



FOR IMMEDIATE RELEASE

CINEPLEX INC.
Reports Fourth Quarter and Record Annual Results

TORONTO, Canada, February 15, 2019 (TSX: CGX) - Cineplex Inc. ("Cineplex") today released its financial results for the three months and year ended December 31, 2018. Unless otherwise specified, all amounts are in Canadian dollars.

Fourth Quarter Results

	2018	2017	Period over Period Change (i)
Total revenues	\$ 428.2 million	\$ 426.3 million	0.4%
Theatre attendance	17.0 million	17.6 million	-3.2%
Net income	\$ 27.2 million	\$ 28.8 million	-5.7%
Box office revenues per patron ("BPP") (ii)	\$ 10.73	\$ 10.54	1.8%
Concession revenues per patron ("CPP") (ii)	\$ 6.53	\$ 6.29	3.8%
Adjusted EBITDA (ii)	\$ 81.6 million	\$ 79.6 million	2.5%
Adjusted EBITDA margin (ii)	19.1 %	18.7 %	0.4%
Adjusted free cash flow (ii)	\$ 59.4 million	\$ 51.3 million	15.8%
Adjusted free cash flow per common share of Cineplex ("Share") (ii)	\$ 0.939	\$ 0.810	15.9%
Earnings per Share ("EPS") - basic	\$ 0.43	\$ 0.45	-4.4%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 0.43	\$ 0.46	-6.5%
EPS - diluted	\$ 0.43	\$ 0.45	-4.4%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 0.43	\$ 0.46	-6.5%

Full Year Results

	2018	2017	Period over Period Change (i)
Total revenues	\$ 1,614.8 million	\$ 1,555.1 million	3.8%
Theatre attendance	69.3 million	70.4 million	-1.6%
Net income	\$ 77.0 million	\$ 70.3 million	9.4%
Box office revenues per patron ("BPP") (ii)	\$ 10.46	\$ 10.17	2.9%
Concession revenues per patron ("CPP") (ii)	\$ 6.36	\$ 6.00	6.0%
Adjusted EBITDA (ii)	\$ 256.4 million	\$ 235.9 million	8.7%
Adjusted EBITDA margin (ii)	15.9 %	15.2 %	0.7%
Adjusted free cash flow (ii)	\$ 178.2 million	\$ 150.6 million	18.3%
Adjusted free cash flow per common share of Cineplex ("Share") (ii)	\$ 2.813	\$ 2.373	18.5%
Earnings per Share ("EPS") - basic	\$ 1.22	\$ 1.11	9.9%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 1.22	\$ 1.07	14.0%
EPS - diluted	\$ 1.22	\$ 1.11	9.9%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 1.22	\$ 1.07	14.0%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 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 annual results for 2018,” said Ellis Jacob, President and CEO, Cineplex. “Total revenue increased 3.8% to \$1.6 billion and adjusted EBITDA increased 8.7% to \$256.4 million, as our diversification initiatives continue to build scale and show more meaningful returns and we continue to focus on managing our costs.”

“On a full year basis, box office revenue increased 1.2% to \$724.2 million and theatre food service revenue increased 4.4% to an all-time record of \$440.7 million. Box office per patron (“BPP”) of \$10.46 and concession per patron (“CPP”) of \$6.36 also represented annual records for Cineplex. Media decreased 4.0% to \$165.0 million due to lower cinema advertising, however, amusement revenue increased 11% to \$205.8 million, primarily due to added revenue contributions from *The Rec Room*. Despite the approximate \$13.0 million impact of the minimum wage increase, adjusted EBITDA grew as a result of the revenue increases, our diversification initiatives and our focus on controlling costs, including the \$25.0 million cost reduction program. As a result of the strong operating performance, net income increased 9.4% to \$77.0 million and basic EPS increased 9.9% to \$1.22.

Looking at the fourth quarter of 2018, many key revenue segments delivered increases, including total revenue of \$428.2 million, up 0.4%, and adjusted EBITDA of \$81.6 million, up 2.5%. Box office revenue decreased 1.5% to 182.4 million due to a strong comparator in 2017 with *Star Wars: The Last Jedi*, however, theatre food service revenue increased 0.6% to \$111.0 million and increases in BPP to \$10.73 and CPP to \$6.53 partially offset a 3.2% decline in attendance. Total media revenue of \$58.2 million decreased 5.4% primarily due to lower cinema advertising as a result of the record comparator in Q4 2017 and higher digital media project installation revenue in the prior year period. Amusement revenue increased 8.5% to \$53.5 million, largely as a result of greater contributions from *The Rec Room*. Total revenue from *The Rec Room* amounted to \$17.9 million and achieved a store level margin of 22.0%. Despite the adjusted EBITDA growth, net income was down 5.7% and basic EPS was down 4.4% primarily due to the amendment of the credit facilities, which resulted in a one-time charge of \$2.7 million, and the interest rate environment, which resulted in increased non-cash swap charges of \$1.0 million.

We accomplished a great deal in 2018, including the opening of three new theatres and the fifth location of *The Rec Room* in London, Ontario. We announced an agreement with 4DX to bring the experience to an additional 13 locations across Canada and expanded our Virtual Reality footprint in Canada with an exclusive agreement with The VOID and a significant investment in VRstudios. We partnered with Uber Eats to deliver movie theatre snacks right to your door, added alcohol beverage service to an additional 25 theatres across the circuit and released our new Cineplex app, featuring an improved user experience, digital tickets and mobile food and beverage ordering in VIP auditoriums. Also during the year, Cineplex Digital Media secured new customer agreements with Arcos Dorados, the largest independent McDonald’s franchisee in the world with locations in Argentina, Brazil and Uruguay; and Subway Europe with over 5,400 locations across Europe. Our SCENE loyalty program continued to grow its membership reaching 9.6 million members and we also piloted a new premium SCENE Gold loyalty card in Edmonton, Alberta.

Coming off a record year in 2018, we are encouraged by the outlook of the 2019 film slate and confident in our strategic direction as we continue to build scale in our other businesses, prudently manage our costs and execute on Cineplex’s diversification strategy for future growth.”

