



FOR IMMEDIATE RELEASE

CINEPLEX INC.
Reports Fourth Quarter and Annual Results

TORONTO, Canada, February 22, 2018 (TSX: CGX) - Cineplex Inc. (“Cineplex”) today released its financial results for the three months and year ended December 31, 2017. Unless otherwise specified, all amounts are in Canadian dollars.

Fourth Quarter Results

	2017	2016	Period over Period Change (i)
Total revenues	\$ 426.3million	\$ 385.4million	10.6%
Attendance	17.6million	17.9million	-2.1%
Net income	\$ 28.8million	\$ 23.3million	23.4%
Box office revenues per patron (“BPP”) (ii) (iii)	\$ 10.54	\$ 10.23	3.0%
Concession revenues per patron (“CPP”) (ii)	\$ 6.29	\$ 5.75	9.4%
Adjusted EBITDA (ii)	\$ 79.6million	\$ 66.8million	19.1%
Adjusted EBITDA margin (ii)	18.7 %	17.3 %	1.4%
Adjusted free cash flow (ii)	\$ 51.3million	\$ 39.4million	30.2%
Adjusted free cash flow per common share of Cineplex (“Share”) (ii)	\$ 0.810	\$ 0.621	30.4%
Earnings per Share (“EPS”) - basic	\$ 0.45	\$ 0.37	21.6%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 0.46	\$ 0.37	24.3%
EPS - diluted	\$ 0.45	\$ 0.37	21.6%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 0.46	\$ 0.37	24.3%

Full Year Results

	2017	2016	Period over Period Change (i)
Total revenues	\$ 1,555.1million	\$ 1,478.3million	5.2%
Attendance	70.4million	74.6million	-5.6%
Net income	\$ 70.3million	\$ 78.0million	-9.8%
Box office revenues per patron (“BPP”) (ii) (iii)	\$ 10.17	\$ 9.84	3.4%
Concession revenues per patron (“CPP”) (ii)	\$ 6.00	\$ 5.65	6.2%
Adjusted EBITDA (ii)	\$ 235.9million	\$ 234.0million	0.8%
Adjusted EBITDA margin (ii)	15.2 %	15.8 %	-0.6%
Adjusted free cash flow (ii)	\$ 150.6million	\$ 155.9million	-3.4%
Adjusted free cash flow per common share of Cineplex (“Share”) (ii)	\$ 2.373	\$ 2.456	-3.4%
EPS - basic	\$ 1.11	\$ 1.26	-11.9%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 1.07	\$ 1.26	-15.1%
EPS - diluted	\$ 1.11	\$ 1.25	-11.2%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 1.07	\$ 1.25	-14.4%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 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.

“We continue to pursue our diversification strategy and accomplished a great deal in 2017. The fourth quarter increase in revenue across each of the primary business units supports our continued focus on our diversification plan driving adjusted EBITDA growth of 19.1% and EPS growth of 21.6%.”, said Ellis Jacob, President and CEO, Cineplex Inc.

“Box office revenue during the fourth quarter increased 0.9% to \$185.0 million and box office per patron (“BPP”) increased 3.0% to \$10.54. Theatre food service revenue increased 7.0% to \$110.3 million and concession per patron (“CPP”) increased 9.4% to \$6.29. The increases in BPP and CPP more than offset a 2.1% decline in attendance. Total Media increased 16.7% to \$61.5 million this quarter with cinema media increasing 17.2% to \$43.4 million and Cineplex Digital Media increasing 15.5% to \$18.1 million due to the installation of an advanced digital signage network in more than 1,000 Citizens Bank branches across the American northeast. Amusement revenue increased 46.1% largely resulting from the increased revenue associated with the acquisitions in 2016 and 2017 of Tricorp Amusements, SAW LLC, and Dandy Amusements and the contributions from The Rec Room. Total revenues from The Rec Room amounted to \$16.9 million and achieved a store level margin of 20.0%. This culminated in adjusted EBITDA increasing 19.1% to \$79.6 million for the fourth quarter of 2017,” said Jacob.

“On a full year basis, total revenue increased 5.2% to \$1.6 billion despite an attendance decrease of 5.6% compared to the prior year. The attendance decline was a result of a weaker than expected film slate, especially during the second and third quarters which significantly underperformed versus expectations. This coupled with incremental costs related to the start-up and integration of our new businesses resulted in a relatively flat adjusted EBITDA of \$235.9 million, up 0.8% for the year,” said Jacob.

“Annual box office revenue of \$715.6 million decreased 2.5% due to the aforementioned attendance decline, however theatre food service revenue of \$422.3 million, BPP of \$10.17 and CPP of \$6.00 represented all-time annual records for Cineplex. Our media business continued to grow, reporting record annual media revenue of \$171.9 million, largely due to higher cinema media revenue. Amusement revenue of \$185.3 million increased 66.5%, which includes increased revenue from The Rec Room and Player One Amusement Group acquisitions.”

“Accomplishments in 2017 included the opening of three new locations of The Rec Room in Toronto at the Roundhouse, at West Edmonton Mall and at Calgary’s Deerfoot City. We added luxury recliners to 12 theatres across the country and released new enhancements to the Cineplex Store. We also announced an exclusive partnership with Topgolf to bring its sports entertainment complexes to Canada and our SCENE loyalty program continued to grow its membership reaching 8.9 million members. Subsequent to year end, we also announced that in addition to Citizens Bank, Cineplex Digital Media had been selected by Arcos Dorados, the largest independent McDonald’s franchisee in the world, to deploy, maintain and operate a complex merchandising network of digital menu boards at McDonald’s locations in Argentina, Brazil and Uruguay.”

“We are encouraged by the outlook for the 2018 film slate and are confident that the investments made in 2017 have Cineplex well positioned for meaningful growth in the future as we continue to execute our diversification strategy.”

