



FOR IMMEDIATE RELEASE

## Cineplex Inc. Reports Fourth Quarter and Year End Results

Cineworld acquisition pending remaining regulatory approvals

**TORONTO, Canada**, February 12, 2020 (TSX: CGX) - Cineplex Inc. (“Cineplex”) today released its financial results for the three months and year ended December 31, 2019. Unless otherwise specified, all amounts are in Canadian dollars.

### Fourth Quarter Results

	2019	2018 Revised and Restated (i)	Period over Period Change (ii)
Total revenues (iii)	\$ 443.2million	\$ 427.8million	3.6%
Theatre attendance	16.8million	17.0million	-0.8%
Net income from continuing operations	\$ 4.7million	\$ 29.3million	-84.0%
Net loss from discontinued operations	\$ (1.2) million	\$ (2.1) million	NM
Net income*	\$ 3.5million	\$ 27.2million	-87.2%
Box office revenues per patron (“BPP”) (v)	\$ 10.79	\$ 10.73	0.6%
Concession revenues per patron (“CPP”) (v)	\$ 6.81	\$ 6.53	4.3%
Adjusted EBITDA (iv) (v)	\$ 106.5million	\$ 83.4million	27.8%
Adjusted EBITDAaL (i) (iv) (v)	\$ 62.3million	\$ 80.0million	-22.1%
Adjusted EBITDAaL margin (i) (iv) (v)	14.1 %	18.7 %	-4.6%
Adjusted free cash flow (v)	\$ 39.1million	\$ 60.8million	-35.7%
Adjusted free cash flow per common share of Cineplex (“Share”) (v)	\$ 0.618	\$ 0.961	-35.7%
Earnings per Share (“EPS”) from continuing operations - basic and diluted (iv)	\$ 0.08	\$ 0.46	-82.6%
EPS from discontinued operations - basic and diluted	\$ (0.02)	\$ (0.03)	-33.3%
EPS - basic and diluted* (iv)	\$ 0.06	\$ 0.43	-86.0%

\*Net income was negatively impacted by costs of \$11.7 million and non-cash interest of \$12.1 million arising as a result of the Cineworld Transaction. The adoption of IFRS 16 negatively impacted the net income by approximately \$3.4 million in the current period and approximately \$5.8 million as compared to the fourth quarter of 2018. In total, after tax, net income was negatively impacted by \$23.4 million or \$0.37 per Share.

### Full Year Results

	2019	2018 Revised and Restated (i)	Period over Period Change (ii)
<b>Total revenues (iii)</b>	\$ 1,665.1million	\$ 1,612.4million	3.3%
<b>Theatre attendance</b>	66.4million	69.3million	-4.2%
<b>Net income from continuing operations</b>	\$ 36.5million	\$ 85.5million	-57.3%
<b>Net loss from discontinued operations</b>	\$ (7.6) million	\$ (8.5) million	NM
<b>Net income*</b>	\$ 28.9million	\$ 77.0million	-62.5%
<b>Box office revenues per patron (“BPP”) (v)</b>	\$ 10.63	\$ 10.46	1.6%
<b>Concession revenues per patron (“CPP”) (v)</b>	\$ 6.73	\$ 6.36	5.8%
<b>Adjusted EBITDA (iv) (v)</b>	\$ 405.8million	\$ 262.4million	54.7%
<b>Adjusted EBITDAaL (i) (iv) (v)</b>	\$ 230.5million	\$ 247.3million	-6.8%
<b>Adjusted EBITDAaL margin (i) (iv) (v)</b>	13.8 %	15.3 %	-1.5%
<b>Adjusted free cash flow (v)</b>	\$ 168.5million	\$ 182.8million	-7.9%
<b>Adjusted free cash flow per common share of Cineplex (“Share”) (v)</b>	\$ 2.660	\$ 2.887	-7.9%
<b>Earnings per Share (“EPS”) from continuing operations - basic and diluted (iv)</b>	\$ 0.58	\$ 1.35	-57.0%
<b>EPS from discontinued operations - basic and diluted</b>	\$ (0.12)	\$ (0.13)	-7.7%
<b>EPS - basic and diluted* (iv)</b>	\$ 0.46	\$ 1.22	-62.3%

\*Net income was negatively impacted by costs of \$11.7 million and non-cash interest of \$12.1 million arising as a result of the Cineworld Transaction. The adoption of IFRS 16 negatively impacted the net income by approximately \$14.3 million in the current period and approximately \$25.5 million as compared to 2018. In total, after tax, net income was negatively impacted by \$43.1 million or \$0.68 per Share.

- i. Prior period figures have been revised as applicable per IFRS 16 and restated as applicable per IFRS 5 to confirm to current period presentation.
- ii. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2019 value less 2018 value.
- iii. All amounts are from continuing operations.
- iv. 2019 includes expenses related to the Cineworld Transaction in the amount of \$11.7 million.
- v. Adjusted EBITDA, adjusted EBITDAaL, adjusted EBITDAaL margin, adjusted free cash flow per common share of Cineplex, BPP and CPP are measures that do not have a standardized meaning under generally accepted accounting principles ("GAAP"). These measures as well as other Non-GAAP financial measures reported by Cineplex are defined in the 'Non-GAAP Financial Measures' section at the end of this news release.

"Cineplex reported strong results for 2019, as our diversified businesses showed more meaningful returns," said Ellis Jacob, President and CEO, Cineplex. "Total revenue increased 3.3% to \$1.7 billion with all-time annual records reported for media, amusement and food service revenue. Our earnings measure comparisons were impacted by the proposed Cineworld transaction and the adoption of IFRS 16. Adjusted EBITDAaL was negatively impacted by transaction related costs of \$11.7 million and net income was negatively impacted by these transaction costs and non-cash interest expenses of \$12.1 million. The adoption of IFRS 16 negatively impacted net income by approximately \$25.5 million as compared to 2018. In total, after tax, net income was negatively impacted by \$43.1 million or \$0.68 per share as compared to 2018."

Subsequent to year end, Cineplex and Cineworld shareholders approved the proposed acquisition by Cineworld and we are working to obtain the remaining required approvals to complete the transaction. Since going public in 2003, Cineplex has remained steadfast in providing value for its shareholders and delivering a superior guest and customer experience across our ecosystem of businesses.

Thank you to our shareholders for their continued support and to our employees for their hard work in achieving these strong results."

## KEY DEVELOPMENTS IN 2019

On December 15, 2019, Cineplex entered into an arrangement agreement (the "Arrangement Agreement") with Cineworld Group, plc, ("Cineworld"), whereby Cineworld agreed to indirectly acquire all of the issued and outstanding common shares of Cineplex ("Shares") for \$34.00 per Share in cash pursuant to a statutory plan of arrangement (the "Cineworld Transaction"). The Cineworld Transaction is supported by Cineplex's Board of Directors, and is subject to approval by the shareholders of both Cineplex and Cineworld and receipt of required regulatory and court approvals. The transaction is expected to close during the first half of 2020. Upon closing, the Cineplex Shares will cease trading on the Toronto Stock Exchange and Cineplex would become a wholly-owned subsidiary of Cineworld.

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

## FILM ENTERTAINMENT AND CONTENT

### *Theatre Exhibition*

- Reported annual box office revenues of \$705.5 million, a 2.6% decrease from 2018 due to a 4.2% decrease in theatre attendance, despite a 1.6% increase in BPP to \$10.63.
- Reported an annual record BPP of \$10.63 for Cineplex, \$0.17 or 1.6% higher than \$10.46 reported during 2018.
- Opened two new theatres, *Cineplex Cinemas Park Royal and VIP* in Vancouver, British Columbia, an eleven screen theatre featuring all recliner seating as well as an UltraAVX screen, D-BOX Motion Seats and four VIP auditoriums; and the other, *Cineplex Cinemas at The Centre* in Saskatoon, Saskatchewan, a seven screen theatre featuring all recliner seating as well as an UltraAVX screen, D-BOX Motion Seats and *Cineplex Clubhouse*.
- Opened a new VIP Cinema in Oakville, Ontario in December at *Cineplex Cinemas Winston Churchill and VIP* with five retrofitted luxury auditoriums.
- Opened five new 4DX auditoriums, two in Alberta at the *Scotiabank Theatre Chinook* in Calgary and the *Scotiabank Theatre Edmonton*; and three in Ontario at the *Cineplex Cinemas Winston Churchill* in Oakville, *Cineplex Cinemas Hamilton Mountain* and the *Scotiabank Theatre Ottawa*.
- Opened five new ScreenX auditoriums: *Cineplex Odeon Sunridge Spectrum Cinemas* in Calgary, Alberta; *Cineplex Odeon South Edmonton Cinemas* in Alberta; *Scotiabank Theatre Vancouver* in British Columbia; *Scotiabank Theatre Toronto* in Ontario; and *Cineplex Cinemas Yorkdale* in Toronto, Ontario.
- Announced plans for *Junxion*, a new entertainment concept which will feature a cinema with reclining seats and in-seat food service, a space for outdoor screenings, an open lobby and stage for events, performances, amusement games, virtual reality experiences ("VR") from VRstudios Inc. ("VRstudios") and a food hall which will include a bar and an indoor food truck. Cineplex plans to open 8-10 *Junxion* locations with the first location at the *Erin Mills Town Centre* in Mississauga, Ontario which is scheduled to open in 2020.

