

IMAX

Full Year 2019 Financial Results

February 19, 2020



Forward-Looking Statements

This presentation contains forward looking statements that are based on IMAX® management's assumptions and existing information and involve certain risks and uncertainties which could cause actual results to differ materially from future results expressed or implied by such forward looking statements. Important factors that could affect these statements include, but are not limited to, references to future capital expenditures (including the amount and nature thereof), business and technology strategies and measures to implement strategies, competitive strengths, goals, expansion and growth of business, operations and technology, plans and references to the future success of IMAX Corporation together with its consolidated subsidiaries (the "Company") and expectations regarding the Company's future operating, financial and technological results.

These forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform with the expectations and predictions of the Company is subject to a number of risks and uncertainties, including, but not limited to, risks associated with investments and operations in foreign jurisdictions and any future international expansion, including those related to economic, political and regulatory policies of local governments and laws and policies of the United States and Canada; risks related to the Company's growth and operations in China, including the adverse impact of the coronavirus outbreak in China; the performance of IMAX DMR® films; the signing of theater system agreements; conditions, changes and developments in the commercial exhibition industry; risks related to currency fluctuations; the potential impact of increased competition in the markets within which the Company operates; competitive actions by other companies; the failure to respond to change and advancements in digital technology; risks relating to recent consolidation among commercial exhibitors and studios; risks related to new business initiatives; conditions in the in-home and out-of-home entertainment industries; the opportunities (or lack thereof) that may be presented to and pursued by the Company; risks related to cyber-security and data privacy; risks related to the Company's inability to protect the Company's intellectual property; general economic, market or business conditions; the failure to convert theater system backlog into revenue; changes in laws or regulations; the failure to fully realize the projected cost savings and benefits from any of the Company's restructuring initiatives; and other factors, many of which are beyond the control of the Company. These factors, other risks and uncertainties and financial details are discussed in IMAX's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The Company undertakes no obligation to update publicly or otherwise revise any forward looking statements, whether as a result of new information, future events or otherwise.



Strategic Update

Richard Gelfond

Chief Executive Officer

Focus on Growth



... Driving Strong Performance Across KPIs in 2019¹

| | | |
|--|---|---------------|
| Revenue | ↑ | +6% |
| Global Box Office | ↑ | +7% |
| Global Commercial Theatre Network | ↑ | +9% |
| Gross Margin (\$) | ↑ | +3% |
| Gross Profit Margin (%) | ↓ | -140 bps |
| GAAP Net Income / EPS | ↑ | +74% / +79% |
| Net Income ² / EPS ² | ↑ | +105% / +111% |
| Adj. EPS ² | ↑ | +15% |
| Adj. EBITDA (\$) ² | ↑ | +12% |
| Adj. EBITDA Margin (%) ² | ↑ | +210 bps |

¹ Percentage and other changes refer to FY 2019 vs. FY 2018 unless otherwise noted.

² Attributable to common shareholders.

Focusing on Our Strategy, Delivering Solid Results and Setting Foundation For Growth

China Performance Strong in FY19 Across KPIs



Box office

\$366M (USD) box office

+14% YoY

Mainland China (RMB)
vs. +5% industry

+9% YoY

Greater China (USD)



Theatre

702 commercial network

+13% YoY

with stable same-store sales in
Mainland China (RMB)

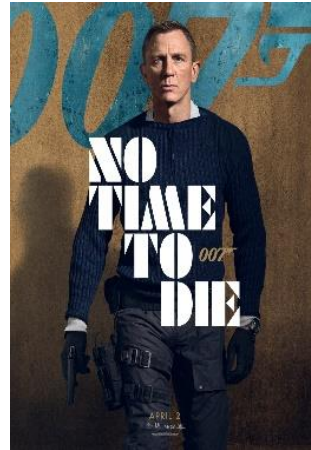
IMAX = 9 of the Top 10 films in 2019



2020 Content Slate has Broad Appeal; features IMAX DNA



Mulan
(March)



No Time
to Die (April)



Black Widow (May)



Fast & Furious 9 (May)



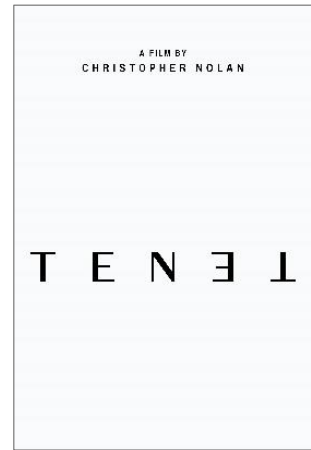
Wonder
Woman 1984 (June)



Detective
Chinatown 3 (LL – TBD)



Top Gun:
Maverick (June)



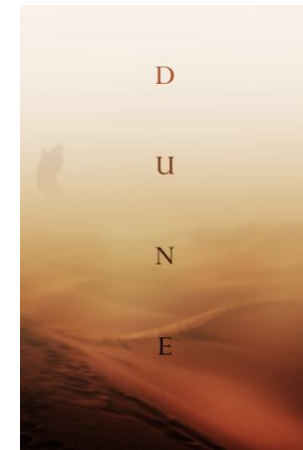
TENET (July)



Venom 2 (Oct)



The Eternals (Nov)



Dune (Dec)



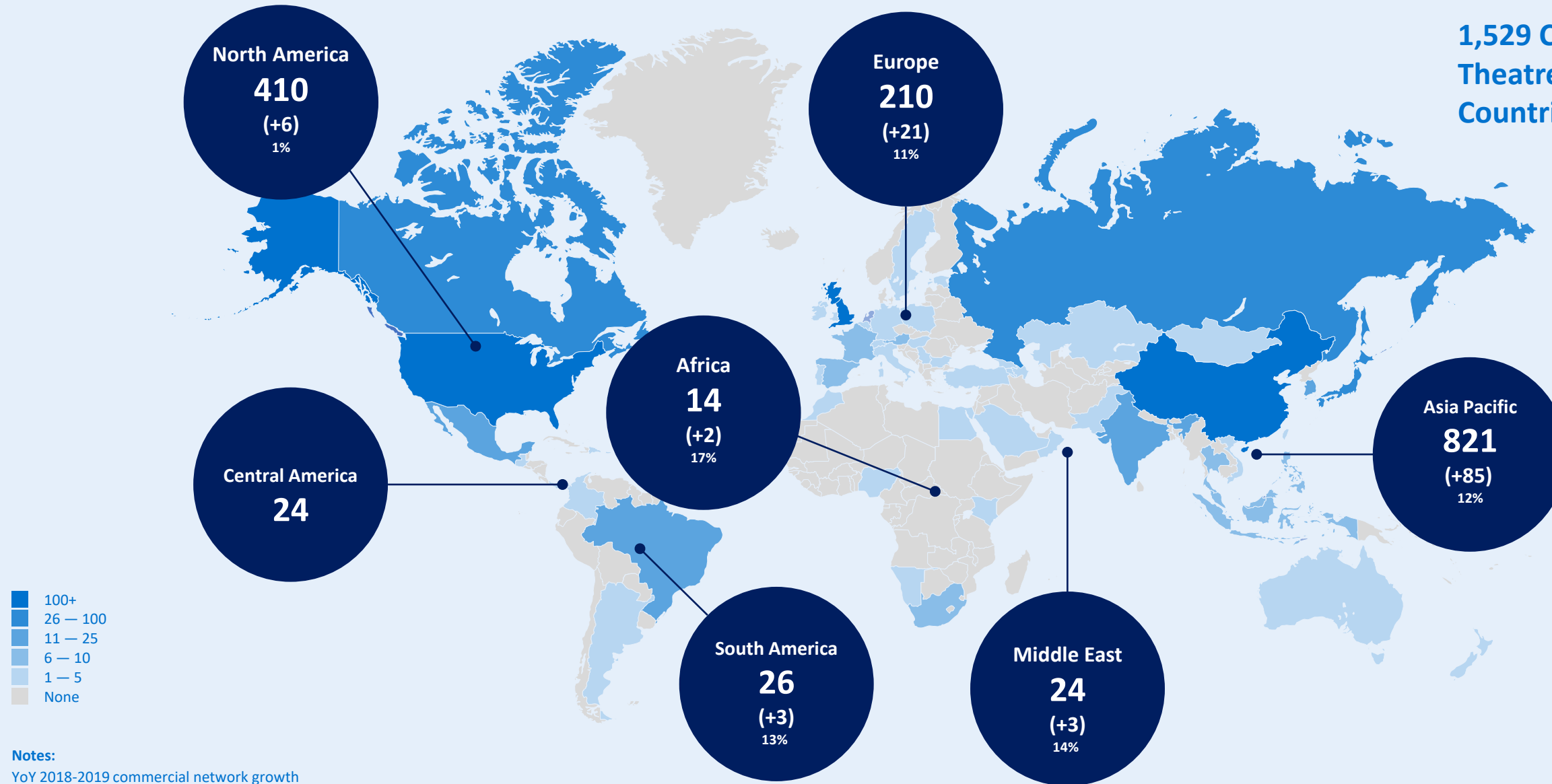
The Rescue
(LL – TBD)