KEY DEVELOPMENTS IN 2017

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

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported annual box office revenues of \$715.6 million, a 2.5% decrease from 2016 due to a 5.6% decrease in attendance, partially offset by a 3.4% increase in BPP.
- BPP of \$10.17 represents an annual record for Cineplex, \$0.33 or 3.4% higher than \$9.84 reported during 2016.
- Opened the first IMAX VR Centre in Canada at Cineplex's *Scotiabank Theatre Toronto*.
- Opened Canada's first D-BOX VR cinematic experience at Cineplex's *Scotiabank Theatre Ottawa*.
- During the year, Cineplex installed five D-BOX auditoriums, one IMAX auditorium, one UltraAVX auditorium and converted 121 auditoriums (12 locations) to recliner seating.

Theatre Food Service

- Reported record annual theatre food service revenues of \$422.3 million (0.3% increase from 2016) due to record annual CPP of \$6.00 (\$0.35 or 6.2% increase from 2016).
- During the year, Cineplex added alcohol beverage service to several theatres in Ontario and Alberta due to an expansion of liquor license laws.

Alternative Programming

- Alternative programming during the year included strong performances from the Metropolitan Opera: Live in HD series, the live Mayweather vs. McGregor match featured in VIP cinemas, and featured numerous international films, including Hindi, Punjabi and Mandarin language films in select markets across the country.
- Announced a three year sponsorship agreement with the NFL that will bring Sunday Night Football and the Super Bowl live to select Cineplex theatres across Canada. The agreement also provides access to NFL brands and trademarks as well as sponsorship opportunities for Cineplex.

Digital Commerce

- Cineplex.com registered a 10.5% increase in visits in 2017 compared to 2016.
- Online and mobile ticketing represented 33.3% of total admissions during the year compared to 29.1% in the prior year.
- Monthly active users of the Cineplex Store increased 93.0% as compared to the prior year.
- Cineplex store registered a 63.0% increase in device activations over the prior year.
- Released a new Cineplex Store user interface and experience across the website and multiple connected televisions and device apps.

MEDIA

- Reported record annual media revenues of \$171.9 million, 0.6% higher than the previous record set in 2016 mainly as a result of higher cinema media revenues.

Cinema Media

- Cinema media revenues were a record \$116.4 million in 2017 (2.6% higher than 2016) with the increase due to record Show-Time advertising sales, with robust results seen in the automotive category.

Digital Place-Based Media

- Reported revenues of \$55.5 million in 2017, a decrease of \$1.8 million or 3.2%, compared to the prior year due to lower project installation revenues partially offset by higher advertising revenue generated from an expanded client base.
- Selected to install, maintain and operate a state-of-the-art digital signage network at 21 shopping centres in Canada managed by Morguard Investments Limited ("Morguard").
- Completed deployment of a digital display network at over a thousand Citizens Bank branches across the United States.

AMUSEMENT AND LEISURE

Amusement Solutions

- Reported annual revenues of \$170.6 million in 2017 (\$10.6 million from Cineplex theatre gaming and \$160.0 million from all other sources of revenues). This was an increase of \$61.6 million from the prior year mainly due to the acquisitions of Tricorp Amusements Inc. (“Tricorp”), SAW, LLC (“SAW”) and Dandy Amusements International Inc. (“Dandy”).
- On April 1, 2017, Cineplex acquired the assets of Dandy, a California-based leading amusement gaming machine operator with operations in the western United States, for \$13.7 million.

Location-Based Entertainment

- *The Rec Room* reported total annual revenues of \$35.2 million which includes food service revenues of \$19.6 million and amusement revenues of \$14.7 million.
- Opened three new locations of *The Rec Room*; one located at the iconic Roundhouse Park in downtown Toronto, one in Edmonton at the West Edmonton Mall and the other at Calgary’s Deerfoot City.
- Announced plans for three locations of *The Rec Room*: one in Mississauga, Ontario at Square One, one in London, Ontario and the other, the first location in British Columbia, at The Amazing Brentwood.
- Announced the brand-new *Playdium* complex in Whitby, Ontario, which is scheduled to begin construction in early 2018.
- Announced an exclusive partnership with *Topgolf* to bring multiple *Topgolf* sports entertainment complexes to markets across Canada. *Topgolf* brings together people of all ages and skill levels for competitive play in the comfort of a climate-controlled sports and entertainment destination.

eSports

- In the second quarter, Cineplex acquired the 20% non-controlling interest in WGN for \$4.0 million. Cineplex now owns and operates 100% of WGN.
- WGN hosted various tournaments including, *Counter-Strike: Global Offensive* Canadian Championship Series, Northern Fights Canadian Championship Series and the *Call of Duty: Infinite Warfare* tournament. Collegiate Starleague (“CSL”), a subsidiary of WGN, hosted the 2017 North American Collegiate Grand Finals at the Scotiabank Theatre in Toronto, Ontario.
- As part of a partnership with the NFL, WGN hosted a series of online and offline *Madden* tournaments. The finals were held on November 15, 2017, at the *The Rec Room*’s Roundhouse location in Toronto.

LOYALTY

- Membership in the SCENE loyalty program increased by 0.8 million in 2017, reaching 8.9 million members at December 31, 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.
- 2017 marks the 10th year anniversary of the SCENE loyalty program.

CORPORATE

- During the year, under provisions in its Credit Facility, Cineplex increased the Revolving Facility by \$75.0 million with the Term Facility remaining unchanged.
- During the year, Cineplex implemented a normal course issuer bid (“NCIB”) through 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. As at December 31, 2017, 211,942 Shares were purchased and cancelled by Cineplex for \$8.0 million.
- Effective with the May 2017 dividend, the Board of Directors of Cineplex (the “Board”) announced a monthly dividend increase of 3.7% to \$0.140 per share (\$1.68 on an annual basis) up from \$0.135 per Share (\$1.62 on an annual basis).
- Cineplex was once again the entertainment sponsor for WE Day Family, which was held at the Air Canada Centre in Toronto. Cineplex also hosted its seventh annual National Community Day in October 2017 in support of WE, its national charitable partner. In the past seven years, Cineplex has raised a total of \$2.8 million on Community Days.

