

IMAX

IMAX China (1970 HK) Investor Presentation

August 2020



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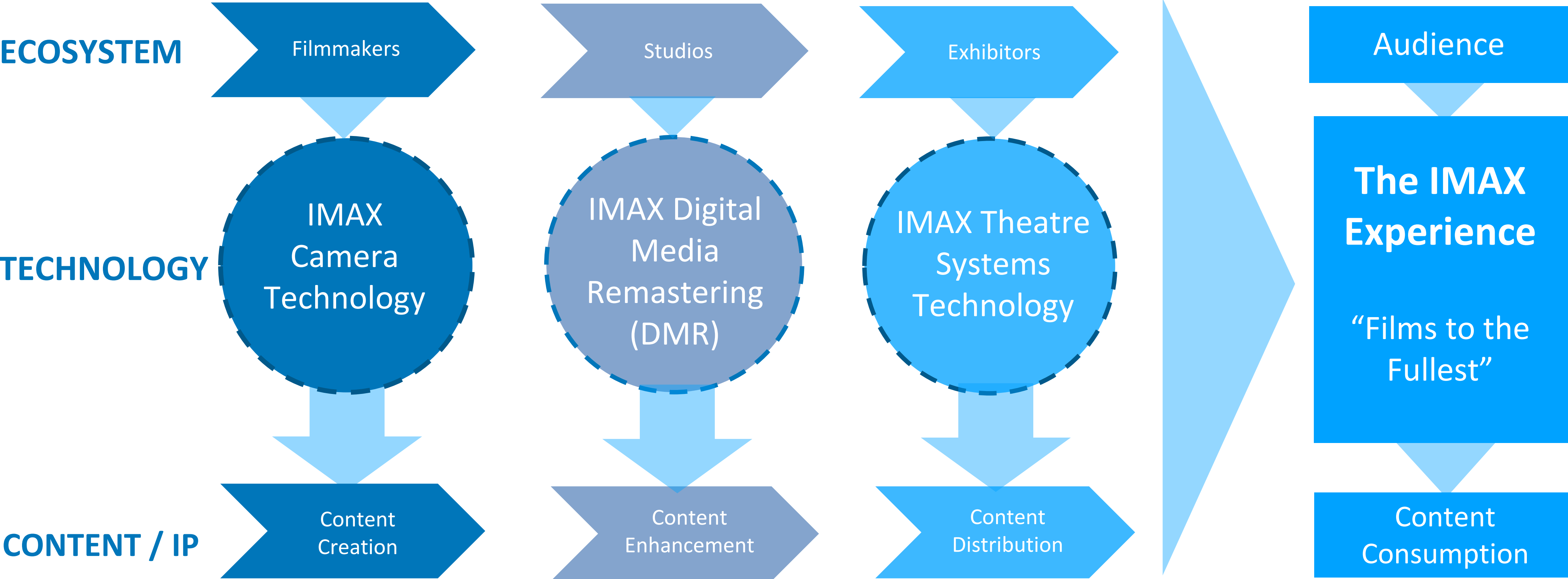
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- **Ecosystem**
- **Business Model**
- **Investment Thesis**
- **Financials**

