



FOR IMMEDIATE RELEASE

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

**TORONTO, Canada**, February 12, 2015 (TSX: CGX) - Cineplex Inc. ("Cineplex") today released its financial results for the three months and year ended December 31, 2014.

**Fourth Quarter Results**

	<b>2014</b>	<b>2013</b>	<b>Period over Period Change (i)</b>
<b>Total revenues</b>	\$ 332.2million	\$ 323.2million	2.8%
<b>Attendance</b>	19.0million	18.9million	0.9%
<b>Net income</b>	\$ 32.1million	\$ 20.2million	59.1%
<b>Box office revenues per patron ("BPP") (ii)</b>	\$ 9.06	\$ 9.42	-3.8%
<b>Concession revenues per patron ("CPP") (ii)</b>	\$ 5.14	\$ 4.94	4.0%
<b>Adjusted EBITDA (ii)</b>	\$ 62.6million	\$ 54.1million	15.7%
<b>Adjusted EBITDA margin (ii)</b>	18.9 %	16.8 %	2.1%
<b>Adjusted free cash flow (ii)</b>	\$ 42.5million	\$ 36.3million	17.3%
<b>Adjusted free cash flow per common share of Cineplex ("Share") (ii)</b>	\$ 0.6753	\$ 0.5769	17.1%
<b>Earnings per Share ("EPS") - basic</b>	\$ 0.51	\$ 0.32	59.4%
<b>EPS - diluted</b>	\$ 0.51	\$ 0.32	59.4%

**Annual Results**

	<b>2014</b>	<b>2013</b>	<b>Year over Year Change (i)</b>
<b>Total revenues</b>	\$ 1,234.7million	\$ 1,171.3million	5.4%
<b>Attendance</b>	73.6million	72.7million	1.3%
<b>Net income</b>	\$ 76.3million	\$ 83.6million	-8.7%
<b>BPP (ii)</b>	\$ 9.13	\$ 9.15	-0.2%
<b>CPP (ii)</b>	\$ 5.09	\$ 4.82	5.6%
<b>Adjusted EBITDA (ii)</b>	\$ 201.0million	\$ 202.4million	-0.7%
<b>Adjusted EBITDA Margin (ii)</b>	16.3 %	17.3 %	-1.0%
<b>Adjusted free cash flow (ii)</b>	\$ 145.5million	\$ 154.5million	-5.8%
<b>Adjusted Free Cash Flow per Share (ii)</b>	\$ 2.3106	\$ 2.4580	-6.0%
<b>EPS - basic</b>	\$ 1.21	\$ 1.33	-9.0%
<b>EPS - diluted</b>	\$ 1.20	\$ 1.32	-9.1%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2014 value less 2013 value.
- ii. Adjusted EBITDA, adjusted EBITDA margin, adjusted free cash flow, adjusted free cash flow per Share, 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 measures section of this news release.

"The fourth quarter of 2014 set new all-time records for total revenues, an increase of 2.8% to \$332.2 million and adjusted EBITDA, which increased 15.7% to \$62.6 million. This was primarily due to higher media and food service revenues," said Ellis Jacob, President and CEO, Cineplex Entertainment.

"On a full year basis, total revenues increased 5.4% to \$1.2 billion, and adjusted EBITDA of \$201.0 million remained relatively flat compared to last year. This was primarily due to incremental revenues from our theatre and media acquisitions more than offsetting the impact of a weaker box office," said Jacob.

"The weaker film product and a number of titles shifting to 2015, created a challenging year for the exhibition industry. However, Cineplex continued to perform well in all other areas of the business, generating record food service and media results."

"I am encouraged by what appears to be a very strong film slate for 2015 and excited about the strategic opportunities scheduled to unfold throughout the year, including Cineplex's launch of a new premier social entertainment destination - The Rec Room - announced subsequent to year end. Opportunities such as these enable us to achieve meaningful growth and provide continued value to our shareholders moving forward."

## KEY DEVELOPMENTS IN 2014

The following describes certain key business initiatives undertaken and results achieved during 2014 in each of Cineplex's core business areas:

### THEATRE EXHIBITION

- Reported Cineplex's highest ever box office revenues of \$672.7 million and attendance of 73.6 million due to the acquisition of the Atlantic Theatres in the fourth quarter of 2013.
- Opened *Cineplex Cinemas Manning Town Centre* in Edmonton, Alberta featuring ten auditoriums including one UltraAVX auditorium.
- Opened *Cineplex VIP Cinemas Don Mills* in Toronto, Ontario, Canada's first stand-alone VIP movie theatre, featuring five VIP auditoriums. Added VIP Cinemas to *Cineplex Cinemas Queensway and VIP* and *Cineplex Cinemas Yonge Dundas and VIP*.
- Continued to invest in premium offerings, adding 11 UltraAVX screens and 15 VIP auditoriums in both new theatres and renovations to existing theatres, and D-Box seating to four theatres across the circuit.

### MERCHANDISING

- Reported record annual food service revenues of \$375.0 million and CPP of \$5.09, exceeding the previous records of \$350.4 million and \$4.82, both set in 2013.
- Opened eight new XSCAPE Entertainment Centres in 2014, bringing the total number of XSCAPE locations at December 31, 2014 to 18.
- Continued the expansion of Cineplex's proprietary brands *Outtakes* and *Poptopia*, bringing the total across the circuit to 90 *Outtakes* locations and 17 *Poptopia* locations at December 31, 2014.
- Completed the acquisition of a 50% stake in YoYo's Yogurt Cafe ("YoYo's"), a London, Ontario-based self-serve frozen yogurt chain. Rolled out YoYo's locations in select theatres across the circuit, owning and operating 53 YoYo's locations at December 31, 2014.
- Committed to acquire the 50% of the issued and outstanding equity of Cineplex Starburst Inc. ("CSI") that Cineplex does not already own. After the transaction closes in the third quarter of 2015, Cineplex will own 100% of the issued and outstanding equity of CSI.
- Subsequent to the year end, Cineplex announced its plans for *The Rec Room*, a social entertainment destination featuring gaming, live entertainment, entertainment programming and upscale casual dining.

