



FOR IMMEDIATE RELEASE

CINEPLEX INC. Reports Record Second Quarter Results

TORONTO, Canada, August 10, 2018 (TSX: CGX) - Cineplex Inc. ("Cineplex") today released its financial results for the three and six months ended June 30, 2018. Unless otherwise specified, all amounts are in Canadian dollars.

Second Quarter Results

	2018	2017	Period over Period Change (i)
Total revenues	\$ 409.1 million	\$ 364.1 million	12.4%
Attendance	17.3 million	16.5 million	5.0%
Net income	\$ 24.4 million	\$ 1.4 million	1670.9%
Box office revenues per patron ("BPP") (ii)	\$ 10.82	\$ 10.36	4.4%
Concession revenues per patron ("CPP") (ii)	\$ 6.59	\$ 6.03	9.3%
Adjusted EBITDA (ii)	\$ 67.8 million	\$ 38.1 million	78.3%
Adjusted EBITDA margin (ii)	16.6 %	10.5 %	6.1%
Adjusted free cash flow (ii)	\$ 43.6 million	\$ 18.0 million	142.1%
Adjusted free cash flow per common share of Cineplex ("Share") (ii)	\$ 0.688	\$ 0.283	143.1%
Earnings per Share ("EPS") - basic	\$ 0.38	\$ 0.02	1800.0%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 0.38	\$ 0.02	1800.0%
EPS - diluted	\$ 0.38	\$ 0.02	1800.0%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 0.38	\$ 0.02	1800.0%

Year to Date Results

	2018	2017	Period over Period Change (i)
Total revenues	\$ 799.9 million	\$ 758.3 million	5.5%
Attendance	35.1 million	36.1 million	-2.8%
Net income	\$ 39.6 million	\$ 24.3 million	62.7%
Box office revenues per patron ("BPP") (ii)	\$ 10.51	\$ 10.15	3.5%
Concession revenues per patron ("CPP") (ii)	\$ 6.34	\$ 5.86	8.2%
Adjusted EBITDA (ii)	\$ 121.4 million	\$ 97.5 million	24.5%
Adjusted EBITDA margin (ii)	15.2 %	12.9 %	2.3%
Adjusted free cash flow (ii)	\$ 82.2 million	\$ 61.3 million	34.0%
Adjusted free cash flow per common share of Cineplex ("Share") (ii)	\$ 1.298	\$ 0.966	34.4%
Earnings per Share ("EPS") - basic	\$ 0.63	\$ 0.39	61.5%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 0.63	\$ 0.37	70.3%
EPS - diluted	\$ 0.63	\$ 0.39	61.5%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 0.63	\$ 0.37	70.3%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2018 value less 2017 value.
- ii. Adjusted EBITDA, adjusted EBITDA margin, adjusted free cash flow per common share of Cineplex, BPP, CPP and EPS excluding change in fair value of financial instrument items 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 reported record second quarter results including increases in revenue across all reportable segments,” said Ellis Jacob, President and CEO, Cineplex. “Total revenue increased 12.4% to a second quarter record of \$409.1 million and adjusted EBITDA increased 78.3% to a second quarter record of \$67.8 million versus the same period last year. On a last twelve-month basis (“LTM”) ended June 30, 2018, adjusted EBITDA is \$259.7 million which is up 12.1% over the prior year LTM adjusted EBITDA of \$231.6 million.”

“Box Office revenue increased 9.7% to \$187.2 million, due to a 5.0% increase in attendance as a result of the quarter’s strong film product. Theatre food service revenue increased 14.6% to a record \$114.0 million during the quarter. Both BPP of \$10.82 and CPP of \$6.59 were all-time quarterly records. Media revenue increased 11.5% to \$40.8 million due to growth in cinema advertising and digital place-based media revenue; and amusement revenue increased 6.3% to \$48.5 million due to contributions from the additional locations of The Rec Room.”

“Key accomplishments during the quarter included the opening of the fifth location of The Rec Room in London, Ontario, and the opening of a new theatre, *Cineplex Cinemas East Hills* in Calgary, Alberta. Additionally, Player One Amusement Group announced an exclusive agreement with Cinemark to install, operate and service amusement gaming equipment in over 270 Cinemark locations across the U.S. In addition to growing our revenue sources, we continue to focus on optimizing our cost structure across our ecosystem, having implemented a cost reduction program during the second quarter with the expectation of realizing annualized cost savings of \$25.0 million by the end of the year. Subsequent to the quarter-end, we announced an agreement with The VOID to expand our position in the growing virtual reality market. It was a strong quarter in our exhibition segment and we continued to execute our diversification plan in our amusement and leisure and digital place-based media segments.”

KEY DEVELOPMENTS IN THE SECOND QUARTER OF 2018

The following describes certain key business initiatives undertaken and results achieved during the second quarter of 2018 in each of Cineplex’s core business areas:

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported a second quarter record for box office revenues of \$187.2 million, an increase of \$16.5 million (9.7%) from the \$170.7 million reported in the prior year period. This was due to a 5.0% increase in attendance as a result of the record success of *Avengers: Infinity War* and the strong performances of *Deadpool 2* and *The Incredibles 2*, and the growth in BPP.
- BPP was \$10.82, an all-time quarterly record for Cineplex, \$0.46 (4.4%) higher than \$10.36 reported during the prior year period.
- Opened *Cineplex Cinemas East Hills* in Calgary, Alberta, a seven screen theatre featuring an UltraAVX and D-Box auditorium and *The Club House*, a unique auditorium dedicated to children’s programming.
- Opened the first IMAX auditorium in Saskatoon at the *Scotiabank Theatre Saskatoon and VIP*.
- Announced plans for a new theatre complex at The Centre mall in Saskatoon, Saskatchewan which is scheduled to open in 2019.
- Announced plans to add four VIP auditoriums and a licensed lounge to *Cineplex Odeon North Edmonton Cinemas* in Edmonton, Alberta which is scheduled to open this fall.

