



FOR IMMEDIATE RELEASE

**CINEPLEX INC.**  
**Reports Third Quarter Results**

TORONTO, Canada, November 7, 2017 (TSX: CGX) - Cineplex Inc. (“Cineplex”) today released its financial results for the three and nine months ended September 30, 2017. Unless otherwise specified, all amounts are in Canadian dollars.

**Third Quarter Results**

	2017	2016	Period over Period Change (i)
Total revenues	\$ 370.4million	\$ 376.0million	-1.5%
Attendance	16.8million	19.2million	-12.8%
Net income	\$ 17.2million	\$ 26.0million	-33.8%
Box office revenues per patron (“BPP”) (ii) (iii)	\$ 9.81	\$ 9.65	1.7%
Concession revenues per patron (“CPP”) (ii)	\$ 6.01	\$ 5.69	5.6%
Adjusted EBITDA (ii)	\$ 58.8million	\$ 67.3million	-12.6%
Adjusted EBITDA margin (ii)	15.9 %	17.9 %	-2.0%
Adjusted free cash flow (ii)	\$ 37.9million	\$ 46.9million	-19.1%
Adjusted free cash flow per common share of Cineplex (“Share”) (ii)	\$ 0.597	\$ 0.739	-19.2%
Earnings per Share (“EPS”) - basic	\$ 0.27	\$ 0.42	-35.7%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 0.24	\$ 0.42	-42.9%
EPS - diluted	\$ 0.27	\$ 0.41	-34.1%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 0.24	\$ 0.41	-41.5%

**Year to Date Results**

	2017	2016	Period over Period Change (i)
Total revenues	\$ 1,128.8million	\$ 1,092.9million	3.3%
Attendance	52.8million	56.7million	-6.7%
Net income	\$ 41.6million	\$ 54.7million	-24.0%
Box office revenues per patron (“BPP”) (ii) (iii)	\$ 10.04	\$ 9.72	3.3%
Concession revenues per patron (“CPP”) (ii)	\$ 5.90	\$ 5.61	5.2%
Adjusted EBITDA (ii)	\$ 156.3million	\$ 167.2million	-6.5%
Adjusted EBITDA margin (ii)	13.8 %	15.3 %	-1.5%
Adjusted free cash flow (ii)	\$ 99.3million	\$ 116.4million	-14.7%
Adjusted free cash flow per common share of Cineplex (“Share”) (ii)	\$ 1.563	\$ 1.835	-14.8%
Earnings per Share (“EPS”) - basic	\$ 0.66	\$ 0.88	-25.0%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 0.62	\$ 0.88	-29.5%
EPS - diluted	\$ 0.66	\$ 0.88	-25.0%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 0.62	\$ 0.88	-29.5%

- 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 third quarter decreased 1.5% to \$370.4 million, primarily due to decreased attendance as a result of weaker film product during the period,” said Ellis Jacob, President and CEO, Cineplex. “Despite the proactive cost control measures, the attendance decline coupled with incremental costs related to the opening, ramp-up and integration of our new business initiatives resulted in a 12.6% decrease in Adjusted EBITDA to \$58.8 million for the quarter.”

Although attendance was down, box office per patron of \$9.81 and concession per patron of \$6.01, represented new third quarter records. Media revenue decreased 11.1% to \$39.9 million, primarily due to a decline in cinema advertising and the timing of digital signage installations. Amusement revenue of \$48.9 million increased 81.5% versus the prior year period, largely due to the 2016 acquisitions of Tricorp Amusements and SAW LLC, and of Dandy Amusements in the second quarter of 2017.

Key accomplishments during the quarter included the opening of our third location of The Rec Room at West Edmonton Mall and the continued rollout of luxury recliners in select theatres across the country. Our SCENE loyalty program continues to grow its membership, reaching 8.7 million members during the quarter. In addition, we increased our credit facility capacity and announced a normal course issuer bid.

Although our third quarter results were adversely affected by the quality of film product and the integration and ramp-up of new businesses, we are encouraged by the outlook for the fourth quarter film product and are confident that we are positioning the company for success in the future.

## **KEY DEVELOPMENTS IN THE THIRD QUARTER OF 2017**

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

### **FILM ENTERTAINMENT AND CONTENT**

#### *Theatre Exhibition*

- Reported third quarter box office revenues of \$164.5 million, a decrease of \$20.9 million (11.3%) from the \$185.4 million reported in the prior year period due to a 12.8% decrease in attendance.
- BPP was \$9.81, a third quarter record for Cineplex, \$0.16 (1.7%) higher than the \$9.65 reported during the prior year period.
- Converted 18 auditoriums to recliner seating during the quarter.
- Announced a partnership with IMAX to install the first IMAX VR Centre in Canada at Cineplex's *Scotiabank Theatre Toronto*. The VR Centre consists of multiple “pods” to allow players to enjoy interactive VR experiences in a social environment.
- Announced the installation of D-BOX VR motion seats and VR Systems at Cineplex's *Scotiabank Theatre Ottawa*.

#### *Theatre Food Service*

- Reported third quarter food service revenues of \$100.7 million, a decrease of \$8.5 million or 7.8% from the prior year period as a result of the decrease in attendance.
- CPP was \$6.01, a third quarter record for Cineplex, \$0.32 (5.6%) higher than the \$5.69 reported during the prior year period.

#### *Alternative Programming*

- Presented the live Mayweather vs. McGregor match featured in VIP Cinemas and concerts including André Rieu's Maastricht Concert and David Gilmour live in Pompeii.
- Featured numerous strong performing international films, including Mandarin, Hindi and Punjabi in select markets across the country.

