



FOR IMMEDIATE RELEASE

## Cineplex Inc. Reports Record First Quarter Results, Announces Dividend Increase and Amended Credit Facilities

**TORONTO, Canada**, May 3, 2016 (TSX: CGX) - Cineplex Inc. ("Cineplex") today released its financial results for the three months ended March 31, 2016.

### First Quarter Results

	2016	2015	Period over Period Change (i)
<b>Total revenues</b>	\$ 378.9million	\$ 289.8million	30.8%
<b>Attendance</b>	20.6million	17.5million	17.4%
<b>Net income</b>	\$ 21.5million	\$ 10.5million	103.8%
<b>Box office revenues per patron ("BPP") (ii)</b>	\$ 9.36	\$ 8.90	5.2%
<b>Concession revenues per patron ("CPP") (ii)</b>	\$ 5.44	\$ 5.18	5.0%
<b>Adjusted EBITDA (ii)</b>	\$ 57.1million	\$ 40.2million	42.0%
<b>Adjusted EBITDA margin (ii)</b>	15.1 %	13.9 %	1.2%
<b>Adjusted free cash flow (ii)</b>	\$ 44.0million	\$ 27.5million	60.1%
<b>Adjusted free cash flow per common share of Cineplex ("Share") (ii)</b>	\$ 0.696	\$ 0.436	59.6%
<b>Earnings per Share attributable to owners of Cineplex ("EPS") - basic</b>	\$ 0.35	\$ 0.17	105.9%
<b>EPS - diluted</b>	\$ 0.34	\$ 0.17	100.0%

- 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.

"Cineplex achieved record first quarter results for 2016, with adjusted EBITDA of \$57.1 million, an increase of 42.0% year over year," said Ellis Jacob, President and CEO, Cineplex Entertainment.

"Total revenue increased 30.8%, to \$378.9 million, primarily due to strong performance from the film slate, resulting in record first quarter box office revenue of \$192.6 million, which increased 23.5% and an all-time quarterly attendance record of 20.6 million guests. Record first quarter food service revenue, BPP and CPP, as well as the addition of \$23.3 million in revenue resulting from our acquisition of Cineplex Starburst Inc. during the fourth quarter of 2015, also contributed to the strength of the quarter. Media revenue continued to grow increasing 13.7% to \$33.1 million, largely due to Cineplex Digital Media revenue."

"We are pleased to announce a 3.8% dividend increase to \$1.62 per share on an annual basis from the current \$1.56 per share. This increase will be effective with the May 2016 dividend which will be paid in June 2016."

On May 2, 2016, Cineplex entered into amended and extended credit facilities. The amendment includes an extended five year term, an increased revolving component, and additional flexibility in the permitted use of funds. The amended facilities total \$550.0 million and include a \$150.0 million five-year senior secured non-revolving term credit facility and a \$400.0 million five-year senior secured revolving credit facility.

In conjunction with the amended credit facilities, Cineplex entered into interest rate swap agreements that commenced April 25, 2016 for an aggregate notional principal amount of \$50.0 million, and mature on October 24, 2018, the maturity date of the existing credit facilities. Under these agreements, Cineplex pays a fixed rate of 1.07% per annum, plus an applicable margin, and receives a floating rate of interest equal to the three-month Canadian deposit offering rate set quarterly in advance. In addition, on April 25, 2016, Cineplex entered into interest rate swap agreements for an aggregate notional principal amount of \$200.0 million which

commence on October 24, 2018 and mature on April 26, 2021, the maturity of the amended credit facilities. Under these new agreements, Cineplex pays a fixed rate of 1.484% per annum, plus an applicable margin, and receives a floating rate of interest equal to the three-month Canadian deposit offering rate set quarterly in advance.