Theatre Food Service

- Reported record second quarter theatre food service revenues of \$114.0 million, an increase of \$14.6 million or 14.6% from the prior year period as a result of the increase in attendance and higher CPP.
- CPP was \$6.59, an all-time quarterly record for Cineplex, \$0.56 (9.3%) higher than \$6.03 reported during the prior year period.
- Launched an expanded partnership with Uber Eats to deliver theatre food products with digital movie rentals through 60 Cineplex theatres in British Columbia, Alberta, Ontario and Quebec.

Alternative Programming

- Alternative Programming (Cineplex Events) featured two live and multiple encore performances from The Metropolitan Opera in addition to the classic ballet Giselle, broadcast live from The Bolshoi Ballet.
- Cineplex international film reported a record second quarter due to strong performing international films, including Punjabi and Hindi films in select markets across the country.

Digital Commerce

- Online and mobile ticketing represented 32.3% of total admissions during the second quarter, up from 22.5% in the prior year period.
- Registered users of the Cineplex Store increased by 40% compared to the prior year period.
- Cineplex store registered a 88% increase in device activations compared to the prior year period.

MEDIA

- Reported record second quarter total media revenues of \$40.8 million, a increase of \$4.2 million, or 11.5% compared to the prior year period.

Cinema Media

- Reported record second quarter revenues of \$26.9 million, compared to \$24.0 million in the prior year period, an increase of 12.3% primarily due to an increase in Show-time advertising.

Digital Place-Based Media

- Reported second quarter revenues of \$13.9 million, an increase of \$1.3 million (9.9%) compared to the prior year period due to an expanded client base which contributed to increased project installation revenues and advertising revenue growth.

AMUSEMENT AND LEISURE

Amusement Solutions

- Reported second quarter revenues of \$41.5 million, a decrease of \$2.6 million (5.8%) over the prior year period as a result of a decrease in revenues in the United States.
- Player One Amusement Group (“PIAG”) entered into an agreement to be the exclusive amusement services provider for Cinemark. PIAG will install, operate and service gaming equipment in over 270 Cinemark locations across the United States and will pilot three premium gaming locations.

Location Based Entertainment

- *The Rec Room* reported second quarter revenue of \$15.7 million which included food service revenues of \$8.3 million and amusement revenues of \$7.1 million.
- Opened *The Rec Room* at *CF Masonville Place* in London, Ontario, on April 30, 2018, the fifth location for *The Rec Room*.
- Announced plans for a new *Playdium* location in Brampton, Ontario which is expected to open in 2019. Cineplex will be converting the space that is currently being utilized by *Cineplex Odeon Orion Gate Cinemas*.

eSports

- WorldGaming announced the Rocket League Canadian Championship tournament with qualifying running in June and July with the finals being held on August 18-19 at the *Scotiabank Theatre* in Toronto, Ontario.
- WorldGaming announced it has been named the official tournament operator for the United States and Canada for the 2018-2019 World Electronic Sports Games, in partnership with Alisports.
- On April 28th and 29th, Collegiate StarLeague, a subsidiary of WorldGaming hosted the 2018 North American Collegiate Grand Finals in Huntington Beach, California.

LOYALTY

- Membership in the SCENE loyalty program increased by 0.1 million members in the period, reaching 9.2 million at June 30, 2018.

CORPORATE

- During the second quarter of 2018, the Board of Directors of Cineplex (the “Board”) announced a monthly dividend increase of 3.6% to \$0.145 per share (\$1.74 on an annual basis) up from \$0.140 per share (\$1.68 on an annual basis) effective with the May 2018 dividend paid in June 2018.

- During the quarter, announced a cost reduction program and incurred \$2.8 million (\$3.8 million year to date) in associated costs.

OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

Total revenues

Total revenues for the three months ended June 30, 2018 increased \$45.0 million (12.4%) to \$409.1 million as compared to the prior year period. Total revenues for the six months ended June 30, 2018 increased \$41.6 million (5.5%) to \$799.9 million as compared to the prior year period. A discussion of the factors affecting the changes in box office, food service, media, amusement 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 theatre 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		
	2018	2017	Change	2018	2017	Change
Box office revenues	\$ 187,234	\$ 170,710	9.7%	\$ 368,614	\$ 366,064	0.7%
Attendance (i)	17,307	16,484	5.0%	35,072	36,077	-2.8%
Box office revenue per patron (i)	\$ 10.82	\$ 10.36	4.4%	\$ 10.51	\$ 10.15	3.5%
BPP excluding premium priced product (i)	\$ 9.06	\$ 8.60	5.3%	\$ 8.92	\$ 8.57	4.1%
Canadian industry revenues (ii)			9.9%			1.8%
Same theatre box office revenues (i)	\$ 186,579	\$ 170,580	9.4%	\$ 367,960	\$ 365,863	0.6%
Same theatre attendance (i)	17,253	16,467	4.8%	35,018	36,052	-2.9%
% Total box from premium priced product (i)	49.0%	51.6%	-2.6%	45.1%	48.0%	-2.9%
(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	Second Quarter		Year to Date	
	Box Office	Attendance	Box Office	Attendance
2017 as reported	\$ 170,710	16,484	\$ 366,064	36,077
Same theatre attendance change	8,142	786	(10,492)	(1,034)
Impact of same theatre BPP change	7,857	—	12,589	—
New and acquired theatres (i)	654	54	654	54
Disposed and closed theatres (i)	(129)	(17)	(201)	(25)
2018 as reported	\$ 187,234	17,307	\$ 368,614	35,072
(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 2018 Top Cineplex Films			Second Quarter 2017 Top Cineplex Films		
	3D	% Box		3D	% Box
1 Avengers: Infinity War	✓	24.0%	1 Guardians Of The Galaxy Vol. 2	✓	16.3%
2 Deadpool 2		11.3%	2 Wonder Woman	✓	11.5%
3 Incredibles 2	✓	9.6%	3 The Fate of the Furious		9.1%
4 Jurassic World: Fallen Kingdom	✓	6.8%	4 Beauty and the Beast	✓	6.5%
5 Solo: A Star Wars Story	✓	6.0%	5 Pirates of the Caribbean: Dead Men Tell No Tales	✓	6.1%

Box office revenues increased \$16.5 million, or 9.7%, to \$187.2 million during the period, compared to \$170.7 million reported in the second quarter in 2017. The increase was due to a 5.0% increase in attendance to 17.3 million guests and the higher BPP. The attendance increase was due in large part to the record breaking success of *Avengers: Infinity War*.