- Announced plans for a new all-in-one entertainment complex at Kildonan Place in Winnipeg, Manitoba scheduled to open in 2021. The entertainment complex will include a six screen theatre featuring all recliner seating, an UltraAVX screen, a large amusement game and attractions area featuring VR and a range of dining experiences.
- Announced plans for two new Cineplex VIP Cinemas in Montreal, Quebec: one at the *Cineplex Cinemas Forum* which is expected to open in 2020 and the other at the *Royalmount* which is expected to open in 2022. Both locations will include five luxury auditoriums and a fully licensed lounge.

#### *Theatre Food Service*

- Reported record annual theatre food service revenues of \$446.6 million, a 1.3% increase from 2018 due to an annual record CPP of \$6.73, a \$0.37 or 5.8% increase from 2018.
- During the year, Cineplex expanded alcohol beverage service to an additional 52 theatres, now totalling 87 (excluding VIP).
- During the year, added nine additional locations to the Uber Eats delivery platform, which now provides home delivery from 101 theatres.
- Announced an expanded partnership with Skip the Dishes, which now provides home delivery from 130 theatres.

#### *Alternative Programming*

- Alternative Programming (Cineplex Events) included the theatrical release of the family feature *Arctic Dogs*, Opera performances from The Metropolitan Opera, The Bolshoi Ballet, *Fleabag* from The National Theatre along with concerts from Metallica and Roger Waters.
- Cineplex International film programming featured strong performing Chinese, Filipino, Hindi and Punjabi-language titles in select markets across the country.

#### *Digital Commerce*

- Online and mobile ticketing represented 35% of total theatre admissions during the year, up from 28% in the prior year.
- Cineplex Store continued to show significant growth with a 57% increase in active monthly users, reaching over 1.3 million users.

### **MEDIA**

- Reported record annual media revenues of \$196.8 million, 20.8% higher than 2018 as a result of record cinema media and digital place-based media revenues.

#### *Cinema Media*

- Cinema media reported record revenue of \$115.4 million in 2019, \$8.6 million or 8.0% higher than 2018, primarily due to increases in show-time and pre-show advertising.
- Cineplex Media, in partnership with Tangerine Bank, announced Tangerine Tuesdays, a continuation of the popular Tuesday ticket program where guests can enjoy discounted movie admission at theatres, as well as free popcorn upgrades.

#### *Digital Place-Based Media*

- Reported record revenues of \$81.3 million in 2019, an increase of \$25.4 million or 45.3%, compared to 2018 mainly due to higher project installation revenues.
- Completed the deployment of AMC theatres' digital network at approximately 630 locations across the United States, including its box office signage, theatre menu boards and other ancillary signage.
- Announced a new partnership with Mountain Equipment Co-op ("MEC") to deliver a unique digital signage to optimize the retail experience for customers at MEC stores across Canada.

### **AMUSEMENT AND LEISURE**

#### *Amusement Solutions*

- Reported record annual revenues of \$189.1 million in 2019 (\$10.9 million from Cineplex theatre gaming and \$178.2 million from all other sources of revenues). This \$13.0 million increase over the prior year is mainly due to increased route operations revenues and distribution sales.

#### *Location-based Entertainment*

- Reported total annual revenues of \$79.2 million including food service revenues of \$36.7 million, amusement revenues of \$39.1 million and other revenues of \$3.4 million, an increase of \$12.7 million (19.1%) as compared to 2018.
- Opened two additional locations of *The Rec Room*: one located at the *Square One Shopping Centre* in Mississauga, Ontario and the other at the *Avalon Mall* in St. John's, Newfoundland.
- Opened Canada's first reinvented *Playdium* entertainment complex in Brampton, Ontario and the second complex in Whitby, Ontario.

- Announced plans for two new locations of *The Rec Room*: one in the *Granville Entertainment District* in Vancouver, British Columbia which is expected to open in 2021, and the other, Quebec's first location of *The Rec Room* at *Royalmount* in Montreal, Quebec, which is expected to open in 2022.
- Announced plans for two *Playdium* locations: one in Dartmouth, Nova Scotia at the *Dartmouth Crossing Shopping Centre*, and the other at Quartier DIX30 in Brossard, Quebec. Both locations are expected to open in 2020.

## LOYALTY

- Membership in the SCENE loyalty program increased by 0.7 million in 2019, reaching 10.3 million members at December 31, 2019.
- SCENE celebrated 10 million members with *National No Excuses Day* on September 27, 2019 offering SCENE members exclusive promotional offers, including half off point redemptions.

## CORPORATE

- Cineplex was named by Waterstone Human Capital one of Canada's 10 Most Admired Corporate Cultures in the large enterprise category for 2018, the third time that Cineplex has won the award that celebrates best-in-class Canadian organizations.
- Cineplex was recognized by *Brand Z* as one of the Top 40 Most Valuable Canadian Brands and honoured with the Best Brand Experience Award, one of three special awards presented by *Brand Z*.
- Entered into the Arrangement Agreement with Cineworld on December 15, 2019.
- Effective with the May 2019 dividend, the Board of Directors of Cineplex (the "Board") announced a monthly dividend increase of 3.4% to \$0.150 per share (\$1.80 on an annual basis) up from \$0.145 per share (\$1.74 on an annual basis). As a result of the Arrangement Agreement, Cineplex does not expect to pay any further dividends after the dividend payable on February 28, 2020, assuming the Cineworld Transaction is completed.
- Cineplex held its ninth annual Community Day, raising over \$175,000 in support of the Boys and Girls Clubs of Canada.

## OPERATING RESULTS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2019

### Total revenues

Total revenues for the three months ended December 31, 2019 increased \$15.4 million (3.6%) to \$443.2 million as compared to the prior year period. Total revenues for the year ended December 31, 2019 increased \$52.7 million (3.3%) to \$1.7 billion as compared to the prior year. A discussion of the factors affecting the changes in box office, food service, media, amusement and other revenues for the two periods is provided below.

Non-GAAP measures discussed throughout this MD&A, including adjusted EBITDA, adjusted EBITDAaL, adjusted store level EBITDAaL, adjusted EBITDAaL margin, adjusted store level EBITDAaL margin, 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 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		
	2019	2018	Change	2019	2018	Change
Box office revenues	\$ 181,789	\$ 182,352	-0.3%	\$ 705,521	\$ 724,244	-2.6%
Theatre attendance (i)	16,849	16,992	-0.8%	66,360	69,272	-4.2%
Box office revenue per patron (i)	\$ 10.79	\$ 10.73	0.6%	\$ 10.63	\$ 10.46	1.6%
BPP excluding premium priced product (i)	\$ 9.40	\$ 9.22	2.0%	\$ 9.17	\$ 8.94	2.6%
Canadian industry revenues (ii)			3.1%			-0.5%
Same theatre box office revenues (i)	\$ 178,652	\$ 181,660	-1.7%	\$ 681,298	\$ 711,074	-4.2%
Same theatre attendance (i)	16,593	16,913	-1.9%	64,396	68,017	-5.3%
% Total box from premium priced product (i)	38.7%	44.6%	-5.9%	41.7%	44.1%	-2.4%

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

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

Box office continuity	Fourth Quarter		Full Year	
	Box Office	Theatre Attendance	Box Office	Theatre Attendance
2018 as reported	\$ 182,352	16,992	\$ 724,244	69,272
Same theatre attendance change	(3,433)	(320)	(37,847)	(3,620)
Impact of same theatre BPP change	425	—	8,071	—
New and acquired theatres (i)	3,092	249	15,539	1,216
Disposed and closed theatres (i)	(647)	(72)	(4,486)	(508)
2019 as reported	\$ 181,789	16,849	\$ 705,521	66,360

(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 2019 Top Cineplex Films			Fourth Quarter 2018 Top Cineplex Films		
	3D	% Box		3D	% Box
1 Joker		15.4%	1 Dr. Seuss' The Grinch	✓	8.9%
2 Frozen II	✓	14.4%	2 A Star Is Born		8.9%
3 Star Wars: The Rise Of Skywalker	✓	13.9%	3 Venom	✓	8.7%
4 Jumanji : The Next Level	✓	7.3%	4 Bohemian Rhapsody		8.6%
5 Maleficent: Mistress Of Evil	✓	3.6%	5 Fantastic Beasts: The Crimes Of Grindelwald	✓	7.2%

Box office revenues decreased \$0.6 million, or 0.3%, to \$181.8 million during the fourth quarter of 2019, compared to \$182.4 million recorded in the same period in 2018. This decrease was due to a 0.8% decrease in theatre attendance more than offsetting the impact of a 0.6% increase in BPP.

