



FOR IMMEDIATE RELEASE

Cineplex Inc. Reports Third Quarter Results

Strong Results From Diversified Businesses Drive Record Total Revenue For The Quarter

TORONTO, Canada, November 14, 2019 (TSX: CGX) - Cineplex Inc. ("Cineplex") today released its financial results for the three and nine months ended September 30, 2019. Unless otherwise specified, all amounts are in Canadian dollars.

Third Quarter Results

	2019	2018 Revised and Restated (i)	Period over Period Change (ii)
Total revenues (iii)	\$ 418.4 million	\$ 386.4 million	8.3%
Theatre attendance	17.5 million	17.2 million	1.8%
Net income from continuing operations	\$ 15.1 million	\$ 12.3 million	22.3%
Net loss from discontinued operations	\$ (1.7) million	\$ (2.1) million	NM
Net income*	\$ 13.4 million	\$ 10.2 million	31.1%
Box office revenues per patron ("BPP") (iv)	\$ 10.16	\$ 10.07	0.9%
Concession revenues per patron ("CPP") (iv)	\$ 6.68	\$ 6.25	6.9%
Adjusted EBITDA (iv)	\$ 106.1 million	\$ 55.0 million	93.1%
Adjusted EBITDAaL (i) (iv)	\$ 62.3 million	\$ 51.4 million	21.2%
Adjusted EBITDAaL margin (i) (iv)	14.9 %	13.3 %	1.6%
Adjusted free cash flow (iv)	\$ 48.2 million	\$ 37.8 million	27.7%
Adjusted free cash flow per common share of Cineplex ("Share") (iv)	\$ 0.762	\$ 0.596	27.9%
Earnings per Share ("EPS") from continuing operations - basic and diluted	\$ 0.24	\$ 0.19	26.3%
EPS from discontinued operations - basic and diluted	\$ (0.03)	\$ (0.03)	—%
EPS - basic and diluted*	\$ 0.21	\$ 0.16	31.3%

*The adoption of IFRS 16 negatively impacted the net income by approximately \$3.8 million in the current period and approximately \$6.4 million or \$0.10 per Share as compared to Q3 2018.

Year to Date Results

	2019	2018 Revised and Restated (i)	Period over Period Change (ii)
Total revenues (iii)	\$ 1,221.9 million	\$ 1,184.6 million	3.2%
Theatre attendance	49.5 million	52.3 million	-5.3%
Net income from continuing operations	\$ 31.8 million	\$ 56.2 million	-43.3%
Net loss from discontinued operations	\$ (6.4) million	\$ (6.4) million	NM
Net income*	\$ 25.4 million	\$ 49.8 million	-49.0%
Box office revenues per patron ("BPP") (iv)	\$ 10.58	\$ 10.37	2.0%
Concession revenues per patron ("CPP") (iv)	\$ 6.70	\$ 6.31	6.2%
Adjusted EBITDA (iv)	\$ 299.3 million	\$ 179.0 million	67.2%
Adjusted EBITDAaL (i) (iv)	\$ 168.2 million	\$ 167.3 million	0.6%
Adjusted EBITDAaL margin (i) (iv)	13.8 %	14.1 %	-0.3%
Adjusted free cash flow (iv)	\$ 129.3 million	\$ 122.0 million	6.0%
Adjusted free cash flow per common share of Cineplex ("Share") (iv)	\$ 2.042	\$ 1.926	6.0%
Earnings per Share ("EPS") from continuing operations - basic and diluted	\$ 0.50	\$ 0.89	-43.8%
EPS from discontinued operations - basic and diluted	\$ (0.10)	\$ (0.10)	—%
EPS - basic and diluted*	\$ 0.40	\$ 0.79	-49.4%

*The adoption of IFRS 16 negatively impacted the net income by approximately \$11.0 million in the year to date and approximately \$19.7 million or \$0.31 per Share as compared to 2018.

- i. Prior period figures have been revised as applicable per IFRS 16 and restated as applicable per IFRS 5 to confirm to current period presentation.
- ii. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2019 value less 2018 value.
- iii. All amounts are from continuing operations.
- iv. Adjusted EBITDA, adjusted EBITDAaL, adjusted EBITDAaL 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 reported a strong third quarter with growth across all businesses, resulting in record total revenue of \$418.4 million, up 8.3% and adjusted EBITDAaL of \$62.3 million, up 21.2% compared to the prior year,” said Ellis Jacob, President and CEO, Cineplex.

Recognizing the quarter’s strong film slate, theatre attendance increased 1.8%. This, combined with third quarter records for both BPP of \$10.16 and CPP of \$6.68, resulted in a 2.6% increase in box office revenue and an 8.9% increase in theatre food service revenue. Media revenue increased 30.6% with growth in both cinema advertising and digital place-based media revenue; and amusement revenue increased 8.0% as a result of increased route revenue and growth within our location-based entertainment venues.

Key accomplishments during the quarter included opening the first reinvented *Playdium 2.0* entertainment complex in Brampton, Ontario, adding Canada’s second 4DX auditorium at *Scotiabank Theatre Chinook* in Calgary, Alberta, and announcing CDM’s partnership with AMC to deploy, manage and enhance a digital signage network at approximately 630 locations across the United States. Also during the quarter, Cineplex initiated a review process of WorldGaming Network, engaging a third-party adviser to identify a strategic equity partner to further develop the online esports business.

Looking ahead, I am encouraged by the positive results from across our businesses as we further execute our diversification strategy, build scale and achieve more meaningful growth for the future.”

KEY DEVELOPMENTS IN THE THIRD QUARTER OF 2019

The following describes certain key business initiatives undertaken and results achieved during the third quarter of 2019 in each of Cineplex’s core business areas:

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported third quarter box office revenues of \$177.9 million, an increase of \$4.6 million (2.6%) from \$173.3 million reported in the prior year period due to a 1.8% increase in the theatre attendance and growth in BPP.
- BPP was \$10.16, a third quarter record for Cineplex, \$0.09 (0.9%) higher than \$10.07 reported during the prior year period.
- Opened Canada’s second 4DX auditorium at *Scotiabank Theatre Chinook* in Calgary, Alberta.
- Announced plans for a new Cineplex VIP Cinemas at Royalmount in Montreal, Quebec, which is expected to open in 2022. The VIP Cinemas will include five luxury auditoriums and a fully licensed lounge.

Theatre Food Service

- Reported a third quarter record for theatre food service revenues of \$117.0 million, an increase of \$9.5 million (8.9%) from the prior year period as a result of the growth in CPP and a 1.8% increase in theatre attendance.
- CPP was \$6.68, a third quarter record for Cineplex, \$0.43 (6.9%) higher than \$6.25 reported during the prior year period.
- Expanded alcohol beverage service to an additional 12 theatres, now totaling 78 (excluding VIP).
- Expanded home delivery options with the addition of a Skip the Dishes pilot program.

Alternative Programming

- Alternative Programming (Cineplex Events) featured live events from André Rieu, the one woman show *Fleabag* by Phoebe Waller-Bridge and Margaret Atwood’s book launch of *The Testaments*. Feature film events included Anime titles along with documentaries from *BTS* and the feature *Game Changers*.
- Cineplex international film program featured several strong performing international films, including Chinese, Hindi, Punjabi and Filipino films with *Hello, Love Goodbye* becoming the highest grossing Filipino title in Cineplex history.