### MEDIA

- Reported record annual media revenues of \$134.2 million, 22.5% higher than the previous record set in 2013 with the increase primarily due to higher Cineplex Digital Media revenues (up \$22.9 million) largely due to the full year inclusion of Cineplex Digital Networks ("CDN") and Cineplex Media revenues (up \$1.7 million).
- Announced an expanded sponsorship agreement, naming the Bank of Nova Scotia ("Scotiabank") as the presenting sponsor for Cineplex VIP Cinemas, in addition to extending naming rights for Scotiabank Theatres to three additional locations.
- Completed the national rollout of Timeplay, the third-party app that allows Cineplex to sell media integrated into real-time content on the big screen, with movie-goers using the app to compete for prizes and receive special offers from Cineplex and advertisers.
- Launched the Interactive Media Zone, an interactive media experience in the lobby of select Cineplex theatres that allows advertisers to engage and interact with Cineplex guests in high traffic lobby locations.
- Cineplex Digital Media partnered with Tim Hortons to launch TimsTV, one of the largest digital programming networks in the Canadian restaurant and retail sectors.
- Cineplex Digital Media partnered with Oxford Properties Group ("Oxford") to create North America's first place-based digital ecosystem to be added to 10 high-profile shopping centres across Canada.

## **ALTERNATIVE PROGRAMMING**

- Alternative programming, which includes ethnic film programming and Event Cinema features, reported strong performances in both areas including the Metropolitan Opera: Live in HD series, concert films and performances from the National Theatre in London.
- Served as the national distributor for the films *Legends of Oz - Dorothy's Return* and *Corner Gas: The Movie*.
- Partnered with HBO Canada to exhibit the Season 4 finale of *Game of Thrones* live in participating theatres, as well as partnering with BBC Canada to present the season premiere of *Dr. Who*.

## **DIGITAL COMMERCE (formerly Interactive)**

- Launched a new digital commerce platform for the Cineplex Store, supporting over 7,500 movies on an expanded range of devices and added download capabilities, with the Cineplex Store now supporting the widest range of devices in Canada to watch and enjoy content.
- Launched a French language version of the Cineplex Store called Boutique Cineplex, showcasing the very best in French language movies and also featuring French-language versions of the latest Hollywood releases.
- The Cineplex Store became the first movie on-demand service to be available on Roku players, which connect directly to televisions and internet services on home networks, making it easy to stream content on televisions directly from the internet.
- Cineplex.com registered a 7% increase in unique visitors and a 3% increase in visits during 2014 compared to 2013.
- At December 31, 2014, the Cineplex app had been downloaded 10.9 million times and recorded over 515 million app sessions, ranking it as the 9th most popular mobile brand in Canada with 18% penetration of the Canadian mobile market.

## **LOYALTY**

- Entered into a strategic marketing partnership with sports and active lifestyle retailer SportChek, extending the benefits of SCENE by enabling members to earn and redeem points for products available at more than 180 SportChek locations across Canada.
- Membership in the SCENE loyalty program increased more than 1.0 million members in 2014, reaching a membership of 6.3 million at December 31, 2014.
- Subsequent to the year end, SCENE announced a strategic marketing partnership that will see CARA Operations Limited ("CARA") become SCENE's exclusive restaurant partner, allowing SCENE members to earn and redeem points at 813 CARA restaurants across Canada.

## **CORPORATE**

- Effective with the May 2014 dividend, the board of directors of Cineplex (the "Board") announced a monthly dividend increase to \$0.125 per Share (\$1.50 on an annual basis) up from \$0.12 per Share (\$1.44 on an annual basis) effective with the May 2014 dividend.
- Cineplex hosted its most successful National Community Day in 2014 in support of Free the Children, its national charitable partner. Cineplex is one of Free the Children's top five corporate supporters, raising \$0.8 million on their behalf in 2014.

## OPERATING RESULTS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2014

### Total revenues

Total revenues for the three months ended December 31, 2014 increased \$9.0 million (2.8%) to \$332.2 million as compared to the prior year period. Total revenues for the year ended December 31, 2014 increased \$63.4 million (5.4%) to \$1.2 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 news release, 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 on-GAAP measures section at the end 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 Canadian dollars, except attendance reported in thousands of patrons, and per patron amounts, unless otherwise noted):

Box office revenues	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
Box office revenues	\$ 172,460	\$ 177,692	-2.9%	\$ 672,678	\$ 665,306	1.1%
Attendance (i)	19,037	18,872	0.9%	73,648	72,703	1.3%
Box office revenue per patron (i)	\$ 9.06	\$ 9.42	-3.8%	\$ 9.13	\$ 9.15	-0.2%
BPP excluding premium priced product (i)	\$ 8.39	\$ 8.52	-1.5%	\$ 8.27	\$ 8.29	-0.2%
Canadian industry revenues (ii)			-5.7%			-7.1%
Same store box office revenues (i)	\$ 158,472	\$ 165,909	-4.5%	\$ 607,509	\$ 640,721	-5.2%
Same store attendance (i)	17,415	17,645	-1.3%	66,176	70,113	-5.6%
% Total box from premium priced product (i)	29.4%	40.3%	-10.9%	37.8%	38.7%	-0.9%

(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 decrease of 6.6% for the period from October 3, 2014 to January 1, 2015 as compared to the period from October 4, 2013 to January 2, 2014. On a basis consistent with Cineplex's calendar reporting period (October 1 to December 31), the Canadian industry box office revenue change is estimated to be a decrease of 5.7%. MTAC reported that the Canadian exhibition industry reported a box office revenue decrease of 7.2% for the period from January 3, 2014 to January 1, 2015 as compared to the period from January 4, 2013 to January 2, 2014. On a basis consistent with Cineplex's calendar reporting period (January 1 to December 31), the Canadian industry box office revenues are estimated to be a lower by 7.1% compared to the prior year.

