



FOR IMMEDIATE RELEASE

**CINEPLEX INC.**  
**Reports Record Fourth Quarter and Annual Results**

**TORONTO, Canada**, February 9, 2016 (TSX: CGX) - Cineplex Inc. ("Cineplex") today released its financial results for the three months and year ended December 31, 2015.

**Fourth Quarter Results**

	2015	2014	Period over Period Change (i)
<b>Total revenues</b>	\$ 407.4million	\$ 332.2million	22.6%
<b>Attendance</b>	20.4million	19.0million	7.1%
<b>Net income</b>	\$ 76.8million	\$ 32.1million	139.4%
<b>Box office revenues per patron ("BPP") (ii)</b>	\$ 9.63	\$ 9.06	6.3%
<b>Concession revenues per patron ("CPP") (ii)</b>	\$ 5.58	\$ 5.14	8.6%
<b>Adjusted EBITDA (ii)</b>	\$ 85.2million	\$ 62.6million	35.9%
<b>Adjusted EBITDA margin (ii)</b>	20.9 %	18.9 %	2.0%
<b>Adjusted free cash flow (ii)</b>	\$ 52.9million	\$ 42.5million	24.3%
<b>Adjusted free cash flow per common share of Cineplex ("Share") (ii)</b>	\$ 0.837	\$ 0.675	24.0%
<b>Earnings per Share attributable to owners of Cineplex ("EPS") - basic</b>	\$ 1.22	\$ 0.51	139.2%
<b>EPS excluding non-recurring items - basic (ii)</b>	\$ 0.64	\$ 0.51	25.5%
<b>EPS - diluted</b>	\$ 1.20	\$ 0.51	135.3%
<b>EPS excluding non-recurring items - diluted (ii)</b>	\$ 0.64	\$ 0.51	25.5%

**Full Year Results**

	2015	2014	Period over Period Change (i)
<b>Total revenues</b>	\$ 1,370.9million	\$ 1,234.7million	11.0%
<b>Attendance</b>	77.0million	73.6million	4.6%
<b>Net income</b>	\$ 134.2million	\$ 76.3million	76.0%
<b>BPP (ii)</b>	\$ 9.23	\$ 9.13	1.1%
<b>CPP (ii)</b>	\$ 5.43	\$ 5.09	6.7%
<b>Adjusted EBITDA (ii)</b>	\$ 249.8million	\$ 201.0million	24.3%
<b>Adjusted EBITDA margin (ii)</b>	18.2 %	16.3 %	1.9%
<b>Adjusted free cash flow (ii)</b>	\$ 157.2million	\$ 145.5million	8.1%
<b>Adjusted free cash flow per Share (ii)</b>	\$ 2.492	\$ 2.311	7.8%
<b>EPS - basic</b>	\$ 2.13	\$ 1.21	76.0%
<b>EPS excluding non-recurring items - basic (ii)</b>	\$ 1.56	\$ 1.21	28.9%
<b>EPS - diluted</b>	\$ 2.12	\$ 1.20	76.7%
<b>EPS excluding non-recurring items - diluted (ii)</b>	\$ 1.55	\$ 1.20	29.2%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2015 value less 2014 value.
- ii. Adjusted EBITDA, adjusted EBITDA margin, adjusted free cash flow per common share of Cineplex, BPP and CPP are measures that do not have a standardized meaning under generally accepted accounting principles ("GAAP"). These measures as well as other non-GAAP financial measures reported by Cineplex are defined in the 'Non-GAAP Financial Measures' section at the end of this news release.
- iii. All amounts in this news release are in Canadian dollars unless otherwise specified.

“The fourth quarter and full year 2015 results were the best ever in Cineplex’s history,” said Ellis Jacob, President and CEO, Cineplex Entertainment.

“We set new all-time revenue records for all fourth quarter and full year results including: Total Revenue of \$407.4 million, up 22.6% for the fourth quarter and \$1.4 billion for the full year, up 11.0%. Adjusted EBITDA was \$85.2 million in the fourth quarter, an increase of 35.9%, and \$249.8 million for the full year, an increase of 24.3%, compared to the prior year. Box Office, Food Service, Media and Other revenue along with attendance, CPP and BPP all generated new all-time highs,” said Ellis Jacob.

“Our continued focus on diversifying our business model beyond the box office into new businesses that capitalize on our internal strengths and expertise combined with the strong performing box office are the key factors behind our success.”

## KEY DEVELOPMENTS IN 2015

The following describes certain key business initiatives undertaken and results achieved during 2015 in each of Cineplex’s core business areas:

### FILM ENTERTAINMENT AND CONTENT

#### *Theatre Exhibition*

- Reported Cineplex’s highest ever box office revenues of \$711.1 million (5.7% higher than 2014), attendance of 77.0 million (4.6% higher than 2014) and BPP of \$9.23 (1.1% higher than 2014) due to the success of multiple blockbusters in the year, including *Star Wars: The Force Awakens* in the fourth quarter, which has become the highest grossing film of all-time in North America.
- Opened two new theatres, *Cineplex Cinemas Lansdowne and VIP* in Ottawa, Ontario featuring ten auditoriums including four VIP and one UltraAVX auditoriums; and *Cineplex Cinemas Markham and VIP* in Markham, Ontario featuring 13 screens including three VIP and one IMAX auditoriums.
- Added VIP Cinemas to *Scotiabank Theatre Saskatoon and VIP* in Saskatoon, Saskatchewan and *Cineplex Cinemas Yonge-Eglinton and VIP*, with three VIP auditoriums added to each location.
- Acquired a single screen IMAX theatre in Quebec City, Quebec, which is one of the largest IMAX screens in the world.
- Expanded premium offerings, adding 14 UltraAVX auditoriums and D-BOX to 13 theatres across the circuit.

#### *Food Service*

- Reported record annual food service revenues of \$418.4 million (11.6% higher than 2014) and CPP of \$5.43 (6.7% higher than 2014), exceeding the previous records of \$375.0 million and \$5.09, both set in 2014.
- VIP Cinemas, which feature a specialty food menu, contributed to the growth of food service revenues, with the addition of 13 VIP auditoriums across four locations.
- Continued the expansion of Cineplex’s proprietary brands, bringing the total across the circuit to 93 *Outtakes* locations, 23 full serve *Poptopia* locations and 73 *YoYo’s Yogurt Cafe* (“YoYo’s”) locations at December 31, 2015.

#### *Alternative Programming*

- Reported strong results from the Metropolitan Opera: Live in HD series, In the Gallery presentations, concert films and performances from the National Theatre in London including *Hamlet* featuring Benedict Cumberbatch.
- Featured numerous ethnic films, including Hindi, Tamil, Punjabi and Mandarin language films in select markets across the country.
- Partnered with HBO Canada to show the Season 5 finale of *Game of Thrones* live in participating theatres across Canada.
- Celebrated the 30th anniversary of *Back to the Future* with in-theatre fan events and screenings of the trilogy, with Cineplex raising \$0.1 million on behalf of Team Fox for Parkinson’s Research.