Digital Commerce

- Online and mobile ticketing represented 31% of total theatre admissions during the third quarter, up from 24% in the prior year period.

- Total registered users for Cineplex Store increased by 43% in the third quarter of 2019 in addition to a 181% increase in device activations as compared to the prior year period.

MEDIA

- Reported third quarter revenues of \$43.3 million for total media, an increase of \$10.1 million (30.6%) compared to the prior year period.

Cinema Media

- Reported third quarter revenues of \$22.6 million, compared to \$20.0 million in the prior year period, an increase of 13.0%, primarily due to increases in show-time and pre-show advertising.

Digital Place-Based Media

- Reported an all-time quarterly record for digital place-based media revenues of \$20.7 million, an increase of \$7.5 million (57.2%) compared to the prior year period due to higher project installation revenues and other digital services revenues.
- Chosen to deploy, manage and enhance AMC theatres' digital network at approximately 630 locations across the United States, including its box office signage, theatre menu boards and other ancillary signage.

AMUSEMENT AND LEISURE

Amusement Solutions

- Reported record third quarter revenues of \$47.6 million, an increase of \$1.9 million (4.2%) over the prior year period as a result of increased route operations revenue.

Location-based Entertainment ("LBE")

- Reported third quarter revenues of \$19.6 million, an increase of \$2.8 million (16.6%) over the prior year period due to two additional locations of *The Rec Room* as compared to the prior year and one *Playdium 2.0* in the current period.
- Opened Canada's first reinvented *Playdium 2.0* entertainment complex in Brampton, Ontario on September 16, 2019.
- During the quarter, Cineplex announced plans to open Quebec's first location of *The Rec Room* at Royalmount in Montreal, Quebec, expected to open in 2022.

Esports

- WGN hosted its second annual *Rocket League WGN North American Championship* esports tournament. The tournament grand finals took place in August 2019 at FAN EXPO Canada held at the Metro Toronto Convention Centre. Cineplex initiated a review process of WGN's online esports business, engaging a third-party adviser to identify a strategic equity partner.

LOYALTY

- Membership in the SCENE loyalty program increased by 0.2 million members in the period, reaching 10.1 million at September 30, 2019.
- SCENE celebrated 10 million members with *National No Excuses Day* on September 27, 2019 offering SCENE members exclusive promotional offers, including half off point redemptions.

OPERATING RESULTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

Total revenues

Total revenues for the three months ended September 30, 2019 increased \$32.1 million (8.3%) to \$418.4 million as compared to the prior year period. Total revenues for the nine months ended September 30, 2019 increased \$37.3 million (3.2%) to \$1,221.9 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 EBITDAaL, adjusted free cash flow, theatre 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, theatre attendance and BPP for the quarter and the year to date (in thousands of dollars, except theatre attendance reported in thousands of patrons and per patron amounts, unless otherwise noted):

Box office revenues	Third Quarter			Year to Date		
	2019	2018	Change	2019	2018	Change
Box office revenues	\$ 177,865	\$ 173,278	2.6%	\$ 523,732	\$ 541,892	-3.4%
Theatre attendance (i)	17,512	17,208	1.8%	49,511	52,280	-5.3%
Box office revenue per patron (i)	\$ 10.16	\$ 10.07	0.9%	\$ 10.58	\$ 10.37	2.0%
BPP excluding premium priced product (i)	\$ 8.95	\$ 8.72	2.6%	\$ 9.08	\$ 8.85	2.6%
Canadian industry revenues (ii)			5.4%			-1.7%
Same theatre box office revenues (i)	\$ 172,292	\$ 169,947	1.4%	\$ 507,346	\$ 534,414	-5.1%
Same theatre attendance (i)	17,062	16,906	0.9%	48,213	51,548	-6.5%
% Total box from premium priced product (i)	35.8%	41.2%	-5.4%	42.8%	43.9%	-1.1%

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

(ii) Source: Gross box office receipts (inclusive of all taxes) from The Movie Theatre Association of Canada industry data adjusted for calendar quarter dates.

Box office continuity	Third Quarter		Year to Date	
	Box Office	Theatre Attendance	Box Office	Theatre Attendance
2018 as reported	\$ 173,278	17,208	\$ 541,892	52,280
Same theatre attendance change	1,575	157	(34,572)	(3,335)
Impact of same theatre BPP change	770	—	7,504	—
New and acquired theatres (i)	3,234	259	12,440	964
Disposed and closed theatres (i)	(992)	(112)	(3,532)	(398)
2019 as reported	\$ 177,865	17,512	\$ 523,732	49,511

(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.

Third Quarter

Third Quarter 2019 Top Cineplex Films	3D	% Box	Third Quarter 2018 Top Cineplex Films	3D	% Box
1 The Lion King	✓	18.2%	1 Mission: Impossible Fallout	✓	11.9%
2 Spider-Man: Far From Home	✓	13.8%	2 Ant-Man And The Wasp	✓	7.6%
3 Fast & Furious Presents: Hobbs & Shaw		6.7%	3 Jurassic World: Fallen Kingdom	✓	6.9%
4 It Chapter Two		6.6%	4 Crazy Rich Asians		6.8%
5 Once Upon A Time In Hollywood		5.8%	5 Hotel Transylvania 3: Summer Vacation	✓	6.7%

Box office revenues increased \$4.6 million, or 2.6%, to \$177.9 million during the period, compared to \$173.3 million reported in the third quarter in 2018. The increase was due to a 1.8% increase in theatre attendance to \$17.5 million guests and a higher BPP. The 1.8% increase in theatre attendance was due to a stronger film slate in the current period as compared to the prior year. BPP for the three months ended September 30, 2019 was \$10.16, a \$0.09 increase (0.9%) from the prior year period, setting a third quarter record for Cineplex. This increase was due to price increases in selective markets partially offset by the 5.4% shift away from premium price product.

Year to Date

Year to Date 2019 Top Cineplex Films	3D	% Box	Year to Date 2018 Top Cineplex Films	3D	% Box
1 Avengers: Endgame	✓	11.6%	1 Avengers: Infinity War	✓	8.3%
2 The Lion King	✓	6.3%	2 Black Panther	✓	8.1%
3 Captain Marvel	✓	5.9%	3 Incredibles 2	✓	5.4%
4 Spider-Man: Far From Home	✓	4.7%	4 Jumanji: Welcome to The Jungle	✓	4.5%
5 Aladdin	✓	4.0%	5 Deadpool 2		4.1%

Box office revenues for the nine months ended September 30, 2019 were \$523.7 million, a decrease of \$18.2 million or 3.4% as compared to the prior year due to the 5.3% decrease in theatre attendance more than offsetting the higher BPP in the current year period compared to the 2018 period.