Box office continuity	Fourth Quarter		Full Year	
	Box Office	Attendance	Box Office	Attendance
2013 as reported	\$ 177,692	18,872	\$ 665,306	72,703
Same store attendance change	(2,155)	(229)	(35,980)	(3,937)
Impact of same store BPP change	(5,282)	—	2,768	—
New and acquired theatres (i)	2,758	456	46,356	5,512
Disposed and closed theatres (i)	(553)	(62)	(5,772)	(630)
2014 as reported	\$ 172,460	19,037	\$ 672,678	73,648

(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 2014 Top Cineplex Films			Fourth Quarter 2013 Top Cineplex Films		
	3D	% Box		3D	% Box
1		11.1%	1		14.2%
2	X	10.2%	2	X	11.0%
3	X	7.6%	3	X	10.6%
4		7.5%	4	X	9.3%
5		6.6%	5	X	8.8%

Box office revenues decreased \$5.2 million, or 2.9%, to \$172.5 million during the fourth quarter of 2014, compared to \$177.7 million

recorded in the same period in 2013. The decrease was due to the impact of the 3.8% BPP decrease in the current period more than offsetting the impact of the 0.9% increase in attendance. Film product during the period was weaker than the comparator period resulting in a decline in same store attendance. This decline was offset by the impact of the Atlantic Theatres (acquired in the fourth quarter of 2013), which contributed incremental revenues of \$1.1 million to box office revenues during the period.

BPP for the three months ended December 31, 2014 was \$9.06, a \$0.36 decrease from the prior year period. The decrease in BPP was due to the film mix featuring less 3D films than in the prior year period, as the current period had two of the top five films screened in 3D compared to four of the top five screened in 3D in the prior year period. Box office revenues from premium product accounted for 29.4% of box office revenues in the current period, down from 40.3% in the prior year period. Despite the overall decrease in the percentage of premium priced product in the current period compared to the prior year, Cineplex's investments in these offerings contributed to Cineplex's same-store results declining less than the Canadian industry in the period, with the industry estimated to be down 5.7% in the period compared to Cineplex's same-store decline of 4.5%.

#### Full Year

Full Year 2014 Top Cineplex Films		3D	% Box	Full Year 2013 Top Cineplex Films		3D	% Box
1	Guardians of the Galaxy	X	4.0%	1	The Hunger Games: Catching Fire		3.6 %
2	The Lego Movie	X	3.1%	2	Iron Man 3	X	3.6 %
3	The Hunger Games: Mockingjay - Part 1		2.8%	3	Despicable Me 2	X	3.0 %
4	Captain America: The Winter Soldier	X	2.8%	4	The Hobbit: The Desolation of Smaug	X	2.8 %
5	The Hobbit: The Battle of the Five Armies	X	2.6%	5	Gravity	X	2.7 %

Box office revenues for the year ended December 31, 2014 were \$672.7 million, an increase of \$7.4 million or 1.1% over the prior year. The Atlantic Theatres contributed incremental revenues of \$36.5 million in the year. This was partially offset by same store revenues decreasing 5.2% compared to the prior year due to a 5.6% decrease in same store attendance. The same-store attendance decrease was due to weaker film product in the period, as well as the impact of certain film titles being shifted out of 2014 into 2015, including *Furious 7* and the Pixar film *The Good Dinosaur*, *Fifty Shades of Grey* and *Jupiter Ascending* all originally scheduled for summer 2014 releases as well as *Minions* and *Paddington* originally scheduled for December 2014 releases.

Cineplex's BPP for the year ended December 31, 2014 decreased \$0.02, or 0.2%, from \$9.15 in 2013 to \$9.13 in 2014. This decrease was primarily due to the decrease in revenues from premium-priced product. Premium-priced offerings accounted for 37.8% of Cineplex's box office revenues in the year ended December 31, 2014, compared to 38.7% in the prior year with the decrease due primarily to lower 3D attendance as a result of 3D films in the current year not performing as well as those released in 2013.

Despite the decrease in the percentage of premium priced product in the current period compared to the prior year, Cineplex's investment in premium-priced formats has contributed to Cineplex experiencing less of a decline in box office revenues than the Canadian industry during 2014.

#### 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 Canadian dollars, except attendance and same store attendance reported in thousands of patrons, and per patron amounts):

Food service revenues	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
Food service revenues	\$ 97,778	\$ 93,294	4.8%	\$ 375,039	\$ 350,353	7.0%
Attendance (i)	19,037	18,872	0.9%	73,648	72,703	1.3%
CPP (i)	\$ 5.14	\$ 4.94	4.0%	\$ 5.09	\$ 4.82	5.6%
Same store food service revenues (i)	\$ 88,158	\$ 86,453	2.0%	\$ 334,766	\$ 338,435	-1.1%
Same store attendance (i)	17,415	17,645	-1.3%	66,176	70,113	-5.6%