#### *Digital Commerce*

- Cineplex.com registered an 18% increase in visits during the third quarter of 2017 compared to the prior year period.

- Online and mobile ticketing represented 20.2% of total admissions during the third quarter.
- Monthly active users of the Cineplex Store increased 73% as compared to the prior year period.
- Cineplex store registered a 66% increase in device activations over the prior year period.

## **MEDIA**

- Reported third quarter total media revenues of \$39.9 million, a decrease of \$5.0 million, or 11.1% compared to the prior year period.

### *Cinema Media*

- Reported third quarter revenues of \$27.4 million, compared to \$29.1 million in the prior year period, a decrease of 5.8% primarily due to a decrease in onscreen advertising.

### *Digital Place-Based Media*

- Reported third quarter revenues of \$12.5 million, a decrease of \$3.3 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.

## **AMUSEMENT AND LEISURE**

### *Amusement Solutions*

- Reported third quarter revenues of \$48.9 million, an increase of \$22.0 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.

### *Location Based Entertainment*

- *The Rec Room* reported third quarter food service revenues of \$6.3 million and amusement revenues of \$4.3 million.
- Opened the third location of *The Rec Room* in Edmonton at the West Edmonton Mall on August 23, 2017.
- Announced an exclusive partnership with Topgolf to bring multiple Topgolf sports entertainment complexes to markets across Canada. Topgolf brings together golfers of all ages and skill levels for competitive play in the comfort of a climate-controlled sports and entertainment destination.

### *eSports*

- In September 2017, WGN hosted the finals of the Counter-Strike: Global Offensive Canadian Championship Series at the *Scotiabank Theatre Toronto*, Ontario.

## **LOYALTY**

- Membership in the SCENE loyalty program increased by 0.2 million members in the period, reaching 8.7 million at September 30, 2017.
- Announced the launch of a new program for SCENE members, which will allow them to earn and redeem SCENE points for food and drink purchases within Cineplex theatres.

## **CORPORATE**

- During the quarter, Cineplex filed for a normal course issuer bid (“NCIB”) with the Toronto Stock Exchange allowing Cineplex to purchase up to 6,308,955 shares through September 2018. All of the shares purchased will be cancelled. During the three months ended September 30, 2017, 157,192 shares were purchased and cancelled by Cineplex for \$6.0 million.
- Cineplex was once again the entertainment sponsor for WE Day Family which was held at the Air Canada Centre in Toronto, Ontario.
- During the quarter, under provisions in its Credit Facility (defined and discussed in Section 6.4, Credit Facilities), Cineplex increased the Revolving Facility by \$75.0 million with the Term Facility remaining unchanged.

## OPERATING RESULTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

### Total revenues

Total revenues for the three months ended September 30, 2017, decreased \$5.5 million (1.5%) to \$370.4 million as compared to the prior year period. Total revenues for the nine months ended September 30, 2017 increased \$35.9 million (3.3%) to \$1.1 billion 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, 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	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Box office revenues (i)	\$ 164,493	\$ 185,412	-11.3%	\$ 530,557	\$ 550,780	-3.7%
Attendance (ii)	16,766	19,219	-12.8%	52,843	56,660	-6.7%
Box office revenue per patron (i) (ii)	\$ 9.81	\$ 9.65	1.7%	\$ 10.04	\$ 9.72	3.3%
BPP excluding premium priced product (ii)	\$ 8.40	\$ 8.20	2.4%	\$ 8.52	\$ 8.26	3.1%
Canadian industry revenues (iii)			-10.1%			-1.9%
Same theatre box office revenues (i) (ii)	\$ 162,332	\$ 184,690	-12.1%	\$ 518,151	\$ 545,733	-5.1%
Same theatre attendance (ii)	16,562	19,138	-13.5%	51,793	56,183	-7.8%
% Total box from premium priced product (i) (ii)	43.8%	48.1%	-4.3%	46.7%	47.1%	-0.4%

(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)	Third Quarter		Year to Date	
	Box Office	Attendance	Box Office	Attendance
2016 as reported	\$ 185,412	19,219	\$ 550,780	56,660
Same theatre attendance change	(24,854)	(2,575)	(42,639)	(4,390)
Impact of same theatre BPP change	2,495	—	15,057	—
New and acquired theatres (ii)	1,546	137	8,197	693
Disposed and closed theatres (ii)	(106)	(15)	(838)	(120)
2017 as reported	\$ 164,493	16,766	\$ 530,557	52,843

(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.

### Third Quarter

Third Quarter 2017 Top Cineplex Films				Third Quarter 2016 Top Cineplex Films			
	3D	% Box		3D	% Box		
1	✓	13.8%	1	✓	12.0%	Spider-Man: Homecoming	Suicide Squad
2		10.1%	2	✓	11.2%	It	The Secret Life of Pets
3	✓	9.1%	3	✓	6.9%	Despicable Me 3	Star Trek Beyond
4		9.1%	4		6.6%	Dunkirk	Jason Bourne
5	✓	5.4%	5	✓	5.8%	War For The Planet Of The Apes	Finding Dory

Box office revenues decreased \$20.9 million, or 11.3%, to \$164.5 million during the period, compared to \$185.4 million reported in the strong third quarter in 2016. The decrease was due to a 12.8% decrease in attendance to 16.8 million guests, partially offset by the higher BPP. The attendance decrease was due to the weaker film slate in the third quarter of 2017 compared to the third quarter of 2016 in addition to the impact of auditorium closures during recliner conversions.

