



## Imax Corporation Reports Record Earnings

February 16, 2000

### HIGHLIGHTS □

- \* Record earnings of \$0.53 per share reported for the fourth quarter, represent highest earnings in any quarter in Company history; earnings of \$0.83 per share reported for fiscal 1999.
- \* 1999 highlights include strong international growth, strategic acquisitions of Digital Projection and Sonics Associates and increased Hollywood participation.
- \* The Walt Disney Company's Fantasia 2000: The IMAX Experience(R) drives January North American same-screen box office revenues up over 100%.
- \* Success of Fantasia 2000: The IMAX Experience(R) demonstrates the viability of releasing Hollywood films in IMAX(R) theatres.

TORONTO, Feb. 16 /PRNewswire/ -- Imax Corporation (Nasdaq: IMAX; TSE: IMX) today reported record earnings for the fourth quarter ended December 31, 1999 and results for fiscal 1999. The Company's earnings in the fourth quarter were the highest earnings of any quarter in Company history. The Company reported earnings of \$0.53 per share for the fourth quarter and reported earnings of \$0.83 per share for the fiscal year. The Company's results in both the fourth quarter and fiscal year exceeded consensus analyst expectations. Last year, the Company reported a loss of \$0.56 per share in the fourth quarter and earnings of \$0.03 for the fiscal year, after non-cash and one-time charges.

"We are very pleased with our results in the fourth quarter and especially our record earnings," said Imax Co-Chief Executive Officers Richard L. Gelfond and Bradley J. Wechsler. "We believe our earnings will continue to grow in 2000 and beyond due primarily to the boost in theatre performance from the launch of Disney's Fantasia 2000 on January 1, the continued growth of the IMAX(R) theatre network, the increasing level of Hollywood film product for IMAX theatres, and our recent acquisition of Digital Projection International."

Gelfond and Wechsler continued, "The last six months were marked by the remarkable success of Fantasia 2000, deals with Dreamworks SKG and Twentieth Century Fox to provide segments of ANTZ and The Simpsons for our 3D animated film CyberWorld, and the acquisition of Digital Projection International which we believe will become an increasingly important part of our business in the future. We believe these exciting developments and the Company's earnings growth in 2000 and beyond will drive significant returns for our shareholders."

On January 1, 2000, The Walt Disney Company released Fantasia 2000: The IMAX Experience exclusively in 75 IMAX theatres and the film has become the fastest grossing large-format film in history, exceeding the expectations of both Imax and The Walt Disney Company. Many IMAX theatres are experiencing record box office results, and the 25 North American IMAX theatres showing Fantasia 2000 that were open one year ago have seen box office results more than double versus last year. To date, the film has grossed more than \$27 million in just 45 days for a weekly average of over \$50,000 per screen. By comparison, the average Hollywood film release to conventional movie theaters had an average weekly gross of less than \$5,000 per screen in 1999. Fantasia 2000 is scheduled to run exclusively in IMAX theatres through April 30, 2000.

"Fantasia 2000 has been a phenomenal success by any measure and has shown that Hollywood films can be successfully released in IMAX theatres," said Gelfond and Wechsler. "We believe the strong results of Fantasia 2000, which has generated same-theatre attendance increases of over 100% in North America, will continue to drive new audiences to IMAX theatres, generate greater sales of IMAX theatre systems, and provide higher awareness of the IMAX brand. We also expect other studios to follow Disney's lead and use IMAX theatres as a launch window for certain films. As a result, we have never felt better about the Company's future than we do today."

In the fourth quarter, the Company's revenues increased 35% to \$90.0 million from \$66.6 million in the prior year due to strong growth in systems and film revenue as well as the inclusion of revenues from Digital Projection International (DPI) which was acquired by the Company in September. Systems revenue increased 26% to \$60.1 million from \$47.8 million in the prior year as the Company recognized revenues on a record 18 theatre system deliveries in the fourth quarter of 1999 versus 16 theatre systems in the fourth quarter of 1998, and recorded increases in royalties and maintenance fees. Film revenue increased 45% in the quarter to \$17.1 million from \$11.8 million in the prior year due to increases in post-production and distribution revenues primarily as a result of the opening of Siegfried & Roy: The Magic Box and the continued performance of T-REX: Back to the Cretaceous. DPI revenue was \$9.0 million for the quarter. Other revenue decreased 39% to \$4.2 million from \$6.9 million as a 58% increase in revenues from Company-owned theatres was offset by a decline in revenues as a result of a previously announced reduction in the Company's motion simulation activities.

For the fiscal year ended December 31, 1999, the Company's revenues increased 7% to \$203.5 million from \$190.4 million as higher film revenues and the inclusion of revenues from DPI offset a decline in systems revenue. Systems revenue decreased 10% to \$126.8 million from \$140.9 million in the prior-year period as a decline in revenues from the Company recognizing revenues on 35 theatre systems as compared to 41 theatre systems in the prior-year period exceeded an increase in revenues from royalties and maintenance fees. Film revenue increased 53% to \$47.2 million from \$30.8 million in the prior-year period due to the opening of Siegfried & Roy: The Magic Box, and the continued performance of T-REX: Back to the Cretaceous. DPI revenue was \$11.0 million. Other revenue increased slightly to \$18.8 million from \$18.7 million as a more than doubling in revenues from Company-owned theatres offset a decline in revenues as a result of a previously announced reduction in the Company's motion simulation activities.