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

Food service revenue continuity	Fourth Quarter		Full Year	
	Food Service	Attendance	Concession	Attendance
2013 as reported	\$ 93,294	18,872	\$ 350,353	72,703
Same store attendance change	(1,123)	(229)	(19,005)	(3,937)
Impact of same store CPP change	2,828	—	15,335	—
New and acquired theatres (i)	3,073	456	30,915	5,512
Disposed and closed theatres (i)	(294)	(62)	(2,559)	(630)
2014 as reported	\$ 97,778	19,037	\$ 375,039	73,648

(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 sales at theatre locations as well as non-theatre locations. Food service revenues increased \$4.5 million, or 4.8% as compared to the prior year period primarily due to the acquisition of the Atlantic Theatres, which contributed incremental revenues of \$1.6 million to food service revenues in the period, and the CPP increase from \$4.94 in the fourth quarter of 2013 to \$5.14 in the same period in 2014. This represents a 4.0% increase and a quarterly record for Cineplex. Higher average transaction values led to the higher revenues in the period as expanded offerings outside of core food service products are driving a higher average order value. Despite a decline in same-store attendance of 1.3% as compared to the prior year period, same store food service revenues increased 2.0% due to the record CPP.

#### Full Year

Food service revenues increased \$24.7 million, or 7.0% as compared to the prior year, due primarily to the full year inclusion of the Atlantic Theatres, which contributed incremental revenues of \$24.6 million to food service revenues during the year. CPP increased from \$4.82 in 2013 to \$5.09 in 2014, an annual record for Cineplex. While same store attendance decreased 5.6% compared to the prior year, same store concession revenues decreased by only 1.1% due to the record CPP offsetting some of the impact of the same store attendance decline.

While the 10% SCENE discount and SCENE points issued on concession combo 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 Canadian dollars):

Media revenues	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
Cineplex Media	\$ 29,320	\$ 26,740	9.6%	\$ 88,236	\$ 86,501	2.0%
Cineplex Digital Media	17,532	12,456	40.8%	45,953	23,080	99.1%
Total media revenues	\$ 46,852	\$ 39,196	19.5%	\$ 134,189	\$ 109,581	22.5%

#### Fourth Quarter

Total media revenues increased 19.5% to \$46.9 million in the fourth quarter of 2014 compared to the prior year period. This increase was primarily due to higher Cineplex Digital Media revenues, up \$5.1 million as compared to the prior year period. This growth came from CDN revenue growth of \$1.9 million and Cineplex Digital Solutions ("CDS") revenue growth of \$3.2 million relating to revenues from the installation and operation of the Oxford malls and other new initiatives. Cineplex Media revenues increased due to higher showtime revenues, partially offset by lower pre-show revenues.

#### Full Year

Total media revenues increased \$24.6 million in the year ended December 31, 2014 compared to the prior year. The increase was due to the \$22.9 million increase in Cineplex Digital Media revenues, as a result of the incremental impact of CDN (\$20.4 million), which was acquired in the third quarter of 2013, and CDS revenue growth in the year of \$2.5 million.

## Other revenues

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

Other revenues	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
Games	\$ 1,867	\$ 1,722	8.4%	\$ 7,317	\$ 7,616	-3.9%
Other	13,254	11,303	17.3%	45,493	38,411	18.4%
Total other revenues	\$ 15,121	\$ 13,025	16.1%	\$ 52,810	\$ 46,027	14.7%

### Fourth Quarter

Other revenues include gaming revenues as well as revenues from the Cineplex Store, promotional activities, screenings, private parties, corporate events, breakage on gift card and voucher sales, revenues from in-theatre guest service initiatives and management fees. Games revenues do not include Cineplex's 50% share of the results of CSI, which are included in 'Share of income of joint ventures'.

Other revenues increased 16.1% to \$15.1 million in the fourth quarter of 2014 compared to the prior year period. This increase was primarily due to additional revenues arising from enhanced guest service initiatives and new business initiatives. Games revenues increased due to eight more XSCAPE Entertainment Centres in the current period compared to the prior year period.

### Full Year

Other revenues increased 14.7% from \$46.0 million in 2013 to \$52.8 million during 2014. This increase was primarily due to additional revenues arising from enhanced guest service initiatives and new business initiatives. Gaming revenues for 2013 include a life-to-date one-time increase to games revenue of \$0.5 million recorded in the first quarter of 2013 due to a change in accounting policy regarding the recognition of revenue on the sale of XSCAPE gaming cards. Excluding this one-time item, gaming revenues increased in 2014 due to the full year inclusion of the Atlantic Theatres (\$0.3 million) and the impact of eight new XSCAPE locations added in 2014.

## 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 Canadian dollars, except film cost percentage):

Film cost	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
Film cost	\$ 88,657	\$ 91,867	-3.5%	\$ 349,564	\$ 346,373	0.9%
Film cost percentage (i)	51.4%	51.7%	-0.3%	52.0%	52.1%	-0.1%

(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 decrease in the fourth quarter of 2014 compared to the prior year period was due to the decrease in box office revenues and the impact of the 0.3% decrease in film cost percentage. The decrease in film cost percentage is primarily due to the settlement rate on the top films during the fourth quarter of 2014 being lower than the average film settlement rate in the 2013 period.

### Full Year

The full year increase in film cost was due to the 1.1% increase in box office revenues, partially offset by the 0.1% decrease in film cost percentage during the year. The decrease in the film cost percentage as compared to the prior year period is primarily due to the settlement rate on certain strong performing titles during 2013 period being higher than the average settlement rate in 2014.