2020 Portfolio is Broad and Balanced; IMAX DNA Creates Additional Demand

IMAX is a Global Brand

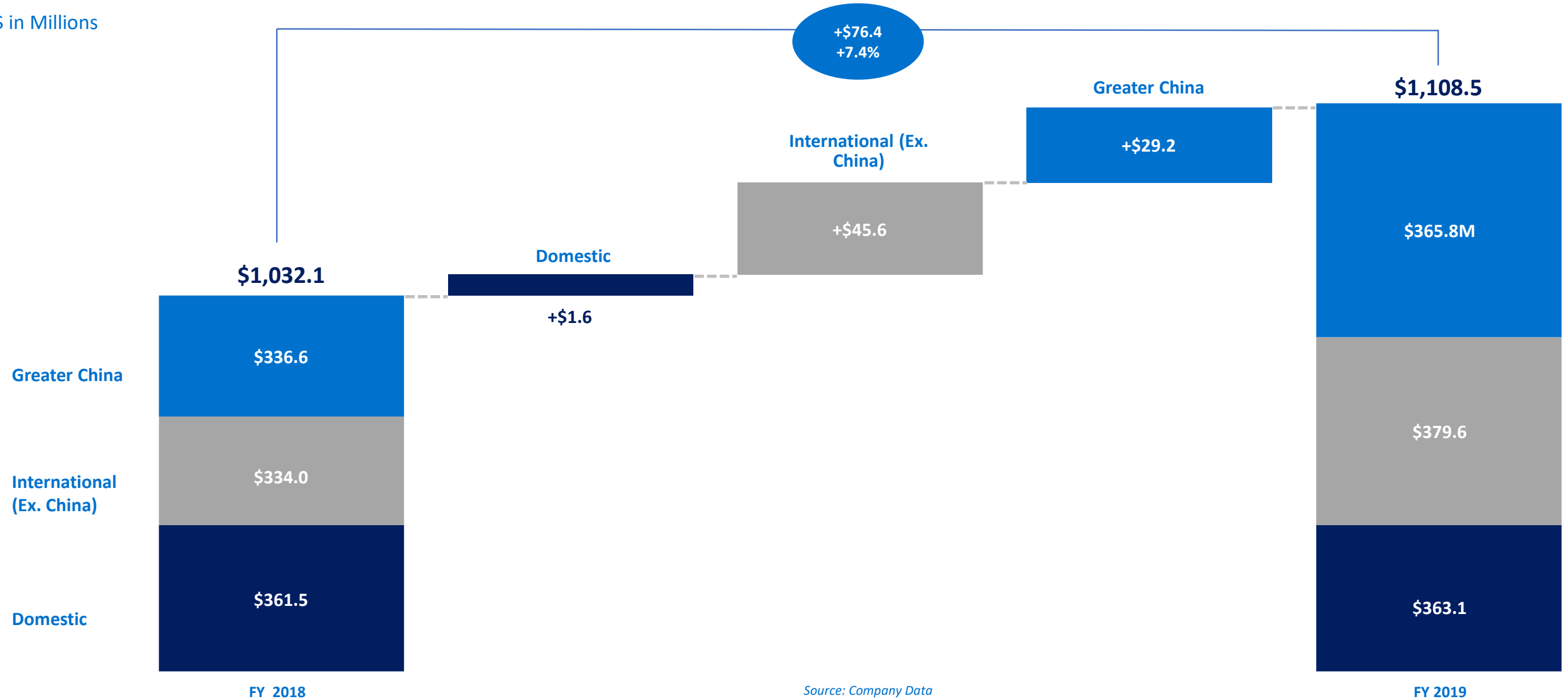
1,529 Commercial Theatres in 81 Countries