## KEY DEVELOPMENTS IN THE FIRST QUARTER OF 2016

The following describes certain key business initiatives undertaken and results achieved during the first quarter of 2016 in each of Cineplex's core business areas:

### FILM ENTERTAINMENT AND CONTENT

#### *Theatre Exhibition*

- Reported record first quarter box office revenues of \$192.6 million, an increase of \$36.6 million (23.5%) from the \$156.0 million reported in the prior year period due to an all-time quarterly attendance record of 20.6 million patrons and record first quarter BPP of \$9.36.
- During the quarter, *Star Wars: The Force Awakens* became the highest grossing film of all-time in North America, and 2016 releases *Deadpool* and *Batman v Superman: Dawn of Justice* recorded the highest grossing February and March opening weekends of all-time.
- Opened *Cineplex Cinemas Marine Gateway & VIP* in Vancouver, British Columbia, an 11 screen theatre featuring three VIP auditoriums and one UltraAVX auditorium.
- Announced a significant expansion of Cineplex's agreement with D-BOX Technologies Inc., which will see the installation of D-BOX motion systems into 23 additional auditoriums across Canada.

#### *Food Service*

- Reported record first quarter food service revenues of \$112.0 million, an increase of \$21.2 million (23.4%) over the \$90.8 million reported in the prior year period.
- CPP was \$5.44 for the period, a first quarter record for Cineplex, and \$0.26 (5.0%) higher than the \$5.18 reported during the prior year period.

#### *Alternative Programming*

- Alternative programming in the first quarter of 2016 included strong performances from international film programming, encore performances of the Metropolitan Opera: Live in HD series, an *In the Gallery* presentation, and performances of the Bolshoi Ballet from Moscow and the National Theatre from London.
- Partnered with BBC Canada to present the television program *Sherlock: The Abominable Bride* on the big screen at select theatres across the country.

#### *Digital Commerce*

- Cineplex.com registered a 48% increase in unique visitors and a 30% increase in visits during the first quarter of 2016 as compared to the prior year period.
- As of March 31, 2016 the Cineplex app had been downloaded 14.3 million times and recorded over 780 million app sessions.

### MEDIA

- Reported record first quarter media revenues of \$33.1 million, which increased \$4.0 million, or 13.7% compared to the prior year period.

#### *Cineplex Media*

- Reported record first quarter Cineplex Media revenues of \$21.1 million, compared to \$20.0 million in the prior year period, with the increase primarily due to new media initiatives including WGN sponsorship and Interactive Media Zone ("IMZ") revenues.

#### *Cineplex Digital Media*

- Cineplex Digital Media revenues increased \$2.9 million (32.0%) 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 American Dairy Queen Corporation ("DQ") as the endorsed provider of in-store digital merchandising solutions for the Dairy Queen system in the US and Canada.

## AMUSEMENT GAMING AND LEISURE

### *Cineplex Starburst Inc.*

- CSI reported first quarter revenues of \$26.1 million (\$2.8 million due to Cineplex theatre gaming and \$23.3 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.
- During the period, CSI acquired the 20% of Brady Starburst Limited (“BSL”) that it did not previously own for \$0.4 million.

### *The Rec Room*

- Announced plans for Cineplex’s third *The Rec Room* location which will be located in Toronto, Ontario at the historic John Street Roundhouse across from the CN Tower, and is scheduled to open in 2017.

### *eSports*

- During the period, Cineplex and WGN announced the signing of a comprehensive deal with Sony Computer Entertainment Canada (“Sony”) making Sony the presenting sponsor of select national video game tournaments.
- The first of these national tournaments occurred during the period and featured the game *Call of Duty: Black Ops III*, and included online qualifiers produced by WGN and regional and national final events hosted at Cineplex theatres.

## LOYALTY

- Membership in the SCENE loyalty program increased by 0.2 million members in the period, reaching 7.5 million members at March 31, 2016.

## CORPORATE

- As of March 31, 2016 Cineplex’s short film “*Lily and the Snowman*” had received over 23 million views on Facebook and 11 million views on YouTube.
- Gord Nelson, Chief Financial Officer of Cineplex, was named Canada’s CFO of the Year for 2016 by Financial Executives International Canada, PwC Canada and Robert Half. The award is presented annually to honour senior financial leaders who have made significant contributions to business in Canada with demonstrated quality, insight and integrity.

## OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2016

### Total revenues

Total revenues for the three months ended March 31, 2016 increased \$89.1 million (30.8%) to a first quarter record \$378.9 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 news release, 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 (in thousands of dollars, except attendance reported in thousands of patrons, and per patron amounts, unless otherwise noted):

Box office revenues	First Quarter		
	2016	2015	Change
Box office revenues	\$ 192,639	\$ 156,041	23.5%
Attendance (i)	20,583	17,538	17.4%
Box office revenue per patron (i)	\$ 9.36	\$ 8.90	5.2%
BPP excluding premium priced product (i)	\$ 8.32	\$ 8.33	-0.1%
Canadian industry revenues (ii)			21.8%
Same store box office revenues (i)	\$ 188,366	\$ 155,180	21.4%
Same store attendance (i)	20,184	17,436	15.8%
% Total box from premium priced product (i)	40.4%	25.3%	15.1%

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

(ii) Source: The Movie Theatre Association of Canada industry data adjusted for calendar quarter dates.

Box office continuity	First Quarter	
	Box Office	Attendance
2015 as reported	\$ 156,041	17,538
Same store attendance change	24,468	2,749
Impact of same store BPP change	8,724	—
New and acquired theatres (i)	4,239	395
Disposed and closed theatres (i)	(833)	(99)
2016 as reported	\$ 192,639	20,583

(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.

First Quarter 2016 Top Cineplex Films		3D	% Box	First Quarter 2015 Top Cineplex Films		3D	% Box
1	Deadpool		14.2%	1	American Sniper		8.3%
2	Star Wars: The Force Awakens	✓	13.0%	2	Kingsman: The Secret Service		7.0%
3	Zootopia	✓	9.0%	3	Fifty Shades of Grey		6.8%
4	The Revenant		6.8%	4	Cinderella		6.5%
5	Batman v Superman: Dawn of Justice	✓	6.3%	5	The Imitation Game		5.6%

Box office revenues increased \$36.6 million, or 23.5%, to \$192.6 million during the first quarter of 2016, compared to \$156.0 million recorded in the same period in 2015. The increase was due to the 17.4% increase in attendance to 20.6 million patrons, which is an all-time quarterly record for Cineplex. This increase was due to the strength of the film slate, including *Deadpool*, which had the all-time highest grossing February opening weekend. The current period also benefited from the continued strong performance of the fourth quarter release *Star Wars: The Force Awakens* which became the highest box office grossing film of all time in North America during the period. There were strong performing family-focused animated releases including *Zootopia* and *Kung Fu Panda* and one week of *Batman v Superman: Dawn of Justice* which was the highest grossing March opening weekend of all-time. The attendance increase over the prior year period was also partially due to less weather-related theatre closures, as extreme weather in the prior year period negatively impacted theatre attendance at certain locations, primarily in the Atlantic provinces.

BPP for the three months ended March 31, 2016 was \$9.36, a \$0.46 increase (5.2%) from the prior year period and a first quarter record for Cineplex. The increase in BPP was due to the film mix featuring more 3D films than in the prior year period, with three of the top five available in 3D compared to none of the top five films in the prior period. Box office revenues from premium product accounted for 40.4% of box office revenues in the current period, up from 25.3% in the prior year period.

### Food service revenues

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

Food service revenues	First Quarter		
	2016	2015	Change
Food service revenues	\$ 112,006	\$ 90,785	23.4%
Attendance (i)	20,583	17,538	17.4%
CPP (i)	\$ 5.44	\$ 5.18	5.0%
Same store food service revenues (i)	\$ 109,598	\$ 90,426	21.2%
Same store attendance (i)	20,184	17,436	15.8%

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

Food service revenue continuity	First Quarter	
	Food Service	Attendance
2015 as reported	\$ 90,785	17,538
Same store attendance change	14,254	2,749
Impact of same store CPP change	4,917	—
New and acquired theatres (i)	2,373	395
Disposed and closed theatres (i)	(323)	(99)
2016 as reported	\$ 112,006	20,583

(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.