## 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 Canadian dollars, except percentages and margins per patron):

Cost of food service	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
Cost of food service	\$ 21,579	\$ 19,835	8.8%	\$ 81,455	\$ 74,693	9.1%
Concession cost percentage (i)	22.1%	21.3%	0.8%	21.7%	21.3%	0.4%
Concession margin per patron (i)	\$ 4.00	\$ 3.89	2.8%	\$ 3.99	\$ 3.79	5.3%

(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 and the 0.8% increase in the concession cost percentage during the period. The concession margin per patron increased from \$3.89 in the fourth quarter of 2013 to \$4.00 in the same period in 2014, reflecting the impact of the higher CPP during the period.

#### Full Year

The increase in the cost of food service as compared to the prior year was due to higher food service revenues and the 0.4% increase in the concession cost percentage during the year. The concession margin per patron increased from \$3.79 in the prior year period to \$3.99 in the current period, reflecting the impact of the higher CPP in the current year.

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 Canadian dollars):

Depreciation and amortization expenses	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
Depreciation of property, equipment and leaseholds	\$ 18,019	\$ 15,957	12.9%	\$ 69,944	\$ 58,588	19.4%
Amortization of intangible assets and other	1,903	3,791	-49.8%	7,506	12,302	-39.0%
Depreciation and amortization expenses as reported	\$ 19,922	\$ 19,748	0.9%	\$ 77,450	\$ 70,890	9.3%

The quarterly increase in depreciation of property, equipment and leaseholds of \$2.1 million and year to date increase of \$11.4 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 acquisitions.

The decrease in amortization of intangible assets and other in the fourth quarter of 2014 and the full year compared to the prior year periods is due to the amortization of certain trade name assets included in the prior year period that were phased out by Cineplex at the end of 2013. These assets were previously classified as indefinite life assets however during the fourth quarter of 2012 their classification was changed to finite life with amortization recorded through December 31, 2013. The 2014 periods include intangible amortization relating to customer relationships and internally developed software acquired as part of the acquisition of CDN during the third quarter of 2013.

### 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 Canadian dollars):

Loss on disposal of assets	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
Loss on disposal of assets	\$ 626	\$ 432	44.9%	\$ 3,393	\$ 4,372	-22.4%

During the fourth quarter of 2014, Cineplex recorded a loss of \$0.6 million on the disposal of assets that were sold or otherwise disposed (2013 - \$0.4 million). For the year ended December 31, 2014, disposal of assets resulted in a loss of \$3.4 million on the disposal of assets that were sold or otherwise disposed of (2013 - \$4.4 million).

### 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 theatres and ancillary businesses; and general and administrative expenses, which includes costs related to managing Cineplex's operations, including the 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 Canadian dollars):

Other costs	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
Theatre occupancy expenses	\$ 50,051	\$ 48,658	2.9%	\$ 202,085	\$ 188,388	7.3%
Other operating expenses	94,442	91,430	3.3%	345,907	297,594	16.2%
General and administrative expenses	15,787	17,937	-12.0%	58,685	65,837	-10.9%
Total other costs	\$ 160,280	\$ 158,025	1.4%	\$ 606,677	\$ 551,819	9.9%

### Theatre occupancy expenses

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

Theatre occupancy expenses	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
Rent	\$ 33,837	\$ 32,540	4.0%	\$ 134,594	\$ 126,284	6.6%
Other occupancy	17,127	16,715	2.5%	70,361	65,340	7.7%
One-time items (i)	(913)	(597)	52.9%	(2,870)	(3,236)	-11.3%
Total	\$ 50,051	\$ 48,658	2.9%	\$ 202,085	\$ 188,388	7.3%

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

Theatre occupancy continuity	Fourth Quarter Occupancy	Full Year Occupancy
2013 as reported	\$ 48,658	\$ 188,388
Impact of new and acquired theatres	1,296	13,147
Impact of disposed theatres	(477)	(1,890)
Same store rent change (i)	876	1,641
One-time items	(316)	367
Other	14	432
2014 as reported	\$ 50,051	\$ 202,085

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

### Fourth Quarter

Theatre occupancy expenses increased \$1.4 million during the fourth quarter of 2014 compared to the prior year period. This increase was primarily due to the impact of new and acquired theatres net of disposed theatres (\$0.8 million, of which \$0.9 million relates to the Atlantic Theatres). The remaining increase was due to higher same store rent expenses due to rent increases as certain theatre properties, partially offset by the impact of one-time items.

### Full Year

The increase in theatre occupancy expenses of \$13.7 million for 2014 compared to the prior year was primarily due to the impact of new and acquired theatres net of disposed theatres (\$11.3 million, of which \$10.1 million relates to the Atlantic Theatres). Higher same-store rent, one-time items and the impact of the Other category (which includes higher real estate taxes in the current year compared to the prior year) also contributed to the increase.

## Other operating expenses

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

Other operating expenses	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
Theatre payroll	\$ 32,899	\$ 32,620	0.9%	\$ 129,837	\$ 121,087	7.2%
Media	19,708	14,692	34.1%	59,378	35,083	69.3%
Other	41,835	44,118	-5.2%	156,692	141,424	10.8%
Other operating expenses	\$ 94,442	\$ 91,430	3.3%	\$ 345,907	\$ 297,594	16.2%

Other operating continuity	Fourth Quarter Other Operating	Full Year Other Operating
2013 as reported	\$ 91,430	\$ 297,594
Impact of new and acquired theatres	2,144	20,661
Impact of disposed theatres	(305)	(2,029)
Same store payroll change (i)	(397)	(394)
Marketing change	(44)	283
Media acquisitions	2,763	21,996
Media change, excluding media acquisitions	2,253	2,299
New business initiatives change	(488)	4,565
Other	(2,914)	932
2014 as reported	\$ 94,442	\$ 345,907

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

### Fourth Quarter

Other operating expenses during the fourth quarter of 2014 increased \$3.0 million or 3.3% compared to the prior year period. The major components of the increase were higher media costs due to higher media sales volumes and the impact of new and acquired theatres net of disposed theatres, partially offset by lower spending on new business initiatives, lower same store payroll due to lower theatre business volumes and other expenses (\$2.9 million, discussed below).

