

The IMAX logo is rendered in a bold, white, sans-serif font. The letters are thick and closely spaced, with a registered trademark symbol (®) positioned at the top right of the 'X'. The logo is set against a dark blue background that features a perspective view of a hallway with glowing blue light trails on the walls and ceiling.

IMAX[®]

Second Quarter 2018 Results

July 25, 2018

Box Office Highlights

Box Office (M's)⁽¹⁾

	Q2 2018	Q2 2017
Global	\$ 343	\$ 269
Domestic	131	86
Greater China	101	97
Other Intl.	110	86

Per Screen Average (000's)⁽¹⁾

	Q2 2018	Q2 2017
Global	\$ 263	\$ 238
Domestic	317	216
Greater China	199	235
Other Intl.	310	268

(1) 10 new DMR films released in Q2 vs. 11 new films released in Q2 2017

Network Growth Highlights

	<u>Signings</u>		<u>Installations</u>		<u>Backlog</u>	
	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017
STL	9	14	9	12	181	174
JRSA	31	31	19	18	238	265
Hybrid JRSA	-	47	2	3	115	137
Total New	40	92	30	33	534	576
Upgrades	98	3	1	1	101	4
Total Theatres	138	95	31	34	635	580

Q2 2018 Core Business and New Initiative Reconciliation

Q2 2018	Core Business ⁽¹⁾	New Business ⁽²⁾	Non-Controlling Interest	IMAX Consolidated ⁽³⁾
Revenue	\$95.2	\$3.1	-	\$98.3
Gross Margin	58.5	1.9	-	60.4
SG&A (excl. SBC)	26.2	0.2	-	26.4
Stock-Based Comp	6.2	-	-	6.2
R&D	3.8	0.1	-	3.9
Operating Expenses ⁽⁴⁾	30.0	0.3	-	30.3
Exit costs, restructuring costs & associated impairments	0.5	-	-	0.5
Income from Operations	13.0	1.6	-	14.6
Adj. Net Income	20.4	1.2 ⁽⁶⁾	(2.6)	19.0
Adj. EBITDA per Credit Facility ⁽⁵⁾	41.5	3.0	(5.0)	39.5

(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%.

Q2 2017 Core Business and New Initiative Reconciliation

Q2 2017	Core Business ⁽¹⁾	New Business ⁽²⁾	Non-Controlling Interest	IMAX Consolidated ⁽³⁾
Revenue	\$86.4	\$1.3	-	\$87.8
Gross Margin	50.7	(1.2)	-	49.5
SG&A (excl. SBC)	22.0	0.4	-	22.4
Stock-Based Comp	6.2	-	-	6.2
R&D	3.6	2.1	-	5.7
Operating Expenses ⁽⁴⁾	25.6	2.5	-	28.1
Exit costs, restructuring costs & associated impairments	6.9	3.4	-	10.3
Income (loss) from Operations	(5.5)	7.3	-	1.8
Adj. Net Income (loss)	\$7.9	5.3 ⁽⁶⁾	(3.5)	9.6
Adj. EBITDA per Credit Facility ⁽⁵⁾	\$38.9	(3.1)	(6.5)	\$29.3

(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 – Q2 2018

Operating Expenses⁽¹⁾	<ul style="list-style-type: none">▪ Total operating expenses were up 7.8% y-o-y as a result of normalizing our marketing spend, as we previously indicated on our last call as well as additional expenses related to foreign exchange.
Effective Tax Rate	<ul style="list-style-type: none">▪ Q2 2018 tax rate was approximately 26%
Capital Expenditures⁽²⁾	<ul style="list-style-type: none">▪ Capital expenditures of \$18.8M in Q2 2018, compared to \$33.0M in the year ago period
Cash Balance	<ul style="list-style-type: none">▪ Ended the quarter with cash balance of \$133.0M
Free Cash Flow⁽³⁾	<ul style="list-style-type: none">▪ Free cash flow for Q2 2018 was \$24.4M