During the fourth quarter the Company signed contracts for 12 IMAX theatre systems valued at \$31.2 million. The signings included a three-theatre deal in Japan, the Company's first theatre in Greece and three institutional theatre deals in the United States marking a resurgence in the institutional theatre market. For the year ended December 31, 1999, the Company signed contracts for 44 third-party theatre locations valued at \$120.2 million, highlighted by eight additional theatres with international theatre chain UCI; six theatres with Italian theatre chain Medusa; and new theatre signings in China, Egypt, Greece, Scotland, France, Germany and South Africa. The Company's sales backlog was \$192.5 million at December 31, 1999 up 10% from \$175.8 million at December 31, 1998. The Company's sales backlog at December 31, 1999 represented contracts for 77 theatre systems. There are seven theatre systems in backlog in which the Company has an equity interest and therefore have no dollar value ascribed to them in the Company's sales backlog.

Founded in 1967, Imax Corporation has consistently delivered the world's premiere cinematic experiences. There were more than 205 IMAX theatres in 25 countries as of December 31, 1999, with a backlog of more than 75 theatre systems expanding Imax's reach into 15 new countries during the next few years. More than 500 million people have seen an IMAX presentation since the medium premiered in 1970. In 1999, more than 70 million people worldwide visited an IMAX theatre. Imax has forged strategic alliances and relationships with some of the most prominent corporations in the world including The Walt Disney Company, Famous Players Inc. (a subsidiary of Viacom Inc.), America Online, Inc. and Loews Cineplex Corp. In 1997, Imax was awarded an Oscar(R) for Scientific and Technical Achievement by the Academy of Motion Picture Arts and Sciences. In June 1998, Digital Projection International was awarded an Emmy(R) for technical achievements in broadcast engineering by the Academy of Television Arts and Sciences, Los Angeles.

This press release contains forward looking statements that are based on management 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 effect these statements include the timing of theatre system deliveries, the mix of theatre systems shipped, the timing of the recognition of revenues and expenses on film production and distribution agreements, the integration of new businesses, the launch of new products and foreign currency fluctuations. These factors and other risks and uncertainties are discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 1998 and in the subsequent reports filed by the Company with the Securities and Exchange Commission.

## IMAX CORPORATION

### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Amounts in Accordance with U.S. Generally Accepted Accounting Principles

(in thousands of U.S. dollars, except per share data)  
(unaudited) □

	Three months ended December 31,		Years ended December 31,	
	1999	1998	1999	1998
Revenue □				
IMAX systems	\$60,059	\$47,827	\$126,826	\$140,874
Digital Projection				
International	8,989	-	10,999	-
Films	17,119	11,838	47,227	30,824
Other	4,214	6,925	18,783	18,657
	90,381	66,590	203,835	190,355
Costs and expenses (A)	44,441	60,221	106,241	111,784
Gross margin	45,940	6,369	97,594	78,571
Loss from equity accounted investees (B)	(233)	(5,614)	(683)	(6,763)
Selling, general and administrative □				

expenses (C)	11,724	13,091	36,584	38,777
Research and development	1,554	521	3,868	2,745
Amortization of intangibles (D)	1,059	4,058	2,585	5,948
Earnings (loss) from operations	31,370	(16,915)	53,874	24,338
Interest income	2,434	1,872	9,984	5,320
Interest expense	(5,445)	(4,719)	(21,860)	(14,646)
Foreign exchange gains	361	937	977	588
Earnings (loss) before income taxes and minority interest	28,720	(18,825)	42,975	15,600
(Provision for) recovery of income taxes	(10,940)	5,659	(16,535)	(9,810)
Earnings (loss) before minority interest	17,780	(13,166)	26,440	5,790
Minority interest	-	(419)	(1,207)	(1,895)
Earnings (loss) before extraordinary item	17,780	(13,585)	25,233	3,895
Extraordinary loss on early extinguishment of debt, net of income tax benefit of \$1,588	-	(2,095)	-	(2,095)
Net earnings (loss)	\$17,780	\$(15,680)	\$25,233	\$1,800
Net earnings (loss) available to common shareholders (E)	\$17,780	\$(16,423)	\$25,233	\$794
Per share data				
Earnings (loss) before extraordinary item				
Basic	\$0.60	\$(0.49)	\$0.85	\$0.10
Diluted	\$0.53	\$(0.49)	\$0.83	\$0.09
Net earnings (loss) after extraordinary item				
Basic			\$(0.56)	\$0.03
Diluted			\$(0.56)	\$0.03
Weighted average number of shares outstanding (000's)				
Basic	29,669	29,383	29,616	29,281
Diluted	35,426	29,383	31,682	30,474

**Notes to the Condensed Consolidated Statements of Operations:**

(A) Costs and expenses for the three months and year ended December 31, 1998 include charges of \$7.9 million related to the Company's motion simulation operations and a \$19.1 million provision for unrecoverable film costs related to certain films in the Company's film library.

(B) Loss from equity accounted investees for the three months and year ended December 31, 1998 include charges related to the Company's investment in motion simulation joint ventures.

(C) Selling, general and administrative expenses for the three months and year ended December 31, 1998 include \$1.9 million of charges related to the Company's motion simulation operations.

(D) Amortization of intangibles for the three months and year ended December 31, 1998 includes a \$3.3 million write-off of goodwill related to the Company's motion simulation operations.

(E) Net earnings (loss) available to common shareholders for the three months and year ended December 31, 1998 includes a provision of \$0.7 million with respect to the early redemption of the Company's Class "C" preferred shares.

SOURCE Imax Corporation

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