



**FOR IMMEDIATE RELEASE**

## **Cineplex Offers to Acquire Digital Signage Company, EK3 Technologies Inc.**

Toronto, ON, (TSX: CGX), July 17, 2013 - Cineplex Inc. ("Cineplex") today announced its offer to purchase EK3 Technologies Inc. ("EK3"), a London, Ontario-based, market leading in-store digital merchandising provider, with operations in Canada, the United States and other countries.

The initial purchase price is approximately \$40 million, subject to certain adjustments to be made at closing, plus a reverse earn-out payment subject to an aggregate maximum purchase price of \$78 million for both payments. The reverse earn-out payment will be based on 2015 operating results and will be payable in early 2016 in the event certain targets are achieved.

EK3 designs, installs, manages and consults on some of the largest digital merchandising networks in North America, with networks viewed by more than 1.8 billion shoppers annually. The company has developed proprietary state-of-the-art technology and patented software, and provides creative content production, media sales and extensive network operations services, which delivers digital merchandising networks that are scalable, reliable and secure.

EK3 clients include major retailers, such as Tim Hortons, McDonalds, Walmart, Target, as well as Canadian financial institutions RBC Financial Group and BMO Financial Group.

The acquisition complements Cineplex's existing digital signage business, Cineplex Digital Media ("CDM"), whose clients include Scotiabank, CIBC, SunTrust, Rogers, Oxford Properties, Brookfield office towers and ONroute, among others.

EK3 will be renamed and operate as Cineplex Digital Networks ("CDN"), and will continue to be led by EK3 President and CEO, Nick Prigioniero.

"Cineplex's brand, resources and media sales along with EK3's proprietary technology platform, network management, award-winning creative services and digital merchandising expertise is a powerful combination," said Ellis Jacob, President and CEO, Cineplex Entertainment. "The strengths of CDM and CDN will make us a leader in the indoor digital signage industry and provides a platform for significant growth throughout North America."

### Financial Highlights

EK3 has annual revenue of approximately \$26 million and Normalized EBITDA of approximately \$4 million. The reverse earn-out payment will be based on a multiple of 6x 2015 adjusted Normalized EBITDA in excess of \$4 million, subject to certain adjustments, with an aggregate maximum purchase price of \$78 million for both the initial and the earn-out payments.

### Closing of the Transaction

Cineplex's offer is conditional upon acceptance by the holders of 97 percent of EK3's shares. Closing of the transaction will be subject to customary closing conditions and is expected within two to four weeks.

## Financing

Cineplex has availability under its existing credit facilities to fund the purchase price.

## Conference Call

Cineplex will hold a conference call for analysts and investors today, Wednesday, July 17, 2013, at 9:30 a.m. Eastern Daylight Time (“EDT”) to discuss this announcement in further detail. To join this conference call, please dial 416-644-3415, or if calling from outside of Toronto, dial 1-877-974-0445 at least five to ten minutes prior to 9:30 a.m. EDT. Please quote conference ID# 4627148 to access the call.

If you cannot participate in a live mode, a replay will be available. Please dial 416-640-1917 or 1-877-289-8525 and enter code 4630856#. The replay will begin at 11:30 a.m. EDT on Wednesday, July 17, 2013, and end at 11:59 p.m. EDT on Wednesday, July 24, 2013.

## Non-GAAP Measures

This press release makes reference to certain non-GAAP measures. These non-GAAP measures do not have a standardized meaning in accordance with such principles and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement GAAP measures by providing further understanding of operations from management’s perspective. Management presents non-GAAP measures, specifically EBITDA and adjusted Normalized EBITDA, as it believes that these non-GAAP measures are frequently used by securities analysts, investors, lenders and other interested parties as measures of financial performance and to provide a supplemental measure of operating performance and thus highlight trends that may not otherwise be apparent when relying solely on GAAP measures.

Because non-GAAP measures do not have standardized meanings, securities regulations require that non-GAAP measures be clearly defined and qualified, and reconciled to their nearest GAAP measure. The definitions of the non-GAAP measures contained in this release are as follows:

“EBITDA” is calculated by adding back to net income, income tax expense, amortization and interest expense net of interest income.

“Normalized EBITDA” is calculated by adjusting EBITDA for non-recurring or unusual items.

“2015 adjusted Normalized EBITDA” is defined as Normalized EBITDA adjusted to reflect the annualized impact of certain committed, but not fully deployed networks.

## Forward Looking Statements

This press release contains “forward-looking statements” within the meaning of applicable securities laws, such as statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information in this press release includes, but is not limited to, statements regarding the timing and completion of the proposed acquisition (including the number of locations), final financing breakdown, timing and value of expected synergies, the effective acquisition multiple and accretion, competitive position, growth prospects, expectations regarding operations and future oriented financial information such as estimates regarding future sales, revenues, margins, cash flows, costs and other financial and credit metrics.

These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in Cineplex's Annual Information Form (“AIF”). Those risks and uncertainties include adverse factors generally encountered in the film exhibition industry such as poor

film product and unauthorized copying; the risks associated with national and world events, including war, terrorism, international conflicts; natural disasters, extreme weather conditions, infectious diseases; changes in income tax legislation; and general economic conditions. In addition, these risks and uncertainties include the ability to achieve the expected synergies and the timing of same; the effectiveness of integration efforts and risks related to the satisfaction of the conditions to closing the transaction and the related financing arrangements, including future general economic and market conditions, including debt and equity capital markets. Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf. All forward-looking statements in this press release are qualified by these cautionary statements. These statements are made as of the date of this press release and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Cineplex, its financial or operating results or its securities. Additional information, including Cineplex's AIF, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **About Cineplex**

Cineplex Inc. ("Cineplex") is one of Canada's leading entertainment companies and operates one of the most modern and fully digitized motion picture theatre circuits in the world. A top-tier Canadian brand, Cineplex operates numerous businesses including theatrical exhibition, food services, gaming, alternative programming (Front Row Centre Events), Cineplex Media, Cineplex Digital Solutions and the online sale of home entertainment content through [CineplexStore.com](http://CineplexStore.com) and on apps embedded in various electronic devices. Cineplex is also a joint venture partner in SCENE – Canada's largest entertainment loyalty program.

Cineplex is headquartered in Toronto, Canada, and operates 136 theatres with 1,454 screens from British Columbia to Quebec, serving approximately 71 million guests annually through the following theatre brands: Cineplex Odeon, SilverCity, Galaxy Cinemas, Colossus, Coliseum, Scotiabank Theatres, Cineplex Cinemas, Cineplex VIP Cinemas, Famous Players and Cinema City. Cineplex also owns and operates the UltraAVX, Poptopia, and Outtakes brands. Cineplex trades on the Toronto Stock Exchange under the symbol CGX. More information is available at [cineplex.com](http://cineplex.com).

### **About EK3**

EK3 is a full-service in-store digital merchandising provider operating in all 10 Canadian provinces and three territories, the United States, United Kingdom and the Middle East. Treating each store as a unique marketing entity and pioneering the concept of Smart Store Networks™, EK3 specializes in SaaS-based solutions, deployment and technical services, strategic planning, content creation and media sales. With well over a decade of research and development experience, EK3 has deployed some of the world's largest and most complex digital networks using proprietary state-of-the-art technology and patented software.

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