(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

Q2 2018 Non-GAAP Financial Reconciliation- Adjusted Earnings Per Share

<i>(In thousands of U.S. dollars, except per share amounts)</i>	Quarter Ended June 30,			
	2018		2017	
	Net Income	Diluted EPS	Net Income	Diluted EPS
Reported net income	\$ 10,255	\$ 0.16	\$ 1,809	\$ 0.03
Adjustments:				
Stock-based compensation	6,756	0.10	6,793	0.10
Exit costs, restructuring charges and associated impairments	456	0.01	10,258	0.15
Legal arbitration award	7,500	0.12	-	-
Tax impact on items listed above	(3,228)	(0.05)	(5,382)	(0.08)
Adjusted net income	21,739	0.34	13,478	0.20
Net (income) loss attributable to non-controlling interests	(2,630)	(0.04)	(3,521)	(0.05)
Stock-based compensation (net of tax of less than \$0.1 million and less than \$0.1 million, respectively)	(147)	-	(153)	-
Exit costs, restructuring charges and associated impairments (net of tax of less than \$0.1 million)	-	-	(168)	-
Adjusted net income attributable to common shareholders	<u>\$ 18,962</u>	<u>\$ 0.30</u>	<u>\$ 9,636</u>	<u>\$ 0.15</u>
Weighted average diluted shares outstanding		<u>63,426</u>		<u>65,992</u>

Q2 2018 Non-GAAP Financial Reconciliation- Adjusted EBITDA

	For the 3 months ended June 30, 2018	For the 12 months ended June 30, 2018 ⁽¹⁾
<i>(In thousands of U.S. Dollars)</i>		
Net income	\$ 10,255	\$ 33,918
Add (subtract):		
Provision for income taxes	3,635	25,002
Interest expense, net of interest income	608	1,388
Depreciation and amortization, including film asset amortization	14,513	69,488
EBITDA	\$ 29,011	\$ 129,796
Stock and other non-cash compensation	6,779	23,141
Write-downs, net of recoveries including asset impairments and receivable provisions	650	18,099
Exit costs, restructuring charges and associated impairments	456	7,074
Legal arbitration award	7,500	7,500
Loss from equity accounted investments	100	489
Adjusted EBITDA before non-controlling interests ⁽²⁾	\$ 44,496	\$ 186,099
Adjusted EBITDA attributable to non-controlling interests	(5,014)	(24,404)
Adjusted EBITDA per Credit Facility	\$ 39,482 *	\$ 161,695 *
Adjusted EBITDA per Credit Facility, excluding impact from "Marvel's Inhumans"	\$ 39,489 *	\$ 148,930 *
Adjusted revenues attributable to common shareholders ⁽³⁾	\$ 90,860	\$ 367,281
Adjusted EBITDA margin, excluding impact from "Marvel's Inhumans"	43.5 %	40.5 %

* Adjusted EBITDA per Credit Facility of \$39.5 million and \$161.7 million for the three and twelve months ended June 30, 2018 respectively, include the impact of the Company's investment in "Marvel's Inhumans", which resulted in a less than \$0.1 million and \$12.2 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 June 30, 2018, respectively. The net effect of these addbacks was to increase Adjusted EBITDA per Credit Facility by less than \$0.1 million and \$12.8 million for the three and twelve months ended June 30, 2018, respectively. This investment represents the Company's first foray into a commercial television property, and therefore the Adjusted EBITDA per Credit Facility

- (1) Ratio of funded debt 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 months ended June 30, 2018	12 months ended June 30, 2018
Total revenues	\$ 98,345	\$ 407,681
Greater China revenues	\$ 23,341	\$ 126,389
Non-controlling interest ownership percentage ⁽⁴⁾	32.07%	31.96%
Deduction for non-controlling interest share of revenues	(7,485)	(40,400)
Adjusted revenues attributable to common shareholders	\$ 90,860	\$ 367,281

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

Q2 2018 Free Cash Flow Reconciliation

	For the Three months ended June 30, 2018	For the Six months ended June 30, 2018
<i>(In thousands of U.S. Dollars)</i>		
Net cash provided by operating activities	\$ 31,191	\$ 46,654
Net cash used in investing activities	(6,839)	(18,792)
Net cash flow	<u>\$ 24,352</u>	<u>\$ 27,862</u>