



FOR IMMEDIATE RELEASE

CINEPLEX INC.
Reports Record Third Quarter Results

TORONTO, Canada, November 14, 2018 (TSX: CGX) - Cineplex Inc. (“Cineplex”) today released its financial results for the three and nine months ended September 30, 2018. Unless otherwise specified, all amounts are in Canadian dollars.

Third Quarter Results

	2018	2017	Period over Period Change (i)
Total revenues	\$ 386.7million	\$ 370.4million	4.4%
Theatre attendance	17.2million	16.8million	2.6%
Net income	\$ 10.2million	\$ 17.2million	-40.7%
Box office revenues per patron (“BPP”) (ii)	\$ 10.07	\$ 9.81	2.7%
Concession revenues per patron (“CPP”) (ii)	\$ 6.25	\$ 6.01	4.0%
Adjusted EBITDA (ii)	\$ 53.4million	\$ 58.8million	-9.3%
Adjusted EBITDA margin (ii)	13.8 %	15.9 %	-2.1%
Adjusted free cash flow (ii)	\$ 36.5million	\$ 37.9million	-3.7%
Adjusted free cash flow per common share of Cineplex (“Share”) (ii)	\$ 0.576	\$ 0.597	-3.5%
Earnings per Share (“EPS”) - basic	\$ 0.16	\$ 0.27	-40.7%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 0.16	\$ 0.24	-33.3%
EPS - diluted	\$ 0.16	\$ 0.27	-40.7%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 0.16	\$ 0.24	-33.3%

Year to Date Results

	2018	2017	Period over Period Change (i)
Total revenues	\$ 1,186.6million	\$ 1,128.8million	5.1%
Theatre attendance	52.3million	52.8million	-1.1%
Net income	\$ 49.8million	\$ 41.6million	19.8%
Box office revenues per patron (“BPP”) (ii)	\$ 10.37	\$ 10.04	3.3%
Concession revenues per patron (“CPP”) (ii)	\$ 6.31	\$ 5.90	6.9%
Adjusted EBITDA (ii)	\$ 174.7million	\$ 156.3million	11.8%
Adjusted EBITDA margin (ii)	14.7 %	13.8 %	0.9%
Adjusted free cash flow (ii)	\$ 118.7million	\$ 99.3million	19.6%
Adjusted free cash flow per common share of Cineplex (“Share”) (ii)	\$ 1.874	\$ 1.563	19.9%
Earnings per Share (“EPS”) - basic	\$ 0.79	\$ 0.66	19.7%
EPS excluding change in fair value of financial instrument - basic (ii)	\$ 0.79	\$ 0.62	27.4%
EPS - diluted	\$ 0.79	\$ 0.66	19.7%
EPS excluding change in fair value of financial instrument - diluted (ii)	\$ 0.79	\$ 0.62	27.4%

- i. Period over period change calculated based on thousands of dollars except percentage and per share values. Changes in percentage amounts are calculated as 2018 value less 2017 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.

“The film exhibition business continued to show growth during the third quarter. The strong film slate resulted in a 2.6% increase in theatre attendance - our second consecutive quarterly theatre attendance increase - and contributed to a third quarter total revenue increase of 4.4%,” said Ellis Jacob, President and CEO, Cineplex. “Despite growth as a result of our diversification strategy, adjusted EBITDA decreased 9.3% to \$53.4 million primarily as a result of an \$8.4 million increase in share-based compensation expenses, due to the share price increase during the quarter, and \$1.0 million in restructuring charges, coupled with a decline in media revenue.”

“Box Office revenue increased 5.3% to \$173.3 million and food service revenue increased 8.0% to a third quarter record of \$115.6 million during the period with BPP of \$10.07 and CPP of \$6.25, both representing third quarter records. Media revenue decreased 16.0% to \$33.5 million, primarily due to a decline in cinema advertising due to the cyclical nature of the business and timing of campaigns. Amusement revenue increased 10.0% to \$53.8 million, primarily due to increases at The Rec Room and an increase in P1AG’s revenue in the United States.

Key accomplishments during the third quarter included the opening of two new theatres; we announced plans to roll out additional 4DX locations across Canada; and CDM was selected to deploy, maintain and operate a network of digital menu boards for Subway locations across Europe. On the Virtual Reality front, we announced an exclusive expansion agreement with The VOID and made a significant investment in a partnership with VRstudios as we continue to increase our VR footprint within Canada.

On November 13, 2018, Cineplex entered into amended and extended credit facilities. The amendment includes an increased and extended five-year term revolving component, an extended seven year non-revolving component and additional flexibility in the permitted use of funds. The amended facilities total \$800.0 million comprised of a \$150.0 million seven-year senior secured non-revolving term credit facility and a \$650.0 million five-year senior secured revolving credit facility.

With the Canadian box office up 36% in October and our strongest October box office ever, we are encouraged by the outlook of film product for the remainder of the year and the ongoing growth in The Rec Room and our other businesses. Coupled with our focus on cost control, we are confident that we are positioning the company for success in the future.”

KEY DEVELOPMENTS IN THE THIRD QUARTER OF 2018

The following describes certain key business initiatives undertaken and results achieved during the third quarter of 2018 in each of Cineplex’s core business areas:

FILM ENTERTAINMENT AND CONTENT

Theatre Exhibition

- Reported third quarter box office revenues of \$173.3 million, an increase of \$8.8 million (5.3%) from the \$164.5 million reported in the prior year period due to a 2.6% increase in theatre attendance and the growth in BPP.
- BPP was \$10.07, a third quarter record for Cineplex, \$0.26 (2.7%) higher than \$9.81 reported during the prior year period.
- Opened *Cineplex Cinemas Pickering and VIP* in Pickering, Ontario, an 11 screen theatre featuring all recliner seating as well as an UltraAVX screen, D-BOX Motion Seats, 4 VIP auditoriums and Ontario’s first location of the *Cineplex Clubhouse*, an auditorium designed for children and their families.
- Opened *Cineplex Cinemas Seton and VIP* in Calgary, Alberta, an 11 screen theatre featuring all recliner seating as well as an UltraAVX screen and D-BOX Motion Seats along with 4 VIP auditoriums.
- Opened the second VIP cinema in Edmonton, Alberta featuring 4 VIP auditoriums at *Cineplex Cinemas North Edmonton and VIP*.
- Cineplex, in partnership with CJ 4DPLEX, announced a new agreement that will expand the 4DX experience to as many as 13 additional Cineplex locations across Canada.