#### *Digital Commerce*

- Cineplex.com registered a 46% increase in unique visitors and a 51% increase in visits during 2015 compared to 2014.
- As at December 31, 2015, the Cineplex app had been downloaded 13.6 million times and recorded over 744.4 million app sessions.
- Growth of SuperTicket continued, with a majority of films now available in this format.
- Continued device integration with the Cineplex Store while increasing the user base throughout the year.

## **MEDIA**

- Reported record annual media revenues of \$153.6 million, 14.5% higher than the previous record set in 2014 as a result of higher Cineplex Media revenues.

### *Cineplex Media*

- Cineplex Media achieved record revenues of \$112.5 million (23.1% higher than 2014) due to record showtime advertising sales, with robust results seen in the automotive and electronics categories.
- According to Vividata's first Canadian readership study released in 2015, Cineplex Magazine is the most-read entertainment magazine in Canada, and overall the second-most read magazine in Canada.
- Signed an expanded naming rights and sponsorship agreement with the Bank of Nova Scotia ("Scotiabank") in 2015, extending both theatre naming rights to two additional theatres (to a total of ten theatres across the circuit) as well as Scotiabank's presenting sponsorship of Cineplex's VIP Cinemas.
- Completed the rollout of interactive media zones and digital poster cases in select theatres across the circuit in the year.

### *Cineplex Digital Media*

- Cineplex Digital Media recorded higher digital advertising revenues in 2015 compared to 2014, including those in the TimsTV and Oxford shopping mall networks. These increases were offset by lower project revenues due to the timing of project installations which fluctuate with the timing of clients' requirements.
- In the fourth quarter of 2015, Cineplex Digital Networks ("CDN") announced it had been selected by A&W Food Services of Canada Inc. ("A&W") to become the sole provider of digital menu boards for its over 850 restaurants across Canada.
- Subsequent to the year end, Cineplex Digital Media announced that it had been selected by American Dairy Queen Corporation ("ADQ") as the endorsed provider of in-store digital merchandising solutions for the Dairy Queen system in the US and Canada.

## **AMUSEMENT GAMING AND LEISURE**

- Cineplex added six XSCAPE Entertainment Centres to its theatre circuit during the year, bringing the total number of XSCAPE locations to 24 at December 31, 2015.

### *Cineplex Starburst Inc.*

- Cineplex completed the acquisition of the remaining 50% of issued and outstanding equity of CSI that it did not already own, for approximately \$21.0 million.
- CSI entered into a new venture with Brady Distributing Company, of which CSI owns 80%, creating Brady Starburst LLC ("BSL"), one of North America's largest distributors of amusement and vending equipment, expanding CSI's presence in the US.

### *The Rec Room*

- Announced plans for *The Rec Room*, a social entertainment destination featuring upscale casual dining, a bar area, amusement gaming and live entertainment.
- Cineplex has announced plans to build two locations, the first in Edmonton, Alberta scheduled to open in the second quarter of 2016 and the second in Calgary, Alberta scheduled to open in early 2017.

### *eSports*

- Acquired an 80% interest in the operating assets of WG Limited through Cineplex's subsidiary, WGN. This acquisition resulted in the creation of a new company focused on eSports by creating a community that connects live online gaming with unique in-theatre tournament experiences to be held in Cineplex theatres across the country.
- Subsequent to the year end, Cineplex and WGN announced the signing of a comprehensive deal with Sony Computer Entertainment Canada as well as its first in a series of national video gaming tournaments featuring *Call of Duty: Black Ops III*, with online qualifiers produced by WGN and the regional and Canadian final events hosted at Cineplex theatres.

## **LOYALTY**

- Membership in the SCENE loyalty program increased more than 1.0 million members in 2015, reaching a membership of 7.3 million at December 31, 2015.
- Cineplex and Scotiabank announced a ten year extension to October 31, 2025 of the SCENE loyalty program.
- SCENE entered into a strategic marketing partnership with CARA Operations Limited ("CARA"), making CARA the exclusive restaurant partner of SCENE, allowing members to earn and redeem points at over 800 CARA restaurants across Canada.

- SCENE implemented changes to the earn and redemption rates for premium movie experiences in the fourth quarter, with members earning and redeeming SCENE points based on the type of movie experience they choose. Premium movies now earn 50% more points and require 50% more points for redemption, and VIP movies earn 100% more points and require 100% more points for redemption.

## CORPORATE

- Effective with the May 2015 dividend, the board of directors of Cineplex (the “Board”) announced a monthly dividend increase to \$0.13 per Share (\$1.56 on an annual basis) up from \$0.125 per Share (\$1.50 on an annual basis).
- Launched a new integrated brand platform entitled “See The Big Picture” to forge stronger connections with Cineplex guests and customers, as well as unify all of its businesses.
- Cineplex hosted its fifth annual National Community Day in October 2015 in support of Free the Children, its national charitable partner. In the past five years, Cineplex has raised over \$2.0 million on Community Days.
- During 2015, Cineplex was once again named by Waterstone Human Capital one of Canada’s 10 Most Admired Corporate Cultures in the large enterprise category for a second consecutive three year term.

## OPERATING RESULTS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2015

### Total revenues

Total revenues for the three months ended December 31, 2015 increased \$75.2 million (22.6%) to \$407.4 million as compared to the prior year period. Total revenues for the year ended December 31, 2015 increased \$136.2 million (11.0%) to \$1.4 billion as compared to the prior year. A discussion of the factors affecting the changes in box office, food service, media and other revenues for the period is provided below.

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

### Box office revenues

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

Box office revenues	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Box office revenues	\$ 196,293	\$ 172,460	13.8%	\$ 711,107	\$ 672,678	5.7%
Attendance (i)	20,383	19,037	7.1%	77,023	73,648	4.6%
Box office revenue per patron (i)	\$ 9.63	\$ 9.06	6.3%	\$ 9.23	\$ 9.13	1.1%
BPP excluding premium priced product (i)	\$ 8.41	\$ 8.39	0.2%	\$ 8.30	\$ 8.27	0.4%
Canadian industry revenues (ii)			12.2%			4.8%
Same store box office revenues (i)	\$ 192,035	\$ 171,505	12.0%	\$ 691,746	\$ 665,477	3.9%
Same store attendance (i)	19,977	18,923	5.6%	75,040	72,851	3.0%
% Total box from premium priced product (i)	46.8%	29.4%	17.4%	38.9%	37.8%	1.1%

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

(ii) The Movie Theatre Association of Canada (“MTAC”) reported that the Canadian exhibition industry reported a box office revenue increase of 12.2% for the period from October 2, 2015 to December 31, 2015 as compared to the period from October 3, 2014 to January 1, 2015. MTAC reported that the Canadian exhibition industry reported a box office revenue increase of 4.8% for the period from January 2, 2015 to December 31, 2015 as compared to the period from January 3, 2014 to January 1, 2015.