Cineplex's BPP for the period increased \$0.21, or 2.0%, from \$10.37 in the prior year period to \$10.58 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, theatre attendance and CPP for the quarter and the year to date (in thousands of dollars, except theatre attendance and same theatre attendance reported in thousands of patrons and per patron amounts):

Food service revenues	Third Quarter			Year to Date		
	2019	2018	Change	2019	2018	Change
Food service - theatres	\$ 117,048	\$ 107,519	8.9%	\$ 331,961	\$ 329,718	0.7%
Food service - LBE	8,502	8,038	5.8%	26,210	25,057	4.6%
Total food service revenues	\$ 125,550	\$ 115,557	8.6%	\$ 358,171	\$ 354,775	1.0%
Theatre attendance (i)	17,512	17,208	1.8%	49,511	52,280	-5.3%
CPP (i) (ii)	\$ 6.68	\$ 6.25	6.9%	\$ 6.70	\$ 6.31	6.2%
Same theatre food service revenues (i)	\$ 112,576	\$ 104,996	7.2%	\$ 319,089	\$ 324,586	-1.7%
Same theatre attendance (i)	17,062	16,906	0.9%	48,213	51,548	-6.5%

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

Theatre food service revenue continuity	Third Quarter		Year to Date	
	Theatre Food Service	Theatre Attendance	Theatre Food Service	Theatre Attendance
2018 as reported	\$ 107,519	17,208	\$ 329,718	52,280
Same theatre attendance change	973	157	(20,998)	(3,335)
Impact of same theatre CPP change	6,607	—	15,501	—
New and acquired theatres (i)	2,551	259	9,874	964
Disposed and closed theatres (i)	(602)	(112)	(2,134)	(398)
2019 as reported	\$ 117,048	17,512	\$ 331,961	49,511

(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.

Third Quarter

Food service revenues are comprised primarily of concession revenues, which includes food service sales at theatre locations and through delivery services including Uber Eats and Skip the Dishes. Food service revenues also include food and beverage sales at LBE venues including *The Rec Room* and *Playdium 2.0*. Food service revenues increased \$10.0 million or 8.6% mainly as a result of the increase of \$9.5 million (8.9%) to \$117.0 million in theatre food service revenues, a third quarter record. The increase in theatre food service revenues was due to the 1.8% increase in theatre attendance and CPP which increased 6.9% to \$6.68, a third quarter record for Cineplex. Expanded offerings outside of core food service products, including offerings at Cineplex's VIP Cinemas and Outtakes locations and expanded beverage services, have contributed to increased visitation and higher average transaction values, resulting in the record CPP in the period.

Food service revenues from LBE increased \$0.5 million (5.8%) compared to the prior year period primarily due to the increase in locations from six in 2018 to nine in 2019.

Year to Date

Food service revenues increased \$3.4 million, or 1.0% as compared to the prior year, primarily due to a 4.6% increase in food service revenues from LBE to \$26.2 million from the increased locations as compared to the prior year period. Newer locations typically experience higher sales volumes in the first year of operations (honeymoon period) before settling into their expected long-term run-rate levels resulting in a leveling off of results for older locations. Theatre food service revenues increased \$2.2 million (0.7%) due to the 6.2% increase in CPP, partially offset by the impact of a 5.3% decrease in theatre attendance. The CPP of \$6.70 is the highest Cineplex has reported through the first nine months of a year.

While programs including SCENE offers provided on food service purchases impact 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	Third Quarter			Year to Date		
	2019	2018 Restated	Change	2019	2018 Restated	Change
Cinema media	\$ 22,572	\$ 19,967	13.0%	\$ 73,244	\$ 66,667	9.9%
Digital place-based media	20,736	13,195	57.2%	53,966	38,246	41.1%
Total media revenues from continuing operations	\$ 43,308	\$ 33,162	30.6%	\$ 127,210	\$ 104,913	21.3%
Media revenues from discontinued operations	138	325	-57.5%	827	1,878	-56.0%
Total media revenues	\$ 43,446	\$ 33,487	29.7%	\$ 128,037	\$ 106,791	19.9%

Third Quarter

Total media revenues from continuing operations increased \$10.1 million (30.6%) to \$43.3 million in the third quarter as compared to the prior year period. The increase was primarily due to a \$7.5 million (57.2%) increase in digital place-based media to an all-time quarterly record of \$20.7 million primarily as a result of increased project installation revenues which included rollouts for new and growth with existing clients. Cinema media increased \$2.6 million (13.0%) to \$22.7 million as a result of increases in show-time and pre-show advertising.

During the quarter, digital place-based media added 464 new locations (an increase of 3.3% from June 30, 2019) for a total of 14,559 locations as at September 30, 2019.

Year to Date

Total media revenues from continuing operations increased \$22.3 million for the nine months ended September 30, 2019 as compared to the prior year period. The increase resulted from a \$15.7 million increase in digital place-based media revenues due to higher project installation revenue and a \$6.6 million increase in Cinema media due to higher show-time and pre-show theatre advertising.

Year to date, digital place-based media added 1,057 new locations (an increase of 7.8% from December 31, 2018).

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	Third Quarter			Year to Date		
	2019	2018	Change	2019	2018	Change
Amusement - P1AG excluding Cineplex exhibition and LBE (i)	\$ 44,788	\$ 42,820	4.6%	\$ 138,278	\$ 122,179	13.2%
Amusement - Cineplex exhibition (i)	2,847	2,880	-1.1%	8,239	7,967	3.4%
Amusement - LBE	10,508	8,138	29.1%	28,243	22,174	27.4%
Total amusement revenues	\$ 58,143	\$ 53,838	8.0%	\$ 174,760	\$ 152,320	14.7%

(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 LBE reflects P1AG's gross amusement revenues, net of the venue revenue share paid to Cineplex reflected in Amusement - Cineplex exhibition above.

Third Quarter

Amusement revenues increased 8.0%, or \$4.3 million, to a third quarter record of \$58.1 million in the third quarter of 2019 compared to the prior year period. The growth was primarily due to an increase in route revenues from family entertainment centres and theatres in Canada and the United States including growth resulting from the agreement signed with Cinemark in the second quarter of 2018. Amusement revenues from LBE increased 29.1% or \$2.4 million compared to the prior year period as a result of the additional locations and virtual reality offerings.

Year to Date

For the year to date period, amusement revenues increased 14.7% or \$22.4 million, to \$174.8 million compared to the prior year period due to the agreement signed with Cinemark resulting in increased route and distribution revenue and strong growth in revenue from the additional locations of LBE as 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	Third Quarter			Year to Date		
	2019	2018 Restated	Change	2019	2018 Restated	Change
Other revenues from continuing operations	\$ 13,582	\$ 10,554	28.7%	\$ 38,053	\$ 30,695	24.0%
Other revenues from discontinued operations	—	1	NM	16	167	-90.4%
Total other revenues	\$ 13,582	\$ 10,555	28.7%	\$ 38,069	\$ 30,862	23.4%

The quarterly and year to date increases in other revenues from continuing operations are primarily due to higher volume of digital commerce sales.

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	Third Quarter			Year to Date		
	2019	2018	Change	2019	2018	Change
Film cost	\$ 93,735	\$ 90,213	3.9%	\$ 275,461	\$ 287,763	-4.3%
Film cost percentage (i)	52.7%	52.1%	0.6%	52.6%	53.1%	-0.5%

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

Third 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 third quarter of 2019 was 52.7%, a 0.6% increase from the prior year. Film cost increased \$3.5 million or 3.9% as compared to the prior year due to the top films in the third quarter of 2019 having higher settlement rates and making up a larger percentage of box office revenues.