Theatre Food Service

- Reported third quarter theatre food service revenues of \$107.5 million, an increase of \$6.8 million (6.7%) from the prior year period as a result of the increase in theatre attendance and higher CPP.

- CPP was \$6.25, a third quarter record for Cineplex, \$0.24 (4.0%) higher than \$6.01 reported during the prior year period.
- During the quarter, Cineplex added alcohol beverage service to an additional 4 theatres now totalling 20 excluding VIP.

Alternative Programming

- Alternative Programming (Cineplex Events) featured André Rieu's 2018 Maastricht Concert, the stage musical *An American In Paris* and the documentary *Rachel Hollis presents: Made for More*.
- Featured numerous strong performing international films, including Hindi, Punjabi and Filipino films with *The Hows Of Us* becoming the highest grossing Filipino title in Cineplex history.

Digital Commerce

- Cineplex.com registered a 2.2% increase in visits during the third quarter of 2018 compared to the same prior year period.
- Online and mobile ticketing represented 24.8% of total admission during the third quarter, up from 20.2% in the prior year period.
- Cineplex Store registered a 90% increase in device activations over the prior year period, and a 37% increase in registered users.
- Cineplex launched the new Cineplex mobile app which improves customer experience through simplified ticket purchases, digital tickets for paperless entry and mobile food and beverage ordering in VIP auditoriums.

MEDIA

- Reported third quarter total media revenues of \$33.5 million, a decrease of \$6.4 million (16.0%) compared to the prior year period.

Cinema Media

- Reported third quarter revenues of \$20.3 million, compared to \$27.4 million in the prior year period, a decrease of 26.0% primarily due to decreases in Show-time and pre-show advertising as a result of the timing of corporate campaigns in the beverage and electronic and technology industries. Declines in the automotive industry and the government sector also contributed to the decrease.

Digital Place-Based Media

- Reported third quarter revenues of \$13.2 million, an increase of \$0.7 million (6.0%) compared to the prior year period due to an expanded client base which contributed to increased project installation and other digital services revenues primarily due to A&W and Citizen's Bank.
- Chosen to deploy, maintain and operate a complex merchandising network of digital menu boards for Subway Europe ("Subway") at locations across Europe. Cineplex will work with Subway to provide ongoing strategic content, consulting services and marketing initiatives to over 5,400 locations.

AMUSEMENT AND LEISURE

- Announced a strategic partnership with VRstudios Inc. ("VRstudios"), the largest provider of turn-key, location-based virtual reality solutions. Cineplex acquired a 34.7% interest in VRstudios for \$4.7 million. The agreement also includes a commercial partnership which will provide expansion opportunities in North America and internationally.
- Announced a new exclusive expansion agreement with The VOID that provides Cineplex with the exclusive rights to operate The VOID concept in Canada. Cineplex plans to open a minimum of five VOID Experience Centres over the coming years, with the second location in Canada opened in the West Edmonton mall location of *The Rec Room* featuring *Star Wars: Secrets of the Empire*.

Amusement Solutions

- Reported an all-time quarterly record with revenues of \$45.7 million, an increase of \$1.0 million (2.3%) over the prior year period as a result of an increase in route revenues in the United States.

Location-based Entertainment

- *The Rec Room* reported third quarter revenue of \$16.8 million which included food service revenues of \$8.0 million and amusement revenues of \$8.1 million.

eSports

- WGN held the Rocket League Canadian Challenge Finals on August 19 at the *Scotiabank Theatre* in Toronto, Ontario.
- WGN announced it will be hosting the national World Electronic Sports Games ("WESG") events, the world's only Olympic-style eSports tournament, via online qualifiers and will host live finals for both the United States and Canada.

The Canadian WESG qualifying finals will be held on October 26-28 at the Metro Toronto Convention Centre. The US finals will be held on November 9-11 in Huntington Beach, California.

LOYALTY

- Membership in the SCENE loyalty program increased by 0.2 million members in the period, reaching 9.4 million at September 30, 2018.
- SCENE and Maple Leaf Sports & Entertainment Ltd. (“MLSE”) recently launched the first campaign to bring MLSE’s iconic Toronto Maple Leafs and Toronto Raptors teams to SCENE members, with access to “money can’t buy” experiences and tickets that will engage sports-loving SCENE members.

CORPORATE

- Continued to execute the cost reduction program which was announced during the second quarter, incurring an additional \$1.0 million during the third quarter (\$4.8 million year to date).
- Cineplex was once again the entertainment sponsor for WE Day and WE Day Family which was held at the *Scotiabank Arena* in Toronto, Ontario.

OPERATING RESULTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

Total revenues

Total revenues for the three months ended September 30, 2018, increased \$16.3 million (4.4%) to \$386.7 million as compared to the prior year period. Total revenues for the nine months ended September 30, 2018 increased \$57.9 million (5.1%) to \$1.2 billion as compared to the prior year period. A discussion of the factors affecting the changes in box office, food service, media, amusement and other revenues for the period is provided below.

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

Box office revenues

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

Box office revenues	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Box office revenues	\$ 173,278	\$ 164,493	5.3%	\$ 541,892	\$ 530,557	2.1%
Theatre attendance (i)	17,208	16,766	2.6%	52,280	52,843	-1.1%
Box office revenue per patron (i)	\$ 10.07	\$ 9.81	2.7%	\$ 10.37	\$ 10.04	3.3%
BPP excluding premium priced product (i)	\$ 8.72	\$ 8.40	3.8%	\$ 8.85	\$ 8.52	3.9%
Canadian industry revenues (ii)			7.2%			3.5%
Same theatre box office revenues (i)	\$ 170,322	\$ 164,055	3.8%	\$ 537,549	\$ 529,121	1.6%
Same theatre attendance (i)	16,962	16,707	1.5%	51,896	52,662	-1.5%
% Total box from premium priced product (i)	41.2%	43.8%	-2.6%	43.9%	46.7%	-2.8%

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

(ii) Source: Gross box office receipts (inclusive of all taxes) from The Movie Theatre Association of Canada industry data adjusted for calendar quarter dates.