KEY DEVELOPMENTS IN 2018

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

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported annual box office revenues of \$724.2 million, a 1.2% increase from 2017 due to a 2.9% increase in BPP, partially offset by a 1.6% decrease in theatre attendance.
- BPP of \$10.46 represents an all-time annual record for Cineplex, \$0.29 or 2.9% higher than \$10.17 reported during 2017.
- Opened three new theatres, *Cineplex Cinemas East Hill* in Calgary, Alberta, a seven screen theatre featuring all recliner seating as well as an UltraAVX screen, D-Box Motion Seats and *Cineplex Clubhouse*; *Cineplex Cinemas Pickering and VIP* in Pickering, Ontario, an eleven screen theatre featuring all recliner seating as well as an UltraAVX screen, D-BOX Motion Seats, *Cineplex Clubhouse* with four VIP auditoriums; and *Cineplex Cinemas Seton and VIP* in Calgary, Alberta, an eleven screen theatre featuring all recliner seating as well as an UltraAVX screen and D-BOX Motion Seats along

with four VIP auditoriums.

- During the year, Cineplex opened a VIP cinema in Edmonton, Alberta featuring four VIP auditoriums at *Cineplex Cinemas North Edmonton and VIP*; and the first IMAX auditorium in Saskatoon at the *Scotiabank Theatre Saskatoon and VIP*.
- Cineplex, in partnership with CJ 4DPLEX, announced a new agreement that will expand the 4DX experience to up to 13 additional Cineplex locations across Canada.
- Cineplex, in partnership with CJ 4DPLEX, announced a pilot project, opening Canada's first ScreenX auditorium at *Cineplex Cinemas Queensway and VIP* in Etobicoke, Ontario. ScreenX enables a 270-degree, panoramic movie-watching experience.
- During the year, Cineplex closed *Cineplex Odeon Orion Gate Cinemas* in order to begin the conversion to a *Playdium* location.

Theatre Food Service

- Reported record annual theatre food service revenues of \$440.7 million a 4.4% increase from 2017 due to a record annual CPP of \$6.36, a \$0.36 or 6.0% increase from 2017.
- During the year, Cineplex added alcohol beverage service to an additional 25 theatres, now totalling 35 (excluding VIP).
- During the year, Cineplex launched an expanded partnership with Uber Eats to deliver theatre food products with digital movie rental through 92 Cineplex theatres in British Columbia, Alberta, Ontario and Quebec.

Alternative Programming

- Alternative Programming (Cineplex Events) during the year included strong performances from the Metropolitan Opera including *Aida (Verdi)* and *Samson et Dalila*, performances from the Bolshoi Ballet, Andre Rieu's 2018 *Maastricht Concert* and documentaries including the premiere of Peter Jackson's World War I documentary *They Shall Not Grow Old* and the Korean documentary, *Burn the Stage*.
- Cineplex international film featured numerous international films, including Hindi, Punjabi, Filipino and Mandarin language films in select markets across the country.

Digital Commerce

- Online and mobile ticketing represented 28.0% of total admissions during the year compared to 23.6% in the prior year.
- Cineplex launched the new Cineplex mobile app which improves the customer experience through simplified ticket purchases, digital tickets for paperless entry and mobile food and beverage ordering in VIP auditoriums.
- Cineplex Store continued to show significant growth with a 30.0% increase in active monthly users, reaching over 980 thousand users.

MEDIA

- Reported annual media revenues of \$165.0 million, 4.0% lower than the prior year mainly as a result of a decrease in cinema media revenues.

Cinema Media

- Cinema media revenues were \$109.0 million in 2018, \$7.4 million or 6.3% lower than 2017. The decrease was due to lower pre-show advertising due to a challenging advertising environment resulting in a shift in the timing of campaigns and the impact of *Star Wars: The Last Jedi* in the fourth quarter of 2017.

Digital Place-Based Media

- Reported revenues of \$56.0 million in 2018, an increase of \$0.5 million or 0.9%, compared to the prior year due to higher project installation revenues.
- Chosen to deploy, maintain and operate a complex merchandising network of digital menu boards for Arcos Dorados, the largest independent McDonald's franchisee in the world with locations in Argentina, Brazil and Uruguay.
- Chosen to deploy, maintain and operate a complex merchandising network of digital menu boards for Subway Europe ("Subway") at locations across Europe. Cineplex will work with Subway to provide ongoing strategic content, consulting services and marketing initiatives to over 5,400 locations.

AMUSEMENT AND LEISURE

- Announced a strategic partnership with VRstudios Inc. ("VRstudios"), one of the largest providers of turn-key, location-based virtual reality solutions. Cineplex acquired a 34.7% interest in VRstudios for \$4.7 million. The agreement also includes a commercial partnership which will provide expansion opportunities in North America and internationally.
- Announced a new exclusive expansion agreement with The VOID that provides Cineplex with the exclusive rights to operate The VOID concept in Canada. Cineplex plans to open a minimum of five VOID Experience Centres over the coming years, with the second location in Canada opened in the West Edmonton mall location of *The Rec Room* featuring *Star Wars: Secrets of the Empire*.

Amusement Solutions

- Reported annual revenues of \$176.2 million in 2018 (\$10.7 million from Cineplex theatre gaming and \$165.5 million from all other sources of revenues). This \$5.5 million increase over the prior year is mainly due to increased route revenues in the United States.
- During the year, P1AG entered into an agreement to be the exclusive amusement services provider for Cinemark. P1AG 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 total annual revenues of \$66.5 million including annual food service revenues of \$34.8 million and amusement revenues of \$29.6 million.
- Opened *The Rec Room* at *CF Masonville Place* in London, Ontario, the fifth location of *The Rec Room*.
- In addition to previously announced locations to open in 2019 at *Square One* in Mississauga, Ontario, *The Amazing Brentwood* in Burnaby, British Columbia and *Playdium* locations in Whitby and Brampton, Ontario, Cineplex announced plans for three new locations of *The Rec Room*; located in Newfoundland and Labrador at the *Avalon Mall* in St. John's opening in 2019, Manitoba at *Seasons of Tuxedo* in Winnipeg opening in 2019 and *Park Place* in Barrie, Ontario which is scheduled to open in 2020.

eSports

- WGN hosted various tournaments including, GT Sport Canadian Championship Series, the *Call of Duty: WWII* Canadian Championship Series, *NHL 18* tournament, the Rocket League Canadian Championship and the Hearthstone Canadian Challenge. Collegiate Starleague ("CSL"), a subsidiary of WGN, hosted the 2018 North American Collegiate Grand Finals in Huntington Beach, California.
- WGN was the official tournament operator for the United States and Canada for the 2018-2019 World Electronic Sports Games in partnership with Alisports. WGN hosted the national tournaments for both countries in the fourth quarter of 2018.

