Western Europe.

In North America, last year, we had signings with eight different new exhibitors. So, they have been largely in high-revenue markets. But also, Eric, it's kind of a nuanced point, which you'll get, but the extremely high numbers coming out of China for Chinese New Year. Remember that those theaters, it's local language.

So, that's a 12.5% take rate out of China on the film side. And remember, it's a very heavy JV area and a lot of the box office is from the higher-tier cities. So, our total take from JVs is actually higher

in China than it is from JVs in other parts of the world. So, I think you'll see that number.

But both the film side and the JV side pop a fair amount certainly in the first quarter.

Eric Handler -- Analyst

That's helpful. And then one last quick one for Natasha. Natasha, you mentioned the convert. You still have 14 months to go before it matures.

But any thoughts on how you're thinking about that as it matures, what you might do in terms of do you just let it convert? Do you roll it over? Do you put more permanent financing in place?

Natasha Fernandes -- Chief Financial Officer

Hi, Eric. Yeah. We're in a strong financial position, and we have various options, as you know, and we're currently working through the plans. I mean, the notes are sitting at 0.5%.

With the capped call, it brings us up to the \$37 conversion price. So, it's still a really good piece of paper that we could sit on and really pick out what our best options are for us as well, we have the revolver available to us as well. So, I think we are working through what that could look like in the future for us.

Eric Handler -- Analyst

Thank you.

Operator

Thank you. Our next question is from the line of Michael Hickey with The Benchmark Company. Please proceed.

Michael Hickey -- The Benchmark Company -- Analyst

Hey, Rich, Natasha, and Jennifer, congratulations on the quarter and your year. Rich, I guess just on the Netflix deal, pretty incredible. Just curious if you could kind of expand on this partnership with Netflix for Narnia. You can take that anywhere you want, Rich, but I am kind of curious on the construction of that deal, how it came together, and how repeatable it is, you think, in the future for maybe other exclusive IMAX windows with streamers or traditional studios?

Richard Lewis Gelfond -- Chief Executive Officer and Director

So, thanks, Mike. That deal took a pretty long time to put together because IMAX was uniquely positioned to do that deal because, again, given our relationship and our knowledge of studios, talent, exhibitors, obviously there's a lot of different constituencies with different agendas that go in there. So, we really had to construct something that would work for the exhibitors, that would work for Greta, that would work for Netflix, that would work for a lot of people, the right amount of windows, the right amount of play time. Even though we've disclosed a little about it, it's a fairly complex deal to have met all of the various constituencies.

So, in terms of is it a template, I don't think every deal, every Netflix movie is going to be appropriate for an IMAX kind of global eventizing. I think it's only going to be certain kinds of movies. And I think

in certain ways this was a really great movie because I think there are like eight movies planned, something like that. And I think what IMAX does best is really launch franchises and launch events and whether that's the League of Legends or whether that's the Olympics or whether it's Superman coming up this year or Mission Impossible.

This is the kind of movie that's very conducive to an IMAX release. And as you know, it's exclusive in IMAX and it's global. So, I think the IMAX theaters that play it will do very well. And I think it will create event status around Netflix and its content that our exhibitors otherwise wouldn't have had.

I've talked to Netflix about this. I mean -- and I think in general, they're as excited as we are to do it. But we're not in a rush to do another one tomorrow. I mean, I think the factors have to come into place that work for everyone.

On the other hand, I think if this works, it's going to be extremely tempting for the talent, it's going to be tempting for IMAX, and it's certainly going to be tempting for Netflix. But I think the other thing I want to add, it's not as unique as you think in a different form. So, we're doing the Formula 1 movie this year with Apple and Warner Bros. And the director and producer, Joe Kosinski and Jerry Bruckheimer, really wanted to lean into IMAX early on and approached us maybe a year ago.

And that was the same principle. How do I create an event around the movie? And with Amazon this year, we did our Blue Angels doc, and that was how to create an event around our movie. And I think given our track record in launching this kind of events, there will be more projects like this. I think it will be successful at the end of the day.