Food service revenues increased \$21.2 million, or 23.4% as a result of the 17.4% increase in attendance as compared to the prior year period and the CPP increase from \$5.18 in the first quarter of 2015 to \$5.44 in the same period in 2016 (a 5.0% increase). CPP of \$5.44 is a first quarter record for Cineplex. Expanded offerings outside of core food service products, including offerings at Cineplex's VIP Cinemas, have resulted in higher average transaction values, resulting in the higher CPP in the period.

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 (in thousands of dollars):

Media revenues	First Quarter		
	2016	2015	Change
Cineplex Media	\$ 21,097	\$ 20,011	5.4%
Cineplex Digital Media	11,961	9,061	32.0%
Total media revenues	\$ 33,058	\$ 29,072	13.7%

Total media revenues increased 13.7% to \$33.1 million in the first quarter of 2016 compared to the prior year period, representing record first quarter media revenues record for Cineplex. This increase was primarily due to higher Cineplex Digital Media revenues, which increased \$2.9 million (32.0%) as expansion of the client base resulted in increased project installation revenues and advertising revenue growth.

Cineplex Media revenues increased 5.4% to \$21.1 million, a first quarter record for Cineplex Media, with the increase primarily due to new media initiatives.

### Other revenues

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

Other revenues	First Quarter		
	2016	2015	Change
Games - Cineplex exhibition (i)	\$ 2,791	\$ 2,020	38.2%
Games - CSI excluding Cineplex exhibition (i)	23,260	—	NM
Other	15,159	11,867	27.7%
Total other revenues	\$ 41,210	\$ 13,887	196.8%

(i) Cineplex receives a venue revenue share on games revenues earned at in-theatre game rooms and XSCAPE 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.

Other revenues increased 196.8%, or \$27.3 million, to \$41.2 million in the first 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 (\$23.3 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".

Games revenues from Cineplex exhibition locations increased \$0.8 million (38.2%) due to the higher attendance in the theatres and the addition of five XSCAPE Entertainment Centres since the prior year period.

The increase of \$3.3 million (27.7%) in Other in the period was primarily due to additional revenues arising from enhanced guest service initiatives.

### Film cost

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

Film cost	First Quarter		
	2016	2015	Change
Film cost	\$ 107,386	\$ 80,171	33.9%
Film cost percentage (i)	55.7%	51.4%	4.3%
(i) See non-GAAP measures section of this news release			

Film cost varies primarily with box office revenues, and can vary from quarter to quarter based on the relative strength of the titles exhibited during the period. The increase in film cost percentage is attributable to the concentration of box office revenues from a few titles, with the top five films in the current period accounting for 49.3% of box office revenues in the period (2015 period - 34.2%). These top films tend to have higher settlement rates than the other films in the slate due to their strong performance, and include the ongoing success of *Star Wars: The Force Awakens* which is the highest grossing film of all time in North America, as well as the strong performance of both *Deadpool* and *Zootopia* in the period.

### Cost of food service

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

Cost of food service	First Quarter		
	2016	2015	Change
Cost of food service	\$ 25,314	\$ 19,448	30.2%
Concession cost percentage (i)	22.6%	21.4%	1.2%
Concession margin per patron (i)	\$ 4.21	\$ 4.07	3.4%
(i) See non-GAAP measures section of this news release			

Cost of food service varies primarily with theatre attendance as well as the quantity and mix of offerings sold. The increase in the cost of food service as compared to the prior year period was due to the higher food service revenues and the 1.2% 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, with the addition of VIP theatres at four locations since the prior year period has contributed to the mix including more items outside of the core concession offerings, which tend to have higher costs. The concession margin per patron increased 3.4% from \$4.07 in the first quarter of 2015 to \$4.21 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.