LOYALTY

- Membership in the SCENE loyalty program increased by 0.7 million in 2018, reaching 9.6 million members at December 31, 2018.
- SCENE and Maple Leaf Sports & Entertainment Ltd. ("MLSE") launched the first campaign to bring MLSE's iconic Toronto Maple Leafs and Toronto Raptors teams to SCENE members, with access to "money can't buy" experiences and tickets that will engage sports-loving SCENE members.
- SCENE launched a pilot of a new premium SCENE Gold loyalty card in Edmonton, Alberta at six participating theatre locations.

CORPORATE

- During the year, Cineplex increased and extended its Credit Facilities, increasing the Revolving Facility by \$175.0 million with the Term Facility remaining unchanged, and extending the maturity dates of Revolving Facility to November 13, 2023 and Term Facility to November 13, 2025.
- Cineplex repaid \$107.5 million of convertible debentures in cash at maturity.
- In conjunction with the Credit Facilities, Cineplex entered into interest rate swap agreements with an aggregate notional amount of \$450 million.
- Effective with the May 2018 dividend, 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).
- Continued to execute the cost reduction program focused on achieving \$25.0 million in annualized cost savings which was announced during the second quarter, incurring an additional \$1.0 million of restructuring costs during the fourth quarter (\$5.8 million year to date).
- Cineplex was once again the entertainment sponsor for WE Day and WE Day Family, which was held at the Scotiabank Arena in Toronto, Ontario. Cineplex also hosted its annual National Community Day in November 2018 in support of WE, its national charitable partner. In the past eight years, Cineplex has raised a total of \$3.0 million on Community Days.

OPERATING RESULTS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2018

Total revenues

Total revenues for the three months ended December 31, 2018, increased \$1.9 million (0.4%) to \$428.2 million as compared to the prior year period. Total revenues for the year ended December 31, 2018 increased \$59.8 million (3.8%) to \$1.6 billion 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, 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 full year (in thousands of dollars, except theatre attendance reported in thousands of patrons and per patron amounts, unless otherwise noted):

Box office revenues	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
Box office revenues	\$ 182,352	\$ 185,048	-1.5%	\$ 724,244	\$ 715,605	1.2%
Theatre attendance (i)	16,992	17,551	-3.2%	69,272	70,394	-1.6%
Box office revenue per patron (i)	\$ 10.73	\$ 10.54	1.8%	\$ 10.46	\$ 10.17	2.9%
BPP excluding premium priced product (i)	\$ 9.22	\$ 8.87	3.9%	\$ 8.94	\$ 8.61	3.8%
Canadian industry revenues (ii)			-0.5%			2.5%
Same theatre box office revenues (i)	\$ 178,526	\$ 184,130	-3.0%	\$ 714,121	\$ 711,288	0.4%
Same theatre attendance (i)	16,702	17,444	-4.3%	68,367	69,862	-2.1%
% Total box from premium priced product (i)	44.6%	45.7%	-1.1%	44.1%	46.4%	-2.3%

(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 and full year dates.

Box office continuity	Fourth Quarter		Full Year	
	Box Office	Theatre Attendance	Box Office	Theatre Attendance
2017 as reported	\$ 185,048	17,551	\$ 715,605	70,394
Same theatre attendance change	(7,831)	(742)	(15,217)	(1,495)
Impact of same theatre BPP change	2,227	—	18,050	—
New and acquired theatres (i)	3,826	290	7,430	589
Disposed and closed theatres (i)	(918)	(107)	(1,624)	(216)
2018 as reported	\$ 182,352	16,992	\$ 724,244	69,272

(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.

Fourth Quarter

Fourth Quarter 2018 Top Cineplex Films			Fourth Quarter 2017 Top Cineplex Films		
	3D	% Box		3D	% Box
1 Dr. Seuss' The Grinch	✓	8.9%	1 Star Wars: The Last Jedi	✓	18.9%
2 A Star Is Born		8.9%	2 Thor: Ragnarok	✓	12.7%
3 Venom	✓	8.7%	3 Justice League	✓	7.3%
4 Bohemian Rhapsody		8.6%	4 Blade Runner 2049	✓	5.7%
5 Fantastic Beasts: The Crimes Of Grindelwald	✓	7.2%	5 Jumanji: Welcome To The Jungle	✓	5.1%

Box office revenues decreased \$2.7 million, or 1.5%, to \$182.4 million during the fourth quarter of 2018, compared to \$185.0 million recorded in the same period in 2017. This decrease compared to the prior year was due to a 3.2% decrease in theatre attendance more than offsetting the impact of a higher BPP. The prior period is a tough comparator due to *Star Wars: The Last Jedi* which finished in the top ten highest grossing films of all-time in North America, as well all of the top films in 2017 were available in 3D as compared to just three in 2018.

BPP for the three months ended December 31, 2018 was \$10.73, a \$0.19 increase from the prior year period due to price increases in selective markets as compared to the prior year period.

Full Year

Full Year 2018 Top Cineplex Films			Full Year 2017 Top Cineplex Films		
	3D	% Box		3D	% Box
1 Avengers: Infinity War	✓	6.3%	1 Beauty and the Beast	✓	4.9%
2 Black Panther	✓	6.1%	2 Star Wars: The Last Jedi	✓	4.9%
3 Incredibles 2	✓	4.1%	3 Guardians Of The Galaxy Vol. 2	✓	4.0%
4 Jurassic World: Fallen Kingdom	✓	3.4%	4 Wonder Woman	✓	3.5%
5 Deadpool 2	✓	3.1%	5 Thor: Ragnarok	✓	3.3%

Box office revenues for the year ended December 31, 2018 were \$724.2 million, an increase of \$8.6 million or 1.2% from the prior year. This was due to the higher BPP in 2018 compared to 2017, more than offsetting the 1.6% decrease in theatre attendance year over year.

