



FOR IMMEDIATE RELEASE

CINEPLEX INC.
Reports Second Quarter Results

TORONTO, Canada, August 2, 2017 (TSX: CGX) - Cineplex Inc. (“Cineplex”) today released its financial results for the three and six months ended June 30, 2017. Unless otherwise specified, all amounts are in Canadian dollars.

Second Quarter Results

	2017	2016	Period over Period Change (i)
Total revenues	\$ 364.1million	\$ 338.0million	7.7%
Attendance	16.5million	16.9million	-2.2%
Net income	\$ 1.4million	\$ 7.2million	-80.9%
Box office revenues per patron (“BPP”) (ii) (iii)	\$ 10.36	\$ 9.89	4.8%
Concession revenues per patron (“CPP”) (ii)	\$ 6.03	\$ 5.74	5.1%
Adjusted EBITDA (ii)	\$ 38.1million	\$ 42.8million	-11.0%
Adjusted EBITDA margin (ii)	10.5 %	12.7 %	-2.2%
Adjusted free cash flow (ii)	\$ 18.0million	\$ 25.6million	-29.5%
Adjusted free cash flow per common share of Cineplex (“Share”) (ii)	\$ 0.283	\$ 0.403	-29.8%
Earnings per Share (“EPS”) - basic	\$ 0.02	\$ 0.12	-83.3%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 0.02	\$ 0.12	-83.3%
EPS - diluted	\$ 0.02	\$ 0.12	-83.3%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 0.02	\$ 0.12	-83.3%

Year to Date Results

	2017	2016	Period over Period Change (i)
Total revenues	\$ 758.3million	\$ 716.9million	5.8%
Attendance	36.1million	37.4million	-3.6%
Net income	\$ 24.3million	\$ 28.7million	-15.1%
Box office revenues per patron (“BPP”) (ii) (iii)	\$ 10.15	\$ 9.76	4.0%
Concession revenues per patron (“CPP”) (ii)	\$ 5.86	\$ 5.58	5.0%
Adjusted EBITDA (ii)	\$ 97.5million	\$ 99.9million	-2.4%
Adjusted EBITDA margin (ii)	12.9 %	13.9 %	-1.0%
Adjusted free cash flow (ii)	\$ 61.3million	\$ 69.5million	-11.8%
Adjusted free cash flow per common share of Cineplex (“Share”) (ii)	\$ 0.966	\$ 1.097	-11.9%
Earnings per Share (“EPS”) - basic	\$ 0.39	\$ 0.47	-17.0%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 0.37	\$ 0.47	-21.3%
EPS - diluted	\$ 0.39	\$ 0.46	-15.2%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 0.37	\$ 0.46	-19.6%

- 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.

“Total revenue for the second quarter of 2017 increased 7.7% versus the prior year period to \$364.1 million, primarily due to higher amusement revenue, resulting from Cineplex’s continued growth and diversification,” said Ellis Jacob, President and CEO, Cineplex.”

Box Office revenue increased 2.4% to \$170.7 million and theatre food service increased 2.7% to \$99.4 million during the period with BPP of \$10.36 and CPP of \$6.03 both representing all-time quarterly records. Media revenue decreased 9.0% to \$36.6 million, primarily due to a decline in cinema advertising and lower digital signage installation revenue. Amusement revenue of \$45.7 million increased 85.9% versus the prior year period, largely due to the acquisition of Tricorp Amusements and SAW LLC which were completed in the fourth quarter of 2016, and the acquisition of Dandy Amusements acquired during this quarter. Despite growth in these areas, declines in attendance and the delay in media spend and installations coupled with costs associated with Cineplex’s ongoing diversification strategy resulted in an 11% decrease in Adjusted EBITDA to \$38.1 million.

Key accomplishments during the quarter included the opening of the second location of The Rec Room in downtown Toronto at the Roundhouse; the opening of the Cineplex O.E. Smith Theatre at the IWK Health Centre in Halifax and the continued rollout of luxury recliners in select theatres across the country. Additionally, the SCENE loyalty program reached 8.5 million members.

Subsequent to quarter end, we announced an exclusive partnership to bring global sports entertainment leader Topgolf to Canada. The joint venture will see the opening of several locations across the country during the next few years.

KEY DEVELOPMENTS IN THE SECOND QUARTER OF 2017

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

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported second quarter box office revenues of \$170.7 million, an increase of \$4.0 million (2.4%) from the \$166.7 million reported in the prior year period.
- BPP was \$10.36, an all-time quarterly record for Cineplex, and 4.8% higher than \$9.89 reported in the prior year period.
- Announced two new theatre complexes in British Columbia at the *Park Royal Shopping Centre* and *The Amazing Brentwood* and a new theatre at *Cineplex Cinemas East Hills* in Alberta.
- Converted 33 auditoriums to recliner seating during the quarter.

Theatre Food Service

- Reported second quarter food services revenues of \$99.4 million, an increase of \$2.6 million or 2.7% reported in the prior year period.
- CPP in the second quarter of 2017 was \$6.03, an all-time quarter record for Cineplex, \$0.29 (5.1%) higher than the \$5.74 reported during the prior year period.