73% of IMAX Network is Located in International Markets

FY 2019 Box Office - Benefits of Global Diversification

\$ in Millions



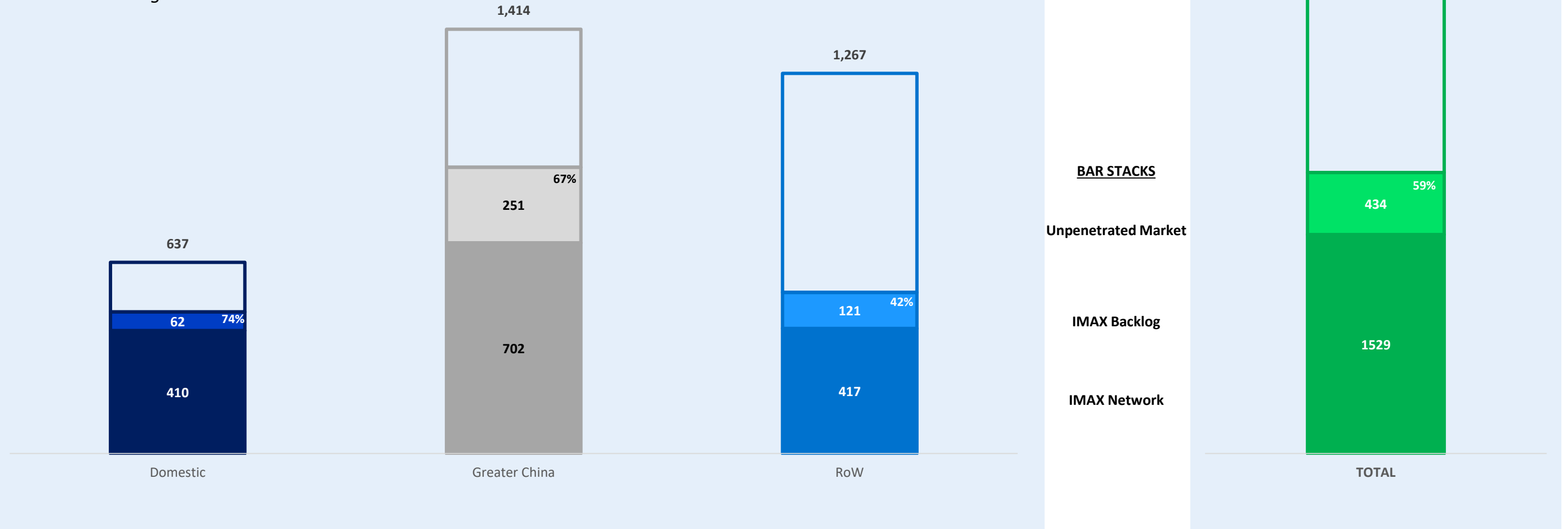
Source: Company Data

Greater China and Rest of World Out-gross Domestic for First Time

Emerging Markets Contribute to 16% increase in IMAX Total Addressable Market

Worldwide Updated Addressable Market: 3,318

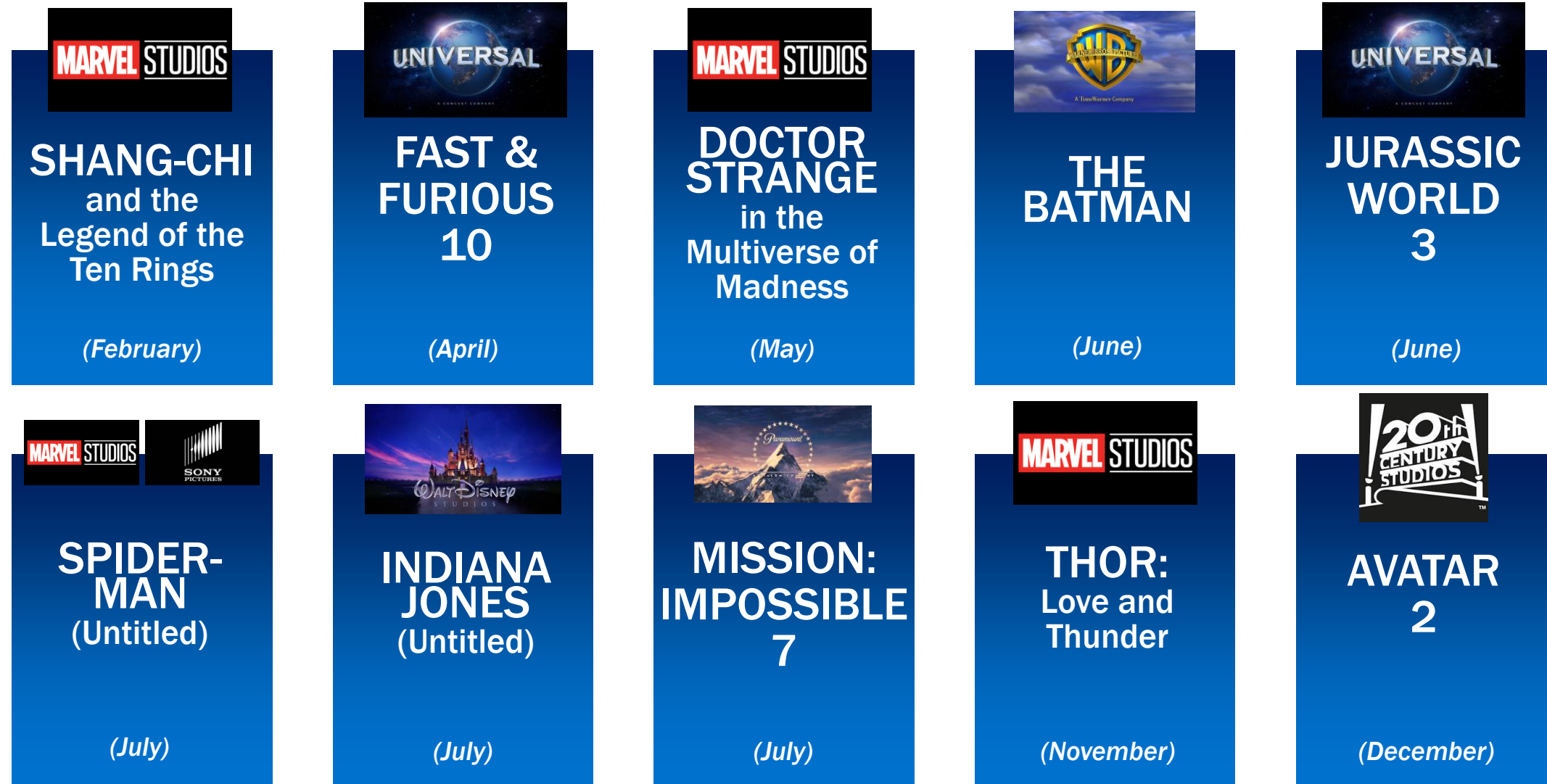
Network + Backlog Penetration: 59%



Source: Company Data

Future Regional Expansion Opportunities Create Growth for the IMAX Network

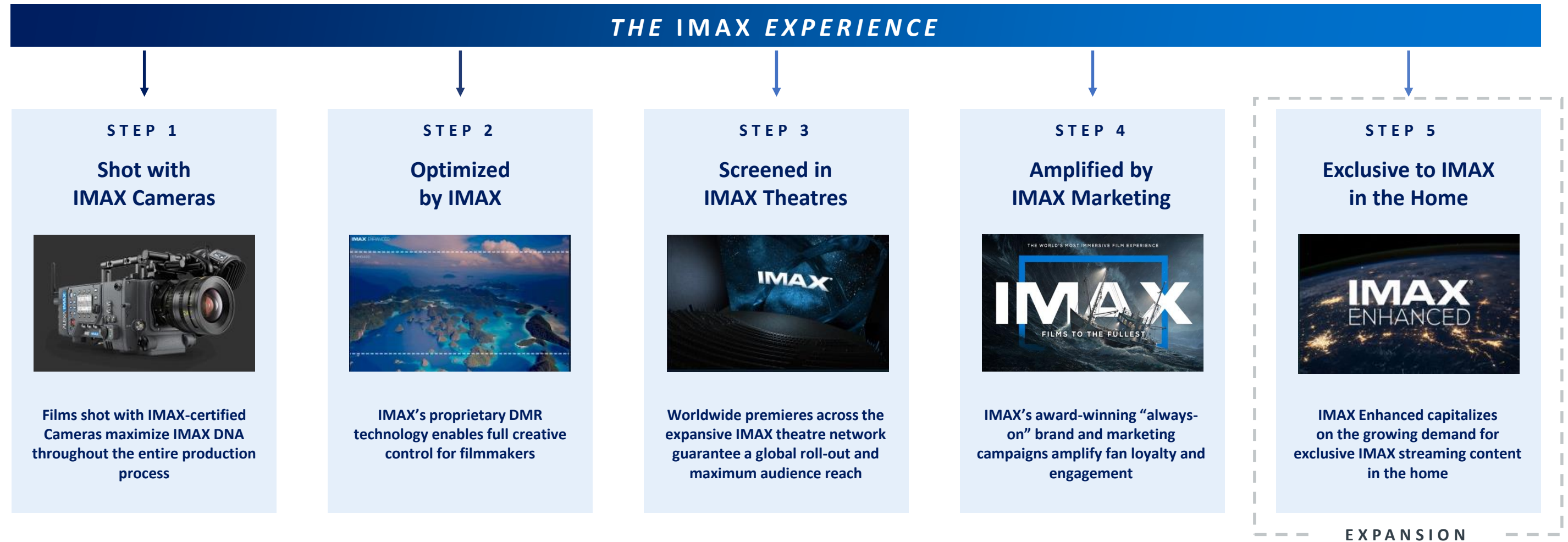
Blockbuster 2021 Around the Corner



The Majority of the Projected Top Ten Releases Have the Potential to Top \$1 Billion in Worldwide GBO

Extending *The IMAX Experience*[®]

The IMAX Experience is more than just the world's most immersive theatrical experience. In addition to preserving the filmmaker's full creative intent, IMAX adds value for filmmakers, studios, exhibitors and consumers at every stage of the content lifecycle.



Fueling the Growing Demand For IMAX Enhanced Content

IMAX Enhanced

In 2019, IMAX Enhanced made considerable strides in expanding the depth and breadth of its global ecosystem with the launch of new device categories, exclusive 4K content and streaming platforms to cover the entire value chain for IMAX fans and home theater enthusiasts. In addition, we released Spider-Man: Far From Home—the first-ever Marvel title to feature the IMAX expanded aspect ratio in the home.

DEVICE PARTNERS: 18 IN 50+ COUNTRIES

SONY



ONKYO

DENON

marantz

D.