Cineplex's BPP for the year ended December 31, 2018 increased \$0.29, or 2.9%, from \$10.17 in 2017 to an annual record of \$10.46 in 2018. This increase was primarily due to price increases in selective markets as compared to the prior year.

Food service revenues

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

Food service revenues	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
Food service - theatres	\$ 111,015	\$ 110,334	0.6%	\$ 440,733	\$ 422,312	4.4%
Food service - <i>The Rec Room</i>	9,711	9,180	5.8%	34,768	19,564	77.7%
Total food service revenues	\$ 120,726	\$ 119,514	1.0%	\$ 475,501	\$ 441,876	7.6%
Theatre attendance (i)	16,992	17,551	-3.2%	69,272	70,394	-1.6%
CPP (i) (ii)	\$ 6.53	\$ 6.29	3.8%	\$ 6.36	\$ 6.00	6.0%
Same theatre food service revenues (i)	\$ 107,820	\$ 109,763	-1.8%	\$ 433,034	\$ 419,661	3.2%
Same theatre attendance (i)	16,702	17,444	-4.3%	68,367	69,862	-2.1%

(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	Fourth Quarter		Full Year	
	Theatre Food Service	Theatre Attendance	Theatre Food Service	Theatre Attendance
2017 as reported	\$ 110,334	17,551	\$ 422,312	70,394
Same theatre attendance change	(4,668)	(742)	(8,978)	(1,495)
Impact of same theatre CPP change	2,725	—	22,351	—
New and acquired theatres (i)	3,195	290	6,012	589
Disposed and closed theatres (i)	(571)	(107)	(962)	(216)
2018 as reported	\$ 111,015	16,992	\$ 440,735	69,272

(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.

Fourth Quarter

Food service revenues are comprised primarily of concession revenues, which includes food service sales at theatre locations. Food service revenues also include food and beverage sales at *The Rec Room*. Theatre food service revenues increased \$0.7 million, or 0.6% as compared to the prior year period due to the 3.8% increase in CPP more than offsetting the impact of a 3.2% decrease in theatre attendance. The operations of *The Rec Room* contributed \$9.7 million in the period.

CPP of \$6.53, an increase of 3.8% compared to the prior year period was a fourth quarter record for Cineplex. Expanded offerings outside of core theatre food service products, including offerings at Cineplex's VIP Cinemas and *Outtakes* locations, have contributed to increased visitation and higher average transaction values, resulting in the record CPP.

Fourth Quarter

Amusement revenues increased 8.5%, or \$4.2 million, to \$53.5 million in the fourth quarter of 2018 compared to the prior year period. The increase was due to an increase in route revenues in the United States in part as a result of the Cinemark agreement signed in the second quarter of 2018 and strong growth in the revenues from the additional *The Rec Room* locations.

Full Year

For the full year period amusement revenues increased 11.0%, or \$20.5 million to \$205.8 million, compared to the prior year due to the acquisition of Dandy Amusements International Inc. (“Dandy”) in the second quarter of 2017 and the agreement signed with Cinemark in the second quarter of 2018 resulting in increased route revenue in the United States. In addition, the increase in operating locations of *The Rec Room* resulted in an increase of \$14.9 million to amusement revenues.

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 full year (in thousands of dollars):

Other revenues	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
Other revenues	\$ 13,414	\$ 10,912	22.9%	\$ 44,276	\$ 40,371	9.7%

Film cost

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

Film cost	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
Film cost	\$ 91,562	\$ 98,734	-7.3%	\$ 379,325	\$ 376,759	0.7%
Film cost percentage (i)	50.2%	53.4%	-3.2%	52.4%	52.6%	-0.2%
(i) See Non-GAAP measures section of this news release.						

Fourth Quarter

Film cost varies primarily with box office revenues, and can vary from quarter to quarter usually based on the relative strength and concentration of the titles exhibited during the prior period. The 3.2% decrease in film cost percentage in the current period was as a result lower settlement rates attributable to the top films in 2018 compared to 2017.

Full Year

The full year increase in film cost expense was due to a combination of the higher box revenues in the current period compared to the prior year period which were partially offset by a 0.2% decrease in the film cost percentage. The decrease in film cost percentage was attributable to the top films in 2018 having a 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 *The Rec Room* for the quarter and the full year (in thousands of dollars, except percentages and margins per patron):

Cost of food service	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
Cost of food service - theatre	\$ 23,805	\$ 24,328	-2.1%	\$ 91,001	\$ 93,500	-2.7%
Cost of food service - <i>The Rec Room</i>	2,333	2,607	-10.5%	9,190	5,938	54.8%
Total cost of food service	\$ 26,138	\$ 26,935	-3.0%	\$ 100,191	\$ 99,438	0.8%
Theatre concession cost percentage (i)	21.4%	22.0%	-0.6%	20.6%	22.1%	-1.5%
<i>The Rec Room</i> food cost percentage (i)	24.0%	28.4%	-4.4%	26.4%	30.4%	-4.0%
Theatre concession margin per patron (i)	\$ 5.13	\$ 4.90	4.7%	\$ 5.05	\$ 4.67	8.1%
(i) See Non-GAAP measures section of this news release.						

Fourth 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 locations as well as the quantity and mix between food and beverage items sold.

The decrease in the theatre cost of food service as compared to the prior year period was due to a 0.6% decrease in the concession cost percentage during the period.

The theatre concession margin per patron increased 4.7% from \$4.90 in the fourth quarter of 2017 to \$5.13 in the same period in 2018, reflecting the impact of the higher CPP during the period and the impact of the lower theatre concession cost percentage.

The decrease in *The Rec Room* cost of food service as compared to the prior year period was due to the decrease of 4.4% in *The Rec Room* food cost percentage during the quarter compared to the prior period as a result of improved cost management and menu optimization as new locations opened. This was partially offset by the higher food service revenues as a result of the increase in operating locations.

