



FOR IMMEDIATE RELEASE

CINEPLEX INC.
Reports Record First Quarter Results and Announces Dividend Increase

TORONTO, Canada, May 2, 2017 (TSX: CGX) - Cineplex Inc. (“Cineplex”) today released its financial results for the three months ended March 31, 2017. Unless otherwise specified, all amounts are in Canadian dollars.

First Quarter Results

	2017	2016	Period over Period Change (i)
Total revenues	\$ 394.2million	\$ 378.9million	4.0%
Attendance	19.6million	20.6million	-4.8%
Net income	\$ 23.0million	\$ 21.5million	7.0%
Box office revenues per patron (“BPP”) (ii) (iii)	\$ 9.97	\$ 9.65	3.3%
Concession revenues per patron (“CPP”) (ii)	\$ 5.71	\$ 5.44	5.0%
Adjusted EBITDA (ii)	\$ 59.4million	\$ 57.1million	4.0%
Adjusted EBITDA margin (ii)	15.1 %	15.1 %	—%
Adjusted free cash flow (ii)	\$ 43.3million	\$ 44.0million	-1.5%
Adjusted free cash flow per common share of Cineplex (“Share”) (ii)	\$ 0.682	\$ 0.696	-2.0%
Earnings per Share (“EPS”) - basic	\$ 0.37	\$ 0.35	5.7%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 0.35	\$ 0.35	—%
EPS - diluted	\$ 0.37	\$ 0.34	8.8%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 0.35	\$ 0.34	2.9%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2017 value less 2016 value.
- ii. Adjusted EBITDA, adjusted EBITDA margin, adjusted free cash flow per common share of Cineplex, BPP, CPP and EPS excluding change in fair value of financial instrument items are measures that do not have a standardized meaning under generally accepted accounting principles (“GAAP”). These measures as well as other Non-GAAP financial measures reported by Cineplex are defined in the ‘Non-GAAP Financial Measures’ section at the end of this news release.
- iii. Prior period figures have been reclassified to conform to current period presentation. See section ‘Financial statement presentation’ for further details.

“Cineplex reported a record first quarter with total revenue of \$394.2 million and adjusted EBITDA of \$59.4 million, both up 4.0% versus the same period last year,” said Ellis Jacob, President and CEO, Cineplex.

“Box Office revenue decreased slightly to \$195.4 million due to a tough comparator in the prior year period. However, premium entertainment experiences represented 44.9% of box office revenue, which resulted in a first quarter record BPP of \$9.97. Food service revenue increased 1.7% to \$113.9 million; media revenue increased 2.6% to a new first quarter record \$33.9 million; and amusement revenue of \$41.4 million increased 58.9% versus the prior year, largely due to the acquisitions of Tricorp Amusements and SAW LLC which were completed in the fourth quarter of 2016.”

Accomplishments during the quarter included a new agreement with Morguard Investments Limited for a digital signage network in 21 of their shopping centres across Canada; Player One Amusement Group announced the acquisition of Dandy Amusements

International Inc., which closed subsequent to quarter end; SCENE reached 8.3 million members and Cineplex continued to rollout luxury recliners in select theatres across the country.

We are also pleased to announce a 3.7% dividend increase to \$1.68 per share on an annual basis from the current \$1.62 per share. This increase will be effective with the May 2017 dividend, which will be paid in June 2017. In addition, Cineplex is pleased to announce that Mr. Jacob has renewed his employment agreement for two additional years, confirming his employment through December 31, 2020.

KEY DEVELOPMENTS IN THE FIRST QUARTER OF 2017

The following describes certain key business initiatives undertaken and results achieved during the first quarter of 2017 in each of Cineplex's core business areas:

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported first quarter box office revenues of \$195.4 million, a decrease of \$3.3 million (1.7%) from \$198.6 million reported in the prior year period due to a weaker film slate resulting in a 4.8% attendance decrease from 20.6 million in 2016 to 19.6 million in the first quarter of 2017.
- BPP was \$9.97, a first quarter record for Cineplex, an increase of \$0.32 (3.3%) over the prior year period BPP of \$9.65. The increase resulted primarily from a higher proportion of box office revenues from premium priced product in the current period compared to the prior period.
- Converted 50 auditoriums to recliner seating during the quarter.

Theatre Food Service

- Reported first quarter theatre food service revenues of \$111.8 million, a decrease of \$0.2 million (0.2%) from \$112.0 million reported in the prior year period.
- CPP was \$5.71 for the period, a first quarter record for Cineplex, \$0.27 (5.0%) higher than the prior year period.

Alternative Programming

- Alternative programming in the first quarter of 2017 included performances from international film programming, encore performances of the Metropolitan Opera: Live in HD series, and performances of the Bolshoi Ballet from Moscow and the National Theatre from London.

Digital Commerce

- Cineplex.com registered an 18% increase in unique visits and a 13% increase in visits during the first quarter of 2017 as compared to the prior year period.
- Monthly active users of Cineplex.com increased by 5% during the first quarter of 2017 as compared to the prior year period.
- Continued to develop the Cineplex Store user interface, improving the overall user experience.