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 (in thousands of dollars):

Depreciation and amortization expenses	First Quarter		
	2016	2015	Change
Depreciation of property, equipment and leaseholds	\$ 21,601	\$ 18,994	13.7%
Amortization of intangible assets and other	3,404	1,906	78.6%
Depreciation and amortization expenses as reported	\$ 25,005	\$ 20,900	19.6%

The quarterly increase in depreciation of property, equipment and leaseholds of \$2.6 million (13.7%) is primarily due to the impact of equipment and leasehold improvements relating to assets acquired through acquisitions, new theatre construction and digital media asset acquisitions. 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 (in thousands of dollars):

Loss on disposal of assets	First Quarter		
	2016	2015	Change
Loss on disposal of assets	\$ 506	\$ 317	59.6%

## 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 (in thousands of dollars):

Other costs	First Quarter		
	2016	2015	Change
Theatre occupancy expenses	\$ 52,733	\$ 51,109	3.2%
Other operating expenses	117,611	80,914	45.4%
General and administrative expenses	19,060	18,911	0.8%
Total other costs	\$ 189,404	\$ 150,934	25.5%

## Theatre occupancy expenses

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

Theatre occupancy expenses	First Quarter		
	2016	2015	Change
Rent	\$ 34,250	\$ 33,828	1.2%
Other occupancy	18,569	18,074	2.7%
One-time items (i)	(86)	(793)	-89.2%
Total	\$ 52,733	\$ 51,109	3.2%
(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	First Quarter Occupancy
2015 as reported	\$ 51,109
Impact of new and acquired theatres	598
Impact of disposed theatres	(183)
Same store rent change (i)	257
One-time items	707
Other	245
2016 as reported	\$ 52,733
(i) See non-GAAP measures section of this news release	

Theatre occupancy expenses increased \$1.6 million (3.2%) during the first 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) and a reduction in one-time credits of \$0.7 million as compared to the prior year period.

## Other operating expenses

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

Other operating expenses	First Quarter		
	2016	2015	Change
Theatre payroll	\$ 38,068	\$ 32,553	16.9%
Media	15,873	13,010	22.0%
CSI	20,096	—	NM
Other	43,574	35,351	23.3%
Other operating expenses	\$ 117,611	\$ 80,914	45.4%

Other operating continuity	First Quarter Other Operating	
	2016	2015
2015 as reported	\$ 80,914	
Impact of new and acquired theatres	2,014	
Impact of disposed theatres	(265)	
Same store payroll change (i)	4,419	
Marketing change	1,538	
Media change	2,863	
CSI change	20,096	
Amusement gaming and leisure, excluding CSI	3,031	
Other	3,001	
2016 as reported	\$ 117,611	
(i) See non-GAAP measures section of this news release		

Other operating expenses during the first quarter of 2016 increased \$36.7 million or 45.4% 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 (\$20.1 million). Additional increases include higher same-store payroll costs and media costs due to higher business volumes and higher amusement, gaming and leisure costs (excluding CSI) due to the addition of WGN which was acquired in the third quarter of 2015 and not included in the prior year comparative.

The major movements in the Other category include higher 3D royalty costs due to higher 3D attendance in the period (\$0.7 million), higher credit card service fees primarily due to increased online ticket sales in the period (\$0.5 million) and higher same-store theatre operating costs due to the higher business volumes in the period compared to the prior year period.

### General and administrative expenses

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

G&A expenses	First Quarter		
	2016	2015	Change
G&A excluding LTIP and option plan expense	\$ 14,988	\$ 14,116	6.2%
LTIP (i)	3,653	4,383	-16.7%
Option plan	419	412	1.7%
G&A expenses as reported	\$ 19,060	\$ 18,911	0.8%
(i) LTIP includes the expense for the LTIP program as well as the expense for the executive and Board deferred share unit plans.			

