



FOR IMMEDIATE RELEASE

CINEPLEX INC. Reports Second Quarter Results

TORONTO, Canada, August 11, 2016 (TSX: CGX) - Cineplex Inc. (“Cineplex”) today released its financial results for the three and six months ended June 30, 2016. Unless otherwise specified, all amounts are in Canadian dollars.

Second Quarter Results

	2016	2015	Period over Period Change (i)
Total revenues	\$ 338.0 million	\$ 345.5 million	-2.2%
Attendance	16.9 million	19.7 million	-14.4%
Net income	\$ 7.2 million	\$ 25.5 million	-71.7%
Box office revenues per patron (“BPP”) (ii)	\$ 9.62	\$ 9.45	1.8%
Concession revenues per patron (“CPP”) (ii)	\$ 5.74	\$ 5.50	4.4%
Adjusted EBITDA (ii)	\$ 42.8 million	\$ 65.3 million	-34.5%
Adjusted EBITDA margin (ii)	12.7 %	18.9 %	-6.2%
Adjusted free cash flow (ii)	\$ 25.6 million	\$ 41.0 million	-37.7%
Adjusted free cash flow per common share of Cineplex (“Share”) (ii)	\$ 0.403	\$ 0.650	-38.0%
Earnings per Share attributable to owners of Cineplex (“EPS”) - basic	\$ 0.12	\$ 0.40	-70.0%
EPS - diluted	\$ 0.12	\$ 0.40	-70.0%

Year to Date Results

	2016	2015	Period over Period Change (i)
Total revenues	\$ 716.9 million	\$ 635.3 million	12.8%
Attendance	37.4 million	37.2 million	0.6%
Net income	\$ 28.7 million	\$ 36.0 million	-20.4%
BPP (ii)	\$ 9.48	\$ 9.19	3.2%
CPP (ii)	\$ 5.58	\$ 5.35	4.3%
Adjusted EBITDA (ii)	\$ 99.9 million	\$ 105.6 million	-5.4%
Adjusted EBITDA margin (ii)	13.9 %	16.6 %	-2.7%
Adjusted free cash flow (ii)	\$ 69.5 million	\$ 68.5 million	1.5%
Adjusted free cash flow per Share (ii)	\$ 1.097	\$ 1.086	1.0%
EPS - basic	\$ 0.47	\$ 0.57	-17.5%
EPS - diluted	\$ 0.46	\$ 0.57	-19.3%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2016 value less 2015 value.
- ii. Adjusted EBITDA, adjusted EBITDA margin, adjusted free cash flow per common share of Cineplex, BPP and CPP are measures that do not have a standardized meaning under generally accepted accounting principles (“GAAP”). These measures as well as other non-GAAP financial measures reported by Cineplex are defined in the 'Non-GAAP Financial Measures' section at the end of this news release.

“Total revenue decreased 2.2% to \$338.0 million in the second quarter versus last year primarily due to decreased attendance as a result of weaker film product during the period. The prior year period was a tough comparator with its top three films ranked in the top seven highest grossing films of all time,” said Ellis Jacob, President and CEO, Cineplex Entertainment. “These results were partially offset by an increased box office per patron of \$9.62, a \$0.17 increase from the prior year period, due to an all-time record share of guests choosing premium movie experiences which represented 50.4% of box office revenue. Media revenue also

increased 14.8% to \$40.2 million primarily due to higher Cineplex Digital Media revenue from an expanded client base and project installations. Other revenue increased 144.2% or \$23.0 million primarily due to the consolidation of CSI following our acquisition last October of the remaining 50% interest. Adjusted EBITDA decreased \$22.5 million or 34.5% compared to the prior year period due to the decrease in attendance and its impact on box office and food service revenue. Our adjusted EBITDA margins were negatively impacted by lower box office revenue and the ramping up of newly created and acquired businesses.”

“Key accomplishments during the quarter include the installation of D-BOX motion seats into 18 auditoriums across the country, the addition of one UltraAVX auditorium and the selection of Cineplex Digital Media by ‘The Beer Store’ to create a digital and interactive display for their locations. Our SCENE loyalty program continues to grow its membership surpassing 7.7 million members during the quarter.”

“Although box office results for the second quarter were softer than expected, our box office revenue is up 3.7% on a year-to-date basis and there remains an exciting film slate for the remainder of 2016 and 2017. We look forward to opening our first Rec Room location in the third quarter. We continue to execute our growth strategy and although this may impact our results in the short-term, we are encouraged about the growth opportunities in our newly created and acquired businesses.”

KEY DEVELOPMENTS IN THE SECOND QUARTER OF 2016

The following describes certain key business initiatives undertaken and results achieved during the second quarter in each of Cineplex’s core business areas:

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported second quarter box office revenues of \$162.1 million, a decrease of \$24.1 million (12.9%) from the \$186.2 million reported in the prior year period due to a 14.4% decrease (2.8 million guests).
- Percentage of box office revenues from premium product was 50.4%, an all-time quarterly record for Cineplex.
- Announced the 4DX experience, featuring specially designed motion chairs and in-auditorium environmental effects working in synchronicity with the action on the screen. Also announced the rollout of the immersive technology Barco Escape in select theatres, featuring two additional side screens complementing the main screen to create a panoramic viewing range for guests.
- Cineplex added D-BOX motion seating to 18 additional locations in the second quarter of 2016.

Food Service

- Reported second quarter food service revenues of \$96.8 million, a decrease of \$11.6 million (10.7%) from the \$108.4 million reported in the prior year period, with the decrease due to the attendance decline.
- CPP in the second quarter of 2016 was \$5.74, an all-time quarterly record for Cineplex, \$0.24 (4.4%) higher than the \$5.50 reported during the prior year period.

Alternative Programming

- Alternative programming in the second quarter of 2016 included strong performances from the Metropolitan Opera: Live in HD series, international film programming, WWE Wrestlemania 32, and encore presentations of the National Theatre Live from London.
- Partnered with Maple Leaf Sports and Entertainment (“MLSE”) to bring Toronto Raptors National Basketball Association playoff games live to select theatres in the Greater Toronto Area throughout April and May, with proceeds donated to the MLSE Foundation.
- Partnered with BBC Canada to present *The Shakespeare Show* on the big screen at select theatres across the country, a celebration of 400 years of William Shakespeare and his extraordinary legacy.

Digital Commerce

- Launched the Cineplex Store app for both the Xbox 360 and Xbox One platforms, allowing guests to rent, buy and watch movies directly from their Xbox console in the comfort of their living rooms.
- Introduced new functionality to more fully integrate Cineplex Store and Cineplex.com search queries.
- Continued to see strong metrics related to Cineplex.com and the Cineplex app, which provide guests with the ability to find showtimes, buy tickets as well as providing the information relating to movies and movie-related entertainment content.
- Launched “Essential Accessibility” technology on Cineplex.com web platform to improve access for guests with disabilities.

