



FOR IMMEDIATE RELEASE

CINEPLEX INC.
Reports Fourth Quarter and Annual Results

TORONTO, Canada, February 15, 2017 (TSX: CGX) - Cineplex Inc. ("Cineplex") today released its financial results for the three months and year ended December 31, 2016. Unless otherwise specified, all amounts are in Canadian dollars.

Fourth Quarter Results

	2016	2015	Period over Period Change (i)
Total revenues	\$ 385.4 million	\$ 407.4 million	-5.4%
Attendance	17.9 million	20.4 million	-12.0%
Net income	\$ 23.3 million	\$ 76.8 million	-69.6%
Box office revenues per patron ("BPP") (ii)	\$ 9.90	\$ 9.63	2.8%
Concession revenues per patron ("CPP") (ii)	\$ 5.75	\$ 5.58	3.0%
Adjusted EBITDA (ii)	\$ 66.8 million	\$ 85.2 million	-21.5%
Adjusted EBITDA margin (ii)	17.3 %	20.9 %	-3.6%
Adjusted free cash flow (ii)	\$ 39.4 million	\$ 52.9 million	-25.4%
Adjusted free cash flow per common share of Cineplex ("Share") (ii)	\$ 0.621	\$ 0.837	-25.8%
Earnings per Share attributable to owners of Cineplex ("EPS") - basic	\$ 0.37	\$ 1.22	-69.7%
EPS excluding non-recurring items - basic (ii)	\$ 0.37	\$ 0.64	-42.2%
EPS - diluted	\$ 0.37	\$ 1.20	-69.2%
EPS excluding non-recurring items - diluted (ii)	\$ 0.37	\$ 0.64	-42.2%

Full Year Results

	2016	2015	Period over Period Change (i)
Total revenues	\$ 1,478.3 million	\$ 1,370.9 million	7.8%
Attendance	74.6 million	77.0 million	-3.2%
Net income	\$ 78.0 million	\$ 134.2 million	-41.9%
BPP (ii)	\$ 9.55	\$ 9.23	3.5%
CPP (ii)	\$ 5.65	\$ 5.43	4.1%
Adjusted EBITDA (ii)	\$ 234.0 million	\$ 249.8 million	-6.3%
Adjusted EBITDA margin (ii)	15.8 %	18.2 %	-2.4%
Adjusted free cash flow (ii)	\$ 155.9 million	\$ 157.2 million	-0.9%
Adjusted free cash flow per Share (ii)	\$ 2.456	\$ 2.492	-1.4%
EPS - basic	\$ 1.26	\$ 2.13	-40.8%
EPS excluding non-recurring items - basic (ii)	\$ 1.26	\$ 1.56	-19.2%
EPS - diluted	\$ 1.25	\$ 2.12	-41.0%
EPS excluding non-recurring items - diluted (ii)	\$ 1.25	\$ 1.55	-19.4%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2016 value less 2015 value.
- ii. Adjusted EBITDA, adjusted EBITDA margin, adjusted free cash flow per common share of Cineplex, BPP, CPP and EPS excluding non-recurring 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.

“In 2016, total revenue increased 7.8% to \$1.5 billion despite an attendance decrease of 3.2% compared to 2015, which featured five of the top eleven highest grossing films of all time. This increase in revenue was primarily due to the consolidation of Player One Amusement Group (formerly Cineplex Starburst Inc.)” said Ellis Jacob, President and CEO, Cineplex.

“While our film entertainment results were impacted by the attendance decline, we accomplished a great deal in 2016 including the opening of our first location of The Rec Room in South Edmonton Common and three new theatres. Our cinema media and digital place-based media businesses continued to grow, increasing 11.2% to \$170.8 million versus the prior year. Player One Amusement Group made two key acquisitions in the United States. Our adjusted EBITDA margins were negatively affected by the impact of the lower attendance and costs attributable to our emerging businesses as we execute our diversification strategy. We are confident that these investments made in 2016 have Cineplex well positioned for meaningful growth in the future.”

“Looking ahead in 2017, we are encouraged by the film slate and we anticipate continued growth in our Film Entertainment and Content, Media and Amusement and Leisure businesses as we continue to build the company for the future.”

KEY DEVELOPMENTS IN 2016

The following describes certain key business initiatives undertaken and results achieved during 2016 in each of Cineplex’s core business areas:

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported record annual box office revenues of \$712.4 million, a 0.2% increase from 2015 due to the 3.5% increase in BPP, partially offset by the 3.2% decrease in attendance.
- BPP of \$9.55 represents an annual record for Cineplex, benefiting from the continued expansion of premium offerings across the circuit. The percentage of box office revenues from premium product was 46.1% in 2016, an all-time record for Cineplex, compared to the previous record of 38.9% reported in 2015.
- Opened three new theatres, *Cineplex Cinemas Marine Gateway and VIP* in Vancouver, British Columbia featuring 11 auditoriums including three VIP and one UltraAVX auditorium; *Cineplex Cinemas North Barrie* in Barrie, Ontario featuring eight screens including an UltraAVX auditorium; and *Cineplex Cinemas Kitchener and VIP* in Kitchener, Ontario featuring 11 auditoriums including four VIP and one UltraAVX auditorium.
- Opened Canada’s first auditorium featuring the 4DX experience in Toronto, Ontario. The 4DX experience features specially designed motion seats and in-auditorium environmental effects that are synchronized with the action on the screen.
- Added the immersive technology Barco Escape in three auditoriums, featuring two additional side screens complementing the main screen to create a panoramic viewing range for guests.
- Expanded Cineplex’s agreement with D-BOX, installing D-BOX in 34 additional auditoriums in 2016.

Theatre Food Service

- Reported record annual theatre food service revenues of \$421.2 million (0.7% increase from 2015) due to record annual CPP of \$5.65 (4.1% increase from 2015).
- VIP Cinemas, which feature a specialty food menu, contributed to the growth of food service revenues, with the addition of seven VIP auditoriums from two locations in 2016.
- Also contributing to this growth was a shift in product mix from core concession offerings to premium items including hot food sales at *Outtakes*, premium popcorn sales at *Poptopia* and yogurt sales at *YoYo’s*, all contributing to larger average transaction values in 2016 compared to 2015.

Alternative Programming

- Featured numerous strong performing international films, including Cantonese, Hindi, Punjabi, Mandarin, Korean, Filipino and Tamil language films in select markets across the country.
- Partnered with the Canadian Broadcasting Corporation to offer screenings of *The Tragically Hip: A National Celebration* to raise funds for the Canadian Cancer Society.