MEDIA

- Reported record first quarter total media revenues of \$33.9 million, which increased \$0.9 million, or 2.6% compared to the prior year period.

Cinema Media

- Reported record first quarter cinema media revenues of \$21.6 million, compared to \$21.1 million in the prior year period, with the increase primarily due to sponsorship and other media associated with eSports.

Digital Place-Based Media

- Digital place-based media revenues increased \$0.4 million (3.0%) compared to the prior year, as an expanded client base contributed to higher recurring revenues, offsetting lower project installation revenues.
- Chosen to install, maintain and operate a state-of-the-art digital signage network at 21 shopping centres in Canada managed by Morguard Investments Limited (“Morguard”).

AMUSEMENT AND LEISURE

Amusement Solutions

- First quarter amusement revenues were \$41.4 million, an increase of \$15.4 million over the prior year period. The majority of the increase was from Tricorp Amusments Inc. (“Tricorp”) and SAW LLC (“SAW”), which were acquired in the fourth quarter of 2016.
- Announced the acquisition of the assets of Dandy Amusements International Inc., a leading amusement gaming machine operator in the western United States. The transaction was completed on April 1, 2017.

Location Based Entertainment

- *The Rec Room* reported first quarter food service revenues of \$2.1 million and amusement revenues of \$2.0 million.
- Continued construction on three previously-announced *Rec Room* locations in Calgary, Alberta, a second location in Edmonton, Alberta at the iconic West Edmonton Mall and in Toronto, Ontario, at the historical John Street Roundhouse across from the CN Tower, all scheduled for openings in 2017.

eSports

- On March 26, 2017 World Gaming Network Limited Partnership (“WGN”) hosted the Call of Duty: Infinite Warfare tournament final with a grand prize of \$65,000.

LOYALTY

- Membership in the SCENE loyalty program increased by 0.2 million members in the period, reaching 8.3 million members at March 31, 2017.
- On March 27, 2017, SCENE launched a new mobile app that allows members to instantly browse all the ways to earn and redeem points, access their digital card and plan a night out.

CORPORATE

- In partnership with the IWK Health Centre in Halifax, Cineplex announced plans to transform the IWK Health Centre’s O.E. Smith auditorium into a new theatre where IWK’s patients and families can enjoy movies free of charge.

OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2017

Total revenues

Total revenues for the three months ended March 31, 2017 increased \$15.3 million (4.0%) to \$394.2 million as compared to the prior year period. A discussion of the factors affecting the changes in box office, food service, media, amusement and other revenues for the period is provided below.

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

Box office revenues

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

Box office revenues	First Quarter		
	2017	2016	Change
Box office revenues (i)	\$ 195,354	\$ 198,643	-1.7%
Attendance (ii)	19,593	20,583	-4.8%
Box office revenue per patron (i) (ii)	\$ 9.97	\$ 9.65	3.3%
BPP excluding premium priced product (ii)	\$ 8.55	\$ 8.32	2.8%
Canadian industry revenues (iii)			-0.7%
Same theatre box office revenues (i) (ii)	\$ 191,142	\$ 197,695	-3.3%
Same theatre attendance (ii)	19,234	20,480	-6.1%
% Total box from premium priced product (i) (ii)	44.9%	42.2%	2.7%

(i) Prior period figures have been reclassified to conform to current period presentation. See section 'Financial statement presentation' for further details.
(ii) See Non-GAAP measures section of this news release.
(iii) Source: The Movie Theatre Association of Canada industry data adjusted for calendar quarter dates.

Box office continuity (i)	First Quarter	
	Box Office	Attendance
2016 as reported	\$ 198,643	20,583
Same theatre attendance change	(12,022)	(1,245)
Impact of same theatre BPP change	5,468	—
New and acquired theatres (i)	3,707	320
Disposed and closed theatres (i)	(442)	(65)
2017 as reported	\$ 195,354	19,593

(i) Prior period figures have been reclassified to conform to current period presentation. See section 'Financial statement presentation' for further details.
(ii) 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.

First Quarter 2017 Top Cineplex Films		3D	% Box	First Quarter 2016 Top Cineplex Films		3D	% Box
1	Beauty and the Beast	✓	12.1%	1	Deadpool		14.2%
2	Logan		7.8%	2	Star Wars: The Force Awakens	✓	13.0%
3	The Lego Batman Movie	✓	6.6%	3	Zootopia	✓	9.0%
4	Rogue One: A Star Wars Story	✓	6.3%	4	The Revenant		6.8%
5	Sing	✓	4.9%	5	Batman v Superman: Dawn of Justice	✓	6.3%

Box office revenues decreased \$3.3 million, or 1.7%, to \$195.4 million during the first quarter of 2017, compared to \$198.6 million recorded in the same period in 2016. The decrease was due to the 4.8% decrease in attendance to 19.6 million guests, partially offset by higher BPP. The attendance decrease was due to the weaker film slate in the first quarter of 2017 compared to the first quarter of 2016. Although the current period benefited from the strong performance of *Beauty and the Beast*, the prior period was a tough comparator, with strong results from *Deadpool*, which had the all-time highest-grossing February opening weekend, and the strong performance of the record-breaking success of *Star Wars: The Force Awakens*.