BPP for the three months ended June 30, 2018 was \$10.82, a \$0.46 increase (4.4%) from the prior year period, and setting all-time quarterly record for Cineplex. The increase in BPP was due to price increases in selective markets as compared to the prior year.

Year to Date

Year to Date 2018 Top Cineplex Films			Year to Date 2017 Top Cineplex Films		
	3D	% Box		3D	% Box
1 Avengers: Infinity War	✓	12.1%	1 Beauty and the Beast	✓	9.5%
2 Black Panther	✓	11.9%	2 Guardians Of The Galaxy Vol. 2	✓	7.6%
3 Deadpool 2		5.7%	3 Wonder Woman	✓	5.4%
4 Jumanji: Welcome to The Jungle	✓	5.0%	4 Logan		4.6%
5 Incredibles 2	✓	4.8%	5 The Fate Of The Furious		4.3%

Box office revenues for the six months ended June 30, 2018 were \$368.6 million, an increase of \$2.6 million or 0.7% over the prior year due to the higher BPP in the current year period compared to the 2017 period more than offsetting the 2.8% decrease in attendance period over period.

Cineplex's BPP for the period increased \$0.36, or 3.5%, from \$10.15 in the prior year period to a record \$10.51 in the current period. This increase was due to price increases in selective markets as compared to 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		
	2018	2017	Change	2018	2017	Change
Food service - theatres	\$ 113,969	\$ 99,414	14.6%	\$ 222,199	\$ 211,241	5.2%
Food service - <i>The Rec Room</i>	8,301	1,984	318.4%	17,019	4,092	315.9%
Total food service revenues	\$ 122,270	\$ 101,398	20.6%	\$ 239,218	\$ 215,333	11.1%
Attendance (i)	17,307	16,484	5.0%	35,072	36,077	-2.8%
CPP (i) (ii)	\$ 6.59	\$ 6.03	9.3%	\$ 6.34	\$ 5.86	8.2%
Same theatre food service revenues (i)	\$ 113,518	\$ 99,366	14.2%	\$ 221,747	\$ 211,167	5.0%
Same theatre attendance (i)	17,253	16,467	4.8%	35,018	36,052	-2.9%

(i) See Non-GAAP measures section of this news release.
(ii) Food service revenue from *The Rec Room* is not included in the CPP calculation.

Theatre food service revenue continuity	Second Quarter		Year to Date	
	Theatre Food Service	Attendance	Theatre Food Service	Attendance
2017 as reported	\$ 99,414	16,484	\$ 211,241	36,077
Same theatre attendance change	4,742	786	(6,056)	(1,034)
Impact of same theatre CPP change	9,410	—	16,636	—
New and acquired theatres (i)	452	54	452	54
Disposed and closed theatres (i)	(49)	(17)	(74)	(25)
2018 as reported	\$ 113,969	17,307	\$ 222,199	35,072

(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 service sales at theatre locations and food and beverage sales at *The Rec Room*. Food service revenues increased \$20.9 million or 20.6% in part as a result of the operations of *The Rec Room* which contributed \$8.3 million and an increase of \$14.6 million (14.6%) to \$114.0 million in theatre food service revenues, a second quarter record. The increase in theatre food service revenues was due to the 5.0% increase in attendance and the higher CPP.

CPP increased 9.3% to \$6.59, an all-time quarterly record for Cineplex. Expanded offerings outside of core food service products, including offerings at Cineplex's VIP Cinemas and Outtakes locations, increased alcohol beverage service and price increases have resulted in higher average transaction values, resulting in the higher CPP in the period. In addition, the CPP was positively impacted by the program change to offer SCENE points instead of the 10% discount in the fourth quarter of 2017.

Year to Date

Food service revenues increased \$23.9 million, or 11.1% as compared to the prior year, due to the 8.2% increase in CPP and \$17.0 million contributed by *The Rec Room* partially offset by the impact of a 2.8% decrease in attendance. The CPP of \$6.34 is the highest CPP Cineplex has reported through the first six months of any year.

While programs including the SCENE offers provided on food service purchases reduce individual 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		
	2018	2017	Change	2018	2017	Change
Cinema media	\$ 26,921	\$ 23,964	12.3%	\$ 48,253	\$ 45,556	5.9%
Digital place-based media	13,870	12,617	9.9%	25,051	24,937	0.5%
Total media revenues	\$ 40,791	\$ 36,581	11.5%	\$ 73,304	\$ 70,493	4.0%

Second Quarter

Total media revenues increased \$4.2 million (11.5%) to \$40.8 million in the second quarter of 2018 compared to the prior year period, representing a second quarter media revenue record for Cineplex. The increase was due to increased Show-time theatre advertising which resulted in a second quarter record of \$26.9 million for Cinema media and higher digital place-based media revenue as a result of increased project installation revenues.

During the quarter, digital place-based media added 308 new locations for a total of 13,461 locations (an increase of 2.3%).

Year to Date

Total media revenues increased \$2.8 million for the six months ended June 30, 2018 as compared to the prior year period. The increase resulted from the \$2.7 million increase in cinema media due to higher Show-time theatre advertising and a \$0.1 million increase in digital place-based media revenues due to higher project installation revenue.

Year to date, digital place-based media added 535 new locations (an increase of 4.1%).