Digital Commerce

- Launched fully transactional Cineplex Store apps for Xbox, Xbox One and Android platforms, allowing guests to rent, buy and watch movies directly from their Xbox console in the comfort of their living rooms or from their Android devices at home and on the go.
- Continued to develop the Cineplex Store user interface, improving the overall user experience.
- As of December 31, 2016, the Cineplex mobile app had 16.1 million unique app downloads.

- Launched “Essential Accessibility” technology on Cineplex.com web platform to improve access for guests with disabilities.

MEDIA

- Reported record annual media revenues of \$170.8 million, 11.2% higher than the previous record set in 2015 mainly as a result of higher digital place-based media revenues.

Cinema Media

- Cinema media revenues were a record \$113.5 million in 2016 (0.9% higher than 2015) with the increase due to the impact of new media initiatives more than offsetting the impact of declines in some traditional categories.
- Rebranded two theatres to Scotiabank Theatres (in Ottawa and Winnipeg) as part of the expanded naming rights media commitment between the Bank of Nova Scotia (“Scotiabank”) and Cineplex. These rebrandings bring the number of Scotiabank theatres across the circuit to ten, across eight provinces.

Digital Place-Based Media

- Digital place-based media revenues of \$57.3 million in 2016 represent an annual record, \$16.1 million (39.2%) higher than 2015.
- Chosen to install, maintain and operate a leading edge digital display network at 21 Ivanhoe Cambridge shopping centres across Canada.
- Selected by American Dairy Queen Corporation (“DQ”) as the endorsed provider of in-store digital merchandising solutions for the Dairy Queen system in the United States and Canada.
- Selected by The Beer Store to help transition the brand onto a digital platform.

AMUSEMENT AND LEISURE

Amusement Solutions

- Rebranded CSI as P1AG, unifying the previous businesses of CSI, Brady Starburst LLC (“BSL”), Premier Amusements Inc., SAW and Tricorp under a single brand.
- P1AG reported annual revenues of \$109.0 million in 2016 (\$10.4 million from Cineplex theatre gaming and \$98.6 million from all other sources of revenues). In the prior year period, Cineplex equity accounted for its 50% interest in CSI until October 1, 2015 when it completed the acquisition of the remaining 50% of issued and outstanding equity that it did not already own.
- Acquired the 20% of BSL that it did not previously own.
- Acquired all of the issued and outstanding shares of Tricorp, a New Jersey-based leading provider of interactive video games, redemption games and amusement services through revenue sharing agreements in the United States.
- Acquired the assets of SAW, a Florida-based leading provider of coin-operated rides, amusement and redemption games as well as bulk-vending equipment to hundreds of large-scale big box retailers, shopping centres and restaurant locations.

Location Based Entertainment

- Opened the first location of *The Rec Room* at South Edmonton Commons in Edmonton, Alberta in September. The 60,000 square foot multi-level entertainment facility offers guests ‘Eats & Entertainment’, bringing together dining, gaming, technology and live entertainment experiences all under one roof.
- Cineplex has announced plans to build four additional locations, in Calgary, Alberta, a second location in Edmonton, Alberta at the iconic West Edmonton Mall and in Toronto, Ontario at the historic John Street Roundhouse across from the CN Tower all scheduled for openings in 2017 as well as a location in London, Ontario scheduled to open in 2018.

eSports

- Cineplex and WorldGaming Network Limited Partnership (“WGN”) announced the signing of a comprehensive deal with Sony Computer Entertainment Canada (“Sony”) making Sony the presenting sponsor of select national video game tournaments.
- During the year, WGN hosted the Canadian championships for *Call of Duty: Black Ops III*, *Street Fighter V*, and the first multi-player Canadian championships for *Uncharted 4: A Thief’s End*.
- Collegiate StarLeague (“CSL”), a subsidiary of WGN, announced a partnership with Riot Games to present the 2017 season of CSL’s *League of Legends* collegiate league, called ‘uLoL Campus Series’, which will see over 500 colleges and universities in North America competing to qualify for the regional and national championships.

LOYALTY

- Membership in the SCENE loyalty program increased 0.8 million members in 2016, reaching a membership of 8.1 million at December 31, 2016.

CORPORATE

- Effective with the May 2016 dividend, the board of directors of Cineplex (the “Board”) announced a monthly dividend increase of 3.8% to \$0.135 per Share (\$1.62 on an annual basis) up from \$0.13 per Share (\$1.56 on an annual basis).
- During the year Cineplex increased and extended its Credit Facilities (defined and discussed in Section 7.4, Credit Facilities), increasing the Revolving Facility by \$150.0 million with the Term Facility remaining unchanged, and extended the maturity date to April 26, 2021.
- In conjunction with the Credit Facilities, Cineplex entered into interest rate swap agreements with an aggregate principal amount of \$200.0 million.
- Cineplex hosted its sixth annual National Community Day in October 2016 in support of WE, its national charitable partner. In the past six years, Cineplex has raised \$2.5 million on Community Days.
- Named one of Canadian Business magazine’s “25 Best Brands in Canada” based on consumer opinions of a company’s reputation. Named one of Strategy magazine’s 2016 Brands of the Year, based on companies’ with unique position in a category and distinct brand image in the consumer’s mind.

OPERATING RESULTS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2016

Total revenues

Total revenues for the three months ended December 31, 2016 decreased \$21.9 million (5.4%) to \$385.4 million as compared to the prior year period. Total revenues for the year ended December 31, 2016 increased \$107.4 million (7.8%) to \$1.5 billion as compared to the prior year. A discussion of the factors affecting the changes in box office, food service, media and other revenues for the period is provided below.