The decrease in premium priced product to 43.8% from 48.1% in the prior year period was due to only three of the top five films in the quarter being offered in a 3D format, whereas four of the top five in films were offered in 3D in the prior year period.

BPP for the three months ended September 30, 2017 was \$9.81, a \$0.16 (1.7%) increase from the prior year period and a third quarter record for Cineplex. The increase in BPP was due to price increases in selective markets 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	Beauty and the Beast	✓	6.5%	1	Deadpool	✓	5.3%
2	Guardians Of The Galaxy Vol. 2	✓	5.3%	2	Finding Dory	✓	4.7%
3	Wonder Woman	✓	4.7%	3	Star Wars: The Force Awakens	✓	4.7%
4	Spider-Man: Homecoming	✓	4.3%	4	Captain America: Civil War	✓	4.6%
5	Logan	✓	3.2%	5	The Jungle Book	✓	4.5%

Box office revenues for the nine months ended September 30, 2017 were \$530.6 million, a decrease of \$20.2 million or 3.7% over the prior year. This was due to the 6.7% decrease in attendance period over period as a result of the weaker film slate of in 2017 compared to the prior year which included two films ranked in the top nine highest grossing films of all-time.

Cineplex's BPP for the nine month period increased \$0.32, or 3.3%, from \$9.72 in the prior year period to a record \$10.04 in the current period. This increase was due to 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	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Food service - theatres	\$ 100,737	\$ 109,278	-7.8%	\$ 311,978	\$ 318,098	-1.9%
Food service - <i>The Rec Room</i>	6,292	287	NM	\$ 10,384	287	NM
Total food service revenues	\$ 107,029	\$ 109,565	-2.3%	\$ 322,362	\$ 318,385	1.2%
Attendance (i)	16,766	19,219	-12.8%	52,843	56,660	-6.7%
CPP (i)	\$ 6.01	\$ 5.69	5.6%	\$ 5.90	\$ 5.61	5.2%
Same theatre food service revenues (i)	\$ 99,169	\$ 108,787	-8.8%	\$ 304,235	\$ 315,233	-3.5%
Same theatre attendance (i)	16,562	19,138	-13.5%	51,793	56,183	-7.8%

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

Theatre food service revenue continuity	Third Quarter		Year to Date	
	Theatre Food Service	Attendance	Theatre Food Service	Attendance
2016 as reported	\$ 109,278	19,219	\$ 318,098	56,660
Same theatre attendance change	(14,639)	(2,575)	(24,630)	(4,390)
Impact of same theatre CPP change	5,021	—	13,631	—
New and acquired theatres (i)	1,167	137	5,484	693
Disposed and closed theatres (i)	(90)	(15)	(605)	(120)
2017 as reported	\$ 100,737	16,766	\$ 311,978	52,843

(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.

#### Third 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 decreased \$2.5 million or 2.3% as compared to the prior year period due to the 12.8% decrease in attendance, partially offset by the increase in CPP and the operations of *The Rec Room* which contributed \$6.3 million. Food service revenues from *The Rec Room* are not included in the CPP calculation.

CPP increased 5.6% to \$6.01, a third quarter 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 \$4.0 million, or 1.2% as compared to the prior year, due to the 5.2% increase in CPP and \$10.4 million contributed by *The Rec Room* partially offset by the 6.7% decrease in attendance. The CPP of \$5.90 in the current period is the highest CPP Cineplex has reported through the first nine months of a year.

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

#### Media revenues

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

Media revenues	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Cinema media	\$ 27,409	\$ 29,093	-5.8%	\$ 72,965	\$ 76,432	-4.5%
Digital place-based media	12,453	15,735	-20.9%	37,390	41,640	-10.2%
Total media revenues	\$ 39,862	\$ 44,828	-11.1%	\$ 110,355	\$ 118,072	-6.5%

#### Third Quarter

Total media revenues decreased \$5.0 million (11.1%) to \$39.9 million in the third quarter of 2017 compared to the prior year period. This change was due to decreases in cinema advertising and lower project installation revenues of \$3.0 million for digital place-based media due to the timing of project rollouts.

During the quarter, digital placed-based media added 226 new locations for a total of 11,847 locations (an increase of 1.9%).

#### Year to Date

Total media revenues decreased \$7.7 million in the nine months ended September 30, 2017 as compared to the prior year period. The decrease resulted from the \$3.5 million decrease in cinema media due to lower pre-show advertising and a \$4.3 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.

Year to date, digital placed-based media added 699 new locations (6.3% increase).

#### Amusement Revenues

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

Amusement revenues (i)	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Amusement - PIAG excluding Cineplex exhibition and <i>The Rec Room</i> (ii)	\$ 41,986	\$ 24,042	74.6%	120,049	69,525	72.7%
Amusement - Cineplex exhibition (ii)	\$ 2,681	\$ 2,725	-1.6%	8,087	7,882	2.6%
Amusement - <i>The Rec Room</i>	4,273	204	NM	7,905	204	NM
Total amusement revenues	\$ 48,940	\$ 26,971	81.5%	136,041	77,611	75.3%

(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.

### Third Quarter

Amusement revenues increased 81.5%, or \$22.0 million, to \$48.9 million in the third 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 Q2.