Unique Position in the Greater China Entertainment Ecosystem

Upstream Downstream

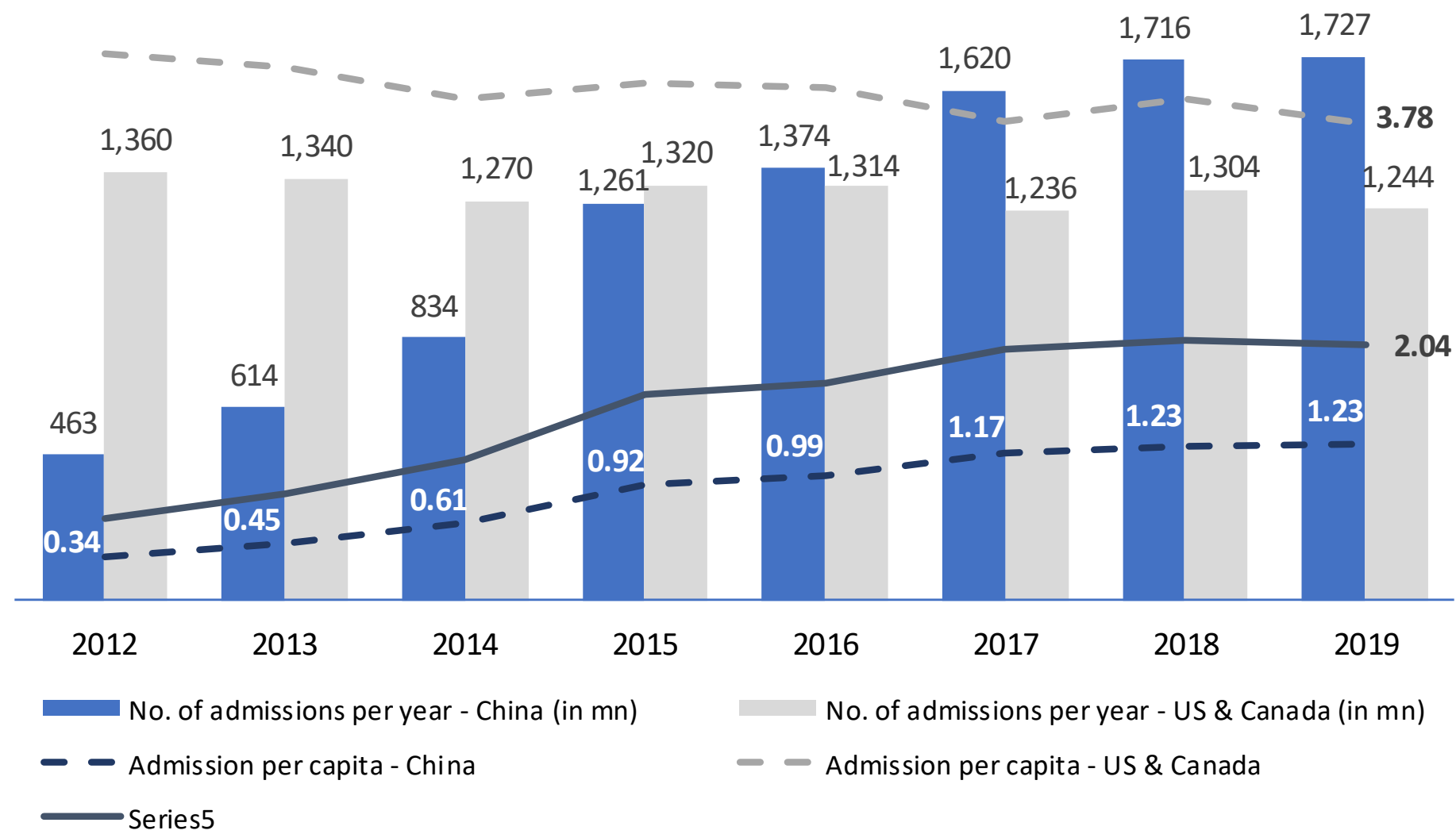


OUR PARTNERS

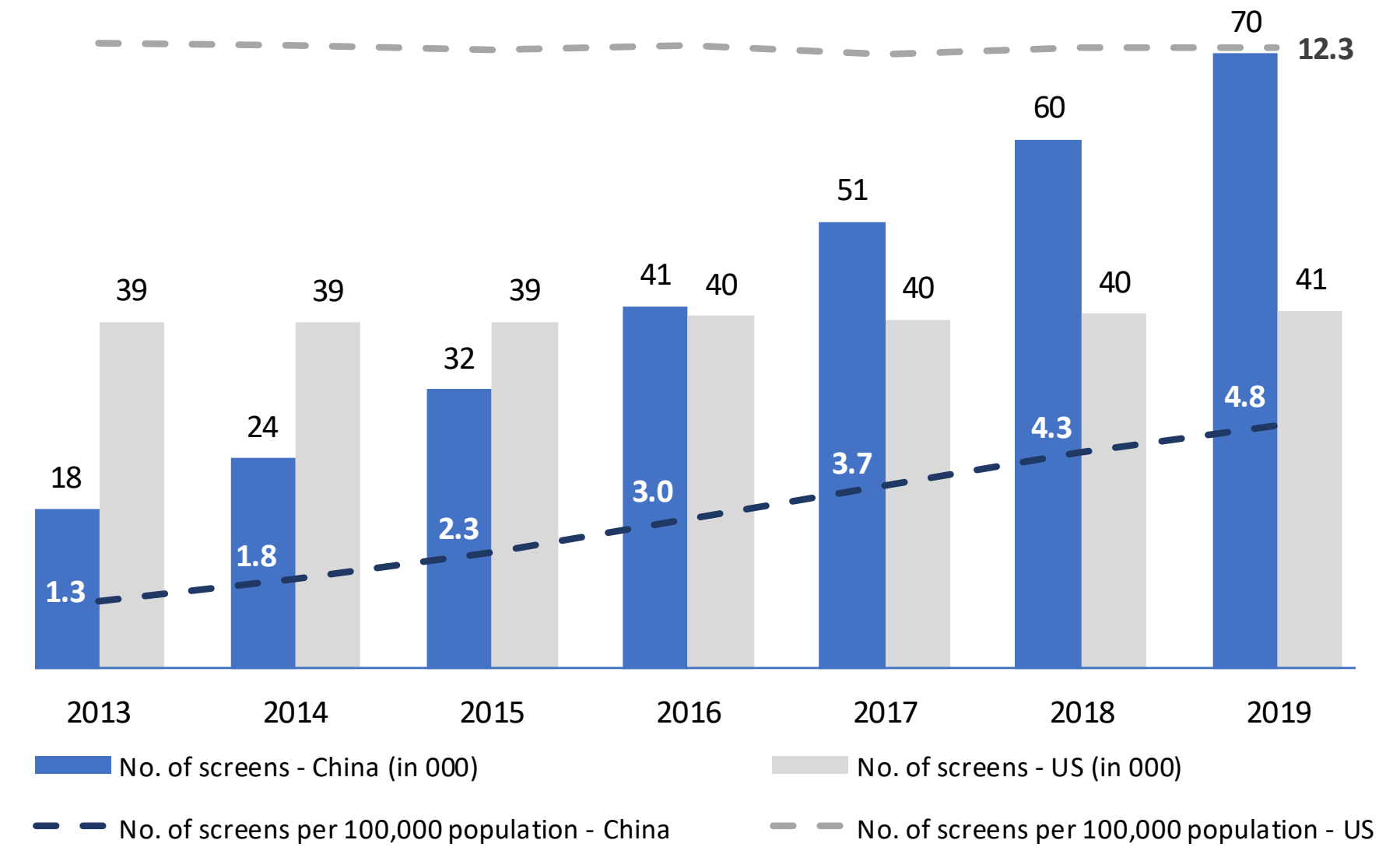


Chinese Film Market Sees Room for Growth From Both Demand and Supply Perspective

Movie admission per capita



No. of cinema screen per 100,000 population

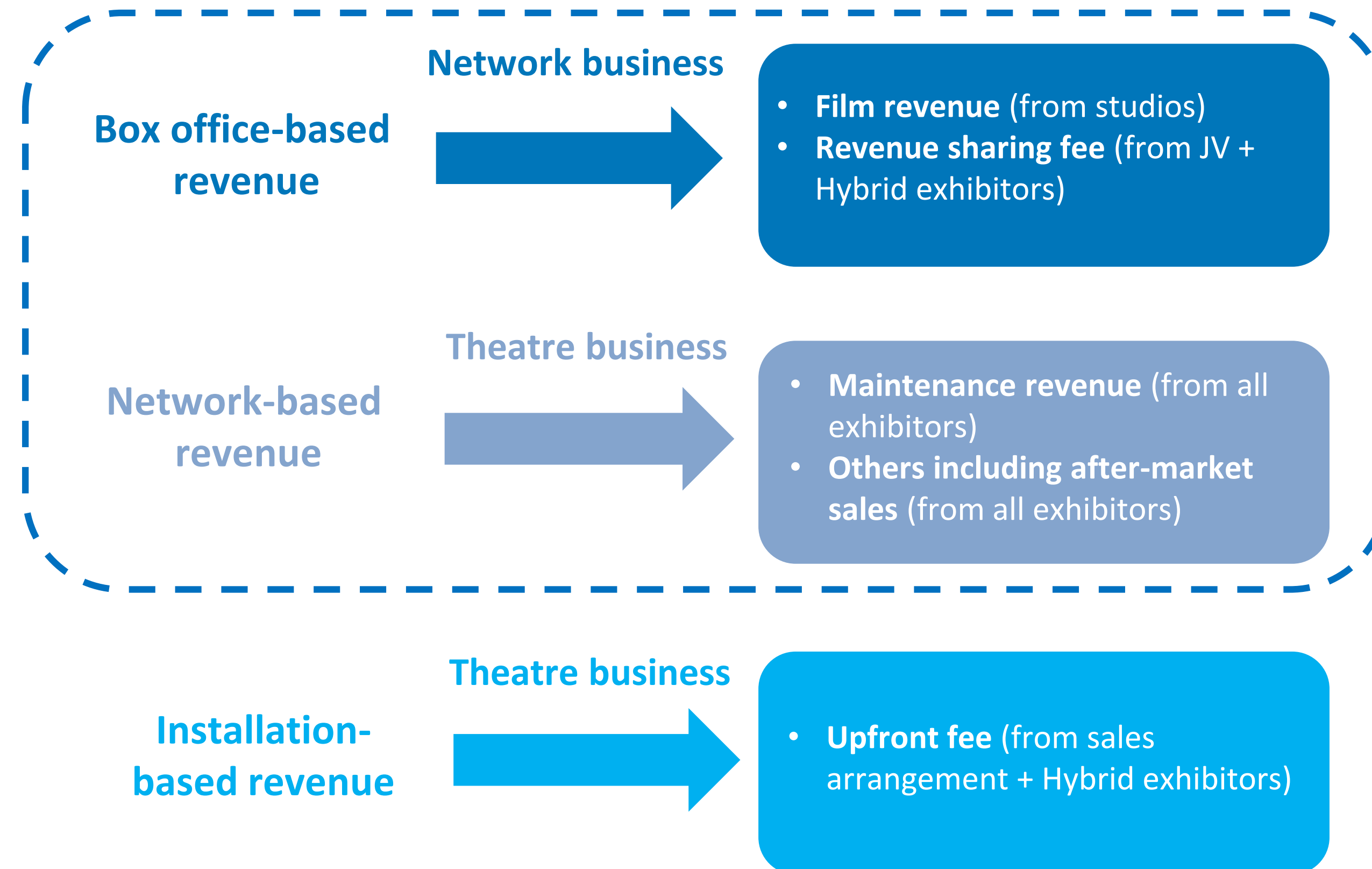


Source: National Bureau of Statistics, China Film Administration, US Census National Association of Theatre Owners

- Ecosystem
- **Business Model**
- Investment Thesis
- Financials

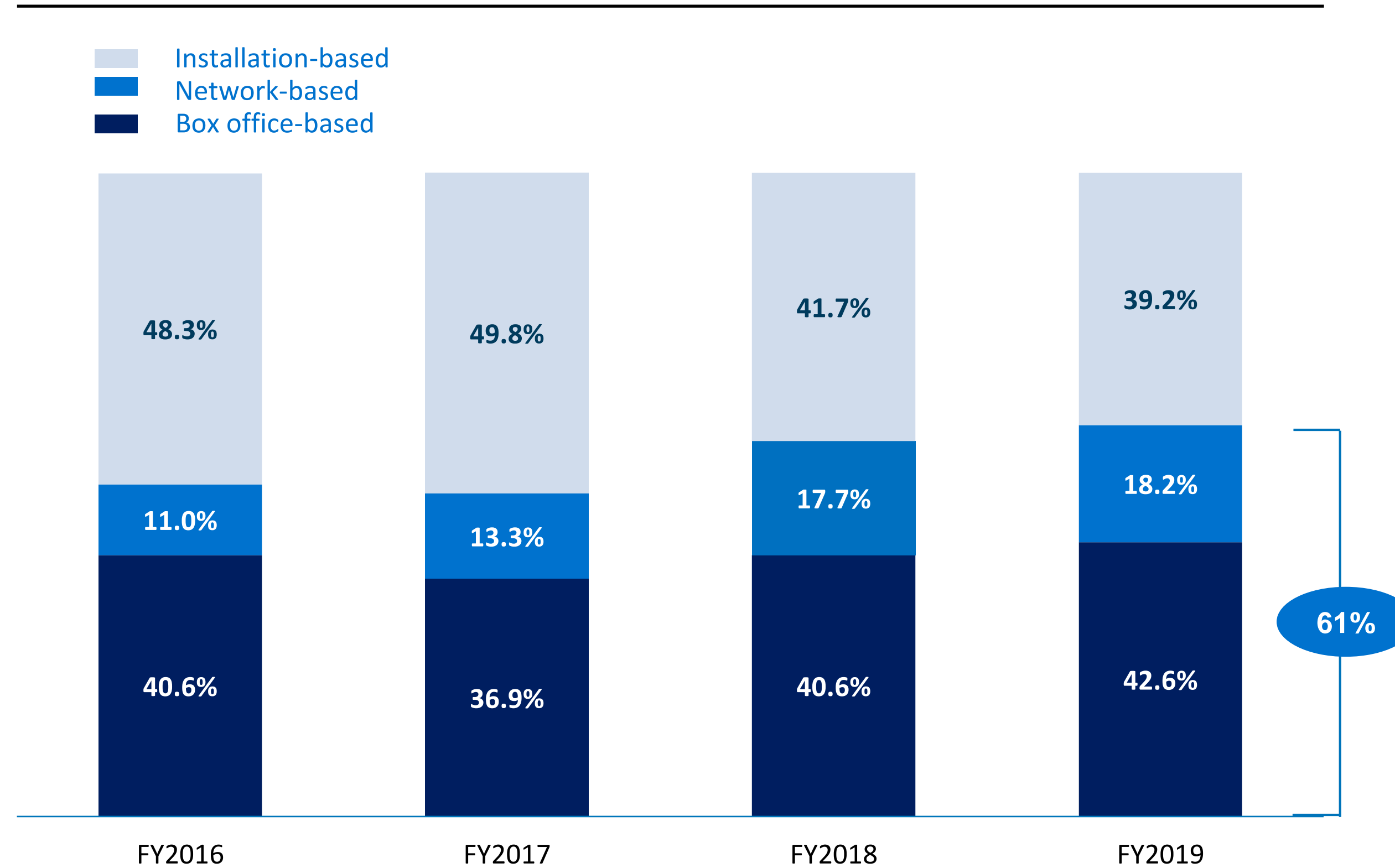
Our Business Model - Diversifying Monetization

IMAX China business models



Our Network Effect Drives Higher Recurring Revenue Mix

Increasing mix of recurring revenue



Note: Recurring revenue refers to box office and network-based revenue

Source: Company data

- Ecosystem
- Business Model
- **Investment Thesis**
- Financials

Why IMAX China is Well-Positioned as Theatres Reopen?

