



IMAX Corporation Reports Third Quarter Results

November 8, 2000

TORONTO, Nov. 8 /PRNewswire/ -- IMAX Corporation (Nasdaq: IMAX; TSE: IMX) today reported results for its third quarter ended September 30, 2000. As previously announced, the Company reported a modest loss, of \$0.04 per share on a fully diluted basis versus earnings of \$0.11 per share for the third quarter of 1999. For the nine months ended September 30, 2000, the Company reported earnings of \$0.16 per share on a fully diluted basis versus \$0.24 per share reported in the prior-year period.

"Our earnings for the third quarter were negatively impacted by the difficult financial conditions in the North American commercial exhibition industry," said IMAX co-Chief Executive Officers Richard L. Gelfond and Bradley J. Wechsler. "While we are disappointed by our third quarter results and our reduced earnings expectations for 2000, we are encouraged by the continued strong demand from international markets, as evidenced by our strong signings in the third quarter."

During the third quarter, the Company signed contracts for 14 new theatre systems valued at approximately \$38 million, driven by strong international demand. This represents the highest level of new theatre signings during any quarter in the last two years. The signings included an agreement with E-Citi, a subsidiary of ESSEL Group, which is one of the largest media companies in India, for a minimum of six IMAX(R) theatres to be located in India. The Company also signed agreements for the first IMAX theatre in the Philippines as well as the first IMAX theatre to be located on a cruise ship.

In mid-October, the Company announced that because of its stock price decline it was terminating the formal process of examining potential strategic alternatives, including a possible sale of the Company. The Company also announced at the end of October that Company directors, officers and managers purchased approximately 800,000 shares of the Company's common stock in the open market.

"In spite of the difficulties of the North American exhibitors and our disappointing quarter, we believe IMAX's share price does not accurately reflect the long-term value of the Company," added Gelfond and Wechsler. "IMAX's brand, technology and theatre network are valuable assets that will drive our growth in the future. Our purchases of IMAX stock represent our continued commitment to IMAX as well as our belief that the long-term future of IMAX is bright."

The Company anticipates that its operating results for the 2000 fiscal year will be in the range of \$0.60 - \$0.70 per share. These operating results do not include the impact of any possible charges including those that may result from any implementation of new, industry-wide SEC and other accounting regulations or any reserves against the Company's exposure to North American exhibition clients, as more fully discussed in the Company's second and third quarter Report on Form 10-Q. The Company's total potential net balance sheet exposure to the North American exhibitors is \$17.8 million. The Company has not yet reserved against any exposure it might have to North American exhibitors because the amount of probable loss, if any, cannot be reasonably estimated at this time.

In the third quarter, the Company's revenues increased 26% to \$53.6 million from \$42.5 million in the prior year, due primarily to the addition of revenues from Digital Projection Limited (DPI). Systems revenue decreased 3% to \$24.7 million from \$25.5 million in the quarter as the Company delivered nine theatre systems in the third quarter of 2000 versus seven theatre systems in the third quarter of 1999, however the average value of the systems delivered in 2000 was lower than those delivered in 1999 due to the product mix of systems delivered. DPI revenues were \$14.1 million in the third quarter versus \$2.0 million in 1999 as the 1999 results included only one-month of DPI's post-acquisition results. Film revenue decreased in the quarter to \$10.6 million from \$11.0 million in the prior year due to a decline in post-production revenues resulting from the timing of film releases. Other revenues increased 7% to \$4.1 million from \$3.9 million due primarily to an increase in revenues from camera rentals. Earnings from Operations decreased 60% to \$3.5 million from \$8.9 million in the prior-year period due to an increase in Selling, General and Administrative expenses primarily due to the addition of DPI. Earnings Before Taxes and Minority Interest declined to a loss of \$1.9 million versus earnings of \$6.2 million in the prior-year period due to the decline in Earnings from Operations, Foreign Exchange losses and a decrease in Interest Income. Net earnings per share on a diluted basis were a loss of \$0.04 per share in the quarter versus earnings of \$0.11 per share in the third quarter of 1999.