### Year to Date

For the year to date period, amusement revenues increased 75.3% or \$58.4 million, to \$136.0 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)	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Other revenues	\$ 10,124	\$ 9,176	10.3%	\$ 29,459	\$ 28,042	5.1%

(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	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Film cost	\$ 83,268	\$ 95,471	-12.8%	\$ 278,025	\$ 293,534	-5.3%
Film cost percentage (i) (ii)	50.6%	51.5%	-0.9%	52.4%	53.3%	-0.9%

(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.

### Third 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 third quarter of 2017 was 50.6%, a 0.9% decrease from the prior year period.

### Year to Date

The year to date decrease in film cost expense was due a combination of the 0.9% decrease in the film cost percentage and the lower box office revenues in the current period compared to the prior year period. The decrease in film cost percentage is attributable to the top films in the current period having lower settlement rates compared to the prior year period.

### 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	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Cost of food service - theatre	\$ 21,697	\$ 24,286	-10.7%	\$ 69,172	\$ 71,203	-2.9%
Cost of food service - The Rec Room	1,972	70	NM	3,331	70	NM
Total cost of food service	\$ 23,669	\$ 24,356	9.6%	\$ 72,503	\$ 71,273	1.7%
Theatre concession cost percentage (i)	21.5%	22.2%	-0.7%	22.2%	22.4%	-0.2%
The Rec Room food cost percentage (i)	31.3%	24.4%	6.9%	32.1%	24.4%	7.7%
Theatre concession margin per patron (i)	\$ 4.71	\$ 4.42	6.6%	\$ 4.59	\$ 4.36	5.3%

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

### Third 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 decrease in the theatre cost of food service as compared to the prior year period was primarily due to the lower food service revenues and the decrease in the theatre concession cost percentage from 22.2% to 21.5%. The theatre concession margin per patron increased 6.6% from \$4.42 in the third quarter of 2016 to \$4.71 in the same period in 2017, reflecting the impact of the higher CPP during the period and the lower concession cost percentage.

### Year to Date

The decrease in the theatre cost of food service as compared to the prior year period was due to the lower theatre food service revenues. The theatre concession margin per patron increased from \$4.36 in the prior year period to \$4.59 in the current period, reflecting the impact of the higher CPP in the current period.

### 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	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Depreciation of property, equipment and leaseholds	\$ 26,110	\$ 23,023	13.4%	\$ 75,663	\$ 66,828	13.2%
Amortization of intangible assets and other	4,503	3,680	22.4%	12,863	10,859	18.5%
Depreciation and amortization expenses as reported	\$ 30,613	\$ 26,703	14.6%	\$ 88,526	\$ 77,687	14.0%

The quarterly and year to date increase in depreciation of property, equipment and leaseholds of \$3.1 million and \$8.8 million respectively was primarily due to the investments in amusement and leisure businesses, including *The Rec Room* and the acquisitions of Tricorp, SAW and Dandy.

The quarterly and year to date increase in amortization of intangible assets and other is primarily due to the acquisitions of Tricorp, SAW and Dandy customer relationships.

### 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	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Loss on disposal of assets	\$ 275	\$ 468	-41.2%	\$ 337	\$ 1,402	-76.0%

## 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	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Theatre occupancy expenses	\$ 52,320	\$ 51,699	1.2%	\$ 156,897	\$ 155,052	1.2%
Other operating expenses	143,375	120,398	19.1%	414,310	352,425	17.6%
General and administrative expenses	9,067	17,030	-46.8%	51,082	54,386	-6.1%
Total other costs	\$ 204,762	\$ 189,127	8.3%	\$ 622,289	\$ 561,863	10.8%

## 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	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Rent	\$ 34,882	\$ 34,192	2.0%	\$ 103,853	\$ 102,568	1.3%
Other occupancy	17,802	18,009	-1.1%	54,273	54,933	-1.2%
One-time items (i)	(364)	(502)	-27.5%	(1,229)	(2,449)	-49.8%
Total	\$ 52,320	\$ 51,699	1.2%	\$ 156,897	\$ 155,052	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	Third Quarter Occupancy	Year to Date Occupancy
2016 as reported	\$ 51,699	\$ 155,052
Impact of new and acquired theatres	275	1,022
Impact of disposed theatres	(91)	(383)
Same theatre rent change (i)	603	1,077
One-time items	139	1,220
Other	(305)	(1,091)
2017 as reported	\$ 52,320	\$ 156,897

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

### Third Quarter

Theatre occupancy expenses increased \$0.6 million during the third quarter of 2017 compared to the prior year period. This increase was primarily due to the impact of one time charges of \$0.1 million in addition to the impact of new and acquired theatres net of disposed theatres and rent increases partially offset by lower other expenses (including real estate taxes).

### Year to Date

The increase in theatre occupancy expenses of \$1.8 million for the 2017 period compared to the prior year was due to the impact of one time charges of \$1.2 million in addition to the impact of new and acquired theatres, net of disposed theatres and rent increases net of a decrease in other costs including real estate taxes 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	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
Theatre payroll	\$ 32,944	\$ 35,532	-7.3%	\$ 104,021	\$ 107,430	-3.2%
Media	16,612	17,929	-7.3%	51,793	50,399	2.8%
P1AG	36,197	20,421	77.3%	103,695	60,165	72.4%
<i>The Rec Room</i> (i)	7,835	357	NM	13,516	357	NM
Other	49,787	46,159	7.9%	141,285	134,074	5.4%
Other operating expenses	\$ 143,375	\$ 120,398	19.1%	\$ 414,310	\$ 352,425	17.6%