Alternative Programming

- Alternative programming in the second quarter of 2017 included strong performances from the Metropolitan Opera: Live in HD series, international film programming, WWE Wrestlemania 33, and the live broadcast of *Rosencrantz & Guildenstern Are Dead*, starring Daniel Radcliffe from the National Theatre.
- Featured numerous strong performing international films, including Hindi, Mandarin and Punjabi in select markets across the country.

Digital Commerce

- Cineplex.com registered a 30% increase in visits during the second quarter of 2017 compared to the prior year period.
- Online and mobile ticketing represented 22.5% of total admissions during the second quarter.

- Monthly active users of the Cineplex store increased 72% as compared to the prior year period.
- Cineplex store registered a 30% increase in device activations over the prior year period.

MEDIA

- Reported second quarter total media revenues of \$36.6 million, a decrease of \$3.6 million, or 9.0% compared to the prior year period.

Cinema Media

- Reported second quarter revenues of \$24.0 million, compared to \$26.2 million in the prior year period, a decrease of 8.7% primarily due to a decline in onscreen advertising.

Digital Place-Based Media

- Reported second quarter revenues of \$12.6 million, a decrease of \$1.3 million compared to the prior year period due to lower project installation revenues partially offset by higher advertising revenue generated from an expanded client base. The deferred consideration relating to the acquisition of EK3 Technologies Inc (“EK3”) was settled at \$10.0 million with \$9.3 million paid in the second quarter of 2017 and the remaining \$0.7 million to be paid in the third quarter of 2017. There was no impact on net income.

AMUSEMENT AND LEISURE

Amusement Solutions

- Reported second quarter revenues of \$45.7 million, an increase of \$21.1 million over the prior year period. The increase was primarily due to the acquisitions of Tricorp and SAW, which were acquired in the fourth quarter of 2016 and Dandy which was acquired in the second quarter of 2017.
- Acquired the assets of Dandy, a California-based leading amusement gaming machine operator with operations in western United States, for \$13.7 million.

Location Based Entertainment

- *The Rec Room* reported second quarter food services revenues of \$2.0 million and amusement revenues of \$1.7 million.
- Opened the second location of *The Rec Room* in downtown Toronto at the iconic Roundhouse Park on June 27, 2017.
- *The Rec Room* at the Roundhouse features the first location of *THE VOID* which combines interactive sets, virtual reality, real-time effects and gear.
- Announced the opening of two new locations of *The Rec Room*: one in Mississauga, Ontario at *Square One*, and the other, the first location in British Columbia, at *The Amazing Brentwood* both of which are scheduled to open in 2019.

eSports

- In April 2017, Cineplex acquired the 20% non-controlling interest in WGN for \$4.0 million. Cineplex now owns and operates 100% of WGN.
- In May 2017, Collegiate Starleague (“CSL”), a subsidiary of WGN hosted the 2017 North American Collegiate Grand Finals at the Scotiabank Theatre in Toronto, Ontario.
- WGN launched the Northern Fights Canadian Championship Series. The National Finals were hosted at the Scotiabank Theatre in Toronto, Ontario in June 2017.

LOYALTY

- Membership in the SCENE loyalty program increased by 0.2 million members in the period, reaching 8.5 million at June 30, 2017.

CORPORATE

- Cineplex is among the founding members of the newly created Global Cinema Federation, a worldwide group intended to represent cinema exhibition global interests. The Federation will address issues such as film theft, technology standards, theatrical release practices, international trade practices and relationship with partners in film distribution.
- During the second quarter of 2017, the Board of Directors of Cineplex (the “Board”) announced a monthly dividend increase of 3.7% to \$0.140 per share (\$1.68 on an annual basis) up from \$0.135 per Share (\$1.62 on an annual basis) effective with the May 2017 dividend paid in June 2017.
- During the second quarter, Anthony Munk and Robert Steacy did not stand for re-election for the Board. Elected to the Board during the quarter were Janice Fukakusa and Nadir Mohamed.
- In partnership with the IWK Health Centre in Halifax, Cineplex opened the IWK Health Centre’s O.E. Smith theatre where IWK’s patients and families can enjoy movies free of charge.

OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017

Total revenues

Total revenues for the three months ended June 30, 2017 increased \$26.1 million (7.7%) to \$364.1 million as compared to the prior year period. Total revenues for the six months ended June 30, 2017 increased \$41.4 million (5.8%) to \$758.3 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 store metrics, CPP, film cost percentage, food service cost percentage and concession margin per patron are defined and discussed in the non-GAAP measures section of this news release.

Box office revenues

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

Box office revenues	Second Quarter			Year to Date		
	2017	2016	Change	2,017	2,016	Change
Box office revenues (i)	\$ 170,710	\$ 166,725	2.4%	\$ 366,064	\$ 365,368	0.2 %
Attendance (ii)	16,484	16,858	-2.2%	36,077	37,441	(3.6)%
Box office revenue per patron (i) (ii)	\$ 10.36	\$ 9.89	4.8%	\$ 10.15	\$ 9.76	4.0 %
BPP excluding premium priced product (ii)	\$ 8.60	\$ 8.24	4.4%	\$ 8.57	\$ 8.29	3.4 %
Canadian industry revenues (iii)			6.3%			2.5 %
Same theatre box office revenues (i) (ii)	\$ 168,400	\$ 166,405	1.2%	\$ 357,682	\$ 362,619	-1.4 %
Same theatre attendance (ii)	16,287	16,815	-3.1%	35,386	37,179	-4.8 %
% Total box from premium priced product (i) (ii)	51.6%	51.8%	-0.2%	48.0%	46.6%	1.4 %