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

Box office revenues

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

Box office revenues	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Box office revenues	\$ 177,516	\$ 196,293	-9.6%	\$ 712,446	\$ 711,107	0.2%
Attendance (i)	17,934	20,383	-12.0%	74,594	77,023	-3.2%
Box office revenue per patron (i)	\$ 9.90	\$ 9.63	2.8%	\$ 9.55	\$ 9.23	3.5%
BPP excluding premium priced product (i)	\$ 8.56	\$ 8.41	1.8%	\$ 8.33	\$ 8.30	0.4%
Canadian industry revenues (ii)			-10.7%			-0.6%
Same theatre box office revenues (i)	\$ 173,953	\$ 196,085	-11.3%	\$ 691,308	\$ 699,147	-1.1%
Same theatre attendance (i)	17,605	20,356	-13.5%	72,620	75,821	-4.2%
% Total box from premium priced product (i)	48.0%	46.8%	1.2%	46.1%	38.9%	7.2%

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

(ii) The Movie Theatre Association of Canada (“MTAC”) reported that the Canadian exhibition industry reported a box office revenue decrease of 13.4% for the period from September 30, 2016 to December 29, 2016 as compared to the period from October 2, 2015 to December 31, 2015. On a basis consistent with Cineplex’s calendar reporting period (October 1 to December 31), the Canadian industry box office revenue change is estimated to be a decrease of 10.7%. MTAC reported that the Canadian exhibition industry reported a box office revenue decrease of 1.2% for the period from January 1, 2016 to December 29, 2016 as compared to the period from January 2, 2015 to December 31, 2015. On a basis consistent with Cineplex’s calendar reporting period (January 1 to December 31), the Canadian industry box office revenues are estimated to be a decrease of 0.6%.

Box office continuity	Fourth Quarter		Full Year	
	Box Office	Attendance	Box Office	Attendance
2015 as reported	\$ 196,293	20,383	\$ 711,107	77,023
Same theatre attendance change	(26,502)	(2,751)	(29,506)	(3,201)
Impact of same theatre BPP change	4,370	—	21,676	—
New and acquired theatres (i)	3,564	330	10,533	943
Disposed and closed theatres (i)	(209)	(28)	(1,364)	(171)
2016 as reported	\$ 177,516	17,934	\$ 712,446	74,594

(i) See non-GAAP measures section of this news release. Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period.

Fourth Quarter

Fourth Quarter 2016 Top Cineplex Films			Fourth Quarter 2015 Top Cineplex Films		
	3D	% Box		3D	% Box
1	✓	16.1%	1	✓	22.0%
2	✓	10.8%	2	✓	10.8%
3	✓	9.3%	3	✓	9.2%
4	✓	5.6%	4	✓	8.2%
5	✓	4.5%	5	✓	4.3%

Box office revenues decreased \$18.8 million, or 9.6%, to \$177.5 million during the fourth quarter of 2016, compared to \$196.3 million recorded in the same period in 2015. The prior period is a tough comparator due to the record breaking success of *Star Wars: The Force Awakens* which went on to become the highest grossing film of all-time in North America.

BPP for the three months ended December 31, 2016 was \$9.90, a \$0.27 increase from the prior year period and an all-time quarterly record for Cineplex. The increase in BPP was due to the strong performance of premium product, which accounted for 48.0% of box office revenues in the current period, up from 46.8% in the prior year period. This increase was due to all top five films in the current period being screened in 3D (compared to three of five in the prior period) as well as the increased number of UltraAVX, VIP and D-BOX locations in the current period.

Full Year

Full Year 2016 Top Cineplex Films			Full Year 2015 Top Cineplex Films		
	3D	% Box		3D	% Box
1	✓	4.0%	1	✓	6.1%
2	✓	4.0%	2	✓	5.5%
3	✓	3.5%	3	✓	4.2%
4	✓	3.5%	4	✓	3.3%
5	✓	3.4%	5	✓	3.1%

Box office revenues for the year ended December 31, 2016 were \$712.4 million, an increase of \$1.3 million or 0.2% over the prior year. This increase compared to the prior year is due to the higher BPP more than offsetting the impact of the lower attendance. The attendance decrease is due to the prior year being a tough comparator with the top five films in that period all ranking in the top eleven highest grossing films of all-time.

Cineplex's BPP for the year ended December 31, 2016 increased \$0.32, or 3.5%, from \$9.23 in 2015 to an annual record of \$9.55 in 2016. This increase was primarily due to stronger performing premium-priced offerings, which accounted for 46.1% of Cineplex's box office revenues in the year ended December 31, 2016, compared to 38.9% in 2015. This increase was due in part to expanded 3D, VIP, UltraAVX, and D-BOX offerings across the circuit as well as the addition of 4DX in the current period.

Food service revenues

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

Food service revenues	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Food service - theatres	\$ 103,128	\$ 113,799	-9.4%	\$ 421,226	\$ 418,445	0.7%
Food service - The Rec Room	2,407	—	NM	2,694	—	NM
Total food service revenues	\$ 105,535	\$ 113,799	-7.3%	\$ 423,920	\$ 418,445	1.3%
Attendance (i)	17,934	20,383	-12.0%	74,594	77,023	-3.2%
CPP (i)	\$ 5.75	\$ 5.58	3.0%	\$ 5.65	\$ 5.43	4.1%
Same theatre food service revenues (i)	\$ 100,671	\$ 113,674	-11.4%	\$ 408,436	\$ 411,289	-0.7%
Same theatre attendance (i)	17,605	20,356	-13.5%	72,620	75,821	-4.2%
(i) See non-GAAP measures section of this news release						

Theatre food service revenue continuity	Fourth Quarter		Full Year	
	Theatre Food Service	Attendance	Theatre Food Service	Attendance
2015 as reported	\$ 113,799	20,383	\$ 418,445	77,023
Same theatre attendance change	(15,366)	(2,751)	(17,363)	(3,201)
Impact of same theatre CPP change	2,361	—	14,510	—
New and acquired theatres (i)	2,459	330	6,259	943
Disposed and closed theatres (i)	(125)	(28)	(625)	(171)
2016 as reported	\$ 103,128	17,934	\$ 421,226	74,594
(i) See non-GAAP measures section of this news release. Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period.				

Fourth Quarter

Food service revenues are comprised primarily of concession revenues, which includes food service sales at theatre locations. Food service revenues also include food and beverage sales at *The Rec Room*. Food service revenues decreased \$8.3 million, or 7.3% as compared to the prior year period due to the impact of the 12.0% decrease in attendance, partially offset by the impact of the 3.0% increase in CPP and the impact of *The Rec Room*. The operations of *The Rec Room* in Edmonton contributed \$2.4 million in the period, and these revenues are excluded from the CPP calculation.

CPP of \$5.75 is 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 record CPP in the period.

Full Year

Food service revenues increased \$5.5 million, or 1.3% as compared to the prior year due to the impact of the higher CPP more than offsetting the impact of the lower attendance, resulting in record annual revenues of \$423.9 million. CPP increased from \$5.43 in 2015 to \$5.65 in 2016, an annual record for Cineplex. The operations of *The Rec Room* in Edmonton contributed \$2.7 million to the revenue increase, and these revenues are excluded from the CPP calculation.