BPP for the three months ended March 31, 2017 was \$9.97, a \$0.32 increase (3.3%) from the prior year period, and a first quarter record for Cineplex. The increase in BPP was due to the film mix featuring more 3D films than in the prior year period, with four of the top five films available in 3D compared to three of the top five films in 2016. In addition, box office revenues from premium product accounted for 44.9% of box office revenues in the current period, up from 42.2% in the prior year period.

Food service revenues

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

Food service revenues	First Quarter		
	2017	2016	Change
Food service - theatres	\$ 111,827	\$ 112,006	-0.2%
Food service - <i>The Rec Room</i>	2,108	—	NM
Total food service revenues	\$ 113,935	\$ 112,006	1.7%
Attendance (i)	19,593	20,583	-4.8%
CPP (i)	\$ 5.71	\$ 5.44	5.0%
Same theatre food service revenues (i)	\$ 109,216	\$ 111,443	-2.0%
Same theatre attendance (i)	19,234	20,480	-6.1%

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

Theatre food service revenue continuity	First Quarter	
	Theatre Food Service	Attendance
2016 as reported	\$ 112,006	20,583
Same theatre attendance change	(6,777)	(1,245)
Impact of same theatre CPP change	4,550	—
New and acquired theatres (i)	2,360	320
Disposed and closed theatres (i)	(312)	(65)
2017 as reported	\$ 111,827	19,593

(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.

Food service revenues are comprised primarily of concession revenues, which includes food service sales at theatre locations and food and beverage sales at *The Rec Room*. Food service revenues increased \$1.9 million, or 1.7% as a result of the operations of *The Rec Room* in Edmonton which contributed \$2.1 million in the period, partially offset by a \$0.2 million (0.2%) decrease in theatre food service revenue. The decrease in theatre food service revenue resulted from the 4.8% decrease in attendance, partially offset by the 5.0% (\$0.27) increase in CPP to \$5.71. Food service revenue from *The Rec Room* is not included in the CPP calculation.

CPP of \$5.71 is a first quarter record for Cineplex. Expanded offerings outside of core food service products, including offerings at Cineplex's VIP Cinemas and *Outtakes* locations, contributed to increased visitation and higher average transaction values, resulting in the record CPP in the period.

Media revenues

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

Media revenues	First Quarter		
	2017	2016	Change
Cinema media	\$ 21,592	\$ 21,097	2.3%
Digital place-based media	12,320	11,961	3.0%
Total media revenues	\$ 33,912	\$ 33,058	2.6%

Total media revenues increased 2.6% to \$33.9 million in the first quarter of 2017 compared to the prior year period, representing record first quarter media revenues record for Cineplex.

Cinema media revenues increased 2.3% to \$21.6 million, a first quarter record, with the increase primarily due to sponsorship and other media associated with eSports.

Digital place-based media revenues increased \$0.4 million, as an expanded client base contributed to higher recurring revenues, offsetting lower project installation revenues. During the quarter, Cineplex announced it had been selected by Morguard to install, maintain and operate a leading edge digital display network at 21 shopping centres across Canada which are managed by Morguard. The rollout of this project in 2017 will result in project revenues as well as advertising and service revenues once the network is fully installed and operational.

Amusement Revenues

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

Amusement revenues (i)	First Quarter		
	2017	2016	Change
Amusement - PIAG excluding Cineplex exhibition and <i>The Rec Room</i> (ii)	\$ 36,516	\$ 23,260	57.0%
Amusement - Cineplex exhibition (ii)	\$ 2,930	\$ 2,791	5.0%
Amusement - <i>The Rec Room</i>	1,955	—	NM
Total amusement revenues	\$ 41,401	\$ 26,051	58.9%
(i) Prior period figures have been reclassified to conform to current period presentation. See section 'Financial statement presentation' for further details.			
(ii) 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 - PIAG excluding Cineplex exhibition reflects PIAG's gross amusement revenues, net of the venue revenue share paid to Cineplex reflected in Amusement - Cineplex exhibition above.			

Amusement revenues increased 58.9%, or \$15.4 million, to \$41.4 million in the first quarter of 2016 compared to the prior year period primarily due to the acquisitions of Tricorp and SAW in the fourth quarter of 2016. Amusement revenues from Cineplex's exhibition business increased \$0.1 million (5.0%) despite the decrease in attendance.

Other revenues

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

Other revenues (i)	First Quarter		
	2017	2016	Change
Other	9,641	9,155	5.3%
(i) Prior period figures have been reclassified to conform to current period presentation. See section 'Financial statement presentation' for further details.			

Film cost

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

Film cost	First Quarter		
	2017	2016	Change
Film cost	\$ 103,289	\$ 107,386	-3.8%
Film cost percentage (i) (ii)	52.9%	54.1%	-1.2%
(i) See Non-GAAP measures section of this news release.			
(ii) Prior period figures have been reclassified to conform to current period presentation. See section 'Financial statement presentation' for further details.			