OPERATING RESULTS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2017

Total revenues

Total revenues for the three months ended December 31, 2017 increased \$40.9 million (10.6%) to \$426.3 million as compared to the prior year period. Total revenues for the year ended December 31, 2017 increased \$76.7 million (5.2%) to \$1.6 billion as compared to the prior year. A discussion of the factors affecting the changes in box office, food service, media, amusement and other revenues for the two periods is provided below.

Non-GAAP measures discussed throughout this news release, 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		
	2017	2016	Change	2017	2016	Change
Box office revenues (i)	\$ 185,048	\$ 183,413	0.9%	\$ 715,605	\$ 734,193	-2.5%
Attendance (ii)	17,551	17,934	-2.1%	70,394	74,594	-5.6%
Box office revenue per patron (i) (ii)	\$ 10.54	\$ 10.23	3.0%	\$ 10.17	\$ 9.84	3.4%
BPP excluding premium priced product (ii)	\$ 8.87	\$ 8.56	3.6%	\$ 8.61	\$ 8.33	3.4%
Canadian industry revenues (iii)			3.5%			-0.6%
Same theatre box office revenues (i) (ii)	\$ 184,617	\$ 182,922	0.9%	\$ 698,662	\$ 725,047	-3.6%
Same theatre attendance (ii)	17,508	17,880	-2.1%	68,979	73,774	-6.5%
% Total box from premium priced product (i) (ii)	45.7%	49.7%	-4.0%	46.4%	47.7%	-1.3%

(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)	Fourth Quarter		Full Year	
	Box Office	Attendance	Box Office	Attendance
2016 as reported	\$ 183,413	17,934	\$ 734,193	74,594
Same theatre attendance change	(3,802)	(373)	(47,133)	(4,794)
Impact of same theatre BPP change	5,496	—	20,739	—
New and acquired theatres (ii)	37	3	8,741	728
Disposed and closed theatres (ii)	(96)	(13)	(935)	(134)
2017 as reported	\$ 185,048	17,551	\$ 715,605	70,394

(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.

Fourth Quarter

Fourth Quarter 2017 Top Cineplex Films			Fourth Quarter 2016 Top Cineplex Films		
	3D	% Box		3D	% Box
1	✓	18.9%	1	✓	16.1%
2	✓	12.7%	2	✓	10.8%
3	✓	7.3%	3	✓	9.3%
4	✓	5.7%	4	✓	5.6%
5	✓	5.1%	5	✓	4.5%

Box office revenues increased \$1.6 million, or 0.9%, to \$185.0 million during the fourth quarter of 2017, compared to \$183.4 million recorded in the same period in 2016. This increase compared to the prior year is due to the higher BPP more than offsetting the impact of a 2.1% decrease in attendance.

BPP for the three months ended December 31, 2017 was \$10.54, a \$0.31 increase from the prior year period and an all-time quarterly record for Cineplex. The increase in BPP was due to price increases in selective markets as compared to the prior year period. While there was a greater concentration of 3D movies in the top five films in the current year, 3D accounted for a larger percentage of box office revenue outside of the top five movies in 2016.

Full Year

Full Year 2017 Top Cineplex Films			3D	% Box	Full Year 2016 Top Cineplex Films			3D	% Box
1	Beauty and the Beast	✓	4.9%	1	Rogue One: A Star Wars Story	✓	4.0%		
2	Star Wars: The Last Jedi	✓	4.9%	2	Deadpool	✓	4.0%		
3	Guardians Of The Galaxy Vol. 2	✓	4.0%	3	Finding Dory	✓	3.5%		
4	Wonder Woman	✓	3.5%	4	Star Wars: The Force Awakens	✓	3.5%		
5	Thor: Ragnarok	✓	3.3%	5	Captain America: Civil War	✓	3.4%		

Box office revenues for the year ended December 31, 2017 were \$715.6 million, a decrease of \$18.6 million or 2.5% from the prior year. This was due to the 5.6% decrease in attendance, as a result of the weaker film slate in 2017 as compared to the prior year.

Cineplex's BPP for the year ended December 31, 2017 increased \$0.33, or 3.4%, from \$9.84 in 2016 to an annual record of \$10.17 in 2017. This increase was primarily due to price increases in selective markets as compared to the prior year.

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		
	2017	2016	Change	2017	2016	Change
Food service - theatres	\$ 110,334	\$ 103,128	7.0%	\$ 422,312	\$ 421,226	0.3%
Food service - <i>The Rec Room</i>	9,180	2,407	NM	19,564	2,694	NM
Total food service revenues	\$ 119,514	\$ 105,535	13.2%	\$ 441,876	\$ 423,920	4.2%
Attendance (i)	17,551	17,934	-2.1%	70,394	74,594	-5.6%
CPP (i)	\$ 6.29	\$ 5.75	9.4%	\$ 6.00	\$ 5.65	6.2%
Same theatre food service revenues (i)	\$ 110,115	\$ 102,892	7.0%	\$ 411,638	\$ 415,852	-1.0%
Same theatre attendance (i)	17,508	17,880	-2.1%	68,979	73,774	-6.5%

(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
2016 as reported	\$ 103,128	17,934	\$ 421,226	74,594
Same theatre attendance change	(2,136)	(373)	(27,029)	(4,794)
Impact of same theatre CPP change	9,360	—	22,814	—
New and acquired theatres (i)	34	3	5,957	728
Disposed and closed theatres (i)	(52)	(13)	(656)	(134)
2017 as reported	\$ 110,334	17,551	\$ 422,312	70,394

(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*. Theatre food service revenues increased \$7.2 million, or 7.0% as compared to the prior year period due to the 9.4% increase in CPP more than offsetting the impact of a 2.1% decrease in attendance. The operations of *The Rec Room* contributed \$9.2 million in the period. These revenues are excluded from the CPP calculation.

CPP of \$6.29 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.

Full Year

Food service revenues increased \$18.0 million, or 4.2% as compared to the prior year to a record \$441.9 million due to the impact of the higher CPP more than offsetting the impact of the lower attendance and the impact of *The Rec Room*. CPP increased from \$5.65 in 2016 to \$6.00 in 2017, an annual record for Cineplex. The operations of *The Rec Room* contributed \$19.6 million in the current year. These revenues are excluded from the CPP calculation.