Full Year

The decrease in the theatre cost of food service as compared to the prior year was due to a 1.5% decrease in the theatre concession cost percentage. The theatre concession margin per patron increased from \$4.67 in the prior year to \$5.05 in 2018, reflecting the impact of the higher CPP in 2018.

The increase in *The Rec Room* cost of food service as compared to the prior year was due to the higher food service revenues as a result of the increase in operating locations. The decrease of 4.0% for the food cost percentage regarding *The Rec Room* was due to improved cost management and menu optimization 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 full year (in thousands of dollars):

Depreciation and amortization expenses	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
Depreciation of property, equipment and leaseholds	\$ 30,478	\$ 27,456	11.0%	\$ 115,402	\$ 103,119	11.9%
Amortization of intangible assets and other	4,321	3,934	9.8%	16,450	16,797	-2.1%
Depreciation and amortization expenses as reported	\$ 34,799	\$ 31,390	10.9%	\$ 131,852	\$ 119,916	10.0%

The quarterly and annual increases in depreciation of property, equipment and leaseholds of \$3.0 million and \$12.3 million, respectively, were primarily due to the investments in route equipment, furniture and fixtures and leasehold improvements.

The quarterly increase in amortization of intangible assets and other was primarily due to internally developed software for digital products including the Cineplex mobile app and website platform. The decrease in amortization of intangible assets for the annual period was due to certain 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 full year (in thousands of dollars):

Loss on disposal of assets	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
Loss on disposal of assets	\$ 1,064	\$ 369	188.3%	\$ 2,697	\$ 706	282.0%

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, 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 full year (in thousands of dollars):

Other costs	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
Theatre occupancy expenses	\$ 51,991	\$ 50,125	3.7%	\$ 209,838	\$ 207,022	1.4%
Other operating expenses	163,795	155,096	5.6%	602,114	569,406	5.7%
General and administrative expenses	12,779	15,709	-18.7%	66,783	66,791	—%
Total other costs	\$ 228,565	\$ 220,930	3.5%	\$ 878,735	\$ 843,219	4.2%

Theatre occupancy expenses

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

Theatre occupancy expenses	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
Rent	\$ 34,963	\$ 34,799	0.5%	\$ 139,179	\$ 138,652	0.4%
Other occupancy	17,578	16,541	6.3%	73,435	70,814	3.7%
One-time items (i)	(550)	(1,215)	-54.7%	(2,776)	(2,444)	13.6%
Total	\$ 51,991	\$ 50,125	3.7%	\$ 209,838	\$ 207,022	1.4%
(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	Fourth Quarter Occupancy	Full Year Occupancy
2017 as reported	\$ 50,125	\$ 207,022
Impact of new and acquired theatres	330	848
Impact of disposed theatres	(106)	(305)
Same theatre rent change (i)	243	542
One-time items	666	(332)
Other	733	2,063
2018 as reported	\$ 51,991	\$ 209,838
(i) See Non-GAAP measures section of this news release.		

Fourth Quarter

Theatre occupancy expenses increased \$1.9 million during the fourth quarter of 2018 compared to the prior year period. This increase was primarily due to the impact of one-time items and other charges, in addition to new theatres net of disposed theatres.

Full Year

The increase in theatre occupancy expenses of \$2.8 million for the 2018 year compared the prior year was mainly due to the impact of an increase in other charges (\$2.1 million) and the impact of new and acquired theatres net of disposed theatres (\$0.5 million) partially offset by an increase in one-time items (\$0.3 million).

Other operating expenses

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

Other operating expenses	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
Theatre payroll	\$ 38,663	\$ 34,893	10.8%	\$ 152,465	\$ 138,914	9.8%
Theatre operating expenses	29,940	29,476	1.6%	117,423	115,518	1.6%
Media	18,869	21,192	-11.0%	66,777	72,985	-8.5%
PIAG	40,076	36,174	10.8%	150,476	139,958	7.5%
<i>The Rec Room</i> (i)	11,609	10,896	6.5%	44,512	24,412	82.3%
Location-based entertainment pre-opening (ii)	349	696	-49.9%	1,915	8,605	-77.7%
SCENE	6,889	4,073	69.1%	17,345	15,548	11.6%
Marketing	6,663	6,283	6.0%	19,959	20,046	-0.4%
Business interruption insurance proceeds	(1,749)	—	NM	(5,449)	—	NM
Other (iii)	12,486	11,413	9.4%	36,691	33,420	9.8%
Other operating expenses	\$ 163,795	\$ 155,096	5.6%	\$ 602,114	\$ 569,406	5.7%
(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) Includes pre-opening costs of <i>The Rec Room</i> and <i>Playdium</i> locations						
(iii) Other category includes overhead costs related to <i>The Rec Room</i> , operating costs of WGN and other Cineplex internal departments.						

Other operating continuity	Fourth Quarter Other Operating	Full Year Other Operating
2017 as reported	\$ 155,096	\$ 569,406
Impact of new and acquired theatres	2,047	4,246
Impact of disposed theatres	(313)	(699)
Same theatre payroll change (i)	2,477	10,907
Same theatre operating expenses change (i)	46	1,069
Media operating expenses change	(2,323)	(6,208)
PIAG operating expenses change	3,902	10,518
<i>The Rec Room</i> operating expenses change	713	20,100
Location-based entertainment pre-opening change	(347)	(6,690)
SCENE change	2,816	1,797
Marketing change	380	(87)
Business interruption insurance proceeds change	(1,749)	(5,449)
Other	1,050	3,204
2018 as reported	\$ 163,795	\$ 602,114
(i) See Non-GAAP measures section of this news release.		

Fourth Quarter

Other operating expenses during the fourth quarter of 2018 increased \$8.7 million or 5.6% compared to the prior year period. The increase was primarily due to higher amusement and leisure costs related to PIAG. Same theatre payroll also increased as a result of the minimum wage increases in Ontario, Quebec and Alberta. These were partially offset by a \$2.3 million decrease in media due to decrease in business volumes and a \$1.7 million increase in business interruption proceeds as a result of a fire at *Cineplex Seton and VIP* in 2017.