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. This is due to film cost terms varying by title and distributor. Film cost percentage during the first quarter of 2017 was 52.9%, a 1.2% decrease from the prior year period. The decrease in film cost percentage is attributable to the reduced concentration of box office revenues from a few titles, with the top five films in the current period accounting for only 37.7% of box office revenues in the period (2016 period - 49.3%). Top films tend to have higher settlement rates than the other films in the slate due to their strong performance.

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 (in thousands of dollars, except percentages and margins per patron):

Cost of food service	First Quarter		
	2017	2016	Change
Cost of food service - theatre	\$ 24,909	\$ 25,314	-1.6%
Cost of food service - <i>The Rec Room</i>	745	—	NM
Total cost of food service	\$ 25,654	\$ 25,314	1.3%
Theatre concession cost percentage (i)	22.3%	22.6%	-0.3%
Theatre concession margin per patron (i)	\$ 4.44	\$ 4.21	5.5%
(i) See Non-GAAP measures section of this news release.			

Cost of food service at the theatres varies primarily with theatre attendance as well as the quantity and mix of offerings sold. Cost of food service at *The Rec Room* varies primarily with the volume of guests who visit the location as well as the quantity and mix of food and beverage items sold.

The decrease in the theatre cost of food service compared to the prior year period was due to the lower food service revenues and the decrease in the theatre concession cost percentage from 22.6% to 22.3% from the prior year period. The concession margin per patron increased 5.5% from \$4.21 in the first quarter of 2016 to \$4.44 in the same period in 2017, reflecting the impact of the higher CPP and lower theatre concession cost percentage during the period.

Cost of food service at *The Rec Room* reflects the costs incurred at the South Edmonton Common location during the period, which opened in the third quarter of 2016 and therefore does not have a comparator.

Depreciation and amortization

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

Depreciation and amortization expenses	First Quarter		
	2017	2016	Change
Depreciation of property, equipment and leaseholds	\$ 24,165	\$ 21,601	11.9%
Amortization of intangible assets and other	4,102	3,404	20.5%
Depreciation and amortization expenses as reported	\$ 28,267	\$ 25,005	13.0%

The quarterly increase in depreciation of property, equipment and leaseholds of \$2.6 million (11.9%) is primarily due to investments in Amusement and Leisure, including *The Rec Room*, and the acquisition of Tricorp and SAW.

The increase in amortization of intangible assets and other is primarily due to the acquisition of Tricorp and SAW customer relationships.

Loss on disposal of assets

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

Loss on disposal of assets	First Quarter		
	2017	2016	Change
Loss on disposal of assets	\$ 26	\$ 506	-94.9%

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, amusement and leisure as well as Cineplex's ancillary businesses; and general and administrative expenses, which includes costs related to managing Cineplex's operations, including head office expenses. Please see the discussions below for more details on these categories.

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

Other costs	First Quarter		
	2017	2016	Change
Theatre occupancy expenses	\$ 51,963	\$ 52,733	-1.5%
Other operating expenses	132,000	117,611	12.2%
General and administrative expenses	22,108	19,060	16.0%
Total other costs	\$ 206,071	\$ 189,404	8.8%

Theatre occupancy expenses

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

Theatre occupancy expenses	First Quarter		
	2017	2016	Change
Rent	\$ 34,297	\$ 34,250	0.1%
Other occupancy	18,199	18,569	-2.0%
One-time items (i)	(533)	(86)	519.8%
Total	\$ 51,963	\$ 52,733	-1.5%

(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	First Quarter Occupancy
2016 as reported	\$ 52,733
Impact of new and acquired theatres	435
Impact of disposed theatres	(168)
Same store rent change (i)	(11)
One-time items	(447)
Other	(579)
2017 as reported	\$ 51,963

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

Theatre occupancy expenses decreased \$0.8 million (1.5%) during the first quarter of 2017 compared to the prior year period. This decrease was primarily due to the impact of a change in one-time items of \$0.4 million and decrease in other charges of \$0.6 million, partially offset by the increase in new and acquired theatres net of disposed theatres of \$0.3 million as compared to the prior year period.

Other operating expenses

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

Other operating expenses	First Quarter		
	2017	2016	Change
Theatre payroll	\$ 36,097	\$ 38,068	-5.2%
Media	17,101	15,873	7.7%
P1AG	30,970	20,096	54.1%
<i>The Rec Room</i> (i)	2,882	—	NM
Other	44,950	43,574	3.2%
Other operating expenses	\$ 132,000	\$ 117,611	12.2%
(i) Includes operating costs of <i>The Rec Room</i> location in Edmonton. Pre-opening costs relating to <i>The Rec Room</i> locations and overhead relating to management of <i>The Rec Room</i> portfolio are included in the 'Other' line.			