(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)	Second Quarter		Year to Date	
	Box Office	Attendance	Box Office	Attendance
2016 as reported	\$ 166,725	16,858	\$ 365,368	37,441
Same theatre attendance change	(5,221)	(528)	(17,492)	(1,793)
Impact of same theatre BPP change	7,217	—	12,556	—
New and acquired theatres (ii)	2,307	198	6,393	537
Disposed and closed theatres (ii)	(318)	(44)	(761)	(108)
2017 as reported	\$ 170,710	16,484	\$ 366,064	36,077

(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.

Second Quarter

Second Quarter 2017 Top Cineplex Films		3D	% Box	Second Quarter 2016 Top Cineplex Films		3D	% Box
1	Guardians Of The Galaxy Vol. 2	✓	16.3%	1	Captain America: Civil War	✓	15.1%
2	Wonder Woman	✓	11.5%	2	The Jungle Book	✓	14.7%
3	The Fate of the Furious		9.1%	3	Finding Dory	✓	9.1%
4	Beauty and the Beast	✓	6.5%	4	X-Men: Apocalypse	✓	6.3%
5	Pirates of the Caribbean: Dead Men Tell No Tales	✓	6.1%	5	Batman v Superman: Dawn of Justice	✓	4.8%

Box office revenues increased \$4.0 million, or 2.4%, to \$170.7 million during the period, compared to \$166.7 million reported in the second quarter of 2016. The increase was due to a second quarter BPP of \$10.36, a \$0.47 (4.8%) increase from the prior year period, which was an all-time quarterly record. The increase in BPP was due to price increases in selective markets as compared to the prior year period.

Year to Date

Year to Date 2017 Top Cineplex Films			Year to Date 2016 Top Cineplex Films		
	3D	% Box		3D	% Box
1	✓	9.5%	1	✓	8.0%
2	✓	7.6%	2	✓	7.1%
3	✓	5.4%	3	✓	6.9%
4		4.6%	4	✓	6.7%
5		4.3%	5	✓	6.3%

Box office revenues for the six months ended June 30, 2017 were \$366.1 million, an increase of \$0.7 million or 0.2% over the prior year due to the higher BPP in the current year period as compared to the 2016 period, offsetting the 3.6% decrease in attendance period over period.

Cineplex's BPP for the period increased \$0.39, or 4.0%, from \$9.76 in the prior year period to a record \$10.15 in the current period. This increase was due to a higher percentage of box office revenue from premium priced offerings, which accounted for 48.0% of Cineplex's box office revenues in the six months ended June 30, 2017, as compared to 46.6% in the prior year period, as well as price increases in selective markets as compared to the prior year period.

Food service revenues

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

Food service revenues	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Food service - theatres	\$ 99,414	\$ 96,814	2.7%	\$ 211,241	\$ 208,820	1.2%
Food service - <i>The Rec Room</i>	1,984	—	NM	\$ 4,092	—	NM
Total food service revenues	\$ 101,398	\$ 96,814	4.7%	\$ 215,333	\$ 208,820	3.1%
Attendance (i)	16,484	16,858	-2.2%	36,077	37,441	-3.6%
CPP (i)	\$ 6.03	\$ 5.74	5.1%	\$ 5.86	\$ 5.58	5.0%
Same theatre food service revenues (i)	\$ 97,839	\$ 96,594	1.3%	\$ 206,060	\$ 207,264	-0.6%
Same theatre attendance (i)	16,287	16,815	-3.1%	35,386	37,179	-4.8%

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

Theatre food service revenue continuity	Second Quarter		Year to Date	
	Theatre Food Service	Attendance	Theatre Food Service	Attendance
2016 as reported	\$ 96,814	16,858	\$ 208,820	37,441
Same theatre attendance change	(3,031)	(528)	(9,998)	(1,793)
Impact of same theatre CPP change	4,275	—	8,794	—
New and acquired theatres (i)	1,575	198	4,157	537
Disposed and closed theatres (i)	(219)	(44)	(532)	(108)
2017 as reported	\$ 99,414	16,484	\$ 211,241	36,077

(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.

Second Quarter

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 \$4.6 million or 4.7% as compared to the prior year period due to the increase in CPP. Operations of *The Rec Room* contributed \$2.0 million which, combined with the impact of the CPP increase, more than offset the impact of the 2.2% decline in attendance. Food service revenues from *The Rec Room* are not included in CPP calculation.

CPP increased 5.1% to \$6.03, an all-time quarterly record for Cineplex. Expanded offerings outside of core food service products, including offerings at Cineplex's VIP Cinemas and Outtakes locations, have contributed to increased visitation and higher average transaction values, resulting in the higher CPP in the period.

Year to Date

Food service revenues increased \$6.5 million, or 3.1% as compared to the prior year, due to the 5.0% increase in CPP and the \$4.1 million contributed by *The Rec Room* partially offset by the 3.6% decrease in attendance. The CPP of \$5.86 in the current period is the highest CPP Cineplex has reported through the first six months of a year.