(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	Third Quarter Other Operating	Year to Date Other Operating
2016 as reported	\$ 120,398	\$ 352,425
Impact of new and acquired theatres	532	2,771
Impact of disposed theatres	(106)	(495)
Same theatre payroll change (i)	(2,912)	(4,834)
Marketing change	(765)	(4,078)
Media change	(1,317)	1,394
P1AG change	15,776	43,530
Amusement gaming and leisure, excluding P1AG	12,188	23,262
Other	(419)	335
2017 as reported	\$ 143,375	\$ 414,310

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

### Third Quarter

Other operating expenses during the third quarter of 2017 increased \$23.0 million or 19.1% compared to the prior year period. The increase is primarily due to higher amusement and leisure costs, including higher P1AG costs due to the acquisitions of Tricorp and SAW in the fourth quarter of 2016 and Dandy in the second quarter of 2017. Excluding P1AG, the increase to other operating expenses primarily included increased operating expenses for *The Rec Room* (which did not have a full period of operations in the prior year). These increases were partially offset by proactive cost control measures including a \$2.9 million decrease in same theatre payroll due to a decline in attendance, in addition to a \$1.3 million decrease in media due to a decrease in media revenues. Other costs include an increase of \$3.4 million in pre-opening costs at *The Rec Room* and integration costs incurred by P1AG, to \$4.4 million during the quarter.

### Year to Date

For the nine months ended September 30, 2017, other operating expenses increased \$61.9 million or 17.6% compared to the prior year period. The increase is primarily due to higher amusement and leisure costs, including higher P1AG costs due to the acquisitions of Tricorp and SAW in the fourth quarter of 2016 and Dandy in the second quarter of 2017. Excluding P1AG, other operating expenses increased primarily due to operating expenses for *The Rec Room*, which did not have a full year of operations in the prior year, and increases to Media cost due to high payments to third party networks which were partially offset by a \$4.0 million decrease in marketing costs and \$4.8 million decrease in same theatre payroll due to the decline in attendance. Other costs include an increase of \$7.9 million in pre-opening costs at *The Rec Room* and integration costs incurred by P1AG, to \$9.1 million during the year to date.

### 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	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
G&A excluding LTIP and option plan expense	\$ 15,021	\$ 15,039	-0.1%	\$ 49,404	\$ 44,835	10.2%
LTIP (i)	(6,424)	1,579	NM	323	8,314	-96.1%
Option plan	470	412	14.1%	1,355	1,237	9.5%
G&A expenses as reported	\$ 9,067	\$ 17,030	-46.8%	\$ 51,082	\$ 54,386	-6.1%

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

### Third Quarter

G&A expenses decreased \$8.0 million during the third quarter of 2017 compared to the prior year period due to a \$8.0 million decrease in LTIP expense. The LTIP expense decrease was mainly due to Cineplex's lower Share price at September 30, 2017, of \$39.04, compared to \$52.86 at June 30, 2017.

### Year to Date

G&A expenses for the year to date period decreased \$3.3 million compared to the prior year period primarily due to the decrease in LTIP expense partially offset by higher head office payroll and including non-recurring \$1.6 million past-service costs associated with the supplemental executive retirement plan. The LTIP expense decrease was mainly due to Cineplex's lower Share price of \$39.04 at September 30, 2017 compared to \$51.22 at December 31, 2016.

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

EBITDA	Third Quarter			Year to Date		
	2017	2016	Change	2017	2016	Change
EBITDA (i)	\$ 60,324	\$ 67,362	-10.4%	\$ 160,073	\$ 166,914	-4.1%
Adjusted EBITDA	\$ 58,811	\$ 67,260	-12.6%	\$ 156,315	\$ 167,168	-6.5%
Adjusted EBITDA margin	15.9%	17.9%	-2.0%	13.8%	15.3%	-1.5%

(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 third quarter of 2017 decreased \$8.4 million, or 12.6%, as compared to the prior year period. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 15.9% in the current period. The decrease as compared to the prior year period was due in part to higher costs attributable to Cineplex's emerging businesses including startup costs at *The Rec Room* and integration costs at P1AG totaling \$4.4 million as it continues to execute its diversification strategy.

Adjusted EBITDA for the nine months ended September 30, 2017 decreased \$10.9 million, or 6.5%, as compared to the prior year period. The decrease was due in part to Cineplex's continued higher costs attributable to Cineplex's emerging businesses including startup costs at *The Rec Room* and integration costs at P1AG totaling \$9.1 million as it continues to execute its diversification strategy. Adjusted EBITDA margin for the period was 13.8%, a decrease of 1.5% from 15.3% in the prior year period.

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

For the third quarter of 2017, adjusted free cash flow per common share of Cineplex was \$0.60 as compared to \$0.74 in the prior year period. The declared dividends per common share of Cineplex were \$0.42 in the third quarter of 2017 and \$0.41 in the prior year period. During the 12 months ended September 30, 2017, Cineplex generated adjusted free cash flow per Share of \$2.18, compared to \$2.67 per Share in the 12 months ended September 30, 2016. Cineplex declared dividends per Share of \$1.65 and \$1.59, respectively, in each period. The payout ratios for these periods were approximately 75.3% and 59.3%, 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 nine months ended September 30, 2016 (in thousands of dollars):

	<b>Three months ended September 30, 2016</b>	<b>Nine months ended September 30, 2016</b>
Box office - previous presentation	\$ 180,146	\$ 534,930
Reclassification from other revenues	5,266	15,850
<b>Box Office - new presentation</b>	<b>\$ 185,412</b>	<b>\$ 550,780</b>