Poised for recovery

- ❑ Trusted brand to both audience and exhibitors
- ❑ Located in top-performing theatre complexes
- ❑ Pent-up demand for domestic, out-of-home entertainment
- ❑ Strong content pipeline through 2021 with IMAX DNA
- ❑ Continue to build new partnerships and expand existing ones
- ❑ Robust backlog, majority of which does not require capital commitment

Benefit from Structural Tailwinds

- ❑ “Blockbusterization” effect
- ❑ Local content gravitating towards IMAX genres
 - Drives continued box office market share gain
- ❑ Low disruption risks from direct-to-streaming due to unique positioning

Financial Strength

- ❑ Strong, debt-free balance sheet with net cash balance of US\$73.8mn as of June 30, 2020
- ❑ Asset-light business model with limited reopening costs
- ❑ Ample liquidity with controlled monthly cash burn at US\$1mn
- ❑ No exposure to fixed theatre rental commitment or content production cost
- ❑ Consistently return capital to shareholders

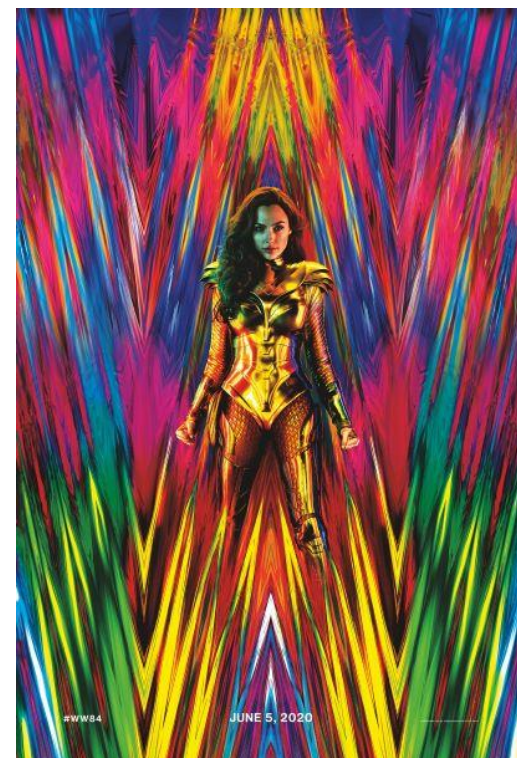
Unique premium positioning, strength of our brand, technology and balance sheet gives IMAX China a firm footing

Strong IMAX DNA in Upcoming Film Slate

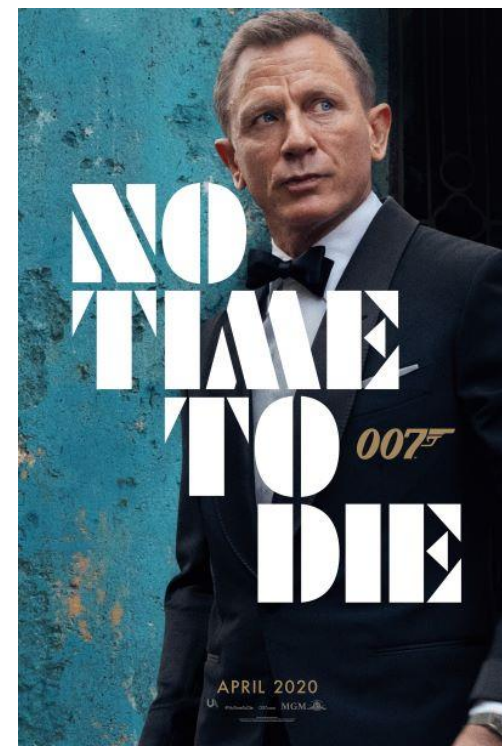
Hollywood⁽¹⁾



Tenet
(Sept 2020)
Filmed with
IMAX Cameras



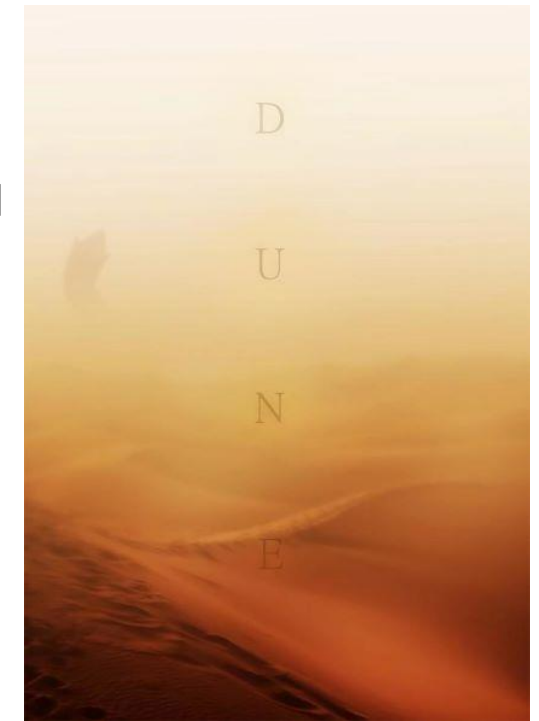
Wonder Woman
1984 (Oct 2020)
Filmed with
IMAX Cameras



No Time to Die
(Nov 2020)
Filmed with
IMAX Cameras

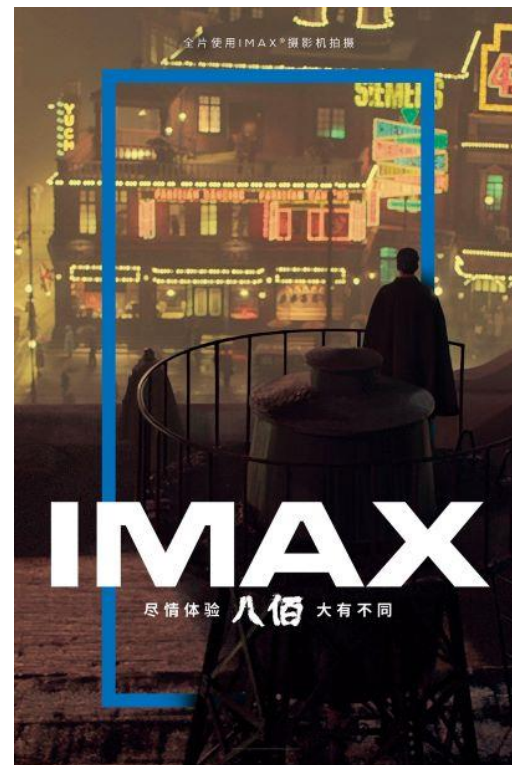


Black Widow
(Nov 2020)
Exhibited in
IMAX expanded
aspect ratio²



Dune
(Dec 2020)
Filmed in IMAX

Local language



The Eight Hundred (Aug 2020)
Filmed with IMAX Cameras
Presents up to 26% more pictures



Detective Chinatown 3 (TBD)
Filmed with IMAX Cameras
Presents up to 26% more pictures



The Rescue (TBD)
Exhibited in IMAX expanded
aspect ratio

Heavy involvement of IMAX DNA bodes well for greater box office share

Note 1: Release schedule in North America might be postponed due to the COVID-19 pandemic. Release schedule of films other than Tenet in China to be determined.

Note 2: Approximately 30 minutes in IMAX expanded aspect ratio

Blockbuster 2021 Around the Corner



**THE
ETERNALS**



**FAST &
FURIOUS 9**




**SHANG-CHI
and the
Legend of
the Ten
Rings**




**GODZILLA
VS. KONG**




**JURASSIC
WORLD 3**




VENOM 2




**Top Gun:
Maverick**



**THE
BATMAN**



**MISSION
IMPOSSIBLE:
7**



**SPIDER-MAN
(Untitled)**

Blockbuster slate extends through 2021

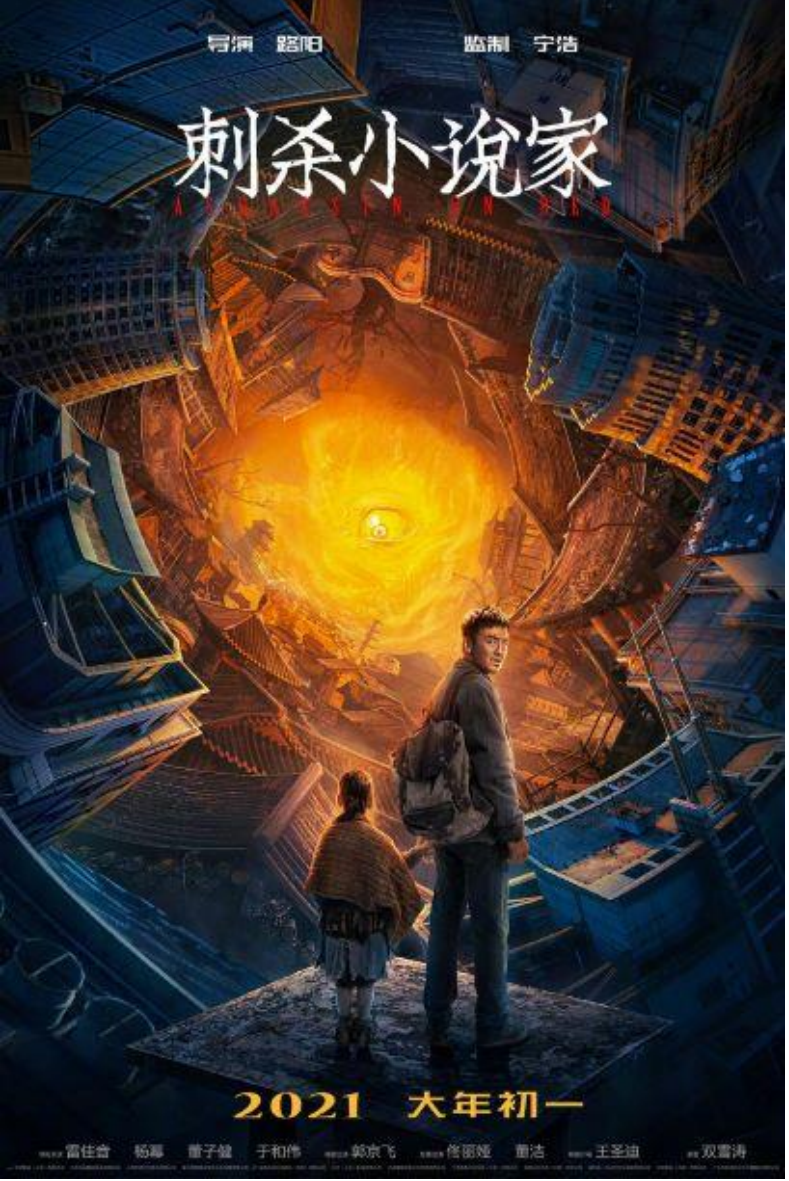
Note: Titles have been confirmed to be released in North America but such release schedule might be postponed due to the COVID-19 pandemic. Release schedule in China to be determined.