Box office continuity	Fourth Quarter		Full Year	
	Box Office	Attendance	Box Office	Attendance
2014 as reported	\$ 172,460	19,037	\$ 672,678	73,648
Same store attendance change	9,550	1,054	19,998	2,189
Impact of same store BPP change	10,980	—	6,271	—
New and acquired theatres (i)	4,258	407	14,753	1,489
Disposed and closed theatres (i)	(955)	(115)	(2,593)	(303)
2015 as reported	\$ 196,293	20,383	\$ 711,107	77,023

(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 2015 Top Cineplex Films			3D	% Box	Fourth Quarter 2014 Top Cineplex Films			3D	% Box
1	Star Wars: The Force Awakens		X	22.0%	1	The Hunger Games: Mockingjay - Part 1		11.1%	
2	Spectre			10.8%	2	The Hobbit: The Battle of the Five Armies	X	10.2%	
3	The Martian		X	9.2%	3	Big Hero 6	X	7.6%	
4	The Hunger Games: Mockingjay - Part 2			8.2%	4	Interstellar		7.5%	
5	Hotel Transylvania 2		X	4.3%	5	Gone Girl		6.6%	

Box office revenues increased \$23.8 million, or 13.8%, to \$196.3 million during the fourth quarter of 2015, compared to \$172.5 million recorded in the same period in 2014, due to the record breaking success of *Star Wars: The Force Awakens* which was in theatres for 14 days in the quarter. Both box office revenues and attendance (which increased 7.1% in the period) were all-time quarterly records for Cineplex.

BPP for the three months ended December 31, 2015 was \$9.63, a \$0.57 increase from the prior year period and an all-time quarterly record for Cineplex. The increase in BPP was due to the strong performance of *Star Wars: The Force Awakens* which was available in 3D and was a popular choice for premium-viewing options including UltraAVX, VIP, IMAX and D-BOX. Box office revenues from premium product accounted for 46.8% of box office revenues in the current period, up from 29.4% in the prior year period, and represents the highest percentage ever reported in a quarter by Cineplex.

#### Full Year

Full Year 2015 Top Cineplex Films			3D	% Box	Full Year 2014 Top Cineplex Films			3D	% Box
1	Star Wars: The Force Awakens		X	6.1%	1	Guardians of the Galaxy	X	4.0%	
2	Jurassic World		X	5.5%	2	The Lego Movie	X	3.1%	
3	The Avengers: Age of Ultron		X	4.2%	3	The Hunger Games: Mockingjay - Part 1		2.8%	
4	Minions		X	3.3%	4	Captain America: The Winter Soldier	X	2.8%	
5	Furious 7			3.1%	5	The Hobbit: The Battle of the Five Armies	X	2.6%	

Box office revenues for the year ended December 31, 2015 were \$711.1 million, an increase of \$38.4 million or 5.7% over the prior year. The attendance and box office increases in the period were due to the strong film product released in the year, and both represent annual records for Cineplex. The success of the blockbuster titles released in the year resulted in the top five films in the current period outperforming the top five films in the prior year. The top five films in 2015 rank in the top eleven highest grossing films of all-time, with the current year top five accounting for 22.2% of box office revenues compared to 15.3% in the prior year period.

Cineplex's BPP for the year ended December 31, 2015 increased \$0.10, or 1.1%, from \$9.13 in 2014 to \$9.23 in 2015. This increase was primarily due to the film mix in the current year compared to the prior year, with the current year featuring stronger performing premium-priced offerings. Premium-priced offerings accounted for 38.9% of Cineplex's box office revenues in the year ended December 31, 2015, compared to 37.8% in the due to expanded VIP, UltraAVX, IMAX and D-BOX offerings across the circuit.

#### Food service revenues

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

Food service revenues	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Food service revenues	\$ 113,799	\$ 97,778	16.4%	\$ 418,445	\$ 375,039	11.6%
Attendance (i)	20,383	19,037	7.1%	77,023	73,648	4.6%
CPP (i)	\$ 5.58	\$ 5.14	8.6%	\$ 5.43	\$ 5.09	6.7%
Same store food service revenues (i)	\$ 111,300	\$ 97,375	14.3%	\$ 405,005	\$ 370,704	9.3%
Same store attendance (i)	19,977	18,923	5.6%	75,040	72,851	3.0%

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

Food service revenue continuity	Fourth Quarter		Full Year	
	Food Service	Attendance	Food Service	Attendance
2014 as reported	\$ 97,778	19,037	\$ 375,039	73,648
Same store attendance change	5,422	1,054	11,140	2,189
Impact of same store CPP change	8,503	—	23,161	—
New and acquired theatres (i)	2,499	407	10,175	1,489
Disposed and closed theatres (i)	(403)	(115)	(1,070)	(303)
2015 as reported	\$ 113,799	20,383	\$ 418,445	77,023

(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 increased \$16.0 million, or 16.4% as compared to the prior year period due to the 8.6% increase in CPP and the impact of the 7.1% increase in attendance. Both food service revenues and the CPP of \$5.58 are all-time quarterly records for Cineplex. Expanded offerings outside of core food service products, including offerings at Cineplex's VIP Cinemas, have resulted in higher average transaction values, resulting in the higher CPP in the period.

#### Full Year

Food service revenues increased \$43.4 million, or 11.6% as compared to the prior year due to both higher CPP and higher attendance, resulting in an annual record of \$418.4 million. CPP increased from \$5.09 in 2014 to \$5.43 in 2015, an annual record for Cineplex.

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

#### Media revenues

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

Media revenues	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Cineplex Media	\$ 42,116	\$ 30,514	38.0%	\$ 112,479	\$ 91,378	23.1%
Cineplex Digital Media	13,142	16,338	-19.6%	41,167	42,811	-3.8%
Total media revenues	\$ 55,258	\$ 46,852	17.9%	\$ 153,646	\$ 134,189	14.5%

(i) Certain prior period comparatives have been reclassified to conform to the current period's presentation.

#### Fourth Quarter

Total media revenues increased 17.9% to \$55.3 million in the fourth quarter of 2015 compared to the prior year period. This increase was due to record Cineplex Media revenues, up \$11.6 million (38.0%) as compared to the prior year period. This growth came from strong pre-show and showtime results, particularly in the electronics and gaming industries.