And I think it's a good template for not just Netflix but doing business with others.

Michael Hickey -- The Benchmark Company -- Analyst

Nice. Thank you, Rich. The second question from us on the Chinese New Year. I think we knew it was going to be pretty strong.

I think it blew away probably everyone's expectations, probably including yours. Just sort of curious how much you think this was slate-driven, which is pretty obvious. And maybe less obvious, how much do you think of sort of this being a market recovery, which I think is also somewhat important when you think about the durability of the growth from the China region. And then a follow-up on that, Rich, sorry to hammer you with all these, and I'll stop.

Obviously, the Chinese New Year has been remarkably strong. You end with Avatar. Do you feel like you have enough sort of consistent drumbeat of content in between those two catalysts to sort of give you confidence for the remainder of the year? Thank you, guys.

Richard Lewis Gelfond -- Chief Executive Officer and Director

So, to start at the beginning, I mean, last year, as you can see in our financial results, the Chinese market was somewhat disappointing. And that was more a coming out of COVID content what was in the pipeline, which was thin coming out of COVID. And even the movies that they were, were the wrong kinds of movies to do well in IMAX. And despite that, we pivoted pretty nicely and did things like rereleasing Harry Potter movies and doing League of Legends.

So, we managed to do the best we could under those circumstances. So, a little of it, I think, was kind of pent-up demand. But I think most of it was really the mix of movies that came out. And it was just perfect for IMAX.

And our team actually chose five movies, saw them all. We did marketing partnerships on some of them, including Ne Zha 2. And I don't underestimate the power of that. And our market share right now over the last couple of weeks for this movie is around 6% of the Chinese market.

And historically, for animation, we've been 2% to 3%. So, some of it was the movie, but don't underestimate the power of the brand and the power of the things we've been doing over there. And I mean, you can never have predicted these kinds of numbers. So, to give you some examples, we already have done more dollars in local language box office in China in the middle of February than we did for the whole year last year.

And our overall box office is over \$130 million so far. Remember, in China for the year, it was a little shy of \$200 million. So, this is really one that's kind of off the charts. Now, we do feel very good about the gap between now and Avatar.

And actually, I didn't have a chance to announce it at the beginning, but Daniel Manwaring, who's our CEO of IMAX China, happens to be in L.A. with me right now. So, he's in a better position to comment about the intermediate slate. So, Daniel, please answer that.

Daniel Manwaring -- Chief Executive Officer, IMAX China

Sure. I think the biggest difference looking forward is, first off, I want to say, I think this film, Ne Zha 2, has really long legs. So, we're going to be programming this for a while. Looking ahead though, the level of transparency in the Chinese local language slate is very different this year than it was last year.

And to Rich's point, I think exhibitors, producers, studios have a lot more confidence in this year. And therefore, we're seeing bigger-budget films. So, this year we're going to be releasing the most number of film for IMAX Chinese titles in the company's history. These are big-budget movies with the country's top filmmakers and really the best of the best.

Looking even further into the Hollywood slate, I think there's also a much better-looking slate compared to 2024 with films like Zootopia 2, obviously Avatar 3, Mission Impossible, and Formula 1. So, I think good films are still going to really continue to work well in China even beyond the Chinese New Year. And this slate feels much more transparent and a lot healthier than it did last year.

Michael Hickey -- The Benchmark Company -- Analyst

Nice. Thank you, guys.

Operator

Thank you. One moment for our next question, please. It is from Steven Frankel with Rosenblatt Securities. Please proceed.

Steven Frankel -- Analyst

Congratulations, Rich. This China performance, which is a turnaround, but it also sounds like you're seeing things that maybe give you longer-term confidence in increased market share there given the way the production values are increasing, do you think that leads to the potential for more screens than you initially thought? Or are we really talking about driving up PSAs because you had a period

of PSA compression in China?