MEDIA

- Reported record second quarter total media revenues of \$40.2 million, which increased \$5.2 million, or 14.8% compared to the prior year period.

Cineplex Media

- Reported record second quarter Cineplex Media revenues of \$26.2 million, compared to \$25.3 million in the prior year period, an increase of 3.6% primarily due to new media offerings and continued strength in the automotive category.
- Announced the rebranding of two theatres to Scotiabank Theatres (in Ottawa and Winnipeg) as part of the naming rights media commitment entered into between Scotiabank and Cineplex. These rebrandings bring the number of Scotiabank Theatres across the circuit to ten, across eight provinces.

Cineplex Digital Media

- Cineplex Digital Media revenues increased \$4.2 million (43.8%) compared to the prior year as an expanded client base contributed to increased project installation revenues and advertising revenue growth.
- Announced that Cineplex Digital Media had been selected by The Beer Store to help transition the brand onto a digital platform.

AMUSEMENT GAMING AND LEISURE

Cineplex Starburst Inc.

- CSI reported second quarter revenues of \$24.6 million (\$2.4 million due to Cineplex theatre gaming and \$22.2 million from all other sources of revenues). In the prior year period, Cineplex equity accounted for its 50% interest in CSI acquiring the remaining 50% of issued and outstanding equity that it did not already own in the fourth quarter of 2015.

The Rec Room

- Announced the opening of the first location which will open in the third quarter of 2016 at South Edmonton Commons in Edmonton, Alberta.

eSports

- WGN hosted the Canadian championships for *Street Fighter V*, which included online qualifiers followed by regional and national final events hosted at Cineplex theatres.
- Cineplex and WGN announced the Canadian championships for *Uncharted 4: A Thief's End*, the first multiplayer Canadian championship offered by Cineplex and WGN. Online qualifiers began in the second quarter and the regional and national championships will be hosted in select Cineplex theatres during the third quarter of 2016.

LOYALTY

- Membership in the SCENE loyalty program increased by 0.2 million members in the period, reaching 7.7 million at June 30, 2016.

CORPORATE

- During the second quarter of 2016, the board of directors of Cineplex (the "Board") announced a monthly dividend increase of 3.8% to \$0.135 per Share (\$1.62 on an annual basis) up from \$0.130 per Share (\$1.56 on an annual basis) effective with the May 2016 dividend.
- During the period, Cineplex increased and extended its credit facilities, increasing its revolving facility by \$150.0 million with the term facility remaining unchanged, and extended the maturity date to April 26, 2021.
- In conjunction with the Credit Facilities, Cineplex entered into interest rate swap agreements with an aggregate principal amount of \$200.0 million, where Cineplex pays a fixed rate of interest and receives a floating rate of interest equal to the three-month Canadian deposit offering rate set quarterly in advance, with net settlements quarterly and maturities that are co-terminus with the Credit Facilities.

OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016

Total revenues

Total revenues for the three months ended June 30, 2016 decreased \$7.5 million (2.2%) to \$338.0 million as compared to the prior year period. Total revenues for the six months ended June 30, 2016 increased \$81.6 million (12.8%) to \$716.9 million as compared to the prior year period. A discussion of the factors affecting the changes in box office, food service, media and other revenues for the period is provided below.

Non-GAAP measures discussed throughout this MD&A, including adjusted EBITDA, adjusted free cash flow, attendance, BPP, premium priced product, same store metrics, CPP, film cost percentage, food service cost percentage and concession margin per patron are defined and discussed in the non-GAAP measures section of this news release.

Box office revenues

The following table highlights the movement in box office revenues, attendance and BPP for the quarter and the year to date (in thousands of dollars, except attendance reported in thousands of patrons, and per patron amounts, unless otherwise noted):

Box office revenues	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
Box office revenues	\$ 162,145	\$ 186,202	-12.9%	\$ 354,784	\$ 342,243	3.7%
Attendance (i)	16,858	19,695	-14.4%	37,441	37,233	0.6%
Box office revenue per patron (i)	\$ 9.62	\$ 9.45	1.8%	\$ 9.48	\$ 9.19	3.2%
BPP excluding premium priced product (i)	\$ 8.24	\$ 8.35	-1.3%	\$ 8.29	\$ 8.34	-0.6%
Canadian industry revenues (ii)			-15.7%			1.7%
Same store box office revenues (i)	\$ 158,551	\$ 183,737	-13.7%	\$ 345,816	\$ 337,766	2.4%
Same store attendance (i)	16,525	19,456	-15.1%	36,603	36,775	-0.5%
% Total box from premium priced product (i)	50.4%	46.3%	4.1%	45.0%	36.7%	8.3%

(i) See non-GAAP measures section of this news release.

(ii) The Movie Theatre Association of Canada ("MTAC") reported that the Canadian exhibition industry reported a box office revenue decrease of 15.7% for the period from April 1, 2016 to June 30, 2016 as compared to the period from April 3, 2015 to July 2, 2015. For the period from January 1, 2016 to June 30, 2016 as compared to the period from January 2, 2015 to July 2, 2015, MTAC reported a box office revenue increase of 1.7%.

Box office continuity	Second Quarter		Year to Date	
	Box Office	Attendance	Box Office	Attendance
2015 as reported	\$ 186,202	19,695	\$ 342,243	37,233
Same store attendance change	(27,675)	(2,931)	(1,575)	(172)
Impact of same store BPP change	2,490	—	9,633	—
New and acquired theatres (i)	1,218	106	5,401	491
Disposed and closed theatres (i)	(90)	(12)	(918)	(111)
2016 as reported	\$ 162,145	16,858	\$ 354,784	37,441

(i) See non-GAAP measures section of this news release. Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period.

Second Quarter

Second Quarter 2016 Top Cineplex Films			Second Quarter 2015 Top Cineplex Films		
	3D	% Box		3D	% Box
1	✓	15.1%	1	✓	15.9%
2	✓	14.7%	2	✓	15.6%
3	✓	9.1%	3		12.0%
4	✓	6.3%	4	✓	7.2%
5	✓	4.8%	5	✓	5.3%

Box office revenues decreased \$24.1 million, or 12.9%, to \$162.1 million during the second quarter of 2016, compared to \$186.2 million reported in the same period in 2015. The decrease was due to the 14.4% decrease in attendance as a result of a weaker performing slate of films in the current period as compared to the prior year period. The prior year period was a tough comparator, with its top three films ranked in the top seven highest grossing films of all-time. The Easter statutory holiday, occurring in the first quarter of 2016 as compared to the second quarter of 2015 also had a negative impact on the period over period variance.