Full Year

For the year ended December 31, 2018, other operating expenses increased \$32.7 million or 5.7% compared to the prior year. The increase was primarily due to higher amusement and leisure costs, including higher P1AG costs, as well as costs related to new locations of *The Rec Room*. Same theatre payroll increased as a result of the minimum wages increases in Ontario, Quebec and Alberta which more than offset any labor efficiencies achieved during the year. Media expenses decreased as a result of the reduction in business volumes and improved cost management during 2018. Other expenses increased due to higher digital commerce business volumes during the current year as compared to the prior year. *The Rec Room* pre-opening costs decreased \$6.7 million as there were three openings in the prior year compared to one opening in the current year.

During 2018, Cineplex recognized business interruption insurance proceeds of \$5.4 million, as a result of the fire at *Cineplex Cinemas 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 full year, including Share-based compensation costs, and G&A expenses net of these costs (in thousands of dollars):

G&A expenses	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
G&A excluding LTIP and option plan expense	\$ 13,438	\$ 14,729	-8.8%	\$ 60,570	\$ 64,133	-5.6%
Restructuring	1,022	—	NM	5,842	—	NM
LTIP (i)	(2,076)	513	NM	(1,347)	836	NM
Option plan	395	467	-15.4%	1,718	1,822	-5.7%
G&A expenses as reported	\$ 12,779	\$ 15,709	-18.7%	\$ 66,783	\$ 66,791	—%

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

Fourth Quarter

G&A expenses decreased \$2.9 million during the fourth quarter of 2018 compared to the prior year period as a result of the \$2.6 million decrease in LTIP expense as a result of the decrease in the Cineplex’s Share price at September 30, 2018 of \$35.00 to \$25.44 at December 31, 2018. Restructuring costs of \$1.0 million were due to Cineplex’s cost reduction initiative which was implemented in the second quarter. This initiative is focused on achieving \$25.0 million in annualized costs 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 this initiative.

Full Year

G&A expenses for 2018 were flat compared to the prior year, due primarily to restructuring costs of \$5.8 million which were due to Cineplex’s cost reduction initiative implemented in the second quarter of 2018, partially offset by a reduction to G&A expenses in part reflecting the initial impact of the rollout of this 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 months and year ended December 31, 2018 as compared to the prior year periods (expressed in thousands of dollars, except adjusted EBITDA margin):

EBITDA	Fourth Quarter			Full Year		
	2018	2017	Change	2018	2017	Change
EBITDA	\$ 83,502	\$ 80,191	4.1%	\$ 259,814	\$ 240,264	8.1%
Adjusted EBITDA	\$ 81,637	\$ 79,614	2.5%	\$ 256,365	\$ 235,929	8.7%
Adjusted EBITDA margin	19.1%	18.7%	0.4%	15.9%	15.2%	0.7%

Adjusted EBITDA for the fourth quarter of 2018 increased \$2.0 million, or 2.5%, as compared to the prior year period, to \$81.6 million. This increase as compared to the prior year period was due primarily to growth in the amusement and leisure businesses and the increase in theatre food service revenues as a result of the fourth quarter record CPP. This growth was partially offset by a decline in box office due to a drop in theatre attendance and the decrease in media sales in part due to a stronger fourth quarter

in 2017 with the performance of *Star Wars: The Last Jedi*. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 19.1% in the current period, an increase of 0.4% from 18.7% in the prior year period.

Adjusted EBITDA for the year ended December 31, 2018 increased \$20.4 million, or 8.7%, to an annual record of \$256.4 million as compared to \$235.9 million primarily due to the growth in the amusement and leisure businesses, coupled with the higher contribution from box office and food service revenues representing the record annual BPP and CPP. Adjusted EBITDA margin was up 0.7% to 15.9% in 2018 compared to 15.2% in 2017.

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

For the fourth quarter of 2018, adjusted free cash flow per common share of Cineplex was \$0.94 as compared to \$0.81 in the prior year period. The declared dividends per common share of Cineplex were \$0.44 in the fourth quarter of 2018 and \$0.42 in the prior year period. During the 12 months ended December 31, 2018, Cineplex generated adjusted free cash flow per Share of \$2.81, compared to \$2.37 in the prior 12 month period. Cineplex declared dividends per Share of \$1.72 and \$1.66, respectively, in each 12 month period. The payout ratios for these periods were 61.1% and 70.0%, 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 WGN and TGLP, and depreciation, amortization, interest and taxes of Cineplex's other joint ventures and associates. 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:

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 total theatre attendance for the period, less paid total 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 months ended December 31, 2018 the impact of the 3 locations that have been opened or acquired and 2 locations that have been closed have been excluded, resulting in 161 theatres being included in the same theatre metrics. For the year ended December 31, 2018 the impact of the 3 locations that have been opened or acquired and the 4 locations that have been closed have been excluded, resulting in 161 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

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.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 fourth quarter and year-end results. **Ellis Jacob, President and Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call scheduled for:

**Friday February 15, 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 February 15, 2018 and end at 1:00 pm ET on Friday February 22, 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.
Consolidated Balance Sheets
(expressed in thousands of Canadian dollars)

	December 31, 2018	Restated December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 25,242	\$ 40,597
Trade and other receivables	165,586	160,938
Income taxes receivable	4,944	1,344
Inventories	30,592	28,966
Prepaid expenses and other current assets	13,862	13,013
Fair value of interest rate swap agreements	1,457	314
	<hr/> 241,683	<hr/> 245,172
Non-current assets		
Property, equipment and leaseholds	634,354	628,129
Deferred income taxes	13,444	7,134
Fair value of interest rate swap agreements	2,063	3,880
Interests in joint ventures and associates	38,912	35,353
Intangible assets	108,758	119,011
Goodwill	817,235	816,489
	<hr/> \$ 1,856,449	<hr/> \$ 1,855,168