Box office continuity	Third Quarter		Year to Date	
	Box Office	Theatre Attendance	Box Office	Theatre Attendance
2017 as reported	\$ 164,493	16,766	\$ 530,557	52,843
Same theatre attendance change	2,503	255	(7,704)	(766)
Impact of same theatre BPP change	3,764	—	16,132	—
New and acquired theatres (i)	2,961	245	3,603	297
Disposed and closed theatres (i)	(443)	(58)	(696)	(94)
2018 as reported	\$ 173,278	17,208	\$ 541,892	52,280

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

Third Quarter

Third Quarter 2018 Top Cineplex Films			Third Quarter 2017 Top Cineplex Films		
	3D	% Box		3D	% Box
1	✓	11.9%	1	✓	13.8%
2	✓	7.6%	2	✓	10.1%
3	✓	6.9%	3	✓	9.1%
4	✓	6.8%	4	✓	9.1%
5	✓	6.7%	5	✓	5.4%

Box office revenues increased \$8.8 million, or 5.3%, to \$173.3 million during the period, compared to \$164.5 million reported in the third quarter in 2017. The increase was due to a 2.6% increase in theatre attendance to 17.2 million guests and the higher BPP. The theatre attendance increase was due to the stronger film slate in the third quarter of 2018 compared the third quarter of 2017.

BPP for the three months ended September 30, 2018 was \$10.07, a \$0.26 increase (2.7%) from the prior year period, setting a third quarter record for Cineplex. The increase in BPP was due to price increases in selective markets as compared to the prior year.

Year to Date

Year to Date 2018 Top Cineplex Films			Year to Date 2017 Top Cineplex Films		
	3D	% Box		3D	% Box
1	✓	8.3%	1	✓	6.5%
2	✓	8.1%	2	✓	5.3%
3	✓	5.4%	3	✓	4.7%
4	✓	4.5%	4	✓	4.3%
5	✓	4.1%	5	✓	3.2%

Box office revenues for the nine months ended September 30, 2018 were \$541.9 million, an increase of \$11.3 million or 2.1% over the prior year due to the higher BPP in the current year period compared to the 2017 period more than offsetting the 1.1% decrease in theatre attendance period over period.

Cineplex's BPP for the period increased \$0.33, or 3.3%, from \$10.04 in the prior year period to \$10.37 in the current period. This increase was due to price increases in selective markets as compared to the prior year period.

Food service revenues

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

Food service revenues	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Food service - theatres	\$ 107,519	\$ 100,737	6.7%	\$ 329,718	\$ 311,978	5.7%
Food service - <i>The Rec Room</i>	8,038	6,292	27.7%	25,057	10,384	141.3%
Total food service revenues	\$ 115,557	\$ 107,029	8.0%	\$ 354,775	\$ 322,362	10.1%
Theatre attendance (i)	17,208	16,766	2.6%	52,280	52,843	-1.1%
CPP (i) (ii)	\$ 6.25	\$ 6.01	4.0%	\$ 6.31	\$ 5.90	6.9%
Same theatre food service revenues (i)	\$ 105,150	\$ 100,468	4.7%	\$ 326,466	\$ 311,163	4.9%
Same theatre attendance (i)	16,962	16,707	1.5%	51,896	52,662	-1.5%

(i) See Non-GAAP measures section of this news release.
(ii) Food service revenue from *The Rec Room* is not included in the CPP calculation.

Theatre food service revenue continuity	Third Quarter		Year to Date	
	Theatre Food Service	Theatre Attendance	Theatre Food Service	Theatre Attendance
2017 as reported	\$ 100,737	16,766	\$ 311,978	52,843
Same theatre attendance change	1,533	255	(4,531)	(766)
Impact of same theatre CPP change	3,149	—	19,834	—
New and acquired theatres (i)	2,365	245	2,817	297
Disposed and closed theatres (i)	(265)	(58)	(380)	(94)
2018 as reported	\$ 107,519	17,208	\$ 329,718	52,280
(i) See Non-GAAP measures section of this news release. Represents theatres opened, acquired, disposed or closed subsequent to the start of the prior year comparative period.				

Third Quarter

Food service revenues are comprised primarily of concession revenues, which includes food service sales at theatre locations and food and beverage sales at *The Rec Room*. Food service revenues increased \$8.5 million or 8.0% in part as a result of the operations of *The Rec Room* which contributed \$8.0 million and an increase of \$6.8 million (6.7%) to \$107.5 million in theatre food service revenues, a third quarter record. The increase in theatre food service revenues was due to the 2.6% increase in theatre attendance and the higher CPP.

CPP increased 4.0% to \$6.25, a third quarter record for Cineplex. Expanded offerings outside of core food service products, including offerings at Cineplex's VIP Cinemas and Outtakes locations, increased alcohol beverage service and price increases have resulted in higher average transaction values, resulting in the higher CPP in the period. In addition, the CPP was positively impacted by the program change to offer SCENE points instead of the 10% discount in the fourth quarter of 2017.

Year to Date

Food service revenues increased \$32.4 million, or 10.1% as compared to the prior year, due to the 6.9% increase in CPP and \$25.1 million contributed by *The Rec Room* partially offset by the impact of a 1.1% decrease in theatre attendance. The CPP of \$6.31 is the highest CPP Cineplex has reported through the first nine months of any year.

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

Media revenues

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

Media revenues	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Cinema media	\$ 20,292	\$ 27,409	-26.0%	\$ 68,545	\$ 72,965	-6.1%
Digital place-based media	13,195	12,453	6.0%	38,246	37,390	2.3%
Total media revenues	\$ 33,487	\$ 39,862	-16.0%	\$ 106,791	\$ 110,355	-3.2%

Third Quarter

Total media revenues decreased \$6.4 million (16.0%) to \$33.5 million in the third quarter of 2018 compared to the prior year period. The decrease was primarily due to decreases in Show-time and pre-show advertising as a result of declines in the automotive industry and the government sector. Timing of corporate campaigns in the beverage and electronic and technology industries also contributed to the decline. The decrease to cinema media was partially offset by higher digital place-based media revenue as a result of increased project installation and other digital services revenues.