The box office revenue decrease due to lower attendance was partially offset by higher BPP reported in the current period. BPP for the three months ended June 30, 2016 was \$9.62, a \$0.17 increase from the prior year period. The increase in BPP was due to the higher percentage of box office revenues from premium product, which accounted for 50.4% of box office revenues in the current period, the highest proportion that premium product has contributed in a quarter in Cineplex's history, up from 46.3% in the prior year period. The increase was due to a higher proportion of strong performing 3D product as compared to 2D product in the current period, compared to the prior year period.

Year to Date

Year to Date 2016 Top Cineplex Films			Year to Date 2015 Top Cineplex Films		
	3D	% Box		3D	% Box
1	Deadpool	8.0%	1	The Avengers: Age of Ultron	8.7%
2	Star Wars: The Force Awakens	7.1%	2	Jurassic World	8.5%
3	Captain America: Civil War	6.9%	3	Furious 7	6.5%
4	The Jungle Book	6.7%	4	Mad Max: Fury Road	3.9%
5	Zootopia	6.3%	5	American Sniper	3.8%

Box office revenues for the six months ended June 30, 2016 were \$354.8 million, an increase of \$12.5 million or 3.7% over the prior year due to the higher BPP in the current year period compared to the 2015 period, supplemented by the 0.6% increase in attendance.

Cineplex's BPP for the period increased \$0.29, or 3.2%, from \$9.19 in the prior year period to \$9.48 in the current period. This increase was primarily due to the increase in revenues from 3D product in the current period compared to the prior year period. Premium priced offerings accounted for 45.0% of Cineplex's box office revenues in the six months ended June 30, 2016, compared to 36.7% in the prior year period.

Food service revenues

The following table highlights the movement in food service revenues, attendance and CPP for the quarter and the year to date (in thousands of dollars, except attendance and same store attendance reported in thousands of patrons, and per patron amounts):

Food service revenues	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
Food service revenues	\$ 96,814	\$ 108,397	-10.7%	\$ 208,820	\$ 199,182	4.8%
Attendance (i)	16,858	19,695	-14.4%	37,441	37,233	0.6%
CPP (i)	\$ 5.74	\$ 5.50	4.4%	\$ 5.58	\$ 5.35	4.3%
Same store food service revenues (i)	\$ 94,952	\$ 107,112	-11.4%	\$ 203,699	\$ 196,578	3.6%
Same store attendance (i)	16,525	19,456	-15.1%	36,603	36,775	-0.5%

(i) See non-GAAP Measures section of this news release.

Food service revenue continuity	Second Quarter		Year to Date	
	Food Service	Attendance	Food Service	Attendance
2015 as reported	\$ 108,397	19,695	\$ 199,182	37,233
Same store attendance change	(16,135)	(2,931)	(921)	(172)
Impact of same store CPP change	3,975	—	8,042	—
New and acquired theatres (i)	629	106	2,882	491
Disposed and closed theatres (i)	(52)	(12)	(365)	(111)
2016 as reported	\$ 96,814	16,858	\$ 208,820	37,441

(i) See non-GAAP measures section of this news release. Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period.

Second Quarter

Food service revenues are comprised primarily of concession revenues, which includes food sales at theatre locations as well as non-theatre locations. Food service revenues decreased \$11.6 million, or 10.7% as compared to the prior year period due to the 14.4% decrease in attendance, partially offset by the increase in CPP.

CPP increased 4.4% to \$5.74, an all-time quarterly record for Cineplex, exceeding the previous record of \$5.58 reported in the fourth quarter of 2015. Expanded offerings outside of core food service products, including offerings at Cineplex's VIP Cinemas and Outtakes locations, have contributed to increased visitation and higher average transaction values, resulting in the higher CPP in the period.

Year to Date

Food service revenues increased \$9.6 million, or 4.8% as compared to the prior year, due to the 4.3% increase in CPP, supplemented by the 0.6% increase in attendance. The CPP of \$5.58 in the current period is the highest CPP Cineplex has reported through the first six months of a year.

While the 10% SCENE discount and SCENE points issued on food service purchases reduce individual transaction values which impacts CPP, Cineplex believes that this loyalty program drives incremental visits and food service purchases, resulting in higher overall food service revenues.

Media revenues

The following table highlights the movement in media revenues for the quarter and the year to date (in thousands of dollars):

Media revenues	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
Cineplex Media	\$ 26,242	\$ 25,323	3.6%	\$ 47,339	\$ 45,334	4.4%
Cineplex Digital Media	13,944	9,697	43.8%	25,905	18,758	38.1%
Total media revenues	\$ 40,186	\$ 35,020	14.8%	\$ 73,244	\$ 64,092	14.3%

Second Quarter

Total media revenues increased 14.8% to \$40.2 million in the second quarter of 2016 compared to the prior year period, representing a second quarter media revenue record for Cineplex. This increase was primarily due to higher Cineplex Digital Media revenues, which increased \$4.2 million as expansion of the client base resulted in increased project installation revenues including clients Dairy Queen and The Beer Store and advertising revenue growth led by increases for TimsTV and the Oxford shopping mall network.

Year to Date

Total media revenues increased \$9.2 million in the six months ended June 30, 2016 compared to the prior year period. The increase resulted from the \$2.0 million increase in Cineplex Media revenues due primarily to new media initiatives and the \$7.1 million increase in Cineplex Digital Media revenues earned from higher project installation revenues and advertising revenue growth due to an expansion of the client base.

Other revenues

The following table highlights the movement in games and other revenues for the quarter and the year to date (in thousands of dollars):

Other revenues	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
Games - Cineplex exhibition (i)	\$ 2,366	\$ 2,473	-4.3%	\$ 5,157	\$ 4,493	14.8%
Games - CSI excluding Cineplex exhibition (i)	22,223	—	NM	45,483	—	NM
Other	14,291	13,448	6.3%	29,450	25,315	16.3%
Total other revenues	\$ 38,880	\$ 15,921	144.2%	\$ 80,090	\$ 29,808	168.7%

(i) Cineplex receives a venue revenue share on games revenues earned at in-theatre game rooms and XCAPE Entertainment Centres. Games- Cineplex exhibition reports the total of this venue revenue share which is consistent with the historical presentation of Cineplex's Games revenues. Games - CSI excluding Cineplex exhibition reflects CSI's gross gaming revenues, net of the venue revenue share paid to Cineplex reflected in Games - Cineplex exhibition above.

Second Quarter

Other revenues increased 144.2% or \$23.0 million in the second quarter of 2016 compared to the prior year period primarily due to the consolidation of CSI following Cineplex's acquisition on October 1, 2015 of the 50% of CSI it did not already own (\$22.2 million). Prior to October 1, 2015, Cineplex equity accounted for its 50% interest in CSI, with the results included in "Share of income of joint ventures". Excluding CSI, Other revenues increased \$0.7 million, or 4.6%.