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 nine months ended September 30, 2016 (in thousands of dollars):

	<b>Three months ended September 30, 2016</b>	<b>Nine months ended September 30, 2016</b>
Other revenues - previous presentation	\$ 41,413	\$ 121,503
Reclassification to box office revenues	(5,266)	(15,850)
Reclassification to amusement revenues	(26,971)	(77,611)
<b>Other revenues - new presentation</b>	<b>\$ 9,176</b>	<b>\$ 28,042</b>

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 nine months ended September 30, 2016 (in thousands of dollars):

	<b>Three months ended September 30, 2016</b>	<b>Nine months ended September 30, 2016</b>
Interest expense - previous presentation	\$ 4,575	\$ 14,296
Reclassification to foreign exchange	(79)	16
<b>Interest expense - new presentation</b>	<b>\$ 4,496</b>	<b>\$ 14,312</b>

## 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](http://www.sedar.com).

### **Earnings per Share Metrics**

The nine months ended September 30, 2017 includes the gain associated with the change in fair value of financial instrument relating to the WGN put option and the revaluation of certain financial assets. 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 September 30, 2017 the impact of the three locations that have been opened or acquired and three locations that have been closed have been excluded, resulting in 157 theatres being included in the same theatre metrics. For the nine months ended September 30, 2017 the impact of the four locations that have been opened or acquired and the three locations that have been closed have been excluded, resulting in 156 theatres being included in the same 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.

**The Rec Room food cost percentage:** Calculated as total *The Rec Room* food costs divided by total *The Rec Room* 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](http://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 163 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), amusement solutions (Player One Amusement Group) and an online eSports platform for competitive and passionate gamers (WorldGaming.com). Additionally, Cineplex operates a location based entertainment business through Canada's newest destination for 'Eats & Entertainment' (The Rec Room), and will also be opening new complexes specially designed for teens and families (Playdium) as well as exciting new sports and entertainment venues in communities across the country (Topgolf). Cineplex is a joint venture partner in SCENE, Canada's largest entertainment loyalty program.

Proudly recognized as having one of the country's Most Admired Corporate Cultures, Cineplex employs approximately 13,000 people in its offices across Canada and the United States. To learn more visit [Cineplex.com](http://Cineplex.com) or download the Cineplex App.

You are cordially invited to participate in a 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 November 7, 2017**  
**10:00 a.m. Eastern 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. ET. 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 ET on Tuesday November 7, 2017, and end at 1:00 pm ET on Tuesday November 14, 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)**

	<b>September 30,</b>	<b>December 31,</b>
	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 18,747	\$ 33,553
Trade and other receivables	82,214	115,903
Income taxes receivable	1,478	463
Inventories	28,307	21,412
Prepaid expenses and other current assets	21,039	10,856
Fair value of interest rate swap agreements	249	—
	<u>152,034</u>	<u>182,187</u>
<b>Non-current assets</b>		
Property, equipment and leaseholds	617,120	564,879
Deferred income taxes	7,284	5,891
Fair value of interest rate swap agreements	3,324	756
Interests in joint ventures	34,484	35,487
Intangible assets	120,891	125,492
Goodwill	816,445	813,494
	<u>\$ 1,751,582</u>	<u>\$ 1,728,186</u>

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

	<b>September 30,</b>	<b>December 31,</b>
	<b>2017</b>	<b>2016</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 131,957	\$ 204,725
Share-based compensation	5,307	8,958
Dividends payable	8,874	8,575
Income taxes payable	2,098	2,042
Deferred revenue	132,246	172,140
Finance lease obligations	3,358	3,180
Fair value of interest rate swap agreements	1,511	2,419
	<u>285,351</u>	<u>402,039</u>
<b>Non-current liabilities</b>		
Share-based compensation	13,395	18,346
Long-term debt	488,747	297,496
Fair value of interest rate swap agreements	242	2,020
Finance lease obligations	6,330	8,871
Post-employment benefit obligations	8,467	7,932
Other liabilities	119,076	125,560
Deferred income taxes	14,891	11,210
Convertible debentures	104,515	102,817
	<u>755,663</u>	<u>574,252</u>
<b>Total liabilities</b>	<u>1,041,014</u>	<u>976,291</u>
<b>Equity</b>		
Share capital	857,492	859,351
Deficit	(145,603)	(108,342)
Hedging reserves and other	591	(3,170)
Contributed surplus	1,180	81
Cumulative translation adjustment	(3,092)	1,175
Total equity attributable to owners of Cineplex	<u>710,568</u>	<u>749,095</u>
Non-controlling interests	—	2,800
<b>Total equity</b>	<u>710,568</u>	<u>751,895</u>
	<u>\$ 1,751,582</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)**