While the 10% SCENE discount and SCENE points issued on theatre food service purchases reduce individual transaction values which impacts CPP, Cineplex believes that this loyalty program drives incremental visits and food service purchases, resulting in higher overall food service revenues.

Media revenues

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

Media revenues	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Cinema media	\$ 37,065	\$ 42,116	-12.0%	\$ 113,497	\$ 112,479	0.9%
Digital place-based media	15,655	13,142	19.1%	57,295	41,167	39.2%
Total media revenues	\$ 52,720	\$ 55,258	-4.6%	\$ 170,792	\$ 153,646	11.2%

Fourth Quarter

Total media revenues decreased 4.6% to \$52.7 million in the fourth quarter of 2016 compared to the prior year period. This decrease was due to cinema media revenues, which were \$5.1 million (12.0%) lower than the prior year period. Record results for cinema media in the fourth quarter of 2015 due in part to the highly anticipated film *Star Wars: The Force Awakens* made for a tough comparator resulting in lower pre-show and Show-Time revenues, partially offset by growth in new media initiatives.

Digital place-based media revenues increased \$2.5 million due to an expansion of the client base resulting in increased project installation revenues, as well as advertising and other media revenue growth. During the quarter, Cineplex announced it had been selected by Ivanhoe Cambridge to install, maintain and operate a leading edge digital display network at 21 Ivanhoe Cambridge shopping centres across Canada. The rollout of this project in 2017 will result in project revenues as well as advertising and service revenues once the network is fully installed and operational.

Full Year

Total media revenues increased \$17.1 million, or 11.2%, in the year ended December 31, 2016 compared to the prior year. The increase was primarily due to the record performance of the digital place-based media business, which reported growth of \$16.1 million (39.2%) from higher project installation, services and advertising revenue growth due to an expanded client base. Cinema media revenues increased \$1.0 million (0.9%) compared to the prior year due to the impact of new media initiatives, partially offset by lower pre-show revenues.

Other revenues

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

Other revenues	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Games - Cineplex exhibition (i)	\$ 2,502	\$ 2,394	4.5%	\$ 10,384	\$ 9,410	10.4%
The Rec Room - amusement and gaming	2,163	—	NM	2,367	—	NM
Games - P1AG excluding Cineplex exhibition (i)	29,072	21,183	37.2%	98,597	21,183	365.5%
Other	15,928	18,445	-13.6%	\$ 59,820	\$ 57,152	4.7%
Total other revenues	\$ 49,665	\$ 42,022	18.2%	\$ 171,168	\$ 87,745	95.1%

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

Fourth Quarter

Other revenues increased 18.2%, or \$7.6 million, to \$49.7 million in the fourth quarter of 2016 compared to the prior year period primarily due to higher P1AG revenues due in part to the Tricorp and SAW acquisitions in the period. Games revenues from Cineplex's exhibition business increased despite the decrease in attendance primarily due to more XSCAPE locations operating in the current period compared to the prior year period.

The decrease in Other of \$2.5 million in the period was primarily due to lower revenues arising from enhanced guest service initiatives due to the lower business volumes in the theatres in the period.

Full Year

Other revenues increased 95.1% from \$87.7 million in 2015 to \$171.2 million during 2016, primarily due to the consolidation of CSI following Cineplex's acquisition on October 1, 2015 of the 50% of CSI that it did not already own (\$69.5 million) as well as the higher P1AG revenues in the fourth quarter of 2016 compared to the prior year period.

Cineplex exhibition gaming revenues increased 10.4% in the year despite the lower attendance due to a higher number of XSCAPE entertainment centres open in the current year compared to the prior year. The increase in Other of \$2.7 million was primarily additional revenues arising from enhanced guest service initiatives.

Film cost

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

Film cost	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Film cost	\$ 96,068	\$105,210	-8.7%	\$ 389,602	\$ 379,103	2.8%
Film cost percentage (i)	54.1%	53.6%	0.5%	54.7%	53.3%	1.4%
(i) See non-GAAP measures section of this news release.						

Fourth Quarter

Film cost varies primarily with box office revenues, and can vary from quarter to quarter usually based on the relative strength and concentration of the titles exhibited during the period. This is due to film cost terms varying by title. Film cost percentage in the fourth quarter of 2016 was 54.1%, a 0.5% increase from the prior year period.

Full Year

The full year increase in film cost expense was due to the 1.4% increase in film cost percentage.

Cost of food service

The following table highlights the movement in cost of food service for both theatres and *The Rec Room* for the quarter and the full year (in thousands of dollars, except percentages and margins per patron):

Cost of food service	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Cost of food service - theatre	\$ 23,911	\$ 24,836	-3.7%	\$ 95,114	\$ 90,530	5.1%
Cost of food service - The Rec Room	875	—	NM	945	—	NM
Total cost of food service	\$ 24,786	\$ 24,836	-0.2%	\$ 96,059	\$ 90,530	6.1%
Theatre concession cost percentage (i)	23.2%	21.8%	1.4%	22.6%	21.6%	1.0%
Theatre concession margin per patron (i)	\$ 4.42	\$ 4.36	1.4%	\$ 4.37	\$ 4.26	2.6%
(i) See Section 17, Non-GAAP measures.						

Fourth Quarter

Cost of food service at the theatres varies primarily with theatre attendance as well as the quantity and mix of offerings sold. Cost of food service at *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 due to the lower food service revenues, partially offset by the 1.4% increase in the concession cost percentage during the period. The increase in the concession cost percentage is due in part to the mix of food offerings. The addition of VIP theatres at two locations since the prior year period has contributed to the changing mix including more items outside of core concession offerings, which tend to have higher costs.

The theatre concession margin per patron increased 1.4% from \$4.36 in the fourth quarter of 2015 to \$4.42 in the same period in 2016, reflecting the impact of the higher CPP during the period, partially offset by the impact of the higher theatre concession cost percentage.

Cost of food service at *The Rec Room* reflects the costs incurred at the South Edmonton Commons location during the period, which opened in mid-September 2016 and is therefore not included in the prior year comparatives.

Full Year

The increase in the theatre cost of food service as compared to the prior year was due to higher theatre food service revenues, as well as the 1.0% increase in the theatre concession cost percentage during the year. The theatre concession margin per patron increased from \$4.26 in the prior year to \$4.37 in the current year, reflecting the impact of the higher CPP in the current year.

Cost of food service at *The Rec Room* reflects the costs incurred at the South Edmonton location during the period, which opened in mid-September 2016 and is therefore not included in the prior year comparatives.

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 loyalty program drives incremental attendance and purchase incidence which increases food service revenues and CPP.