The decrease in Cineplex exhibition gaming revenues was due to the lower theatre attendance resulting in less traffic in the theatres. The increase of \$0.8 million (6.3%) in Other in the period was primarily due to additional SCENE related revenues as well as the inclusion of WGN which was acquired in September 2015 and is not included in the prior year comparative. These increases are partially offset by lower revenues from enhanced guest service initiatives due to the lower theatre attendance in the period.

Year to Date

For the year to date period, Other revenues have increased 168.7% or \$50.3 million, compared to the prior year period primarily due to the consolidation of CSI (\$45.5 million). Excluding CSI, Other revenues increased \$4.8 million, or 16.1%.

Cineplex exhibition gaming revenues increased 14.8% due to a higher number of XSCAPE entertainment centres open in the current period compared to the prior year period, supplemented by the 0.6% increase in attendance in the period. The increase of \$4.1 million in Other in the period was primarily additional revenues arising from enhanced guest service initiatives and increased SCENE related revenues.

Film cost

The following table highlights the movement in film cost and the film cost percentage for the quarter and the year to date (in thousands of dollars, except film cost percentage):

Film cost	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
Film cost	\$ 90,677	\$102,155	-11.2%	\$ 198,063	\$ 182,326	8.6%
Film cost percentage (i)	55.9%	54.9%	1.0%	55.8%	53.3%	2.5%
(i) See non-GAAP measures section of this news release.						

Second Quarter

Film cost varies primarily with box office revenues, and can vary from quarter to quarter usually based on the relative strength of the titles exhibited during the period. This is due to film cost terms varying by title and distributor. Film cost percentage during the second quarter was 55.9%, a 1.0% increase over the prior year period.

Year to Date

The year to date increase in film cost expense was due to the 2.5% increase in the film cost percentage in the period. The increase in film cost percentage in the current year is as a result of the concentration of box office revenues. For the year to date, the top five films in the current period accounted for 35.0% of box office revenues (2015 - top five represented 31.4%).

Cost of food service

The following table highlights the movement in cost of food service and cost of food service as a percentage of food service revenues (“concession cost percentage”) for the quarter and the year to date (in thousands of dollars, except percentages and margins per patron):

Cost of food service	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
Cost of food service	\$ 21,603	\$ 23,921	-9.7%	\$ 46,917	\$ 43,369	8.2%
Concession cost percentage (i)	22.3%	22.1%	0.2%	22.5%	21.8%	0.7%
Concession margin per patron (i)	\$ 4.46	\$ 4.29	4.0%	\$ 4.32	\$ 4.18	3.3%
(i) See non-GAAP measures section of this news release.						

Second Quarter

Cost of food service varies primarily with theatre attendance as well as the quantity and mix of offerings sold. The decrease in the cost of food service as compared to the prior year period was due to lower attendance resulting in the lower food service revenues, partially offset by the 0.2% increase in the concession cost percentage during the period. The increase in the concession cost percentage is due in part to the mix of food offerings. The addition of VIP theatres at four locations since the prior year period has contributed to the changing mix including more items outside of the core concession offerings, which tend to have higher costs.

The concession margin per patron increased 4.0% from \$4.29 in the second quarter of 2015 to \$4.46 in the same period in 2016, reflecting the impact of the higher CPP during the period, partially offset by the impact of the higher concession cost percentage.

Year to Date

The increase in the cost of food service as compared to the prior year period was due to the higher food service revenues. The concession margin per patron increased from \$4.18 in the prior year period to \$4.32 in the current period, reflecting the impact of the higher CPP in the current period.

Despite the 10% discount offered to SCENE members and SCENE points offered on select offerings, which contributes to a higher concession cost percentage, Cineplex believes the SCENE program drives incremental attendance and purchase incidence which increases food service revenues and CPP.

Depreciation and amortization

The following table highlights the movement in depreciation and amortization expenses during the quarter and the year to date (in thousands of dollars):

Depreciation and amortization expenses	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
Depreciation of property, equipment and leaseholds	\$ 22,204	\$ 19,879	11.7%	\$ 43,805	\$ 38,873	12.7%
Amortization of intangible assets and other	3,775	1,923	96.3%	7,179	3,829	87.5%
Depreciation and amortization expenses as reported	\$ 25,979	\$ 21,802	19.2%	\$ 50,984	\$ 42,702	19.4%

The quarterly increase in depreciation of property, equipment and leaseholds of \$2.3 million and year to date increase of \$4.9 million was primarily due to the addition of equipment and leasehold improvements relating to assets acquired through acquisitions and new theatre construction. The increase in amortization of intangible assets and other is primarily due to intangible assets acquired in the WGN and CSI transactions.

Loss on disposal of assets

The following table shows the movement in the loss on disposal of assets during the quarter and the year to date (in thousands of dollars):

Loss on disposal of assets	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
Loss on disposal of assets	\$ 428	\$ 1,033	-58.6%	\$ 934	\$ 1,350	-30.8%

During the second quarter of 2016, Cineplex recorded a loss of \$0.4 million on the disposal of assets that were sold or otherwise disposed (2015 - \$1.0 million). For the six months ended June 30, 2016, disposal of assets resulted in a loss of \$0.9 million on the disposal of assets that were sold or otherwise disposed of (2015 - \$1.4 million).

Other costs

Other costs include three main sub-categories of expenses, including theatre occupancy expenses, which capture the rent and associated occupancy costs for Cineplex's various operations; other operating expenses, which include the costs related to running Cineplex's film entertainment and content, media, amusement gaming and leisure as well as Cineplex's ancillary businesses; and general and administrative expenses, which include costs related to managing Cineplex's operations, including head office expenses. Please see the discussions below for more details on these categories. The following table highlights the movement in other costs for the quarter and the year to date (in thousands of dollars):

Other costs	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
Theatre occupancy expenses	\$ 50,620	\$ 50,473	0.3%	\$ 103,353	\$ 101,582	1.7%
Other operating expenses	114,416	89,237	28.2%	232,027	170,151	36.4%
General and administrative expenses	18,296	15,624	17.1%	37,356	34,535	8.2%
Total other costs	\$ 183,332	\$ 155,334	18.0%	\$ 372,736	\$ 306,268	21.7%

Theatre occupancy expenses

The following table highlights the movement in theatre occupancy expenses for the quarter and the year to date (in thousands of dollars):

Theatre occupancy expenses	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
Rent	\$ 34,126	\$ 33,629	1.5%	\$ 68,376	\$ 67,457	1.4%
Other occupancy	18,354	18,048	1.7%	36,924	36,122	2.2%
One-time items (i)	(1,860)	(1,204)	54.5%	(1,947)	(1,997)	-2.5%
Total	\$ 50,620	\$ 50,473	0.3%	\$ 103,353	\$ 101,582	1.7%

(i) One-time items include amounts related to both theatre rent and other theatre occupancy costs. They are isolated here to illustrate Cineplex's theatre rent and other theatre occupancy costs excluding these one-time, non-recurring items.