Year to Date

The year to date decrease in film cost expense was due to a combination of the 0.5% decrease in the film cost percentage and the lower box office revenues in the current period compared to the prior year period. The decrease in film cost percentage is attributable to the top films in the current period having lower 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 both theatres and LBE for the quarter and the year to date (in thousands of dollars, except percentages and margins per patron):

Cost of food service	Third Quarter			Year to Date		
	2019	2018	Change	2019	2018	Change
Cost of food service - theatre	\$ 25,222	\$ 21,993	14.7%	\$ 72,083	\$ 67,196	7.3%
Cost of food service - LBE	2,217	2,264	-2.1%	7,039	6,857	2.7%
Total cost of food service	\$ 27,439	\$ 24,257	13.1%	\$ 79,122	\$ 74,053	6.8%
Theatre concession cost percentage (i)	21.5%	20.5%	1.0%	21.7%	20.4%	1.3%
LBE food cost percentage (i)	26.1%	28.2%	-2.1%	26.9%	27.4%	-0.5%
Theatre concession margin per patron (i)	\$ 5.24	\$ 4.97	5.4%	\$ 5.25	\$ 5.02	4.6%

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

Third 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 LBE venues 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 third quarter of 2019 and the increase in the theatre concession cost percentage from 20.5% in the prior year period to 21.5% in 2019.

The theatre concession margin per patron increased 5.4% from \$4.97 in the third quarter of 2018 to \$5.24 in the same period in 2019, reflecting the impact of the higher CPP during the period.

The decrease in LBE cost of food service as compared to the prior year period was due to a 2.1% decrease in LBE food cost percentage from 28.2% in 2018 to 26.9% in 2019. LBE food cost percentage during the quarter decreased as compared to the prior period due to improved cost management.

Year to Date

The increase in the theatre cost of food service as compared to the prior year period was due to an increase in theatre food service revenues and an increase in the concession cost percentage. The theatre concession margin per patron increased from \$5.02 in the prior year period to \$5.25 in the current period, reflecting the impact of the higher CPP in the current period.

The increase in LBE cost of food service as compared to the prior year period was due to the higher food service revenues resulting from the increased number of 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	Third Quarter			Year to Date		
	2019	2018 Restated	Change	2019	2018 Restated	Change
Depreciation of property, equipment and leaseholds	\$ 28,714	\$ 29,338	-2.1%	\$ 86,944	\$ 84,629	2.7%
Amortization of intangible assets and other	2,998	3,145	-4.7%	8,804	9,114	-3.4%
Sub-total - depreciation and amortization - other assets	\$ 31,712	\$ 32,483	-2.4%	\$ 95,748	\$ 93,743	2.1%
Depreciation - right-of-use assets	36,456	—	NM	109,475	—	NM
Total depreciation and amortization from continuing operations	\$ 68,168	\$ 32,483	109.9%	\$ 205,223	\$ 93,743	118.9%
Depreciation and amortization from discontinued operations	1,215	1,116	8.9%	3,623	3,310	9.5%
Total depreciation and amortization	\$ 69,383	\$ 33,599	106.5%	\$ 208,846	\$ 97,053	115.2%

The quarterly decrease of \$0.6 million in depreciation of property, equipment and leaseholds from continuing operations was due to the reduction in depreciation resulting from fully depreciated assets more than offsetting the incremental depreciation from investments in amusement and leisure businesses. The year to date increase of \$2.3 million was primarily due to the investments in amusement and leisure businesses.

The quarterly and year to date decrease in amortization of intangible assets and other from continuing operations as compared to the prior year periods was due to internally developed software for digital products including the Cineplex mobile app and website platforms, net of the reallocation to amortization of intangible assets from discontinued operations.

The quarterly and year to date increase in depreciation of right-of-use assets from continuing operations was as a result of the adoption of IFRS 16. The right-of-use assets are depreciated over the lease term. The current quarter and year to date expense represents the depreciation charge for the periods.

The quarterly and year to date increase in depreciation and amortization from discontinued operations was primarily due to internally developed software for WGN website platforms.

Loss on disposal of assets

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

Loss on disposal of assets	Third Quarter			Year to Date		
	2019	2018 Restated	Change	2019	2018 Restated	Change
Loss on disposal from continuing operations	\$ 303	\$ 783	-61.3%	\$ 896	\$ 1,617	-44.6%
Loss on disposal from discontinued operations	—	—	NM	—	16	-100.0%
Loss on disposal of assets	\$ 303	\$ 783	-61.3%	\$ 896	\$ 1,633	-45.1%

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, as well as amusement and leisure; 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	Third Quarter			Year to Date		
	2019	2018 Restated	Change	2019	2018 Restated	Change
Theatre occupancy expenses	\$ 18,219	\$ 53,161	-65.7%	\$ 53,374	\$ 157,847	-66.2%
Other operating expenses	156,732	145,809	7.5%	462,434	431,996	7.0%
General and administrative expenses	16,004	18,033	-11.3%	51,963	54,004	-3.8%
Total other costs from continuing operations	\$ 190,955	\$ 217,003	-12.0%	\$ 567,771	\$ 643,847	-11.8%
Other costs from discontinued operations	1,391	1,941	-28.3%	5,530	6,323	-12.5%
Total other costs	\$ 192,346	\$ 218,944	-12.1%	\$ 573,301	\$ 650,170	-11.8%

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) with the prior period presentation revised to provide comparability to the impact of the transition to IFRS 16:

Theatre occupancy expenses	Third Quarter			Year to Date		
	2019	2018 Revised	Change	2019	2018 Revised	Change
Cash rent - theatre (i) (vii)	\$ 39,111	\$ 38,704	1.1%	\$ 117,879	\$ 115,920	1.7%
Other occupancy	18,230	18,484	-1.4%	55,191	55,857	-1.2%
One-time items (ii)	(323)	(346)	-6.6%	(2,213)	(2,226)	-0.6%
Total theatre occupancy including cash lease payments	\$ 57,018	\$ 56,842	0.3%	\$ 170,857	\$ 169,551	0.8%
Non-cash rent (iii) (vi)	—	(2,692)	NM	—	(8,738)	NM
Rent previously recognized as a finance lease (iv)	—	(989)	NM	—	(2,966)	NM
Cash rent related to lease obligations (v)	(38,799)	—	NM	(117,483)	—	NM
Theatre occupancy as reported	\$ 18,219	\$ 53,161	-65.7%	\$ 53,374	\$ 157,847	-66.2%

(i) Represents the cash payments for theatre rent during the quarter. See Reconciliation section of the MD&A for further details.

(ii) 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.

(iii) Non-cash rent included in the 2018 balances in the previous reporting period. See Reconciliation section of the MD&A for further details.

(iv) Rent payments that were charged to the finance lease obligations in the previous reporting period. See Reconciliation section of the MD&A for further details.

(v) Cash rent that has been reallocated to offset the lease obligations.

(vi) See Non-GAAP measures section of this news release.

(vii) The 2019 year-to-date balance includes \$0.4 million of cash rent paid not pertaining to the current period. See Non-GAAP measures section of this news release.

Theatre occupancy continuity	Third Quarter Occupancy	Year to Date Occupancy
2018 as reported	\$ 53,161	\$ 157,847
Impact of new and acquired theatres	797	3,299
Impact of disposed theatres	(474)	(1,707)
Same theatre rent change (i)	106	702
One-time items	24	14
Other	(277)	(1,002)
<u>Impact of IFRS 16 adoption:</u>		
Impact of non-cash rent in prior period	2,692	8,738
Cash rent previously recognized as a finance lease	989	2,966
Cash rent related to lease obligations	(38,799)	(117,483)
2019 as reported	\$ 18,219	\$ 53,374
(i) See Non-GAAP measures section of this news release.		