BPP for the three months ended December 31, 2019 was a fourth quarter record of \$10.79, a \$0.06 increase from the prior year period as a result of price increases in selective markets as compared to the prior year period.

#### Full Year

Full Year 2019 Top Cineplex Films			Full Year 2018 Top Cineplex Films		
	3D	% Box		3D	% Box
1 Avengers: Endgame	✓	8.6%	1 Avengers: Infinity War	✓	6.3%
2 The Lion King	✓	4.7%	2 Black Panther	✓	6.1%
3 Captain Marvel	✓	4.3%	3 Incredibles 2	✓	4.1%
4 Joker		4.0%	4 Jurassic World: Fallen Kingdom	✓	3.4%
5 Frozen II	✓	3.7%	5 Deadpool 2	✓	3.1%

Box office revenues for the year ended December 31, 2019 were \$705.5 million, a decrease of \$18.7 million or 2.6% from the prior year. This was due to a 4.2% decrease in theatre attendance year over year despite the increase in BPP. The prior year was a tough comparator due to *Avengers: Infinity War*, *Black Panther* and *Incredibles 2* all which finished in the top ten highest grossing films of all-time in North America while only *Avengers: Endgame* finished in the top ten in 2019. In particular, the first quarter experienced a 15.6% decrease in attendance resulting in a \$24.9 million decrease in box office revenues as compared to the prior year period due to the weaker film slate.

Cineplex's BPP for the year ended December 31, 2019 increased \$0.17, or 1.6%, from \$10.46 in 2018 to an annual record of \$10.63 in 2019. 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		
	2019	2018	Change	2019	2018	Change
Food service - theatres	\$ 114,678	\$ 111,015	3.3%	\$ 446,639	\$ 440,733	1.3%
Food service - LBE	10,481	9,711	7.9%	36,691	34,768	5.5%
Total food service revenues	\$ 125,159	\$ 120,726	3.7%	\$ 483,330	\$ 475,501	1.6%
Theatre attendance (i)	16,849	16,992	-0.8%	66,360	69,272	-4.2%
CPP (i) (ii)	\$ 6.81	\$ 6.53	4.3%	\$ 6.73	\$ 6.36	5.8%
Same theatre food service revenues (i)	\$ 112,551	\$ 110,536	1.8%	\$ 427,546	\$ 430,912	-0.8%
Same theatre attendance (i)	16,593	16,913	-1.9%	64,396	68,017	-5.3%
(i) See Non-GAAP measures section of this news release.						
(ii) Food service revenue from LBE is not included in the CPP calculation.						

Theatre food service revenue continuity	Fourth Quarter		Full Year	
	Theatre Food Service	Theatre Attendance	Theatre Food Service	Attendance
2018 as reported	\$ 111,015	16,992	\$ 440,733	69,272
Same theatre attendance change	(2,089)	(320)	(22,935)	(3,620)
Impact of same theatre CPP change	4,104	—	19,569	—
New and acquired theatres (i)	2,081	249	12,053	1,216
Disposed and closed theatres (i)	(433)	(72)	(2,781)	(508)
2019 as reported	\$ 114,678	16,849	\$ 446,639	66,360
(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 and through delivery services including Uber Eats and Skip the Dishes. Food service revenues also include food and beverage sales at LBE venues including *The Rec Room* and *Playdium*. Theatre food service revenues increased \$3.7 million (3.3%) as compared to the prior year period to a fourth quarter record of \$114.7 million due to a 4.3% increase in CPP more than offsetting the impact of a 0.8% decrease in theatre attendance. The operations of LBE contributed \$10.5 million in the period resulting in a \$4.4 million (3.7%) increase in total food service revenues to a fourth quarter record of \$125.2 million. Expanded offerings outside of core food service products, including offerings at Cineplex's VIP Cinemas and Outtakes locations and expanded beverage services, have contributed to increased visitation and higher average transaction values, resulting in the record CPP in the period.

Food service revenues from LBE increased \$0.8 million (7.9%) compared to the prior year period primarily due to the increase in locations from six in 2018 to nine for the full quarter and one for part of the quarter in 2019.

CPP of \$6.81, an increase of 4.3% compared to the prior year period was a fourth quarter record for Cineplex. Expanded offerings outside of core food service products, including offerings at Cineplex's VIP Cinemas and Outtakes locations and expanded beverage services, have contributed to increased visitation and higher average transaction values, resulting in the record CPP in the period.

#### Full Year

Food service revenues increased \$7.8 million, or 1.6% as compared to the prior year to an annual record of \$483.3 million due to a 5.5% increase in LBE revenues and the record CPP more than offsetting the impact of the lower theatre attendance. CPP of \$6.36 in 2018 increased 5.8% to \$6.73 in 2019, an annual record for Cineplex. The operations of LBE contributed \$36.7 million in 2019. Newer locations typically experience higher sales volumes in the first year of operations (honeymoon period) before settling into their expected long-term run-rate levels resulting in a leveling off of results for older locations.

While programs including SCENE offers provided on food service purchases impact CPP, Cineplex believes that this loyalty program drives incremental visits and food service purchases, resulting in higher overall food service revenues.

## Media revenues

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

Media revenues	Fourth Quarter			Full Year		
	2019	2018 Restated	Change	2019	2018 Restated	Change
Cinema media	\$ 42,171	\$ 40,167	5.0%	\$ 115,415	\$ 106,834	8.0%
Digital place-based media	27,374	17,740	54.3%	81,340	55,986	45.3%
Total media revenues from continuing operations	\$ 69,545	\$ 57,907	20.1%	\$ 196,755	\$ 162,820	20.8%
Media revenues from discontinued operations	248	311	-20.3%	1,075	2,189	-50.9%
Total media revenues	\$ 69,793	\$ 58,218	19.9%	\$ 197,830	\$ 165,009	19.9%

### Fourth Quarter

Total media revenues from continuing operations increased 20.1% to an all-time quarterly record of \$69.5 million in the fourth quarter of 2019 compared to the prior year period. This increase was due to higher cinema media and digital place-based media revenues. Cinema media increased by \$2.0 million, or 5.0% higher than the prior year period to an all-time quarter record of \$42.2 million as a result of increased pre-show and show-time. Digital place-based media revenues increased \$9.6 million (54.3%) to an all-time quarterly record of \$27.4 million. The increase as compared to the prior year period was primarily due to increased project installation revenues which included rollouts for new and growth with existing clients.

During the fourth quarter of 2019, digital place-based media added 752 new locations, an increase of 5.2% over the third quarter of 2019.

### Full Year

Total media revenues from continuing operations increased \$33.9 million, or 20.8%, in the year ended December 31, 2019 compared to the prior year, to an all-time annual record of \$196.8 million. This increase was due to the performance of Cinema media, which reported an increase of \$8.6 million (8.0%) compared to the prior year due primarily to higher pre-show results. Digital place-based media revenues increased \$25.4 million due to higher project installation revenues.

Full year, digital place-based media added 1,809 new locations (an increase of 13.4%) for a total of 15,311 locations as at December 31, 2019.

## Amusement Revenues

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

Amusement revenues	Fourth Quarter			Full Year		
	2019	2018	Change	2019	2018	Change
Amusement - P1AG excluding Cineplex exhibition and LBE (i)	\$ 39,931	\$ 43,307	-7.8%	\$ 178,209	\$ 165,486	7.7%
Amusement - Cineplex exhibition (i)	2,668	2,697	-1.1%	10,907	10,664	2.3%
Amusement - LBE	10,872	7,469	45.6%	39,115	29,643	32.0%
Total amusement revenues	\$ 53,471	\$ 53,473	—%	\$ 228,231	\$ 205,793	10.9%

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

### Fourth Quarter

Amusement revenues of \$53.5 million were flat compared to the prior year period. Amusement revenues from P1AG decreased \$3.4 million (7.8%) primarily due to a decrease in route revenues in the United States from theatres, non-family entertainment centres and the retail segment. Amusement revenues from LBE increased 45.6% or \$3.4 million compared to the prior year period as a result of the additional locations and VR offerings.