Cineplex Digital Media revenues decreased \$3.2 million due to lower project revenues as compared to the prior year period due to the timing of project installations in 2015 as compared to 2014. This decrease was partially offset by higher advertising and service revenues on various networks including TimsTV and Oxford shopping mall networks. During the quarter, Cineplex Digital Media announced it had been selected by A&W to be the sole provider of digital menu boards for its over 850 restaurants across Canada, and subsequent to the period end announced it had been selected by ADQ as the endorsed provider of in-store digital merchandising solutions for the Dairy Queen system in the US and Canada. The rollout of the A&W and ADQ projects in 2016 will result in project revenues as well as subsequent advertising and service revenues once the networks are installed and operational.

#### Full Year

Total media revenues increased \$19.5 million, or 14.5%, in the year ended December 31, 2015 compared to the prior year. The increase was due to the record performance of Cineplex Media, which reported growth of \$21.1 million (23.1%) compared to the prior year due primarily to strong showtime results in the automotive and electronics industries. Cineplex Digital Media revenues

decreased \$1.6 million due to lower project revenues in 2015 compared to 2014, partially offset by higher advertising and service revenues on various networks including TimsTV and Oxford.

## Other revenues

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

Other revenues	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Games - Cineplex exhibition (i)	\$ 2,394	\$ 1,867	28.2%	\$ 9,410	\$ 7,317	28.6%
Games - CSI excluding Cineplex exhibition (i)	21,183	—	NM	21,183	—	NM
Other	18,445	13,254	39.2%	\$ 57,152	\$ 45,493	25.6%
<b>Total other revenues</b>	<b>\$ 42,022</b>	<b>\$ 15,121</b>	<b>177.9%</b>	<b>\$ 87,745</b>	<b>\$ 52,810</b>	<b>66.2%</b>

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

### Fourth Quarter

Other revenues increased 177.9%, or \$26.9 million, to \$42.0 million in the fourth quarter of 2015 compared to the prior year period primarily due to the consolidation of CSI following Cineplex's acquisition on October 1, 2015 of the 50% of CSI it did not already own (\$21.2 million). Games revenues from Cineplex exhibition locations increased \$0.5 million due to higher attendance in the theatres and the addition of six XSCAPE Entertainment Centres since the prior year period.

The increase in Other of \$5.2 million in the period was primarily due to additional revenues arising from enhanced guest service initiatives, higher breakage revenues for Cineplex gift cards and coupons as well as breakage revenues recognized in SCENE LP, and new business initiatives.

### Full Year

For the first three quarters of 2015 and all of 2014, games revenues did not include Cineplex's 50% share of the results of CSI, which were included in 'Share of income of joint ventures'. Other revenues increased 66.2% from \$52.8 million in 2014 to \$87.7 million during 2015, primarily due to the \$21.2 million impact of CSI in the fourth quarter of 2015. Games revenues from Cineplex exhibition locations increased \$2.1 million primarily due to the addition of six XSCAPE Entertainment Centres since the prior year period.

The increase in Other of \$11.7 million was primarily due to additional revenues arising from enhanced guest service initiatives, higher breakage revenues for Cineplex gift cards and coupons as well as breakage revenues recognized in SCENE LP, and new business initiatives.

## 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		
	2015	2014	Change	2015	2014	Change
Film cost	\$ 105,210	\$ 88,657	18.7%	\$ 379,103	\$ 349,564	8.5%
Film cost percentage (i)	53.6%	51.4%	2.2%	53.3%	52.0%	1.3%

(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 based on the relative strength of the titles exhibited during the period. The increase in film cost percentage in the current period is as a result of the concentration of box office results from a few titles, with the top four films in the current period accounting for 50.2% of box office revenues (2014 - top four represented 36.4%).

### Full Year

The full year increase in film cost was due to the 5.7% increase in box office revenues and the 1.3% increase in film cost percentage during the year. The increase in the film cost percentage as compared to the prior year is as a result of the concentration of box office revenues from a few titles. The top five films in the current year rank in the top eleven highest grossing films of all-time, and accounted for 22.2% of box office revenues in 2015(2014 - top five represented 15.3%).

### Cost of food service

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

Cost of food service	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Cost of food service	\$ 24,836	\$ 21,579	15.1%	\$ 90,530	\$ 81,455	11.1%
Concession cost percentage (i)	21.8%	22.1%	-0.3%	21.6%	21.7%	-0.1%
Concession margin per patron (i)	\$ 4.36	\$ 4.00	9.0%	\$ 4.26	\$ 3.99	6.8%

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

### Fourth Quarter

Cost of food service varies primarily with theatre attendance as well as the quantity and mix of offerings sold. The increase in the cost of food service as compared to the prior year period was due to the higher food service revenues, partially offset by the 0.3% decrease in the concession cost percentage during the period. The concession margin per patron increased from \$4.00 in the fourth quarter of 2014 to \$4.36 in the same period in 2015, reflecting the impact of the higher CPP during the period and the impact of the lower concession cost percentage.

### Full Year

The increase in the cost of food service as compared to the prior year was due to higher food service revenues, partially offset by the 0.1% decrease in the concession cost percentage during the year. The concession margin per patron increased from \$3.99 in the prior year period to \$4.26 in the current period, reflecting the impact of the higher CPP in the current year and the lower concession cost percentage.

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

### Depreciation and amortization

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

Depreciation and amortization expenses	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Depreciation of property, equipment and leaseholds	\$ 20,981	\$ 18,019	16.4%	\$ 80,079	\$ 69,944	14.5%
Amortization of intangible assets and other	3,545	1,903	86.3%	9,260	7,506	23.4%
Depreciation and amortization expenses as reported	\$ 24,526	\$ 19,922	23.1%	\$ 89,339	\$ 77,450	15.4%

The quarterly and annual increase in depreciation of property, equipment and leaseholds of \$3.0 million and year to date increase of \$10.1 million is primarily due to the impact of equipment and leasehold improvements relating to assets acquired through acquisitions, new theatre construction and digital media asset additions.

The quarterly and annual increase in amortization of intangible assets and other are primarily due to intangible assets acquired in the WGN and CSI transactions.