Third Quarter

Theatre occupancy expenses decreased \$34.9 million (65.7%) during the third quarter of 2019 compared to the prior year period. This decrease was primarily due to the impact of the adoption of IFRS 16 partially offset by the impact of non-cash rent in the prior period.

Total theatre occupancy including cash lease payments increased \$0.2 million (0.3%) during the third quarter of 2019 compared to the prior year period. This increase was due to the impact of new theatres net of disposed theatres.

Year to Date

For the year to date period, theatre occupancy expenses decreased \$104.5 million (66.2%) compared to the prior year due to the impact of the adoption of IFRS 16 partially offset by the impact of non-cash rent in the prior year period.

For the year to date period, theatre occupancy including cash payments increased \$1.3 million (0.8%) as compared to the prior year period. The increase was primarily due to the impact of new theatres net of disposed theatres.

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) with the prior period presentation revised and restated to provide comparability to the impact of the transition to IFRS 16 and application of IFRS 5:

Other operating expenses	Third Quarter			Year to Date		
	2019	2018 Revised and Restated	Change	2019	2018 Revised and Restated	Change
Theatre payroll	\$ 40,886	\$ 38,003	7.6%	\$ 118,668	\$ 113,802	4.3%
Theatre operating expenses	30,060	29,152	3.1%	88,847	87,484	1.6%
Media (i)	22,932	14,235	61.1%	60,859	47,944	26.9%
PIAG (i)	38,375	38,603	-0.6%	119,869	110,462	8.5%
LBE (i) (ii)	13,313	11,067	20.3%	38,418	33,068	16.2%
LBE pre-opening (i) (iii)	480	209	129.7%	1,844	1,347	36.9%
SCENE	3,981	3,168	25.7%	13,079	10,456	25.1%
Marketing	4,083	5,393	-24.3%	11,126	13,296	-16.3%
Business interruption insurance proceeds	—	—	NM	—	(3,700)	NM
Other (iv)	7,128	5,872	21.4%	23,193	17,883	29.7%
Other operating expenses including cash lease payments	\$ 161,238	\$ 145,702	10.7%	\$ 475,904	\$ 432,042	10.2%
Non-cash rent (v) (vi)	—	107	NM	—	(46)	NM
Cash rent related to lease obligations (vii)	(4,506)	—	NM	(13,470)	—	NM
Other operating expenses from continuing operations	\$ 156,732	\$ 145,809	7.5%	\$ 462,434	\$ 431,996	7.0%
Other operating expenses from discontinued operations	1,391	1,941	-28.3%	5,530	6,323	-12.5%
Total other operating expenses	\$ 158,123	\$ 147,750	7.0%	\$ 467,964	\$ 438,319	6.8%
(i) Prior period balances were revised to exclude non-cash rent. See Reconciliation section of the MD&A for further details.						
(ii) Includes operating costs of LBE locations. Overhead relating to management of LBE portfolio are included in the 'Other' line.						
(iii) Includes pre-opening costs of LBE.						
(iv) Other category includes overhead costs related to LBE and other Cineplex internal departments.						
(v) Non-cash rent included in the 2018 balances in the previous reporting period. See Reconciliation section of the MD&A for further details.						
(vi) See Non-GAAP measures section of this news release.						
(vii) Cash rent that has been reallocated to offset the lease obligations.						

Other operating continuity	Third Quarter Other Operating	Year to Date Other Operating
2018 as restated	\$ 145,809	\$ 431,996
Impact of new and acquired theatres	1,232	5,986
Impact of disposed theatres	(403)	(1,407)
Same theatre payroll change (i)	2,276	1,531
Same theatre operating expenses change (i)	687	158
Media operating expenses change	8,697	12,915
PIAG operating expenses change	(228)	9,407
LBE operating expenses change	2,246	5,350
LBE pre-opening change	271	497
SCENE change	813	2,623
Marketing change	(1,310)	(2,170)
Business interruption insurance proceeds change	—	3,700
Other	1,255	5,272
Impact of IFRS 16 adoption:		
Non-cash rent in prior period	(107)	46
Cash rent related to lease obligations	(4,506)	(13,470)
2019 as reported	\$ 156,732	\$ 462,434
(i) See Non-GAAP measures section of this news release.		

Third Quarter

Other operating expenses during the third quarter of 2019 increased \$10.9 million or 7.5% compared to the prior year period. Cineplex incurred higher amusement and leisure costs due to an increase in the number of LBE locations. Media operating expenses increased due to an increase in cinema media volumes and higher digital place-based media project installation revenue as compared to the prior year period. Same theatre payroll expenses increased due to higher business volumes for theatre exhibition and higher minimum wages in Alberta, Quebec and British Columbia.

These increases were partially offset by the cash rent allocated to lease obligations arising upon the adoption of IFRS 16.

Year to Date

For the nine months ended September 30, 2019, other operating expenses increased \$30.4 million or 7.0% compared to the prior year period. Cineplex incurred higher amusement and leisure costs due to an increase in distribution sales and route revenue from PIAG and from an increase in the number of LBE venues. Media operating expenses increased due to higher CDM project installation revenue and cinema media volumes as compared to the prior year period. SCENE expenses increased \$2.6 million due to the timing of expenses. Other expenses increased due to higher digital commerce business volumes as compared to the prior year period. During the second quarter of 2018, Cineplex recognized business interruption insurance proceeds of \$3.7 million, as a result of the fire at *Cineplex Seton and VIP* in late 2017.

These increases were partially offset by the cash rent allocated to lease obligations arising upon the adoption of IFRS 16.

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) with the prior period presentation revised to provide comparability to the impact of the transition to IFRS 16:

G&A expenses	Third Quarter			Year to Date		
	2019	2018 Revised	Change	2019	2018 Revised	Change
G&A excluding LTIP and option plan expense (i)	\$ 13,985	\$ 14,586	-4.1%	\$ 47,705	\$ 47,131	1.2%
Restructuring	176	1,021	-82.8%	889	4,820	-81.6%
LTIP (ii)	1,598	2,020	-20.9%	2,607	729	257.6%
Option plan	408	405	0.7%	1,201	1,323	-9.2%
G&A expenses including cash lease payments	\$ 16,167	\$ 18,032	-10.3%	\$ 52,402	\$ 54,003	-3.0%
Non-cash rent (iii) (iv)	—	1	NM	—	1	NM
Cash rent included as part of lease obligations (v)	(163)	—	NM	(439)	—	NM
G&A expenses as reported	\$ 16,004	\$ 18,033	-11.3%	\$ 51,963	\$ 54,004	-3.8%

(i) Prior period balance was revised to exclude non-cash rent. See Reconciliation section of the MD&A for further details.

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

(iii) Non-cash rent included in the 2018 balances in the previous reporting period. See Reconciliation section of the MD&A for further details.

(iv) See Non-GAAP measures section of this news release.

(v) Cash rent that has been reallocated to offset the lease obligations.

Third Quarter

G&A expenses decreased \$2.0 million during the third quarter of 2019 compared to the prior year period. In the second quarter of 2018 Cineplex implemented a cost reduction initiative. Costs associated with this initiative decreased by \$0.8 million as compared to the prior year. In addition to other cost reductions, G&A costs decreased by \$0.4 million due to a decrease in LTIP expense as a result of lower Share prices.

