IMAX®

Fourth Quarter 2018 Results

February 26, 2019

Box Office Highlights

Box Office (M's) (1)

	Q4 2018	Q4 2017	FY 2018	FY 2017
Global	**$ 237**	**$ 278**	**$ 1,032**	**$ 977**
Domestic	$ 82	$ 117	$ 361	$ 358
Greater China	$ 69	$ 63	$ 337	$ 291
Other Intl.	$ 86	$ 98	$ 334	$ 328

(1) 70 new DMR films released in 2018, vs. 60 new films released in 2017

Network Growth Highlights

	Signings		Installations		Backlog	
	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017
STL	11	18	26	24	176	162
JRSA	1	4	35	35	179	211
Hybrid JRSA	-	1	6	10	109	121
Total New	**12**	**23**	**67**	**69**	**464**	**494**
Upgrades	2	3	21	1	100	5
Total Theatres	**14**	**26**	**88**	**70**	**564**	**499**

	Signings		Installations		Backlog	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
STL	57	85	63	60	176	162
JRSA	55	35	72	86	179	211
Hybrid JRSA	10	50	14	19	109	121
Total New	**122**	**170**	**149**	**165**	**464**	**494**
Upgrades	112	7	23	5	100	5
Total Theatres	**234**	**177**	**172**	**170**	**564**	**499**

Q4 2018 Core Business and New Initiative Reconciliation

Q4 2018	Core Business (1)	New Business (2)	Non-Controlling Interest	IMAX Consolidated (3)
Revenue	$108.2	$0.8	-	$109.0
Gross Margin (loss)	54.1	0.5	-	54.6
SG&A (excl. SBC)	26.0	-0.2 (6)	-	25.8
Stock-Based Comp	4.6	-	-	4.6
R&D	2.1	0.1	-	2.2
Operating Expenses (4)	28.1	-0.1	-	28.0
Exit costs, restructuring costs & associated impairments	1.2	7.2	-	8.4
Income from Operations (loss)	8.7	-5.0	-	3.7
Adj. Net Income (loss)	23.5	-3.6 (7)	-3.5	16.4
Adj. EBITDA per Credit Facility (5)	42.9	0.1	-6.6	36.4

(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) Includes a recovery due to to VR write-downs.
(7) Assumes effective tax rate of 28%.

Q4 2017 Core Business and New Initiative Reconciliation

Q4 2017	Core Business[1]	New Business[2]	Non-Controlling Interest	IMAX Condolidated[3]
Revenue	$112.6	$13.0	-	$125.6
Gross Margin	62.8	-2.7	-	60.1
SG&A (excl. SBC)[4]	19.2	1.8	-	21.0
Stock-Based Comp	4.2	-	-	4.2
R&D	3.7	2.5	-	6.2
Operating Expenses[5]	22.9	4.3	-	27.2
Exit costs, restructuring costs & associated impairments	2.5	-	-	2.5
Income from Operations	32.0	-7.1	-	24.9
Adj. Net Income	30.8	-5.1[7]	-3.9	21.8
Adj. EBITDA per Credit Facility	$56.0	$6.9	-$7.1	$55.8
Adj. EBITDA per Credit Facility, excluding impact from "Marvel's Inhumans"[6]	$56.0	-$6.5	-$7.1	$42.4

(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 change in 2017 from previously disclosed figure due to the adoption of ASU 2017-07.
(5) Includes SG&A plus R&D, excluding stock-based compensation.
(6) 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. Pursuant to the terms of the Company's Credit Agreement, impairment and amortization expenses associated with "Marvel's Inhumans", are treated as add-backs in determining Adjusted EBITDA. However, the Company believes that excluding the impact of its investment in "Marvel's Inhumans" provides a more meaningful evaluation of the Company's Adjusted EBITDA, and thus is presenting both metrics to facilitate comparisons against future and prior periods.
(7) Assumes effective tax rate of 28%.