Depreciation and amortization

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

Depreciation and amortization expenses	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Depreciation of property, equipment and leaseholds	\$ 24,219	\$ 20,981	15.4%	\$ 91,047	\$ 80,079	13.7%
Amortization of intangible assets and other	4,035	3,545	13.8%	14,894	9,260	60.8%
Depreciation and amortization expenses as reported	\$ 28,254	\$ 24,526	15.2%	\$ 105,941	\$ 89,339	18.6%

The quarterly and annual increase in depreciation of property, equipment and leaseholds of \$3.2 million and \$11.0 million, respectively, is primarily due to the impact of equipment and leasehold improvements relating to assets acquired through acquisitions, new theatre construction and digital place-based media asset additions.

The quarterly and annual increase in amortization of intangible assets and other are primarily due to intangible assets acquired in the WGN and CSI transactions.

Loss on disposal of assets

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

Loss on disposal of assets	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Loss on disposal of assets	\$ 168	\$ 899	-81.3%	\$ 1,570	\$ 3,236	-51.5%

Gain on acquisition of business

The following table shows the gain on acquisition of business relating to Cineplex's acquisition of the 50% interest in CSI in the fourth quarter of 2015 that it did not previously own. Cineplex previously equity-accounted for its interest in CSI. At the acquisition date, Cineplex recognized 100% of identifiable net assets of CSI. Cineplex's existing interest was remeasured at fair value at the acquisition date, resulting in a gain on the equity interest of \$7.4 million (in thousands of dollars):

Gain on acquisition of business	Fourth Quarter			Full Year		
	2015	2014	Change	2015	2014	Change
Gain on acquisition of business	\$ —	\$ (7,447)	NM	\$ —	\$ (7,447)	NM

Other costs

Other costs include three main sub-categories of expenses, including theatre occupancy expenses, which capture the rent and associated occupancy costs for Cineplex's 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 full year (in thousands of dollars):

Other costs	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Theatre occupancy expenses	\$ 49,581	\$ 50,535	-1.9%	\$ 204,633	\$ 203,356	0.6%
Other operating expenses	134,683	123,329	9.2%	487,108	383,281	27.1%
General and administrative expenses	13,803	18,514	-25.4%	68,189	68,752	-0.8%
Total other costs	\$ 198,067	\$ 192,378	3.0%	\$ 759,930	\$ 655,389	16.0%

Theatre occupancy expenses

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

Theatre occupancy expenses	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Rent	\$ 33,825	\$ 33,970	-0.4%	\$ 136,393	\$ 135,482	0.7%
Other occupancy	16,540	17,086	-3.2%	71,474	71,014	0.6%
One-time items (i)	(784)	(521)	50.5%	(3,234)	(3,140)	3.0%
Total	\$ 49,581	\$ 50,535	-1.9%	\$ 204,633	\$ 203,356	0.6%

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

Theatre occupancy continuity	Fourth Quarter Occupancy	Full Year Occupancy
2015 as reported	\$ 50,535	\$ 203,356
Impact of new and acquired theatres	613	2,710
Impact of disposed theatres	(57)	(333)
Same store rent change (i)	(416)	(619)
One-time items	(263)	(93)
Other	(831)	(388)
2016 as reported	\$ 49,581	\$ 204,633

(i) See Section 17, Non-GAAP measures.

Fourth Quarter

Theatre occupancy expenses decreased \$1.0 million during the fourth quarter of 2016 compared to the prior year period. This decrease was primarily due to lower same store rent expense (\$0.4 million, \$1.3 million due to lower non-cash rent expense partially offset by \$0.9 million in higher cash rent expense), the impact of higher one-time credits in the current period than the prior year (\$0.3 million), and lower real estate and common area maintenance taxes (\$0.8 million). These decreases were partially offset by the impact of new theatres net of disposed theatres (\$0.6 million).

Full Year

The increase in theatre occupancy expenses of \$1.3 million for 2016 compared to the prior year was primarily due to the impact of new and acquired theatres net of disposed theatres, partially offset by lower same theatre rent expenses due to lower non-cash rent expenses, the impact of higher one-time credits, and lower real estate and common area maintenance taxes.

Other operating expenses

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

Other operating expenses	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
Theatre payroll	\$ 35,768	\$ 37,959	-5.8%	\$ 143,197	\$ 141,257	1.4%
Media	18,721	16,367	14.4%	69,120	55,831	23.8%
P1AG	26,644	18,975	40.4%	86,809	18,975	357.5%
The Rec Room (i)	2,976	—	NM	3,333	—	NM
Other	50,574	50,028	1.1%	184,649	167,218	10.4%
Other operating expenses	\$ 134,683	\$ 123,329	9.2%	\$ 487,108	\$ 383,281	27.1%

(i) Includes operating costs of *The Rec Room* location in Edmonton. 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	Fourth Quarter Other Operating	Full Year Other Operating
2015 as reported	\$ 123,329	\$ 383,281
Impact of new and acquired theatres	1,719	5,242
Impact of disposed theatres	(89)	(444)
Same theatre payroll change (i)	(3,150)	(742)
Marketing change	(490)	1,162
Media change	2,354	13,289
P1AG change	7,669	67,834
Amusement and leisure, excluding P1AG	5,207	15,345
Other	(1,866)	2,141
2016 as reported	\$ 134,683	\$ 487,108

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

Fourth Quarter

Other operating expenses during the fourth quarter of 2016 increased \$11.4 million or 9.2% compared to the prior year period. The increase is primarily due to higher amusement and leisure costs, including P1AG due in part to the acquisitions of Tricorp and SAW in the period as well as costs relating to the *The Rec Room* and WGN. Media costs were higher due to the increased business volumes in the digital place-based media business. These increases were partially offset by lower same theatre payroll costs and lower costs in the Other line due to the lower business volumes in the film entertainment and content business in the period.

Full Year

For the year ended December 31, 2016, other operating expenses increased \$103.8 million, primarily due to the inclusion of P1AG (\$67.8 million: \$60.2 million due to the first three quarters where there was no comparative in the prior year period and the incremental \$7.6 million in the fourth quarter due to the acquisitions of Tricorp and SAW as well as increased business volumes). Excluding P1AG, operating expenses increased \$36.0 million, with the increase due to higher business volumes in the media businesses, costs relating to WGN (which did not have a full period of operations in the prior year period) and *The Rec Room*.