While programs including SCENE points issued and redeemed on food services 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 and the full year (in thousands of dollars):

Media revenues	Fourth Quarter			Full Year		
	2017	2016	Change	2017	2016	Change
Cinema media	\$ 43,432	\$ 37,065	17.2%	\$ 116,397	\$ 113,497	2.6%
Digital place-based media	18,087	15,655	15.5%	55,477	57,295	-3.2%
Total media revenues	\$ 61,519	\$ 52,720	16.7%	\$ 171,874	\$ 170,792	0.6%

Fourth Quarter

Total media revenues increased 16.7% to an all-time quarterly record of \$61.5 million in the fourth quarter of 2017 compared to the prior year period. This increase was due to all-time quarterly records for both cinema media and digital place-based media revenues. Cinema media increased by \$6.4 million, or 17.2% higher than the prior year period. This growth came from strong Show-Time results due to the high anticipation for *Star Wars: The Last Jedi*, particularly in the automotive industry.

Digital place-based media revenues increased \$2.4 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, digital place-based media added 1,079 new locations for a total of 12,926 locations (an increase of 9.2% over the prior year). Cineplex also completed deployment of a digital display network at over a thousand Citizens Bank branches across the United States.

Full Year

Total media revenues increased \$1.1 million, or 0.6%, in the year ended December 31, 2017 compared to the prior year. This increase was due to the record performance of Cinema media, which reported growth of \$2.9 million (2.6%) compared to the prior year due primarily to strong Show-Time results in the automotive industry. Digital place-based media revenues decreased \$1.8 million due to lower project revenues in 2017 compared to 2016, partially offset by higher advertising and service revenues on various networks including Ivanhoe and Oxford.

Amusement Revenues

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

Amusement revenues (i)	Fourth Quarter			Full Year		
	2017	2016	Change	2017	2016	Change
Amusement - PIAG excluding Cineplex exhibition and <i>The Rec Room</i> (ii)	\$ 39,925	\$ 29,072	37.3%	\$ 159,974	\$ 98,597	62.3%
Amusement - Cineplex exhibition (ii)	2,562	2,502	2.4%	10,649	10,384	2.6%
Amusement - <i>The Rec Room</i>	6,813	2,163	NM	14,718	2,367	NM
Total amusement revenues	\$ 49,300	\$ 33,737	46.1%	\$ 185,341	\$ 111,348	66.5%

(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 and *The Rec Room* reflects PIAG's gross amusement revenues, net of the venue revenue share paid to Cineplex reflected in Amusement - Cineplex exhibition above.

Fourth Quarter

Amusement revenues increased 46.1%, or \$15.6 million, to \$49.3 million in the fourth quarter of 2017 compared to the prior year period. The increase was due to the acquisitions by PIAG and the increase to four operating locations of *The Rec Room* in the fourth quarter of 2017, compared to one location in the prior year period, resulting in a revenue increase of \$4.7 million.

Full Year

For the full year period amusement revenues increased 66.5%, or \$74.0 million to \$185.3 million, primarily due to the acquisitions by PIAG in the current year and the increase in operating locations of *The Rec Room* which resulted in a revenue increase of \$12.4 million.

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 full year (in thousands of dollars):

Other revenues (i)	Fourth Quarter			Full Year		
	2017	2016	Change	2017	2016	Change
Other revenues	\$ 10,912	\$ 10,031	8.8%	\$ 40,371	\$ 38,073	6.0%

(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 full year (in thousands of dollars, except film cost percentage):

Film cost	Fourth Quarter			Full Year		
	2017	2016	Change	2017	2016	Change
Film cost	\$ 98,734	\$ 96,068	2.8%	\$ 376,759	\$ 389,602	-3.3%
Film cost percentage (i) (ii)	53.4%	52.4%	1.0%	52.6%	53.1%	-0.5%
(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.						

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. The 1.0% increase in film cost percentage in the current period is as a result of the concentration of box office results from a few titles, with the top five films in the current period accounting for 49.7% of box office revenues (2016 - top five represented 46.3%)

Full Year

The full year decrease in film cost expense was due a combination of the 0.5% 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 year 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 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		
	2017	2016	Change	2017	2016	Change
Cost of food service - theatre	\$ 24,328	\$ 23,911	1.7%	\$ 93,500	\$ 95,114	-1.7%
Cost of food service - <i>The Rec Room</i>	2,607	875	NM	5,938	945	NM
Total cost of food service	\$ 26,935	\$ 24,786	24.7%	\$ 99,438	\$ 96,059	3.5%
Theatre concession cost percentage (i)	22.0%	23.2%	-1.2%	22.1%	22.6%	-0.5%
<i>The Rec Room</i> food cost percentage (i)	28.4%	36.4%	-8.0%	30.4%	35.1%	-4.7%
Theatre concession margin per patron (i)	\$ 4.90	\$ 4.42	10.9%	\$ 4.67	\$ 4.37	6.9%
(i) See Non-GAAP measures section of this news release.						

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 locations as well as the quantity and mix between food and beverage items sold.

The increase in the theatre cost of food service as compared to the prior year period was due to the higher food service revenues, partially offset by the 1.2% decrease in the concession cost percentage during the period.

The theatre concession margin per patron increased 10.9% from \$4.42 in the fourth quarter of 2016 to \$4.90 in the same period in 2017, reflecting the impact of the higher CPP during the period and the lower theatre concession cost percentage.

The increase in *The Rec Room* cost of food service as compared to the prior year period was due to the higher food service revenues as a result of the increase in operating locations. The decrease of 8.0% in *The Rec Room* food cost percentage during the quarter compared to the prior period was due to improved cost management as new locations opened.

Full Year

The decrease in the theatre cost of food service as compared to the prior year was due to the 0.5% decrease in the theatre concession cost percentage. The theatre concession margin per patron increased from \$4.37 in the prior year to \$4.67 in the current year, reflecting the impact of the higher CPP in the current year.