For the nine-month period ended September 30, 2000, the Company's revenues increased 48% to \$167.5 million from \$113.5 million in the prior-year period as a result of higher system revenues and the addition of revenues from DPI. Systems revenue increased 24% to \$82.9 million from \$66.8 million in the prior-year period as the Company delivered 23 theatre systems as compared to 17 theatre systems in the prior-year period. DPI revenues were \$38.3 million, driven by strong sales of the higher-end SXGA projectors as well as increased international sales. Film revenue increased 4% to \$31.4 million from \$30.1 million in the prior-year period on an increase in post-production revenues. Other revenues increased to \$14.9 million from \$14.7 million as an increase in company-owned theatre and camera revenues more than offset the Company's reduced focus on, and lower revenues from, its motion simulation business. Earnings from Operations decreased 2% to \$22.0 million from \$22.5 million in the prior-year period as increased revenues were offset by increased Selling, General and Administrative expenses primarily due to the addition of DPI. Earnings Before Taxes and Minority Interest decreased 46% to \$7.7 million from \$14.3 million in the prior-year period due to Foreign Exchange losses and a decrease in Interest Income. Net earnings per share on a diluted basis

were \$0.16 per share versus \$0.24 per share in the prior-year period.

During the third quarter, the Company signed contracts for 14 IMAX theatre systems valued at \$37.7 million. The Company has signed contracts for 29 new IMAX theatre systems valued at \$82.8 million through the first three quarters of 2000. The Company's sales backlog was \$199.3 million at September 30, a 2% increase from June 30, 2000 and a 4% increase from December 31, 1999. The Company's sales backlog at September 30, 2000 represented contracts for 76 theatre systems. There are five theatre systems in backlog that will be located at theatres in which the Company has an equity interest and therefore have no dollar value ascribed to them in the Company's sales backlog.

IMAX's management team will conduct a conference call to discuss the third quarter results today at 10:30 a.m EDT. The call can be accessed on the Internet at <http://www.imax.com/corporate> in the Investor Relations section.

IMAX Corporation and its subsidiaries comprise one of the world's leading entertainment technology companies, with particular emphasis on film and digital imaging technologies, including giant-screen images, 3D presentations, digital post-production and digital projection. There were more than 220 IMAX theatres operating in 28 countries around the world as of September 30, 2000. IMAX's subsidiaries include Digital Projection International, whose primary business is the design and manufacture of high-end digital image delivery devices, Sonics Associates, a designer and manufacturer of high-end sound systems and DKP/70MM Inc., award-winning specialists in image quality control and post-production. IMAX Corporation is a publicly traded company listed on both the Toronto and Nasdaq stock exchanges. More information on the Company can be found at <http://www.imax.com>.

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 viability of new businesses and fluctuations in foreign currency and in the commercial exhibition market. 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, 1999 and in the subsequent reports filed by the Company with the Securities and Exchange Commission.

IMAX(R) is a registered trademark of IMAX Corporation.

IMAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
In accordance with U.S. Generally Accepted Accounting Principles
(in thousands of U.S. dollars, except per share amounts)
(unaudited) □

	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
Revenue □				
IMAX systems	\$24,656	\$25,458	\$82,907	\$66,767
Digital projection systems	14,084	2,010	38,297	2,010
Films	10,634	11,042	31,429	30,108
Other	4,224	3,943	14,890	14,569
	53,598	42,453	167,523	113,454
Costs and expenses	33,768	23,043	98,868	61,800
Gross margin	19,830	19,410	68,655	51,654
Loss from equity-accounted investees	121	288	491	450
Selling, general and administrative □ expenses	13,199	8,602	37,532	24,860
Research and development	1,962	1,027	5,568	2,314
Amortization of intangibles	1,018	581	3,063	1,526
Earnings from operations	3,530	8,912	22,001	22,504
Interest income	593	2,281	3,005	7,550
Interest expense	(5,618)	(5,401)	(16,275)	(16,415)
Foreign exchange gain (loss)	(355)	403	(1,008)	616

Earnings (loss) before income taxes and minority interest	(1,850)	6,195	7,723	14,255
Provision for (recovery of) income taxes	(666)	2,451	2,831	5,595
Earnings (loss) before minority interest	(1,184)	3,744	4,892	8,660
Minority interest	--	(501)	--	(1,207)
Net earnings (loss)	\$(1,184)	\$3,243	\$4,892	\$7,453
Earnings (loss) per share:				
Basic	\$(0.04)	\$0.11	\$0.16	\$0.25
Diluted	\$(0.04)	\$0.11	\$0.16	\$0.24
Weighted average number of shares outstanding (000's)				
Basic	29,897	29,631	29,819	29,598
Diluted	29,897	30,461	30,477	30,433

CONTACT: IMAX Corporation, Toronto - Victoria Dinnick, 905-403-6366, vdinnick@imax.com, IMAX Corporation, New York - Stephen Abraham (Analysts), 212-821-0140, sabraham@imax.com; Newman & Company, Los Angeles - Al Newman (Entertainment Media), 310-777-5252, asn@newman-co.com; Edelman Financial, New York - Gina Stikes, 212-642-7702, gina_stikes@edelman.com/