General and administrative expenses

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

G&A expenses	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
G&A excluding LTIP and option plan expense	\$ 13,382	\$ 13,959	-4.1%	\$ 58,217	\$ 54,908	6.0%
LTIP (i)	39	4,127	-99.1%	8,353	12,150	-31.3%
Option plan	382	428	-10.7%	1,619	1,694	-4.4%
G&A expenses as reported	\$ 13,803	\$ 18,514	-25.4%	\$ 68,189	\$ 68,752	-0.8%

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

Fourth Quarter

G&A expenses decreased \$4.7 million during the fourth quarter of 2016 compared to the prior year period primarily due to lower LTIP expense (\$4.1 million). The decrease in LTIP expense was due to the current period including an adjustment relating to the variance in performance results for the full 2016 period.

Full Year

G&A expenses for 2016 decreased \$0.6 million compared to the prior year, due to the \$3.8 million decrease in LTIP expense partially offset by higher head office payroll expenses.

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

The following table presents EBITDA and adjusted EBITDA for the three months and year ended December 31, 2016 as compared to the prior year period (in thousands of dollars, except adjusted EBITDA margin):

EBITDA	Fourth Quarter			Year to Date		
	2016	2015	Change	2016	2015	Change
EBITDA	\$ 66,973	\$ 121,542	-44.9%	\$ 233,871	\$ 282,764	-17.3%
Adjusted EBITDA	\$ 66,841	\$ 85,163	-21.5%	\$ 234,009	\$ 249,802	-6.3%
Adjusted EBITDA margin	17.3%	20.9%	-3.6%	15.8%	18.2%	-2.4%

Adjusted EBITDA for the fourth quarter of 2016 decreased \$18.3 million, or 21.5%, as compared to the prior year period, to \$66.8 million. This decrease as compared to the prior year period was due mainly to the weaker film product in the current period resulting in lower attendance. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 17.3% in the current period, a decrease of 3.6% from 20.9% in the prior year period.

Adjusted EBITDA for the year ended December 31, 2016 decreased \$15.8 million, or 6.3%, to \$234.0 million as compared to \$249.8 million the prior year due in part to the weaker film product in the current period resulting in lower attendance. Adjusted EBITDA margin was 15.8% in 2016 compared to 18.2% in 2015. In addition to the impact of the weaker film product, the adjusted EBITDA margin was impacted by higher costs attributable to Cineplex’s emerging businesses as it executes on its diversification strategy.

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

For the fourth quarter of 2016, adjusted free cash flow per common share of Cineplex was \$0.62 as compared to \$0.84 in the prior year period. The declared dividends per common share of Cineplex were \$0.41 in the fourth quarter of 2016 and \$0.39 in the prior year period. During the year ended December 31, 2016, Cineplex generated adjusted free cash flow per Share of \$2.46, compared to \$2.49 per Share in the year ended December 31, 2015. Cineplex declared dividends per Share of \$1.60 and \$1.54, respectively, in each year. The payout ratios for these periods were approximately 65.1% and 61.8%, respectively.

NON-GAAP FINANCIAL MEASURES

EBITDA and Adjusted Free Cash Flow

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

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

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

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

Earnings per Share Metrics

The three months and year ended December 31, 2015 include the gain on business acquisition relating to CSI of \$7.4 million and the change in fair value of financial instrument relating to the adjustment to the contingent consideration from the 2013 acquisition of EK3 of \$29.1 million. Cineplex has presented basic and diluted earnings per share net of these two items 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 both the gain on acquisition and 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 concession revenue such as BPP, CPP, BPP excluding premium priced product, and concession margin per patron, as these are key measures used by investors to value and assess Cineplex's performance, and are widely used in the theatre exhibition industry. Management of Cineplex defines these metrics as follows:

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

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

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

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

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

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

Same Theatre Analysis

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

Same theatre metrics are calculated by removing the results for all theatres that have been opened, acquired, closed or otherwise disposed of subsequent to the start of the prior year comparative period. For the three months ended December 31, 2016 the impact of the four locations that have been opened or acquired and the one location that has been closed have been excluded, resulting in 161 theatres being included in the same theatre metrics. For the year ended December 31, 2016 the impact of the seven locations that have been opened or acquired and the three 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 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 Inc.

Cineplex is one of Canada's leading entertainment companies and operates one of the most modern and fully digitized motion picture theatre circuits in the world. A top-tier Canadian brand, Cineplex operates numerous businesses including theatrical exhibition, food service, amusement gaming, alternative programming (Cineplex Events), Cineplex Media, Cineplex Digital Media, The Rec Room, and the online sale of home entertainment content through CineplexStore.com and on apps embedded in various electronic devices. Cineplex is also a joint venture partner in SCENE - Canada's largest entertainment loyalty program.

Cineplex is headquartered in Toronto, Canada, and operates 164 theatres with 1,677 screens from coast to coast, serving approximately 75 million guests annually through the following theatre brands: Cineplex Cinemas, Cineplex Odeon, Cineplex VIP Cinemas, Galaxy Cinemas, SilverCity Cinemas and Scotiabank Theatres. Cineplex also owns and operates the UltraAVX, Poptopia and Outtakes brands. Cineplex trades on the Toronto Stock Exchange under the symbol CGX. More information is available at Cineplex.com. 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 February 15, 2017
10:00 a.m. Eastern Time**

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

- If you cannot participate in the live mode, a replay will be available. Please dial 647-436-0148 or outside Toronto 1-888-203-1112. Please use PIN 9876 and the replay passcode 236679 when prompted. You can also access the web address URL to register and enter the PIN and code when prompted. Web address URL: [Click Here](#)
- The replay will begin at 1:00 p.m. Eastern Time on Wednesday February 15, 2017 and end at 1:00 p.m. Eastern Time on Wednesday, February 22, 2017.
- Note that media will be participating in the call in listen-only mode.
- Thank you in advance for your interest and participation.