Promising Pipeline of Potential Local Language Titles

**New Gods:
Nezha Reborn**



Assassin in Red



Fengshen Trilogy

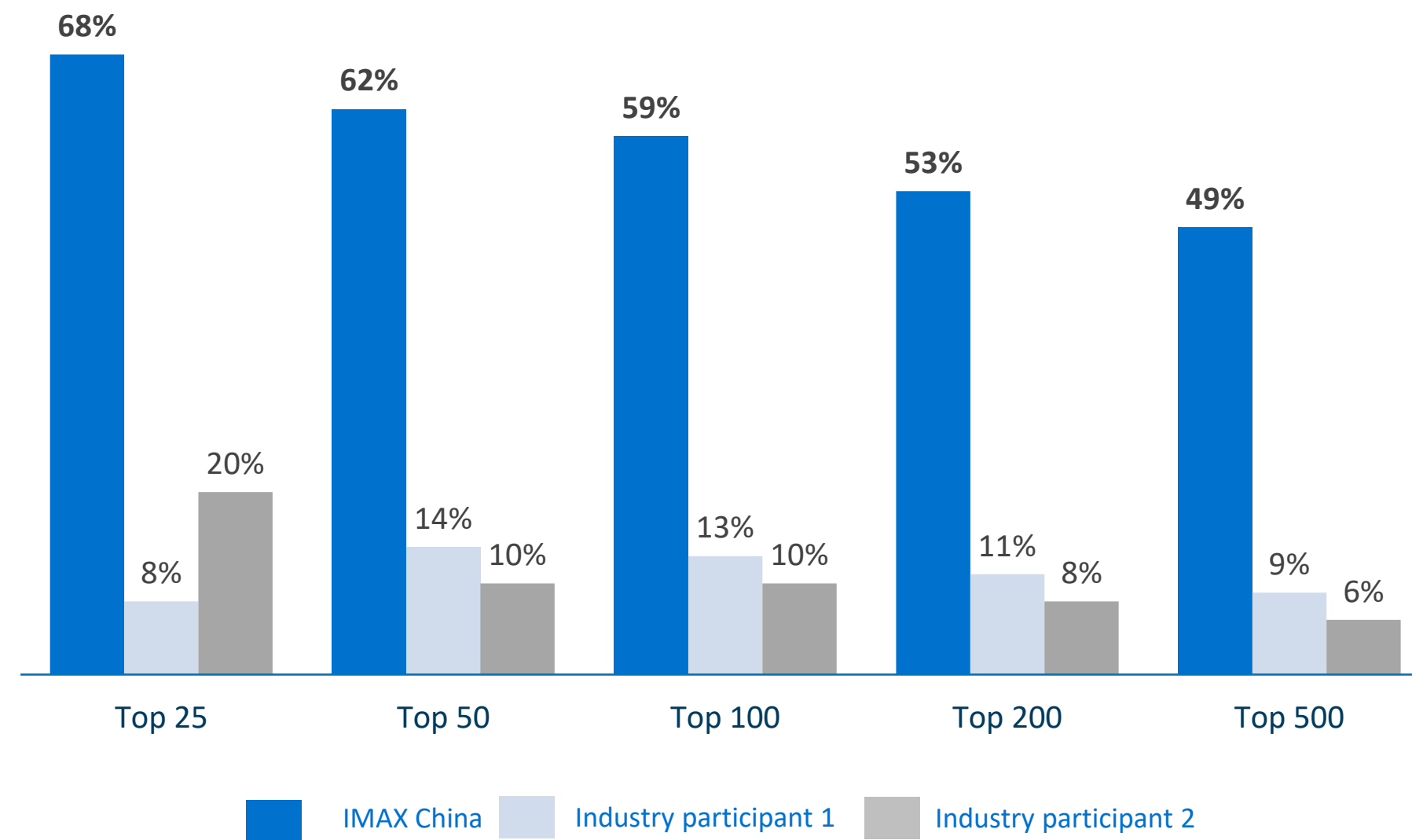


Multiple blockbuster caliber potential local language titles

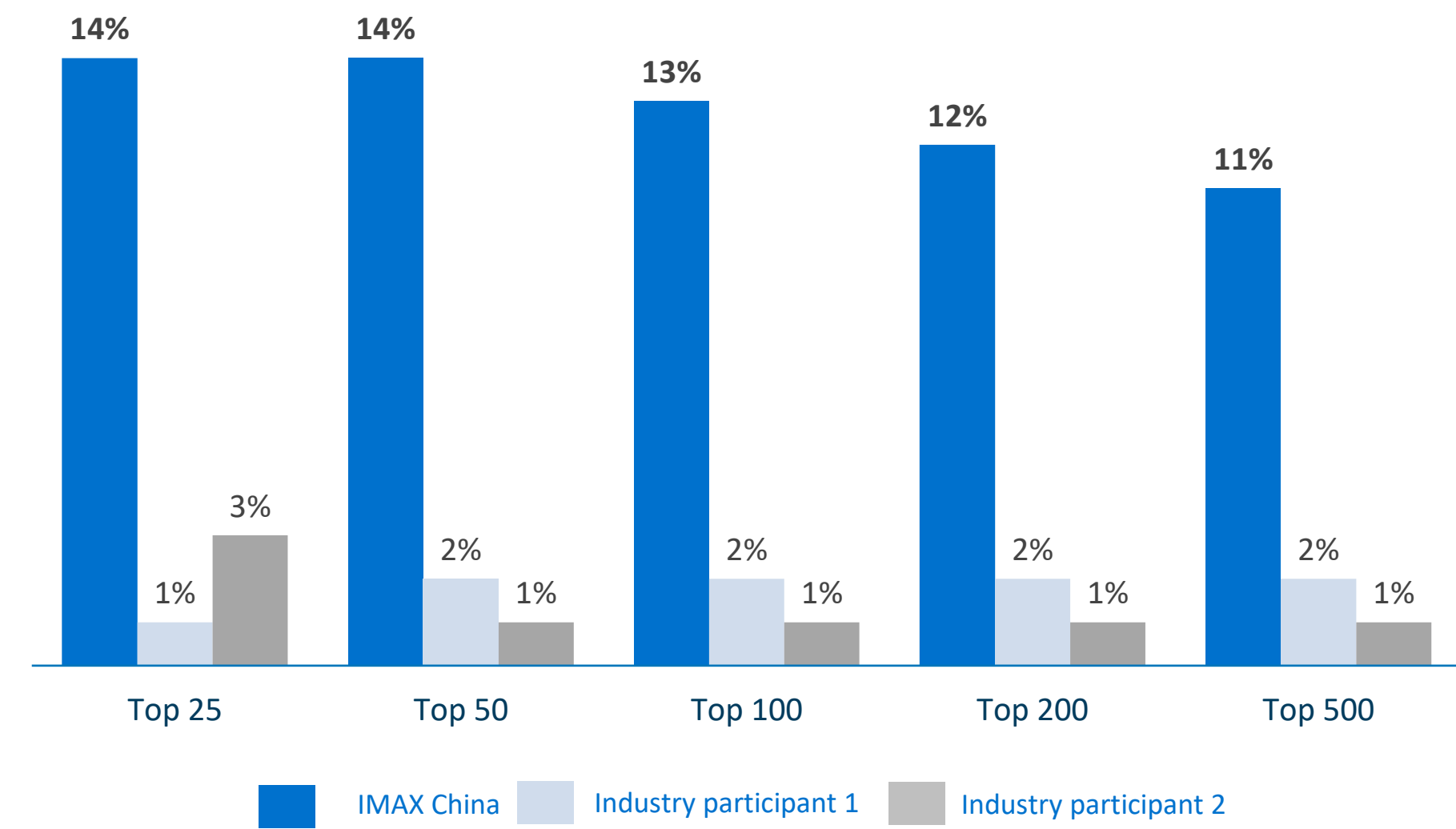
Note: Release schedule in China to be determined.

