IMAX®

First Quarter 2018 Results

May 1, 2018


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Box Office Highlights

Box Office (M's)[1]

	Q1 2018	Q1 2017
Global	**$ 247**	**$ 212**
Domestic	86	75
Greater China	89	70
Other Intl.	71	67

Per Screen Average (000's)[1]

	Q1 2018	Q1 2017
Global	**$ 194**	**$ 189**
Domestic	208	187
Greater China	173	175
Other Intl.	208	211

(1) 14 new DMR films released in Q1 vs. 12 new films released in Q1 2017

Network Growth Highlights

	Signings		Installations		Backlog	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017
STL	15	36	13	5	173	173
JRSA	22	-	3	8	116	255
Hybrid JRSA	8	2	-	1	235	93
Total New	**45**	**38**	**16**	**14**	524	**521**
Upgrades	-	1	-	1	5	3
Total Theatres	**45**	**39**	**16**	**15**	**529**	**524**

Summary of 2018 FASB Revenue Recognition Changes

The following table presents the impact of ASC Topic 606 on the Company's revenues for the three months ended March 31, 2018, by reportable segment:

	Pre-adoption of ASC Topic 606	ASC Topic 606 Adjustments	As reported
Network business			
IMAX DMR	$ 27,051	$ -	$ 27,051
Joint revenue sharing arrangements – contingent rent[(1)]	18,529	(668)	17,861
IMAX systems – contingent rent[(1)]	852	(852)	-
	46,432	(1,520)	44,912
Theater business			
IMAX systems			
Sales and sales-type leases[(2)]	14,911	3,227	18,138
Ongoing fees and finance income[(3)]	2,603	127	2,730
Joint revenue sharing arrangements – fixed fees[(4)]	1,165	(1,165)	-
Theater system maintenance	12,712	-	12,712
Other theater	1,377	-	1,377
	32,768	2,189	34,957
New business	608	-	608
Other			
Film distribution	3,163	-	3,163
Film post-production	571	-	571
Other	773	-	773
	4,507	-	4,507
Total	$ 84,315	$ 669	$ 84,984

(1) Contingent rent of $0.7 million related to theater systems under hybrid sales arrangements and $0.9 million related to theater systems under sales arrangements was recognized in the Company's transition adjustment.

(2) Variable consideration of $1.6 million relating to theater systems recognized as sales or hybrid sales was recognized as part of the System Obligation in the quarter and the fixed consideration recognized for theater systems installed under hybrid sales arrangements was reclassified from Joint revenue sharing arrangement – fixed fees as hybrid sales are no longer considered part of the Joint revenue sharing arrangement segment.

(3) Finance income of $0.1 million was recognized on the future consideration related to contracts.

(4) Fixed consideration of $1.2 million related to the recognition of theater systems under hybrid sales arrangements was reclassified to Sales and Sales-type leases.

The following table presents the impact from the adoption of ASC Topic 606 on the Company's assets and liabilities in the condensed consolidated balance sheet:

	Balance at December 31, 2017	ASC Topic 606 Adjustments	Balance at January 1, 2018
Assets			
Other Assets	$ 26,757	$ 34,384	$ 61,141
Deferred income taxes	30,708	(6,436)	24,272
Shareholders' equity			
Accumulated deficit	(87,592)	27,571	(60,021)
Non-controlling interests	74,511	377	74,888

Q1 2018 Core Business and New Initiative Reconciliation

Q1 2018	Core Business[1]	New Business[2]	Non-Controlling Interest	IMAX Consolidated[3]
Revenue	$84.4	$0.6	-	$85.0
Gross Margin	52.2	(1.5)	-	50.7
SG&A (excl. SBC)	22.9	0.8	-	23.8
Stock-Based Comp	4.4	-	-	4.4
R&D	3.5	0.1	-	3.6
Operating Expenses[4]	26.4	0.9	-	27.3
Exit costs, restructuring costs & associated impairments	0.7	-	-	0.7
Income (Loss) from Operations	19.2	(2.4)	-	16.8
Adj. Net Income (Loss)	18.7	(1.7)[6]	(3.6)	13.4
Adj. EBITDA per Credit Facility	38.7	(1.5)	(5.8)	31.4
Adj. EBITDA per Credit Facility, excluding impact from "Marvel's Inhumans"[5]	$38.7	(1.4)	(5.8)	$31.5

(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. 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.
(6) Assumes effective tax rate of 28%.

