Third Quarter 2018 Results

October 25, 2018

Box Office Highlights

Box Office (M's) (1)

	Q3 2018		Q3 2017	
Global	**$**	**207**	**$**	**219**
Domestic		62		80
Greater China		78		60
Other Intl.		67		79

(1) 24 new DMR films released in Q3 2018 vs. 17 new films released in Q3 2017

Network Growth Highlights

	Signings		Installations		Backlog	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017
STL	22	17	15	19	188	168
JRSA	1	-	15	25	224	244
Hybrid JRSA	2	-	6	5	111	130
Total New	**25**	**17**	**36**	**49**	**523**	**542**
Upgrades	12	-	1	2	112	3
Total Theatres	**37**	**17**	**37**	**51**	**635**	**545**

Q3 2018 Core Business and New Initiative Reconciliation

Q3 2018	Core Business [1]	New Business [2]	Non-Controlling Interest	IMAX Consolidated [3]
Revenue	$80.8	$1.3	-	$82.1
Gross Margin (loss)	42.5	(0.3)	-	42.2
SG&A (excl. SBC)	21.8	0.2	-	22.0
Stock-Based Comp	4.8	-	-	4.8
R&D	3.9	0.1	-	4.0
Operating Expenses [4]	25.7	0.3	-	26.0
Exit costs, restructuring costs & associated impairments	-	-	-	0.0
Income from Operations (loss)	10.3	(0.8)	-	9.5
Adj. Net Income (loss)	12.1	(0.6) [6]	(2.5)	9.0
Adj. EBITDA per Credit Facility [5]	29.3	1.3	(4.8)	25.8
Adj. EBITDA per Credit Facility, excluding impact from" Marvel's Inhumans" [5]	29.3	1.3	(4.8)	25.8

(1) Core Business includes the Network Business, Theatre Business, distribution and theatre operations.
(2) New Business includes Episodic activity for *"Marvel's Inhumans"*, Home/TCL and the VR initiative.
(3) Totals may not foot due to rounding.
(4) Includes SG&A plus R&D, excluding stock-based compensation.
(5) Please see appendix for details regarding non-GAAP adjustments and for the definition and reconciliation of Adjusted EBITDA as calculated in accordance with the Company's credit facility.
(6) Assumes effective tax rate of 28%.

Q3 2017 Core Business and New Initiative Reconciliation

Q3 2017	Core Business [1]	New Business [2]	Non-Controlling Interest	IMAX Consolidated [3]
Revenue	$89.9	$8.9	-	$98.8
Gross Margin (loss)	51.8	(11.9)	-	39.9
SG&A (excl. SBC)	19.5	0.8	-	20.3
Stock-Based Comp	5.2	-	-	5.2
R&D	3.1	1.5	-	4.6
Operating Expenses [4]	22.6	2.3	-	24.9
Exit costs, restructuring costs & associated impairments	3.4	-	-	3.4
Income (loss) from Operations	18.8	(14.3)	-	4.5
Adj. Net Income (loss)	19.2	(10.3)[6]	(3.7)	5.2
Adj. EBITDA per Credit Facility [5]	42.6	(1.5)	(6.5)	34.6
Adj. EBITDA per Credit Facility, excluding impact from" Marvel's Inhumans" [5]	42.6	(3.0)	(6.5)	33.1

(1) Core Business includes the Network Business, Theatre Business, distribution and theatre operations.
(2) New Business includes Episodic activity for *"Marvel's Inhumans"*, Home/TCL, IMAX Shift and the VR initiative.
(3) Totals may not foot due to rounding.
(4) Includes SG&A plus R&D, excluding stock-based compensation.
(5) Please see appendix for details regarding non-GAAP adjustments and for the definition and reconciliation of Adjusted EBITDA as calculated in accordance with the Company's credit facility.
(6) Assumes effective tax rate of 28%.

Other Financial Highlights – Q3 2018

Operating Expenses[1]	▪ Total operating expenses were up approximately 4% y-o-y as a result of normalizing our marketing spend, as we previously indicated on our last call.
Effective Tax Rate	▪ Q3 2018 tax rate was approximately 16%
Capital Expenditures[2]	▪ Capital expenditures of $17.8M in Q3 2018, compared to $37.0M in the year ago period
Cash Balance	▪ Ended the quarter with cash balance of $133.6M
Free Cash Flow[3]	▪ Free cash flow for Q3 2018 was $6.9M

(1) Operating expenses include SG&A, excluding stock based compensation, plus R&D
(2) Includes the Company's investment in joint revenue sharing equipment, purchase of property, plant and equipment, other intangible assets and investments in film assets.
(3) Please see appendix for details regarding the definition and calculation of free cash flow.