Industry Consolidation an Opportunity, Not a Risk

Theatre penetration in top 500 complexes in China



Gross box office share in top 500 complexes in China



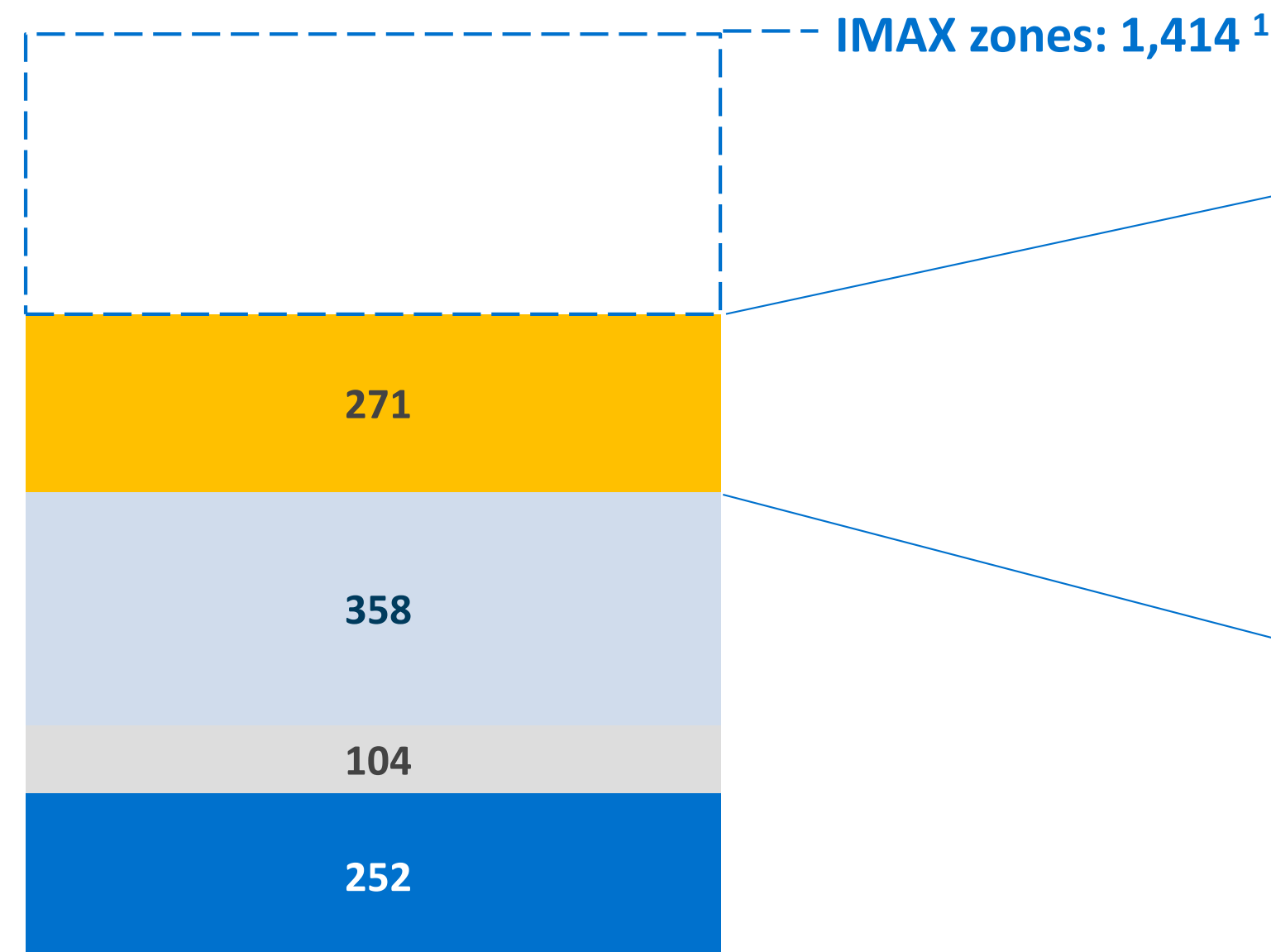
Source: TOP Consulting
Note: As of 2019

IMAX China is present in 17 out of top 25 highest-grossing complexes

Continued Network and Partnership Expansion

IMAX theatre footprint

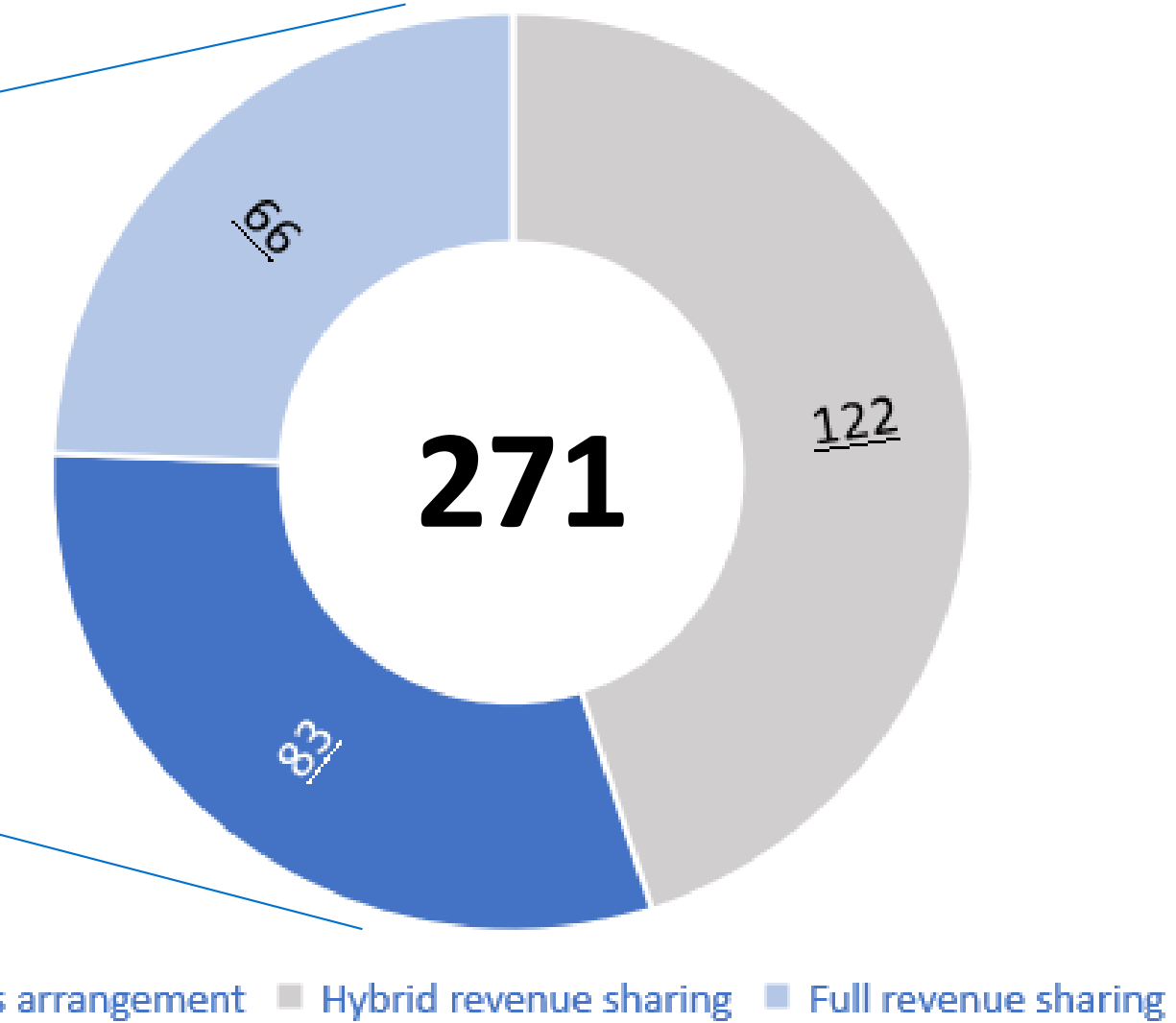
- Backlog
- Full revenue sharing
- Hybrid revenue sharing
- Sales arrangement



As of June 30, 2020

Note 1: As of Dec 31, 2019
Source: Company Data

Greater China backlog mix²



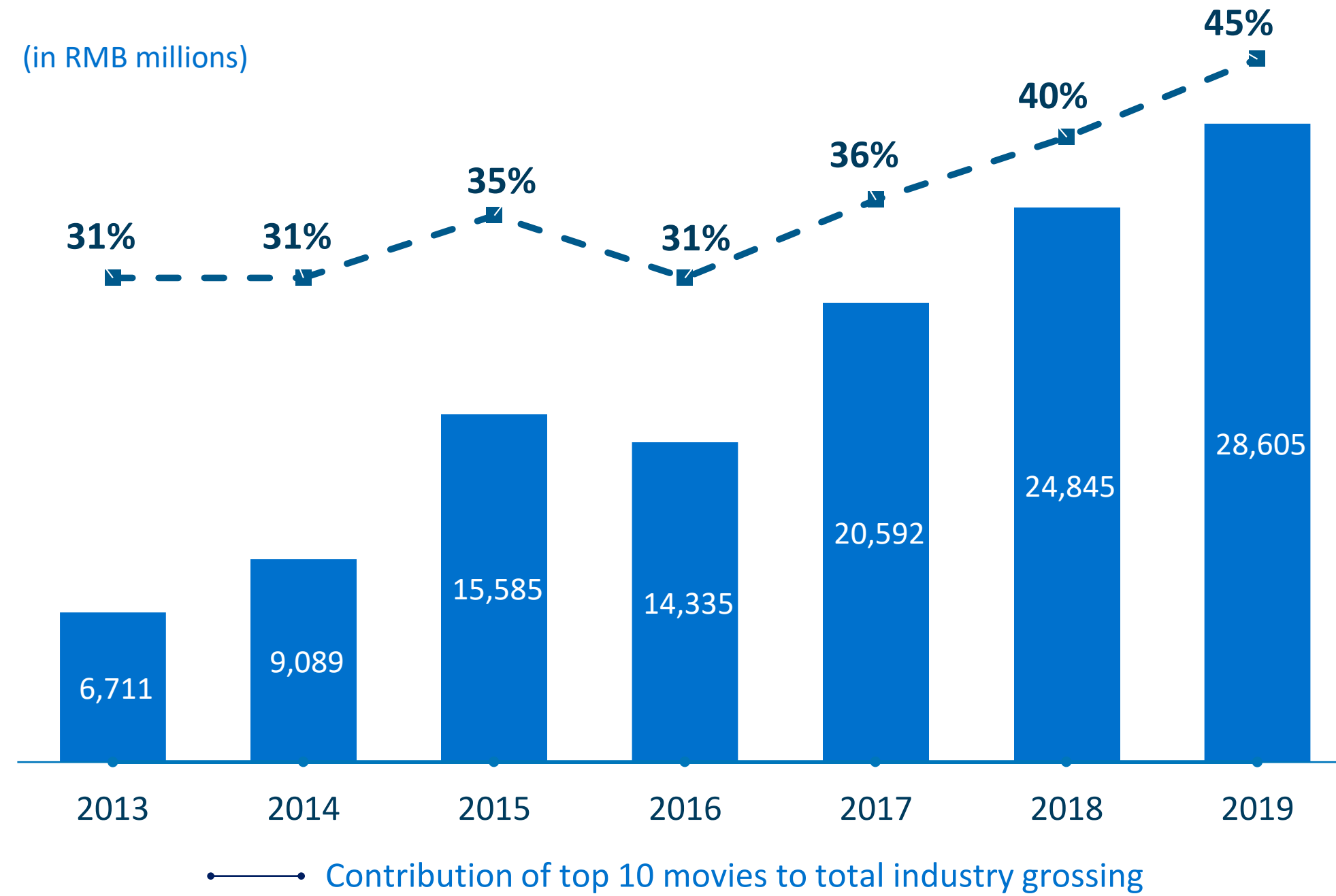
■ Sales arrangement ■ Hybrid revenue sharing ■ Full revenue sharing

Note 2: As of June 30, 2020
Source: Company Data

Continued signings and robust backlog provides good visibility to future installations

Favorable Structural Tailwind...

Total box office of top-10 grossing movies



Source: TOP Consulting

Top 50 movies generated on average RMB1bn box office in 2019

Local content gravitating towards IMAX genres



The Wandering Earth (Feb 2019)
 Highest-grossing local title in IMAX history
 Third highest-grossing title in China's film history



Ne Zha (July 2019)
 Second highest-grossing local title in IMAX history
 Second highest-grossing title in China's film history



The Rescue (TBD)
 Exhibited in IMAX special aspect ratio



The Eight Hundred (Aug 2020)
 Filmed with IMAX Cameras
 Presents up to 26% more pictures



Detective Chinatown 3 (TBD)
 Filmed with IMAX Cameras
 Presents up to 26% more pictures

Industry tailwind of “Blockbusterization” and “IMAX-able” genres plays into our favor

...and Our Refined Programming Strategy



“The Wandering Earth” – Feb 2019

- Milestone Chinese sci-fi movie with RMB4.66 billion GBO
- First local title to break RMB300 million IMAX GBO in China – third highest-grossing movie in IMAX China history
- **Close to 10% indexing during Chinese New Year**

“Ne Zha” – July 2019

- First local animated film released in IMAX theatre
- Second highest-grossing movie in China film history and fourth highest in IMAX China history
- Highest-grossing animation at all times in China
- **8% indexing in opening weekend**



Source: Company data

Drives a consistently High Hit-Rate...