DEFINITIVE TECHNOLOGY

CONTENT TITLES: 34



STREAMING PLATFORMS: 6 IN 15 COUNTRIES

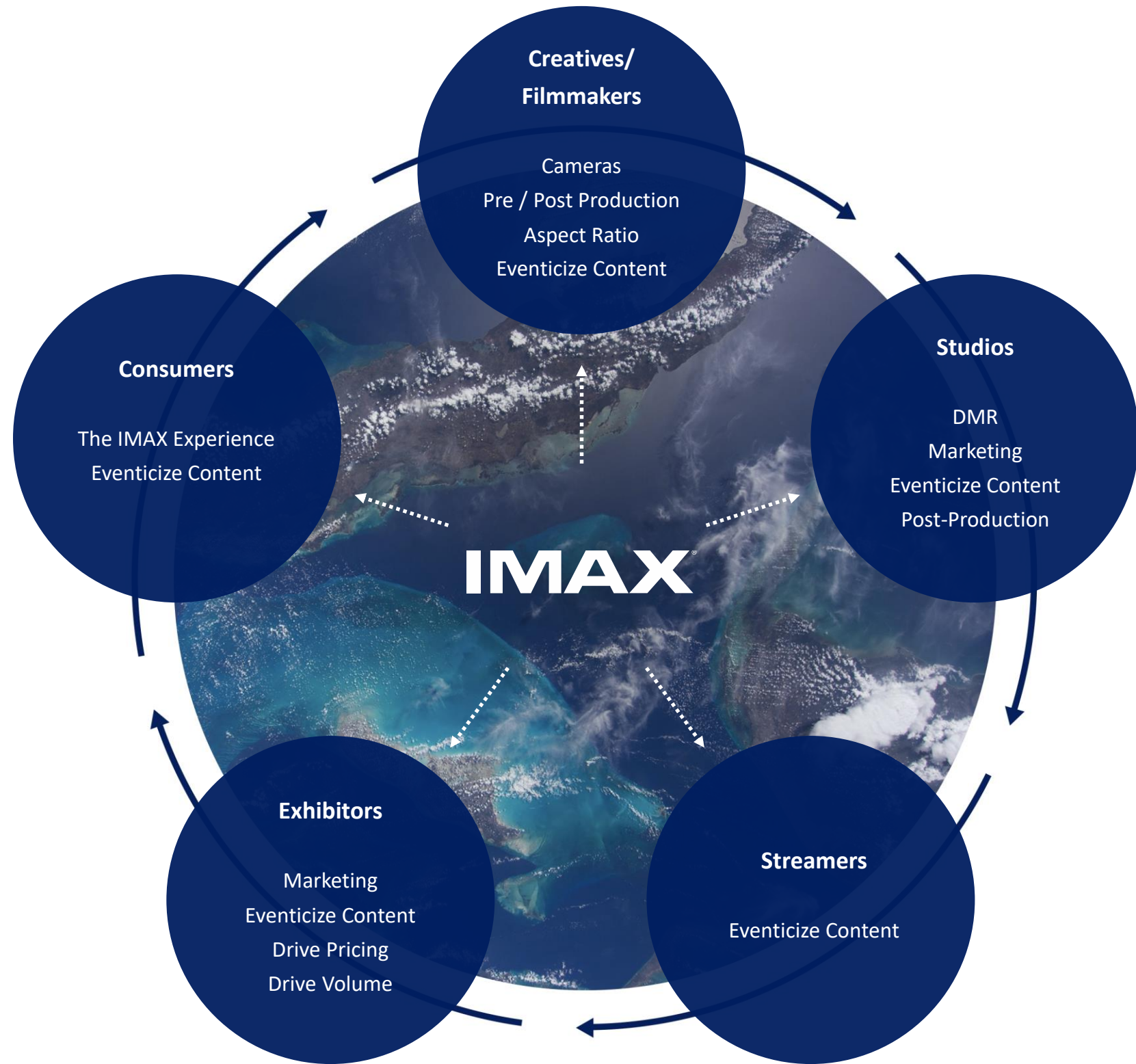


TSUTAYA



The IMAX Ecosystem

Deeply Embedded in the Fabric of the Global Entertainment Industry



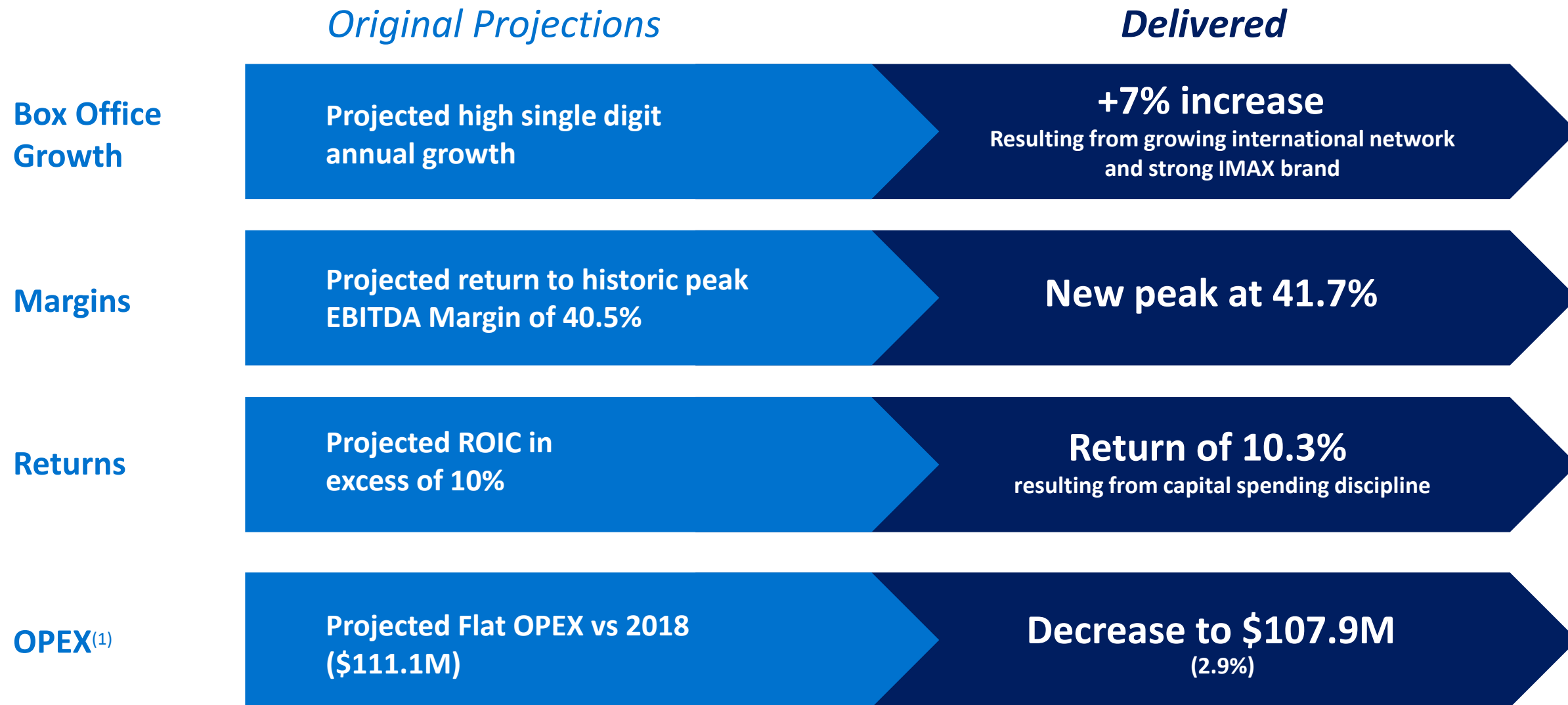
The image shows the interior of a large IMAX theater. The seats are dark and arranged in a curved, tiered fashion, facing a large screen. The screen displays the IMAX logo in a metallic, 3D font, set against a background of a starry space scene with blue nebulae and a large, glowing blue structure that resembles a stylized 'X' or a futuristic architectural element. The theater's walls are dark, and there are small lights visible on the ceiling.

IMAX[®]

Financial Review

Patrick McClymont
Chief Financial Officer

Delivering on Key Metrics

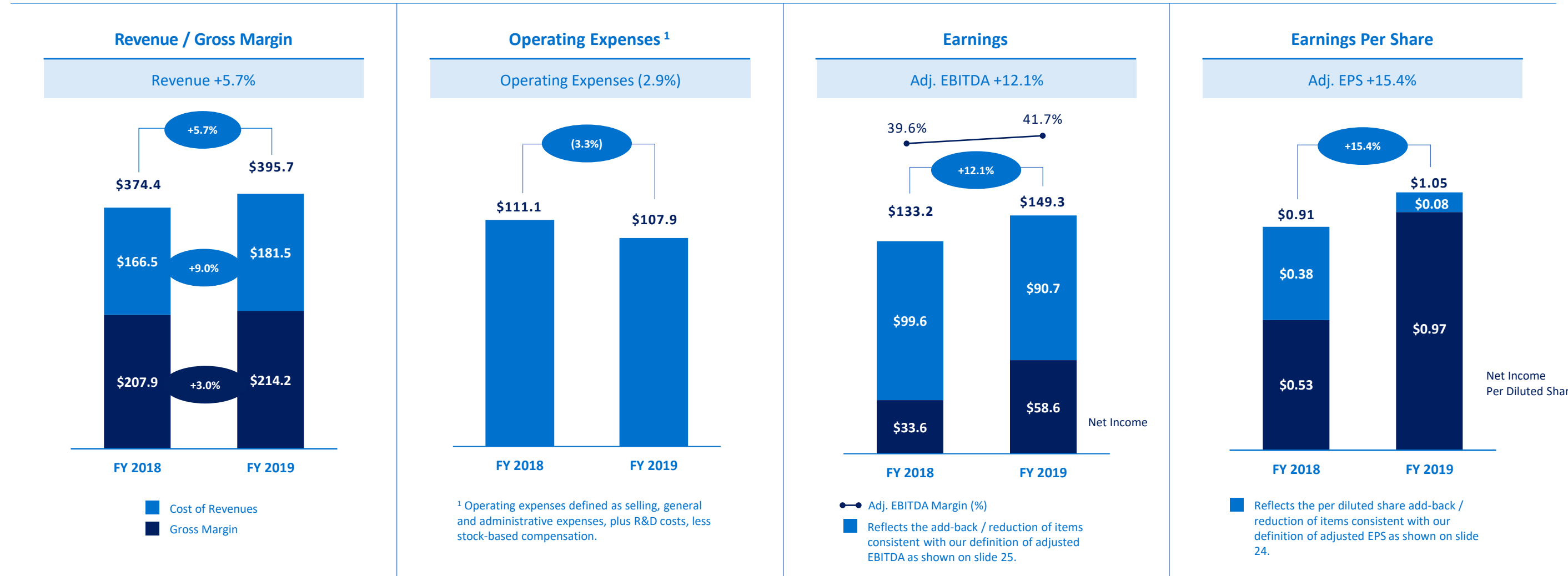


⁽¹⁾ Operating expenses defined as selling, general and administrative expenses, plus R&D costs, less stock-based compensation.