Amusement Revenues

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

Amusement revenues	Second Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Amusement - P1AG excluding Cineplex exhibition and <i>The Rec Room</i> (i)	\$ 39,121	\$ 41,547	-5.8%	\$ 79,359	\$ 78,063	1.7%
Amusement - Cineplex exhibition (i)	2,350	2,476	-5.1%	5,087	5,406	-5.9%
Amusement - <i>The Rec Room</i>	7,106	1,677	323.7%	14,036	3,632	286.5%
Total amusement revenues	\$ 48,577	\$ 45,700	6.3%	\$ 98,482	\$ 87,101	13.1%

(i) Cineplex receives a venue revenue share on games revenues earned at in-theatre game rooms and XSCAPE Entertainment Centres. Amusement - Cineplex exhibition reports the total of this venue revenue share which is consistent with the historical presentation of Cineplex's amusement revenues. Amusement - P1AG excluding Cineplex exhibition and *The Rec Room* reflects P1AG's gross amusement revenues, net of the venue revenue share paid to Cineplex reflected in Amusement - Cineplex exhibition above.

Second Quarter

Amusement revenues increased 6.3%, or \$2.9 million, to \$48.6 million in the second quarter of 2018 compared to the prior year period due to strong growth in revenue from the additional *The Rec Room* locations partially offset by a decrease in amusement gaming revenue from P1AG and Cineplex exhibition and due to the impact of foreign exchange rates on US sourced revenue in addition to a non-recurring item in the prior year.

Year to Date

For the year to date period, amusement revenues increased 13.1% or \$11.4 million, to \$98.5 million compared to the prior year period due to the acquisition of Dandy Amusements International Inc. (“Dandy”) in the second quarter of 2017 and strong growth in revenue from the additional locations of *The Rec Room* compared to the prior year period.

Other revenues

The following table highlights the other revenues which includes revenues from the Cineplex Store, promotional activities, screenings, private parties, corporate events, breakage on gift card sales and revenues from management fees for the quarter and the year to date (in thousands of dollars):

Other revenues	Second Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Other revenues	\$ 10,181	\$ 9,694	5.0%	\$ 20,307	\$ 19,335	5.0%

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		
	2018	2017	Change	2018	2017	Change
Film cost	\$ 102,346	\$ 91,468	11.9%	\$ 197,550	\$ 194,757	1.4%
Film cost percentage (i)	54.7%	53.6%	1.1%	53.6%	53.2%	0.4%
(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 of 2018 was 54.7%, a 1.1% increase from the prior year period.

Year to Date

The year to date increase in film cost expense was due to a combination of the 0.4% increase in the film cost percentage and the higher box office revenues in the current period compared to the prior year period. The increase in film cost percentage is attributable to the top films in the current period having higher settlement rates compared to the prior year 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 and the year to date (in thousands of dollars, except percentages and margins per patron):

Cost of food service	Second Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Cost of food service - theatre	\$ 22,767	\$ 22,566	0.9%	\$ 45,203	\$ 47,475	-4.8%
Cost of food service - <i>The Rec Room</i>	2,253	614	266.9%	4,593	1,359	238.0%
Total cost of food service	\$ 25,020	\$ 23,180	7.9%	\$ 49,796	\$ 48,834	2.0%
Theatre concession cost percentage (i)	20.0%	22.7%	-2.7%	20.3%	22.5%	-2.2%
<i>The Rec Room</i> food cost percentage (i)	27.1%	30.9%	-3.8%	27.0%	33.2%	-6.2%
Theatre concession margin per patron (i)	\$ 5.27	\$ 4.66	13.1%	\$ 5.05	\$ 4.54	11.2%
(i) See Non-GAAP measures section of this news release.						

Second Quarter

Cost of food service at the theatres varies primarily with theatre attendance as well as the quantity and mix of offerings sold. Cost of food service at *The Rec Room* varies primarily with the volume of guests who visit the location as well as the quantity and mix between food and beverage items sold.

The increase in the theatre cost of food service as compared to the prior year period was primarily due to the higher food service revenues in the second quarter of 2018, partially offset by a decrease in the theatre concession cost percentage from 22.7% in the prior year period to 20.0% in 2018.

The theatre concession margin per patron increased 13.1% from \$4.66 in the second quarter of 2017 to \$5.27 in the same period in 2018, reflecting the impact of the higher CPP during the period and the lower concession cost percentage.

The increase in *The Rec Room* cost of food service as compared to the prior year period was due to the higher food service revenues as a result of the increase in operating locations. The decrease of 3.8% in *The Rec Room* food cost percentage during the quarter compared to the prior period was due to improved cost management as new locations opened.

Year to Date

The decrease in the theatre cost of food service as compared to the prior year period was due to the decrease in the concession cost percentage partially offset by the higher theatre food service revenues. The theatre concession margin per patron increased from \$4.54 in the prior year period to \$5.05 in the current period, reflecting the impact of the higher CPP in the current period.

The increase in *The Rec Room* cost of food service as compared to the prior year period was due to the higher food service revenues as a result of the increase in operating locations. The decrease of 6.2% for the food cost percentage regarding *The Rec Room* was due to improved cost management with the rollout of new locations.

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		
	2018	2017	Change	2018	2017	Change
Depreciation of property, equipment and leaseholds	\$ 28,231	\$ 25,388	11.2%	\$ 55,490	\$ 49,553	12.0%
Amortization of intangible assets and other	4,029	4,258	-5.4%	7,964	8,360	-4.7%
Depreciation and amortization expenses as reported	\$ 32,260	\$ 29,646	8.8%	\$ 63,454	\$ 57,913	9.6%

The quarterly and year to date increase in depreciation of property, equipment and leaseholds of \$2.8 million and \$5.9 million respectively was primarily due to the investments in amusement and leisure businesses, including *The Rec Room*.

The quarterly and year to date decrease in amortization of intangible assets and other as compared to the prior year periods is due to assets being fully amortized.