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues</b>				
Box office	\$ 164,493	\$ 185,412	\$ 530,557	\$ 550,780
Food service	107,029	109,565	322,362	318,385
Media	39,862	44,828	110,355	118,072
Amusement	48,940	26,971	136,041	77,611
Other	10,124	9,176	29,459	28,042
	<u>370,448</u>	<u>375,952</u>	<u>1,128,774</u>	<u>1,092,890</u>
<b>Expenses</b>				
Film cost	83,268	95,471	278,025	293,534
Cost of food service	23,669	24,356	72,503	71,273
Depreciation and amortization	30,613	26,703	88,526	77,687
Loss on disposal of assets	275	468	337	1,402
Other costs	204,762	189,127	622,289	561,863
Share of income of joint ventures	(382)	(911)	(2,573)	(2,080)
Interest expense	5,973	4,496	16,138	14,312
Interest income	(60)	(46)	(163)	(164)
Foreign exchange	282	79	857	(16)
Change in fair value of financial instrument	(1,750)	—	(2,737)	—
	<u>346,650</u>	<u>339,743</u>	<u>1,073,202</u>	<u>1,017,811</u>
<b>Income before income taxes</b>	<u>23,798</u>	<u>36,209</u>	<u>55,572</u>	<u>75,079</u>
<b>Provision for income taxes</b>				
Current	5,235	9,002	13,380	17,853
Deferred	1,344	1,211	632	2,563
	<u>6,579</u>	<u>10,213</u>	<u>14,012</u>	<u>20,416</u>
<b>Net income</b>	<u>\$ 17,219</u>	<u>\$ 25,996</u>	<u>\$ 41,560</u>	<u>\$ 54,663</u>
<b>Attributable to:</b>				
Owners of Cineplex	\$ 17,219	\$ 26,410	\$ 41,977	\$ 55,962
Non-controlling interests	—	(414)	(417)	(1,299)
<b>Net income</b>	<u>\$ 17,219</u>	<u>\$ 25,996</u>	<u>\$ 41,560</u>	<u>\$ 54,663</u>
<b>Basic net income per share attributable to owners of Cineplex</b>	\$ 0.27	\$ 0.42	\$ 0.66	\$ 0.88
<b>Diluted net income per share attributable to owners of Cineplex</b>	\$ 0.27	\$ 0.41	\$ 0.66	\$ 0.88

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

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Net income</b>	\$ 17,219	\$ 25,996	\$ 41,560	\$ 54,663
<b>Other comprehensive income (loss)</b>				
<i>Items that will be reclassified subsequently to net income:</i>				
Income (loss) on hedging instruments	3,088	467	5,135	(881)
Associated deferred income taxes (expense) recovery	(825)	(125)	(1,374)	246
Foreign currency translation adjustment	(2,203)	539	(4,193)	(1,209)
<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)	—
<b>Other comprehensive income (loss)</b>	<b>60</b>	<b>881</b>	<b>518</b>	<b>(1,844)</b>
<b>Comprehensive income</b>	<b>\$ 17,279</b>	<b>\$ 26,877</b>	<b>\$ 42,078</b>	<b>\$ 52,819</b>
<b>Attributable to:</b>				
Owners of Cineplex	\$ 17,279	\$ 27,244	\$ 42,484	\$ 54,354
Non-controlling interests	—	(367)	(406)	(1,535)
<b>Comprehensive income</b>	<b>\$ 17,279</b>	<b>\$ 26,877</b>	<b>\$ 42,078</b>	<b>\$ 52,819</b>

# Cineplex Inc.

## Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited)

(expressed in thousands of Canadian dollars)

For the periods ended September 30, 2017 and 2016

	Share capital	Contributed surplus	Hedging reserves and other	Cumulative translation adjustment	Deficit	Non-controlling interests	Total
<b>Balance - January 1, 2017</b>	\$ 859,351	\$ 81	\$ (3,170)	\$ 1,175	\$ (108,342)	\$ 2,800	\$ 751,895
Net income	—	—	—	—	41,977	(417)	41,560
Other comprehensive income	—	—	3,761	(4,204)	950	11	518
<b>Total comprehensive income</b>	—	—	<b>3,761</b>	<b>(4,204)</b>	<b>42,927</b>	<b>(406)</b>	<b>42,078</b>
Dividends declared	—	—	—	—	(78,753)	—	(78,753)
Share option expense	—	1,355	—	—	—	—	1,355
Issuance of shares on exercise of options	256	(256)	—	—	—	—	—
Shares repurchased and cancelled	(2,115)	—	—	—	(3,892)	—	(6,007)
WGN non-controlling interests acquired	—	—	—	(63)	2,457	(2,394)	—
<b>Balance - September 30, 2017</b>	<b>\$ 857,492</b>	<b>\$ 1,180</b>	<b>\$ 591</b>	<b>\$ (3,092)</b>	<b>\$ (145,603)</b>	<b>\$ —</b>	<b>\$ 710,568</b>
<b>Balance - January 1, 2016</b>	\$ 858,305	\$ (491)	\$ (4,979)	\$ 934	\$ (86,296)	\$ 5,024	\$ 772,497
Net income	—	—	—	—	55,962	(1,299)	54,663
Other comprehensive loss	—	—	(635)	(973)	—	(236)	(1,844)
<b>Total comprehensive income</b>	—	—	<b>(635)</b>	<b>(973)</b>	<b>55,962</b>	<b>(1,535)</b>	<b>52,819</b>
Dividends declared	—	—	—	—	(75,815)	—	(75,815)
Share option expense	—	1,237	—	—	—	—	1,237
Issuance of shares on exercise of options	905	(905)	—	—	—	—	—
CSI non-controlling interests acquired	—	—	—	—	—	(336)	(336)
<b>Balance - September 30, 2016</b>	<b>\$ 859,210</b>	<b>\$ (159)</b>	<b>\$ (5,614)</b>	<b>\$ (39)</b>	<b>\$ (106,149)</b>	<b>\$ 3,153</b>	<b>\$ 750,402</b>