Richard Lewis Gelfond -- Chief Executive Officer and Director

So, that's a good question and something we've been talking about. So, you've heard us before talk about the Avatar effect or the Oppenheimer effect, which is when there's a really big film and it really drives up box office, there are ancillary benefits. You sign more theaters, you install more theaters, other studios copy the distribution pattern, studios up their marketing budgets. And we've been debating internally what the extent of the Ne Zha effect will be.

And I think from my point of view, there's just no question there will be some kind of effect. I mean, at the most basic level, remember, the Chinese exhibitors are coming out of a fairly stressful period of time financially. And the movie overall is over \$1.6 billion. So, they're flushed with cash that they weren't.

So, obviously, they can make strategic decisions. And I think some of them will be investing in IMAX in different ways. And again, I think the market share gains which I just spoke about are another factor. So, my sense will be is that it will have an impact on our overall business there.

I know your follow-up question will be how much. The answer is we don't know. It's way too soon. But I think that combined with what Daniel talked about, which is a really good slate going forward, plus the pent-up demand, I feel fairly confident.

On the signing side, that's a more complicated one because as you may remember, we made the strategic decision not to do that many joint ventures outside of Tier 1 and Tier 2 cities. So, I'm quite sure it will drive up the demand, but I'm not sure it's going to change our sort of underwriting

standards. So, we'll have to see what that impact is going forward.

Steven Frankel -- Analyst

Thanks. And then to switch gears, the last couple of years we talked a lot about live events because the Hollywood slate was lacking. Now, it looks like you're entering in a multiyear run where your cup runneth over with big tentpoles. What does that imply for that live event strategy? How do you work and do both?

Richard Lewis Gelfond -- Chief Executive Officer and Director

Well, at a couple of levels, I think it's -- our live event strategy fits in perfectly. First of all, it brings new audiences to IMAX. So, for the League of Legends, where we had 90% plus capacity in 161 theaters in China, 80% of the people had never been in an IMAX theater. And I think that's not a coincidence about our market share gains there going forward.

And this year we did Led Zeppelin, which did \$3 million domestically in its opening weekend, which made it No. 7 of any film in the country. I can make a bad joke, which I shouldn't, but I will. But those results probably qualify us in this environment to put it in for an Academy Award in terms of commercial success.

And what I mean by that is \$3 million is a pretty decent opening for an event kind of movie like that. And also our clients, the exhibitors, our partners, they really like it because it brings new people into the theater. And remember from earlier calls, we're very focused on capacity utilization. And while these films sell out on weekends on Tuesday nights when we run a lot of these things, or Wednesdays, they're not filled.

So, that's all incremental revenue for us and for the exhibitors. So, yes, we have to be a little bit more careful and make sure how to program them. But for last year, I'm trying to remember, and Natasha could correct me, but I think we did something like 55 events that were not movies over the course of the year. Am I right at that? Or it's some big number.

I don't remember. But we will have the ability to still program those.

Steven Frankel -- Analyst

Great. Thank you.

Operator

Our next question comes from the line of David [Inaudible] with Seaport Research Partners. Please proceed.

Unknown speaker -- Seaport Research Partners -- Analyst

Thank you. I was wondering if your 40% plus adjusted EBITDA margin guide would come more from gross margin or from SG&A? And similarly, trying to dig down on the moving pieces there, how much would be coming from your business operating leverage with the box office growth versus from cost-cutting efforts?

Natasha Fernandes -- Chief Financial Officer

Hi, David. There would be a mix in it. We are going to continue to work on our operational efficiencies, and we've done a really good job between starting in '23, again in '24, making a lot of effort with changing our corporate structure and doing the internal asset sale to also looking at roles and really optimizing our employee base to remove redundancies to think through how can we become more efficient along with even looking at just normal operating costs. And I think there's just the opportunity to continue to do that as we rightfully should.