### Full Year

For the full year period, amusement revenues increased by \$22.4 million (10.9%) to an all-time annual record of \$228.2 million. The increase as compared to the prior year is due to increased distribution revenue as well as route business, in part due to the P1AG

agreement with Cinemark, entered in 2018, as well as strong growth in revenue from the additional locations of LBE venues as compared to the prior year period.

### Other revenues

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

Other revenues	Fourth Quarter			Full Year		
	2019	2018 Restated	Change	2019	2018 Restated	Change
Other revenues from continuing operations	\$ 13,256	\$ 13,385	-1.0%	\$ 51,309	\$ 44,080	16.4%
Other revenues from discontinued operations	—	29	NM	16	196	-91.8%
Total other revenues	\$ 13,256	\$ 13,414	-1.2%	\$ 51,325	\$ 44,276	15.9%

Other revenues from continuing operations decreased 1.0% in the fourth quarter of 2019 compared to the prior year period. In 2019, the increase of 16.4% in other revenues was due primarily to higher volume of digital commerce sales.

### Film cost

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

Film cost	Fourth Quarter			Full Year		
	2019	2018	Change	2019	2018	Change
Film cost	\$ 93,925	\$ 91,562	2.6%	\$ 369,386	\$ 379,325	-2.6%
Film cost percentage (i)	51.7%	50.2%	1.5%	52.4%	52.4%	—%

(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 1.5% increase in film cost percentage in the current period was as a result of higher settlement rates attributable to the top films in 2019 compared to 2018.

#### Full Year

Film cost percentage remained flat year over year as a result of the top films having comparable settlement rates.

### Cost of food service

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

Cost of food service	Fourth Quarter			Full Year		
	2019	2018	Change	2019	2018	Change
Cost of food service - theatre	\$ 25,223	\$ 23,805	6.0	% \$ 97,306	\$ 91,001	6.9%
Cost of food service - LBE	2,478	2,333	6.2	% 9,517	9,190	3.6%
Total cost of food service	\$ 27,701	\$ 26,138	6.0	% \$ 106.82	\$ 100.19	6.6%
Theatre concession cost percentage (i)	22.0%	21.4%	0.6	% 21.8%	20.6%	1.2%
LBE food cost percentage (i)	23.6%	24.0%	-0.4	% 25.9%	26.4%	-0.5%
Theatre concession margin per patron (i)	\$ 5.31	\$ 5.13	3.5	% \$ 5.26	\$ 5.05	4.2%

(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 LBE venues 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 increase in the theatre cost of food service as compared to the prior year period was due to a 0.6% increase in the concession cost percentage during the period and higher theatre food service revenues due to sales from an expanded menu and shift in product mix.

The theatre concession margin per patron increased 3.5% from \$5.13 in the fourth quarter of 2018 to \$5.31 in the same period in 2019, reflecting the impact of the higher CPP more than offsetting the higher theatre concession cost percentage during the quarter.

The increase in LBE cost of food service as compared to the prior year period was due to the higher food service revenues as a result of the increase in operating locations. This was partially offset by the decrease of 0.4% in LBE 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.

#### Full Year

The increase in the theatre cost of food service as compared to the prior year was due to a 1.2% increase in the theatre concession cost percentage and higher theatre food service revenues. The theatre concession margin per patron increased from \$5.05 in the prior year to \$5.26 in 2019, reflecting the impact of the higher CPP in 2019.

The increase in LBE 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. This was partially offset by the decrease of 0.5% in LBE food cost percentage as a result of 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		
	2019	2018 Restated	Change	2019	2018 Restated	Change
Depreciation of property, equipment and leaseholds	\$ 29,967	\$ 30,387	-1.4%	\$ 116,911	\$ 115,016	1.6%
Amortization of intangible assets and other	3,168	3,293	-3.8%	11,972	12,407	-3.5%
Sub-total - depreciation and amortization - other assets	\$ 33,135	\$ 33,680	-1.6%	\$ 128,883	\$ 127,423	1.1%
Depreciation - right-of-use assets	36,471	—	NM	145,946	—	NM
Total depreciation and amortization from continuing operations	\$ 69,606	\$ 33,680	106.7%	\$ 274,829	\$ 127,423	115.7%
Depreciation and amortization from discontinued operations	—	1,119	NM	3,623	4,429	-18.2%
Total depreciation and amortization	\$ 69,606	\$ 34,799	100.0%	\$ 278,452	\$ 131,852	111.2%

The quarterly decrease in depreciation of property, equipment and leaseholds from continuing operations of \$0.4 million was due to the reduction in depreciation resulting from fully depreciated assets more than offsetting the incremental depreciation from new build and expansions. The annual increase in depreciation of \$1.9 million was primarily due to the investments in route equipment, furniture and fixtures and leasehold improvements.

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

The quarterly and annual decrease in amortization of intangible assets and other from continuing operations was primarily 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 and the full year (in thousands of dollars):

Loss on disposal of assets	Fourth Quarter			Full Year		
	2019	2018	Change	2019	2018	Change
Loss on disposal from continuing operations	\$ 868	\$ 1,064	-18.4%	\$ 1,764	\$ 2,681	-34.2%
Loss on disposal from discontinued operations	—	—	NM	—	16	-100.0%
Loss on disposal of assets	\$ 868	\$ 1,064	-18.4%	\$ 1,764	\$ 2,697	-34.6%

## Other costs

Other costs include three main sub-categories of expenses: theatre occupancy expenses, which capture the rent and associated occupancy costs for Cineplex's theatre operations; other operating expenses, which include the costs related to running Cineplex's film entertainment and content, media, as well as amusement and leisure; and general and administrative expenses, which includes costs related to managing Cineplex's operations, including head office expenses. Please see the discussions below for more details on these categories.

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

Other costs	Fourth Quarter			Full Year		
	2019	2018 Restated	Change	2019	2018 Restated	Change
Theatre occupancy expenses	\$ 18,493	\$ 51,991	-64.4%	\$ 71,867	\$ 209,838	-65.8%
Other operating expenses	167,416	161,741	3.5%	629,849	593,736	6.1%
General and administrative expenses	29,014	12,779	127.0%	80,977	66,783	21.3%
Total other costs from continuing operations	\$ 214,923	\$ 226,511	-5.1%	\$ 782,693	\$ 870,358	-10.1%
Other costs from discontinued operations	1,471	2,054	-28.4%	7,001	8,377	-16.4%
Total other costs	\$ 216,394	\$ 228,565	-5.3%	\$ 789,694	\$ 878,735	-10.1%

## Theatre occupancy expenses

The following table highlights the movement in theatre occupancy expenses for the quarter and the year to date (in thousands of dollars) with the prior period presentation revised to provide comparability to the impact of the transition to IFRS 16:

Theatre occupancy expenses	Fourth Quarter			Year to Date		
	2019	2018 Revised	Change	2019	2018 Revised	Change
Cash rent - theatre (i) (vii)	\$ 39,042	\$ 38,625	1.1%	\$ 156,921	\$ 154,545	1.5%
Other occupancy	18,545	17,578	5.5%	73,736	73,435	0.4%
One-time items (ii)	(62)	(550)	-88.7%	(2,275)	(2,776)	-18.0%
Total theatre occupancy including cash lease payments	\$ 57,525	\$ 55,653	3.4%	\$ 228,382	\$ 225,204	1.4%
Non-cash rent (iii) (vi)	—	(2,672)	NM	—	(11,410)	NM
Rent previously recognized as a finance lease (iv)	—	(990)	NM	—	(3,956)	NM
Cash rent related to lease obligations (v)	(39,032)	—	NM	(156,515)	—	NM
Theatre occupancy as reported	\$ 18,493	\$ 51,991	-64.4%	\$ 71,867	\$ 209,838	-65.8%

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

(ii) One-time items include amounts related to both theatre rent and other theatre occupancy costs. They are isolated here to illustrate Cineplex's theatre rent and other theatre occupancy costs excluding these one-time, non-recurring items.