## Loss on disposal of assets

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

Loss on disposal of assets	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Loss on disposal of assets	\$ 899	\$ 626	43.6%	\$ 3,236	\$ 3,393	-4.6%

## Gain on acquisition of business

The following table shows the gain on acquisition of business relating to Cineplex's acquisition of the 50% interest in CSI in the fourth quarter of 2015 that it did not previously own. Cineplex previously equity-accounted for its interest in CSI. At the acquisition date, Cineplex recognized 100% of identifiable net assets of CSI. Cineplex's existing interest was remeasured at fair value at the acquisition date, resulting in a gain on the equity interest of \$7.4 million (in thousands of dollars):

Gain on acquisition of business	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Gain on acquisition of business	\$ (7,447)	\$ —	NM	\$ (7,447)	\$ —	NM

## Other costs

Other costs include three main sub-categories of expenses, including theatre occupancy expenses, which capture the rent and associated occupancy costs for Cineplex's various operations; other operating expenses, which include the costs related to running Cineplex's film entertainment and content, media, amusement gaming and leisure as well as Cineplex's ancillary businesses; and general and administrative expenses, which 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 full year (in thousands of dollars):

Other costs	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Theatre occupancy expenses	\$ 50,535	\$ 50,051	1.0%	\$ 203,356	\$ 202,085	0.6%
Other operating expenses	123,329	94,442	30.6%	383,281	345,907	10.8%
General and administrative expenses	18,514	15,787	17.3%	68,752	58,685	17.2%
Total other costs	\$ 192,378	\$ 160,280	20.0%	\$ 655,389	\$ 606,677	8.0%

## Theatre occupancy expenses

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

Theatre occupancy expenses	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Rent	\$ 33,970	\$ 33,837	0.4%	\$ 135,482	\$ 134,594	0.7%
Other occupancy	17,086	17,127	-0.2%	71,014	70,361	0.9%
One-time items (i)	(521)	(913)	-42.9%	(3,140)	(2,870)	9.4%
Total	\$ 50,535	\$ 50,051	1.0%	\$ 203,356	\$ 202,085	0.6%

(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.

<b>Theatre occupancy continuity</b>	<b>Fourth Quarter Occupancy</b>	<b>Full Year Occupancy</b>
2014 as reported	\$ 50,051	\$ 202,085
Impact of new and acquired theatres	12	2,204
Impact of disposed theatres	(259)	(1,668)
Same store rent change (i)	595	1,044
One-time items	391	(270)
Other	(255)	(39)
2015 as reported	\$ 50,535	\$ 203,356
(i) See non-GAAP measures section of this news release.		

#### *Fourth Quarter*

Theatre occupancy expenses increased \$0.5 million during the fourth quarter of 2015 compared to the prior year period. This increase was primarily due to higher same store rent expense (\$0.6 million) and the impact of lower one-time credits in the current period than the prior year (\$0.4 million), partially offset by the impact of disposed theatres net of new and acquired theatres (\$0.2 million).

#### *Full Year*

The increase in theatre occupancy expenses of \$1.3 million for 2015 compared to the prior year was primarily due to the impact of new and acquired theatres net of disposed theatres and higher same-store rent expenses, partially offset by the impact of one-time credits.

### **Other operating expenses**

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

<b>Other operating expenses</b>	<b>Fourth Quarter</b>			<b>Full Year</b>		
	<b>2015</b>	<b>2014</b>	<b>Change</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
Theatre payroll	\$ 37,959	\$ 32,899	15.4%	\$ 141,257	\$ 129,837	8.8%
Media	16,367	19,708	-17.0%	55,831	59,378	-6.0%
CSI	18,975	—	NM	18,975	—	NM
Other	50,028	41,835	19.6%	167,218	156,692	6.7%
Other operating expenses	\$ 123,329	\$ 94,442	30.6%	\$ 383,281	\$ 345,907	10.8%

<b>Other operating continuity</b>	<b>Fourth Quarter Other Operating</b>	<b>Full Year Other Operating</b>
2014 as reported	\$ 94,442	\$ 345,907
Impact of new and acquired theatres	1,968	7,129
Impact of disposed theatres	(334)	(807)
Same store payroll change (i)	4,035	7,051
Marketing change	7	1,522
Media change	(3,341)	(3,547)
CSI change	18,975	18,975
Amusement gaming and leisure, excluding CSI	2,148	2,716
Other	5,429	4,335
2015 as reported	\$ 123,329	\$ 383,281
(i) See non-GAAP measures section of this news release.		

#### *Fourth Quarter*

Other operating expenses during the fourth quarter of 2015 increased \$28.9 million or 30.6% compared to the prior year period. The major component of the increase was the impact of CSI acquired in 2015 (\$19.0 million) and not included in prior year comparatives. Same store payroll costs increased \$4.0 million due to the extended operating hours at select theatres for the opening of *Star Wars: The Force Awakens*, as well as higher minimum wage rates in certain areas of the country. The decrease in media related costs are due to the lower volume of digital media project installations in the period compared to the prior year.

The major movements in the Other category include higher 3D royalty fees (\$1.3 million) due to higher 3D attendance in the current period compared to the prior year, higher SCENE program costs (\$1.2 million) due to marketing campaigns surrounding the program's earn and redeem changes implemented in the quarter as well as marketing support for the program's partnerships with SportChek and CARA, higher credit card service fees due primarily to the record ticket pre-sales for *Star Wars: The Force Awakens* (\$0.7 million), and higher costs relating to the higher business volumes in the theatres compared to the prior year period.

#### Full Year

For the year ended December 31, 2015, other operating expenses increased \$37.4 million, primarily due to the inclusion of CSI (\$19.0 million). Same store payroll costs increased \$7.1 million due to the higher business volumes throughout the year as well as the extended operating hours at select theatres for the opening of *Star Wars: The Force Awakens*, and higher minimum wage rates. The impact of new and acquired theatres net of disposed theatres contributed \$6.3 million to the increase year over year. The decrease in media related costs are due to the lower volume of digital media project installations in 2015 compared to 2014.

The major movement in the Other category is higher SCENE program costs (\$2.8 million) due to marketing campaigns surrounding the program's earn and redeem changes, support for the SportChek and CARA partnerships and the impact of the larger member base.

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

G&A expenses	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
G&A excluding LTIP and option plan expense	\$ 13,959	\$ 12,321	13.3%	\$ 54,908	\$ 51,535	6.5%
LTIP (i)	4,127	3,042	35.7%	12,150	5,435	123.6%
Option plan	428	424	0.9%	1,694	1,715	-1.2%
G&A expenses as reported	\$ 18,514	\$ 15,787	17.3%	\$ 68,752	\$ 58,685	17.2%

(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 increased \$2.7 million during the fourth quarter of 2015 compared to the prior year period primarily due to higher head office payroll expenses and a \$1.1 million increase in LTIP expense.

#### Full Year

G&A expenses for 2015 increased \$10.1 million compared to the prior year, due to the \$6.7 million increase in LTIP expense due primarily to the larger appreciation in Cineplex's Share price in 2015 compared to 2014. The \$3.4 million increase in G&A excluding LTIP and option expense is primarily due to higher head office payroll.