G&A expenses increased \$0.1 million (0.8%) during the first quarter of 2016 compared to the prior year period primarily due to higher head office payroll and professional fees, partially offset by a \$0.7 million decrease in LTIP expense. The LTIP decrease was mainly due to Cineplex’s Share price increasing less in the current period compared to the prior period (a 5.2% increase in the current period compared to an 11.3% increase in 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 March 31, 2016 as compared to the prior year period (expressed in thousands of dollars, except adjusted EBITDA margin):

EBITDA	First Quarter		
	2016	2015	Change
EBITDA	\$ 56,703	\$ 39,489	43.6%
Adjusted EBITDA	\$ 57,140	\$ 40,248	42.0%
Adjusted EBITDA margin	15.1%	13.9%	1.2%

Adjusted EBITDA for the first quarter of 2016 increased \$16.9 million, or 42.0%, as compared to the prior year period, and represents a first quarter record for Cineplex. The increase compared to the prior year period was primarily due to the all-time quarterly attendance record resulting in record first quarter film entertainment revenues, higher media contribution primarily 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 15.1% in the current period, an increase of 1.2% from 13.9% in the prior year period.

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

For the first quarter of 2016, adjusted free cash flow per common share of Cineplex was \$0.70 as compared to \$0.44 in the prior year period. The declared dividends per common share of Cineplex were \$0.39 in the first quarter of 2016 and \$0.38 in the prior year period. During the year ended March 31, 2016, Cineplex generated adjusted free cash flow per Share of \$2.75, compared to \$2.45 per Share in the year ended March 31, 2015. Cineplex declared dividends per Share of \$1.56 and \$1.50, respectively, in each year. The payout ratios for these periods were approximately 56.5% and 60.9%, 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](http://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 March 31, 2016, the impact of the four 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.

#### **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](http://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 1,666 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](http://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:

**Tuesday, May 3, 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 Tuesday, May 3, 2016 and end at 1:00 p.m. Eastern Time on Tuesday, May 10, 2016.
- Note that media will be participating in the call in listen-only mode.
- Thank you in advance for your interest and participation.

- 30 -

### **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)**

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	<b>March 31,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 39,105	\$ 35,713
Trade and other receivables	69,030	121,398
Income taxes receivable	3,360	—
Inventories	20,597	19,691
Prepaid expenses and other current assets	13,926	10,025
	<hr/>	<hr/>
	146,018	186,827
<b>Non-current assets</b>		
Property, equipment and leaseholds	530,399	533,192
Deferred income taxes	5,400	6,517
Interests in joint ventures	36,132	35,288
Intangible assets	127,584	132,140
Goodwill	807,953	807,953
	<hr/>	<hr/>
	\$ 1,653,486	\$ 1,701,917
	<hr/>	<hr/>

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

	<b>March 31,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 150,282	\$ 209,657
Share-based compensation	7,644	9,742
Dividends payable	8,243	8,238
Income taxes payable	2,211	30,464
Deferred revenue	128,440	159,568
Current debt	3,701	3,737
Finance lease obligations	3,011	2,957
Fair value of interest rate swap agreements	1,621	1,414
	<u>305,153</u>	<u>425,777</u>
<b>Non-current liabilities</b>		
Share-based compensation	15,548	18,907
Long-term debt	303,487	222,340
Fair value of interest rate swap agreements	4,023	4,188
Finance lease obligations	11,278	12,052
Post-employment benefit obligations	7,225	7,296
Other liabilities	130,924	131,874
Deferred income taxes	6,579	6,283
Convertible debentures	101,230	100,703
	<u>580,294</u>	<u>503,643</u>
	<u>885,447</u>	<u>929,420</u>
<b>Equity</b>		
Share capital	858,631	858,305
Deficit	(89,111)	(86,296)
Hedging reserves and other	(4,764)	(4,979)
Contributed surplus	(398)	(491)
Cumulative translation adjustment	(294)	934
	<u>764,064</u>	<u>767,473</u>
Total equity attributable to owners of Cineplex	764,064	767,473
Non-controlling interests	3,975	5,024
<b>Total equity</b>	<u>768,039</u>	<u>772,497</u>
	<u>\$ 1,653,486</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)**