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

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

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

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

<b>Theatre occupancy continuity</b>	<b>Fourth Quarter Occupancy</b>	<b>Year to Date Occupancy</b>
2018 as reported	\$ 51,991	\$ 209,838
Impact of new and acquired theatres	920	4,182
Impact of disposed theatres	(501)	(2,232)
Same theatre rent change (i)	22	750
One-time items	488	502
Other	944	(24)
<u>Impact of IFRS 16 adoption:</u>		
Impact of non-cash rent in prior period	2,672	11,410
Cash rent previously recognized as a finance lease	989	3,956
Cash rent related to lease obligations	(39,032)	(156,515)
2019 as reported	\$ 18,493	\$ 71,867
(i) See Non-GAAP measures section of this news release.		

#### *Fourth Quarter*

Theatre occupancy expenses decreased \$33.5 million during the fourth quarter of 2019 compared to the prior year period. This decrease was primarily due to the impact of the adoption of IFRS 16 partially offset by the impact of non-cash rent in the prior period.

Total theatre occupancy including cash lease payments increased \$1.9 million (3.4%) during the fourth quarter of 2019 compared to the prior year period. This increase was due to a decrease in one-time credits and increase in taxes and insurance.

#### *Full Year*

The decrease in theatre occupancy expenses of \$138.0 million for the 2019 year compared the prior year was mainly due to the impact of the adoption of IFRS 16 partially offset by the impact of non-cash rent in the prior year period.

For the year to date period, theatre occupancy including cash payments increased \$3.1 million (1.4%) as compared to the prior year period. The increase was primarily due to the impact of new theatres net of disposed theatres.

#### **Other operating expenses**

The following table highlights the movement in other operating expenses during the quarter and the year to date (in thousands of dollars) with the prior period presentation revised and restated to provide comparability to the impact of the transition to IFRS 16 and application of IFRS 5:

Other operating expenses	Fourth Quarter			Year to Date		
	2019	2018 Revised and Restated	Change	2019	2018 Revised and Restated	Change
Theatre payroll	\$ 41,925	\$ 38,663	8.4%	\$ 160,593	\$ 152,465	5.3%
Theatre operating expenses	32,986	29,940	10.2%	121,833	117,424	3.8%
Media (i)	27,762	18,881	47.0%	88,621	66,825	32.6%
P1AG (i)	36,818	40,096	-8.2%	156,687	150,558	4.1%
LBE (i) (ii)	14,692	11,665	25.9%	53,110	44,733	18.7%
LBE pre-opening (i) (iii)	603	(87)	NM	2,447	1,260	94.2%
SCENE	2,470	6,991	-64.7%	15,549	17,447	-10.9%
Marketing	5,128	6,663	-23.0%	16,254	19,959	-18.6%
Business interruption insurance proceeds	—	(1,749)	NM	—	(5,449)	NM
Other (iv)	9,686	10,329	-6.2%	32,879	28,212	16.5%
Other operating expenses including cash lease payments	\$ 172,070	\$ 161,392	8.0%	\$ 647,973	\$ 593,434	9.2%
Non-cash rent (v) (vi)	—	348	NM	—	302	NM
Cash rent related to lease obligations (vii)	(4,654)	—	NM	(18,124)	—	NM
Other operating expenses from continuing operations	\$ 167,416	\$ 161,740	3.5%	\$ 629,849	\$ 593,736	6.1%
Other operating expenses from discontinued operations	1,471	2,055	NM	7,001	8,378	-16.4%
Total other operating expenses	\$ 168,887	\$ 163,795	3.1%	\$ 636,850	\$ 602,114	5.8%
(i) Prior period balances were revised to exclude non-cash rent. See Reconciliation section of the MD&A for further details.						
(ii) Includes operating costs of LBE locations. Overhead relating to management of LBE portfolio are included in the 'Other' line.						
(iii) Includes pre-opening costs of LBE.						
(iv) Other category includes overhead costs related to LBE and other Cineplex internal departments.						
(v) Non-cash rent included in the 2018 balances in the previous reporting period. See Reconciliation section of the MD&A for further details.						
(vi) See Non-GAAP measures section of this news release.						
(vii) Cash rent that has been reallocated to offset the lease obligations.						

Other operating continuity from continuing operations	Fourth Quarter Other Operating	Year to Date Other Operating
2018 as restated	\$ 161,740	\$ 593,736
Impact of new and acquired theatres	1,291	7,129
Impact of disposed theatres	(357)	(1,827)
Same theatre payroll change (i)	2,607	4,307
Same theatre operating expenses change (i)	2,767	2,968
Media operating expenses change	8,881	21,796
P1AG operating expenses change	(3,278)	6,129
LBE operating expenses change	3,027	8,377
LBE pre-opening change	690	1,187
SCENE change	(4,521)	(1,898)
Marketing change	(1,535)	(3,705)
Business interruption insurance proceeds change	1,749	5,449
Other	(643)	4,627
Impact of IFRS 16 adoption:		
Non-cash rent in prior period	(348)	(302)
Cash rent related to lease obligations	(4,654)	(18,124)
2019 as reported	\$ 167,416	\$ 629,849
(i) See Non-GAAP measures section of this news release.		

#### Fourth Quarter

Other operating expenses during the fourth quarter of 2019 increased \$5.7 million or 3.5% compared to the prior year period. The increase was primarily due to higher media operating expenses as a result of higher digital place-based media project installation revenue as compared to the prior year period. Same theatre payroll expenses increased due to higher minimum wages in Alberta, Quebec and British Columbia. Payroll and other costs associated with expanded service offerings also resulted in higher costs. Higher LBE operating expenses were due to an increase in the number of LBE locations from six in the fourth quarter of 2018 to ten at the end of 2019. These were partially offset by the \$3.2 million decrease in P1AG costs due to a decrease in the route business and \$4.5 million decrease in SCENE due to timing of expenses.

## Full Year

For the year ended December 31, 2019, other operating expenses increased \$36.1 million or 6.1% compared to the prior year. Media operating expenses increased due to higher CDM project installation revenue and cinema media volumes as compared to the prior year period. The increase in other operating expenses can also be attributed to the net impact of new and acquired theatres. Cineplex incurred higher amusement and leisure costs due to an increase in distribution sales and route revenue from PIAG and from the impact of the increase in the number of LBE venues. Same theatre payroll expenses increased due to higher minimum wages in Alberta, Quebec and British Columbia. During 2018, Cineplex recognized business interruption insurance proceeds of \$5.4 million, as a result of a fire at *Cineplex Seton and VIP*. Cost increases were partially offset by a decrease in marketing due to the timing of campaigns and cash rent allocated to lease obligations arising upon the adoption of IFRS 16.

### General and administrative expenses

The following table highlights the movement in general and administrative (“G&A”) expenses during the quarter and the year to date, including Share-based compensation costs, and G&A expenses net of these costs (in thousands of dollars) with the prior period presentation revised to provide comparability to the impact of the transition to IFRS 16:

G&A expenses	Fourth Quarter			Year to Date		
	2019	2018 Revised	Change	2019	2018 Revised	Change
G&A excluding LTIP and option plan expense (i)	\$ 16,403	\$ 13,437	22.1%	\$ 64,108	\$ 60,568	5.8%
Restructuring	189	1,022	-81.5%	1,078	5,842	-81.5%
Transaction costs (vi)	11,711	—	NM	11,711	—	NM
LTIP (ii)	466	(2,076)	NM	3,076	(1,347)	NM
Option plan	407	395	3.0%	1,605	1,718	-6.6%
G&A expenses including cash lease payments	\$ 29,176	\$ 12,778	128.3%	\$ 81,578	\$ 66,781	22.2%
Non-cash rent (iii) (iv)	—	1	-100.0%	—	2	-100.0%
Cash rent included as part of lease obligations (v)	(162)	—	NM	(601)	—	NM
G&A expenses as reported	\$ 29,014	\$ 12,779	127.0%	\$ 80,977	\$ 66,783	21.3%

(i) Prior period balance was revised to exclude non-cash rent. See Reconciliation section of the MD&A for further details.  
(ii) LTIP includes the expense for the LTIP program as well as the expense for the executive and Board deferred share unit plans.  
(iii) Non-cash rent included in the 2018 balances in the previous reporting period. See Reconciliation section of the MD&A for further details.  
(iv) See Non-GAAP measures section of this news release.  
(v) Cash rent that has been reallocated to offset the lease obligations.  
(vi) Transaction costs include share-based compensation costs and out-of-pocket expenses.