But then there's also the operating leverage that will definitely come from our top-line revenue growth. I mean, with \$1.2 billion-plus of box office in our guide, that automatically creates the operating leverage in our model. And I know, David, like you haven't been around for a long time. But a few years ago, that operating leverage kicked in, in high gear, and you can see it nicely, like I think when you think back to Oppenheimer, a 47%-plus EBITDA margin quarter.

There is lots of opportunities when you start to think through how can these revenue dollars fall right to the bottom line, especially as we continue to even think through operating our cost model from a margin perspective and looking through efficiencies in the way we work, especially as we remaster films and work through even marketing and other components as you think about digital versus print and other opportunities.

Unknown speaker -- Seaport Research Partners -- Analyst

Thanks. And if you could explain if you have any screen relationships in your network that are expiring this year that could be up for renewal? And could there be any opportunities to reprice anything there? Or should we just really expect stable rev share matrix from here?

Richard Lewis Gelfond -- Chief Executive Officer and Director

Yeah. I don't know the number exactly what it is. Do you, Natasha?

Natasha Fernandes -- Chief Financial Officer

So, we have -- it is, it's disclosed in the 10-K as well, David. But I believe part of it is we do see these renewals every year. We don't actually wait till the end of the term normally to start those negotiations and discussions. We always think that we always work toward the last couple of years in the term and work with exhibitors to figure out how do we get the newest technology in there mostly because newer technology will then bring more consumers again and create a refresh of the box as well and therefore increase the PSA of that location too.

So, we are in a constant renewal and upgrade cycle along with expanding our footprint each year, which is why our install guidance is a mix between new and upgrades.

Richard Lewis Gelfond -- Chief Executive Officer and Director

And David, I would add to that that, remember, these installs are in existing boxes. So, if it's a strongly performing box, if that client doesn't want to renew, we just go to the theater across the street or down the block because we know what the box office is. So, it's just an IRR calculation. And if it's a terrible performing theater, then it's not the end of the world if they don't renew.

But historically, as you know, our renewal rates are very, very high.

Unknown speaker -- Seaport Research Partners -- Analyst

Understood. Thank you very much.

Operator

Thank you. Our next question is from Omar Mejias of Wells Fargo. Please proceed.

Omar Mejias -- Analyst

Good afternoon, and thank you for the question. Rich, the demand for IMAX is clearly at an all-time high, which not only shifts the negotiating leverage you guys have with studios, but it's also very evident on the long-term visibility for the business. Can you maybe talk about how this strengthen your hand when talking with studios? And more importantly, how could this drive better economics?

Richard Lewis Gelfond -- Chief Executive Officer and Director

So, Omar, the splits have been pretty consistent between the studios and IMAX over the last decades. And we're in this to play a long-term game. So, where we focus our resources, not in saying, well, we have leverage. How can we squeeze somebody, or how could they squeeze us? But where it works best, I'd say, is in the marketing we get in some of the ancillary areas.

So, for example, if you observe the marketing Disney just did for Captain America, and they've started for -- Fantastic 4 and Thunderbolts and some of the other marketing that Warner Bros. and Universal have done the IMAX is a lot more prominent. So, again, if you saw some of the TV spots for -- around Captain America, the IMAX was really big, at the top, and it managed to drive pretty

good indexing for us. By the same token, in terms of flexibility around dates, we had three different Thanksgiving movies with three different studios.

And because of the value of the IMAX proposition, we were able to negotiate a way where we could play all three of them. So, I think where we use whatever additional leverage we have would be in the area of trying to build a bigger audience and get a higher percentage of capacity. There are smaller issues like local language versioning and paying for trailers and this and that, which the studios have been more flexible on as well. But we have a great relationship with virtually every studio, and we're not going to mess that up by playing around with the splits.

Omar Mejias -- Analyst

No, that's super helpful. And Natasha, maybe one for you. With expectations for continued top-line growth, can you describe what the opportunity for gross profit and adjusted EBITDA margins to continue to grow even faster, given your asset-light model and the operating leverage in your business, how should we think about just the margin progression of the business beyond '25? Thank you.