	<b>Three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Box office	\$ 192,639	\$ 156,041
Food service	112,006	90,785
Media	33,058	29,072
Other	41,210	13,887
	<u>378,913</u>	<u>289,785</u>
<b>Expenses</b>		
Film cost	107,386	80,171
Cost of food service	25,314	19,448
Depreciation and amortization	25,005	20,900
Loss on disposal of assets	506	317
Other costs	189,404	150,934
Share of income of joint ventures	(400)	(574)
Interest expense	4,826	5,710
Interest income	(67)	(47)
	<u>351,974</u>	<u>276,859</u>
<b>Income before income taxes</b>	<u>26,939</u>	<u>12,926</u>
<b>Provision for income taxes</b>		
Current	4,136	2,421
Deferred	1,348	(22)
	<u>5,484</u>	<u>2,399</u>
<b>Net income</b>	<u>\$ 21,455</u>	<u>\$ 10,527</u>
<b>Attributable to:</b>		
Owners of Cineplex	\$ 21,906	\$ 10,527
Non-controlling interests	(451)	—
<b>Net income</b>	<u>\$ 21,455</u>	<u>\$ 10,527</u>
<b>Basic net income per share attributable to owners of Cineplex</b>	\$ 0.35	\$ 0.17
<b>Diluted net income per share attributable to owners of Cineplex</b>	\$ 0.34	\$ 0.17

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

	<b>Three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Net income</b>	\$ 21,455	\$ 10,527
<b>Other comprehensive (loss)</b>		
<i>Items that will be reclassified subsequently to net income:</i>		
Income (loss) on hedging instruments	280	(2,922)
Associated deferred income taxes (expense) recovery	(65)	768
Foreign currency translation adjustment	(1,490)	—
<b>Other comprehensive (loss)</b>	<b>(1,275)</b>	<b>(2,154)</b>
<b>Comprehensive income</b>	<b>\$ 20,180</b>	<b>\$ 8,373</b>
<b>Attributable to:</b>		
Owners of Cineplex	\$ 20,893	\$ 8,373
Non-controlling interests	(713)	—
<b>Comprehensive income</b>	<b>\$ 20,180</b>	<b>\$ 8,373</b>

**Cineplex Inc.**

**Interim Condensed Consolidated Statements of Changes in Equity**

**(Unaudited)**

**(expressed in thousands of Canadian dollars)**

**For the three months ended March 31, 2016 and 2015**

	Share capital	Contributed surplus	Hedging and other reserves	Cumulative translation adjustment	Deficit	Non-controlling interests	Total
<b>Balance - January 1, 2016</b>	\$ 858,305	\$ (491)	\$ (4,979)	934	\$ (86,296)	5,024	\$ 772,497
Net income	—	—	—	—	21,906	(451)	21,455
Other comprehensive (loss)	—	—	215	(1,228)	—	(262)	(1,275)
<b>Total comprehensive income</b>	—	—	215	(1,228)	21,906	(713)	20,180
Dividends declared	—	—	—	—	(24,721)	—	(24,721)
Share option expense	—	419	—	—	—	—	419
Issuance of shares on exercise of options	326	(326)	—	—	—	—	—
CSI non-controlling interests acquired (note 3 a)	—	—	—	—	—	(336)	(336)
<b>Balance - March 31, 2016</b>	\$ 858,631	\$ (398)	\$ (4,764)	(294)	\$ (89,111)	3,975	\$ 768,039
<b>Balance - January 1, 2015</b>	\$ 854,073	\$ 4,952	\$ (3,405)	—	\$ (123,771)	—	\$ 731,849
Net income	—	—	—	—	10,527	—	10,527
Other comprehensive (loss)	—	—	(2,154)	—	—	—	(2,154)
<b>Total comprehensive income</b>	—	—	(2,154)	—	10,527	—	8,373
Dividends declared	—	—	—	—	(23,641)	—	(23,641)
Share option expense	—	412	—	—	—	—	412
Issuance of shares on exercise of options	386	(386)	—	—	—	—	—
<b>Balance - March 31, 2015</b>	\$ 854,459	\$ 4,978	\$ (5,559)	—	\$ (136,885)	—	\$ 716,993