Other operating continuity	First Quarter Other Operating
2016 as reported	\$ 117,611
Impact of new and acquired theatres	1,189
Impact of disposed theatres	(191)
Same theatre payroll change (i)	(2,610)
Marketing change	(1,766)
Media change	1,228
P1AG change	10,874
Amusement and leisure, excluding P1AG	4,675
Other	990
2017 as reported	\$ 132,000
(i) See Non-GAAP measures section of this news release.	

Other operating expenses during the first quarter of 2017 increased \$14.4 million or 12.2% compared to the prior year period. The increase is primarily due to higher amusement and leisure costs, including higher P1AG costs due primarily to the acquisitions of Tricorp and SAW in the fourth quarter of 2016, and therefore not included in the prior period comparatives, as well as costs relating to the ongoing expansion of *The Rec Room*. Media costs were higher due to the increased digital place-based media business volumes. These increases were partially offset by lower same theatre payroll costs.

General and administrative expenses

The following table highlights the movement in general and administrative (“G&A”) expenses during the quarter, including Share based compensation costs, and G&A net of these costs (in thousands of dollars):

G&A expenses	First Quarter		
	2017	2016	Change
G&A excluding LTIP and option plan expense	\$ 18,337	\$ 14,988	22.3%
LTIP (i)	3,362	3,653	-8.0%
Option plan	409	419	-2.4%
G&A expenses as reported	\$ 22,108	\$ 19,060	16.0%
(i) LTIP includes the expense for the LTIP program as well as the expense for the executive and Board deferred share unit plans.			

G&A expenses increased \$3.0 million (16.0%) during the first quarter of 2017 compared to the prior year period primarily due to higher head office payroll, including non-recurring \$1.6 million past-service costs associated with the supplemental executive retirement plan, and higher professional fees, partially offset by a \$0.3 million decrease in LTIP expense. The LTIP decrease was mainly due to Cineplex’s Share price decreasing from \$51.22 at December 31, 2016 to \$50.50 at March 31, 2017, compared to an increase from \$47.55 at December 31, 2015 to \$50.57 at March 31, 2016.

Change in fair value of financial instrument

The following table shows the change in fair value of the WGN put option liability relating to the 20% interest in WGN that Cineplex owned as at March 31, 2017 (in thousands of dollars):

Change in fair value of financial instrument	First Quarter		
	2017	2016	Change
(Gain) on change in fair value of financial instrument	\$ (987)\$	—	NM

The WGN put option liability, included in accounts payable and accrued liabilities, was reduced from \$5.0 million to \$4.0 million at March 31, 2017, resulting in a \$987 change in fair value of financial instrument. Subsequent to the quarter end, Cineplex acquired the remaining interest in WGN and settled the put liability.

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

The following table presents EBITDA and adjusted EBITDA for the three months ended March 31, 2017 as compared to the prior year period (in thousands of dollars, except adjusted EBITDA margin):

EBITDA	First Quarter		
	2017	2016	Change
EBITDA (i)	\$ 61,205	\$ 56,484	8.4%
Adjusted EBITDA	\$ 59,449	\$ 57,140	4.0%
Adjusted EBITDA margin	15.1%	15.1%	—%

(i) Prior period figures have been reclassified to conform to current period presentation. See section ‘Financial statement presentation’ for further details.

Adjusted EBITDA for the first quarter of 2017 increased \$2.3 million, or 4.0%, as compared to the prior year period, representing a first quarter record for Cineplex. The increase compared to the prior year period was primarily due to growth in the Amusement and Leisure businesses. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 15.1% in the current period, flat as compared to the prior year period despite the revenue growth, due to higher costs attributable to Cineplex’s emerging businesses as it continues to execute its diversification strategy.

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

For the first quarter of 2017, adjusted free cash flow per common share of Cineplex was \$0.68 as compared to \$0.70 in the prior year period. The declared dividends per common share of Cineplex were \$0.41 in the first quarter of 2017 and \$0.39 in the prior year period. During the 12 months ended March 31, 2017, Cineplex generated adjusted free cash flow per Share of \$2.45, compared to \$2.75 per Share in the 12 months ended March 31, 2016. Cineplex declared dividends per Share of \$1.62 and \$1.56, respectively, in each period. The payout ratios for these periods were approximately 66.1% and 56.5%, respectively.

FINANCIAL STATEMENT PRESENTATION

Cineplex has reclassified box office, amusement and other revenues to reflect the growth of its Amusement and Leisure business and to enhance comparability with exhibition peers in the United States. Certain revenues from Cineplex’s enhanced guest experience initiatives were previously included in other revenues and are now included with box office revenues. This presentation is consistent with other exhibitors and better reflects how Cineplex management measures and operates the business. This affects the BPP, film cost percentage and percentage of premium priced products due to the increase in box office revenues reported. Prior period financial statement figures have been reclassified to conform to current period

presentation. The following table presents the reclassified box office revenues for the three months ended March 31, 2016 (in thousands of dollars):

	2016
Box office - previous presentation	\$ 192,639
Reclassification from other revenues	6,004
Box Office - new presentation	198,643