### Change in fair value of financial instrument

The deferred consideration relating to Cineplex's acquisition of CDN in 2013 is recorded at fair value and included in accounts payable and accrued liabilities on the balance sheet as at December 31, 2015. The sale and purchase agreement sets out a process by which the final consideration will be determined and will be settled in early 2016. Cineplex has measured the liability as at December 31, 2015 based on a weighted average probability of reasonably possible outcomes. Cineplex has adjusted the deferred consideration to the best estimate of the expected value, being \$10.0 million. This resulted in a reduction of the liability of \$29.1 million (in thousands of dollars):

Change in fair value of financial instrument	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Change in fair value of financial instrument	\$ (29,076)	\$ —	NM	\$ (29,076)	\$ —	NM

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

The following table presents EBITDA and adjusted EBITDA for the three and year ended December 31, 2015 as compared to the prior year periods (expressed in thousands of Canadian dollars, except adjusted EBITDA margin):

EBITDA	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
EBITDA	\$ 121,542	\$ 61,829	96.6%	\$ 282,764	\$ 196,483	43.9%
Adjusted EBITDA	\$ 85,163	\$ 62,649	35.9%	\$ 249,802	\$ 201,002	24.3%
Adjusted EBITDA margin	20.9%	18.9%	2.0%	18.2%	16.3%	1.9%

Adjusted EBITDA for the fourth quarter of 2015 increased \$22.5 million, or 35.9%, as compared to the prior year period, to \$85.2 million. This represents an all-time quarterly record for Cineplex, exceeding the previous record of \$65.3 million recognized in the second quarter of 2015. The increase as compared to the prior year period was primarily due to record attendance resulting in record film entertainment revenues, and higher contribution from Cineplex Media due to record media sales volumes. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 20.9% in the current period, an increase of 2.0% from 18.9% in the prior year period.

Adjusted EBITDA for the year ended December 31, 2015 increased \$48.8 million, or 24.3%, as compared to the prior year due to higher revenues in all major categories compared to the prior year. The adjusted EBITDA of \$249.8 million represents an annual record for Cineplex. Adjusted EBITDA margin was 18.2% in 2015 compared to 16.3% in 2014.

**ADJUSTED FREE CASH FLOW**

For the fourth quarter of 2015, adjusted free cash flow per common share of Cineplex was \$0.84 as compared to \$0.68 in the prior year period. The declared dividends per common share of Cineplex were \$0.39 in the fourth quarter of 2015 and \$0.38 in the prior year period. During the year ended December 31, 2015, Cineplex generated adjusted free cash flow per Share of \$2.49, compared to \$2.31 per Share in the year ended December 31, 2014. Cineplex declared dividends per Share of \$1.54 and \$1.48, respectively, in each year. The payout ratios for these periods were approximately 61.8% and 64.1%, respectively. Adjusted free cash flow per common share and the payout ratios for the 2014 periods were positively impacted by Cineplex’s use of loss carryforwards acquired through Cineplex’s acquisition of AMC Ventures Inc. in 2012, resulting in Cineplex’s cash income taxes in 2014 being substantially reduced. None of those losses are available to be used to reduce taxable income in 2015.

**NON-GAAP FINANCIAL MEASURES**

**EBITDA and Adjusted Free Cash Flow**

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

EBITDA is calculated by adding back to net income, income tax expense, depreciation and amortization expense, and interest expense net of interest income. Adjusted EBITDA is calculated by adjusting EBITDA for losses on disposal of assets, gain on acquisition of business, change in fair value of financial instrument, the share of income of CDCP and depreciation, amortization, interest and taxes of Cineplex’s other joint ventures. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by total revenues.

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

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

**Earnings per Share Metrics**

The three months and year ended December 31, 2015 include the gain on business acquisition relating to CSI of \$7.4 million and the change in fair value of financial instrument relating to the adjustment to the contingent consideration from the 2013 acquisition of CDN of \$29.1 million. Cineplex has presented basic and diluted earnings per share net of these two items 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 both the gain on acquisition and 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 concession revenue such as BPP, CPP, BPP excluding premium priced product, and concession margin per patron, as these are key measures used by investors to value and assess Cineplex's performance, and are widely used in the theatre exhibition industry. Management of Cineplex defines these metrics as follows:

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

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

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

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

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

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

### **Same Store Analysis**

Cineplex reviews and reports same store metrics relating to box office revenues, concession revenues, rent expense and payroll expense, as these measures are widely used in the theatre exhibition industry as well as other retail industries. Same store metrics are calculated by removing the results for all theatres that have been opened, acquired, closed or otherwise disposed of subsequent to the start of the prior year comparative period. For the three months ended December 31, 2015, the impact of the four locations that have been opened or acquired and the two locations that have been closed have been excluded, resulting in 158 theatres being included in the same store metrics. For the year ended December 31, 2015, the impact of the six locations that have been opened or acquired and the three locations that have been closed have been excluded, resulting in 156 theatres being included in the same store metrics.

### **Cost of sales percentages**

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

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

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

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

*By their very nature, forward-looking statements involve inherent risks and uncertainties, including those described in Cineplex's Annual Information Form ("AIF") 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 management's discussion and analysis.*

*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, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

#### **About Cineplex Inc.**

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

Cineplex is headquartered in Toronto, Canada, and operates 162 theatres with 1,655 screens from coast to coast, serving approximately 77 million guests annually through the following theatre brands: Cineplex Odeon, SilverCity, Galaxy Cinemas, Scotiabank Theatres, Cineplex Cinemas and Cineplex VIP Cinemas. Cineplex also owns and operates the UltraAVX, Poptopia, and Outtakes brands. Cineplex trades on the Toronto Stock Exchange under the symbol CGX. More information is available at Cineplex.com. Further information can be found in the disclosure documents filed by Cineplex with the securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com).

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

**Tuesday, February 9, 2016  
10:00 a.m. Eastern Time**

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

- If you cannot participate in the live mode, a replay will be available. Please dial 647-436-0148 or 1-888-203-1112 and enter code 7406912#. The replay will begin at 1:00 p.m. Eastern Time on Tuesday, February 9, 2016 and end at 1:00 p.m. Eastern Time on Tuesday, February 16, 2016.
- Note that media will be participating in the call in listen-only mode.
- Thank you in advance for your interest and participation.