Theatre occupancy continuity	Second Quarter Occupancy	Year to Date Occupancy
2015 as reported	\$ 50,473	\$ 101,582
Impact of new and acquired theatres	512	1,144
Impact of disposed theatres	(66)	(232)
Same store rent change (i)	166	423
One-time items	(657)	50
Other	192	386
2016 as reported	\$ 50,620	\$ 103,353

(i) See non-GAAP measures section of this news release.

Second Quarter

Theatre occupancy expenses increased \$0.1 million during the second quarter of 2016 compared to the prior year period. This increase was primarily due to the impact of new and acquired theatres net of disposed theatres (\$0.4 million) as well as higher same-store rent and higher other expenses (including real estate taxes), partially offset by \$0.7 million higher one-time credits as compared to the prior year period.

Year to Date

The increase in theatre occupancy expenses of \$1.8 million for the 2016 period compared to the prior year was due to the impact of new and acquired theatres net of disposed theatres (\$0.9 million), higher same store rent expenses (\$0.4 million), and higher other costs (including higher real estate taxes) (\$0.4 million) as compared to the prior year period.

Other operating expenses

The following table highlights the movement in other operating expenses during the quarter and the year to date (in thousands of dollars):

Other operating expenses	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
Theatre payroll	\$ 33,831	\$ 35,470	-4.6%	\$ 71,898	\$ 68,024	5.7%
Media	16,596	13,635	21.7%	32,470	26,645	21.9%
CSI	19,649	—	NM	39,744	—	NM
Other	44,340	40,132	10.5%	87,915	75,482	16.5%
Other operating expenses	\$ 114,416	\$ 89,237	28.2%	\$ 232,027	\$ 170,151	36.4%

Other operating continuity	Second Quarter		Year to Date	
	Other Operating		Other Operating	
2015 as reported	\$	89,237	\$	170,151
Impact of new and acquired theatres		626		2,613
Impact of disposed theatres		(10)		(276)
Same store payroll change (i)		(1,984)		2,544
Marketing change		551		2,088
Media change		2,962		5,825
CSI change		19,649		39,744
Amusement gaming and leisure, excluding CSI		2,928		5,960
Other		457		3,378
2016 as reported	\$	114,416	\$	232,027

(i) See non-GAAP measures section of this news release.

Second Quarter

Other operating expenses during the second quarter of 2016 increased \$25.2 million or 28.2% compared to the prior year period. The major component of the increase is the inclusion of CSI which is not included in the prior year comparative (\$19.6 million).

Excluding CSI, operating expenses increased \$5.5 million or 6.2%. This \$5.5 million increase was primarily due to higher Media expenses due to higher Media business volumes, and amusement gaming and leisure expenses excluding CSI due to WGN, which was acquired in the third quarter of 2015 and not included in the prior year comparatives, as well as certain start-up costs related to *The Rec Room* with the first location opening in the third quarter of 2016.

Year to Date

For the six months ended June 30, 2016, other operating expenses increased \$61.9 million or 36.4% compared to the prior year period. The major component of the increase is the inclusion of CSI (\$39.7 million). Excluding CSI operating expenses increased \$22.1 million or 13.0%. This \$22.1 million variance is mainly due to \$6.0 million in higher amusement gaming and leisure expenses for WGN and *The Rec Room*, \$5.8 million in higher Media expenses due to higher Media business volumes, \$2.5 million higher same-store payroll costs due to higher in-theatre business volumes in the first quarter of 2016, and the \$2.3 million impact of new theatres net of the impact of disposed theatres. Marketing expenses were higher year over year due to the timing of initiatives, which were more heavily weighted to the first half of the year in 2016 compared to 2015 where initiatives were more heavily weighted to the second half of the year.

General and administrative expenses

The following table highlights the movement in general and administrative (“G&A”) expenses during the quarter and the year to date, including Share based compensation costs, and G&A net of these costs (in thousands of dollars):

G&A expenses	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
G&A excluding LTIP and option plan expense	\$ 14,808	\$ 13,490	9.8%	\$ 29,796	\$ 27,606	7.9%
LTIP (i)	3,082	1,709	80.3%	6,735	6,092	10.6%
Option plan	406	425	-4.5%	825	837	-1.4%
G&A expenses as reported	\$ 18,296	\$ 15,624	17.1%	\$ 37,356	\$ 34,535	8.2%

(i) LTIP includes the expense for the LTIP program as well as the expense for the executive and Board deferred share unit plans.

Second Quarter

G&A expenses increased \$2.7 million during the second quarter of 2016 compared to the prior year period due to higher LTIP expenses (\$1.4 million) and higher head office payroll expenses. The LTIP expense increase was due to a larger increase in the average closing Share price for the 90 days prior to June 30, 2016 (one of the variables used in the LTIP calculation) as compared to the prior period.

Year to Date

G&A expenses for the year to date period increased \$2.8 million compared to the prior year period primarily due to higher head office payroll costs as well as a \$0.6 million increase in LTIP expense as compared to the prior year period.

EARNINGS BEFORE INTEREST, INCOME TAXES, DEPRECIATION AND AMORTIZATION (“EBITDA”) (see non-GAAP measures section of this news release)

The following table presents EBITDA and adjusted EBITDA for the three months ended June 30, 2016 as compared to the prior year period (in thousands of dollars, except adjusted EBITDA margin):

EBITDA	Second Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
EBITDA	\$ 42,754	\$ 63,849	-33.0%	\$ 99,457	\$ 103,338	-3.8%
Adjusted EBITDA	\$ 42,768	\$ 65,310	-34.5%	\$ 99,908	\$ 105,558	-5.4%
Adjusted EBITDA margin	12.7%	18.9%	-6.2%	13.9%	16.6%	-2.7%

Adjusted EBITDA for the second quarter of 2016 decreased \$22.5 million, or 34.5%, as compared to the prior year period. The decrease was primarily due to the lower theatre attendance resulting in lower film entertainment and content revenues as well as higher costs attributable to Cineplex’s emerging businesses as it executes on its diversification strategy. These decreases were partially offset by higher media contribution mainly due to Cineplex Digital Media and higher contribution from CSI due to 100% ownership in the current period compared to 50% in the prior period. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 12.7% in the current period, down from 18.9% in the prior year period.

Adjusted EBITDA for the six months ended June 30, 2016 decreased \$5.7 million, or 5.4%, as compared to the prior year period. The decrease was due to higher operating costs in the film entertainment and content businesses as well as costs incurred in support of Cineplex’s emerging businesses, partially offset by the higher contribution from Cineplex Digital Media and CSI. Adjusted EBITDA margin for the period was 13.9%, a decrease of 2.7% from 16.6% in the prior year period.