IMAX Outpaced the Industry and Delivered in the Right Places

FY 2019 Financial Summary

\$ in Millions, Except EPS Data

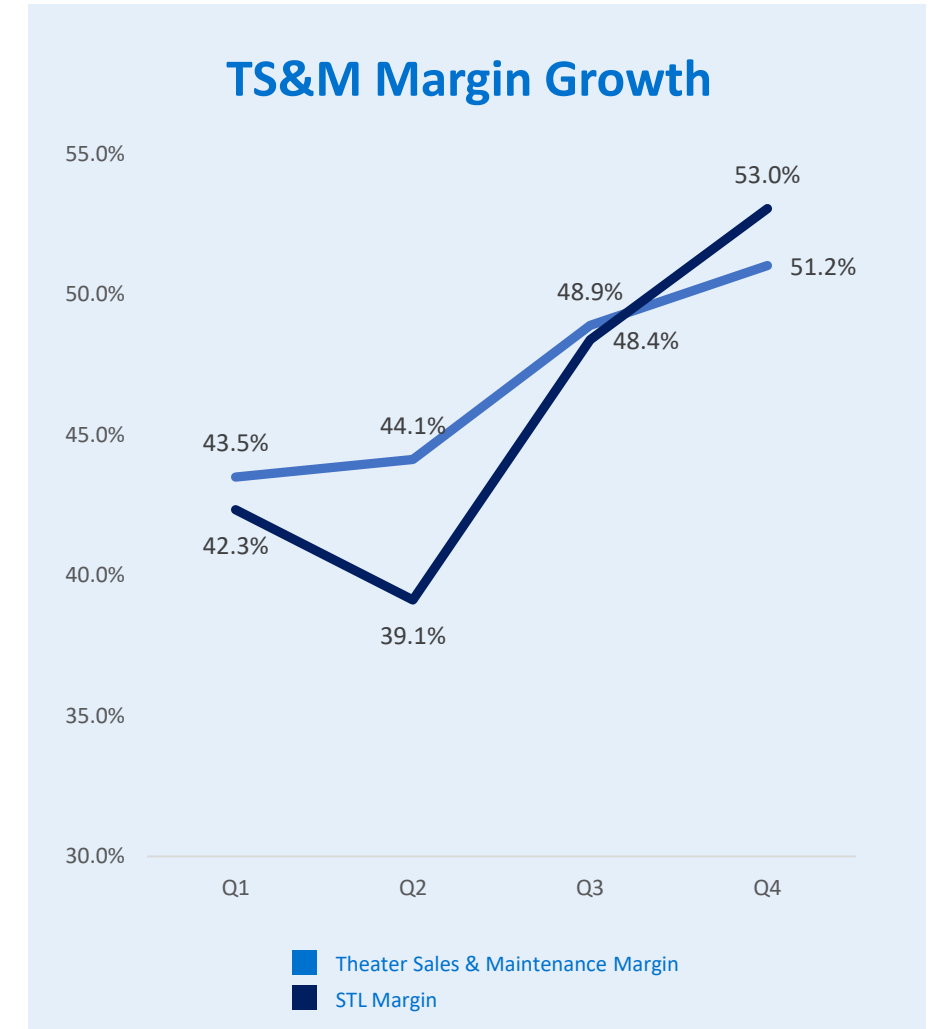
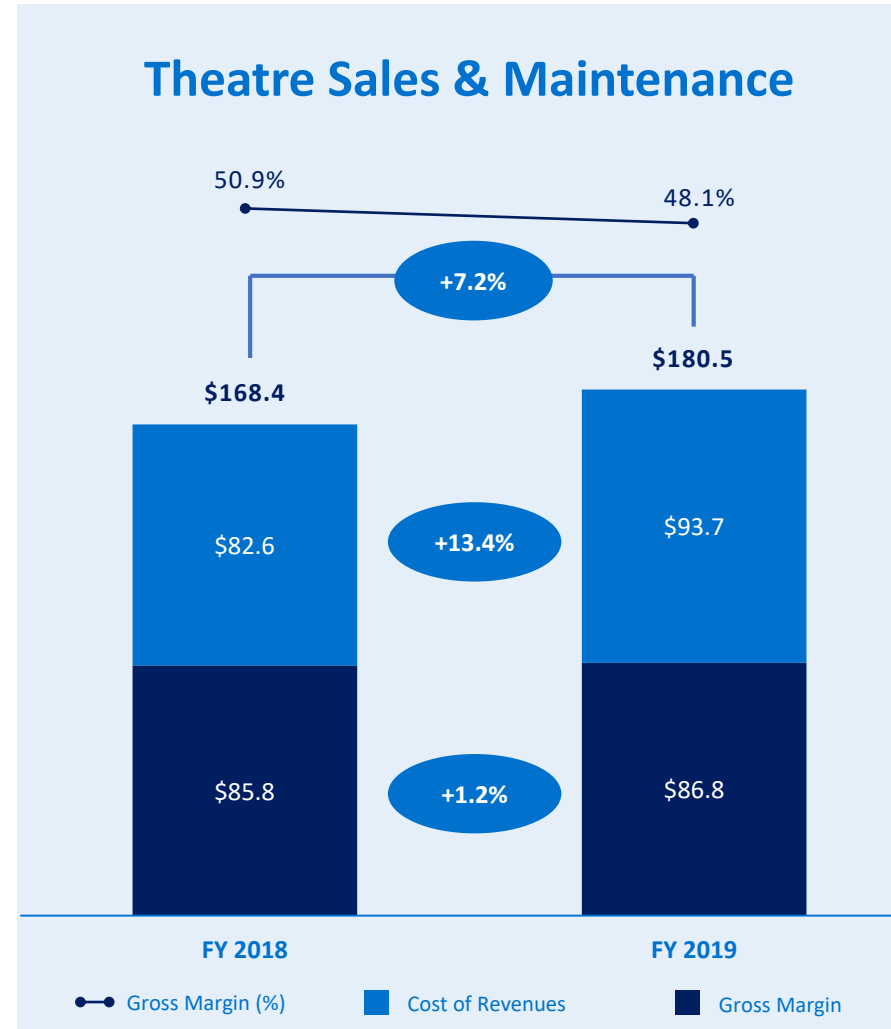
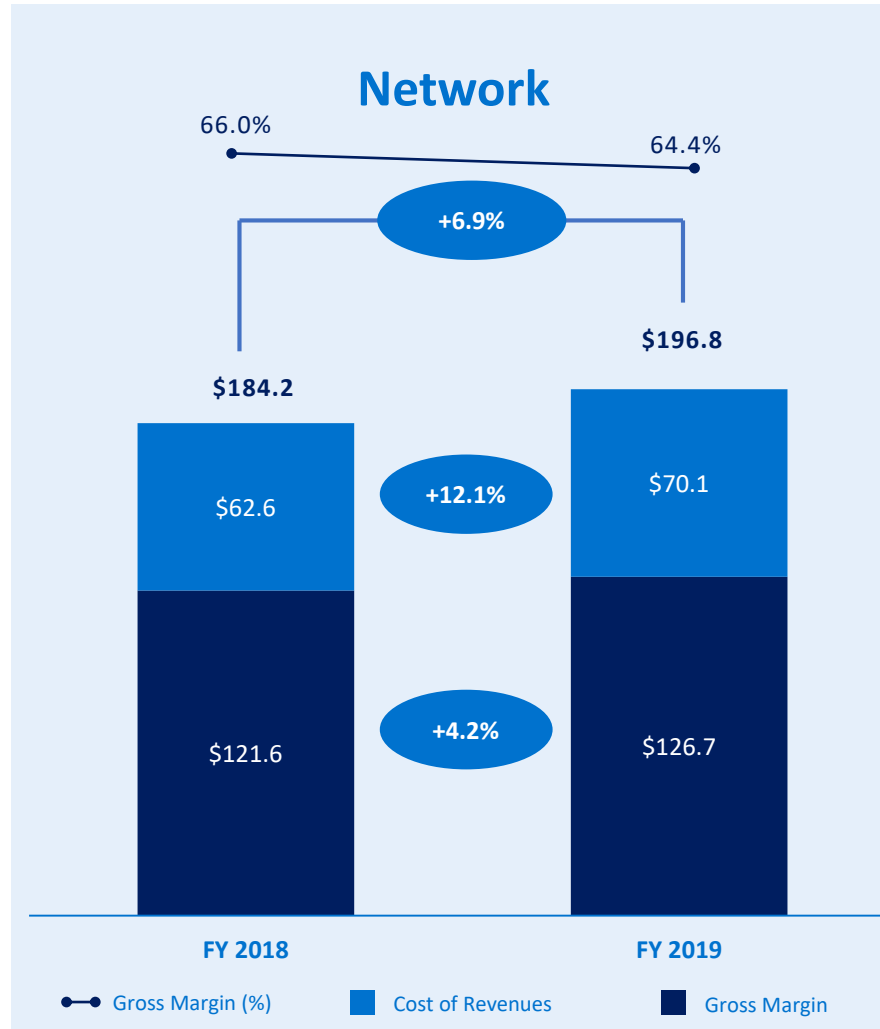