Year to Date

G&A expenses for the year to date period decreased \$2.0 million (3.8%) as compared to the prior year period. The decrease in G&A was primarily due to the \$3.9 million reduction in restructuring costs as compared to the prior year period as a result of Cineplex’s cost reduction initiative which was implemented in the second quarter of 2018. This was partially offset by a \$1.9 million increase in LTIP expense. The increase in LTIP expense was as a result of regular ongoing vesting in the current year and a relatively flat Share price as compared to the impact of higher forfeitures and a decrease in Share price by \$2.33 in the prior year.

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

The following table presents EBITDA, adjusted EBITDA and adjusted EBITDAaL for the three and nine months ended September 30, 2019 as compared to the prior year periods (expressed in thousands of dollars, except adjusted EBITDAaL margin):

EBITDA	Third Quarter			Year to Date		
	2019	2018 Restated	Change	2019	2018 Restated	Change
EBITDA	\$ 107,025	\$ 54,860	95.1%	\$ 300,679	\$ 180,603	66.5%
Adjusted EBITDA	\$ 106,132	\$ 54,971	93.1%	\$ 299,257	\$ 179,006	67.2%
Adjusted EBITDAaL (i)	\$ 62,312	\$ 51,398	21.2%	\$ 168,219	\$ 167,256	0.6%
Adjusted EBITDAaL margin (i)	14.9%	13.3%	1.6%	13.8%	14.1%	-0.3%

(i) Prior period figures have been revised to conform to current period presentation. See Reconciliation section of the MD&A.

Adjusted EBITDAaL for the third quarter of 2019 increased \$10.9 million (21.2%) to \$62.3 as compared to the prior year period. The increase was due to higher revenues across all businesses. The third quarter records for BPP and CPP, coupled with the increase in theatre attendance resulted in higher box office and theatre food service revenues. Media revenues increased as a result of an all-time quarterly record for digital-placed based media due to increased project installation revenues and an increase in theatre advertising for cinema media. Higher revenues from LBE and P1AG also contributed to the increase for adjusted EBITDAaL. Adjusted EBITDAaL margin, calculated as adjusted EBITDAaL divided by total revenues, was 14.9%, an increase of 1.6% from 13.3% in the prior year period due to higher exhibition and media revenues.

Adjusted EBITDAaL for the nine months ended September 30, 2019 increased \$1.0 million, or 0.6%, as compared to the prior year period. The increase was due to the growth in amusement and media revenues which was partially offset by the decline in box office revenues as a result of reduced attendance. Adjusted EBITDAaL margin for the period was 13.8%, a decrease of 0.3% from 14.1% in the prior year period due to lower exhibition revenues and higher contributions from lower margin businesses including amusement and leisure.

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

For the third quarter of 2019, adjusted free cash flow per common share of Cineplex was \$0.76 as compared to \$0.60 in the prior year period. The declared dividends per common share of Cineplex were \$0.45 in the third quarter of 2019 and \$0.44 in the prior year period. During the 12 months ended September 30, 2019, Cineplex generated adjusted free cash flow per Share of 3.00, compared to 2.73 in the prior 12 month period. Cineplex declared dividends per Share of \$1.77 and \$1.71, respectively, in each 12 month period. The payout ratios for these periods were 58.8% and 62.4%, 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. As a result of the adoption of IFRS 16, *Leases* on January 1, 2019, new non-GAAP measures including adjusted EBITDAaL and associated adjusted EBITDAaL margin have been introduced to ensure comparability of periods.

EBITDA is calculated by adding back to net income or net loss, income tax expense, depreciation and amortization expense, and interest income from continuing operations. Adjusted EBITDA excludes the change in fair value of financial instrument, loss on disposal of assets, foreign exchange gain, the equity income of CDCP, the non-controlling interests' share of adjusted EBITDA of TG-CPX Limited Partnership, and depreciation, amortization, interest and taxes of Cineplex's other joint ventures and associates. Adjusted EBITDAaL modifies adjusted EBITDA to deduct current period cash rent related to lease obligations. Prior year adjusted EBITDAaL deducts rent previously recognized as a reduction in finance lease obligations, and non-cash rent previously presented as amortization of tenant inducements, rent averaging liabilities, density right and fair-value lease contract liabilities. EBITDA, adjusted EBITDA and adjusted EBITDAaL measure Cineplex's operational performance from continuing operations, and prior year measurements have been restated to exclude discontinued operations accordingly.

Cineplex's management believes that adjusted EBITDAaL is an important supplemental measure of Cineplex's profitability at an operational level and provides analysts and investors with comparability in evaluating and valuing Cineplex's performance period over period. EBITDA, adjusted for various unusual items, is also used to define certain financial covenants in Cineplex's Credit Facilities. Management calculates adjusted EBITDAaL margin by dividing adjusted EBITDAaL 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 or net loss to EBITDA, adjusted EBITDA and adjusted EBITDAaL 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 or net loss 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:

Theatre Attendance: Theatre 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 theatre 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 theatre attendance for the period, less paid theatre attendance for 3D, 4DX, UltraAVX, VIP and IMAX product.

CPP: Calculated as total theatre food service revenues divided by total paid total theatre 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 theatre 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 and nine months ended September 30, 2019 the impact of the five locations that have been opened or acquired and three locations that have been closed or otherwise disposed of have been excluded, resulting in 160 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.

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

Non-cash rent

Calculated as the total amortization of tenant inducements, rent averaging liabilities, density rights and fair-value lease contract liabilities. This accounting treatment was applicable under IAS 17 in 2018 but not applicable under IFRS 16 in 2019 and onwards.

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

Cineplex (TSX:CGX) is a top-tier Canadian brand that operates in the Film Entertainment and Content, Amusement and Leisure, and Media sectors. A leading entertainment and media company, Cineplex welcomes over 70 million guests annually through its circuit of theatres and location based entertainment venues across the country. In addition to being Canada's largest and most innovative film exhibitor, 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 Network). Additionally, Cineplex operates location based entertainment complexes specially designed for teens and families (Playdium) as well as Canada's favourite destination for 'Eats & Entertainment' (The Rec Room), and will be opening 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 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 third quarter. **Ellis Jacob, President and Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call scheduled for:

**Thursday November 14, 2019
10:00 am Eastern Time**

In order to participate in the conference call please dial 647-484-0475, or toll-free from Canada or the U.S. dial 1-888-394-8218 at least 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 toll-free from Canada or the U.S. dial 1-888-203-1112. The replay passcode is 6219020.