## Fourth Quarter

G&A expenses increased \$16.2 million during the fourth quarter of 2019 compared to the prior year primarily due to higher expenses resulting from the proposed Cineworld Transaction. Included in transaction costs of \$11.7 million are share-based compensation costs of \$8.4 million. These expenses are due to the impact of the combination of the valuation of the expected benefits at \$34.00 as compared to the share price preceding the announcement of the Arrangement Agreement and an accelerated vesting period. The vesting service period was revised to March 31, 2020, to reflect the estimated earliest closing date of the Cineworld Transaction which is expected to occur in during the first half of 2020. Revised vesting terms of the options as a result of the Cineworld Transaction also resulted in increased costs in the quarter. The transaction costs also include \$3.3 million of professional fees arising from the Cineworld Transaction. Excluding the impact of the Cineworld Transaction, LTIP costs increased \$2.5 million due to an increase in share price in the current quarter as compared to a decrease in share price in the prior year period.

## Full Year

G&A expenses for 2019 increased \$14.2 million (21.3%) as compared to the prior year, primarily due to expenses related to the Cineworld Transaction in the amount of \$11.7 million. Included in \$11.7 million of transaction costs are the share-based compensation costs of \$8.4 million, resulting from the combination of the valuation of the expected benefits at \$34.00 (the price per Share in the Cineworld Transaction) as compared to the share price preceding the announcement of the Arrangement Agreement and an accelerated vesting period. The vesting service period was revised to March 31, 2020, to reflect the estimated earliest closing date of the Cineworld Transaction which is expected to occur in during the first half of 2020. Professional fees relating to the Cineworld Transaction in the amount of \$3.3 million are also included in the transaction costs. The increase in G&A can also be attributed to professional fees relating to the software upgrade undertaken for IFRS 16. The prior year included expenses incurred relating to a cost reduction initiative implemented in 2018. Excluding the impact of the Cineworld Transaction, LTIP costs increased \$4.4 million due to an increase in share price in the current year period as compared to a decrease in the share price in the prior year period.

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

The following table presents EBITDA, adjusted EBITDA and adjusted EBITDAaL for the three months and year ended December 31, 2019 as compared to the prior year periods (expressed in thousands of dollars, except adjusted EBITDAaL margin):

EBITDA	Fourth Quarter			Full Year		
	2019	2018 Restated	Change	2019	2018 Restated	Change
EBITDA	\$ 106,905	\$ 85,009	25.8%	\$ 407,584	\$ 265,612	53.5%
Adjusted EBITDA	\$ 106,529	\$ 83,351	27.8%	\$ 405,786	\$ 262,357	54.7%
Adjusted EBITDAaL (i)	\$ 62,327	\$ 80,039	-22.1%	\$ 230,546	\$ 247,295	-6.8%
Adjusted EBITDAaL margin (i)	14.1%	18.7%	-4.6%	13.8%	15.3%	-1.5%

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

Adjusted EBITDAaL for the fourth quarter of 2019 decreased \$17.7 million, or 22.1%, as compared to the prior year period, to \$62.3 million. This decrease was due to additional costs including transaction costs incurred as a result of the Cineworld Transaction as well as weaker results from theatre exhibition business partially offset by strong results from other businesses. As a result of the Cineworld Transaction, G&A expenses increased as a result of expenses related to the Cineworld Transaction in the amount of \$11.7 million. Adjusted EBITDAaL margin, calculated as adjusted EBITDAaL divided by total revenues, was 14.1% in the current period, a decrease of 4.6% from 18.7% in the prior year period.

Adjusted EBITDAaL for the year ended December 31, 2019 decreased \$16.7 million, or 6.8%, to \$230.5 million as compared to \$247.3 million in the prior year period with the decrease primarily due to the transaction costs and accounting adjustments related to the Cineworld Transaction. These were partially offset by the increases in food service, media and amusement revenues. Adjusted EBITDAaL margin was down 0.6% to 13.8% in 2019 compared to 15.3% in 2018.

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

For the fourth quarter of 2019, adjusted free cash flow per common share of Cineplex was \$0.62 as compared to \$0.96 in the prior year period. The declared dividends per common share of Cineplex were \$0.45 in the fourth quarter of 2019 and \$0.44 in the prior year period. During the 12 months ended December 31, 2019, Cineplex generated adjusted free cash flow per Share of \$2.66, compared to \$2.89 in the prior 12 month period. Cineplex declared dividends per Share of \$1.78 and \$1.72, respectively, in each 12 month period. The payout ratios for these periods were 66.9% and 59.6%, respectively.

## **NON-GAAP FINANCIAL MEASURES**

### **EBITDA and Adjusted Free Cash Flow**

EBITDA and adjusted free cash flow are not measures recognized by GAAP and do not have standardized meanings in accordance with such principles. Therefore, EBITDA and adjusted free cash flow may not be comparable to similar measures presented by other issuers. As a result of the adoption of IFRS 16, *Leases* on January 1, 2019, new non-GAAP measures including adjusted EBITDAaL and associated adjusted EBITDAaL margin have been introduced to ensure comparability of periods.

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

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

Adjusted free cash flow is a non-GAAP measure generally used by Canadian corporations, as an indicator of financial performance and it should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. For a detailed reconciliation of net income or net loss to EBITDA, adjusted EBITDA and adjusted EBITDAaL and from cash provided by operating activities to adjusted free cash flow, please refer to Cineplex's management's discussion and analysis filed on [www.sedar.com](http://www.sedar.com).

### **Earnings per Share Metrics**

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

### **Per Patron Revenue Metrics**

Cineplex reviews per patron metrics as they relate to box office revenue and theatre food service revenue such as BPP, CPP, BPP excluding premium priced product, and concession margin per patron, as these are key measures used by investors to value and assess Cineplex's performance, and are widely used in the theatre exhibition industry. Management of Cineplex defines these metrics as follows:

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

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

**BPP excluding premium priced product:** Calculated as total box office revenues for the period, less box office revenues from 3D, 4DX, UltraAVX, VIP and IMAX product; divided by total paid theatre attendance for the period, less paid theatre attendance for 3D, 4DX, UltraAVX, VIP and IMAX product.

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

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

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

### **Same Theatre Analysis**

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

Same theatre metrics are calculated by removing the results for all theatres that have been opened, acquired, closed or otherwise disposed of subsequent to the start of the prior year comparative period. For the three months ended December 31, 2019 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, 2019 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.

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

### **Non-cash rent**

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

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

*By their very nature, forward-looking statements involve inherent risks and uncertainties, including those described in Cineplex's Annual Information Form ("AIF"), Cineplex's management's discussion and analysis ("MD&A") and in this news release. Those risks and uncertainties, both general and specific, give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Cineplex cautions readers not to place undue reliance on these statements, as a number of important factors, many of which are beyond Cineplex's control, could cause actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, risks generally encountered in the relevant industry, competition, customer, legal, taxation and accounting matters.*

*The foregoing list of factors that may affect future results is not exhaustive. When reviewing Cineplex's forward-looking statements, readers should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about factors that may cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risks and Uncertainties" section of Cineplex's MD&A.*

*Cineplex does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities law. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Cineplex, its financial or operating results or its securities. All forward-looking statements in this news release are made as of the date hereof and are qualified by these cautionary statements. Additional information, including Cineplex's AIF and MD&A, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

### **About Cineplex**

Cineplex (TSX:CGX) is a top-tier Canadian brand that operates in the Film Entertainment and Content, Amusement and Leisure, and Media sectors. A leading entertainment and media company, Cineplex welcomes over 70 million guests annually through its circuit of theatres and location based entertainment venues across the country. In addition to being Canada's largest and most innovative film exhibitor, Cineplex also operates successful businesses in digital commerce (CineplexStore.com), food service, alternative programming (Cineplex Events), cinema media (Cineplex Media), digital place-based media (Cineplex Digital Media), amusement solutions (Player One Amusement Group) and an online esports platform for competitive and passionate gamers (WorldGaming Network). Additionally, Cineplex operates location based entertainment complexes specially designed for teens and families (Playdium) as well as Canada's favourite destination for 'Eats & Entertainment' (The Rec Room). 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](http://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:

**Wednesday February 12, 2020  
10:00 am Eastern Time**

In order to participate in the conference call please dial 647-484-0477, or from outside Toronto and from the U.S., dial 1-800-458-4121 at least five to ten minutes prior to 10:00am ET. Please quote the conference confirmation code 2521681 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 2521681.

The replay will begin at 1:00pm ET on Wednesday February 12, 2020 and end at 1:00pm ET on Wednesday February 19, 2020.