- 30 -

For further information:

Gord Nelson
Chief Financial Officer
(416) 323-6602

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

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

	December 31,		December 31,
	2016		2015
Assets			
Current assets			
Cash and cash equivalents	\$ 33,553	\$	35,713
Trade and other receivables	115,903		121,398
Income taxes receivable	463		—
Inventories	21,412		19,691
Prepaid expenses and other current assets	10,856		10,025
	<hr/>		<hr/>
	182,187		186,827
Non-current assets			
Property, equipment and leaseholds	564,879		533,192
Deferred income taxes	5,891		6,517
Fair value of interest rate swap agreements	756		—
Interests in joint ventures	35,487		35,288
Intangible assets	125,492		132,140
Goodwill	813,494		807,953
	<hr/>		<hr/>
	\$ 1,728,186	\$	1,701,917
	<hr/>		<hr/>

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

	December 31, 2016	December 31, 2015
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 204,725	\$ 209,657
Share-based compensation	8,958	9,742
Dividends payable	8,575	8,238
Income taxes payable	2,042	30,464
Deferred revenue	172,140	159,568
Current debt	—	3,737
Finance lease obligations	3,180	2,957
Fair value of interest rate swap agreements	2,419	1,414
	<hr/>	<hr/>
	402,039	425,777
Non-current liabilities		
Share-based compensation	18,346	18,907
Long-term debt	297,496	222,340
Fair value of interest rate swap agreements	2,020	4,188
Finance lease obligations	8,871	12,052
Post-employment benefit obligations	7,932	7,296
Other liabilities	125,560	131,874
Deferred income taxes	11,210	6,283
Convertible debentures	102,817	100,703
	<hr/>	<hr/>
	574,252	503,643
	<hr/>	<hr/>
Total liabilities	976,291	929,420
Equity		
Share capital	859,351	858,305
Deficit	(108,342)	(86,296)
Hedging reserves and other	(3,170)	(4,979)
Contributed surplus	81	(491)
Cumulative translation adjustment	1,175	934
	<hr/>	<hr/>
Total equity attributable to owners of Cineplex	749,095	767,473
Non-controlling interests	2,800	5,024
	<hr/>	<hr/>
Total equity	751,895	772,497
	<hr/>	<hr/>
	\$ 1,728,186	\$ 1,701,917

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

	Three months ended December 31,		Year ended December 31,	
	2016	2015	2016	2015
Revenues				
Box office	\$ 177,516	\$ 196,293	\$ 712,446	\$ 711,107
Food service	105,535	113,799	423,920	418,445
Media	52,720	55,258	170,792	153,646
Other	49,665	42,022	171,168	87,745
	<u>385,436</u>	<u>407,372</u>	<u>1,478,326</u>	<u>1,370,943</u>
Expenses				
Film cost	96,068	105,210	389,602	379,103
Cost of food service	24,786	24,836	96,059	90,530
Depreciation and amortization	28,254	24,526	105,941	89,339
Loss on disposal of assets	168	899	1,570	3,236
Gain on acquisition of business	—	(7,447)	—	(7,447)
Other costs	198,067	192,378	759,930	655,389
Share of income of joint ventures	(626)	(970)	(2,706)	(3,556)
Interest expense	4,520	5,294	18,816	22,443
Interest income	(40)	(52)	(204)	(186)
Change in fair value of financial instrument	—	(29,076)	—	(29,076)
	<u>351,197</u>	<u>315,598</u>	<u>1,369,008</u>	<u>1,199,775</u>
Income before income taxes	<u>34,239</u>	<u>91,774</u>	<u>109,318</u>	<u>171,168</u>
Provision for income taxes				
Current	8,378	15,190	26,231	37,026
Deferred	2,533	(221)	5,096	(107)
	<u>10,911</u>	<u>14,969</u>	<u>31,327</u>	<u>36,919</u>
Net income	<u>\$ 23,328</u>	<u>\$ 76,805</u>	<u>\$ 77,991</u>	<u>\$ 134,249</u>
Attributable to:				
Owners of Cineplex	\$ 23,751	\$ 77,172	\$ 79,713	\$ 134,697
Non-controlling interests	(423)	(367)	(1,722)	(448)
Net income	<u>\$ 23,328</u>	<u>\$ 76,805</u>	<u>\$ 77,991</u>	<u>\$ 134,249</u>
Basic net income per share attributable to owners of Cineplex	\$ 0.37	\$ 1.22	\$ 1.26	\$ 2.13
Diluted net income per share attributable to owners of Cineplex	\$ 0.37	\$ 1.20	\$ 1.25	\$ 2.12

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

	Three months ended December 31,		Year ended December 31,	
	2016	2015	2016	2015
Net income	\$ 23,328	\$ 76,805	\$ 77,991	\$ 134,249
Other comprehensive income (loss)				
<i>Items that will be reclassified subsequently to net income:</i>				
Income (loss) on hedging instruments	3,806	(189)	2,458	(2,163)
Associated deferred income taxes (expense) recovery	(1,020)	50	(649)	589
Foreign currency translation adjustment	1,823	324	75	1,168
<i>Items that will not be reclassified to net income:</i>				
Actuarial (losses) of post-employment benefit obligations	(307)	—	(307)	(24)
Associated deferred income taxes recovery	82	—	82	6
Other comprehensive income (loss)	4,384	185	1,659	(424)
Comprehensive income	\$ 27,712	\$ 76,990	\$ 79,650	\$ 133,825
Attributable to:				
Owners of Cineplex	\$ 54,428	\$ 21,705	\$ 81,538	\$ 134,039
Non-controlling interests	(720)	(81)	(1,888)	(214)
Comprehensive income	\$ 53,708	\$ 21,624	\$ 79,650	\$ 133,825

Cineplex Inc.

Consolidated Statements of Changes in Equity

(expressed in thousands of Canadian dollars)

For the years ended December 31, 2016 and 2015

	Share capital	Contributed surplus	Hedging and other reserves	Cumulative translation adjustment	Deficit	Non-controlling interests	Total
Balance - January 1, 2016	\$ 858,305	\$ (491)	\$ (4,979)	\$ 934	\$ (86,296)	\$ 5,024	\$ 772,497
Net income	—	—	—	—	79,713	(1,722)	77,991
Other comprehensive income	—	—	1,809	241	(225)	(166)	1,659
Total comprehensive income	—	—	1,809	241	79,488	(1,888)	79,650
Dividends declared	—	—	—	—	(101,534)	—	(101,534)
Share option expense	—	1,618	—	—	—	—	1,618
Issuance of shares on exercise of options	1,046	(1,046)	—	—	—	—	—
CSI non-controlling interests acquired	—	—	—	—	—	(336)	(336)
Balance - December 31, 2016	\$ 859,351	\$ 81	\$ (3,170)	\$ 1,175	\$ (108,342)	\$ 2,800	\$ 751,895
Balance - January 1, 2015	\$ 854,073	\$ 4,952	\$ (3,405)	\$ —	\$ (123,771)	\$ —	\$ 731,849
Net income	—	—	—	—	134,697	(448)	134,249
Other comprehensive (loss)	—	—	(1,574)	934	(18)	234	(424)
Total comprehensive income	—	—	(1,574)	934	134,679	(214)	133,825
Dividends declared	—	—	—	—	(97,204)	—	(97,204)
Share option expense	—	1,694	—	—	—	—	1,694
Issuance of shares on exercise of options	4,232	(2,198)	—	—	—	—	2,034
CSI non-controlling interests recognized on acquisition	—	—	—	—	—	299	299
WGN purchase obligation	—	(4,939)	—	—	—	—	(4,939)
WGN non-controlling interests recognized on acquisition	—	—	—	—	—	4,939	4,939
Balance - December 31, 2015	\$ 858,305	\$ (491)	\$ (4,979)	\$ 934	\$ (86,296)	\$ 5,024	\$ 772,497