Other revenues also previously contained all amusement revenue. Due to the growth of Cineplex's amusement solutions and location based entertainment businesses, these revenues are now separately reported as amusement revenues. The following table presents the reclassified other revenues for the three months ended March 31, 2016 (in thousands of dollars):

	2016
Other revenues - previous presentation	\$ 41,210
Reclassification to box office revenues	(6,004)
Reclassification to amusement revenues	(26,051)
Other revenues - new presentation	9,155

Cineplex had previously included foreign exchange gain and losses in interest expense. As of January 1, 2017, the foreign exchange gains and losses are reported separately on the statements of operations. The prior year period figures have been reclassified to conform to current period presentation. The following table reflects the changes to the interest expense due to the change in presentation for the three months ended March 31, 2016 (in thousands of dollars):

	2016
Interest expense - previous presentation	4,826
Reclassification to foreign exchange	(219)
Interest expense - new presentation	4,607

NON-GAAP FINANCIAL MEASURES

EBITDA and Adjusted Free Cash Flow

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

EBITDA is calculated by adding back to net income, income tax expense, depreciation and amortization expense, and interest income. Adjusted EBITDA is calculated by adjusting EBITDA for the change in fair value of financial instrument, losses on disposal of assets, foreign exchange (loss) gain, the equity income of CDCP, the non-controlling interests' share of adjusted EBITDA of WGN and Brady Starburst LLC, and depreciation, amortization, interest and taxes of Cineplex's other joint ventures. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by total revenues.

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

For a detailed reconciliation of net income to EBITDA and adjusted EBITDA and from cash provided by operating activities to adjusted free cash flow, please refer to Cineplex's management's discussion and analysis filed on www.sedar.com.

Earnings per Share Metrics

The three months ended March 31, 2017 include the gain associated with the change in fair value of financial instrument relating to the WGN put option. Cineplex has presented basic and diluted earnings per share net of this item to provide a more comparable earnings per share metric between the current periods and prior year periods. In the non-GAAP measure, earnings is defined as net income excluding the change in fair value of financial instrument.

Per Patron Revenue Metrics

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

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, 4DX, UltraAVX, VIP and IMAX product; divided by total paid attendance for the period, less paid attendance for 3D, 4DX, UltraAVX, VIP and IMAX product.

CPP: Calculated as total theatre food service revenues divided by total paid 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 food service revenues less total food service cost, divided by 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 during the periods. For the three months ended March 31, 2017 the impact of the four locations that have been opened or acquired and the two location that has been closed or otherwise disposed of have been excluded, resulting in 158 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.

Certain information included in this news release contains forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to Cineplex's objectives, goals and strategies to achieve those objectives and goals, as well as statements with respect to Cineplex's beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "will", "could", "should", "would", "suspect",

“outlook”, “believe”, “plan”, “anticipate”, “estimate”, “expect”, “intend”, “forecast”, “objective” and “continue” (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements.

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

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

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

About Cineplex

A leading entertainment and media company, Cineplex (TSX:CGX) is a top-tier Canadian brand that operates in the Film Entertainment and Content, Amusement and Leisure, and Media sectors. As Canada’s largest and most innovative film exhibitor, Cineplex welcomes 75 million guests annually through its circuit of 164 theatres across the country. 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) and amusement solutions (Player One Amusement Group). It also operates a location based entertainment business through Canada’s newest destination for ‘Eats & Entertainment’ (The Rec Room), and an online eSports platform for competitive and passionate gamers (WorldGaming.com). Additionally, 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 over 13,000 people in its offices across Canada and the United States. To learn more visit Cineplex.com or download the Cineplex App. More information is available at Cineplex.com. Further information can be found in the disclosure documents filed by Cineplex with the securities regulatory authorities, available at www.sedar.com.

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, Gord Nelson, Chief Financial Officer and Pat Marshall, Investor Relations Officer** will host the call. The teleconference call is scheduled for:

Tuesday, May 2, 2017
10:00 a.m. Eastern Daylight Time

In order to participate in the conference call, please dial 416-849-1847 or outside Toronto and from the U.S. dial 1-800-274-0251 at least five to ten minutes prior to 10:00 a.m. EDT. Please quote the conference confirmation code 9252966 to access the call.

If you cannot participate in a live mode, a replay will be available. Please dial 647-436-0148 or outside Toronto and from the U.S. dial 1-888-203-1112. Please use the PIN 9876 and the replay passcode 236679 when prompted. You can also access the web address URL to register and enter the PIN and code when prompted.

Web Address URL: [Click Here](#)

The replay will begin at 1:00 p.m. EDT on Tuesday, May 2, 2017, and end at 1:00 p.m. EDT on Tuesday, May 9, 2017.