Year to Date

Total media revenues decreased \$3.6 million for the nine months ended September 30, 2018 as compared to the prior year period. The decrease resulted from a \$4.4 million decrease in Cinema media due to lower Show-time and pre-show theatre advertising partially offset by a \$0.9 million increase in digital place-based media revenues due to higher project installation revenue.

Year to date, digital place-based media added 498 new locations (an increase of 3.9%) for a total of 13,424 locations as at September 30, 2018.

Amusement Revenues

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

Amusement revenues	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Amusement - PIAG excluding Cineplex exhibition and <i>The Rec Room</i> (i)	\$ 42,820	\$ 41,986	2.0%	\$ 122,179	\$ 120,049	1.8%
Amusement - Cineplex exhibition (i)	2,880	2,681	7.4%	7,967	8,087	-1.5%
Amusement - <i>The Rec Room</i>	8,138	4,273	90.5%	22,174	7,905	180.5%
Total amusement revenues	\$ 53,838	\$ 48,940	10.0%	\$ 152,320	\$ 136,041	12.0%

(i) 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.

Third Quarter

Amusement revenues increased 10.0%, or \$4.9 million, to \$53.8 million in the third quarter of 2018 compared to the prior year period due to an increase in route revenue in the United States as a result of the Cinemark agreement signed in the second quarter of 2018 and strong growth in revenue from the additional *The Rec Room* locations.

Year to Date

For the year to date period, amusement revenues increased 12.0% or \$16.3 million, to \$152.3 million compared to the prior year period due to the acquisition of Dandy Amusements International Inc. ("Dandy") in the second quarter of 2017 and the agreement signed with Cinemark in the second quarter of 2018 resulting in increased route revenue in the United States and strong growth in revenue from the additional locations of *The Rec Room* as compared to the prior year period.

Other revenues

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

Other revenues	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Other revenues	\$ 10,555	\$ 10,124	4.3%	\$ 30,862	\$ 29,459	4.8%

Film cost

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

Film cost	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Film cost	\$ 90,213	\$ 83,268	8.3%	\$ 287,763	\$ 278,025	3.5%
Film cost percentage (i)	52.1%	50.6%	1.4%	53.1%	52.4%	0.7%

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

Third Quarter

Film cost varies primarily with box office revenues and can vary from quarter to quarter usually based on the relative strength of the titles exhibited during the period. This is due to film cost terms varying by title and distributor. Film cost percentage during the third quarter of 2018 was 52.1%, a 1.5% increase from the prior year period due to the top films in the third quarter of 2018 having higher settlement rates compared to the historically low prior year period.

Year to Date

The year to date increase in film cost expense was due to a combination of the 0.7% increase in the film cost percentage and the higher box office revenues in the current period compared to the prior year period. The increase in film cost percentage is attributable to the top films in the current period having higher settlement rates compared to the prior year period.

Cost of food service

The following table highlights the movement in cost of food service and food service cost as a percentage of food service revenues (“concession cost percentage”) for the quarter and the year to date (in thousands of dollars, except percentages and margins per patron):

Cost of food service	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Cost of food service - theatre	\$ 21,993	\$ 21,697	1.4%	\$ 67,196	\$ 69,172	-2.9%
Cost of food service - <i>The Rec Room</i>	2,264	1,972	14.8%	6,857	3,331	105.9%
Total cost of food service	\$ 24,257	\$ 23,669	2.5%	\$ 74,053	\$ 72,503	2.1%
Theatre concession cost percentage (i)	20.5%	21.5%	-1.0%	20.4%	22.2%	-1.8%
<i>The Rec Room</i> food cost percentage (i)	28.2%	31.3%	-3.1%	27.4%	32.1%	-4.7%
Theatre concession margin per patron (i)	\$ 4.97	\$ 4.71	5.5%	\$ 5.02	\$ 4.59	9.4%
(i) See Non-GAAP measures section of this news release.						

Third Quarter

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

The increase in the theatre cost of food service as compared to the prior year period was primarily due to the higher food service revenues in the third quarter of 2018, partially offset by a decrease in the theatre concession cost percentage from 21.5% in the prior year period to 20.5% in 2018.

The theatre concession margin per patron increased 5.5% from \$4.71 in the third quarter of 2017 to \$4.97 in the same period in 2018, reflecting the impact of the higher CPP during the period and the lower 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 3.1% 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.

Year to Date

The decrease in the theatre cost of food service as compared to the prior year period was due to the decrease in the concession cost percentage partially offset by the higher theatre food service revenues. The theatre concession margin per patron increased from \$4.59 in the prior year period to \$5.02 in the current period, reflecting the impact of the higher CPP in the current period and lower 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 4.7% decrease in the *The Rec Room* food cost percentage 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 the year to date (in thousands of dollars):

Depreciation and amortization expenses	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Depreciation of property, equipment and leaseholds	\$ 29,434	\$ 26,110	12.7%	\$ 84,924	\$ 75,663	12.2%
Amortization of intangible assets and other	4,165	4,503	-7.5%	12,129	12,863	-5.7%
Depreciation and amortization expenses as reported	\$ 33,599	\$ 30,613	9.8%	\$ 97,053	\$ 88,526	9.6%

The quarterly and year to date increase in depreciation of property, equipment and leaseholds of \$3.3 million and \$9.3 million respectively was primarily due to the investments in amusement and leisure businesses, including *The Rec Room*.

The quarterly and year to date decrease in amortization of intangible assets and other as compared to the prior year periods is due to certain assets being fully amortized net of the impact of amortization of additions to intangible assets.

Loss on disposal of assets

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

Loss on disposal of assets	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Loss on disposal of assets	\$ 783	\$ 275	184.7%	\$ 1,633	\$ 337	384.6%

Other costs

Other costs include three main sub-categories of expenses; theatre occupancy expenses, which capture the rent and associated occupancy costs for Cineplex's theatre operations; other operating expenses, which include the costs related to running Cineplex's film entertainment and content, media, as well as amusement and leisure; and general and administrative expenses, which includes costs related to managing Cineplex's operations, including head office expenses. Please see the discussions below for more details on these categories.