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

	Three months ended December 31,		Year ended December 31,	
	2016	2015	2016	2015
Cash provided by (used in)				
Operating activities				
Net income	\$ 23,328	\$ 76,805	\$ 77,991	\$ 134,249
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	28,254	24,526	105,941	89,339
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(3,475)	(1,882)	(10,618)	(7,832)
Accretion of debt issuance costs and other non-cash interest, net	5	952	407	4,947
Loss on disposal of assets	168	899	1,570	3,236
Gain on acquisition of business	—	(7,447)	—	(7,447)
Deferred income taxes	2,533	(221)	5,096	(107)
Interest rate swap agreements - non-cash interest	(528)	213	239	362
Non-cash share-based compensation	381	428	1,618	1,694
Change in fair value of financial instrument	—	(29,076)	—	(29,076)
Accretion of convertible debentures	531	492	2,114	1,976
Net change in interests in joint ventures	(1,403)	(2,636)	(3,254)	(4,860)
Tenant inducements	1,235	811	4,920	1,568
Changes in operating assets and liabilities	80,385	92,482	(20,010)	42,545
Net cash provided by operating activities	131,414	156,346	166,014	230,594
Investing activities				
Proceeds from sale of assets	—	—	108	108
Purchases of property, equipment and leaseholds	(27,864)	(23,094)	(104,189)	(95,979)
Acquisition of businesses, net of cash acquired	(31,675)	(14,713)	(32,082)	(30,343)
Intangible assets additions	(1,321)	(225)	(1,931)	(694)
Net cash received from CDGP	684	680	3,054	1,843
Net cash (used in) investing activities	(60,176)	(37,352)	(135,040)	(125,065)
Financing activities				
Dividends paid	(25,715)	(24,639)	(101,197)	(96,843)
Borrowings under credit facilities, net	(35,000)	(84,932)	72,634	(6,932)
Options exercised for cash	—	2,034	—	2,034
Payments under finance leases	(760)	(690)	(2,957)	(2,670)
Deferred financing fees	—	—	(1,426)	—
Net cash (used in) in financing activities	(61,475)	(108,227)	(32,946)	(104,411)
Effect of exchange rate differences on cash	105	151	(188)	228
Increase (decrease) in cash and cash equivalents	9,868	10,918	(2,160)	1,346
Cash and cash equivalents - Beginning of period	23,685	24,795	35,713	34,367
Cash and cash equivalents - End of period	\$ 33,553	\$ 35,713	\$ 33,553	\$ 35,713
Supplemental information				
Cash paid for interest	\$ 2,745	\$ 5,070	\$ 13,584	\$ 14,702
Cash paid for income taxes, net	\$ 9,408	\$ 2,784	\$ 54,842	\$ 16,458

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

Reconciliation to Adjusted EBITDA

	Three months ended December 31,		Year ended December 31,	
	2016	2015	2016	2015
Net income	\$ 23,328	\$ 76,805	\$ 77,991	\$ 134,249
Depreciation and amortization	28,254	24,526	105,941	89,339
Interest expense	4,520	5,294	18,816	22,443
Interest income	(40)	(52)	(204)	(186)
Current income tax expense	8,378	15,190	26,231	37,026
Deferred income tax expense (recovery)	2,533	(221)	5,096	(107)
EBITDA	\$ 66,973	\$ 121,542	\$ 233,871	\$ 282,764
Change in fair value of financial instrument	—	(29,076)	—	(29,076)
Loss on disposal of assets	168	899	1,570	3,236
Gain on acquisition of business	—	(7,447)	—	(7,447)
CDCP equity income (i)	(597)	(952)	(2,542)	(1,672)
Non-controlling interests adjusted EBITDA of WGN and BSL	276	131	1,022	165
Depreciation and amortization - joint ventures (ii)	10	24	39	1,563
Joint venture taxes and interest (ii)	11	42	49	269
Adjusted EBITDA	\$ 66,841	\$ 85,163	\$ 234,009	\$ 249,802

- (i) CDCP equity income not included in adjusted EBITDA as CDCP is a limited-life financing vehicle that is funded by virtual print fees collected from distributors.
- (ii) Includes the joint ventures with the exception of CDCP (see (i) above).

Cineplex Inc.

Consolidated Supplemental Information

(Unaudited)

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

Adjusted Free Cash Flow

	Three months ended December 31,		Year ended December 31,	
	2016	2015	2016	2015
Cash provided by operating activities	\$ 131,414	\$ 156,346	\$ 166,014	\$ 230,594
Less: Total capital expenditures net of proceeds on sale of assets	(27,864)	(23,094)	(104,081)	(95,871)
Standardized free cash flow	103,550	133,252	61,933	134,723
Add/(Less):				
Changes in operating assets and liabilities (i)	(80,385)	(92,482)	20,010	(42,545)
Changes in operating assets and liabilities of joint ventures (i)	777	1,666	548	1,304
Tenant inducements (ii)	(1,235)	(811)	(4,920)	(1,568)
Principal component of finance lease obligations	(760)	(690)	(2,957)	(2,670)
Growth capital expenditures and other (iii)	16,480	11,041	76,918	62,252
Share of income of joint ventures, net of non-cash depreciation (iv)	50	84	252	3,716
Non-controlling interest adjusted EBITDA of WGN and BSL	276	131	1,022	165
Net cash received from CDCP (iv)	684	680	3,054	1,843
Adjusted free cash flow	\$ 39,437	\$ 52,871	\$ 155,860	\$ 157,220
Average number of Shares outstanding	63,495,944	63,204,838	63,451,257	63,100,085
Adjusted free cash flow per Share	\$ 0.621	\$ 0.837	\$ 2.456	\$ 2.492
Dividends declared	\$ 0.405	\$ 0.390	\$ 1.600	\$ 1.540

- (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.