Media revenues

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

Media revenues	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Cinema media	\$ 23,964	\$ 26,242	-8.7%	\$ 45,556	\$ 47,339	-3.8%
Digital place-based media	12,617	13,944	-9.5%	24,937	25,905	-3.7%
Total media revenues	\$ 36,581	\$ 40,186	-9.0%	\$ 70,493	\$ 73,244	-3.8%

Second Quarter

Total media revenues decreased \$3.6 million (9.0%) to \$36.6 million in the second quarter of 2017 compared to the prior year period. This change was due to decreases to cinema advertising and lower project installation revenues for Digital place-based media due to the timing of project rollouts.

Year to Date

Total media revenues decreased \$2.8 million in the six months ended June 30, 2017 as compared to the prior year period. The decrease resulted from the \$1.8 million decrease in cinema media due to lower pre-show advertising and a \$1.0 million decrease in digital place-based media revenues due to lower project installation revenue which was partially offset by growth in digital advertising, software and network management revenues from increased active locations.

Amusement Revenues

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

Amusement revenues (i)	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Amusement - PIAG excluding Cineplex exhibition and <i>The Rec Room</i> (ii)	\$ 41,547	\$ 22,223	87.0%	78,063	45,483	71.6%
Amusement - Cineplex exhibition (ii)	\$ 2,476	\$ 2,366	4.6%	5,406	5,157	4.8%
Amusement - <i>The Rec Room</i>	1,677	—	NM	3,632	—	NM
Total amusement revenues	\$ 45,700	\$ 24,589	85.9%	\$ 87,101	\$ 50,640	72.0%

(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.

Second Quarter

Amusement revenues increased 85.9%, or \$21.1 million, to \$45.7 million in the second quarter of 2017 compared to the prior year period primarily due to the acquisitions of Tricorp and SAW in the fourth quarter of 2016 and Dandy in the current period.

Year to Date

For the year to date period, amusement revenues increased 72.0% or \$36.5 million, to \$87.1 million primarily due to the acquisitions of Tricorp and SAW in the fourth quarter of 2016 and Dandy in the current period.

Other revenues

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

Other revenues (i)	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Other revenues	\$ 9,694	\$ 9,711	-0.2%	\$ 19,335	\$ 18,866	2.5%

(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 and the year to date (in thousands of dollars, except film cost percentage):

Film cost	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Film cost	\$ 91,468	\$ 90,677	0.9%	\$ 194,757	\$ 198,063	-1.7%
Film cost percentage (ii)	53.6%	54.4%	-0.8%	53.2%	54.2%	-1.0%

(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.

Second Quarter

Film cost varies primarily with box office revenues, and can vary from quarter to quarter usually 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 second quarter of 2017 was 53.6%, a 0.8% decrease from the prior year period.

Year to Date

The year to date decrease in film cost expense was due to the lower film costs partially offset by higher box office revenues in the current period compared to 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 31.4% of box office revenues in the period (2016 period - 35.0%). 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 and the year to date (in thousands of dollars, except percentages and margins per patron):

Cost of food service	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Cost of food service - theatre	\$ 22,566	\$ 21,603	4.5%	\$ 47,475	\$ 46,917	1.2%
Cost of food service - The Rec Room	614	—	NM	1,359	—	NM
Total cost of food service	\$ 23,180	\$ 21,603	7.3%	\$ 48,834	\$ 46,917	4.1%
Theatre concession cost percentage (i)	22.7%	22.3%	0.4%	22.5%	22.5%	—%
Theatre concession margin per patron (i)	\$ 4.66	\$ 4.46	4.5%	\$ 4.54	\$ 4.32	5.1%

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

Second Quarter

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

The increase in the theatre cost of food service as compared to the prior year period was primarily due to the higher food service revenues. The increase in the theatre concession cost percentage is due in part to the mix of food offerings. The addition of VIP theatres since the prior year period has contributed to the changing mix including more items outside of the core concession offerings, which tend to have higher costs.

The theatre concession margin per patron increased 4.5% from \$4.46 in the second quarter of 2016 to \$4.66 in the same period in 2017, reflecting the impact of the higher CPP during the period partially offset by the impact of the higher concession cost percentage.

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

Year to Date

The increase in the theatre cost of food service as compared to the prior year period was due to the higher theatre food service revenues. The theatre concession margin per patron increased from \$4.32 in the prior year period to \$4.54 in the current period, reflecting the impact of the higher CPP in the current period.

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 the year to date (in thousands of dollars):

Depreciation and amortization expenses	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Depreciation of property, equipment and leaseholds	\$ 25,388	\$ 22,204	14.3%	\$ 49,553	\$ 43,805	13.1%
Amortization of intangible assets and other	4,258	3,775	12.8%	8,360	7,179	16.5%
Depreciation and amortization expenses as reported	\$ 29,646	\$ 25,979	14.1%	\$ 57,913	\$ 50,984	13.6%

The quarterly and year to date increase in depreciation of property, equipment and leaseholds of \$3.2 million and year to date increase of \$5.7 million was primarily due to investments in amusement and leisure, including *The Rec Room*, and the acquisitions of Tricorp, SAW and Dandy.