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

Other costs	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Theatre occupancy expenses	\$ 53,161	\$ 52,320	1.6%	\$ 157,847	\$ 156,897	0.6%
Other operating expenses	147,750	143,375	3.1%	438,319	414,310	5.8%
General and administrative expenses	18,033	9,067	98.9%	54,004	51,082	5.7%
Total other costs	\$ 218,944	\$ 204,762	6.9%	\$ 650,170	\$ 622,289	4.5%

Theatre occupancy expenses

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

Theatre occupancy expenses	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Rent	\$ 35,023	\$ 34,882	0.4%	\$ 104,216	\$ 103,853	0.3%
Other occupancy	18,484	17,802	3.8%	55,857	54,273	2.9%
One-time items (i)	(346)	(364)	-4.9%	(2,226)	(1,229)	81.1%
Total	\$ 53,161	\$ 52,320	1.6%	\$ 157,847	\$ 156,897	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	Third Quarter Occupancy	Year to Date Occupancy
2017 as reported	\$ 52,320	\$ 156,897
Impact of new and acquired theatres	308	518
Impact of disposed theatres	(226)	(214)
Same theatre rent change (i)	228	310
One-time items	17	(997)
Other	514	1,333
2018 as reported	\$ 53,161	\$ 157,847
(i) See Non-GAAP measures section of this news release.		

Third Quarter

Theatre occupancy expenses increased \$0.8 million (1.6%) during the third quarter of 2018 compared to the prior year period. This increase was primarily due to the impact of new theatres net of disposed theatres and other charges.

Year to Date

For the year to date period, theatre occupancy expenses increased \$1.0 million (0.6%) compared to the prior year. The increase was due to an increase in other charges (\$1.3 million) and the impact of new and acquired theatres (\$0.5 million) partially offset by an increase in one-time credits of \$1.0 million related to real estate taxes.

Other operating expenses

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

Other operating expenses	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
Theatre payroll	\$ 38,003	\$ 32,944	15.4%	\$ 113,802	\$ 104,021	9.4%
Theatre operating expenses	29,152	29,006	0.5%	87,484	86,042	1.7%
Media	14,223	16,612	-14.4%	47,908	51,793	-7.5%
PIAG	38,583	36,197	6.6%	110,400	103,695	6.5%
<i>The Rec Room</i> (i)	11,011	7,835	40.5%	32,903	13,516	143.4%
SCENE	3,168	4,370	-27.5%	10,456	11,475	-8.9%
Marketing	5,393	5,235	3.0%	13,296	13,763	-3.4%
Business interruption insurance proceeds	—	—	NM	(3,700)	—	NM
Other (ii)	8,217	11,176	-26.5%	25,770	30,005	-14.1%
Other operating expenses	\$ 147,750	\$ 143,375	3.1%	\$ 438,319	\$ 414,310	5.8%
(i) Includes operating costs of <i>The Rec Room</i> locations. Pre-opening costs relating to <i>The Rec Room</i> locations and overhead relating to management of <i>The Rec Room</i> portfolio are included in the 'Other' line.						
(ii) Other category includes pre-opening and overhead costs related to <i>The Rec Room</i> , operating costs of WGN and other Cineplex internal departments.						

Other operating continuity	Third Quarter Other Operating	Year to Date Other Operating
2017 as reported	\$ 143,375	\$ 414,310
Impact of new and acquired theatres	1,845	2,198
Impact of disposed theatres	(224)	(359)
Same theatre payroll change (i)	3,883	8,430
Same theatre operating expenses change (i)	(254)	994
Media operating expenses change	(2,389)	(3,885)
PIAG operating expenses change	2,386	6,705
<i>The Rec Room</i> operating expenses change	3,176	19,387
SCENE change	(1,201)	(1,019)
Marketing change	158	(467)
Business interruption insurance proceeds change	—	(3,700)
Other	(3,005)	(4,275)
2018 as reported	\$ 147,750	\$ 438,319
(i) See Non-GAAP measures section of this news release.		

Third Quarter

Other operating expenses during the third quarter of 2018 increased \$4.4 million or 3.1% compared to the prior year period. The increase is primarily due to higher amusement and leisure costs related to new locations of *The Rec Room*. Same theatre payroll also increased as a result of higher business volumes during the quarter and the minimum wage increases in Ontario, Quebec and Alberta. These increases were partially offset by a \$2.4 million decrease in media due to a decrease in business volumes and improved cost management, a \$1.2 million decrease in SCENE due to timing of expenses and lower *The Rec Room* pre-opening costs due to the timing of several openings in the prior year period compared to no openings in the current year period.

Year to Date

For the nine months ended September 30, 2018, other operating expenses increased \$24.0 million or 5.8% compared to the prior year period. The increase is primarily due to higher amusement and leisure costs, including higher P1AG costs due to the acquisition of Dandy in the second quarter of 2017, as well as costs related to new locations of *The Rec Room*. Same theatre payroll also increased as a result of the minimum wage increases in Ontario, Quebec and Alberta which more than offset any labor efficiencies achieved during the period. Media expenses decreased as a result of the reduction in business volumes and improved cost management during the year to date. Other expenses decreased due to lower *The Rec Room* pre-opening costs as there were three openings in the prior year compared to one opening in the current year.

During the second quarter, Cineplex recognized business interruption insurance proceeds of \$3.7 million, as a result of a fire at *Cineplex Seton and VIP*.

General and administrative expenses

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

G&A expenses	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
G&A excluding LTIP and option plan expense	\$ 14,587	\$ 15,021	-2.9%	\$ 47,132	\$ 49,404	-4.6%
Restructuring	1,021	—	NM	4,820	—	NM
LTIP (i)	2,020	(6,424)	NM	729	323	125.7%
Option plan	405	470	-13.8%	1,323	1,355	-2.4%
G&A expenses as reported	\$ 18,033	\$ 9,067	98.9%	\$ 54,004	\$ 51,082	5.7%

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

Third Quarter

G&A expenses increased \$9.0 million during the third quarter of 2018 compared to the prior year period. This was primarily due to an \$8.4 million increase in LTIP expense as a result of the decrease in the Share price from \$52.86 at June 30, 2017 to \$39.04 at September 30, 2017, compared to the increase in Cineplex’s Share price at June 30, 2018 of \$29.18 to \$35.00 at September 30, 2018. Restructuring costs of \$1.0 million were due to Cineplex’s cost reduction initiative implemented in the second quarter. This initiative is focused on achieving \$25.0 million in annualized cost savings, a component of which will be realized in G&A. Decreases in G&A in part reflect the initial impact of the rollout of the initiative.