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

	December 31, 2018	Restated December 31, 2017
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 186,407	\$ 189,929
Share-based compensation	4,862	4,732
Dividends payable	9,183	8,866
Income taxes payable	12,167	9,157
Deferred revenue	214,016	195,808
Finance lease obligations	3,058	3,420
Fair value of interest rate swap agreements	1,184	1,332
Convertible debentures	—	105,080
	<u>430,877</u>	<u>518,324</u>
Non-current liabilities		
Share-based compensation	8,210	13,816
Long-term debt	580,000	467,867
Fair value of interest rate swap agreements	7,674	—
Finance lease obligations	10,789	5,451
Post-employment benefit obligations	9,250	9,227
Other liabilities	119,110	117,589
Deferred income taxes	11,528	14,031
	<u>746,561</u>	<u>627,981</u>
Total liabilities	<u>1,177,438</u>	<u>1,146,305</u>
Equity		
Share capital	852,379	856,761
Deficit	(179,721)	(148,060)
Hedging reserves and other	(3,678)	1,332
Contributed surplus	7,815	1,647
Cumulative translation adjustment	2,301	(2,817)
	<u>679,096</u>	<u>708,863</u>
Total equity attributable to owners of Cineplex	<u>679,096</u>	<u>708,863</u>
Non-controlling interests	(85)	—
Total equity	<u>679,011</u>	<u>708,863</u>
	<u>\$ 1,856,449</u>	<u>\$ 1,855,168</u>

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

	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Revenues				
Box office	\$ 182,352	\$ 185,048	\$ 724,244	\$ 715,605
Food service	120,726	119,514	475,501	441,876
Media	58,218	61,519	165,009	171,874
Amusement	53,473	49,300	205,793	185,341
Other	13,414	10,912	44,276	40,371
	<u>428,183</u>	<u>426,293</u>	<u>1,614,823</u>	<u>1,555,067</u>
Expenses				
Film cost	91,562	98,734	379,325	376,759
Cost of food service	26,138	26,935	100,191	99,438
Depreciation and amortization	34,799	31,390	131,852	119,916
Loss on disposal of assets	1,064	369	2,697	706
Other costs	228,565	220,930	878,735	843,219
Share of income of joint ventures and associates	(898)	(913)	(3,748)	(3,486)
Interest expense	10,729	6,596	30,690	22,734
Interest income	(69)	(59)	(274)	(222)
Foreign exchange	(1,750)	(47)	(2,191)	810
Change in fair value of financial instrument	—	94	—	(2,643)
	<u>390,140</u>	<u>384,029</u>	<u>1,517,277</u>	<u>1,457,231</u>
Income before income taxes	<u>38,043</u>	<u>42,264</u>	<u>97,546</u>	<u>97,836</u>
Provision for income taxes				
Current	9,572	13,246	27,573	26,626
Deferred	1,317	232	(6,983)	864
	<u>10,889</u>	<u>13,478</u>	<u>20,590</u>	<u>27,490</u>
Net income	<u>\$ 27,154</u>	<u>\$ 28,786</u>	<u>\$ 76,956</u>	<u>\$ 70,346</u>
Attributable to:				
Owners of Cineplex	\$ 27,179	\$ 28,786	\$ 77,053	\$ 70,763
Non-controlling interests	(25)	—	(97)	(417)
Net income	<u>\$ 27,154</u>	<u>\$ 28,786</u>	<u>\$ 76,956</u>	<u>\$ 70,346</u>
Basic net income per share attributable to owners of Cineplex	\$ 0.43	\$ 0.45	\$ 1.22	\$ 1.11
Diluted net income per share attributable to owners of Cineplex	\$ 0.43	\$ 0.45	\$ 1.22	\$ 1.11

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

	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Net income	\$ 27,154	\$ 28,786	\$ 76,956	\$ 70,346
Other comprehensive (loss) income				
<i>Items that will be reclassified subsequently to net income:</i>				
Loss (income) on hedging instruments	(9,593)	1,012	(7,008)	6,147
Associated deferred income taxes expense	2,648	(271)	1,998	(1,645)
Foreign currency translation adjustment	2,968	275	5,118	(3,918)
<i>Items that will not be reclassified to net income:</i>				
Actuarial gains (losses) of post-employment benefit obligations	296	(582)	296	716
Associated deferred income taxes (expense) recovery	(79)	157	(79)	(191)
Other comprehensive (loss) income	(3,760)	591	325	1,109
Comprehensive income	\$ 23,394	\$ 29,377	\$ 77,281	\$ 71,455
Attributable to:				
Owners of Cineplex	\$ 23,419	\$ 29,377	\$ 77,378	\$ 71,861
Non-controlling interests	(25)	—	(97)	(406)
Comprehensive income	\$ 23,394	\$ 29,377	\$ 77,281	\$ 71,455

Cineplex Inc.

Consolidated Statements of Changes in Equity

(expressed in thousands of Canadian dollars)

For the years ended December 31, 2018 and 2017

	Share capital	Contributed surplus	Hedging reserves and other	Cumulative translation adjustment	Restated Deficit	Non- controlling interests	Total
January 1, 2018	\$ 856,761	\$ 1,647	\$ 1,332	\$ (2,817)	\$ (148,060)	\$ —	\$ 708,863
Net income	—	—	—	—	77,053	(97)	76,956
Other comprehensive income	—	—	(5,010)	5,118	217	—	325
Total comprehensive income	—	—	(5,010)	5,118	77,270	(97)	77,281
Dividends declared	—	—	—	—	(108,931)	—	(108,931)
Transfer on repayment of convertible debentures	(4,471)	4,471	—	—	—	—	—
Share option expense	—	1,718	—	—	—	—	1,718
Issuance of shares on exercise of options	89	(21)	—	—	—	—	68
TGLP non-controlling interests recognized on formation	—	—	—	—	—	12	12
December 31, 2018	\$ 852,379	\$ 7,815	\$ (3,678)	\$ 2,301	\$ (179,721)	\$ (85)	\$ 679,011
January 1, 2017	\$ 859,351	\$ 81	\$ (3,170)	\$ 1,175	\$ (108,342)	\$ 2,800	\$ 751,895
Impact of change in accounting policy	—	—	—	—	(2,913)	—	(2,913)
Restated balance at January 1, 2017	\$ 859,351	\$ 81	\$ (3,170)	\$ 1,175	\$ (111,255)	\$ 2,800	\$ 748,982
Net income	—	—	—	—	70,763	(417)	70,346
Other comprehensive income	—	—	4,502	(3,929)	525	11	1,109
Total comprehensive income	—	—	4,502	(3,929)	71,288	(406)	71,455
Dividends declared	—	—	—	—	(105,358)	—	(105,358)
Share option expense	—	1,822	—	—	—	—	1,822
Issuance of shares on exercise of options	256	(256)	—	—	—	—	—
Shares repurchased and cancelled	(2,846)	—	—	—	(5,192)	—	(8,038)
WGN non-controlling interests recognized on acquisition	—	—	—	(63)	2,457	(2,394)	—
December 31, 2017	\$ 856,761	\$ 1,647	\$ 1,332	\$ (2,817)	\$ (148,060)	\$ —	\$ 708,863