The increase in *The Rec Room* cost of food service as compared to the prior year was due to the higher food service revenues as a result of the increase in operating locations. The decrease of 4.7% for the food cost percentage regarding *The Rec Room* was due to improved cost management with the rollout of new locations.

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		
	2017	2016	Change	2017	2016	Change
Depreciation of property, equipment and leaseholds	\$ 27,456	\$ 24,219	13.4%	\$ 103,119	\$ 91,047	13.3%
Amortization of intangible assets and other	3,934	4,035	-2.5%	16,797	14,894	12.8%
Depreciation and amortization expenses as reported	\$ 31,390	\$ 28,254	11.1%	\$ 119,916	\$ 105,941	13.2%

The quarterly and annual increase in depreciation of property, equipment and leaseholds of \$3.2 million and \$12.1 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 full year 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 full year (in thousands of dollars):

Loss on disposal of assets	Fourth Quarter			Full Year		
	2017	2016	Change	2017	2016	Change
Loss on disposal of assets	\$ 369	\$ 168	119.6%	\$ 706	\$ 1,570	-55.0%

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		
	2017	2016	Change	2017	2016	Change
Theatre occupancy expenses	\$ 50,125	\$ 49,581	1.1%	\$ 207,022	\$ 204,633	1.2%
Other operating expenses	155,096	134,683	15.2%	569,406	487,108	16.9%
General and administrative expenses	15,709	13,803	13.8%	66,791	68,189	-2.1%
Total other costs	\$ 220,930	\$ 198,067	11.5%	\$ 843,219	\$ 759,930	11.0%

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		
	2017	2016	Change	2017	2016	Change
Rent	\$ 34,799	\$ 33,825	2.9%	\$ 138,652	\$ 136,393	1.7%
Other occupancy	16,541	16,540	—%	70,814	71,474	-0.9%
One-time items (i)	(1,215)	(784)	55.0%	(2,444)	(3,234)	-24.4%
Total	\$ 50,125	\$ 49,581	1.1%	\$ 207,022	\$ 204,633	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	Fourth Quarter Occupancy	Full Year Occupancy
2016 as reported	\$ 49,581	\$ 204,633
Impact of new and acquired theatres	21	987
Impact of disposed theatres	(84)	(467)
Same theatre rent change (i)	1,012	2,088
One-time items	(432)	789
Other	27	(1,008)
2017 as reported	\$ 50,125	\$ 207,022

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

Fourth Quarter

Theatre occupancy expenses increased \$0.5 million during the fourth quarter of 2017 compared to the prior year period. This increase was primarily due to higher same store rent expense (\$1.0 million), offset by a decrease in one-time charges of \$0.4 million.

Full Year

The increase in theatre occupancy expenses of \$2.4 million for the 2017 compared the prior year was mainly due to the impact of the same store rent-change \$2.1 million 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 full year (in thousands of dollars):

Other operating expenses	Fourth Quarter			Full Year		
	2017	2016	Change	2017	2016	Change
Theatre payroll	\$ 34,893	\$ 35,768	-2.4%	\$ 138,914	\$ 143,197	-3.0%
Media	21,192	18,721	13.2%	72,985	69,120	5.6%
P1AG	36,174	26,644	35.8%	139,958	86,809	61.2%
<i>The Rec Room</i> (i)	10,896	2,976	NM	24,412	3,333	NM
Other	51,941	50,574	2.7%	193,137	184,649	4.6%
Other operating expenses	\$ 155,096	\$ 134,683	15.2%	\$ 569,406	\$ 487,108	16.9%

(i) Includes operating costs of *The Rec Room* locations. 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
2016 as reported	\$ 134,683	\$ 487,108
Impact of new and acquired theatres	(26)	2,806
Impact of disposed theatres	(63)	(572)
Same theatre payroll change (i)	(839)	(5,652)
Marketing change	(114)	(4,192)
Media change	2,471	3,865
P1AG change	9,581	54,449
Amusement gaming and leisure, excluding P1AG	7,765	27,207
Other	1,638	4,387
2017 as reported	\$ 155,096	\$ 569,406

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

Fourth Quarter

Other operating expenses during the fourth quarter of 2017 increased \$20.4 million or 15.2% 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 SAW and Dandy, which are not included in the prior year comparative, as well as costs relating to the *The Rec Room* (which only had one operating location in the prior year). Media costs were also higher due to the increased business volumes during the quarter. These increases were partially offset by proactive cost control measures resulting in a \$0.8 million decline in same theatre payroll in response to the decline in attendance. Other costs include \$0.8 million in pre-opening costs at *The Rec Room* and integration costs incurred by P1AG.

Full Year

For the year ended December 31, 2017, other operating expenses increased \$82.3 million or 16.9% compared to the prior year. 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 had fewer operating locations in the prior year, and increases to media cost due to increased business volumes. These were partially offset by a \$4.2 million decrease in marketing costs and a \$5.7 million decrease in same theatre payroll due to proactive cost control measures put in place in response to the decline in attendance. Other costs include an increase of \$7.6 million in pre-opening costs at *The Rec Room* and integration costs incurred by P1AG, to \$9.9 million for the year.

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		
	2017	2016	Change	2017	2016	Change
G&A excluding LTIP and option plan expense	\$ 14,729	\$ 13,382	10.1%	\$ 64,133	\$ 58,217	10.2%
LTIP (i)	513	39	NM	836	8,353	-90.0%
Option plan	467	382	22.3%	1,822	1,619	12.5%
G&A expenses as reported	\$ 15,709	\$ 13,803	13.8%	\$ 66,791	\$ 68,189	-2.1%

(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 increased \$1.9 million during the fourth quarter of 2017 compared to the prior year period primarily due to higher head office payroll expenses.