Year to Date

G&A expenses for the year to date period increased \$2.9 million compared to the prior year period primarily due to restructuring costs of \$4.8 million which were due to Cineplex’s cost reduction initiative implemented in the second quarter of 2018, partially offset by a reduction to G&A expenses in part reflecting the initial impact of the rollout of the initiative.

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

The following table presents EBITDA and adjusted EBITDA for the three and nine months ended September 30, 2018 as compared to the prior year periods (expressed in thousands of dollars, except adjusted EBITDA margin):

EBITDA	Third Quarter			Year to Date		
	2018	2017	Change	2018	2017	Change
EBITDA	\$ 53,245	\$ 60,324	-11.7%	\$ 176,312	\$ 160,073	10.1%
Adjusted EBITDA	\$ 53,356	\$ 58,811	-9.3%	\$ 174,728	\$ 156,315	11.8%
Adjusted EBITDA margin	13.8%	15.9%	-2.1%	14.7%	13.8%	0.9%

Adjusted EBITDA for the third quarter of 2018 decreased \$5.5 million (9.3%) compared to the prior year period. The decrease was mainly due to an increase of \$8.4 million in share-based compensation costs, as compared to the same quarter a year ago resulting from the impact of the 2017 decline in the share price compared to the increase in the share price in 2018. The decrease in media revenues and \$1.0 million in restructuring costs also contributed to the decline. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 13.8% in the current period.

Adjusted EBITDA for the nine months ended September 30, 2018 increased \$18.4 million, or 11.8%, as compared to the prior year period. The increase was due to higher BPP and CPP amounts resulting in higher box office and food service revenues compared to the prior year. The growth in results from expanded locations of *The Rec Room* coupled with lower startup costs have also contributed to the year to date increase for adjusted EBITDA, partially offset by restructuring costs of \$4.8 million. Adjusted EBITDA margin for the period was 14.7%, an increase of 0.9% from 13.8% in the prior year period.

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

For the third quarter of 2018, adjusted free cash flow per common share of Cineplex was \$0.58 as compared to \$0.60 in the prior year period. The declared dividends per common share of Cineplex were \$0.44 in the third quarter of 2018 and \$0.42 in the prior year period. During the 12 months ended September 30, 2018, Cineplex generated adjusted free cash flow per Share of \$2.68, compared to \$2.19 in the prior 12 month period. Cineplex declared dividends per Share of \$1.71 and \$1.65, respectively, in each 12 month period. The payout ratios for these periods were 63.5% and 75.3%, 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 income. Adjusted EBITDA excludes the change in fair value of financial instrument, gain or loss on disposal of assets, foreign exchange gain or loss, the equity income of CDCP, the non-controlling interests' share of adjusted EBITDA of WGN and TGLP, and depreciation, amortization, interest and taxes of Cineplex's other joint ventures and associates. 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

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:

Theatre Attendance: Theatre 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 theatre 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 total theatre attendance for the period, less paid total theatre attendance for 3D, 4DX, UltraAVX, VIP and IMAX product.

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

Same Theatre Analysis

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

Same theatre metrics are calculated by removing the results for all theatres that have been opened, acquired, closed or otherwise disposed of subsequent to the start of the prior year comparative period. For the three months ended September 30, 2018 the impact of the three locations that have been opened or acquired and two locations that have been closed have been excluded, resulting in 162 theatres being included in the same theatre metrics. For the nine months ended September 30, 2018 the impact of the three locations that have been opened or acquired and three locations that have been closed have been excluded, resulting in 162 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.

The Rec Room food cost percentage: Calculated as total *The Rec Room* food costs divided by total *The Rec Room* food service revenues for the period.

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

By their very nature, forward-looking statements involve inherent risks and uncertainties, including those described in Cineplex's Annual Information Form ("AIF"), Cineplex's management's discussion and analysis ("MD&A") and in this news release. Those risks and uncertainties, both general and specific, give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking

statements and actual results may differ materially from those expressed or implied in such statements. Cineplex cautions readers not to place undue reliance on these statements, as a number of important factors, many of which are beyond Cineplex's control, could cause actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, risks generally encountered in the relevant industry, competition, customer, legal, taxation and accounting matters.

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

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

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 164 theatres across the country. Cineplex also operates successful businesses in digital commerce (CineplexStore.com), food service, alternative programming (Cineplex Events), cinema media (Cineplex Media), digital place-based media (Cineplex Digital Media), 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 conference call with the management of Cineplex (TSX: CGX) to review our Third Quarter 2018 results. **Ellis Jacob, President and Chief Executive Officer and Gord Nelson, Chief Financial Officer**, will host the call scheduled for:

**Wednesday November 14, 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 Wednesday November 14, 2018 and end at 1:00 pm ET on Wednesday November 21, 2018.