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

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Cash (used in) provided by</b>				
<b>Operating activities</b>				
Net income	\$ 17,219	\$ 25,996	\$ 41,560	\$ 54,663
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	30,613	26,703	88,526	77,687
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(2,443)	(2,657)	(7,500)	(7,143)
Accretion of debt issuance costs and other non-cash interest, net	156	259	441	402
Loss on disposal of assets	275	468	337	1,402
Deferred income taxes	1,344	1,211	632	2,563
Interest rate swap agreements - non-cash interest	62	(39)	(244)	767
Non-cash share-based compensation	470	412	1,355	1,237
Change in fair value of financial instruments	(1,750)	—	(2,737)	—
Accretion of convertible debentures	565	531	1,697	1,583
Net change in interests in joint ventures	1,275	(1,553)	(2,612)	(1,851)
Tenant inducements	2,594	1,291	2,992	3,685
Changes in operating assets and liabilities	(12,675)	(16,025)	(88,928)	(100,395)
Net cash provided by operating activities	37,705	36,597	35,519	34,600
<b>Investing activities</b>				
Proceeds from sale of assets	—	—	310	108
Purchases of property, equipment and leaseholds	(47,869)	(28,787)	(123,640)	(76,325)
Acquisition of businesses, net of cash acquired	(735)	—	(30,422)	(407)
Intangible assets additions	(1,160)	(329)	(3,742)	(610)
Net cash received from CDCP	2,246	1,568	3,615	2,370
Net cash used in investing activities	(47,518)	(27,548)	(153,879)	(74,864)
<b>Financing activities</b>				
Dividends paid	(26,688)	(25,713)	(78,454)	(75,482)
Borrowings under credit facilities, net	41,000	5,798	191,000	107,634
Payments under finance leases	(802)	(746)	(2,363)	(2,197)
Deferred financing fees	(183)	(22)	(183)	(1,426)
Shares repurchased and cancelled	(6,007)	—	(6,007)	—
Net cash provided by (used in) financing activities	7,320	(20,683)	103,993	28,529
<b>Effect of exchange rate differences on cash</b>	(184)	231	(439)	(293)
<b>Decrease in cash and cash equivalents</b>	(2,677)	(11,403)	(14,806)	(12,028)
<b>Cash and cash equivalents - Beginning of period</b>	21,424	35,088	33,553	35,713
<b>Cash and cash equivalents - End of period</b>	\$ 18,747	\$ 23,685	\$ 18,747	\$ 23,685
<b>Supplemental information</b>				
Cash paid for interest	\$ 4,401	\$ 2,965	\$ 16,232	\$ 10,839
Cash paid for income taxes, net	\$ 588	\$ (712)	\$ 14,986	\$ 45,434

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

**Reconciliation to Adjusted EBITDA**

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
<b>Net income</b>	<b>\$ 17,219</b>	<b>\$ 25,996</b>	<b>\$ 41,560</b>	<b>\$ 54,663</b>
Depreciation and amortization	30,613	26,703	88,526	77,687
Interest expense (i)	5,973	4,496	16,138	14,312
Interest income	(60)	(46)	(163)	(164)
Current income tax expense	5,235	9,002	13,380	17,853
Deferred income tax expense	1,344	1,211	632	2,563
<b>EBITDA</b>	<b>\$ 60,324</b>	<b>\$ 67,362</b>	<b>\$ 160,073</b>	<b>\$ 166,914</b>
Loss on disposal of assets	275	468	337	1,402
CDCP equity income (ii)	(342)	(889)	(2,469)	(1,945)
Foreign exchange loss (gain) (i)	282	79	857	(16)
Non-controlling interest EBITDA of WGN and BSL	—	218	189	746
Depreciation and amortization - joint ventures (iii)	9	10	27	29
Joint venture taxes and interest (iii)	13	12	38	38
Change in fair value of financial instrument	(1,750)	—	(2,737)	—
<b>Adjusted EBITDA</b>	<b>\$ 58,811</b>	<b>\$ 67,260</b>	<b>\$ 156,315</b>	<b>\$ 167,168</b>

(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 September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Cash provided by operating activities	\$ 37,705	\$ 36,597	\$ 35,519	\$ 34,600
Less: Total capital expenditures net of proceeds on sale of assets	(47,869)	(28,787)	(123,330)	(76,217)
Standardized free cash flow	(10,164)	7,810	(87,811)	(41,617)
Add/(Less):				
Changes in operating assets and liabilities (i)	12,675	16,025	88,928	100,395
Changes in operating assets and liabilities of joint ventures (i)	(1,657)	642	39	(229)
Tenant inducements (ii)	(2,594)	(1,291)	(2,992)	(3,685)
Principal component of finance lease obligations	(802)	(746)	(2,363)	(2,197)
Growth capital expenditures and other (iii)	38,149	22,621	99,484	60,438
Share of income of joint ventures, net of non-cash depreciation (iv)	62	44	169	202
Non-controlling interests of WGN and BSL	—	218	189	746
Net cash received from CDCP (iv)	2,246	1,568	3,615	2,370
<b>Adjusted free cash flow</b>	<b>\$ 37,915</b>	<b>\$ 46,891</b>	<b>\$ 99,258</b>	<b>\$ 116,423</b>
Average number of Shares outstanding	63,508,418	63,491,658	63,515,158	63,436,252
<b>Adjusted free cash flow per Share</b>	<b>\$ 0.597</b>	<b>\$ 0.739</b>	<b>\$ 1.563</b>	<b>\$ 1.835</b>
<b>Dividends declared</b>	<b>\$ 0.420</b>	<b>\$ 0.405</b>	<b>\$ 1.240</b>	<b>\$ 1.195</b>

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