Natasha Fernandes -- Chief Financial Officer

Hi, Omar. I think you continue to look at our model, even the historical patterns, and think through the fact of that we keep our costs relatively flat. And so, as you continue to grow that box office, it's really going to fall straight to the bottom line. And along with our SG&A savings and as well being thoughtful about our R&D spend and how we're doing that and whether we capitalize as well, there's lots of opportunities even coming down to even the tax rate.

And we've been working very, very hard on improving that tax rate as well. And I think that's part of the whole P&L structure that we've been able to improve on over the past year. So, I think as it comes down to modeling, Omar, you'd continue to work through your modeling of increasing your box office and our costs remaining relatively flat with a little bit of our normal spend with bigger titles, you'll think about a little bit of marketing. But really that all helps toward growing our bottom line.

Omar Mejias -- Analyst

Thank you, guys. Appreciate it.

Operator

Thank you. And I see two other analysts in the queue. We ask that you please limit your questions to one. One moment for our next question.

It comes from David Karnovsky with JPMorgan.

David Karnovsky -- Analyst

Hey, thank you. Maybe just for Richard or Daniel, I wanted to follow up on China. We did see some reports in the press about subsidies and incentives during the New Year period. Is that something you observed? And could we see government support even continue just given the kind of really strong traction in the box office in the region? Or should we just think about the momentum mainly as slate-driven? And then Natasha, just one on working capital, improved year over year.

Just any view on how to think about that in '25? Thank you.

Richard Lewis Gelfond -- Chief Executive Officer and Director

Daniel, why don't you take the first question?

Daniel Manwaring -- Chief Executive Officer, IMAX China

Sure. Yeah, those incentives really came out in the very beginning, I'd say, on day 1 and day 2 and were quite minimal as we look back at what the box office has become now. So, I don't think the market is anticipating any more support specifically driven toward the film box office because there was ticket subsidies that came in early on. However, we have seen a lot of support from the Chinese government, particularly last year and also going into the New Year, and we may or may not see continued support on that.

But with regards specific to your question of ticket subsidies, I don't think it had a very large effect on the total box office right now only in the sense that the market itself has really been driving as word of mouth. But we do expect some support later on.

Richard Lewis Gelfond -- Chief Executive Officer and Director

Just to clarify, Daniel, I think when you mean support from the Chinese government, you mean letting films into the country.

Daniel Manwaring -- Chief Executive Officer, IMAX China

Yeah, let me clarify that. I was specifically referring to ticket subsidies. But when we're talking about overall support from the film bureau, I think we've seen a tremendous amount of support. And I think we'll continue to see that support through the rest of the year, whether it's regarding import of Hollywood content or other foreign content.

So, that we don't expect to change.

Natasha Fernandes -- Chief Financial Officer

David, on your question about capital allocation and working capital, I mean, our cash flows continue to strengthen, and we are looking more similar to pre-COVID cash conversions. I mean, we finished the year -- a full year of operating cash flow of \$71 million, which is 21% higher than 2023. And I believe that we're going to continue to increase our cash conversion because as you think about the increase in the box office and the operating leverage, it will continue to flow not only to our bottom line but straight through to EBITDA and cash conversion. And on the capital allocation side, I mean, we accelerated repurchases at the end of '23 and the beginning of '24 when the stock was hit from the strikes, and we borrowed on our revolver to do so.

But -- and we believe it was a great decision. I mean, we purchased over \$60 million in early '24 at a price of \$13.99. And over the past few years, we've purchased over 19% of outstanding stock. So, it's been a really good use of our balance sheet.

And as we continue to look at capital allocation, we're going to continue to focus on our strategy for the converts, our strategy for investing and growing our network as well as investing in films and picking really good content to push out in order to achieve our -- the numbers we've put out as our targets.

David Karnovsky -- Analyst

Thank you.

Operator

Thank you. Our next question, one moment, is from Stephen Laszczyk with Goldman Sachs. Please proceed.