Loss on disposal of assets

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

Loss on disposal of assets	Second Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Loss on disposal of assets	\$ 640	\$ 36	1677.8%	\$ 850	\$ 62	1271.0%

Other costs

Other costs include three main sub-categories of expenses; theatre occupancy expenses, which capture the rent and associated occupancy costs for Cineplex's theatre operations; other operating expenses, which include the costs related to running Cineplex's film entertainment and content, media, amusement and leisure as well as Cineplex's ancillary businesses; and general and administrative expenses, which includes 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		
	2018	2017	Change	2018	2017	Change
Theatre occupancy expenses	\$ 52,788	\$ 52,614	0.3%	\$ 104,686	\$ 104,577	0.1%
Other operating expenses	143,162	138,935	3.0%	290,569	270,935	7.2%
General and administrative expenses	17,822	19,907	-10.5%	35,971	42,015	-14.4%
Total other costs	\$ 213,772	\$ 211,456	1.1%	\$ 431,226	\$ 417,527	3.3%

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		
	2018	2017	Change	2018	2017	Change
Rent	\$ 34,690	\$ 34,674	—%	\$ 69,193	\$ 68,971	0.3%
Other occupancy	18,706	18,272	2.4%	37,373	36,471	2.5%
One-time items (i)	(608)	(332)	83.1%	(1,880)	(865)	117.3%
Total	\$ 52,788	\$ 52,614	0.3%	\$ 104,686	\$ 104,577	0.1%
(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
2017 as reported	\$ 52,614	\$ 104,577
Impact of new and acquired theatres	154	256
Impact of disposed theatres	(12)	5
Same theatre rent change (i)	(67)	35
One-time items	(276)	(1,015)
Other	375	828
2018 as reported	\$ 52,788	\$ 104,686
(i) See Non-GAAP measures section of this news release.		

Second Quarter

Theatre occupancy expenses increased \$0.2 million (0.3%) during the second quarter of 2018 compared to the prior year period. This increase was primarily due to the impact of new and acquired theatres net of disposed theatres.

Year to Date

For the year to date period, theatre occupancy expenses increased \$0.1 million (0.1%) compared to the prior year. The increase was due to an increase in other charges (\$0.8 million) and the impact of new and acquired theatres (\$0.3 million) partially offset by a decrease in one-time items of \$1.0 million related to real estate taxes.

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		
	2018	2017	Change	2018	2017	Change
Theatre payroll	\$ 37,506	\$ 34,980	7.2%	\$ 75,800	\$ 71,077	6.6%
Theatre operating expenses	28,913	27,837	3.9%	58,332	57,037	2.3%
Media	17,275	18,079	-4.4%	33,684	35,181	-4.3%
PIAG	36,119	36,421	-0.8%	71,817	67,498	6.4%
<i>The Rec Room</i> (i)	11,406	2,799	307.5%	21,892	5,681	285.4%
SCENE	3,173	3,536	-10.3%	7,288	7,105	2.6%
Marketing	3,495	4,367	-20.0%	7,903	8,528	-7.3%
Business interruption insurance proceeds	(3,700)	—	NM	(3,700)	—	NM
Other (ii)	8,975	10,916	-17.8%	17,553	18,828	-6.8%
Other operating expenses	\$ 143,162	\$ 138,935	3.0%	\$ 290,569	\$ 270,935	7.2%
(i) Includes operating costs of <i>The Rec Room</i> locations. Pre-opening costs relating to <i>The Rec Room</i> locations and overhead relating to management of <i>The Rec Room</i> portfolio are included in the 'Other' line.						
(ii) Other category includes pre-opening and overhead costs related to <i>The Rec Room</i> , operating costs of WorldGaming and other Cineplex internal departments.						

Other operating continuity	Second Quarter Other Operating	Year to Date Other Operating
2017 as reported	\$ 138,935	\$ 270,935
Impact of new and acquired theatres	354	361
Impact of disposed theatres	(45)	(116)
Same theatre payroll change (i)	2,340	4,549
Same theatre operating expenses change (i)	959	1,229
Media operating expenses change	(804)	(1,496)
PIAG operating expenses change	(302)	4,319
<i>The Rec Room</i> operating expenses change	8,607	16,211
SCENE change	(363)	183
Marketing change	(872)	(625)
Business interruption insurance proceeds change	(3,700)	(3,700)
Other	(1,947)	(1,281)
2018 as reported	\$ 143,162	\$ 290,569
(i) See Non-GAAP measures section of this news release.		

Second Quarter

Other operating expenses during the second quarter of 2018 increased \$4.2 million or 3.0% compared to the prior year period. The increase is primarily due to higher amusement and leisure costs related to *The Rec Room*. Same theatre payroll also increased as a result of higher business volumes during the quarter and the minimum wage increases in Ontario, Quebec and Alberta, which were partially offset by labor efficiencies achieved during the quarter. Reduction in certain line items reflect the initial rollout of the cost reduction program.

During the quarter, Cineplex recognized business interruption insurance proceeds of \$3.7 million, as a result of the fire at *Cineplex Seton and VIP*.

Year to Date

For the six months ended June 30, 2018, other operating expenses increased \$19.6 million or 7.2% compared to the prior year period. The increase is primarily due to higher amusement and leisure costs, including higher PIAG costs due to the acquisition

of Dandy in the second quarter of 2017, as well as costs related to *The Rec Room*. Same theatre payroll also increased as a result of the minimum wage increases in Ontario, Quebec and Alberta which more than offset any labor efficiencies achieved during the quarter.

During the quarter, Cineplex recognized business interruption insurance proceeds of \$3.7 million, as a result of the fire at *Cineplex Seton and VIP*.

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 expenses net of these costs (in thousands of dollars):

G&A expenses	Second Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
G&A excluding LTIP and option plan expense	\$ 14,774	\$ 16,046	-7.9%	\$ 32,545	\$ 34,383	-5.3%
Restructuring	2,803	—	NM	3,799	—	NM
LTIP (i)	(242)	3,385	-107.1%	(1,291)	6,747	-119.1%
Option plan	487	476	2.3%	918	885	3.7%
G&A expenses as reported	\$ 17,822	\$ 19,907	-10.5%	\$ 35,971	\$ 42,015	-14.4%

(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 decreased \$2.1 million during the second quarter of 2018 compared to the prior year period due to a \$3.6 million decrease in LTIP expense as a result of Cineplex’s lower Share price at June 30, 2018, of \$29.18, compared to \$50.50 at March 31, 2017. Restructuring costs of \$2.8 million were due to Cineplex’s recently implemented cost reduction initiative. This initiative is focused on achieving \$25.0 million in annualized cost savings, a component of which will be realized in G&A. Decreases in G&A in part reflect the initial impact of the rollout of the initiative.