The replay will begin at 1:00 pm ET on Thursday, November 14, 2019 and end at 1:00 pm ET on Thursday, November 21, 2019

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)

	September 30, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 30,074	\$ 25,242
Trade and other receivables	97,299	165,586
Income taxes receivable	8,462	4,944
Inventories	35,725	30,592
Prepaid expenses and other current assets	19,334	13,862
Fair value of interest rate swap agreements	944	1,457
Assets held for sale	5,858	—
	<u>197,696</u>	<u>241,683</u>
Non-current assets		
Property, equipment and leaseholds	628,374	634,354
Right-of-use assets	1,257,068	—
Deferred income taxes	14,178	13,444
Fair value of interest rate swap agreements	471	2,063
Interests in joint ventures and associates	29,638	38,912
Intangible assets	88,147	108,758
Goodwill	816,964	817,235
	<u>\$ 3,032,536</u>	<u>\$ 1,856,449</u>

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

	September 30, 2019	December 31, 2018
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 154,758	\$ 186,407
Share-based compensation	2,250	4,862
Dividends payable	9,500	9,183
Income taxes payable	1,870	12,167
Deferred revenue	170,553	214,016
Lease obligations	112,152	3,058
Fair value of interest rate swap agreements	1,868	1,184
Liabilities related to assets held for sale	2,584	—
	455,535	430,877
Non-current liabilities		
Share-based compensation	11,612	8,210
Long-term debt	649,000	580,000
Fair value of interest rate swap agreements	15,878	7,674
Lease obligations	1,269,982	10,789
Post-employment benefit obligations	9,484	9,250
Other liabilities	10,443	119,110
Deferred income taxes	219	11,528
	1,966,618	746,561
Total liabilities	2,422,153	1,177,438
Equity		
Share capital	852,379	852,379
Deficit	(238,516)	(179,721)
Hedging reserves and other	(12,577)	(3,678)
Contributed surplus	9,016	7,815
Cumulative translation adjustment	186	2,301
	610,488	679,096
Total equity attributable to owners of Cineplex	610,488	679,096
Non-controlling interests	(105)	(85)
	610,383	679,011
Total equity	610,383	679,011
	\$ 3,032,536	\$ 1,856,449

Cineplex Inc.

Interim Condensed Consolidated Statements of Operations

(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018 Restated	2019	2018 Restated
Revenues				
Box office	\$ 177,865	\$ 173,278	\$ 523,732	\$ 541,892
Food service	125,550	115,557	358,171	354,775
Media	43,308	33,162	127,210	104,913
Amusement	58,143	53,838	174,760	152,320
Other	13,582	10,554	38,053	30,695
	<u>418,448</u>	<u>386,389</u>	<u>1,221,926</u>	<u>1,184,595</u>
Expenses				
Film cost	93,735	90,213	275,461	287,763
Cost of food service	27,439	24,257	79,122	74,053
Depreciation - right-of-use assets	36,456	—	109,475	—
Depreciation and amortization - other assets	31,712	32,483	95,748	93,743
Loss on disposal of assets	303	783	896	1,617
Other costs	190,955	217,003	567,771	643,847
Share of income of joint ventures and associates	(560)	(1,118)	(2,572)	(2,850)
Interest expense - lease obligations	12,091	126	36,780	425
Interest expense - other	6,244	6,766	17,453	19,536
Interest income	(75)	(60)	(208)	(205)
Foreign exchange	(449)	391	569	(438)
	<u>397,851</u>	<u>370,844</u>	<u>1,180,495</u>	<u>1,117,491</u>
Income from continuing operations before income taxes	<u>20,597</u>	<u>15,545</u>	<u>41,431</u>	<u>67,104</u>
Provision for income taxes				
Current	7,932	6,182	16,345	19,008
Deferred	(2,435)	(2,979)	(6,762)	(8,101)
	<u>5,497</u>	<u>3,203</u>	<u>9,583</u>	<u>10,907</u>
Net income from continuing operations	<u>\$ 15,100</u>	<u>\$ 12,342</u>	<u>\$ 31,848</u>	<u>\$ 56,197</u>
Net loss from discontinued operations, net of taxes	<u>(1,718)</u>	<u>(2,133)</u>	<u>(6,429)</u>	<u>(6,395)</u>
Net income	<u>\$ 13,382</u>	<u>\$ 10,209</u>	<u>\$ 25,419</u>	<u>\$ 49,802</u>
Net income from continuing operations attributable to:				
Owners of Cineplex	\$ 15,102	\$ 12,414	\$ 31,868	\$ 56,269
Non-controlling interests	(2)	(72)	(20)	(72)
Net income from continuing operations	<u>\$ 15,100</u>	<u>\$ 12,342</u>	<u>\$ 31,848</u>	<u>\$ 56,197</u>
Net income attributable to:				
Owners of Cineplex	\$ 13,384	\$ 10,281	\$ 25,439	\$ 49,874
Non-controlling interests	(2)	(72)	(20)	(72)
Net income	<u>\$ 13,382</u>	<u>\$ 10,209</u>	<u>\$ 25,419</u>	<u>\$ 49,802</u>
Net income per share attributable to owners of Cineplex - basic and diluted:				
Continuing operations	\$ 0.24	\$ 0.19	\$ 0.50	\$ 0.89
Discontinued operations	(0.03)	(0.03)	(0.10)	(0.10)
Total operations	<u>\$ 0.21</u>	<u>\$ 0.16</u>	<u>\$ 0.40</u>	<u>\$ 0.79</u>

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

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	2019	2018 Restated	2019	2018 Restated
Net income from continuing operations	\$ 15,100	\$ 12,342	\$ 31,848	\$ 56,197
Other comprehensive income (loss) from continuing operations				
<i>Items that will be reclassified subsequently to net income:</i>				
(Loss) income on hedging instruments	(527)	1,418	(12,148)	2,585
Associated deferred income taxes recovery (expense)	128	(332)	3,249	(650)
Foreign currency translation adjustment	727	(1,230)	(2,209)	2,242
Other comprehensive income (loss)	328	(144)	(11,108)	4,177
Comprehensive income from continuing operations	15,428	12,198	20,740	60,374
Net loss from discontinued operations, net of taxes	(1,718)	(2,133)	(6,429)	(6,395)
Foreign currency translation adjustment from discontinued operations	(65)	37	94	(92)
Comprehensive income	\$ 13,645	\$ 10,102	\$ 14,405	\$ 53,887
Comprehensive income from continuing operations attributable to:				
Owners of Cineplex	\$ 15,430	\$ 12,270	\$ 20,760	\$ 60,446
Non-controlling interests	(2)	(72)	(20)	(72)
Comprehensive income	\$ 15,428	\$ 12,198	\$ 20,740	\$ 60,374
Comprehensive income attributable to:				
Owners of Cineplex	\$ 13,647	\$ 10,174	\$ 14,425	\$ 53,959
Non-controlling interests	(2)	(72)	(20)	(72)
Comprehensive income	\$ 13,645	\$ 10,102	\$ 14,405	\$ 53,887

Cineplex Inc.
Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)
(expressed in thousands of Canadian dollars)
For the periods ended September 30, 2019 and 2018

	Share capital	Contributed surplus	Hedging reserves and other	Cumulative translation adjustment	Deficit	Non-controlling interests	Total
January 1, 2019	\$ 852,379	\$ 7,815	\$ (3,678)	\$ 2,301	\$ (179,721)	\$ (85)	\$ 679,011
Net income	—	—	—	—	25,439	(20)	25,419
Other comprehensive loss	—	—	(8,899)	(2,115)	—	—	(11,014)
Total comprehensive income	—	—	(8,899)	(2,115)	25,439	(20)	14,405
Dividends declared	—	—	—	—	(84,234)	—	(84,234)
Share option expense	—	1,201	—	—	—	—	1,201
September 30, 2019	\$ 852,379	\$ 9,016	\$ (12,577)	\$ 186	\$ (238,516)	\$ (105)	\$ 610,383
January 1, 2018	\$ 856,761	\$ 1,647	\$ 1,332	\$ (2,817)	\$ (148,060)	\$ —	\$ 708,863
Net income	—	—	—	—	49,874	(72)	49,802
Other comprehensive income	—	—	1,935	2,150	—	—	4,085
Total comprehensive income	—	—	1,935	2,150	49,874	(72)	53,887
Dividends declared	—	—	—	—	(81,381)	—	(81,381)
Share option expense	—	1,323	—	—	—	—	1,323
Issuance of shares on exercise of options	74	(6)	—	—	—	—	68
TGLP non-controlling interests recognized on formation	—	—	—	—	—	12	12
September 30, 2018	\$ 856,835	\$ 2,964	\$ 3,267	\$ (667)	\$ (179,567)	\$ (60)	\$ 682,772