FY 2018 Core Business and New Initiative Reconciliation

FY 2018	Core Business [1]	New Business [2]	Non-Controlling Interest	IMAX Consolidated [3]
Revenue	368.6	5.8	-	374.4
Gross Margin (loss)	208.3	-0.4	-	207.9
SG&A (excl. SBC)	96.5	0.9	-	97.4
Stock-Based Comp	20.1	-	-	20.1
R&D	13.3	0.4	-	13.7
Operating Expenses [4]	109.8	1.3	-	111.1
Exit costs, restructuring costs & associated impairments	2.3	7.2	-	9.5
Income (loss) from Operations	52.0	-6.8	-	45.2
Adj. Net Income (loss)	75.1	-4.9 [6]	-12.4	57.8
Adj. EBITDA per Credit Facility [5]	154.6	0.8	-22.2	133.2

(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%.

FY 2017 Core Business and New Initiative Reconciliation

FY 2017	Core Business[1]	New Business[2]	Non-Controlling Interest	IMAX Condolidated[3]
Revenue	$356.3	$24.5	-	$380.8
Gross Margin	201.4	-16.2	-	185.2
SG&A (excl. SBC) [4]	85.8	3.7	-	89.5
Stock-Based Comp	20.4	-	-	20.4
R&D	13.4	7.5	-	20.9
Operating Expenses[5]	99.2	11.2	-	110.4
Exit costs, restructuring costs & associated impairments	12.8	3.4	-	16.2
Income from Operations	62.9	-31.5	-	31.4
Adj. Net Income	74.2	-22.7 [7]	-11.0	40.5
Adj. EBITDA per Credit Facility	$160.8	$0.3	-$22.9	$138.2
Adj. EBITDA per Credit Facility, excluding impact from "Marvel's Inhumans" [6]	$160.8	-$11.7	-$22.9	$126.2

(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 change in 2017 from previously disclosed figure due to the adoption of ASU 2017-07.
(5) Includes SG&A plus R&D, excluding stock-based compensation.
(6) 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. Pursuant to the terms of the Company's Credit Agreement, impairment and amortization expenses associated with "Marvel's Inhumans", are treated as add-backs in determining Adjusted EBITDA. However, the Company believes that excluding the impact of its investment in "Marvel's Inhumans" provides a more meaningful evaluation of the Company's Adjusted EBITDA, and thus is presenting both metrics to facilitate comparisons against future and prior periods.
(7) Assumes effective tax rate of 28%.

Other Financial Highlights – Full Year 2018

Operating Expenses[1]	▪ Total operating expenses were flat year-over-year, marking the third consecutive year of flat operating expenses
Effective Tax Rate	▪ FY 2018 tax rate was approximately 22%
Capital Expenditures[2]	▪ Capital expenditures of $80M in 2018, compared to $107M in the year ago period
Cash Balance	▪ Ended the year with cash balance of $142M
Free Cash Flow[3]	▪ Free cash flow for 2018 was $53M, compared to $12M in 2017

(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.

ROIC

Return on Invested Capital:

	2018	2017
Income from operations	$ 45,176	$ 31,444
Provision for income taxes	(9,518)	(16,790)
EBIAT Return	$ 35,658	$ 14,654
Total shareholders' equity	$ 592,918	$ 602,257
Total bank indebtedness	37,753	25,357
Less: Goodwill	39,027	39,027
Less: Other intangible assets	34,095	31,211
Total Invested Capital	$ 557,549	$ 557,376
Return on Invested Capital (Non-GAAP measure)	6.4%	2.6%

* Return on Invested Capital (ROIC) is not defined under U.S. generally accepted accounting principles. Therefore, ROIC should not be considered a substitute for other measures prepared in accordance with U.S. GAAP and may not be comparable to similarly titled measures used by other companies. The Company defines ROIC as earnings before interest after taxes (before non-controlling interests) divided by total invested capital (total equity plus total debt less goodwill and other intangible assets). The Company believes ROIC is meaningful to investors as it focuses on shareholder value creation.