Top 10 films, 2019
IMAX = 9 out of 10



Top 10 films, 2018
IMAX = 9 out of 10



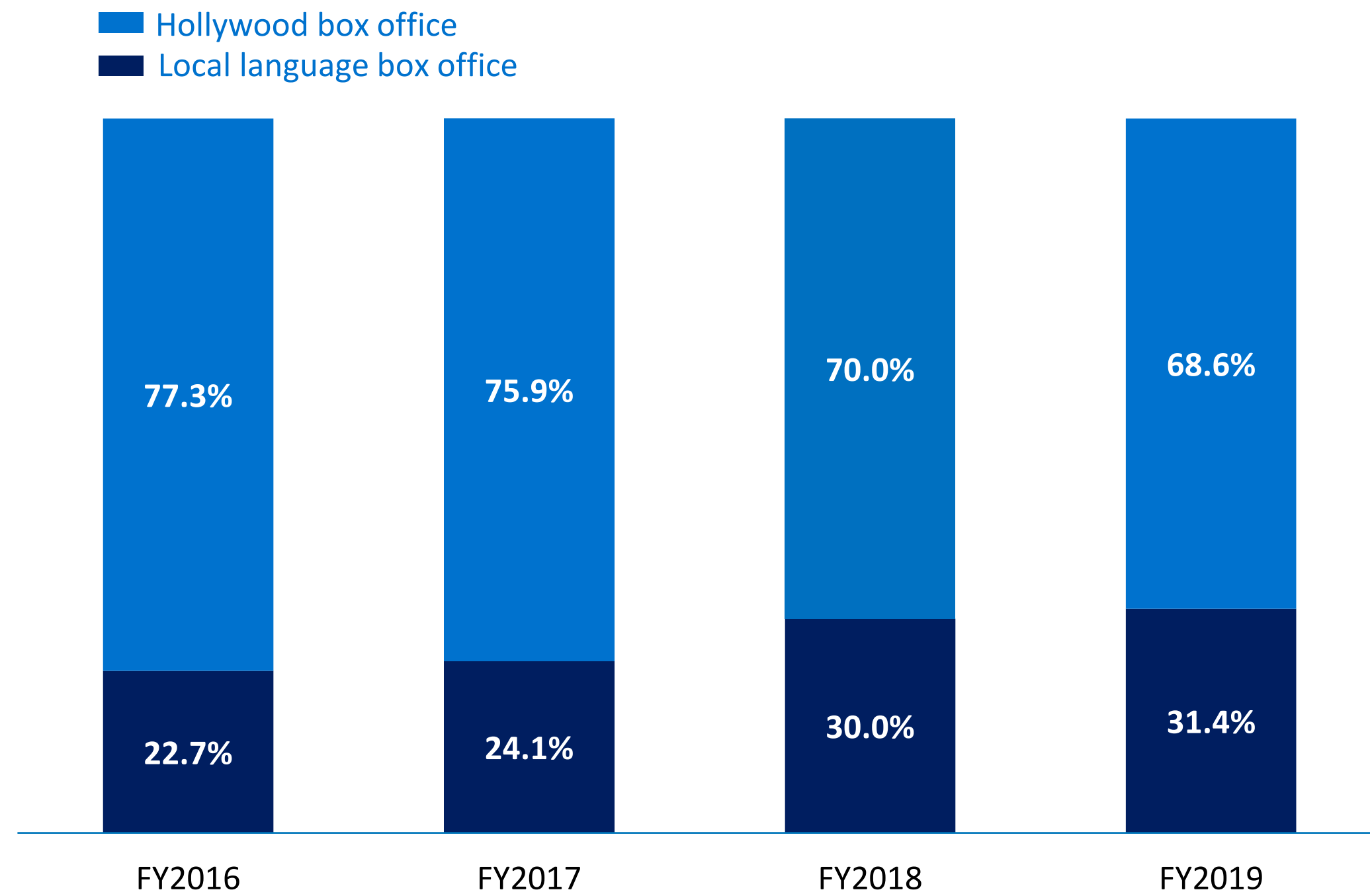
Top 10 films, 2017
IMAX = 8 out of 10



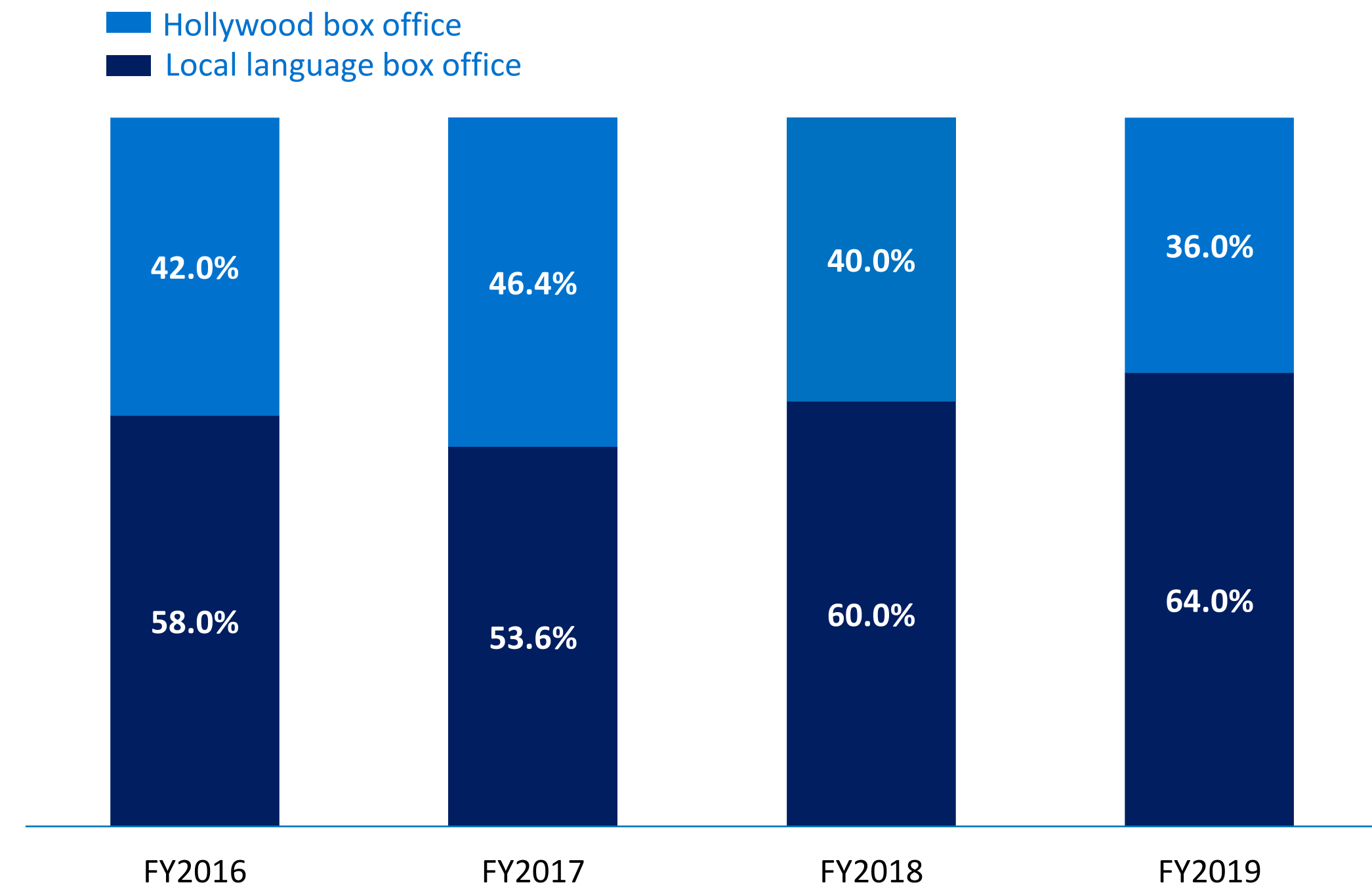
Source: Company data

Rising Box Office Contribution From Local Language Titles

IMAX China box office distribution (Hollywood vs. Local)



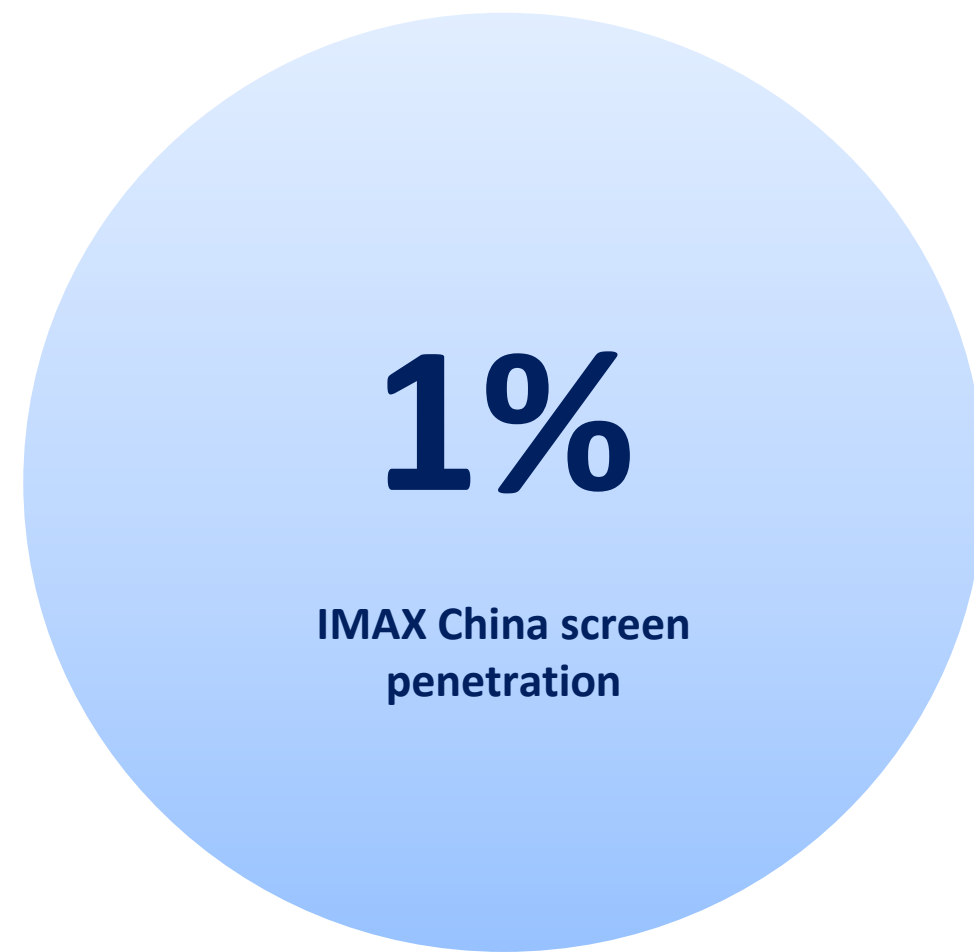
China box office distribution (Hollywood vs. Local)