The major movements in the Other category include the decrease in 3D attendance due to less 3D releases in the period resulted in lower 3D royalty costs (\$0.8 million), lower costs relating to the SCENE loyalty program as the 2013 period included higher costs related to the launch of the SCENE program at the Atlantic Theatres, and lower other costs including ongoing theatre maintenance due to timing of repairs in the 2014 and 2013 periods.

### Full Year

For the year ended December 31, 2014, other operating expenses increased \$48.3 million, due to higher media costs from higher media sales volumes and acquisitions (primarily the \$22.0 million incremental impact of CDN), the impact of new and acquired theatres net of disposed theatres (\$18.6 million), higher spending on new business initiatives (\$4.6 million), and other expenses (\$0.9 million, discussed below).

The major movement in the Other category include higher credit card service fees due to higher sales volumes arising from the acquisition of the Atlantic Theatres (\$0.7 million) and higher other costs including ongoing theatre maintenance.

## 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 Canadian dollars):

G&A expenses	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
G&A excluding LTIP and option plan expense	\$ 12,321	\$ 13,271	-7.2%	\$ 51,535	\$ 49,928	3.2%
LTIP (i)	3,042	4,263	-28.6%	5,435	14,321	-62.0%
Option plan	424	403	5.2%	1,715	1,588	8.0%
G&A expenses as reported	\$ 15,787	\$ 17,937	-12.0%	\$ 58,685	\$ 65,837	-10.9%

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

#### *Fourth Quarter*

G&A expenses decreased \$2.2 million during the fourth quarter of 2014 compared to the prior year period due to a \$1.2 million decrease in LTIP expense and a \$1.1 million decrease in head office payroll, with the changes primarily due to the variance in performance results for the 2014 period resulting in lower incentive program expenses.

#### *Full Year*

G&A expenses for 2014 decreased \$7.2 million compared to the prior year, due to the \$8.9 million decrease in LTIP expense due primarily to the variance in performance results for the 2014 period. This decrease was partially offset by higher head office payroll resulting from developing business initiatives and a \$1.2 million increase in professional fees relating to new business opportunities and other ongoing initiatives.

### **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, 2014 as compared to the prior year periods (expressed in thousands of Canadian dollars, except adjusted EBITDA margin):

EBITDA	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
EBITDA	\$ 61,829	\$ 53,894	14.7%	\$ 196,483	\$ 197,860	-0.7%
Adjusted EBITDA	\$ 62,649	\$ 54,144	15.7%	\$ 201,002	\$ 202,441	-0.7%
Adjusted EBITDA margin	18.9%	16.8%	2.1%	16.3%	17.3%	-1.0%

Adjusted EBITDA for the fourth quarter of 2014 increased \$8.5 million, or 15.7%, as compared to the prior year period. The increase as compared to the prior year period was primarily due to higher contribution from Cineplex Media and Cineplex Digital Media as well as lower LTIP and head office payroll costs in the current period compared to the prior year period. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 18.9% in the current period, an increase of 2.1% from 16.8% in the prior year period.

Adjusted EBITDA for the year ended December 31, 2014 decreased \$1.4 million, or 0.7%, as compared to the prior year period due primarily to the weaker film product in the current period resulting in lower same store attendance. The contribution from the Atlantic Theatres partially offset the year-over-year decrease. Adjusted EBITDA margin was 16.3% in 2014 compared to 17.3% in 2013.

### **ADJUSTED FREE CASH FLOW**

For the fourth quarter of 2014, adjusted free cash flow per common share of Cineplex was \$0.68 as compared to \$0.58 in the prior year period. The declared dividends per common share of Cineplex were \$0.38 in the fourth quarter of 2014 and \$0.36 in the prior year period. During the twelve months ended December 31, 2014, Cineplex generated adjusted free cash flow per Share of \$2.31, compared to \$2.46 per Share in the year ended December 31, 2013. Cineplex declared dividends per Share of \$1.48 and \$1.41, respectively, in each year. The payout ratios for these periods were approximately 64.1% and 57.4%, respectively. Adjusted free cash flow per common share and the payout ratios for the 2014 and 2013 periods are 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 2013 and 2014 being substantially reduced. Based on estimated 2014 taxable income, none of the acquired 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, 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 used in 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).

### **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 concession revenues less total concession cost, 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, 2014, the impact of the 28 locations that have been opened or acquired and the one location that have been closed or otherwise disposed of have been excluded, resulting in 134 theatres being included in the same store metrics. For the year ended December 31, 2014, the impact of the 32 locations that have been opened or acquired and the three locations that have been closed or otherwise disposed of have been excluded, resulting in 128 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 "Risk Management" 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 or the Partnership, their financial or operating results or their 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 (Event Cinema), Cineplex Media, Cineplex Digital Solutions, Cineplex Digital Networks, and the online sale of home entertainment content through [CineplexStore.com](http://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 160 theatres with 1,638 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](http://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:

**Thursday, February 12, 2015  
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 2912996 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 2912996#. The replay will begin at 1:00 p.m. Eastern Time on Thursday, February 12, 2015 and end at 1:00 p.m. Eastern Time on Thursday, February 19, 2015.
- Note that media will be participating in the call in listen-only mode.
- Thank you in advance for your interest and participation.