Loss on disposal of assets

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

Loss on disposal of assets	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Loss on disposal of assets	\$ 36	\$ 428	-91.6%	\$ 62	\$ 934	-93.4%

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 and the year to date (in thousands of dollars):

Other costs	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Theatre occupancy expenses	\$ 52,614	\$ 50,620	3.9%	\$ 104,577	\$ 103,353	1.2%
Other operating expenses	138,935	114,416	21.4%	270,935	232,027	16.8%
General and administrative expenses	19,907	18,296	8.8%	42,015	37,356	12.5%
Total other costs	\$ 211,456	\$ 183,332	15.3%	\$ 417,527	\$ 372,736	12.0%

Theatre occupancy expenses

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

Theatre occupancy expenses	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Rent	\$ 34,674	\$ 34,126	1.6%	\$ 68,971	\$ 68,376	0.9%
Other occupancy	18,272	18,354	-0.4%	36,471	36,924	-1.2%
One-time items (i)	(332)	(1,860)	-82.2%	(865)	(1,947)	-55.6%
Total	\$ 52,614	\$ 50,620	3.9%	\$ 104,577	\$ 103,353	1.2%

(i) One-time items include amounts related to both 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	Second Quarter Occupancy	Year to Date Occupancy
2016 as reported	\$ 50,620	\$ 103,353
Impact of new and acquired theatres	324	752
Impact of disposed theatres	(122)	(290)
Same theatre rent change (i)	485	474
One-time items	1,529	1,082
Other	(222)	(794)
2017 as reported	\$ 52,614	\$ 104,577

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

Second Quarter

Theatre occupancy expenses increased \$2.0 million during the second quarter of 2017 compared to the prior year period. This increase was primarily due to the impact of one time charges of \$1.5 million in addition to the impact of new and acquired theatres net of disposed theatres, rent increases and higher other expenses (including real estate taxes).

Year to Date

The increase in theatre occupancy expenses of \$1.2 million for the 2017 period compared to the prior year was due to the impact of one time charges of \$1.0 million in addition to the impact of new and acquired theatres, net of disposed theatres as compared to the prior year period.

Other operating expenses

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

Other operating expenses	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Theatre payroll	\$ 34,980	\$ 33,831	3.4%	\$ 71,077	\$ 71,898	-1.1%
Media	18,079	16,596	8.9%	35,181	32,470	8.3%
PIAG	36,421	19,649	85.4%	67,498	39,744	69.8%
<i>The Rec Room</i> (i)	2,799	—	NM	5,681	—	NM
Other	46,656	44,340	5.2%	91,498	87,915	4.1%
Other operating expenses	\$ 138,935	\$ 114,416	21.4%	\$ 270,935	\$ 232,027	16.8%

(i) Includes operating costs of *The Rec Room* location in Edmonton and Toronto. Pre-opening costs relating to *The Rec Room* locations and overhead relating to management of *The Rec Room* portfolio are included in the 'Other' line.

Other operating continuity	Second Quarter Other Operating	Year to Date Other Operating
2016 as reported	\$ 114,416	\$ 232,027
Impact of new and acquired theatres	887	2,206
Impact of disposed theatres	(196)	(388)
Same theatre payroll change (i)	708	(1,904)
Marketing change	(1,549)	(3,312)
Media change	1,483	2,711
PIAG change	16,952	27,754
Amusement gaming and leisure, excluding PIAG	6,399	11,074
Other	(165)	767
2017 as reported	\$ 138,935	\$ 270,935

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

Second Quarter

Other operating expenses during the second quarter of 2017 increased \$24.5 million or 21.4% compared to the prior year period. The increase is primarily due to higher amusement and leisure costs, including higher PIAG costs due primarily to the acquisitions of Tricorp and SAW in the fourth quarter of 2016 and Dandy in the current quarter. Excluding PIAG, the increase to other operating expenses primarily included Media costs (\$1.5 million) which increased due to payments to third party networks, and increased payroll and operating expenses for *The Rec Room* which is not included in the prior year comparative (\$2.8 million). These were partially offset by a decrease to Marketing costs (\$1.5 million) due to the timing of expenditures.

Year to Date

For the six months ended June 30, 2017, other operating expenses increased \$38.9 million or 16.8% compared to the prior year period. The increase is primarily due to higher amusement and leisure costs, including higher PIAG costs due primarily to the acquisitions of Tricorp and SAW in the fourth quarter of 2016 and Dandy this quarter. Excluding PIAG, other operating expenses increased primarily due to operating expenses for *The Rec Room* which was not included in the prior year comparatives (\$5.7 million) and increases to Media cost due to high payments to third party networks which were partially offset by a decrease to Marketing costs (\$3.3 million).

General and administrative expenses

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

G&A expenses	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
G&A excluding LTIP and option plan expense	\$ 16,046	\$ 14,808	8.4%	\$ 34,383	\$ 29,796	15.4%
LTIP (i)	3,385	3,082	9.8%	6,747	6,735	0.2%
Option plan	476	406	17.2%	885	825	7.3%
G&A expenses as reported	\$ 19,907	\$ 18,296	8.8%	\$ 42,015	\$ 37,356	12.5%

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

Second Quarter

G&A expenses increased \$1.6 million during the second quarter of 2017 compared to the prior year period due to higher payroll expenses.