Source: Company Data

Solid Revenue Growth and Cost Discipline Drive Operating Leverage

FY 2019 Segment Detail

\$ in Millions

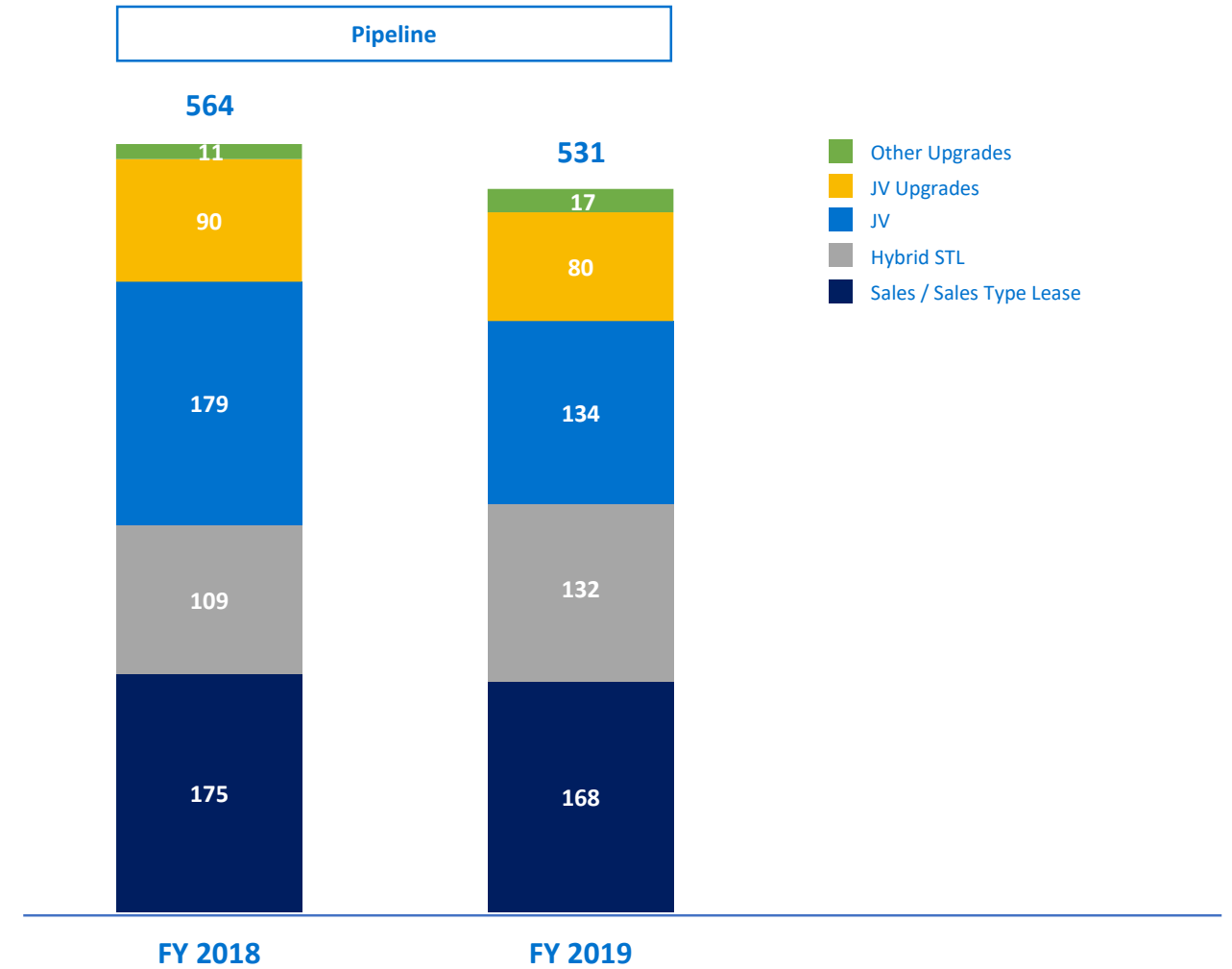


Source: Company Data

Network Growth on Higher Box Office; Sequential Gross Margin Improvement on Our Theater System Installs