## **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>2014</b>		<b>2013</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 34,367	\$	44,140
Trade and other receivables	101,462		100,891
Inventories	7,978		7,234
Prepaid expenses and other current assets	8,102		6,838
	<hr/>		<hr/>
	151,909		159,103
<b>Non-current assets</b>			
Property, equipment and leaseholds	495,532		459,112
Deferred income taxes	6,971		17,635
Fair value of interest rate swap agreements	—		92
Interests in joint ventures	46,457		44,359
Intangible assets	109,746		113,601
Goodwill	798,801		797,476
	<hr/>		<hr/>
	\$ 1,609,416	\$	1,591,378

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

(expressed in thousands of Canadian dollars)

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	December 31, 2014	December 31, 2013
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 159,152	\$ 157,333
Share-based compensation	6,160	12,151
Dividends payable	7,877	7,552
Income taxes payable	9,735	2,656
Deferred revenue	149,644	136,373
Finance lease obligations	2,670	2,394
Fair value of interest rate swap agreements	692	635
	<hr/> 335,930	<hr/> 319,094
<b>Non-current liabilities</b>		
Share-based compensation	15,504	15,622
Long-term debt	229,754	217,151
Fair value of interest rate swap agreements	2,117	—
Finance lease obligations	15,008	17,722
Post-employment benefit obligations	6,977	6,522
Other liabilities	173,550	170,125
Convertible debentures	98,727	96,870
	<hr/> 541,637	<hr/> 524,012
<b>Total liabilities</b>	<hr/> 877,567	<hr/> 843,106
<b>Equity</b>		
Share capital	854,073	853,411
Deficit	(123,771)	(107,323)
Accumulated other comprehensive loss	(3,405)	(1,715)
Contributed surplus	4,952	3,899
	<hr/> 731,849	<hr/> 748,272
	<hr/> \$ 1,609,416	<hr/> \$ 1,591,378

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**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,	
	2014	2013	2014	2013
<b>Revenues</b>				
Box office	\$ 172,460	\$ 177,692	\$ 672,678	\$ 665,306
Food service	97,778	93,294	375,039	350,353
Media	46,852	39,196	134,189	109,581
Other	15,121	13,025	52,810	46,027
	<u>332,211</u>	<u>323,207</u>	<u>1,234,716</u>	<u>1,171,267</u>
<b>Expenses</b>				
Film cost	88,657	91,867	349,564	346,373
Cost of food service	21,579	19,835	81,455	74,693
Depreciation and amortization	19,922	19,748	77,450	70,890
Loss on disposal of assets	626	432	3,393	4,372
Other costs	160,280	158,025	606,677	551,819
Share of income of joint ventures	(760)	(846)	(2,856)	(3,850)
Interest expense	5,676	4,774	21,948	10,743
Interest income	(45)	(83)	(330)	(307)
	<u>295,935</u>	<u>293,752</u>	<u>1,137,301</u>	<u>1,054,733</u>
<b>Income before income taxes</b>	<u>36,276</u>	<u>29,455</u>	<u>97,415</u>	<u>116,534</u>
<b>Provision for income taxes</b>				
Current	8,238	1,077	10,625	3,608
Deferred	(4,043)	8,210	10,519	29,369
	<u>4,195</u>	<u>9,287</u>	<u>21,144</u>	<u>32,977</u>
<b>Net income</b>	<u>\$ 32,081</u>	<u>\$ 20,168</u>	<u>\$ 76,271</u>	<u>\$ 83,557</u>
<b>Basic net income per share</b>	\$ 0.51	\$ 0.32	\$ 1.21	\$ 1.33
<b>Diluted net income per share</b>	\$ 0.51	\$ 0.32	\$ 1.20	\$ 1.32

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

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	<b>Three months ended December 31,</b>		<b>Year ended December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Net income</b>	\$ 32,081	\$ 20,168	\$ 76,271	\$ 83,557
<b>Other comprehensive income (loss)</b>				
<i>Items that will be reclassified subsequently to net income:</i>				
Loss on hedging instruments	(813)	(718)	(2,296)	(782)
Associated deferred income taxes recovery	214	393	606	209
<i>Items that will not be reclassified to net income:</i>				
Actuarial gains of post-employment benefit obligations	664	388	664	388
Associated deferred income taxes (expense)	(176)	(102)	(176)	(102)
<b>Other comprehensive (loss)</b>	<b>(111)</b>	<b>(39)</b>	<b>(1,202)</b>	<b>(287)</b>
<b>Comprehensive income</b>	<b>\$ 31,970</b>	<b>\$ 20,129</b>	<b>\$ 75,069</b>	<b>\$ 83,270</b>

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# Cineplex Inc.

## Consolidated Statements of Changes in Equity

(expressed in thousands of Canadian dollars)

For the year ended December 31, 2014 and 2013

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
<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>76,759</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>\$ (123,771)</b>	<b>\$ 731,849</b>
<b>Balance - January 1, 2013</b>	\$ 847,235	\$ 3,768	\$ (1,142)	\$ (102,547)	\$ 747,314
Net income	—	—	—	83,557	83,557
Other comprehensive (loss)	—	—	(573)	286	(287)
<b>Total comprehensive income</b>			<b>(573)</b>	<b>83,843</b>	<b>83,270</b>
Dividends declared	—	—	—	(88,619)	(88,619)
Long-term incentive plan obligation	248	—	—	—	248
Issuance of convertible debentures	4,471	—	—	—	4,471
Share option expense	—	1,588	—	—	1,588
Issuance of shares on exercise of options	1,457	(1,457)	—	—	—
<b>Balance - December 31, 2013</b>	<b>\$ 853,411</b>	<b>\$ 3,899</b>	<b>\$ (1,715)</b>	<b>\$ (107,323)</b>	<b>\$ 748,272</b>