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

	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Cash provided by (used in)				
Operating activities				
Net income	\$ 27,154	\$ 28,786	\$ 76,956	\$ 70,346
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	34,799	31,390	131,852	119,916
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(2,323)	(2,862)	(11,106)	(10,362)
Unrealized foreign exchange	(1,304)	1	(1,423)	(32)
Interest rate swap agreements - non-cash interest	1,073	44	1,466	(200)
Accretion of convertible debentures	605	566	2,420	2,263
Other non-cash interest	893	164	1,194	638
Financing fees included in interest expenses	1,718	—	1,718	—
Loss on disposal of assets	1,064	369	2,697	706
Deferred income taxes	1,317	232	(6,983)	864
Non-cash share-based compensation	395	467	1,718	1,822
Change in fair value of financial instruments	—	94	—	(2,643)
Net change in interests in joint ventures and associates	620	(1,419)	(3,139)	(4,031)
Tenant inducements	3,113	682	14,842	3,674
Changes in operating assets and liabilities	15,969	60,319	(3,557)	(28,609)
Net cash provided by operating activities	85,093	118,833	208,655	154,352
Investing activities				
Proceeds from disposal of assets, including asset-related insurance recoveries	100	2,666	1,930	2,976
Purchases of property, equipment and leaseholds	(24,547)	(46,871)	(110,120)	(170,511)
Acquisition of businesses, net of cash acquired	—	—	(4,685)	(30,422)
Intangible assets additions	(1,900)	(2,013)	(5,475)	(5,755)
Net cash received from CDCP	684	550	4,266	4,165
Net cash used in investing activities	(25,663)	(45,668)	(114,084)	(199,547)
Financing activities				
Dividends paid	(27,550)	(26,613)	(108,614)	(105,067)
Borrowings (repayment) under credit facilities, net	71,000	(22,000)	111,000	169,000
Options exercised for cash	—	—	68	—
Payments under finance leases	(878)	(817)	(3,420)	(3,180)
Financing fees	(1,718)	—	(1,718)	(183)
Shares repurchased and cancelled	—	(2,031)	—	(8,038)
Repayment of convertible debentures at maturity	(107,500)	—	(107,500)	—
Net cash (used in) provided by financing activities	(66,646)	(51,461)	(110,184)	52,532
Effect of exchange rate differences on cash	(104)	146	258	(293)
(Decrease) increase in cash and cash equivalents	(7,320)	21,850	(15,355)	7,044
Cash and cash equivalents - Beginning of period	32,562	18,747	40,597	33,553
Cash and cash equivalents - End of period	\$ 25,242	\$ 40,597	\$ 25,242	\$ 40,597
Supplemental information				
Cash paid for interest	\$ 8,033	\$ 4,676	\$ 26,841	\$ 20,908
Cash paid for income taxes, net	\$ 6,781	\$ 5,146	\$ 29,048	\$ 20,132

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

Reconciliation to Adjusted EBITDA

	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
Net income	\$ 27,154	\$ 28,786	\$ 76,956	\$ 70,346
Depreciation and amortization	34,799	31,390	131,852	119,916
Interest expense	10,729	6,596	30,690	22,734
Interest income	(69)	(59)	(274)	(222)
Current income tax expense	9,572	13,246	27,573	26,626
Deferred income tax expense (recovery)	1,317	232	(6,983)	864
EBITDA	\$ 83,502	\$ 80,191	\$ 259,814	\$ 240,264
Loss on disposal of assets	1,064	369	2,697	706
CDCP equity income (i)	(1,311)	(1,011)	(4,186)	(3,480)
Foreign exchange (gain) loss	(1,750)	(47)	(2,191)	810
Non-controlling interest	25	—	78	189
Depreciation and amortization - joint ventures and associates (ii)	26	5	33	32
Taxes and interest of joint ventures and associates (ii)	81	13	120	51
Change in fair value of financial instrument	—	94	—	(2,643)
Adjusted EBITDA	\$ 81,637	\$ 79,614	\$ 256,365	\$ 235,929

(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).

Cineplex Inc.
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 December 31,		Year ended December 31,	
	2018	2017	2018	2017
Cash provided by operating activities	\$ 85,093	\$ 118,833	\$ 208,655	\$ 154,352
Less: Total capital expenditures (i)	(24,447)	(44,205)	(108,190)	(167,535)
Standardized free cash flow	60,646	74,628	100,465	(13,183)
Add/(Less):				
Changes in operating assets and liabilities	(15,969)	(60,319)	3,557	28,609
Changes in operating assets and liabilities of joint ventures and associates	(1,518)	506	(609)	545
Tenant inducements	(3,113)	(682)	(14,842)	(3,674)
Principal component of financing lease obligations	(878)	(817)	(3,420)	(3,180)
New build capital expenditures and other	19,871	37,553	88,941	137,037
Share of income of joint ventures and associates, net of non-cash depreciation	(306)	(80)	(285)	89
Non-controlling interest	25	—	78	189
Net cash received from CDCP (iv)	684	550	4,266	4,165
Adjusted free cash flow	\$ 59,442	\$ 51,339	\$ 178,151	\$ 150,597
Average number of Shares outstanding	63,333,137	63,350,216	63,332,159	63,473,583
Adjusted free cash flow per Share	\$ 0.939	\$ 0.810	\$ 2.813	\$ 2.373
Dividends declared	\$ 0.435	\$ 0.420	\$ 1.720	\$ 1.660

(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.