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018 Restated	2019	2018 Restated
Cash provided by (used in)				
Operating activities				
Net income from continuing operations	\$ 15,100	\$ 12,342	\$ 31,848	\$ 56,197
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	31,712	32,483	95,748	93,743
Depreciation of right-of-use assets	36,456	—	109,475	—
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	—	(2,584)	—	(8,783)
Unrealized foreign exchange	(169)	175	389	(119)
Interest rate swap agreements - non-cash interest	(287)	185	(1,419)	393
Accretion of convertible debentures	—	606	—	1,815
Other non-cash interest	487	100	1,337	301
Loss on disposal of assets	303	783	896	1,617
Deferred income taxes	(2,435)	(2,979)	(6,762)	(8,101)
Non-cash share-based compensation	408	405	1,201	1,323
Net change in interests in joint ventures and associates	(149)	(2,130)	(3,238)	(3,759)
Changes in operating assets and liabilities	(3,666)	(239)	(31,943)	(19,191)
Net cash provided by operating activities	77,760	39,147	197,532	115,436
Investing activities				
Proceeds from disposal of assets, including asset-related insurance recoveries	—	44	—	1,830
Purchases of property, equipment and leaseholds	(34,905)	(30,582)	(94,919)	(85,546)
Acquisition of businesses, net of cash acquired	—	(4,685)	—	(4,685)
Intangible assets additions	(2,600)	(992)	(5,156)	(3,082)
Tenant inducements	7,804	3,481	9,153	11,729
Net cash received from CDCP	3,910	2,606	12,512	3,582
Net cash used in investing activities	(25,791)	(30,128)	(78,410)	(76,172)
Financing activities				
Dividends paid	(28,500)	(27,549)	(83,917)	(81,064)
Borrowings under credit facilities, net	8,000	19,000	69,000	40,000
Options exercised for cash	—	—	—	68
Repayments of lease obligations - principal	(31,836)	(863)	(95,900)	(2,542)
Financing fees	—	—	(243)	—
Net cash used in financing activities	(52,336)	(9,412)	(111,060)	(43,538)
Effect of exchange rate differences on cash	(158)	(204)	138	463
(Decrease) increase in cash and cash equivalents from continuing operations	(525)	(597)	8,200	(3,811)
Cash flows used in discontinued operations	(1,441)	(965)	(3,368)	(4,224)
Cash and cash equivalents - Beginning of period	32,040	34,124	25,242	40,597
Cash and cash equivalents - End of period	\$ 30,074	\$ 32,562	\$ 30,074	\$ 32,562
Supplemental information				
Cash paid for interest - lease obligation	\$ 11,684	\$ 126	\$ 35,575	\$ 425
Cash paid for interest - other	\$ 6,406	\$ 7,276	\$ 18,668	\$ 18,383
Cash paid for income taxes, net	\$ 2,999	\$ 4,225	\$ 29,087	\$ 22,267

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

Reconciliation to Adjusted EBITDAaL

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018 Restated	2019	2018 Restated
Net income from continuing operations	\$ 15,100	\$ 12,342	\$ 31,848	\$ 56,197
Depreciation and amortization - other	31,712	32,483	95,748	93,743
Depreciation - right-of-use assets	36,456	—	109,475	—
Interest expense - lease obligations	12,091	126	36,780	425
Interest expense - other	6,244	6,766	17,453	19,536
Interest income	(75)	(60)	(208)	(205)
Current income tax expense	7,932	6,182	16,345	19,008
Deferred income tax recovery	(2,435)	(2,979)	(6,762)	(8,101)
EBITDA from continuing operations	\$ 107,025	\$ 54,860	\$ 300,679	\$ 180,603
Loss on disposal of assets	303	783	896	1,617
CDCP equity income (i)	(790)	(1,131)	(3,024)	(2,875)
Foreign exchange (gain) loss	(449)	391	569	(438)
Non-controlling interest	2	53	20	53
Depreciation and amortization - joint ventures and associates (ii)	23	2	76	7
Taxes and interest of joint ventures and associates (ii)	18	13	41	39
Adjusted EBITDA from continuing operations	\$ 106,132	\$ 54,971	\$ 299,257	\$ 179,006
Cash rent related to lease obligation (iii)	(43,466)	—	(131,391)	—
Cash rent paid not pertaining to current period	(354)	—	353	—
Cash rent previously recognized as a finance lease (iv)	—	(989)	—	(2,967)
Non-cash rent (v) (vi)	—	(2,584)	—	(8,783)
Adjusted EBITDAaL (vi) (vii)	\$ 62,312	\$ 51,398	\$ 168,219	\$ 167,256

(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 and associates with the exception of CDCP (see (i) above).

(iii) Balance of cash rents that have been reallocated to offset the lease obligations.

(iv) Rent payments that were charged to the finance lease obligations in the previous reporting period. See Reconciliation section of the MD&A for further details.

(v) Non-cash rent included in the 2018 balances in the previous reporting period. See Reconciliation section of the MD&A for further details.

(vi) See Non-GAAP measures section of this news release.

(vii) Prior period figures have been revised to conform to current period presentation. See Reconciliation section of the MD&A for further details.

Cineplex Inc.

Interim Consolidated Supplemental Information

(Unaudited)

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

Adjusted Free Cash Flow

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018 Restated	2019	2018 Restated
Cash provided by operating activities (i)	\$ 77,760	\$ 39,147	\$ 197,532	\$ 115,436
Less: Total capital expenditures net of proceeds on sale of assets	(34,905)	(30,538)	(94,919)	(83,716)
Standardized free cash flow	42,855	8,609	102,613	31,720
Add/(Less):				
Changes in operating assets and liabilities (ii)	3,666	239	31,943	19,191
Changes in operating assets and liabilities of joint ventures and associates (ii)	(411)	1,012	666	909
Principal component of lease obligations	(31,836)	(863)	(95,900)	(2,542)
Principal portion of cash rent paid not pertaining to current period	(345)	—	346	—
Growth capital expenditures and other (iii)	30,580	26,105	77,463	69,070
Share of income of joint ventures and associates, net of non-cash depreciation	(189)	2	(335)	21
Non-controlling interest	2	—	20	—
Net cash received from CDCP (iv)	3,910	2,606	12,512	3,582
Adjusted free cash flow	\$ 48,232	\$ 37,763	\$ 129,328	\$ 122,004
Average number of Shares outstanding	63,333,238	63,332,946	63,333,238	63,331,829
Adjusted free cash flow per Share	\$ 0.762	\$ 0.596	\$ 2.042	\$ 1.926
Dividends declared	\$ 0.450	\$ 0.435	\$ 1.330	\$ 1.285

(i) Prior period figures have been revised to conform to current period presentation. See Reconciliation section of the MD&A for further details.

(ii) Changes in operating assets and liabilities are not considered a source or use 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.