Q1 2017 Core Business and New Initiative Reconciliation

Q1 2017	Core Business [1]	New Business [2]	Non-Controlling Interest	IMAX Consolidated [3]
Revenue	$67.4	$1.3	-	$68.7
Gross Margin	36.1	(0.3)	-	35.8
SG&A (excl. SBC)	25.0	0.7	-	25.7
Stock-Based Comp	5.3	-	-	5.3
R&D	2.9	1.4	-	4.3
Operating Expenses [4]	27.9	2.1	-	30.0
Exit costs, restructuring costs & associated impairments	-	-	-	-
Income (loss) from Operations	1.9	(2.4)	-	(0.5)
Adj. Net Income (loss) [5]	4.7	(1.7) [6]	1.0	$4.0
Adj. EBITDA per Credit Facility	$23.3	(2.0)	(2.8)	$18.5

(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, 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 – Q1 2018

Operating Expenses[1]	▪ Total operating expenses were down 9% y-o-y, of which core operating expenses declined 11%
Effective Tax Rate	▪ Q1 2018 tax rate was 26%
Capital Expenditures[2]	▪ Capital expenditures of $18.2M in Q1 2018, compared to $16.5M in the year ago period
Cash Balance	▪ Ended the quarter with cash balance of $145.6M
Free Cash Flow[3]	▪ Free cash flow for Q1 2018 was $3.5M

(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

Q1 2018 Non-GAAP Financial Reconciliation- Adjusted Earnings Per Share

(In thousands of U.S. dollars, except per share amounts)	Three Months Ended March 31, 2018		Three Months Ended March 31, 2017	
	Net Income	Diluted EPS	Net Income	Diluted EPS
Reported net income (loss)	$ 12,067	$ 0.19	$ (887)	$ (0.01)
Adjustments:				
Stock-based compensation	4,847	0.08	5,264	0.08
Exit costs, restructuring charges and associated impairments	702	0.01	-	-
Tax impact on items listed above	(559)	(0.01)	(1,341)	(0.02)
Adjusted net income	17,057	0.27	3,036	0.05
Net income attributable to non-controlling interests (1)	(3,562)	(0.06)	962	0.01
Stock-based compensation (net of tax of less than $0.1 million and less than $0.1 million, respectively) (1)	(57)	-	(128)	-
Adjusted net income attributable to common shareholders	$ 13,438	$ 0.21	$ 3,870	$ 0.06
Weighted average diluted shares outstanding		64,619		67,180

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

Q1 2018 Non-GAAP Financial Reconciliation- Adjusted EBITDA

(In thousands of U.S. Dollars)	For the 3 months ended March 31, 2018	For the 12 months ended March 31, 2018 (1)
Net income	$ 12,067	$ 25,472
Add (subtract):		
Provision for income taxes	4,453	21,129
Interest expense, net of interest income	247	935
Depreciation and amortization, including film asset amortization	13,380	67,668
EBITDA	$ 30,147	$ 115,204
Stock and other non-cash compensation	5,141	23,199
Write-downs, net of recoveries including asset impairments and receivable provisions	1,036	21,041
Exit costs, restructuring charges and associated impairments	702	16,876
Loss from equity accounted investments	205	653
Adjusted EBITDA before non-controlling interests(2)	$ 37,231	$ 176,973
Adjusted EBITDA attributable to non-controlling interests	(5,824)	(25,906)
Adjusted EBITDA per Credit Facility	$ 31,407 *	$ 151,067 *
Adjusted EBITDA per Credit Facility, excluding impact from "Marvel's Inhumans"	$ 31,463 *	$ 139,047 *
Adjusted revenues attributable to common shareholders	$ 75,958	$ 353,698
Adjusted EBITDA margin, excluding impact from "Marvel's Inhumans"	41.3 %	42.7 %

Adjusted EBITDA per Credit Facility of $31.4 million and $151.1 million for the three and twelve months ended March 31, 2018 respectively, include the impact of the Company's investment in "Marvel's Inhumans", which resulted in a $0.1 million and $13.0 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 March 31, 2018, respectively. The net effect of these addbacks was to increase Adjusted EBITDA per Credit Facility by $0.1 million and $12.0 million for the three and twelve months ended March 31, 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 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) Ratio of funded debt calculated using twelve months ended Adjusted EBITDA.

(2) The Adjusted EBITDA 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 March 31, 2018		12 months ended March 31, 2018	
Total revenues		$ 84,984		$ 397,094
Greater China revenues	$ 28,146		$ 136,030	
Non-controlling interest ownership percentage(4)	32.07%		31.90%	
Deduction for non-controlling interest share of revenues		(9,026)		(43,396)
Adjusted revenues attributable to common shareholders		$ 75,958		$ 353,698

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

Q1 2018 Free Cash Flow Reconciliation

	For the Three months ended March 31, 2018
(In thousands of U.S. Dollars)	
Net cash provided by operating activities	$ 15,463
Net cash used in investing activities	(11,953)
Net cash flow	$ 3,510