APPENDIX

Q3 2018 Non-GAAP Financial Reconciliation- Adjusted Earnings Per Share

(In thousands of U.S. dollars, except per share amounts)	Quarter Ended September 30, 2018 Net Income	2018 Diluted EPS	2017 Net Income	2017 Diluted EPS
Reported net income	$ 7,502	$ 0.12	$ 2,898	$ 0.04
Adjustments:				
Stock-based compensation	5,562	0.08	5,739	0.09
Exit costs, restructuring charges and associated impairments	-	-	3,437	0.05
Tax impact on items listed above	(1,500)	(0.02)	(2,855)	(0.04)
Adjusted net income	11,564	0.18	9,219	0.14
Net income attributable to non-controlling interests	(2,482)	(0.04)	(3,748)	(0.06)
Stock-based compensation (net of tax of less than $0.1 million and $0.1 million, respectively)	(75)	-	(263)	-
Exit costs, restructuring charges and associated impairments (net of tax of $nil and less than $0.1 million, respectively)	-	-	(11)	-
Adjusted net income attributable to common shareholders	$ 9,007	$ 0.14	$ 5,197	$ 0.08
Weighted average diluted shares outstanding		62,793		64,803

Q3 2018 Non-GAAP Financial Reconciliation- Adjusted EBITDA

		For the 3 Months Ended September 30, 2018			For the 12 Months Ended September 30, 2018 [(1)]	
(In thousands of U.S. Dollars)						
Net income	$	7,502		$	38,522	
Add (subtract):						
Provision for income taxes		1,452			25,445	
Interest expense, net of interest income		327			1,440	
Depreciation and amortization, including film asset amortization		13,950			69,025	
EBITDA	$	23,231		$	134,432	
Stock and other non-cash compensation		6,320			23,042	
Write-downs, net of recoveries including asset impairments and receivable provisions		855			6,489	
Exit costs, restructuring charges and associated impairments		-			3,637	
Legal arbitration award		-			7,500	
Loss from equity accounted investments		202			373	
Adjusted EBITDA before non-controlling interests[(2)]	$	30,608		$	175,473	
Adjusted EBITDA attributable to non-controlling interests		(4,789)			(22,682)	
Adjusted EBITDA per Credit Facility	$	25,819	*	$	152,791	*
Adjusted EBITDA per Credit Facility, excluding impact from *"Marvel's Inhumans"*	$	25,819	*	$	128,922	*
Adjusted revenues attributable to common shareholders [(3)]	$	72,333		$	352,434	
Adjusted EBITDA margin, excluding impact from *"Marvel's Inhumans"*		35.7	%		36.6	%

Adjusted EBITDA per Credit Facility of $25.8 million and $152.8 million for the three and nine months ended September 30, 2018 respectively, includes the impact of the Company's investment in "Marvel's Inhumans", which resulted in a $nil and $1.1 million loss, respectively. However, as permitted by the Credit Facility, this loss was offset by addbacks of $nil and $13.3 million for amortization and by addbacks of $nil and $11.7 million for impairment charges relating to the investment, in each case for the three and twelve months ended September 30, 2018, respectively. The net effect of these addbacks was to increase Adjusted EBITDA per Credit Facility by $nil and $23.9 million for the three and nine months ended September 30, 2018, respectively. This investment represents the Company's first foray into a commercial television property, and therefore the Adjusted EBITDA per Credit Facility metric presented above may not be reflective of the Company's typical operational activity. Further, the Company does not expect to make meaningful direct investments in original content going forward. As a result, the Company is also presenting Adjusted EBITDA per Credit Facility excluding the impact of *"Marvel's Inhumans"* to better facilitate comparisons to prior and future periods.

(1) Senior Secured Net Leverage Ratio calculated using twelve months ended Adjusted EBITDA per Credit Facility.

(2) The Adjusted EBITDA per Credit Facility calculation specified for purpose of the minimum Adjusted EBITDA covenant excludes the reduction in Adjusted EBITDA from the Company's non-controlling interests.

(3)

	3 months ended September 30, 2018				12 months ended September 30, 2018			
Total revenues			$	82,108			$	390,989
Greater China revenues	$	30,480			$	120,306		
Non-controlling interest ownership percentage[(4)]		32.07%				32.05%		
Deduction for non-controlling interest share of revenues				(9,775)				(38,555)
Adjusted revenues attributable to common shareholders			$	72,333			$	352,434

(4) Weighted average ownership percentage for change in non-controlling interest share

IMAX

Q3 2018 Free Cash Flow Reconciliation

(In thousands of U.S. Dollars)	For the Three months ended September 30, 2018	For the Nine months ended September 30, 2018
Net cash provided by operating activities	$ 21,416	$ 68,070
Net cash used in investing activities	(14,483)	(33,275)
Net cash flow	$ 6,933	$ 34,795