# Cineplex Inc.

## Consolidated Statements of Cash Flows

(expressed in thousands of Canadian dollars)

	Three months ended December 31,		Year ended December 31,	
	2014	2013	2014	2013
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income	\$ 32,081	\$ 20,168	\$ 76,271	\$ 83,557
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	19,922	19,748	77,450	70,890
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(1,102)	(1,743)	(5,750)	(6,735)
Accretion of debt issuance costs and other non-cash interest	1,264	1,116	4,845	2,001
Loss on disposal of assets	626	432	3,393	4,372
Deferred income taxes	(4,043)	8,210	10,519	29,369
Interest rate swap agreements - non-cash interest	10	(158)	(63)	(939)
Non-cash share-based compensation	424	393	1,715	1,826
Accretion of convertible debentures	460	274	1,858	274
Net change in interests in joint ventures	(2,701)	(297)	(2,604)	(2,686)
Tenant inducements	818	500	4,215	5,417
Changes in operating assets and liabilities	87,666	85,812	8,409	37,302
Net cash provided by operating activities	135,425	134,455	180,258	224,648
<b>Investing activities</b>				
Proceeds from sale of assets	3,928	1,451	4,333	3,573
Purchases of property, equipment and leaseholds	(22,035)	(15,845)	(106,196)	(62,410)
Acquisition of businesses, net of cash acquired	(139)	(195,704)	(2,605)	(238,338)
Deposit for business acquisition	—	5,000	—	—
Intangible assets additions	(950)	—	(3,700)	—
Net cash received from (invested in) CDCP	547	535	1,456	(50)
Net cash used in investing activities	(18,649)	(204,563)	(106,712)	(297,225)
<b>Financing activities</b>				
Dividends paid	(23,621)	(22,632)	(92,881)	(88,130)
Borrowings under credit facility, net	(67,000)	24,000	12,000	70,000
Repayment of debt acquired with business	—	—	—	(12,875)
Payments under finance leases	(660)	(615)	(2,438)	(2,277)
Net Proceeds from issuance of convertible debentures	—	103,469	—	103,469
Deferred financing fees	—	(2,135)	—	(2,135)
Net cash (used in) provided by financing activities	(91,281)	102,087	(83,319)	68,052
<b>Increase (decrease) in cash and cash equivalents</b>	25,495	31,979	(9,773)	(4,525)
<b>Cash and cash equivalents - Beginning of period</b>	8,872	12,161	44,140	48,665
<b>Cash and cash equivalents - End of period</b>	\$ 34,367	\$ 44,140	\$ 34,367	\$ 44,140
<b>Supplemental information</b>				
Cash paid for interest	\$ 4,945	\$ 3,626	\$ 14,945	\$ 9,421
Cash paid for income taxes	\$ 798	\$ 905	\$ 2,970	\$ 14,148

**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,	
	2014	2013	2014	2013
<b>Net income</b>	<b>\$ 32,081</b>	<b>\$ 20,168</b>	<b>\$ 76,271</b>	<b>\$ 83,557</b>
Depreciation and amortization	19,922	19,748	77,450	70,890
Interest expense	5,676	4,774	21,948	10,743
Interest income	(45)	(83)	(330)	(307)
Current income tax expense	8,238	1,077	10,625	3,608
Deferred income tax (recovery) expense	(4,043)	8,210	10,519	29,369
<b>EBITDA</b>	<b>\$ 61,829</b>	<b>\$ 53,894</b>	<b>\$ 196,483</b>	<b>\$ 197,860</b>
Loss on disposal of assets	626	432	3,393	4,372
CDCP equity income (i)	(380)	(688)	(1,388)	(2,336)
Depreciation and amortization - joint ventures (ii)	511	518	2,115	2,139
Joint venture taxes and interest (ii)	63	(12)	399	406
<b>Adjusted EBITDA</b>	<b>\$ 62,649</b>	<b>\$ 54,144</b>	<b>\$ 201,002</b>	<b>\$ 202,441</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

	Three months ended December 31,		Year ended December 31,	
	2014	2013	2014	2013
Cash provided by operating activities	\$ 135,425	\$ 134,455	\$ 180,258	\$ 224,648
Less: Total capital expenditures net of proceeds on sale of assets	(18,107)	(14,394)	(101,863)	(58,837)
Standardized free cash flow	117,318	120,061	78,395	165,811
Add/(Less):				
Changes in operating assets and liabilities (i)	(87,666)	(85,812)	(8,409)	(37,302)
Changes in operating assets and liabilities of joint ventures (i)	1,941	(549)	(252)	(1,164)
Tenant inducements (ii)	(818)	(500)	(4,215)	(5,417)
Principal component of finance lease obligations	(660)	(615)	(2,438)	(2,277)
Growth capital expenditures and other (iii)	10,893	2,561	76,889	31,011
Share of income of joint ventures, net of non-cash depreciation (iv)	985	593	4,080	3,855
Net cash received from (invested in) CDCP (iv)	547	535	1,456	(50)
<b>Adjusted free cash flow</b>	<b>\$ 42,540</b>	<b>\$ 36,274</b>	<b>\$ 145,506</b>	<b>\$ 154,467</b>
Average number of Shares outstanding	62,995,236	62,875,151	62,973,074	62,843,248
<b>Adjusted free cash flow per Share</b>	<b>\$ 0.6753</b>	<b>\$ 0.5769</b>	<b>\$ 2.3106</b>	<b>\$ 2.4580</b>
<b>Dividends declared</b>	<b>\$ 0.3750</b>	<b>\$ 0.3600</b>	<b>\$ 1.4800</b>	<b>\$ 1.4100</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 as well as any expenditures for digital equipment that was contributed to CDCP, 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.