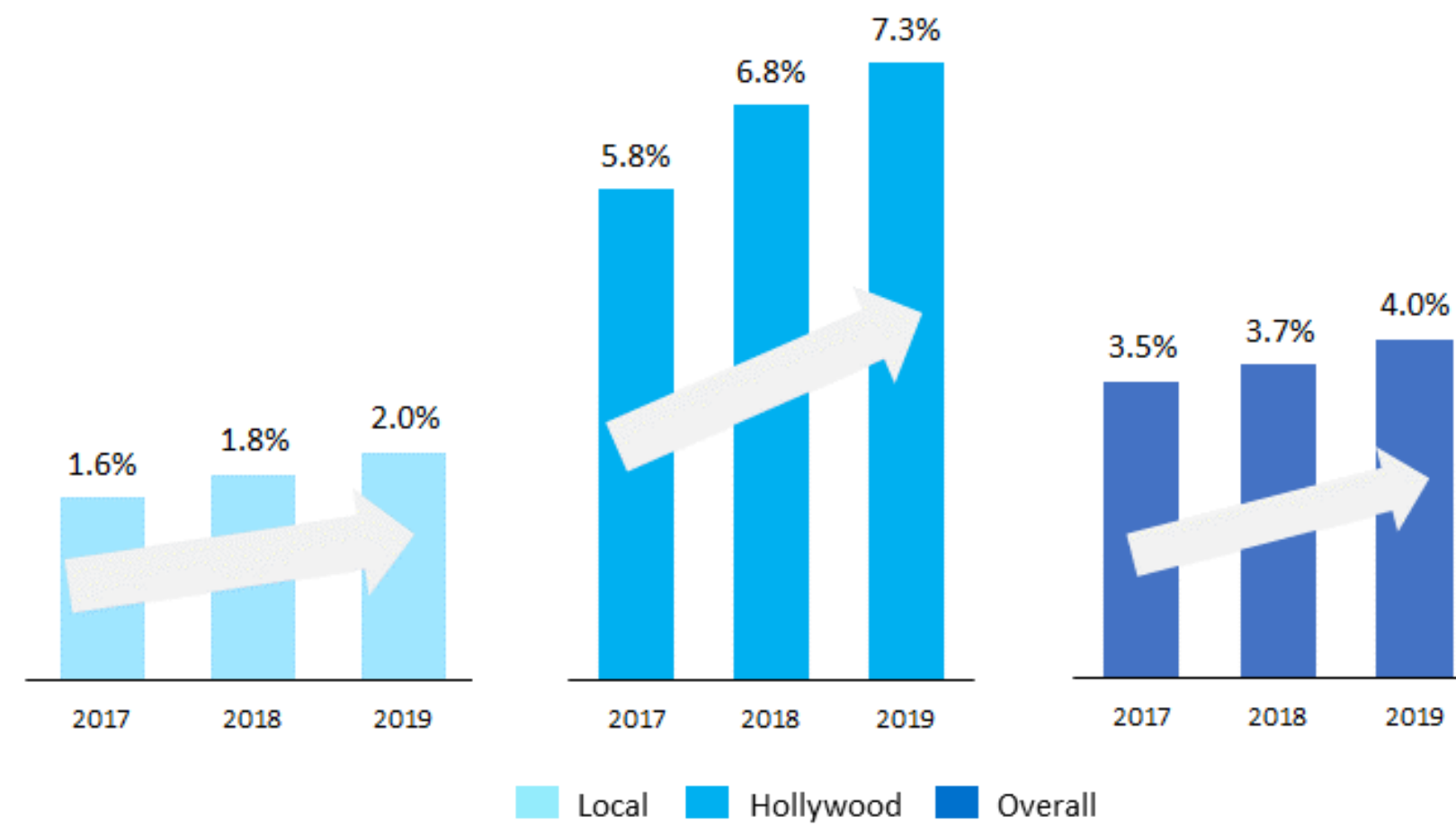
Source: Company data, China Film Administration

...And Sustainable Market Share Gain

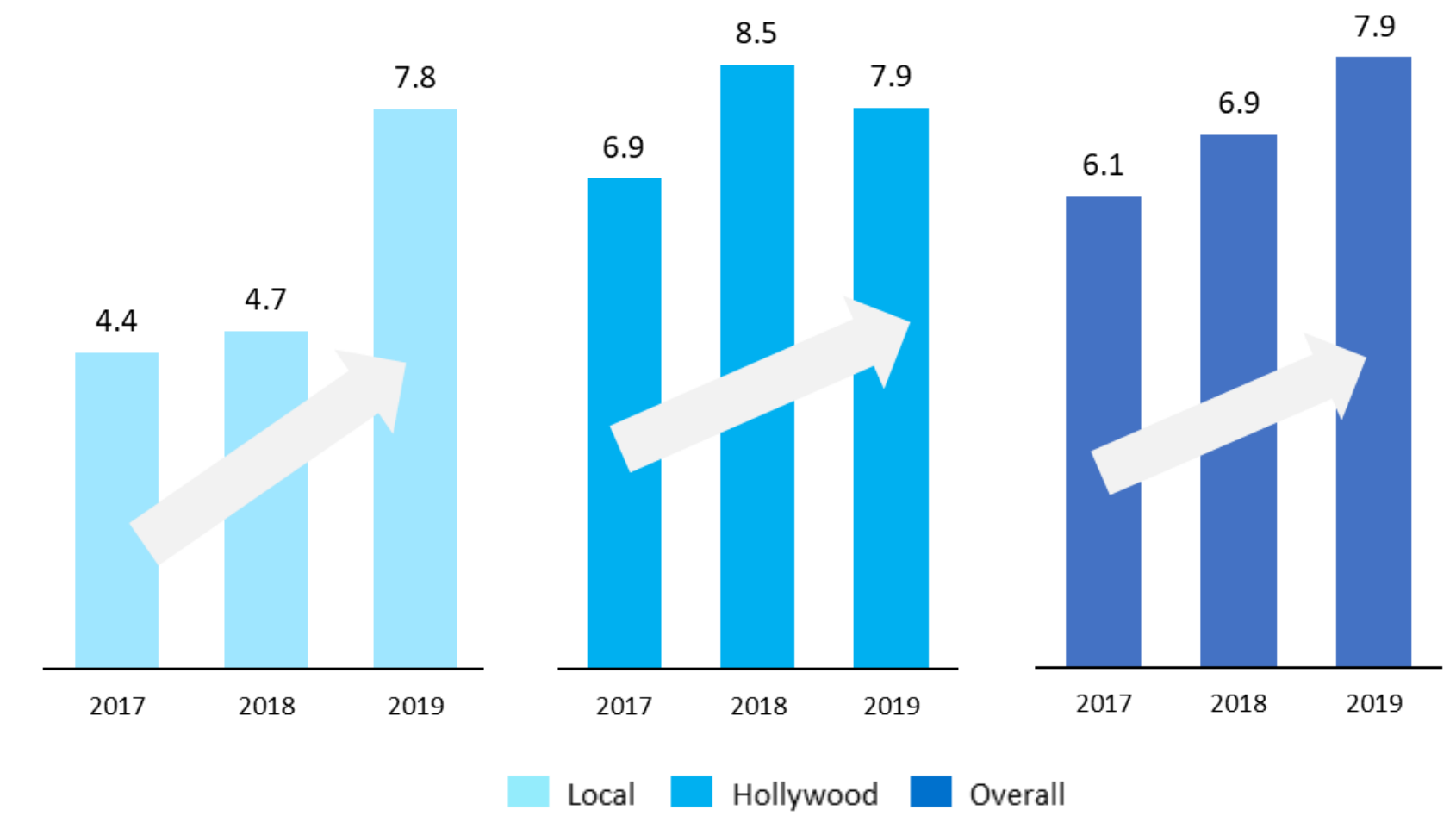
IMAX China Screen Count Share



IMAX China Box Office Market Share



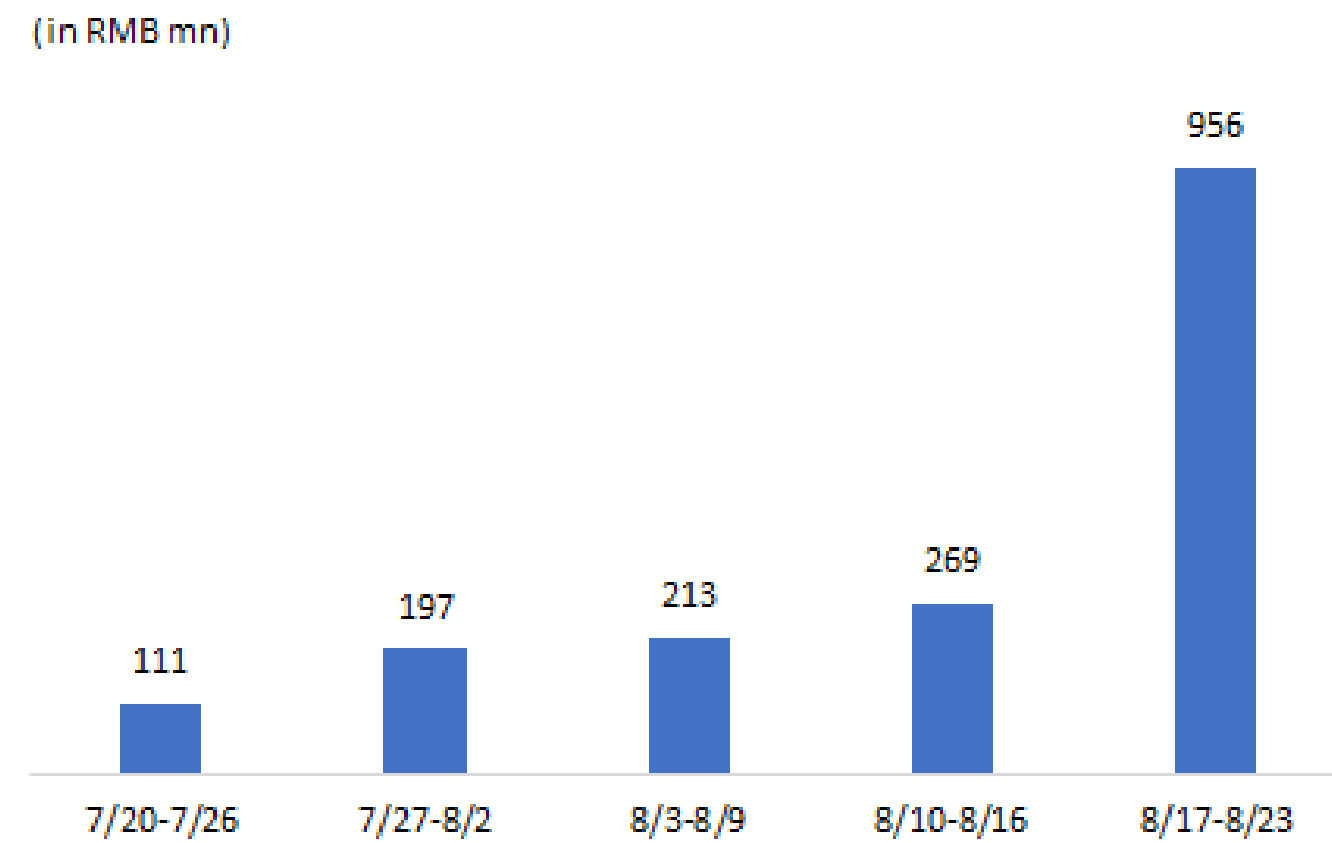
IMAX China Average Box Office Per Title* (in US\$m)