Full Year

G&A expenses for 2017 decreased \$1.4 million compared to the prior year, due to the \$7.5 million decrease in LTIP expense as a result of Cineplex's lower Share price of \$37.33 at December 31, 2017 compared to \$51.22 at December 31, 2016. This was 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, 2017 as compared to the prior year periods (expressed in thousands of dollars, except adjusted EBITDA margin):

EBITDA	Fourth Quarter			Full Year		
	2017	2016	Change	2017	2016	Change
EBITDA (i)	\$ 80,191	\$ 67,077	19.6%	\$ 240,264	\$ 233,991	2.7%
Adjusted EBITDA	\$ 79,614	\$ 66,841	19.1%	\$ 235,929	\$ 234,009	0.8%
Adjusted EBITDA margin	18.7%	17.3%	1.4%	15.2%	15.8%	-0.6%

(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 fourth quarter of 2017 increased \$12.8 million, or 19.1%, as compared to the prior year period, to \$79.6 million. This increase as compared to the prior year period was due primarily to growth in the amusement and leisure businesses, higher contribution from media due to record media sales volumes and from the increase in theatre food service revenues as a result of the record CPP. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 18.7% in the current period, a increase of 1.4% from 17.3% in the prior year period.

Adjusted EBITDA for the year ended December 31, 2017 increased \$1.9 million, or 0.8%, to \$235.9 million as compared to \$234.0 million primarily due to the growth in the amusement and leisure businesses which was partially offset by the decrease in box office revenues as a result of the lower attendance partially due to the weaker film product in the current year. Adjusted EBITDA margin was 15.2% in 2017 compared to 15.8% in 2016 due to the integration costs of the PIAG acquisitions and pre-opening costs of *The Rec Room*.

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

For the fourth quarter of 2017, adjusted free cash flow per common share of Cineplex was \$0.81 as compared to \$0.62 in the prior year period. The declared dividends per common share of Cineplex were \$0.42 in the fourth quarter of 2017 and \$0.41 in the prior year period. During the 12 months ended December 31, 2017, Cineplex generated adjusted free cash flow per Share of \$2.37, compared to \$2.46 per Share in the 12 months ended December 31, 2016. Cineplex declared dividends per Share of \$1.66 and \$1.60, respectively, in each period. The payout ratios for these periods were approximately 70.0% and 65.1%, respectively.

FINANCIAL STATEMENT PRESENTATION

Cineplex has reclassified box office, amusement and other revenues to reflect the growth of its Amusement and Leisure business and to enhance comparability with exhibition peers in the United States. Certain revenues from Cineplex's enhanced guest experience initiatives were previously included in other revenues and are now included with box office revenues. This presentation is consistent with other exhibitors and better reflects how Cineplex management measures and operates the business. This affects the BPP, film cost percentage and percentage of premium priced products due to the increase in box office revenues reported. Prior period financial statement figures have been reclassified to conform to current period presentation. The following table presents the reclassified box office revenues for the three months and year ended December 31, 2016 (in thousands of dollars):

	Three months ended December 31, 2016	Year ended December 31, 2016
Box office - previous presentation	\$ 177,516	\$ 712,446
Reclassification from other revenues	5,897	21,747
Box Office - new presentation	\$ 183,413	\$ 734,193

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

	Three months ended December 31, 2016	Year ended December 31, 2016
Other revenues - previous presentation	\$ 49,665	\$ 171,168
Reclassification to box office revenues	(5,897)	(21,747)
Reclassification to amusement revenues	(33,737)	(111,348)
Other revenues - new presentation	\$ 10,031	\$ 38,073

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

	Three months ended December 31, 2016	Year ended December 31, 2016
Interest expense - previous presentation	\$ 4,520	\$ 18,816
Reclassification to foreign exchange	104	120
Interest expense - new presentation	\$ 4,624	\$ 18,936

NON-GAAP FINANCIAL MEASURES

EBITDA and Adjusted Free Cash Flow

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

EBITDA is calculated by adding back to net income, income tax expense, depreciation and amortization expense, and interest income. Adjusted EBITDA is calculated by adjusting EBITDA for the change in fair value of financial instrument, losses on

disposal of assets, foreign exchange loss (gain), the equity income of CDCP, the non-controlling interests' share of adjusted EBITDA of WGN and Brady Starburst LLC, and depreciation, amortization, interest and taxes of Cineplex's other joint ventures. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by total revenues.

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

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

Earnings per Share Metrics

The year ended December 31, 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 December 31, 2017 the impact of the one location that has been opened or acquired and two locations that have been closed have been excluded, resulting in 160 theatres being included in the same theatre metrics. For the year ended December 31, 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.

Store Level EBITDA Metrics

Cineplex reviews and reports EBITDA at the location level for the *The Rec Room* which is calculated as total *The Rec Room* revenues from all reportable segments less the total of *The Rec Room* costs.

Store Level Margin

Calculated as store level EBITDA divided by total revenues for *The Rec Room* for the period.

Certain information included in this news release contains forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to Cineplex's objectives, goals and strategies to achieve those objectives and goals, as well as statements with respect to Cineplex's beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective" and "continue" (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements.

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

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

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

About Cineplex

A leading entertainment and media company, Cineplex (TSX:CGX) is a top-tier Canadian brand that operates in the Film Entertainment and Content, Amusement and Leisure, and Media sectors. As Canada's largest and most innovative film exhibitor, Cineplex welcomes over 70 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 across Canada (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 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 fourth quarter and year-end 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:

Thursday February 22, 2018
10:00 am Eastern Time

In order to participate in the conference call please dial 647-484-0475, or from outside Toronto and from the U.S., dial 1-888-394-8218 at least five to ten minutes prior to 10:00 am ET. Please quote the conference confirmation code 6219020 to access the call.

If you cannot participate in a live mode, a replay will be available. Please dial 647-436-0148, or from outside Toronto and from the U.S., dial 1-888-203-1112. The replay passcode is 6219020.

The replay will begin at 1:00 pm ET on Thursday February 22, 2018 and end at 1:00 pm ET on Thursday March 1, 2018.

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.

Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	December 31, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 40,597	\$ 33,553
Trade and other receivables	160,938	115,903
Income taxes receivable	1,344	463
Inventories	28,966	21,412
Prepaid expenses and other current assets	13,013	10,856
Fair value of interest rate swap agreements	314	—
	<hr/>	<hr/>
	245,172	182,187
Non-current assets		
Property, equipment and leaseholds	628,129	564,879
Deferred income taxes	7,134	5,891
Fair value of interest rate swap agreements	3,880	756
Interests in joint ventures	35,353	35,487
Intangible assets	119,011	125,492
Goodwill	816,489	813,494
	<hr/>	<hr/>
	\$ 1,855,168	\$ 1,728,186

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

	December 31,	December 31,
	2017	2016
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 189,929	\$ 204,725
Share-based compensation	4,732	8,958
Dividends payable	8,866	8,575
Income taxes payable	9,157	2,042
Deferred revenue	192,808	172,140
Finance lease obligations	3,420	3,180
Fair value of interest rate swap agreements	1,332	2,419
Convertible debentures	105,080	—
	<u>515,324</u>	<u>402,039</u>
Non-current liabilities		
Share-based compensation	13,816	18,346
Long-term debt	466,891	297,496
Fair value of interest rate swap agreements	—	2,020
Finance lease obligations	5,451	8,871
Post-employment benefit obligations	9,227	7,932
Other liabilities	117,589	125,560
Deferred income taxes	15,094	11,210
Convertible debentures	—	102,817
	<u>628,068</u>	<u>574,252</u>
Total liabilities	<u>1,143,392</u>	<u>976,291</u>
Equity		
Share capital	856,761	859,351
Deficit	(145,147)	(108,342)
Hedging reserves and other	1,332	(3,170)
Contributed surplus	1,647	81
Cumulative translation adjustment	(2,817)	1,175
Total equity attributable to owners of Cineplex	<u>711,776</u>	<u>749,095</u>
Non-controlling interests	—	2,800
Total equity	<u>711,776</u>	<u>751,895</u>
	<u>\$ 1,855,168</u>	<u>\$ 1,728,186</u>

Cineplex Inc.

Consolidated Statements of Operations

(expressed in thousands of Canadian dollars, except per share amounts)

	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
Revenues				
Box office	\$ 185,048	\$ 183,413	\$ 715,605	\$ 734,193
Food service	119,514	105,535	441,876	423,920
Media	61,519	52,720	171,874	170,792
Amusement	49,300	33,737	185,341	111,348
Other	10,912	10,031	40,371	38,073
	<u>426,293</u>	<u>385,436</u>	<u>1,555,067</u>	<u>1,478,326</u>
Expenses				
Film cost	98,734	96,068	376,759	389,602
Cost of food service	26,935	24,786	99,438	96,059
Depreciation and amortization	31,390	28,254	119,916	105,941
Loss on disposal of assets	369	168	706	1,570
Other costs	220,930	198,067	843,219	759,930
Share of income of joint ventures	(913)	(626)	(3,486)	(2,706)
Interest expense	6,596	4,624	22,734	18,936
Interest income	(59)	(40)	(222)	(204)
Foreign exchange	(47)	(104)	810	(120)
Change in fair value of financial instrument	94	—	(2,643)	—
	<u>384,029</u>	<u>351,197</u>	<u>1,457,231</u>	<u>1,369,008</u>
Income before income taxes	<u>42,264</u>	<u>34,239</u>	<u>97,836</u>	<u>109,318</u>
Provision for income taxes				
Current	13,246	8,378	26,626	26,231
Deferred	232	2,533	864	5,096
	<u>13,478</u>	<u>10,911</u>	<u>27,490</u>	<u>31,327</u>
Net income	<u>\$ 28,786</u>	<u>\$ 23,328</u>	<u>\$ 70,346</u>	<u>\$ 77,991</u>
Attributable to:				
Owners of Cineplex	\$ 28,786	\$ 23,751	\$ 70,763	\$ 79,713
Non-controlling interests	—	(423)	(417)	(1,722)
Net income	<u>\$ 28,786</u>	<u>\$ 23,328</u>	<u>\$ 70,346</u>	<u>\$ 77,991</u>
Basic net income per share attributable to owners of Cineplex	\$ 0.45	\$ 0.37	\$ 1.11	\$ 1.26
Diluted net income per share attributable to owners of Cineplex	\$ 0.45	\$ 0.37	\$ 1.11	\$ 1.25

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

	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
Net income	\$ 28,786	\$ 23,328	\$ 70,346	\$ 77,991
Other comprehensive income				
<i>Items that will be reclassified subsequently to net income:</i>				
Income on hedging instruments	1,012	3,339	6,147	2,458
Associated deferred income taxes expense	(271)	(895)	(1,645)	(649)
Foreign currency translation adjustment	275	1,284	(3,918)	75
<i>Items that will not be reclassified to net income:</i>				
Actuarial (losses) gains of post-employment benefit obligations	(582)	(307)	716	(307)
Associated deferred income taxes recovery (expense)	157	82	(191)	82
Other comprehensive income	591	3,503	1,109	1,659
Comprehensive income	\$ 29,377	\$ 26,831	\$ 71,455	\$ 79,650
Attributable to:				
Owners of Cineplex	\$ 29,377	\$ 27,184	\$ 71,861	\$ 81,538
Non-controlling interests	—	(353)	(406)	(1,888)
Comprehensive income	\$ 29,377	\$ 26,831	\$ 71,455	\$ 79,650

Cineplex Inc.