APPENDIX

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

	Year Ended December 31,			
	2018		2017	
	Net Income	Diluted EPS	Net Income	Diluted EPS
Reported net income	$ 33,595	$ 0.53	$ 12,518	$ 0.19
Adjustments:				
Stock-based compensation	22,211	0.35	22,653	0.35
Exit costs, restructuring charges and associated impairments	9,542	0.15	16,174	0.25
Legal arbitration award	11,737	0.19	-	-
Executive transition costs	2,994	0.05	-	-
Tax impact on items listed above	(9,873)	(0.16)	(9,218)	(0.14)
Impact of enactment of U.S. Tax Act	-	-	9,323	0.14
Adjusted net income	70,206	1.11	51,450	0.79
Net income attributable to non-controlling interests (1)	(10,751)	(0.17)	(10,174)	(0.16)
Stock-based compensation (net of tax of $0.1 million, and $0.2 million, respectively) (1)	(394)	(0.01)	(620)	(0.01)
Exit costs, restructuring charges and associated impairments (net of tax of $0.4 million and $0.1 million, respectively) (1)	(1,262)	(0.02)	(181)	-
Adjusted net income attributable to common shareholders	$ 57,799	$ 0.91	$ 40,475	$ 0.62
Weighted average diluted shares outstanding		63,207		65,540

(1) Reflects amounts attributable to non-controlling interests.

Q4 & FY 2018 Non-GAAP Financial Reconciliation- Adjusted EBITDA

(In thousands of U.S. Dollars)	Quarter Ended December 31, 2018	Year Ended December 31, 2018 [(1)]	Year Ended December 31, 2017
Net income	$ 3,771	$ 33,595	$ 12,518
Add (subtract):			
Provision for income taxes	(22)	9,518	16,790
Interest expense, net of interest income	(110)	1,072	915
Depreciation and amortization, including film asset amortization[(1)]	15,453	57,437	66,245
EBITDA	19,092	101,622	96,468
Stock and other non-cash compensation	5,483	23,723	23,718
Write-downs, net of recoveries including asset impairments and receivable provisions[(1)]	2,797	5,338	24,015
Exit costs, restructuring charges and associated impairments	8,384	9,542	16,174
Legal arbitration award	4,237	11,737	-
Executive transition costs	2,994	2,994	-
(Gain) loss from equity accounted investments	(15)	492	703
Adjusted EBITDA before non-controlling interests	42,972	155,448	161,078
Adjusted EBITDA attributable to non-controlling interests[(2)]	(6,593)	(22,220)	(22,927)
Adjusted EBITDA per Credit Facility	$ 36,379	$ 133,228	$ 138,151 *
Adjusted EBITDA per Credit Facility, excluding impact from *"Marvel's Inhumans"*	$ 36,379	$ 133,228	$ 126,158 *
Adjusted revenues attributable to common shareholders	$ 97,573	$ 336,723	$ 340,460
Adjusted EBITDA margin, excluding impact from *"Marvel's Inhumans"*	37.3 %	39.6 %	37.1 %

* Adjusted EBITDA per Credit Facility of $138.2 million includes the impact of the Company's investment in *"Marvel's Inhumans"*, which resulted in a $13.0 million loss. However, as permitted by the Credit Facility, this loss was offset by addbacks of $13.3 million and $11.7 million for amortization and impairment charges, respectively, relating to the investment, the net effect of which was to increase Adjusted EBITDA per Credit Facility by $12.0 million. 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 yet know whether it will make similar investments in the future. 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 includes the reduction in Adjusted EBITDA per Credit Facility from the Company's non-controlling interests.

(3)

	Quarter Ended December 31, 2018		Year Ended December 31, 2018		Year Ended December 31, 2017	
Total revenues		$ 108,964		$ 374,401		$ 380,767
Greater China revenues	$ 35,553		$ 117,520		$ 126,474	
Non-controlling interest ownership percentage[(4)]	32.04%		32.06%		31.87%	
Deduction for non-controlling interest share		(11,391)		(37,678)		(40,307)
Adjusted revenues attributable to common shareholders		$ 97,573		$ 336,723		$ 340,460

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

FY 2018 Free Cash Flow Reconciliation

(In thousands of U.S. Dollars)	For the 3 months ended December 31, 2018	For the 12 months ended December 31, 2018
Net cash provided by operating activities	$ 41,902	$ 109,972
Net cash used in investing activities	(23,599)	(56,874)
Free cash flow	$ 18,303	$ 53,098