Year to Date

G&A expenses for the year to date period decreased \$6.0 million compared to the prior year period primarily due to the decrease in LTIP expense as a result of Cineplex’s lower Share price of \$29.18 at June 30, 2018 compared to \$51.22 at December 31, 2016. Restructuring costs of \$3.8 million were due to Cineplex’s recently implemented cost reduction initiative.

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 and six months ended June 30, 2018 as compared to the prior year periods (expressed in thousands of dollars, except adjusted EBITDA margin):

EBITDA	Second Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
EBITDA	\$ 68,177	\$ 38,544	76.9%	\$ 123,067	\$ 99,749	23.4%
Adjusted EBITDA	\$ 67,840	\$ 38,055	78.3%	\$ 121,372	\$ 97,504	24.5%
Adjusted EBITDA margin	16.6%	10.5%	6.1%	15.2%	12.9%	2.3%

Adjusted EBITDA, a second quarter record of \$68.2 million increased \$29.8 million, or 78.3%, as compared to the prior year period. The increase was a result of the higher attendance and record BPP and CPP amounts resulting in higher box office and food service revenues. The growth in results from expanded locations of *The Rec Room* and higher revenues from Cineplex Media and Cineplex Digital Media coupled with lower startup costs at *The Rec Room* also contributed to the second quarter record for adjusted EBITDA. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 16.6% in the current period.

Adjusted EBITDA for the six months ended June 30, 2018 increased \$23.9 million, or 24.5%, as compared to the prior year period. The increase was due to higher revenues in all reportable segments compared to the prior year. Adjusted EBITDA margin for the period was 15.2%, a increase of 2.3% from 12.9% in the prior year period.

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

For the second quarter of 2018, adjusted free cash flow per common share of Cineplex was \$0.69 as compared to \$0.28 in the prior year period. The declared dividends per common share of Cineplex were \$0.43 in the second quarter of 2018 and \$0.42 in the prior year period. During the 12 months ended June 30, 2018, Cineplex generated adjusted free cash flow per Share of \$2.71, compared to \$2.33 in the prior 12 month period. Cineplex declared dividends per Share of \$1.69 and \$1.63, respectively, in each 12 month period. The payout ratios for these periods were 62.5% and 70.1%, 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 income. Adjusted EBITDA excludes the change in fair value of financial instrument, gain or loss on disposal of assets, foreign exchange gain or loss, the equity income of CDCP, the non-controlling interests' share of adjusted EBITDA of WorldGaming, 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.

Earnings per Share Metrics

Cineplex has presented basic and diluted earnings per share net of this item to provide a more comparable earnings per share metric between the current periods and prior year periods. In the non-GAAP measure, earnings is defined as net income excluding the change in fair value of financial instrument.

Per Patron Revenue Metrics

Cineplex reviews per patron metrics as they relate to box office revenue and theatre food service 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, 4DX, UltraAVX, VIP and IMAX product; divided by total paid attendance for the period, less paid attendance for 3D, 4DX, UltraAVX, VIP and IMAX product.

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

Premium priced product: Defined as 3D, 4DX, UltraAVX, IMAX and VIP film product.

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

Same Theatre Analysis

Cineplex reviews and reports same theatre metrics relating to box office revenues, theatre food service revenues, theatre rent expense and theatre payroll expense, as these measures are widely used in the theatre exhibition industry as well as other retail industries.

Same theatre 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, 2018 the impact of the one location that has been opened or acquired and one location that has been closed has been excluded, resulting in 163 theatres being included in the same theatre metrics. For the six months ended June 30, 2018 the impact of the one location that has been opened or acquired and two locations that have been closed have been excluded, resulting in 163 theatres being included in the same theatre metrics.

Cost of sales percentages

Cineplex reviews and reports cost of sales percentages for its two largest revenue sources, box office revenues and food service 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.

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

The Rec Room food cost percentage: Calculated as total *The Rec Room* food costs divided by total *The Rec Room* 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

A leading entertainment and media company, Cineplex (TSX:CGX) is a top-tier Canadian brand that operates in the Film Entertainment and Content, Amusement and Leisure, and Media sectors. As Canada's largest and most innovative film exhibitor, Cineplex welcomes over 70 million guests annually through its circuit of 165 theatres across the country. Cineplex

also operates successful businesses in digital commerce (CineplexStore.com), food service, alternative programming (Cineplex Events), cinema media (Cineplex Media), digital place-based media (Cineplex Digital Media), amusement solutions (Player One Amusement Group) and an online eSports platform for competitive and passionate gamers (WorldGaming.com). Additionally, Cineplex operates a location based entertainment business through Canada's newest destination for 'Eats & Entertainment' (The Rec Room), and will also be opening new complexes specially designed for teens and families (Playdium) as well as exciting new sports and entertainment venues across Canada (Topgolf). Cineplex is a joint venture partner in SCENE, Canada's largest entertainment loyalty program.

Proudly recognized as having one of the country's Most Admired Corporate Cultures, Cineplex employs approximately 13,000 people in its offices across Canada and the United States. To learn more visit [Cineplex.com](https://www.cineplex.com) or download the Cineplex App.

You are cordially invited to participate in a conference call with the management of Cineplex (TSX: CGX) to review our Second Quarter 2018 results. **Ellis Jacob, President and Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call scheduled for:

**Friday August 10, 2018
10:00 am Eastern Time**

In order to participate in the conference call please dial 647-484-0475, or from outside Toronto and from the U.S., dial 1-888-394-8218 at least five to ten minutes prior to 10:00 am ET. Please quote the conference confirmation code 6219020 to access the call.

If you cannot participate in a live mode, a replay will be available. Please dial 647-436-0148, or from outside Toronto and from the U.S., dial 1-888-203-1112. The replay passcode is 6219020.

The replay will begin at 1:00 pm ET on Friday August 10, 2018 and end at 1:00 pm ET on Friday August 17, 2018.

Note that media will be participating in listen-only mode.