ADJUSTED FREE CASH FLOW (see non-GAAP measures section of this news release)

For the second quarter of 2016, adjusted free cash flow per common share of Cineplex was \$0.40 as compared to \$0.65 in the prior year period. The declared dividends per common share of Cineplex were \$0.40 in the second quarter of 2016 and \$0.39 in the prior year period. During the year ended June 30, 2016, Cineplex generated adjusted free cash flow per Share of \$2.50, compared to \$2.33 per Share in the year ended June 30, 2015. Cineplex declared dividends per Share of \$1.57 and \$1.51, respectively, in each year. The payout ratios for these periods were approximately 62.7% and 64.8%, respectively.

NON-GAAP FINANCIAL MEASURES

EBITDA and Adjusted Free Cash Flow

EBITDA and adjusted free cash flow are not measures recognized by GAAP and do not have standardized meanings in accordance with such principles. Therefore, EBITDA and adjusted free cash flow may not be comparable to similar measures presented by other issuers. Management uses adjusted EBITDA and adjusted free cash flow to evaluate performance primarily because of the significant effect certain unusual or non-recurring charges and other items have on EBITDA from period to period.

EBITDA is calculated by adding back to net income, income tax expense, depreciation and amortization expense, and interest expense net of interest income. Adjusted EBITDA is calculated by adjusting EBITDA for losses on disposal of assets, the equity income of CDCP, the non-controlling interests’ share of EBITDA of WGN and BSL, and depreciation, amortization, interest and taxes of Cineplex’s other joint ventures. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by total revenues.

Adjusted free cash flow is a non-GAAP measure generally used by Canadian corporations, as an indicator of financial performance and it should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP.

For a detailed reconciliation of net income to EBITDA and adjusted EBITDA and from cash provided by operating activities to adjusted free cash flow, please refer to Cineplex’s management’s discussion and analysis filed on www.sedar.com.

Per Patron Revenue Metrics

Cineplex reviews per patron metrics as they relate to box office revenue and concession revenue such as BPP, CPP, BPP excluding premium priced product, and concession margin per patron, as these are key measures used by investors to value and assess

Cineplex's performance, and are widely used in the theatre exhibition industry. Management of Cineplex defines these metrics as follows:

Attendance: Attendance is calculated as the total number of paying patrons that frequent Cineplex's theatres during the period.

BPP: Calculated as total box office revenues divided by total paid attendance for the period.

BPP excluding premium priced product: Calculated as total box office revenues for the period, less box office revenues from 3D, UltraAVX, VIP and IMAX product; divided by total paid attendance for the period, less paid attendance for 3D, UltraAVX, VIP and IMAX product.

CPP: Calculated as total food service revenues divided by total paid attendance for the period.

Premium priced product: Defined as 3D, UltraAVX, IMAX and VIP film product.

Concession margin per patron: Calculated as total food service revenues less total cost of food service, divided by attendance for the period.

Same Store Analysis

Cineplex reviews and reports same store metrics relating to box office revenues, concession revenues, rent expense and payroll expense, as these measures are widely used in the theatre exhibition industry as well as other retail industries. Same store metrics are calculated by removing the results for all theatres that have been opened, acquired, closed or otherwise disposed of subsequent to the start of the prior year comparative period. For the three months ended June 30, 2016, the impact of the three locations that have been opened or acquired and the two locations that have been closed have been excluded, resulting in 159 theatres being included in the same store metrics. For the six months ended June 30, 2016, the impact of the four locations that have been opened or acquired and the three locations that have been closed have been excluded, resulting in 158 theatres being included in the same store metrics.

Cost of sales percentages

Cineplex reviews and reports cost of sales percentages for its two largest revenue sources, box office revenues and concession revenues as these measures are widely used in the theatre exhibition industry. These measures are reported as film cost percentage and concession cost percentage, respectively, and are calculated as follows:

Film cost percentage: Calculated as total film cost expense divided by total box office revenues for the period.

Concession cost percentage: Calculated as total food service costs divided by total food service revenues for the period.

Certain information included in this news release contains forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to Cineplex's objectives, goals and strategies to achieve those objectives and goals, as well as statements with respect to Cineplex's beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective" and "continue" (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, including those described in Cineplex's Annual Information Form ("AIF"), Cineplex's management's discussion and analysis ("MD&A") and in this news release. Those risks and uncertainties, both general and specific, give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Cineplex cautions readers not to place undue reliance on these statements, as a number of important factors, many of which are beyond Cineplex's control, could cause actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, risks generally encountered in the relevant industry, competition, customer, legal, taxation and accounting matters.

The foregoing list of factors that may affect future results is not exhaustive. When reviewing Cineplex's forward-looking statements, readers should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about factors that may cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risks and Uncertainties" section of Cineplex's MD&A.

Cineplex does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities law. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Cineplex, its financial or operating results or its securities. All forward-looking statements in this news release are made as of the date hereof and are qualified by these cautionary statements. Additional information, including Cineplex's AIF and MD&A, can be found on SEDAR at www.sedar.com.

About Cineplex Inc.

Cineplex is one of Canada's leading entertainment companies and operates one of the most modern and fully digitized motion picture theatre circuits in the world. A top-tier Canadian brand, Cineplex operates numerous businesses including theatrical exhibition, food service, amusement gaming, alternative programming (Cineplex Events), Cineplex Media, Cineplex Digital Media, and the online sale of home entertainment content through CineplexStore.com and on apps embedded in various electronic devices. Cineplex is also a joint venture partner in SCENE - Canada's largest entertainment loyalty program.

Cineplex is headquartered in Toronto, Canada, and operates 163 theatres with 1,667 screens from coast to coast, serving approximately 77 million guests annually through the following theatre brands: Cineplex Cinemas, Cineplex Odeon, Cineplex VIP Cinemas, Galaxy Cinemas, SilverCity Cinemas and Scotiabank Theatres. Cineplex also owns and operates the UltraAVX, Poptopia and Outtakes brands. Cineplex trades on the Toronto Stock Exchange under the symbol CGX. More information is available at Cineplex.com. Further information can be found in the disclosure documents filed by Cineplex with the securities regulatory authorities, available at www.sedar.com.

You are cordially invited to participate in a teleconference call with the management of Cineplex (TSX: CGX) to review our quarterly results. **Ellis Jacob, President and Chief Executive Officer, Gord Nelson, Chief Financial Officer and Pat Marshall, Investor Relations Officer** will host the call. The teleconference call is scheduled for:

**Thursday, August 11, 2016
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial 416-849-1847 or outside of Toronto dial 1-866-530-1554** at least five to ten minutes prior to 10:00 a.m. Eastern Time. Please quote the conference ID 7406912 to access the call.

- If you cannot participate in the live mode, a replay will be available. Please dial 647-436-0148 or 1-888-203-1112 and enter code 7406912#. The replay will begin at 1:00 p.m. Eastern Time on Thursday, August 11, 2016 and end at 1:00 p.m. Eastern Time on Thursday, August 18, 2016.
- Note that media will be participating in the call in listen-only mode.
- Thank you in advance for your interest and participation.