Consolidated Statements of Changes in Equity

(expressed in thousands of Canadian dollars)

For the years ended December 31, 2017 and 2016

	Share capital	Contributed surplus	Hedging reserves and other	Cumulative translation adjustment	Deficit	Non-controlling interests	Total
January 1, 2017	\$ 859,351	\$ 81	\$ (3,170)	\$ 1,175	\$ (108,342)	\$ 2,800	\$ 751,895
Net income	—	—	—	—	70,763	(417)	70,346
Other comprehensive income	—	—	4,502	(3,929)	525	11	1,109
Total comprehensive income	—	—	4,502	(3,929)	71,288	(406)	71,455
Dividends declared	—	—	—	—	(105,358)	—	(105,358)
Share option expense	—	1,822	—	—	—	—	1,822
Issuance of shares on exercise of options	256	(256)	—	—	—	—	—
Shares repurchased and cancelled	(2,846)	—	—	—	(5,192)	—	(8,038)
WGN non-controlling interests acquired	—	—	—	(63)	2,457	(2,394)	—
December 31, 2017	\$ 856,761	\$ 1,647	\$ 1,332	\$ (2,817)	\$ (145,147)	\$ —	\$ 711,776
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 loss	—	—	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)
December 31, 2016	\$ 859,351	\$ 81	\$ (3,170)	\$ 1,175	\$ (108,342)	\$ 2,800	\$ 751,895

Cineplex Inc.

Consolidated Statements of Cash Flows

(expressed in thousands of Canadian dollars)

	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
Cash provided by (used in)				
Operating activities				
Net income	\$ 28,786	\$ 23,328	\$ 70,346	\$ 77,991
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	31,390	28,254	119,916	105,941
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(2,862)	(3,475)	(10,362)	(10,618)
Accretion of debt issuance costs and other non-cash interest, net	165	5	606	407
Loss on disposal of assets	369	168	706	1,570
Deferred income taxes	232	2,533	864	5,096
Interest rate swap agreements - non-cash interest	44	(528)	(200)	239
Non-cash share-based compensation	467	381	1,822	1,618
Change in fair value of financial instruments	94	—	(2,643)	—
Accretion of convertible debentures	566	531	2,263	2,114
Net change in interests in joint ventures	(1,419)	(1,403)	(4,031)	(3,254)
Tenant inducements	682	1,235	3,674	4,920
Changes in operating assets and liabilities	60,319	80,385	(28,609)	(20,010)
Net cash provided by operating activities	118,833	131,414	154,352	166,014
Investing activities				
Proceeds from sale of assets	2,666	—	2,976	108
Purchases of property, equipment and leaseholds	(46,871)	(27,864)	(170,511)	(104,189)
Acquisition of businesses, net of cash acquired	—	(31,675)	(30,422)	(32,082)
Intangible assets additions	(2,013)	(1,321)	(5,755)	(1,931)
Net cash received from CDCP	550	684	4,165	3,054
Net cash used in investing activities	(45,668)	(60,176)	(199,547)	(135,040)
Financing activities				
Dividends paid	(26,613)	(25,715)	(105,067)	(101,197)
Borrowings under credit facilities, net	(22,000)	(35,000)	169,000	72,634
Payments under finance leases	(817)	(760)	(3,180)	(2,957)
Deferred financing fees	—	—	(183)	(1,426)
Shares repurchased and cancelled	(2,031)	—	(8,038)	—
Net cash (used in) provided by financing activities	(51,461)	(61,475)	52,532	(32,946)
Effect of exchange rate differences on cash	146	105	(293)	(188)
Increase (decrease) in cash and cash equivalents	21,850	9,868	7,044	(2,160)
Cash and cash equivalents - Beginning of year	18,747	23,685	33,553	35,713
Cash and cash equivalents - End of year	\$ 40,597	\$ 33,553	\$ 40,597	\$ 33,553
Supplemental information				
Cash paid for interest	\$ 4,676	\$ 2,745	\$ 20,908	\$ 13,584
Cash paid for income taxes, net	\$ 5,146	\$ 9,408	\$ 20,132	\$ 54,842

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,	
	2017	2016	2017	2016
Net income	\$ 28,786	\$ 23,328	\$ 70,346	\$ 77,991
Depreciation and amortization	31,390	28,254	119,916	105,941
Interest expense (i)	6,596	4,624	22,734	18,936
Interest income	(59)	(40)	(222)	(204)
Current income tax expense	13,246	8,378	26,626	26,231
Deferred income tax expense	232	2,533	864	5,096
EBITDA	\$ 80,191	\$ 67,077	\$ 240,264	\$ 233,991
Loss on disposal of assets	369	168	706	1,570
CDCP equity income (ii)	(1,011)	(597)	(3,480)	(2,542)
Foreign exchange (gain) loss (i)	(47)	(104)	810	(120)
Non-controlling interest EBITDA of WGN and BSL	—	276	189	1,022
Depreciation and amortization - joint ventures (iii)	5	10	32	39
Joint venture taxes and interest (iii)	13	11	51	49
Change in fair value of financial instrument	94	—	(2,643)	—
Adjusted EBITDA	\$ 79,614	\$ 66,841	\$ 235,929	\$ 234,009

(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.

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,	
	2017	2016	2017	2016
Cash provided by operating activities	\$ 118,833	\$ 131,414	\$ 154,352	\$ 166,014
Less: Total capital expenditures net of proceeds on sale of assets	(44,205)	(27,864)	(167,535)	(104,081)
Standardized free cash flow	74,628	103,550	(13,183)	61,933
Add/(Less):				
Changes in operating assets and liabilities (i)	(60,319)	(80,385)	28,609	20,010
Changes in operating assets and liabilities of joint ventures (i)	506	777	545	548
Tenant inducements (ii)	(682)	(1,235)	(3,674)	(4,920)
Principal component of finance lease obligations	(817)	(760)	(3,180)	(2,957)
Growth capital expenditures and other (iii)	37,553	16,480	137,037	76,918
Share of income of joint ventures, net of non-cash depreciation (iv)	(80)	50	89	252
Non-controlling interests of WGN and BSL	—	276	189	1,022
Net cash received from CDCP (iv)	550	684	4,165	3,054
Adjusted free cash flow	\$ 51,339	\$ 39,437	\$ 150,597	\$ 155,860
Average number of Shares outstanding	63,350,216	63,495,944	63,473,583	63,451,257
Adjusted free cash flow per Share	\$ 0.810	\$ 0.621	\$ 2.373	\$ 2.456
Dividends declared	\$ 0.420	\$ 0.405	\$ 1.660	\$ 1.600

- (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.