Stephen Laszczyk -- Analyst

Hey, great. Thanks for taking the question. Maybe like just a quick follow-up on capital investment. On the installs, Natasha, any more detail you could offer just on the mix of systems installs for '25, the 140 to 160, particularly around sales type and JRSA? I think you mentioned maybe skewed a little bit more toward JRSA, but wasn't sure to what degree.

And then maybe related to that, curious if you have any updated thoughts on capex for 2025. Thank you.

Natasha Fernandes -- Chief Financial Officer

Hi, Stephen. So, we have really good track record from our installation guidance, and we have really good visibility into the future. And so, even from where we sit right now, the \$145 million to the \$160 million, we feel really strong that that's a good range for us. But the split is -- I think we put it in our

materials, our split is about 60% JVs, 40% sales.

And so, that's where we expect to put our capital as well as you think about capital allocation and investment. If you think about 60% JVs on the midpoint between that 145 to 160, that's where you'll get your capital number from. Somewhere up toward \$35 million to \$40 million is probably where that works out to be on your JV capex. And that's pretty much most of our capex that we would spend in a year.

And it's a good use of our funds this year, especially when you think about the slate that's coming up and our ability to capitalize on the returns that we could get from growing a footprint that gives us a higher return off of incremental box office. And so, that's where we see a really good opportunity for us.

Stephen Laszczyk -- Analyst

Got it. And maybe just to clarify, was that \$35 million to \$40 million JV-specific or all-in capex, including maintenance?

Natasha Fernandes -- Chief Financial Officer

JV-specific, our maintenance has been relatively stable, Stephen, over the past several years.

Stephen Laszczyk -- Analyst

Got it. Thank you.

Operator

Thank you so much. And this concludes our Q&A session for today. I will turn it back to Richard Gelfond for his final comments.

Richard Lewis Gelfond -- Chief Executive Officer and Director

Thank you, operator, and thank you, everyone, for joining us. We didn't say it this directly, but I think there was -- this call comes at a very ironic time because when we look back at 2024, we actually killed it in a lot of ways, strategically, obviously the domestic box office was close to the best box office we've ever had in our history. Even though '24 was somewhat affected by the strike, the rest of the world box office was strong. We're at the high end of guidance in terms of installs.

We had a very strong year for signings. The one blemish for the year was the China box office underperformed. And we obviously were aware of that and put in place a lot of different things. We cut costs over there.

And there's no better way to prove something out than to deliver the numbers. And clearly, I know there were cynics out there, was it -- should I believe IMAX that it was like a one-time thing related to content? Or was it endemic and was it a hole in the IMAX story? But sitting here today, obviously, the start of this year was incredible at every level in China. Frankly, we have to rethink what our box office is going to be for the year on the upside after those results, and we're in the process of doing that. And I'm saying there's really no better way to start a year than to address the only concerns that came out of the prior year, and we did that.

So, I think -- and if you go back to the first quarter, I mean, it's, again, six weeks into the year. We reupped some studio deals on advantageous terms. We had the groundbreaking Netflix deal. We had the amazing records in China going on.

Captain America opened strong. And it's only toward the end of February. So, I think where we sit today, we're feeling pretty good. Thank you, everybody.

Operator

[Operator signoff]

Duration: 0 minutes

Jennifer Horsley -- Senior Vice President, Investor Relations

Richard Lewis Gelfond -- Chief Executive Officer and Director

Natasha Fernandes -- Chief Financial Officer

Eric Handler -- Analyst

Rich Gelfond -- Chief Executive Officer and Director

Michael Hickey -- The Benchmark Company -- Analyst

Daniel Manwaring -- Chief Executive Officer, IMAX China

Steven Frankel -- Analyst

Unknown speaker -- Seaport Research Partners -- Analyst

Omar Mejias -- Analyst

David Karnovsky -- Analyst

Stephen Laszczyk -- Analyst

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