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#### **For further information:**

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

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

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

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	<b>December 31,</b>		<b>December 31,</b>
	<b>2015</b>		<b>2014</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 35,713	\$	34,367
Trade and other receivables	121,398		101,462
Inventories	19,691		7,978
Prepaid expenses and other current assets	10,025		8,102
	<hr/>		<hr/>
	186,827		151,909
<b>Non-current assets</b>			
Property, equipment and leaseholds	533,192		495,532
Deferred income taxes	6,517		6,971
Interests in joint ventures	35,288		46,457
Intangible assets	132,140		109,746
Goodwill	807,953		798,801
	<hr/>		<hr/>
	\$ 1,701,917	\$	1,609,416
	<hr/>		<hr/>

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

	December 31, 2015	December 31, 2014
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 209,657	\$ 159,152
Share-based compensation	9,742	6,160
Dividends payable	8,238	7,877
Income taxes payable	30,464	9,735
Deferred revenue	159,568	149,644
Current debt	3,737	—
Finance lease obligations	2,957	2,670
Fair value of interest rate swap agreements	1,414	692
	<u>425,777</u>	<u>335,930</u>
<b>Non-current liabilities</b>		
Share-based compensation	18,907	15,504
Long-term debt	222,340	229,754
Fair value of interest rate swap agreements	4,188	2,117
Finance lease obligations	12,052	15,008
Post-employment benefit obligations	7,296	6,977
Other liabilities	131,874	173,550
Deferred income taxes	6,283	—
Convertible debentures	100,703	98,727
	<u>503,643</u>	<u>541,637</u>
<b>Total liabilities</b>	<u>929,420</u>	<u>877,567</u>
<b>Equity</b>		
Share capital	858,305	854,073
Deficit	(86,296)	(123,771)
Hedging reserves and other	(4,979)	(3,405)
Contributed surplus	(491)	4,952
Cumulative translation adjustment	934	—
Total equity attributable to owners of Cineplex	<u>767,473</u>	<u>731,849</u>
Non-controlling interests	5,024	—
<b>Total equity</b>	<u>772,497</u>	<u>731,849</u>
	<u>\$ 1,701,917</u>	<u>\$ 1,609,416</u>



**Cineplex Inc.****Consolidated Statements of Operations**

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

	Three months ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
<b>Revenues</b>				
Box office	\$ 196,293	\$ 172,460	\$ 711,107	\$ 672,678
Food service	113,799	97,778	418,445	375,039
Media	55,258	46,852	153,646	134,189
Other	42,022	15,121	87,745	52,810
	<u>407,372</u>	<u>332,211</u>	<u>1,370,943</u>	<u>1,234,716</u>
<b>Expenses</b>				
Film cost	105,210	88,657	379,103	349,564
Cost of food service	24,836	21,579	90,530	81,455
Depreciation and amortization	24,526	19,922	89,339	77,450
Loss on disposal of assets	899	626	3,236	3,393
Gain on acquisition of business	(7,447)	—	(7,447)	—
Other costs	192,378	160,280	655,389	606,677
Share of income of joint ventures	(970)	(760)	(3,556)	(2,856)
Interest expense	5,294	5,676	22,443	21,948
Interest income	(52)	(45)	(186)	(330)
Change in fair value of financial instrument	(29,076)	—	(29,076)	—
	<u>315,598</u>	<u>295,935</u>	<u>1,199,775</u>	<u>1,137,301</u>
<b>Income before income taxes</b>	<u>91,774</u>	<u>36,276</u>	<u>171,168</u>	<u>97,415</u>
<b>Provision for income taxes</b>				
Current	15,190	8,238	37,026	10,625
Deferred	(221)	(4,043)	(107)	10,519
	<u>14,969</u>	<u>4,195</u>	<u>36,919</u>	<u>21,144</u>
<b>Net income</b>	<u>\$ 76,805</u>	<u>\$ 32,081</u>	<u>\$ 134,249</u>	<u>\$ 76,271</u>
<b>Attributable to:</b>				
Owners of Cineplex	\$ 77,172	\$ 32,081	\$ 134,697	\$ 76,271
Non-controlling interests	(367)	—	(448)	—
<b>Net income</b>	<u>\$ 76,805</u>	<u>\$ 32,081</u>	<u>\$ 134,249</u>	<u>\$ 76,271</u>
<b>Basic net income per share attributable to owners of Cineplex</b>	\$ 1.22	\$ 0.51	\$ 2.13	\$ 1.21
<b>Diluted net income per share attributable to owners of Cineplex</b>	\$ 1.20	\$ 0.51	\$ 2.12	\$ 1.20

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

	<b>Three months ended December 31,</b>		<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Net income</b>	\$ 76,805	\$ 32,081	\$ 134,249	\$ 76,271
<b>Other comprehensive income (loss)</b>				
<i>Items that will be reclassified subsequently to net income:</i>				
Income (loss) on hedging instruments	526	73	(2,163)	(2,296)
Associated deferred income taxes (expense) recovery	(129)	(19)	589	606
Foreign currency translation adjustment	844	—	1,168	—
<i>Items that will not be reclassified to net income:</i>				
Actuarial (losses) gains of post-employment benefit obligations	(24)	—	(24)	664
Associated deferred income taxes recovery (expense)	6	—	6	(176)
<b>Other comprehensive (loss)</b>	<b>1,223</b>	<b>54</b>	<b>(424)</b>	<b>(1,202)</b>
<b>Comprehensive income</b>	<b>\$ 78,028</b>	<b>\$ 32,135</b>	<b>\$ 133,825</b>	<b>\$ 75,069</b>
<b>Attributable to:</b>				
Owners of Cineplex	\$ 78,161	\$ 15,968	\$ 134,039	\$ 75,069
Non-controlling interests	(133)	—	(214)	—
<b>Comprehensive income</b>	<b>\$ 78,028</b>	<b>\$ 15,968</b>	<b>\$ 133,825</b>	<b>\$ 75,069</b>

**Cineplex Inc.**  
**Consolidated Statements of Changes in Equity**  
**(expressed in thousands of Canadian dollars)**  
**For the years ended December 31, 2015 and 2014**

	Share capital	Contributed surplus	Hedging and other reserves	Cumulative translation adjustment	Deficit	Non- controlling interests	Total
<b>Balance - January 1, 2015</b>	\$ 854,073	\$ 4,952	\$ (3,405)	— \$	(123,771)\$	— \$	731,849
Net income	—	—	—	—	134,249	(448)	134,249
Other comprehensive (loss)	—	—	(1,574)	934	(18)	234	(424)
<b>Total comprehensive income</b>	—	—	<b>(1,574)</b>	<b>934</b>	<b>134,679</b>	<b>(214)</b>	<b>133,825</b>
Dividends declared	—	—	—	—	(97,204)	—	(97,204)
Share option expense	—	1,694	—	—	—	—	1,694
Issuance of shares on exercise of options	4,232	(2,198)	—	—	—	—	2,034
CSI non-controlling interests recognized on acquisition	—	—	—	—	—	299	299
WGN purchase obligation	—	(4,939)	—	—	—	—	(4,939)
WGN non-controlling interests recognized on acquisition	—	—	—	—	—	4,939	4,939
<b>Balance - December 31, 2015</b>	<b>\$ 858,305</b>	<b>\$ (491)</b>	<b>(4,979)\$</b>	<b>934 \$</b>	<b>(86,296)\$</b>	<b>5,024 \$</b>	<b>772,497</b>
<b>Balance - January 1, 2014</b>	\$ 853,411	\$ 3,899	(1,715)\$	— \$	(107,323)\$	— \$	748,272
Net income	—	—	—	—	76,271	—	76,271
Other comprehensive (loss)	—	—	(1,690)	—	488	—	(1,202)
<b>Total comprehensive income</b>	—	—	<b>(1,690)</b>	<b>—</b>	<b>76,759</b>	<b>—</b>	<b>75,069</b>
Dividends declared	—	—	—	—	(93,207)	—	(93,207)
Share option expense	—	1,715	—	—	—	—	1,715
Issuance of shares on exercise of options	662	(662)	—	—	—	—	—
<b>Balance - December 31, 2014</b>	<b>\$ 854,073</b>	<b>\$ 4,952</b>	<b>(3,405)\$</b>	<b>— \$</b>	<b>(123,771)\$</b>	<b>— \$</b>	<b>731,849</b>