Year to Date

G&A expenses for the year to date period increased \$4.7 million compared to the prior year period primarily due to higher head office payroll and including non-recurring \$1.6 million past-service costs associated with the supplemental executive retirement plan.

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 six months ended June 30, 2017 as compared to the prior year periods (in thousands of dollars, except adjusted EBITDA margin):

EBITDA	Second Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
EBITDA (i)	\$ 38,544	\$ 43,069	-10.5%	\$ 99,749	\$ 99,553	0.2%
Adjusted EBITDA	\$ 38,055	\$ 42,768	-11.0%	\$ 97,504	\$ 99,908	-2.4%
Adjusted EBITDA margin	10.5%	12.7%	-2.2%	12.9%	13.9%	-1.0%

(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 second quarter of 2017 decreased \$4.7 million, or 11.0%, as compared to the prior year period. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 10.5% in the current period. The decrease as compared to the prior year period despite the revenue growth, was due to higher costs attributable to Cineplex’s emerging businesses as it continues to execute its diversification strategy.

Adjusted EBITDA for the six months ended June 30, 2017 decreased \$2.4 million, or 2.4%, as compared to the prior year period. The decrease was due to Cineplex’s continued higher costs attributable to Cineplex’s emerging businesses as it continues to execute its diversification strategy. Adjusted EBITDA margin for the period was 12.9%, an decrease of 1.0% from 13.9% in the prior year period.

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

For the second quarter of 2017, adjusted free cash flow per common share of Cineplex was \$0.28 as compared to \$0.40 in the prior year period. The declared dividends per common share of Cineplex were \$0.42 in the second quarter of 2017 and \$0.40 in the prior year period. During the 12 months ended June 30, 2017, Cineplex generated adjusted free cash flow per Share of \$2.33, compared to \$2.50 per Share in the 12 months ended June 30, 2016. Cineplex declared dividends per Share of \$1.63 and \$1.57, respectively, in each period. The payout ratios for these periods were approximately 70.1% and 62.7%, 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 and six months ended June 30, 2016 (in thousands of dollars):

	Three months ended June 30, 2016	Six months ended June 30, 2016
Box office - previous presentation	\$ 162,145	\$ 354,784
Reclassification from other revenues	4,580	10,584
Box Office - new presentation	\$ 166,725	\$ 365,368

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 and six months ended June 30, 2016 (in thousands of dollars):

	Three months ended June 30, 2016	Six months ended June 30, 2016
Other revenues - previous presentation	\$ 38,880	\$ 80,090
Reclassification to box office revenues	(4,580)	(10,584)
Reclassification to amusement revenues	(24,589)	(50,640)
Other revenues - new presentation	\$ 9,711	\$ 18,866

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 and six months ended June 30, 2016 (in thousands of dollars):

	Three months ended June 30, 2016	Six months ended June 30, 2016
Interest expense - previous presentation	\$ 4,895	\$ 9,721
Reclassification to foreign exchange	315	96
Interest expense - new presentation	\$ 5,210	\$ 9,817

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 six months ended June 30, 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 subsequent to the start of the prior year comparative period. For the three months ended June 30, 2017 the impact of the three locations that have been opened or acquired and two locations that have been closed have been excluded, resulting in 159 theatres being included in the same theatre metrics. For the six months ended June 30, 2017 the impact of the four locations that have been opened or acquired and the two locations that have been closed have been excluded, resulting in 158 theatres being included in the same theatre metrics.

Cost of sales percentages

Cineplex reviews and reports cost of sales percentages for its two largest revenue sources, box office revenues and theatre 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 www.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:

**Wednesday, August 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. 1-888-203-1112. The replay passcode is 236679.

The replay will begin at 1:00 pm EDT on Wednesday August 2, 2017, and end at 1:00 pm EDT on Wednesday August 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)

	June 30,	December 31,
	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 21,424	\$ 33,553
Trade and other receivables	84,223	115,903
Income taxes receivable	4,765	463
Inventories	28,122	21,412
Prepaid expenses and other current assets	20,366	10,856
Fair value of interest rate swap agreements	49	—
	<u>158,949</u>	<u>182,187</u>
Non-current assets		
Property, equipment and leaseholds	602,857	564,879
Deferred income taxes	6,963	5,891
Fair value of interest rate swap agreements	1,518	756
Interests in joint ventures	38,005	35,487
Intangible assets	124,434	125,492
Goodwill	816,783	813,494
	<u>\$ 1,749,509</u>	<u>\$ 1,728,186</u>