Network Update – IMAX Systems Pipeline

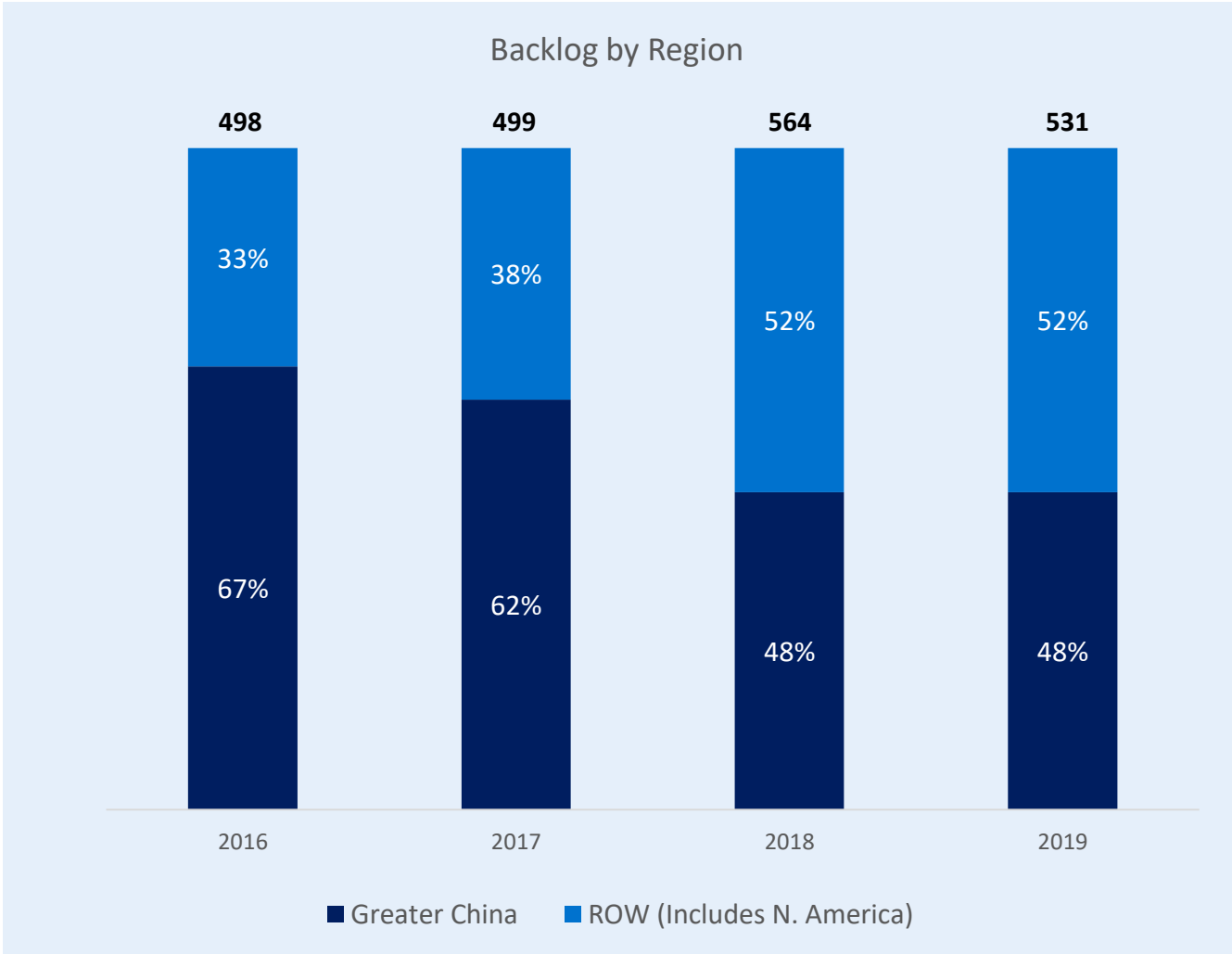
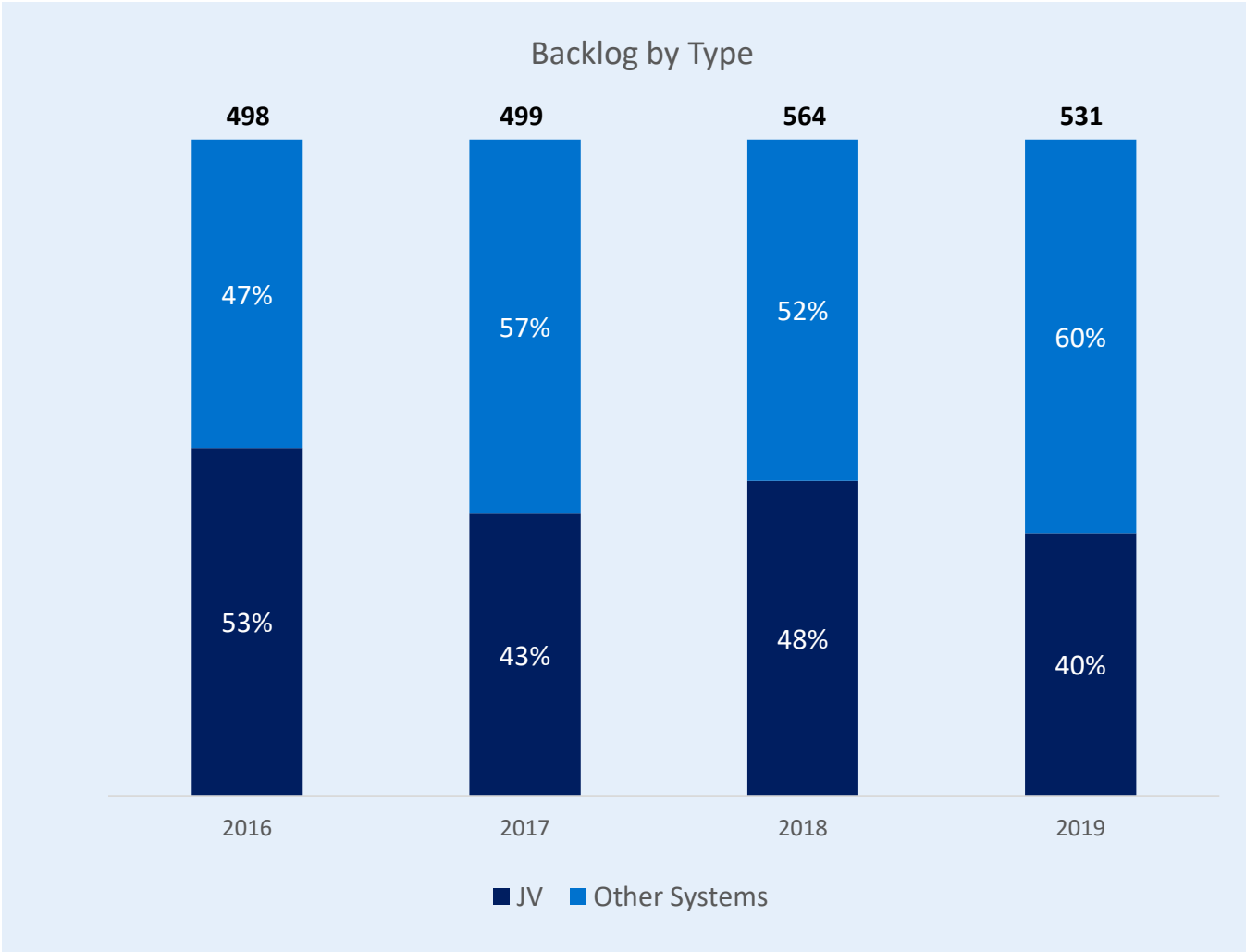
| | Full Year 2019 | |
|-----------------------|----------------|---------------------|
| | Total Signings | Total Installations |
| Sales and STL | 49 | 55 |
| Hybrid STL | 48 | 20 |
| JV's | 7 | 54 |
| Upgrades | 39 | 57 |
| <i>JV Upgrades</i> | 21 | 38 |
| <i>Other Upgrades</i> | 18 | 19 |
| Total | 143 | 186 |



Source: Company Data

Continued Strong Demand for IMAX Systems; High Visibility into Multi-Year Network Growth

IMAX Pipeline: Mix by Deal Type and Region



Note: Backlog includes upgrades
Source: Company Data

Appendix



Use of Non-GAAP Financial Measures

In this earnings presentation, the Company presents adjusted net income, adjusted net income per diluted share, adjusted net income attributable to common shareholders and adjusted net income attributable to common shareholders per diluted share, EBITDA, Adjusted EBITDA per Credit Facility, adjusted EBITDA margin, free cash flow and return on invested capital as supplemental measures of performance of the Company, which are not recognized under U.S. GAAP. The Company presents adjusted net income and adjusted net income per diluted share because it believes that they are important supplemental measures of its comparable controllable operating performance and it wants to ensure that its investors fully understand the impact of its stock-based compensation (net of any related tax impact) and non-recurring charges on net income. In addition, the Company presents adjusted net income attributable to common shareholders and adjusted net income attributable to common shareholders per diluted share because it believes that they are important supplemental measures of its comparable financial results and could potentially distort the analysis of trends in business performance and it wants to ensure that its investors fully understand the impact of net income attributable to non-controlling interests and its stock-based compensation (net of any related tax impact) and non-recurring charges in determining net income attributable to common shareholders. Management uses these measures to review operating performance on a comparable basis from period to period. However, these non-GAAP measures may not be comparable to similarly titled amounts reported by other companies. Adjusted net income, adjusted net income per diluted share, adjusted net income attributable to common shareholders and adjusted net income attributable to common shareholders per diluted share should be considered in addition to, and not as a substitute for, net income and net income attributable to common shareholders and other measures of financial performance reported in accordance with U.S. GAAP.

The Company is required to maintain a minimum level of "EBITDA", as such term is defined in the Company's credit agreement (and which is referred to herein as "Adjusted EBITDA per Credit Facility", as the credit agreement includes additional adjustments beyond interest, taxes, depreciation and amortization). EBITDA and Adjusted EBITDA per Credit Facility (each as defined above) should not be construed as substitutes for net income or as better measures of liquidity as determined in accordance with U.S. GAAP. The Company believes that EBITDA, Adjusted EBITDA per Credit Facility and Adjusted EBITDA margin are relevant and useful information widely used by analysts, investors and other interested parties in the Company's industry. Accordingly, the Company is disclosing this information to permit a more comprehensive analysis of its operating performance and to provide additional information with respect to the Company's ability to comply with its credit agreement requirements.

Free cash flow is defined as cash provided by operating activities minus cash used in investing activities (from the condensed consolidated statements of cash flows). Cash provided by operating activities consist of net income, plus depreciation and amortization, plus the change in deferred income taxes, plus other non-cash items, plus changes in working capital, less investment in film assets, plus other changes in operating assets and liabilities. Cash used in investing activities includes capital expenditures, acquisitions and other cash used in investing activities. Management views free cash flow, a non-GAAP measure, as a measure of the Company's after-tax cash flow available to reduce debt, add to cash balances, and fund other financing activities. Free cash flow does not represent residual cash flow available for discretionary expenditures. A reconciliation of cash provided by operating activities to free cash flow is presented on a subsequent slide of this earnings presentation.