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

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For further information:

Gord Nelson
Chief Financial Officer
(416) 323-6602

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

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

	March 31,	December 31,
	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 41,414	\$ 33,553
Trade and other receivables	78,759	115,903
Income taxes receivable	1,268	463
Inventories	23,026	21,412
Prepaid expenses and other current assets	15,017	10,856
	<hr/>	<hr/>
	159,484	182,187
Non-current assets		
Property, equipment and leaseholds	572,303	564,879
Deferred income taxes	6,422	5,891
Fair value of interest rate swap agreements	507	756
Interests in joint ventures	37,180	35,487
Intangible assets	125,770	125,492
Goodwill	817,002	813,494
	<hr/>	<hr/>
	\$ 1,718,668	\$ 1,728,186
	<hr/>	<hr/>

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

	March 31, 2017	December 31, 2016
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 161,857	\$ 204,725
Share-based compensation	6,482	8,958
Dividends payable	8,575	8,575
Income taxes payable	1,741	2,042
Deferred revenue	139,581	172,140
Finance lease obligations	3,256	3,180
Fair value of interest rate swap agreements	2,375	2,419
	<hr/> 323,867	<hr/> 402,039
Non-current liabilities		
Share-based compensation	15,496	18,346
Long-term debt	372,640	297,496
Fair value of interest rate swap agreements	1,541	2,020
Finance lease obligations	8,040	8,871
Post-employment benefit obligations	8,193	7,932
Other liabilities	122,603	125,560
Deferred income taxes	12,688	11,210
Convertible debentures	103,380	102,817
	<hr/> 644,581	<hr/> 574,252
Total liabilities	<hr/> 968,448	<hr/> 976,291
Equity		
Share capital	859,383	859,351
Deficit	(109,784)	(108,342)
Hedging reserves and other	(3,111)	(3,170)
Contributed surplus	458	81
Cumulative translation adjustment	830	1,175
	<hr/> 747,776	<hr/> 749,095
Total equity attributable to owners of Cineplex	747,776	749,095
Non-controlling interests	2,444	2,800
Total equity	750,220	751,895
	<hr/> \$ 1,718,668	<hr/> \$ 1,728,186

Cineplex Inc.**Interim Condensed Consolidated Statements of Operations****(Unaudited)****(expressed in thousands of Canadian dollars, except net income per share)**

	Three months ended March 31,	
	2017	2016
Revenues		
Box office	\$ 195,354	\$ 198,643
Food service	113,935	112,006
Media	33,912	33,058
Amusement	41,401	26,051
Other	9,641	9,155
	<u>394,243</u>	<u>378,913</u>
Expenses		
Film cost	103,289	107,386
Cost of food service	25,654	25,314
Depreciation and amortization	28,267	25,005
Loss on disposal of assets	26	506
Other costs	206,071	189,404
Share of income of joint ventures	(998)	(400)
Interest expense	4,862	4,607
Interest income	(52)	(67)
Foreign exchange	(17)	219
Change in fair value of financial instrument	(987)	—
	<u>366,115</u>	<u>351,974</u>
Income before income taxes	<u>28,128</u>	<u>26,939</u>
Provision for income taxes		
Current	4,586	4,136
Deferred	577	1,348
	<u>5,163</u>	<u>5,484</u>
Net income	<u>\$ 22,965</u>	<u>\$ 21,455</u>
Attributable to:		
Owners of Cineplex	\$ 23,332	\$ 21,906
Non-controlling interests	(367)	(451)
Net income	<u>\$ 22,965</u>	<u>\$ 21,455</u>
Basic net income per share attributable to owners of Cineplex	\$ 0.37	\$ 0.35
Diluted net income per share attributable to owners of Cineplex	\$ 0.37	\$ 0.34

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

	Three months ended March 31,	
	2017	2016
Net income	\$ 22,965	\$ 21,455
Other comprehensive income (loss)		
<i>Items that will be reclassified subsequently to net income:</i>		
Income on hedging instruments	82	280
Associated deferred income taxes (expense)	(23)	(65)
Foreign currency translation adjustment	(334)	(1,490)
<i>Items that will not be reclassified to net income:</i>		
Actuarial gains of post-employment benefit obligations	1,298	—
Associated deferred income taxes (expense)	(348)	—
Other comprehensive income (loss)	675	(1,275)
Comprehensive income	\$ 23,640	\$ 20,180
Attributable to:		
Owners of Cineplex	\$ 23,996	\$ 20,893
Non-controlling interests	(356)	(713)
Comprehensive income	\$ 23,640	\$ 20,180

Cineplex Inc.

Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited)

(expressed in thousands of Canadian dollars)