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

	June 30,	December 31,
	2017	2016
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 142,783	\$ 204,725
Share-based compensation	7,238	8,958
Dividends payable	8,896	8,575
Income taxes payable	737	2,042
Deferred revenue	139,972	172,140
Finance lease obligations	3,311	3,180
Fair value of interest rate swap agreements	2,075	2,419
	<u>305,012</u>	<u>402,039</u>
Non-current liabilities		
Share-based compensation	17,392	18,346
Long-term debt	447,785	297,496
Fair value of interest rate swap agreements	808	2,020
Finance lease obligations	7,193	8,871
Post-employment benefit obligations	8,325	7,932
Other liabilities	121,113	125,560
Deferred income taxes	12,440	11,210
Convertible debentures	103,949	102,817
	<u>719,005</u>	<u>574,252</u>
Total liabilities	<u>1,024,017</u>	<u>976,291</u>
Equity		
Share capital	859,579	859,351
Deficit	(132,264)	(108,342)
Hedging reserves and other	(1,672)	(3,170)
Contributed surplus	738	81
Cumulative translation adjustment	(889)	1,175
Total equity attributable to owners of Cineplex	<u>725,492</u>	<u>749,095</u>
Non-controlling interests	—	2,800
Total equity	<u>725,492</u>	<u>751,895</u>
	<u>\$ 1,749,509</u>	<u>\$ 1,728,186</u>

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Revenues				
Box office	\$ 170,710	\$ 166,725	\$ 366,064	\$ 365,368
Food service	101,398	96,814	215,333	208,820
Media	36,581	40,186	70,493	73,244
Amusement	45,700	24,589	87,101	50,640
Other	9,694	9,711	19,335	18,866
	<u>364,083</u>	<u>338,025</u>	<u>758,326</u>	<u>716,938</u>
Expenses				
Film cost	91,468	90,677	194,757	198,063
Cost of food service	23,180	21,603	48,834	46,917
Depreciation and amortization	29,646	25,979	57,913	50,984
Loss on disposal of assets	36	428	62	934
Other costs	211,456	183,332	417,527	372,736
Share of income of joint ventures	(1,193)	(769)	(2,191)	(1,169)
Interest expense	5,303	5,210	10,165	9,817
Interest income	(51)	(51)	(103)	(118)
Foreign exchange	592	(315)	575	(96)
Change in fair value of financial instrument	—	—	(987)	—
	<u>360,437</u>	<u>326,094</u>	<u>726,552</u>	<u>678,068</u>
Income before income taxes	<u>3,646</u>	<u>11,931</u>	<u>31,774</u>	<u>38,870</u>
Provision for income taxes				
Current	3,559	4,715	8,145	8,851
Deferred	(1,289)	4	(712)	1,352
	<u>2,270</u>	<u>4,719</u>	<u>7,433</u>	<u>10,203</u>
Net income	<u>\$ 1,376</u>	<u>\$ 7,212</u>	<u>\$ 24,341</u>	<u>\$ 28,667</u>
Attributable to:				
Owners of Cineplex	\$ 1,426	\$ 7,646	\$ 24,758	\$ 29,552
Non-controlling interests	(50)	(434)	(417)	(885)
Net income	<u>\$ 1,376</u>	<u>\$ 7,212</u>	<u>\$ 24,341</u>	<u>\$ 28,667</u>
Basic net income per share attributable to owners of Cineplex	\$ 0.02	\$ 0.12	\$ 0.39	\$ 0.47
Diluted net income per share attributable to owners of Cineplex	\$ 0.02	\$ 0.12	\$ 0.39	\$ 0.46

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Net income	\$ 1,376	\$ 7,212	\$ 24,341	\$ 28,667
Other comprehensive (loss) income				
<i>Items that will be reclassified subsequently to net income:</i>				
Income (loss) on hedging instruments	1,965	(1,628)	2,047	(1,348)
Associated deferred income taxes (expense) recovery	(526)	436	(549)	371
Foreign currency translation adjustment	(1,656)	(258)	(1,990)	(1,748)
<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 (loss) income	(217)	(1,450)	458	(2,725)
Comprehensive income	\$ 1,159	\$ 5,762	\$ 24,799	\$ 25,942
Attributable to:				
Owners of Cineplex	\$ 1,209	\$ 6,217	\$ 25,205	\$ 27,110
Non-controlling interests	(50)	(455)	(406)	(1,168)
Comprehensive income	\$ 1,159	\$ 5,762	\$ 24,799	\$ 25,942

Cineplex Inc.

Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited)

(expressed in thousands of Canadian dollars)

For the periods ended June 30, 2017 and 2016

	Share capital	Contributed surplus	Hedging reserves and other	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	—	—	—	—	24,758	(417)	24,341
Other comprehensive income	—	—	1,498	(2,001)	950	11	458
Total comprehensive income	—	—	1,498	(2,001)	25,708	(406)	24,799
Dividends declared	—	—	—	—	(52,087)	—	(52,087)
Share option expense	—	885	—	—	—	—	885
Issuance of shares on exercise of options	228	(228)	—	—	—	—	—
WGN non-controlling interests acquired	—	—	—	(63)	2,457	(2,394)	—
Balance - June 30, 2017	\$ 859,579	\$ 738	\$ (1,672)	\$ (889)	\$ (132,264)	\$ —	\$ 725,492
Balance - January 1, 2016	\$ 858,305	\$ (491)	\$ (4,979)	\$ 934	\$ (86,296)	\$ 5,024	\$ 772,497
Net income	—	—	—	—	29,552	(885)	28,667
Other comprehensive loss	—	—	(977)	(1,465)	—	(283)	(2,725)
Total comprehensive income	—	—	(977)	(1,465)	29,552	(1,168)	25,942
Dividends declared	—	—	—	—	(50,102)	—	(50,102)
Share option expense	—	825	—	—	—	—	825
Issuance of shares on exercise of options	893	(893)	—	—	—	—	—
CSI non-controlling interests acquired	—	—	—	—	—	(336)	(336)
Balance - June 30, 2016	\$ 859,198	\$ (559)	\$ (5,956)	\$ (531)	\$ (106,846)	\$ 3,520	\$ 748,826