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For further information:

Gord Nelson
Chief Financial Officer
(416) 323-6602

Pat Marshall
Vice President Communications and Investor Relations
(416) 323-6648

Cineplex Inc.
Interim Condensed Consolidated Balance Sheets
(Unaudited)
(expressed in thousands of Canadian dollars)

	June 30,	December 31,
	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 35,088	\$ 35,713
Trade and other receivables	69,550	121,398
Income taxes receivable	8,959	—
Inventories	22,737	19,691
Prepaid expenses and other current assets	17,147	10,025
	<hr/>	<hr/>
	153,481	186,827
Non-current assets		
Property, equipment and leaseholds	532,825	533,192
Deferred income taxes	5,570	6,517
Interests in joint ventures	34,783	35,288
Intangible assets	126,256	132,140
Goodwill	807,953	807,953
	<hr/>	<hr/>
	\$ 1,660,868	\$ 1,701,917
	<hr/>	<hr/>

Cineplex Inc.
Interim Condensed Consolidated Balance Sheets ... continued
(Unaudited)
(expressed in thousands of Canadian dollars)

	June 30,	December 31,
	2016	2015
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 148,608	\$ 209,657
Share-based compensation	9,010	9,742
Dividends payable	8,571	8,238
Income taxes payable	1,538	30,464
Deferred revenue	133,302	159,568
Current debt	—	3,737
Finance lease obligations	3,066	2,957
Fair value of interest rate swap agreements	1,969	1,414
	<u>306,064</u>	<u>425,777</u>
Non-current liabilities		
Share-based compensation	17,452	18,907
Long-term debt	326,429	222,340
Fair value of interest rate swap agreements	5,810	4,188
Finance lease obligations	10,491	12,052
Post-employment benefit obligations	7,365	7,296
Other liabilities	130,358	131,874
Deferred income taxes	6,317	6,283
Convertible debentures	101,756	100,703
	<u>605,978</u>	<u>503,643</u>
Total liabilities	<u>912,042</u>	<u>929,420</u>
Equity		
Share capital	859,198	858,305
Deficit	(106,846)	(86,296)
Hedging reserves and other	(5,956)	(4,979)
Contributed surplus	(559)	(491)
Cumulative translation adjustment	(531)	934
Total equity attributable to owners of Cineplex	<u>745,306</u>	<u>767,473</u>
Non-controlling interests	3,520	5,024
Total equity	<u>748,826</u>	<u>772,497</u>
	<u>\$ 1,660,868</u>	<u>\$ 1,701,917</u>

Cineplex Inc.**Interim Condensed Consolidated Statements of Operations****(Unaudited)****(expressed in thousands of Canadian dollars, except net income per share)**

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Revenues				
Box office	\$ 162,145	\$ 186,202	\$ 354,784	\$ 342,243
Food service	96,814	108,397	208,820	199,182
Media	40,186	35,020	73,244	64,092
Other	38,880	15,921	80,090	29,808
	<u>338,025</u>	<u>345,540</u>	<u>716,938</u>	<u>635,325</u>
Expenses				
Film cost	90,677	102,155	198,063	182,326
Cost of food service	21,603	23,921	46,917	43,369
Depreciation and amortization	25,979	21,802	50,984	42,702
Loss on disposal of assets	428	1,033	934	1,350
Other costs	183,332	155,334	372,736	306,268
Share of income of joint ventures	(769)	(752)	(1,169)	(1,326)
Interest expense	4,895	5,520	9,721	11,230
Interest income	(51)	(41)	(118)	(88)
	<u>326,094</u>	<u>308,972</u>	<u>678,068</u>	<u>585,831</u>
Income before income taxes	<u>11,931</u>	<u>36,568</u>	<u>38,870</u>	<u>49,494</u>
Provision for income taxes				
Current	4,715	10,654	8,851	13,075
Deferred	4	436	1,352	414
	<u>4,719</u>	<u>11,090</u>	<u>10,203</u>	<u>13,489</u>
Net income	<u>\$ 7,212</u>	<u>\$ 25,478</u>	<u>\$ 28,667</u>	<u>\$ 36,005</u>
Attributable to:				
Owners of Cineplex	\$ 7,646	\$ 25,478	\$ 29,552	\$ 36,005
Non-controlling interests	(434)	—	(885)	—
Net income	<u>\$ 7,212</u>	<u>\$ 25,478</u>	<u>\$ 28,667</u>	<u>\$ 36,005</u>
Basic net income per share attributable to owners of Cineplex	\$ 0.12	\$ 0.40	\$ 0.47	\$ 0.57
Diluted net income per share attributable to owners of Cineplex	\$ 0.12	\$ 0.40	\$ 0.46	\$ 0.57

Cineplex Inc.**Interim Condensed Consolidated Statements of Comprehensive Income****(Unaudited)****(expressed in thousands of Canadian dollars)**

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Net income	\$ 7,212	\$ 25,478	\$ 28,667	\$ 36,005
Other comprehensive (loss) income				
<i>Items that will be reclassified subsequently to net income:</i>				
(Loss) income on hedging instruments	(1,628)	422	(1,348)	(2,500)
Associated deferred income taxes recovery (expense)	436	(100)	371	668
Foreign currency translation adjustment	(258)	—	(1,748)	—
Other comprehensive (loss) income	(1,450)	322	(2,725)	(1,832)
Comprehensive income	\$ 5,762	\$ 25,800	\$ 25,942	\$ 34,173
Attributable to:				
Owners of Cineplex	\$ 6,217	\$ 25,800	\$ 27,110	\$ 34,173
Non-controlling interests	(455)	—	(1,168)	—
Comprehensive income	\$ 5,762	\$ 25,800	\$ 25,942	\$ 34,173

Cineplex Inc.**Interim Condensed Consolidated Statements of Changes in Equity****(Unaudited)****(expressed in thousands of Canadian dollars)****For the six months ended June 30, 2016 and 2015**