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

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**For further information:**

**Gord Nelson**

**Chief Financial Officer**

**T: (416) 323-7262**

**E: [investorrelations@cinplex.com](mailto:investorrelations@cinplex.com)**

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

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	<b>December 31,</b>	<b>December 31,</b>
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 26,080	\$ 25,242
Trade and other receivables	168,065	165,586
Income taxes receivable	9,757	4,944
Inventories	30,995	30,592
Prepaid expenses and other current assets	14,226	13,862
Fair value of interest rate swap agreements	1,022	1,457
Assets held for sale	6,573	—
	<hr/>	
	256,718	241,683
<b>Non-current assets</b>		
Property, equipment and leaseholds	662,798	634,354
Right-of-use assets	1,232,849	—
Deferred income taxes	14,197	13,444
Fair value of interest rate swap agreements	472	2,063
Interests in joint ventures and associates	28,221	38,912
Intangible assets	88,367	108,758
Goodwill	816,790	817,235
	<hr/>	
	\$ 3,100,412	\$ 1,856,449
	<hr/>	

**Cineplex Inc.****Consolidated Balance Sheets ... continued**

(expressed in thousands of Canadian dollars)

	December 31, 2019	December 31, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 220,188	\$ 186,407
Share-based compensation	25,681	4,862
Dividends payable	9,500	9,183
Income taxes payable	1,183	12,167
Deferred revenue	222,998	214,016
Lease obligations	106,352	3,058
Fair value of interest rate swap agreements	1,874	1,184
Liabilities related to assets held for sale	2,808	—
	<u>590,584</u>	<u>430,877</u>
<b>Non-current liabilities</b>		
Share-based compensation	—	8,210
Long-term debt	625,000	580,000
Fair value of interest rate swap agreements	10,837	7,674
Lease obligations	1,261,243	10,789
Post-employment benefit obligations	10,678	9,250
Other liabilities	9,813	119,110
Deferred income taxes	1,263	11,528
	<u>1,918,834</u>	<u>746,561</u>
<b>Total liabilities</b>	<u>2,509,418</u>	<u>1,177,438</u>
<b>Equity</b>		
Share capital	852,379	852,379
Deficit	(264,310)	(179,721)
Hedging reserves and other	(131)	(3,678)
Contributed surplus	4,052	7,815
Cumulative translation adjustment	(887)	2,301
	<u>591,103</u>	<u>679,096</u>
Total equity attributable to owners of Cineplex	591,103	679,096
Non-controlling interests	(109)	(85)
	<u>590,994</u>	<u>679,011</u>
<b>Total equity</b>	<u>590,994</u>	<u>679,011</u>
	<u>\$ 3,100,412</u>	<u>\$ 1,856,449</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,	
	2019	2018 Restated	2019	2018 Restated
<b>Revenues</b>				
Box office	\$ 181,789	\$ 182,352	\$ 705,521	\$ 724,244
Food service	125,159	120,726	483,330	475,501
Media	69,545	57,907	196,755	162,820
Amusement	53,471	53,473	228,231	205,793
Other	13,256	13,385	51,309	44,080
	<u>443,220</u>	<u>427,843</u>	<u>1,665,146</u>	<u>1,612,438</u>
<b>Expenses</b>				
Film cost	93,925	91,562	369,386	379,325
Cost of food service	27,701	26,138	106,823	100,191
Depreciation - right-of-use assets	36,471	—	145,946	—
Depreciation and amortization - other assets	33,135	33,680	128,883	127,423
Loss on disposal of assets	868	1,064	1,764	2,681
Other costs	214,922	226,511	782,693	870,358
Share of income of joint ventures and associates	(1,597)	(898)	(4,169)	(3,748)
Interest expense - lease obligations	11,879	110	48,659	535
Interest expense - other	18,610	10,619	36,063	30,155
Interest income	(44)	(69)	(252)	(274)
Foreign exchange	496	(1,543)	1,065	(1,981)
	<u>436,366</u>	<u>387,174</u>	<u>1,616,861</u>	<u>1,504,665</u>
<b>Income from continuing operations before income taxes</b>	<u>6,854</u>	<u>40,669</u>	<u>48,285</u>	<u>107,773</u>
<b>Provision for income taxes</b>				
Current	5,414	9,886	21,759	28,894
Deferred	(3,228)	1,521	(9,990)	(6,580)
	<u>2,186</u>	<u>11,407</u>	<u>11,769</u>	<u>22,314</u>
<b>Net income from continuing operations</b>	<u>\$ 4,668</u>	<u>\$ 29,262</u>	<u>\$ 36,516</u>	<u>\$ 85,459</u>
Net loss from discontinued operations, net of taxes	<u>(1,196)</u>	<u>(2,108)</u>	<u>(7,625)</u>	<u>(8,503)</u>
<b>Net income</b>	<u>\$ 3,472</u>	<u>\$ 27,154</u>	<u>\$ 28,891</u>	<u>\$ 76,956</u>
<b>Net income from continuing operations attributable to:</b>				
Owners of Cineplex	\$ 4,672	\$ 29,287	\$ 36,540	\$ 85,556
Non-controlling interests	(4)	(25)	(24)	(97)
<b>Net income from continuing operations</b>	<u>\$ 4,668</u>	<u>\$ 29,262</u>	<u>\$ 36,516</u>	<u>\$ 85,459</u>
<b>Net income attributable to:</b>				
Owners of Cineplex	\$ 3,476	\$ 27,179	\$ 28,915	\$ 77,053
Non-controlling interests	(4)	(25)	(24)	(97)
<b>Net income</b>	<u>\$ 3,472</u>	<u>\$ 27,154</u>	<u>\$ 28,891</u>	<u>\$ 76,956</u>
<b>Net income per share attributable to owners of Cineplex - basic and diluted:</b>				
Continuing operations	\$ 0.08	\$ 0.46	\$ 0.58	\$ 1.35
Discontinued operations	(0.02)	(0.03)	(0.12)	(0.13)
<b>Total operations</b>	<u>\$ 0.06</u>	<u>\$ 0.43</u>	<u>\$ 0.46</u>	<u>\$ 1.22</u>

**Cineplex Inc.****Consolidated Statements of Comprehensive Income**

(expressed in thousands of Canadian dollars)

	Three months ended December 31,		Year ended December 31,	
	2019	2018 Restated	2019	2018 Restated
<b>Net income from continuing operations</b>	\$ 4,668	\$ 29,262	\$ 36,516	\$ 85,459
<b>Other comprehensive income from continuing operations</b>				
<i>Items that will be reclassified subsequently to net income:</i>				
Income (loss) on hedging instruments	7,295	(9,593)	(4,853)	(7,008)
Associated deferred income taxes (expense) recovery	(1,943)	2,648	1,306	1,998
Foreign currency translation adjustment	(1,189)	3,180	(3,398)	5,422
<i>Items that will not be reclassified to net income:</i>				
Actuarial gains of post-employment benefit obligations	1,054	296	1,054	296
Associated deferred income taxes expense	(282)	(79)	(282)	(79)
<b>Other comprehensive income (loss)</b>	4,935	(3,548)	(6,173)	629
<b>Comprehensive income from continuing operations</b>	9,603	25,714	30,343	86,088
Net loss from discontinued operations, net of taxes	(1,196)	(2,108)	(7,625)	(8,503)
Foreign currency translation adjustment from discontinued operations	116	(212)	210	(304)
<b>Comprehensive income</b>	\$ 8,523	\$ 23,394	\$ 22,928	\$ 77,281
<b>Comprehensive income from continuing operations attributable to:</b>				
Owners of Cineplex	\$ 9,607	\$ 25,739	\$ 30,367	\$ 86,185
Non-controlling interests	(4)	(25)	(24)	(97)
<b>Comprehensive income</b>	\$ 9,603	\$ 25,714	\$ 30,343	\$ 86,088
<b>Comprehensive income attributable to:</b>				
Owners of Cineplex	\$ 8,527	\$ 23,419	\$ 22,952	\$ 77,378
Non-controlling interests	(4)	(25)	(24)	(97)
<b>Comprehensive income</b>	\$ 8,523	\$ 23,394	\$ 22,928	\$ 77,281

**Cineplex Inc.**  
**Consolidated Statements of Changes in Equity**  
**(expressed in thousands of Canadian dollars)**  
**For the years ended December 31, 2019 and 2018**