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For further information:

**Gord Nelson
Chief Financial Officer
(416) 323-6602**

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

	June 30, 2018	Restated December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 34,124	\$ 40,597
Trade and other receivables	101,688	160,938
Income taxes receivable	2,680	1,344
Inventories	31,825	28,966
Prepaid expenses and other current assets	19,761	13,013
Fair value of interest rate swap agreements	773	314
	<hr/> 190,851	<hr/> 245,172
Non-current assets		
Property, equipment and leaseholds	628,019	628,129
Deferred income taxes	9,362	7,134
Fair value of interest rate swap agreements	3,798	3,880
Interests in joint ventures	36,006	35,353
Intangible assets	113,864	119,011
Goodwill	816,913	816,489
	<hr/> \$ 1,798,813	<hr/> \$ 1,855,168

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

	June 30, 2018	Restated December 31, 2017
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 165,952	\$ 189,929
Share-based compensation	2,554	4,732
Dividends payable	9,183	8,866
Income taxes payable	5,547	9,157
Deferred revenue	161,242	195,808
Finance lease obligations	3,547	3,420
Fair value of interest rate swap agreements	620	1,332
Convertible debentures	106,289	105,080
	<u>454,934</u>	<u>518,324</u>
Non-current liabilities		
Share-based compensation	10,910	13,816
Long-term debt	489,038	467,867
Finance lease obligations	3,646	5,451
Post-employment benefit obligations	9,223	9,227
Other liabilities	119,718	117,589
Deferred income taxes	11,542	14,031
	<u>644,077</u>	<u>627,981</u>
Total liabilities	<u>1,099,011</u>	<u>1,146,305</u>
Equity		
Share capital	856,835	856,761
Deficit	(162,299)	(148,060)
Hedging reserves and other	2,181	1,332
Contributed surplus	2,559	1,647
Cumulative translation adjustment	526	(2,817)
Total equity	<u>699,802</u>	<u>708,863</u>
	<u>\$ 1,798,813</u>	<u>\$ 1,855,168</u>

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Revenues				
Box office	\$ 187,234	\$ 170,710	\$ 368,614	\$ 366,064
Food service	122,270	101,398	239,218	215,333
Media	40,791	36,581	73,304	70,493
Amusement	48,577	45,700	98,482	87,101
Other	10,181	9,694	20,307	19,335
	<u>409,053</u>	<u>364,083</u>	<u>799,925</u>	<u>758,326</u>
Expenses				
Film cost	102,346	91,468	197,550	194,757
Cost of food service	25,020	23,180	49,796	48,834
Depreciation and amortization	32,260	29,646	63,454	57,913
Loss on disposal of assets	640	36	850	62
Other costs	213,772	211,456	431,226	417,527
Share of income of joint ventures	(835)	(1,193)	(1,732)	(2,191)
Interest expense	6,585	5,303	13,069	10,165
Interest income	(58)	(51)	(145)	(103)
Foreign exchange	(67)	592	(832)	575
Change in fair value of financial instrument	—	—	—	(987)
	<u>379,663</u>	<u>360,437</u>	<u>753,236</u>	<u>726,552</u>
Income before income taxes	<u>29,390</u>	<u>3,646</u>	<u>46,689</u>	<u>31,774</u>
Provision for income taxes				
Current	10,145	3,559	12,180	8,145
Deferred	(5,122)	(1,289)	(5,084)	(712)
	<u>5,023</u>	<u>2,270</u>	<u>7,096</u>	<u>7,433</u>
Net income	<u>\$ 24,367</u>	<u>\$ 1,376</u>	<u>\$ 39,593</u>	<u>\$ 24,341</u>
Attributable to:				
Owners of Cineplex	\$ 24,367	\$ 1,426	\$ 39,593	\$ 24,758
Non-controlling interests	—	(50)	—	(417)
Net income	<u>\$ 24,367</u>	<u>\$ 1,376</u>	<u>\$ 39,593</u>	<u>\$ 24,341</u>
Basic net income per share attributable to owners of Cineplex	\$ 0.38	\$ 0.02	\$ 0.63	\$ 0.39
Diluted net income per share attributable to owners of Cineplex	\$ 0.38	\$ 0.02	\$ 0.63	\$ 0.39

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,	
	2018	2017	2018	2017
Net income	\$ 24,367	\$ 1,376	\$ 39,593	\$ 24,341
Other comprehensive income (loss)				
<i>Items that will be reclassified subsequently to net income:</i>				
Income on hedging instruments	391	1,965	1,167	2,047
Associated deferred income taxes expense	(107)	(526)	(318)	(549)
Foreign currency translation adjustment	1,836	(1,656)	3,343	(1,990)
<i>Items that will not be reclassified to net income:</i>				
Actuarial gains of post-employment benefit obligations	—	—	—	1,298
Associated deferred income taxes expense	—	—	—	(348)
Other comprehensive income (loss)	2,120	(217)	4,192	458
Comprehensive income	\$ 26,487	\$ 1,159	\$ 43,785	\$ 24,799
Attributable to:				
Owners of Cineplex	\$ 26,487	\$ 1,209	\$ 43,785	\$ 25,205
Non-controlling interests	—	(50)	—	(406)
Comprehensive income	\$ 26,487	\$ 1,159	\$ 43,785	\$ 24,799

Cineplex Inc.
Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)
(expressed in thousands of Canadian dollars)
For the periods ended June 30, 2018 and 2017