For the periods ended March 31, 2017 and 2016

	Share capital	Contributed surplus	Hedging and other reserves	Cumulative translation adjustment	Deficit	Non-controlling interests	Total
Balance - January 1, 2017	\$ 859,351	\$ 81	\$(3,170)	\$ 1,175	\$(108,342)	\$ 2,800	\$ 751,895
Net income	—	—	—	—	23,332	(367)	22,965
Other comprehensive income	—	—	59	(345)	950	11	675
Total comprehensive income	—	—	59	(345)	24,282	(356)	23,640
Dividends declared	—	—	—	—	(25,724)	—	(25,724)
Share option expense	—	409	—	—	—	—	409
Issuance of shares on exercise of options	32	(32)	—	—	—	—	—
Balance - March 31, 2017	\$ 859,383	\$ 458	\$(3,111)	\$ 830	\$(109,784)	\$ 2,444	\$ 750,220
Balance - January 1, 2016	\$ 858,305	\$(491)	\$(4,979)	\$ 934	\$(86,296)	\$ 5,024	\$ 772,497
Net income	—	—	—	—	21,906	(451)	21,455
Other comprehensive loss	—	—	215	(1,228)	—	(262)	(1,275)
Total comprehensive income	—	—	215	(1,228)	21,906	(713)	20,180
Dividends declared	—	—	—	—	(24,721)	—	(24,721)
Share option expense	—	419	—	—	—	—	419
Issuance of shares on exercise of options	326	(326)	—	—	—	—	—
CSI non-controlling interests acquired	—	—	—	—	—	(336)	(336)
Balance - March 31, 2016	\$ 858,631	\$(398)	\$(4,764)	\$(294)	\$(89,111)	\$ 3,975	\$ 768,039

Cineplex Inc.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

(expressed in thousands of Canadian dollars)

	Three months ended March 31,	
	2017	2016
Cash (used in) provided by		
Operating activities		
Net income	\$ 22,965	\$ 21,455
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	28,267	25,005
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(2,653)	(1,978)
Accretion of debt issuance costs and other non-cash interest, net	121	83
Loss on disposal of assets	26	506
Deferred income taxes	577	1,348
Interest rate swap agreements - non-cash interest	(175)	262
Non-cash share-based compensation	409	419
Change in fair value of financial instrument	(987)	—
Accretion of convertible debentures	563	526
Net change in interests in joint ventures	(2,377)	(1,526)
Tenant inducements	309	231
Changes in operating assets and liabilities	(61,720)	(69,632)
Net cash used in operating activities	(14,675)	(23,301)
Investing activities		
Proceeds from sale of assets	232	108
Purchases of property, equipment and leaseholds	(25,453)	(28,957)
Acquisition of businesses, net of cash acquired	(106)	(407)
Intangible assets additions	(1,322)	—
Net cash received from CDCP	684	682
Net cash used in investing activities	(25,965)	(28,574)
Financing activities		
Dividends paid	(25,724)	(24,715)
Borrowings under credit facilities, net	75,000	81,210
Payments under finance leases	(773)	(719)
Net cash provided by financing activities	48,503	55,776
Effect of exchange rate differences on cash	(2)	(509)
Increase in cash and cash equivalents	7,861	3,392
Cash and cash equivalents - Beginning of period	33,553	35,713
Cash and cash equivalents - End of period	\$ 41,414	\$ 39,105
Supplemental information		
Cash paid for interest	\$ 5,743	\$ 2,568
Cash paid for income taxes, net	\$ 6,338	\$ 35,748

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

Reconciliation to Adjusted EBITDA

	Three months ended March 31,	
	2017	2016
Net income	\$ 22,965	\$ 21,455
Depreciation and amortization	28,267	25,005
Interest expense (i)	4,862	4,607
Interest income	(52)	(67)
Current income tax expense	4,586	4,136
Deferred income tax expense	577	1,348
EBITDA	\$ 61,205	\$ 56,484
Loss on disposal of assets	26	506
CDCP equity income (ii)	(967)	(375)
Foreign exchange (gain) loss (i)	(17)	219
Non-controlling interests adjusted EBITDA of WGN and BSL	168	283
Depreciation and amortization - joint ventures (iii)	9	10
Joint venture taxes and interest (iii)	12	13
Change in fair value of financial instrument	(987)	—
Adjusted EBITDA	\$ 59,449	\$ 57,140

- (i) Prior period figures have been reclassified to conform to current period presentation. See section 'Financial statement presentation' for further details.
- (ii) 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.
- (iii) Includes the joint ventures with the exception of CDCP (see (ii) above).

Cineplex Inc.

Interim Consolidated Supplemental Information

(Unaudited)

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

Adjusted Free Cash Flow

	Three months ended March 31,	
	2017	2016
Cash used in operating activities	\$ (14,675)	\$ (23,301)
Less: Total capital expenditures net of proceeds on sale of assets	(25,221)	(28,849)
Standardized free cash flow	(39,896)	(52,150)
Add/(Less):		
Changes in operating assets and liabilities (i)	61,720	69,632
Changes in operating assets and liabilities of joint ventures (i)	1,379	1,126
Tenant inducements (ii)	(309)	(231)
Principal component of finance lease obligations	(773)	(719)
Growth capital expenditures and other (iii)	20,310	25,307
Share of income of joint ventures, net of non-cash depreciation (iv)	52	48
Non-controlling interest adjusted EBITDA of WGN and BSL	168	283
Net cash received from CDCP (iv)	684	682
Adjusted free cash flow	\$ 43,335	\$ 43,978
Average number of Shares outstanding	63,516,499	63,220,133
Adjusted free cash flow per Share	\$ 0.682	\$ 0.696
Dividends declared	\$ 0.405	\$ 0.390

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