	Share capital	Contributed surplus	Hedging reserves and other	Cumulative translation adjustment	Deficit	Non-controlling interests	Total
<b>January 1, 2019</b>	\$ 852,379	\$ 7,815	\$ (3,678)	\$ 2,301	\$ (179,721)	\$ (85)	\$ 679,011
Net income	—	—	—	—	28,915	(24)	28,891
Other comprehensive loss	—	—	3,547	(3,188)	(772)	—	(413)
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>3,547</b>	<b>(3,188)</b>	<b>28,143</b>	<b>(24)</b>	<b>28,478</b>
Dividends declared	—	—	—	—	(112,732)	—	(112,732)
Share option expense	—	1,607	—	—	—	—	1,607
Conversion to cash-settled option plan	—	(5,370)	—	—	—	—	(5,370)
<b>December 31, 2019</b>	<b>\$ 852,379</b>	<b>\$ 4,052</b>	<b>\$ (131)</b>	<b>\$ (887)</b>	<b>\$ (264,310)</b>	<b>\$ (109)</b>	<b>\$ 590,994</b>
<b>January 1, 2018</b>	\$ 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
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>(5,010)</b>	<b>5,118</b>	<b>77,270</b>	<b>(97)</b>	<b>77,281</b>
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
<b>December 31, 2018</b>	<b>\$ 852,379</b>	<b>\$ 7,815</b>	<b>\$ (3,678)</b>	<b>\$ 2,301</b>	<b>\$ (179,721)</b>	<b>\$ (85)</b>	<b>\$ 679,011</b>

# Cineplex Inc.

## Consolidated Statements of Cash Flows

(expressed in thousands of Canadian dollars)

	Three months ended December 31,		Year ended December 31,	
	2019	2018 Restated	2019	2018 Restated
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income from continuing operations	\$ 4,668	\$ 29,262	\$ 36,516	\$ 85,459
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	33,135	33,680	128,883	127,423
Depreciation of right-of-use assets	36,471	—	145,946	—
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	—	(2,323)	—	(11,106)
Unrealized foreign exchange	309	(1,112)	698	(1,231)
Interest rate swap agreements - non-cash interest	11,891	1,073	10,472	1,466
Accretion of convertible debentures	—	605	—	2,420
Other non-cash interest	408	893	1,745	1,194
Financing fees included in interest expenses	—	1,718	—	1,718
Loss on disposal of assets	868	1,064	1,764	2,681
Deferred income taxes	(3,228)	1,521	(9,990)	(6,580)
Non-cash share-based compensation	407	395	1,608	1,718
Net change in interests in joint ventures and associates	(1,466)	620	(4,704)	(3,139)
Changes in operating assets and liabilities	40,670	15,532	8,727	(3,659)
Net cash provided by operating activities	124,133	82,928	321,665	198,364
<b>Investing activities</b>				
Proceeds from disposal of assets, including asset-related insurance recoveries	—	100	—	1,930
Purchases of property, equipment and leaseholds	(51,448)	(24,533)	(146,367)	(110,079)
Acquisition of businesses, net of cash acquired	—	—	—	(4,685)
Intangible assets additions	(2,709)	(1,826)	(7,865)	(4,908)
Tenant inducements	4,832	3,113	13,985	14,842
Net cash received from CDCP	2,882	684	15,394	4,266
Net cash used in investing activities	(46,443)	(22,462)	(124,853)	(98,634)
<b>Financing activities</b>				
Dividends paid	(28,498)	(27,550)	(112,415)	(108,614)
Borrowings under credit facilities, net	(24,000)	71,000	45,000	111,000
Options exercised for cash	—	—	—	68
Repayments of lease obligations - principal	(32,352)	(878)	(128,252)	(3,420)
Financing fees	—	(1,718)	(243)	(1,718)
Repayment of convertible debentures at maturity	—	(107,500)	—	(107,500)
Net cash used in financing activities	(84,850)	(66,646)	(195,910)	(110,184)
Effect of exchange rate differences on cash	345	137	483	600
(Decrease) increase in cash and cash equivalents from continuing operations	(6,815)	(6,043)	1,385	(9,854)
Cash flows provided by (used in) discontinued operations	2,821	(1,277)	(547)	(5,501)
<b>Cash and cash equivalents - Beginning of period</b>	<b>30,074</b>	<b>32,562</b>	<b>25,242</b>	<b>40,597</b>
<b>Cash and cash equivalents - End of period</b>	<b>\$ 26,080</b>	<b>\$ 25,242</b>	<b>\$ 26,080</b>	<b>\$ 25,242</b>
<b>Supplemental information</b>				
Cash paid for interest - lease obligation	\$ 11,443	\$ 110	\$ 47,018	\$ 535
Cash paid for interest - other	\$ 6,634	\$ 7,923	\$ 25,302	\$ 26,306
Cash paid for income taxes, net	\$ 7,315	\$ 6,781	\$ 36,402	\$ 29,048

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

**Reconciliation to Adjusted EBITDAaL**

	Three months ended December 31,		Year ended December 31,	
	2019	2018 Restated	2019	2018 Restated
<b>Net income from continuing operations</b>	\$ 4,668	\$ 29,262	\$ 36,516	\$ 85,459
Depreciation and amortization - other	33,135	33,680	128,883	127,423
Depreciation - right-of-use assets	36,471	—	145,946	—
Interest expense - lease obligations	11,879	110	48,659	535
Interest expense - other	18,610	10,619	36,063	30,155
Interest income	(44)	(69)	(252)	(274)
Current income tax expense	5,414	9,886	21,759	28,894
Deferred income tax (recovery) expense	(3,228)	1,521	(9,990)	(6,580)
<b>EBITDA from continuing operations</b>	\$ 106,905	\$ 85,009	\$ 407,584	\$ 265,612
Loss on disposal of assets	868	1,064	1,764	2,681
CDCP equity income (i)	(1,803)	(1,311)	(4,827)	(4,186)
Foreign exchange loss (gain)	496	(1,543)	1,065	(1,981)
Non-controlling interest	4	25	24	78
Depreciation and amortization - joint ventures and associates (ii)	23	26	99	33
Taxes and interest of joint ventures and associates (ii)	36	81	77	120
<b>Adjusted EBITDA from continuing operations</b>	\$ 106,529	\$ 83,351	\$ 405,786	\$ 262,357
Cash rent related to lease obligation (iii)	(43,849)	—	(175,240)	—
Cash rent paid not pertaining to current period	(353)	—	—	—
Cash rent previously recognized as a finance lease (iv)	—	(989)	—	(3,956)
Non-cash rent (v) (vi)	—	(2,323)	—	(11,106)
<b>Adjusted EBITDAaL (vi) (vii)</b>	\$ 62,327	\$ 80,039	\$ 230,546	\$ 247,295

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

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

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

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

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

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

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



# Cineplex Inc.

## Consolidated Supplemental Information

(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,	
	2019	2018 Restated	2019	2018 Restated
<b>Cash provided by operating activities (i)</b>	\$ 124,133	\$ 82,928	\$ 321,665	\$ 198,364
Less: Total capital expenditures net of proceeds on sale of assets	(51,448)	(24,433)	(146,367)	(108,149)
Standardized free cash flow	72,685	58,495	175,298	90,215
Add/(Less):				
Changes in operating assets and liabilities (ii)	(40,670)	(15,531)	(8,727)	3,660
Changes in operating assets and liabilities of joint ventures and associates (ii)	(131)	(1,518)	535	(609)
Principal component of lease obligations	(32,352)	(878)	(128,252)	(3,420)
Principal portion of cash rent paid not pertaining to current period	(346)	—	—	—
Growth capital expenditures and other (iii)	37,202	19,871	114,665	88,941
Share of income of joint ventures and associates, net of non-cash depreciation	(147)	(306)	(482)	(285)
Non-controlling interest	4	25	24	78
Net cash received from CDCP (iv)	2,882	684	15,394	4,266
<b>Adjusted free cash flow</b>	<b>\$ 39,127</b>	<b>\$ 60,842</b>	<b>\$ 168,455</b>	<b>\$ 182,846</b>
Average number of Shares outstanding	63,333,238	63,333,137	63,333,238	63,332,159
<b>Adjusted free cash flow per Share</b>	<b>\$ 0.618</b>	<b>\$ 0.961</b>	<b>\$ 2.660</b>	<b>\$ 2.887</b>
<b>Dividends declared</b>	<b>\$ 0.450</b>	<b>\$ 0.435</b>	<b>\$ 1.780</b>	<b>\$ 1.720</b>

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

(ii) Changes in operating assets and liabilities are not considered a source or use of adjusted free cash flow.

(iii) Growth capital expenditures and other represent expenditures on Board approved projects, exclude maintenance capital expenditures, and are net of proceeds on asset sales. Cineplex's revolving facility is available to fund Board approved projects.

(iv) Excludes the share of income of CDCP, as CDCP is a limited-life financing vehicle funded by virtual print fees collected from distributors.

Cash invested into CDCP, as well as cash distributions received from CDCP, are considered to be uses and sources of adjusted free cash flow.