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

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For further information:

**Gord Nelson
Chief Financial Officer
(416) 323-6602**

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

	September 30,	Restated
	2018	December 31,
		2017
Assets		
Current assets		
Cash and cash equivalents	\$ 32,562	\$ 40,597
Trade and other receivables	87,469	160,938
Income taxes receivable	1,235	1,344
Inventories	31,331	28,966
Prepaid expenses and other current assets	17,941	13,013
Fair value of interest rate swap agreements	1,313	314
	<u>171,851</u>	<u>245,172</u>
Non-current assets		
Property, equipment and leaseholds	624,922	628,129
Deferred income taxes	9,358	7,134
Fair value of interest rate swap agreements	4,138	3,880
Interests in joint ventures and associates	40,216	35,353
Intangible assets	110,740	119,011
Goodwill	816,761	816,489
	<u>\$ 1,777,986</u>	<u>\$ 1,855,168</u>

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

	September 30,	Restated
	2018	December 31,
		2017
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 150,381	\$ 189,929
Share-based compensation	2,286	4,732
Dividends payable	9,183	8,866
Income taxes payable	5,673	9,157
Deferred revenue	155,721	195,808
Finance lease obligations	3,612	3,420
Fair value of interest rate swap agreements	262	1,332
Convertible debentures	106,895	105,080
	<u>434,013</u>	<u>518,324</u>
Non-current liabilities		
Share-based compensation	12,914	13,816
Long-term debt	508,123	467,867
Finance lease obligations	2,718	5,451
Post-employment benefit obligations	9,386	9,227
Other liabilities	119,422	117,589
Deferred income taxes	8,638	14,031
	<u>661,201</u>	<u>627,981</u>
Total liabilities	<u>1,095,214</u>	<u>1,146,305</u>
Equity		
Share capital	856,835	856,761
Deficit	(179,567)	(148,060)
Hedging reserves and other	3,267	1,332
Contributed surplus	2,964	1,647
Cumulative translation adjustment	(667)	(2,817)
	<u>682,832</u>	<u>708,863</u>
Total equity attributable to owners of Cineplex	682,832	708,863
Non-controlling interests	(60)	—
	<u>682,772</u>	<u>708,863</u>
Total equity	<u>682,772</u>	<u>708,863</u>
	<u>\$ 1,777,986</u>	<u>\$ 1,855,168</u>

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

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Revenues				
Box office	\$ 173,278	\$ 164,493	\$ 541,892	\$ 530,557
Food service	115,557	107,029	354,775	322,362
Media	33,487	39,862	106,791	110,355
Amusement	53,838	48,940	152,320	136,041
Other	10,555	10,124	30,862	29,459
	<u>386,715</u>	<u>370,448</u>	<u>1,186,640</u>	<u>1,128,774</u>
Expenses				
Film cost	90,213	83,268	287,763	278,025
Cost of food service	24,257	23,669	74,053	72,503
Depreciation and amortization	33,599	30,613	97,053	88,526
Loss on disposal of assets	783	275	1,633	337
Other costs	218,944	204,762	650,170	622,289
Share of income of joint ventures and associates	(1,118)	(382)	(2,850)	(2,573)
Interest expense	6,892	5,973	19,961	16,138
Interest income	(60)	(60)	(205)	(163)
Foreign exchange	391	282	(441)	857
Change in fair value of financial instrument	—	(1,750)	—	(2,737)
	<u>373,901</u>	<u>346,650</u>	<u>1,127,137</u>	<u>1,073,202</u>
Income before income taxes	<u>12,814</u>	<u>23,798</u>	<u>59,503</u>	<u>55,572</u>
Provision for income taxes				
Current	5,821	5,235	18,001	13,380
Deferred	(3,216)	1,344	(8,300)	632
	<u>2,605</u>	<u>6,579</u>	<u>9,701</u>	<u>14,012</u>
Net income	<u>\$ 10,209</u>	<u>\$ 17,219</u>	<u>\$ 49,802</u>	<u>\$ 41,560</u>
Attributable to:				
Owners of Cineplex	\$ 10,281	\$ 17,219	\$ 49,874	\$ 41,977
Non-controlling interests	(72)	—	(72)	(417)
Net income	<u>\$ 10,209</u>	<u>\$ 17,219</u>	<u>\$ 49,802</u>	<u>\$ 41,560</u>
Basic net income per share attributable to owners of Cineplex	\$ 0.16	\$ 0.27	\$ 0.79	\$ 0.66
Diluted net income per share attributable to owners of Cineplex	\$ 0.16	\$ 0.27	\$ 0.79	\$ 0.66

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

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net income	\$ 10,209	\$ 17,219	\$ 49,802	\$ 41,560
Other comprehensive (loss) income				
<i>Items that will be reclassified subsequently to net income:</i>				
Income on hedging instruments	1,418	3,088	2,585	5,135
Associated deferred income taxes expense	(332)	(825)	(650)	(1,374)
Foreign currency translation adjustment	(1,193)	(2,203)	2,150	(4,193)
<i>Items that will not be reclassified to net income:</i>				
Actuarial gains of post-employment benefit obligations	—	—	—	1,298
Associated deferred income taxes expense	—	—	—	(348)
Other comprehensive (loss) income	(107)	60	4,085	518
Comprehensive income	\$ 10,102	\$ 17,279	\$ 53,887	\$ 42,078
Attributable to:				
Owners of Cineplex	\$ 10,174	\$ 17,279	\$ 53,959	\$ 42,484
Non-controlling interests	(72)	—	(72)	(406)
Comprehensive income	\$ 10,102	\$ 17,279	\$ 53,887	\$ 42,078

Cineplex Inc.

Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited)

(expressed in thousands of Canadian dollars)

For the periods ended September 30, 2018 and 2017

	Share capital	Contributed surplus	Hedging reserves and other	Cumulative translation adjustment	Restated Deficit	Non- controlling interests	Total
Balance - January 1, 2018	\$ 856,761	\$ 1,647	\$ 1,332	\$ (2,817)	\$ (148,060)	\$ —	\$ 708,863
Net income	—	—	—	—	49,874	(72)	49,802
Other comprehensive income	—	—	1,935	2,150	—	—	4,085
Total comprehensive income	—	—	1,935	2,150	49,874	(72)	53,887
Dividends declared	—	—	—	—	(81,381)	—	(81,381)
Share option expense	—	1,323	—	—	—	—	1,323
Issuance of shares on exercise of options	74	(6)	—	—	—	—	68
TGLP non-controlling interests recognized on formation	—	—	—	—	—	12	12
Balance - September 30, 2018	\$ 856,835	\$ 2,964	\$ 3,267	\$ (667)	\$ (179,567)	\$ (60)	\$ 682,772
Balance - January 1, 2017	\$ 859,351	\$ 81	\$ (3,170)	\$ 1,175	\$ (111,255)	\$ 2,800	\$ 748,982
Net income	—	—	—	—	41,977	(417)	41,560
Other comprehensive income	—	—	3,761	(4,204)	950	11	518
Total comprehensive income	—	—	3,761	(4,204)	42,927	(406)	42,078
Dividends declared	—	—	—	—	(78,753)	—	(78,753)
Share option expense	—	1,355	—	—	—	—	1,355
Issuance of shares on exercise of options	256	(256)	—	—	—	—	—
Shares repurchased and cancelled	(2,115)	—	—	—	(3,892)	—	(6,007)
WGN non-controlling interests recognized on acquisition	—	—	—	(63)	2,457	(2,394)	—
Balance - September 30, 2017	\$ 857,492	\$ 1,180	\$ 591	\$ (3,092)	\$ (148,516)	\$ —	\$ 707,655