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Cash (used in) provided by				
Operating activities				
Net income	\$ 1,376	\$ 7,212	\$ 24,341	\$ 28,667
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	29,646	25,979	57,913	50,984
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(2,404)	(2,508)	(5,057)	(4,486)
Accretion of debt issuance costs and other non-cash interest, net	164	60	285	143
Loss on disposal of assets	36	428	62	934
Deferred income taxes	(1,289)	4	(712)	1,352
Interest rate swap agreements - non-cash interest	(131)	544	(306)	806
Non-cash share-based compensation	476	406	885	825
Change in fair value of financial instrument	—	—	(987)	—
Accretion of convertible debentures	569	526	1,132	1,052
Net change in interests in joint ventures	(1,510)	1,228	(3,887)	(298)
Tenant inducements	89	2,163	398	2,394
Changes in operating assets and liabilities	(14,533)	(14,738)	(76,253)	(84,370)
Net cash provided by (used in) operating activities	12,489	21,304	(2,186)	(1,997)
Investing activities				
Proceeds from sale of assets	78	—	310	108
Purchases of property, equipment and leaseholds	(50,318)	(18,581)	(75,771)	(47,538)
Acquisition of businesses, net of cash acquired	(29,581)	—	(29,687)	(407)
Intangible assets additions	(1,260)	(281)	(2,582)	(281)
Net cash received from CDCP	685	120	1,369	802
Net cash used in investing activities	(80,396)	(18,742)	(106,361)	(47,316)
Financing activities				
Dividends paid	(26,042)	(25,054)	(51,766)	(49,769)
Borrowings under credit facilities, net	75,000	20,626	150,000	101,836
Payments under finance leases	(788)	(732)	(1,561)	(1,451)
Net cash provided by (used in) financing activities	48,170	(6,564)	96,673	49,212
Effect of exchange rate differences on cash	(253)	(15)	(255)	(524)
Decrease in cash and cash equivalents	(19,990)	(4,017)	(12,129)	(625)
Cash and cash equivalents - Beginning of period	41,414	39,105	33,553	35,713
Cash and cash equivalents - End of period	\$ 21,424	\$ 35,088	\$ 21,424	\$ 35,088
Supplemental information				
Cash paid for interest	\$ 6,088	\$ 5,306	\$ 11,831	\$ 7,874
Cash paid for income taxes, net	\$ 8,060	\$ 10,398	\$ 14,398	\$ 46,146

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

Reconciliation to Adjusted EBITDA

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Net income	\$ 1,376	\$ 7,212	\$ 24,341	\$ 28,667
Depreciation and amortization	29,646	25,979	57,913	50,984
Interest expense (i)	5,303	5,210	10,165	9,817
Interest income	(51)	(51)	(103)	(118)
Current income tax expense	3,559	4,715	8,145	8,851
Deferred income tax recovery (expense)	(1,289)	4	(712)	1,352
EBITDA	\$ 38,544	\$ 43,069	\$ 99,749	\$ 99,553
Loss on disposal of assets	36	428	62	934
CDCP equity income (ii)	(1,160)	(681)	(2,127)	(1,056)
Foreign exchange (gain) loss (i)	575	(315)		
Non-controlling interest EBITDA of WGN and BSL	21	245	189	528
Depreciation and amortization - joint ventures (iii)	9	9	18	19
Joint venture taxes and interest (iii)	13	13	25	26
Change in fair value of financial instrument	—	—	(987)	—
Adjusted EBITDA	\$ 38,055	\$ 42,768	\$ 97,504	\$ 99,908

(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 June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Cash provided by (used in) operating activities	\$ 12,489	\$ 21,304	\$ (2,186)	\$ (1,997)
Less: Total capital expenditures net of proceeds on sale of assets	(50,240)	(18,581)	(75,461)	(47,430)
Standardized free cash flow	(37,751)	2,723	(77,647)	(49,427)
Add/(Less):				
Changes in operating assets and liabilities (i)	14,533	14,738	76,253	84,370
Changes in operating assets and liabilities of joint ventures (i)	317	(1,997)	1,696	(871)
Tenant inducements (ii)	(89)	(2,163)	(398)	(2,394)
Principal component of finance lease obligations	(788)	(732)	(1,561)	(1,451)
Growth capital expenditures and other (iii)	41,025	12,510	61,335	37,817
Share of income of joint ventures, net of non-cash depreciation (iv)	55	110	107	158
Non-controlling interests of WGN and BSL	21	245	189	528
Net cash received from CDCP (iv)	685	120	1,369	802
Adjusted free cash flow	\$ 18,008	\$ 25,554	\$ 61,343	\$ 69,532
Average number of Shares outstanding	63,520,645	63,439,420	63,518,583	63,408,245
Adjusted free cash flow per Share	\$ 0.283	\$ 0.403	\$ 0.966	\$ 1.097
Dividends declared	\$ 0.415	\$ 0.400	\$ 0.820	\$ 0.790

- (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.