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

	Three months ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income	\$ 76,805	\$ 32,081	\$ 134,249	\$ 76,271
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	24,526	19,922	89,339	77,450
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(1,882)	(1,102)	(7,832)	(5,750)
Accretion of debt issuance costs and other non-cash interest	952	1,264	4,947	4,845
Loss on disposal of assets	899	626	3,236	3,393
Gain on acquisition of business	(7,447)	—	(7,447)	—
Deferred income taxes	(221)	(4,043)	(107)	10,519
Interest rate swap agreements - non-cash interest	213	10	362	(63)
Non-cash share-based compensation	428	424	1,694	1,715
Change in fair value of financial instrument	(29,076)	—	(29,076)	—
Accretion of convertible debentures	492	460	1,976	1,858
Net change in interests in joint ventures	(2,636)	(2,701)	(4,860)	(2,604)
Tenant inducements	811	818	1,568	4,215
Changes in operating assets and liabilities	92,482	87,666	42,545	8,409
Net cash provided by operating activities	156,346	135,425	230,594	180,258
<b>Investing activities</b>				
Proceeds from sale of assets	—	3,928	108	4,333
Purchases of property, equipment and leaseholds	(23,094)	(22,035)	(95,979)	(106,196)
Acquisition of businesses, net of cash acquired	(14,713)	(139)	(30,343)	(2,605)
Intangible assets additions	(225)	(950)	(694)	(3,700)
Net cash received from CDCP	680	547	1,843	1,456
Net cash used in investing activities	(37,352)	(18,649)	(125,065)	(106,712)
<b>Financing activities</b>				
Dividends paid	(24,639)	(23,621)	(96,843)	(92,881)
(Repayments) borrowings under credit facilities, net	(84,932)	(67,000)	(6,932)	12,000
Repayment of debt acquired with business	2,034	—	2,034	—
Payments under finance leases	(690)	(660)	(2,670)	(2,438)
Net cash used in financing activities	(108,227)	(91,281)	(104,411)	(83,319)
<b>Effect of exchange rate differences on cash</b>	151	—	228	—
<b>Increase (decrease) in cash and cash equivalents</b>	10,918	25,495	1,346	(9,773)
<b>Cash and cash equivalents - Beginning of year</b>	24,795	8,872	34,367	44,140
<b>Cash and cash equivalents - End of year</b>	\$ 35,713	\$ 34,367	\$ 35,713	\$ 34,367
<b>Supplemental information</b>				
Cash paid for interest	\$ 5,070	\$ 4,945	\$ 14,702	\$ 14,945
Cash paid for income taxes	\$ 2,784	\$ 798	\$ 16,458	\$ 2,970

**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,	
	2015	2014	2015	2014
<b>Net income</b>	<b>\$ 76,805</b>	<b>\$ 32,081</b>	<b>\$ 134,249</b>	<b>\$ 76,271</b>
Depreciation and amortization	24,526	19,922	89,339	77,450
Interest expense	5,294	5,676	22,443	21,948
Interest income	(52)	(45)	(186)	(330)
Current income tax expense	15,190	8,238	37,026	10,625
Deferred income tax recovery (expense)	(221)	(4,043)	(107)	10,519
<b>EBITDA</b>	<b>\$ 121,542</b>	<b>\$ 61,829</b>	<b>\$ 282,764</b>	<b>\$ 196,483</b>
Change in fair value of financial instrument	(29,076)	—	(29,076)	—
Loss on disposal of assets	899	626	3,236	3,393
Gain on acquisition of business	(7,447)	—	(7,447)	—
CDCP equity income (i)	(952)	(380)	(1,672)	(1,388)
Non-controlling interest EBITDA of WGN	131	—	165	—
Depreciation and amortization - joint ventures (ii)	24	511	1,563	2,115
Joint venture taxes and interest (ii)	42	63	269	399
<b>Adjusted EBITDA</b>	<b>\$ 85,163</b>	<b>\$ 62,649</b>	<b>\$ 249,802</b>	<b>\$ 201,002</b>

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

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

**Cineplex Inc.****Consolidated Supplemental Information****(Unaudited)****(expressed in thousands of Canadian dollars, except number of shares and per share data)****Adjusted Free Cash Flow**

	<b>Three months ended December 31,</b>		<b>Year ended December 31,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Cash provided by operating activities	\$ 156,346	\$ 135,425	\$ 230,594	\$ 180,258
Less: Total capital expenditures net of proceeds on sale of assets	(23,094)	(18,107)	(95,871)	(101,863)
Standardized free cash flow	133,252	117,318	134,723	78,395
Add/(Less):				
Changes in operating assets and liabilities (i)	(92,482)	(87,666)	(42,545)	(8,409)
Changes in operating assets and liabilities of joint ventures (i)	1,666	1,941	1,304	(252)
Tenant inducements (ii)	(811)	(818)	(1,568)	(4,215)
Principal component of finance lease obligations	(690)	(660)	(2,670)	(2,438)
Growth capital expenditures and other (iii)	11,041	10,893	62,252	76,889
Share of income of joint ventures, net of non-cash depreciation (iv)	84	985	3,716	4,080
Non-controlling interest EBITDA of WGN	131	—	165	—
Net cash received from CDCP (iv)	680	547	1,843	1,456
<b>Adjusted free cash flow</b>	<b>\$ 52,871</b>	<b>\$ 42,540</b>	<b>\$ 157,220</b>	<b>\$ 145,506</b>
Average number of Shares outstanding	63,204,838	62,995,236	63,100,085	62,973,074
<b>Adjusted free cash flow per Share</b>	<b>\$ 0.837</b>	<b>\$ 0.675</b>	<b>\$ 2.492</b>	<b>\$ 2.311</b>
<b>Dividends declared</b>	<b>\$ 0.390</b>	<b>\$ 0.375</b>	<b>\$ 1.540</b>	<b>\$ 1.480</b>

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