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

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash provided by (used in)				
Operating activities				
Net income	\$ 10,209	\$ 17,219	\$ 49,802	\$ 41,560
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization of property, equipment and leaseholds, and intangible assets	33,599	30,613	97,053	88,526
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(2,584)	(2,443)	(8,783)	(7,500)
Other non-cash interest and non-cash foreign exchange, net	275	156	182	441
Loss on disposal of assets	783	275	1,633	337
Deferred income taxes	(3,216)	1,344	(8,300)	632
Interest rate swap agreements - non-cash interest	185	62	393	(244)
Non-cash share-based compensation	405	470	1,323	1,355
Change in fair value of financial instruments	—	(1,750)	—	(2,737)
Accretion of convertible debentures	606	565	1,815	1,697
Net change in interests in joint ventures and associates	(2,130)	1,275	(3,759)	(2,612)
Tenant inducements	3,481	2,594	11,729	2,992
Changes in operating assets and liabilities	234	(12,675)	(19,526)	(88,928)
Net cash provided by operating activities	41,847	37,705	123,562	35,519
Investing activities				
Proceeds from disposal of assets, including asset-related insurance recoveries	44	—	1,830	310
Purchases of property, equipment and leaseholds	(30,582)	(47,869)	(85,573)	(123,640)
Acquisition of businesses, net of cash acquired	(4,685)	(735)	(4,685)	(30,422)
Intangible assets additions	(1,207)	(1,160)	(3,575)	(3,742)
Net cash received from CDCP	2,606	2,246	3,582	3,615
Net cash used in investing activities	(33,824)	(47,518)	(88,421)	(153,879)
Financing activities				
Dividends paid	(27,549)	(26,688)	(81,064)	(78,454)
Borrowings under credit facilities, net	19,000	41,000	40,000	191,000
Options exercised for cash	—	—	68	—
Payments under finance leases	(863)	(802)	(2,542)	(2,363)
Deferred financing fees	—	(183)	—	(183)
Shares repurchased and cancelled	—	(6,007)	—	(6,007)
Net cash (used in) provided by financing activities	(9,412)	7,320	(43,538)	103,993
Effect of exchange rate differences on cash	(173)	(184)	362	(439)
Decrease in cash and cash equivalents	(1,562)	(2,677)	(8,035)	(14,806)
Cash and cash equivalents - Beginning of period	34,124	21,424	40,597	33,553
Cash and cash equivalents - End of period	\$ 32,562	\$ 18,747	\$ 32,562	\$ 18,747
Supplemental information				
Cash paid for interest	\$ 7,402	\$ 4,401	\$ 18,808	\$ 16,232
Cash paid for income taxes, net	\$ 4,225	\$ 588	\$ 22,267	\$ 14,986

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

Reconciliation to Adjusted EBITDA

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net income	\$ 10,209	\$ 17,219	\$ 49,802	\$ 41,560
Depreciation and amortization	33,599	30,613	97,053	88,526
Interest expense	6,892	5,973	19,961	16,138
Interest income	(60)	(60)	(205)	(163)
Current income tax expense	5,821	5,235	18,001	13,380
Deferred income tax (recovery) expense	(3,216)	1,344	(8,300)	632
EBITDA	\$ 53,245	\$ 60,324	\$ 176,312	\$ 160,073
Loss on disposal of assets	783	275	1,633	337
CDCP equity income (i)	(1,131)	(342)	(2,875)	(2,469)
Foreign exchange loss (gain)	391	282	(441)	857
Non-controlling interest EBITDA of WGN	—	—	—	189
Non-controlling interest EBITDA of TGLP	53	—	53	—
Depreciation and amortization - joint ventures and associates (ii)	2	9	7	27
Taxes and interest of joint ventures and associates (ii)	13	13	39	38
Change in fair value of financial instrument	—	(1,750)	—	(2,737)
Adjusted EBITDA	\$ 53,356	\$ 58,811	\$ 174,728	\$ 156,315

(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 and associates with the exception of CDCP (see (i) above).

Cineplex Inc.

Interim Consolidated Supplemental Information

(Unaudited)

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

Adjusted Free Cash Flow

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Cash provided by operating activities	\$ 41,847	\$ 37,705	\$ 123,562	\$ 35,519
Less: Total capital expenditures (i)	(30,538)	(47,869)	(83,743)	(123,330)
Standardized free cash flow	11,309	(10,164)	39,819	(87,811)
Add/(Less):				
Changes in operating assets and liabilities	(234)	12,675	19,526	88,928
Changes in operating assets and liabilities of joint ventures and associates	1,012	(1,657)	909	39
Tenant inducements	(3,481)	(2,594)	(11,729)	(2,992)
Principal component of financing lease obligations	(863)	(802)	(2,542)	(2,363)
New build capital expenditures and other	26,105	38,149	69,070	99,484
Share of income of joint ventures and associates, net of non-cash depreciation	2	62	21	169
Non-controlling interest EBITDA of WGN	—	—	—	189
Non-controlling interest EBITDA of TGLP	53	—	53	—
Net cash received from CDCP (iv)	2,606	2,246	3,582	3,615
Adjusted free cash flow	\$ 36,509	\$ 37,915	\$ 118,709	\$ 99,258
Average number of Shares outstanding	63,332,946	63,508,418	63,331,829	63,515,158
Adjusted free cash flow per Share	\$ 0.576	\$ 0.597	\$ 1.874	\$ 1.563
Dividends declared	\$ 0.435	\$ 0.420	\$ 1.285	\$ 1.240

- (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.