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

	<b>Three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income	\$ 21,455	\$ 10,527
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	25,005	20,900
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(1,978)	(1,701)
Accretion of debt issuance costs and other non-cash interest	83	1,273
Loss on disposal of assets	506	317
Deferred income taxes	1,348	(22)
Interest rate swap agreements - non-cash interest	262	71
Non-cash share-based compensation	419	412
Accretion of convertible debentures	526	493
Net change in interests in joint ventures	(1,526)	(908)
Tenant inducements	231	757
Changes in operating assets and liabilities	(69,632)	(48,577)
Net cash used in operating activities	<u>(23,301)</u>	<u>(16,458)</u>
<b>Investing activities</b>		
Proceeds from sale of assets	108	108
Purchases of property, equipment and leaseholds	(28,957)	(26,919)
Acquisition of businesses, net of cash acquired	(407)	(484)
Intangible assets additions	—	(114)
Net cash received from CDCP	682	427
Net cash used in investing activities	<u>(28,574)</u>	<u>(26,982)</u>
<b>Financing activities</b>		
Dividends paid	(24,715)	(23,635)
Borrowings under credit facilities, net	81,210	50,000
Payments under finance leases	(719)	(650)
Net cash provided by financing activities	<u>55,776</u>	<u>25,715</u>
<b>Effect of exchange rate differences on cash</b>	(509)	—
<b>Increase (decrease) in cash and cash equivalents</b>	3,392	(17,725)
<b>Cash and cash equivalents - Beginning of period</b>	35,713	34,367
<b>Cash and cash equivalents - End of period</b>	<u>\$ 39,105</u>	<u>\$ 16,642</u>
<b>Supplemental information</b>		
Cash paid for interest	\$ 2,568	\$ 2,477
Cash paid for income taxes	\$ 35,748	\$ 9,110

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

**Reconciliation to Adjusted EBITDA**

	Three months ended March 31,	
	2016	2015
<b>Net income</b>	<b>\$ 21,455</b>	<b>\$ 10,527</b>
Depreciation and amortization	25,005	20,900
Interest expense	4,826	5,710
Interest income	(67)	(47)
Current income tax expense	4,136	2,421
Deferred income tax expense (recovery)	1,348	(22)
<b>EBITDA</b>	<b>\$ 56,703</b>	<b>\$ 39,489</b>
Loss on disposal of assets	506	317
CDCP equity income (i)	(375)	(129)
Non-controlling interests EBITDA of WGN and BSL	283	—
Depreciation and amortization - joint ventures (ii)	10	498
Joint venture taxes and interest (ii)	13	73
<b>Adjusted EBITDA</b>	<b>\$ 57,140</b>	<b>\$ 40,248</b>

(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**

	<b>Three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Cash used in operating activities	\$ (23,301)	\$ (16,458)
Less: Total capital expenditures net of proceeds on sale of assets	(28,849)	(26,811)
Standardized free cash flow	(52,150)	(43,269)
Add/(Less):		
Changes in operating assets and liabilities (i)	69,632	48,577
Changes in operating assets and liabilities of joint ventures (i)	1,126	334
Tenant inducements (ii)	(231)	(757)
Principal component of finance lease obligations	(719)	(650)
Growth capital expenditures and other (iii)	25,307	21,799
Share of income of joint ventures, net of non-cash depreciation (iv)	48	1,016
Non-controlling interest EBITDA of WGN and BSL	283	—
Net cash received from CDCP (iv)	682	427
<b>Adjusted free cash flow</b>	<b>\$ 43,978</b>	<b>\$ 27,477</b>
Average number of Shares outstanding	63,220,133	63,034,270
<b>Adjusted free cash flow per Share</b>	<b>\$ 0.696</b>	<b>\$ 0.436</b>
<b>Dividends declared</b>	<b>\$ 0.390</b>	<b>\$ 0.375</b>

- (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.