	Share capital	Contributed surplus	Hedging reserves and other	Cumulative translation adjustment	Restated Deficit	Non- controlling interests	Total
Balance - January 1, 2018	\$ 856,761	\$ 1,647	\$ 1,332	\$ (2,817)	\$ (148,060)	\$ —	\$ 708,863
Net income	—	—	—	—	39,593	—	39,593
Other comprehensive income	—	—	849	3,343	—	—	4,192
Total comprehensive income	—	—	849	3,343	39,593	—	43,785
Dividends declared	—	—	—	—	(53,832)	—	(53,832)
Share option expense	—	918	—	—	—	—	918
Issuance of shares on exercise of options	74	(6)	—	—	—	—	68
Balance - June 30, 2018	\$ 856,835	\$ 2,559	\$ 2,181	\$ 526	\$ (162,299)	\$ —	\$ 699,802
Balance - January 1, 2017	\$ 859,351	\$ 81	\$ (3,170)	\$ 1,175	\$ (111,255)	\$ 2,800	\$ 748,982
Net income	—	—	—	—	24,758	(417)	24,341
Other comprehensive income	—	—	1,498	(2,001)	950	11	458
Total comprehensive income	—	—	1,498	(2,001)	25,708	(406)	24,799
Dividends declared	—	—	—	—	(52,087)	—	(52,087)
Share option expense	—	885	—	—	—	—	885
Issuance of shares on exercise of options	228	(228)	—	—	—	—	—
WGN non-controlling interests recognized on acquisition	—	—	—	(63)	2,457	(2,394)	—
Balance - June 30, 2017	\$ 859,579	\$ 738	\$ (1,672)	\$ (889)	\$ (135,177)	\$ —	\$ 722,579

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, 2018	
	2018	2017	2018	2017
Cash provided by (used in)				
Operating activities				
Net income	\$ 24,367	\$ 1,376	\$ 39,593	\$ 24,341
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	32,260	29,646	63,454	57,913
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(3,114)	(2,404)	(6,199)	(5,057)
Other non-cash interest and non-cash foreign exchange, net	(194)	164	(93)	285
Loss on disposal of assets	640	36	850	62
Deferred income taxes	(5,122)	(1,289)	(5,084)	(712)
Interest rate swap agreements - non-cash interest	88	(131)	208	(306)
Non-cash share-based compensation	487	476	918	885
Change in fair value of financial instruments	—	—	—	(987)
Accretion of convertible debentures	608	569	1,209	1,132
Net change in interests in joint ventures	(424)	(1,510)	(1,629)	(3,887)
Tenant inducements	6,372	89	8,248	398
Changes in operating assets and liabilities	(20,679)	(14,533)	(19,760)	(76,253)
Net cash provided by (used in) operating activities	35,289	12,489	81,715	(2,186)
Investing activities				
Proceeds from disposal of assets, including asset-related insurance recoveries	1,604	78	1,786	310
Purchases of property, equipment and leaseholds	(29,480)	(50,318)	(54,991)	(75,771)
Acquisition of businesses, net of cash acquired	—	(29,581)	—	(29,687)
Intangible assets additions	(1,013)	(1,260)	(2,368)	(2,582)
Net cash received from CDCP	292	685	976	1,369
Net cash used in investing activities	(28,597)	(80,396)	(54,597)	(106,361)
Financing activities				
Dividends paid	(26,916)	(26,042)	(53,515)	(51,766)
Borrowings under credit facilities, net	15,000	75,000	21,000	150,000
Options exercised for cash	68	—	68	—
Payments under finance leases	(847)	(788)	(1,679)	(1,561)
Net cash (used in) provided by financing activities	(12,695)	48,170	(34,126)	96,673
Effect of exchange rate differences on cash	589	(253)	535	(255)
Decrease in cash and cash equivalents	(5,414)	(19,990)	(6,473)	(12,129)
Cash and cash equivalents - Beginning of period	39,538	41,414	40,597	33,553
Cash and cash equivalents - End of period	\$ 34,124	\$ 21,424	\$ 34,124	\$ 21,424
Supplemental information				
Cash paid for interest	\$ 4,476	\$ 6,088	\$ 11,406	\$ 11,831
Cash paid for income taxes, net	\$ 10,970	\$ 8,060	\$ 18,042	\$ 14,398

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,	
	2018	2017	2018	2017
Net income	\$ 24,367	\$ 1,376	\$ 39,593	\$ 24,341
Depreciation and amortization	32,260	29,646	63,454	57,913
Interest expense	6,585	5,303	13,069	10,165
Interest income	(58)	(51)	(145)	(103)
Current income tax expense	10,145	3,559	12,180	8,145
Deferred income tax recovery	(5,122)	(1,289)	(5,084)	(712)
EBITDA	\$ 68,177	\$ 38,544	\$ 123,067	\$ 99,749
Loss on disposal of assets	640	36	850	62
CDCP equity income (i)	(926)	(1,160)	(1,744)	(2,127)
Foreign exchange gain	(67)	592	(832)	575
Non-controlling interest EBITDA of WGN	—	21	—	189
Depreciation and amortization - joint ventures (ii)	3	9	5	18
Joint venture taxes and interest (ii)	13	13	26	25
Change in fair value of financial instrument	—	—	—	(987)
Adjusted EBITDA	\$ 67,840	\$ 38,055	\$ 121,372	\$ 97,504

(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.
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(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,	
	2018	2017	2018	2017
Cash provided by (used in) operating activities	\$ 35,289	\$ 12,489	\$ 81,715	\$ (2,186)
Less: Total capital expenditures net of proceeds on sale of assets	(27,876)	(50,240)	(53,205)	(75,461)
Standardized free cash flow	7,413	(37,751)	28,510	(77,647)
Add/(Less):				
Changes in operating assets and liabilities (i)	20,679	14,533	19,760	76,253
Changes in operating assets and liabilities of joint ventures (i)	(411)	317	(103)	1,696
Tenant inducements (ii)	(6,372)	(89)	(8,248)	(398)
Principal component of finance lease obligations	(847)	(788)	(1,679)	(1,561)
Growth capital expenditures and other (iii)	22,923	41,025	42,965	61,335
Share of income of joint ventures, net of non-cash depreciation (iv)	(75)	55	19	107
Non-controlling interests of WGN	—	21	—	189
Net cash received from CDCP (iv)	292	685	976	1,369
Adjusted free cash flow	\$ 43,602	\$ 18,008	\$ 82,200	\$ 61,343
Average number of Shares outstanding	63,332,067	63,520,645	63,331,261	63,518,583
Adjusted free cash flow per Share	\$ 0.688	\$ 0.283	\$ 1.298	\$ 0.966
Dividends declared	\$ 0.430	\$ 0.415	\$ 0.850	\$ 0.820

(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.