	Share capital	Contributed surplus	Hedging and other reserves	Cumulative translation adjustment	Deficit	Non- controlling interests	Total
Balance - January 1, 2016	\$ 858,305	\$ (491)	\$ (4,979)	\$ 934	\$ (86,296)	\$ 5,024	\$ 772,497
Net income	—	—	—	—	29,552	(885)	28,667
Other comprehensive (loss)	—	—	(977)	(1,465)	—	(283)	(2,725)
Total comprehensive income	—	—	(977)	(1,465)	29,552	(1,168)	25,942
Dividends declared	—	—	—	—	(50,102)	—	(50,102)
Share option expense	—	825	—	—	—	—	825
Issuance of shares on exercise of options	893	(893)	—	—	—	—	—
CSI non-controlling interests acquired	—	—	—	—	—	(336)	(336)
Balance - June 30, 2016	\$ 859,198	\$ (559)	\$ (5,956)	\$ (531)	\$ (106,846)	\$ 3,520	\$ 748,826
Balance - January 1, 2015	\$ 854,073	\$ 4,952	\$ (3,405)	—	\$ (123,771)	—	\$ 731,849
Net income	—	—	—	—	36,005	—	36,005
Other comprehensive (loss)	—	—	(1,832)	—	—	—	(1,832)
Total comprehensive income	—	—	(1,832)	—	36,005	—	34,173
Dividends declared	—	—	—	—	(47,925)	—	(47,925)
Share option expense	—	837	—	—	—	—	837
Issuance of shares on exercise of options	514	(514)	—	—	—	—	—
Balance - June 30, 2015	\$ 854,587	\$ 5,275	\$ (5,237)	—	\$ (135,691)	—	\$ 718,934

Cineplex Inc.
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)
(expressed in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Cash provided by (used in)				
Operating activities				
Net income	\$ 7,212	\$ 25,478	\$ 28,667	\$ 36,005
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	25,979	21,802	50,984	42,702
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(2,508)	(2,302)	(4,486)	(4,003)
Accretion of debt issuance costs and other non-cash interest, net	60	1,319	143	2,592
Loss on disposal of assets	428	1,033	934	1,350
Deferred income taxes	4	436	1,352	414
Interest rate swap agreements - non-cash interest	544	16	806	87
Non-cash share-based compensation	406	425	825	837
Accretion of convertible debentures	526	498	1,052	991
Net change in interests in joint ventures	1,228	(2,191)	(298)	(3,099)
Tenant inducements	2,163	—	2,394	757
Changes in operating assets and liabilities	(14,738)	7,920	(84,370)	(40,657)
Net cash provided by (used in) operating activities	21,304	54,434	(1,997)	37,976
Investing activities				
Proceeds from sale of assets	—	—	108	108
Purchases of property, equipment and leaseholds	(18,581)	(20,406)	(47,538)	(47,325)
Acquisition of businesses, net of cash acquired	—	(2,674)	(407)	(3,158)
Intangible assets additions	(281)	—	(281)	(114)
Net cash received from CDCP	120	329	802	756
Net cash used in investing activities	(18,742)	(22,751)	(47,316)	(49,733)
Financing activities				
Dividends paid	(25,054)	(23,966)	(49,769)	(47,601)
Borrowings under credit facilities, net	20,626	—	101,836	50,000
Payments under finance leases	(732)	(659)	(1,451)	(1,309)
Deferred financing fees	(1,404)	—	(1,404)	—
Net cash (used in) provided by financing activities	(6,564)	(24,625)	49,212	1,090
Effect of exchange rate differences on cash	(15)	—	(524)	—
(Decrease) increase in cash and cash equivalents	(4,017)	7,058	(625)	(10,667)
Cash and cash equivalents - Beginning of period	39,105	16,642	35,713	34,367
Cash and cash equivalents - End of period	\$ 35,088	\$ 23,700	\$ 35,088	\$ 23,700
Supplemental information				
Cash paid for interest	\$ 5,306	\$ 4,801	\$ 7,874	\$ 7,278
Cash paid for income taxes	\$ 10,398	\$ 2,566	\$ 46,146	\$ 11,676

Cineplex Inc.
Interim Consolidated Supplemental Information
(Unaudited)
(expressed in thousands of Canadian dollars)

Reconciliation to Adjusted EBITDA

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Net income	\$ 7,212	\$ 25,478	\$ 28,667	\$ 36,005
Depreciation and amortization	25,979	21,802	50,984	42,702
Interest expense	4,895	5,520	9,721	11,230
Interest income	(51)	(41)	(118)	(88)
Current income tax expense	4,715	10,654	8,851	13,075
Deferred income tax expense	4	436	1,352	414
EBITDA	\$ 42,754	\$ 63,849	\$ 99,457	\$ 103,338
Loss on disposal of assets	428	1,033	934	1,350
CDCP equity income (i)	(681)	(163)	(1,056)	(292)
Non-controlling interests EBITDA of WGN and BSL	245	—	528	—
Depreciation and amortization - joint ventures (ii)	9	519	19	1,017
Joint venture taxes and interest (ii)	13	72	26	145
Adjusted EBITDA	\$ 42,768	\$ 65,310	\$ 99,908	\$ 105,558

(i) CDCP equity income not included in adjusted EBITDA as CDCP is a limited-life financing vehicle that is funded by virtual print fees collected from distributors.

(ii) Includes the joint ventures with the exception of CDCP (see (i) above).

Cineplex Inc.

Interim Consolidated Supplemental Information

(Unaudited)

(expressed in thousands of Canadian dollars, except number of shares and per share data)

Adjusted Free Cash Flow

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Cash provided by (used in) operating activities	\$ 21,304	\$ 54,434	\$ (1,997)	\$ 37,976
Less: Total capital expenditures net of proceeds on sale of assets	(18,581)	(20,406)	(47,430)	(47,217)
Standardized free cash flow	2,723	34,028	(49,427)	(9,241)
Add/(Less):				
Changes in operating assets and liabilities (i)	14,738	(7,920)	84,370	40,657
Changes in operating assets and liabilities of joint ventures (i)	(1,997)	1,439	(871)	1,773
Tenant inducements (ii)	(2,163)	—	(2,394)	(757)
Principal component of finance lease obligations	(732)	(659)	(1,451)	(1,309)
Growth capital expenditures and other (iii)	12,510	12,615	37,817	34,414
Share of income of joint ventures, net of non-cash depreciation (iv)	110	1,180	158	2,196
Non-controlling interest EBITDA of WGN and BSL	245	—	528	—
Net cash received from CDCP (iv)	120	329	802	756
Adjusted free cash flow	\$ 25,554	\$ 41,012	\$ 69,532	\$ 68,489
Average number of Shares outstanding	63,439,420	63,073,248	63,408,245	63,053,866
Adjusted free cash flow per Share	\$ 0.403	\$ 0.650	\$ 1.097	\$ 1.086
Dividends declared	\$ 0.400	\$ 0.385	\$ 0.790	\$ 0.760

- (i) Changes in operating assets and liabilities are not considered a source or use of adjusted free cash flow.
- (ii) Tenant inducements received are for the purpose of funding new theatre capital expenditures and are not considered a source of adjusted free cash flow.
- (iii) Growth capital expenditures and other represent expenditures on Board approved projects, exclude maintenance capital expenditures, and are net of proceeds on asset sales. Cineplex's revolving facility is available to fund Board approved projects.
- (iv) Excludes the share of income of CDCP, as CDCP is a limited-life financing vehicle funded by virtual print fees collected from distributors. Cash invested into CDCP, as well as cash distributions received from CDCP, are considered to be uses and sources of adjusted free cash flow.