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. A reconciliation of ROIC is presented on a subsequent slide of this earnings presentation.

Primary Reporting Groups

The Company has four primary reporting groups identified by nature of product sold or service provided: (1) Network Business, representing variable revenue generated by box-office results and which includes the reportable segments of IMAX DMR and contingent rent from the JRSAs and IMAX systems segments; (2) Theater Business, representing revenue generated by the sale and installation of theater systems and maintenance services, primarily related to the IMAX Systems and Theater System Maintenance reportable segments, and also includes fixed hybrid revenues and upfront installation costs from the JRSA segment; (3) New Business, which includes home entertainment, and other new business initiatives that are in the development, start-up and/or wind-up phases, and (4) Other; which includes the film post-production and distribution segments and certain IMAX theaters that the Company owns and operates, camera rentals and other miscellaneous items.

Q4 2019 Non-GAAP Financial Reconciliation — Adj. Earnings Per Share

\$ in Millions, Except EPS Data

| | Three Months Ended December 31, 2019 | | Three Months Ended December 31, 2018 | |
|--|---|----------------|---|----------------|
| | Net Income | Diluted EPS | Net Income | Diluted EPS |
| Reported net income | \$ 21,352 | \$ 0.35 | \$ 3,771 | \$ 0.06 |
| Adjustments: | | | | |
| Stock-based compensation | 5,914 | 0.10 | 5,046 | 0.08 |
| Exit costs, restructuring charges and associated impairments | — | — | 8,384 | 0.13 |
| Legal arbitration award | — | — | 4,237 | 0.07 |
| Executive transition costs | — | — | 2,994 | 0.05 |
| Change in fair value of equity investment | (2,026) | (0.03) | — | — |
| Impact of enactment of U.S. Tax Act | — | — | — | — |
| Tax impact on items listed above | (1,095) | (0.02) | (4,586) | (0.07) |
| Adjusted net income | 24,145 | 0.40 | 19,846 | 0.32 |
| Net income attributable to non-controlling interests ⁽¹⁾ | (3,181) | (0.05) | (2,077) | (0.04) |
| Stock-based compensation (net of tax of less than \$0.1 million and less than \$0.1 million, respectively) ⁽¹⁾ | (112) | (0.01) | (115) | — |
| Exit costs, restructuring charges and associated impairments (net of tax of \$nil and \$0.4 million, respectively) ⁽¹⁾ | — | — | (1,262) | (0.02) |
| Change in fair value of equity investment | 617 | 0.01 | — | — |
| Adjusted net income attributable to common shareholders | <u>\$ 21,469</u> | <u>\$ 0.35</u> | <u>\$ 16,392</u> | <u>\$ 0.26</u> |
| Weighted average diluted shares outstanding | | <u>61,542</u> | | <u>62,127</u> |

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

FY 2019 Non-GAAP Financial Reconciliation — Adj. Earnings Per Share

\$ in Millions, Except EPS Data

| | 12 Months Ended December 31, 2019 | | 12 Months Ended December 31, 2018 | |
|--|--------------------------------------|-------------|--------------------------------------|-------------|
| | Net Income | Diluted EPS | Net Income | Diluted EPS |
| Reported net income | \$ 58,571 | \$ 0.95 | \$ 33,595 | \$ 0.53 |
| Adjustments: | | | | |
| Stock-based compensation | 22,830 | 0.37 | 22,211 | 0.35 |
| Exit costs, restructuring charges and associated impairments | 850 | 0.01 | 9,542 | 0.15 |
| Legal arbitration award | — | — | 11,737 | 0.19 |
| Executive transition costs | — | — | 2,994 | 0.05 |
| Change in fair value of equity investment | 517 | 0.01 | — | — |
| Impact of enactment of U.S Tax Cut and Jobs Act | — | — | — | — |
| Tax impact on items listed above | (5,614) | (0.09) | (9,873) | (0.16) |
| Adjusted net income | 77,154 | 1.25 | 70,206 | 1.11 |
| Net income attributable to non-controlling interests ⁽¹⁾ | (11,705) | (0.19) | (10,751) | (0.17) |
| Stock-based compensation (net of tax of \$0.1 million and \$0.1 million, respectively) ⁽¹⁾ | (480) | (0.01) | (394) | (0.01) |
| Exit costs, restructuring charges and associated impairments (net of tax of \$nil and \$0.4 million, respectively) (1) | — | — | (1,262) | (0.02) |
| Change in fair value of equity investment | (184) | — | — | — |
| Adjusted net income attributable to common shareholders | \$ 64,785 | \$ 1.05 | \$ 57,799 | \$ 0.91 |
| Weighted average diluted shares outstanding | | 61,489 | | 63,207 |

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

2019 Non-GAAP Financial Reconciliation — Adj. EBITDA

\$ in Millions

| | Three Months Ended December 31, 2019 | Three Months Ended December 31, 2018 | 12 Months Ended December 31, 2019 ⁽¹⁾ | 12 Months Ended December 31, 2018 ⁽¹⁾ |
|---|---|---|---|---|
| Net income | \$ 21,352 | \$ 3,771 | \$ 58,571 | \$ 33,595 |
| Add (subtract): | - | | | |
| Provision for income taxes | 4,782 | (22) | 16,768 | 9,518 |
| Interest expense, net of interest income | 381 | (110) | 423 | 1,072 |
| Depreciation and amortization, including film asset amortization | 17,987 | 15,453 | 63,487 | 57,437 |
| EBITDA | \$ 44,502 | \$ 19,092 | \$ 139,249 | \$ 101,622 |
| Stock and other non-cash compensation | 6,173 | 5,483 | 23,570 | 23,723 |
| Change in fair value of equity investment | (2,026) | — | 517 | — |
| Write-downs, net of recoveries including asset impairments and receivable provisions | 3,822 | 2,797 | 6,806 | 5,338 |
| Exit costs, restructuring charges and associated impairments | — | 8,384 | 850 | 9,542 |
| Legal arbitration award | — | 4,237 | - | 11,737 |
| Executive transition costs | — | 2,994 | - | 2,994 |
| (Income) loss from equity accounted investments | (59) | (15) | (3) | 492 |
| Adjusted EBITDA before non-controlling interests | \$ 52,412 | \$ 42,972 | \$ 170,989 | \$ 155,448 |
| Adjusted EBITDA attributable to non-controlling interests ⁽²⁾ | (5,457) | (6,593) | (21,661) | (22,220) |
| Adjusted EBITDA per Credit Facility | \$ 46,955 | \$ 36,379 | \$ 149,328 | \$ 133,228 |
| Adjusted revenues attributable to common shareholders ⁽³⁾ | \$ 112,635 | \$ 97,573 | \$ 358,053 | \$ 336,723 |
| Adjusted EBITDA margin | 41.7 % | 37.3 % | 41.7 % | 39.6 % |

(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.

2019 Free Cash Flow Reconciliation and Return on Invested Capital

\$ in Millions

Free Cash Flow

| | Three Months Ended December 31, 2019 | 12 Months Ended December 31, 2019 |
|---|---|--|
| Net cash provided by operating activities | \$ 23,119 | \$ 90,376 |
| Net cash used in investing activities | (12,340) | (65,994) |
| Free cash flow | <u>\$ 10,779</u> | <u>\$ 24,382</u> |

Return on Invested Capital

| | Twelve Months Ended December 31, | |
|--|---|-------------------|
| | 2019 | 2018 |
| Income from operations | \$ 77,278 | \$ 45,176 |
| Provision for income taxes | (16,768) | (9,518) |
| EBIAT | <u>\$ 60,510</u> | <u>\$ 35,658</u> |
| Total shareholders' equity | \$ 637,187 | \$ 592,918 |
| Total bank indebtedness | 18,229 | 37,753 |
| Less: Goodwill | 39,027 | 39,027 |
| Less: Other intangible assets | 30,347 | 34,095 |
| Total Invested Capital | <u>\$ 586,042</u> | <u>\$ 557,549</u> |
| Return on Invested Capital (Non-GAAP measure) | 10.33% | 6.40% |

The image features a large, white, stylized 'IMAX' logo centered within a thick blue rectangular frame. The background is a cinematic space scene viewed through a curved window. In the foreground, a detailed fighter jet with glowing engines flies across the lower left. The middle ground shows a vast, blue and white planet with a thin atmosphere. In the upper right, a large, dark planet is visible against the starry blackness of space. The overall composition is dynamic and emphasizes the scale and immersion of IMAX film.

IMAX

FILMS TO THE FULLEST