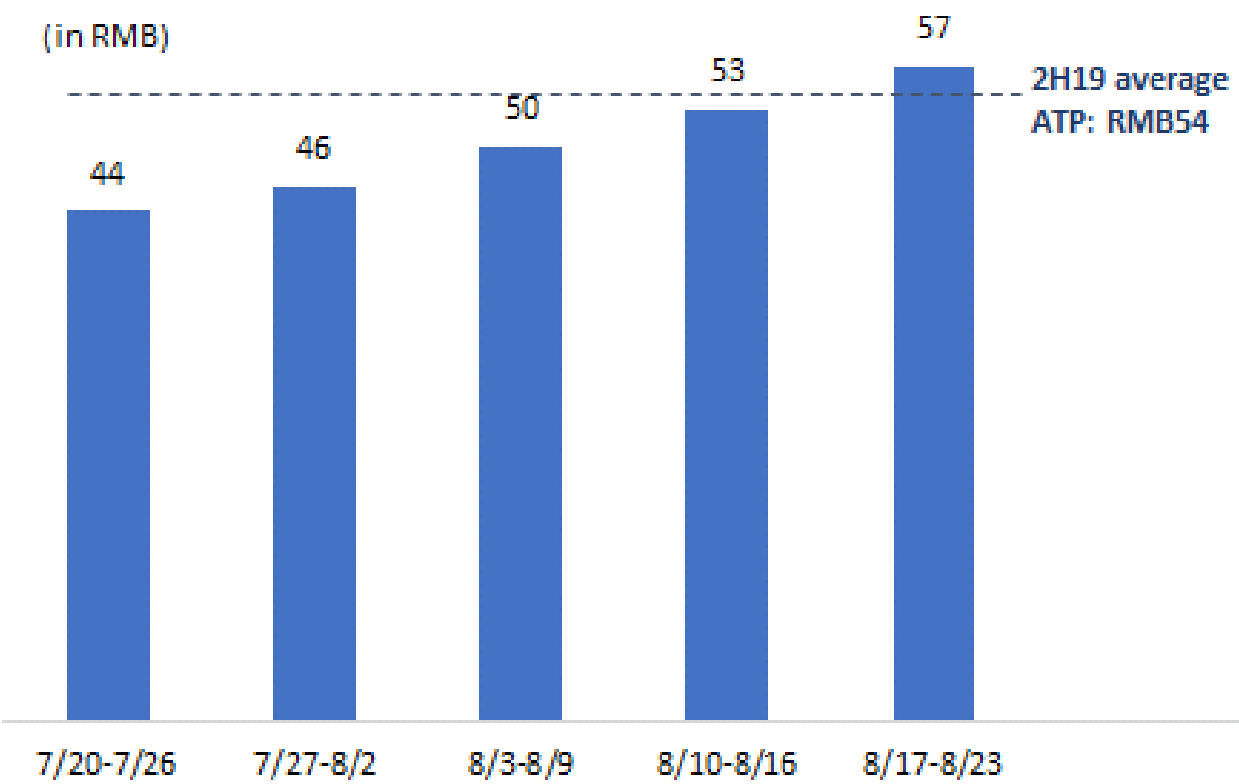
Source: Company Data
Note *: Chinese Mainland only

Encouraging Performance Upon Theatre Reopening

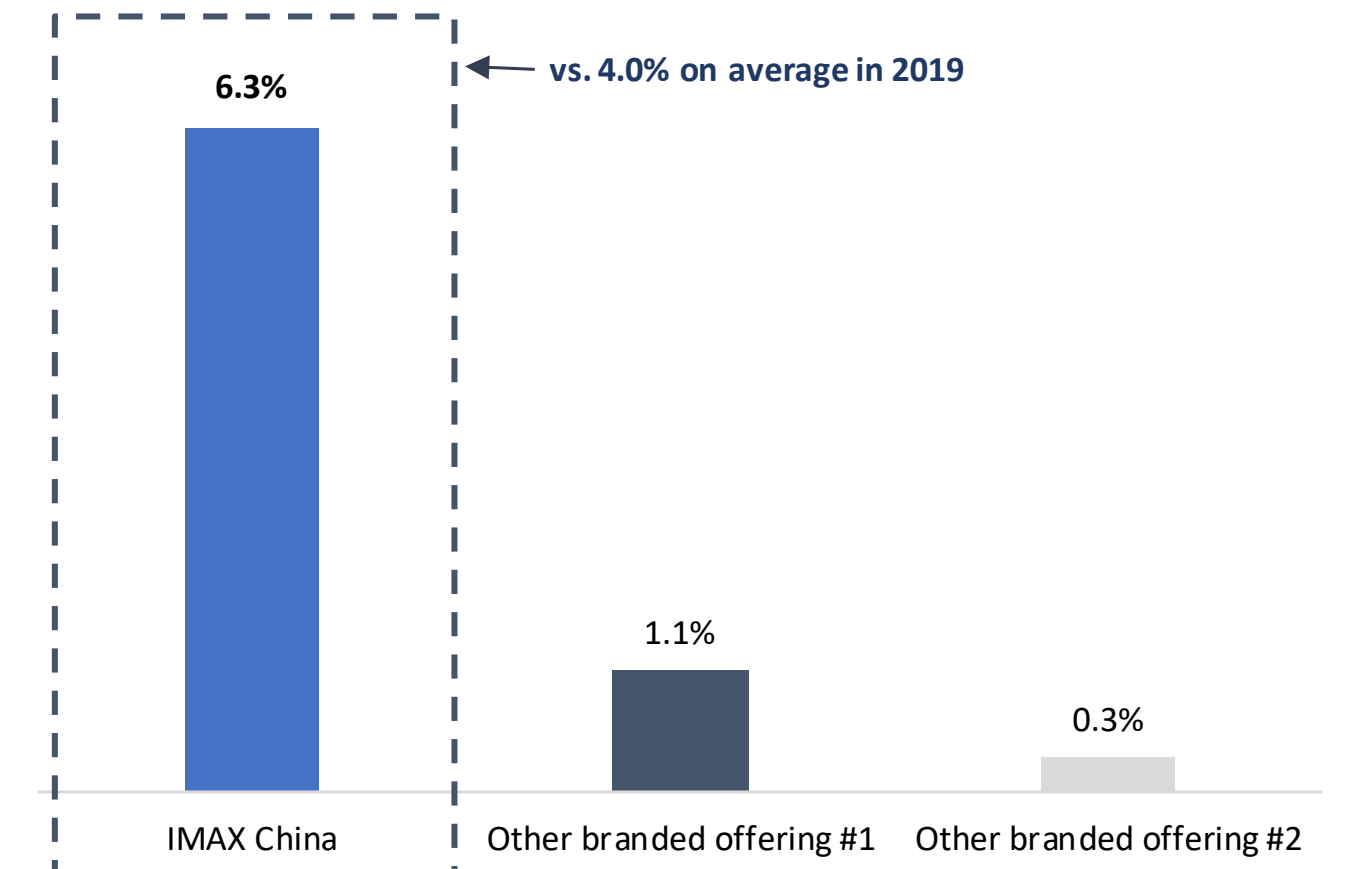
Weekly Industry Box Office



IMAX Average Ticket Price



Cumulative⁽¹⁾ Box Office Market Share



Note (1): As of Aug 23, 2020
Source: TOP Consulting, includes service fee

IMAX China recorded approximately RMB110mn cumulative box office since reopening on July 24, representing 6.3% market share

- **Ecosystem**
- **Business Model**
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- **Financials**

Strong Financial Position with Ample Liquidity and Balance Sheet Flexibility

Strong fundamentals

- ❑ Healthy, debt-free balance sheet
- ❑ No exposure to fixed rental commitment or content production cost
- ❑ Flexible, asset-light business model
- ❑ Majority of capex is growth-related



Cost control actions

- ❑ Three-day or four-day work week for majority of company since March
- ❑ Reduced non-core marketing initiatives, T&E and other non-essential spending



Financial Strength

- ❑ US\$73.8 million in net cash as of June 30, 2020
- ❑ Controlled monthly cash burn at US\$1 million under a zero-revenue environment
- ❑ Ample cash runway
- ❑ Maintain stable interim dividend payment of US\$7 million

Disciplined cost management over the years builds financial resilience through an extended operational pause

Key Highlights (1H20 vs. 1H19)

Key Financial Highlights (in USD 000, unless otherwise stated)	1H2020	1H2019	YoY change %
Greater China Box Office ¹	7,393	235,959	(96.9%)
Theatre Network (in unit)	714	662	7.9%
Total Revenue	6,662	59,256	(88.8%)
- Network Business	1,120	33,730	(96.7%)
Take-rate ²	15.1%	14.3%	85 bps
- Theatre Business	5,409	25,381	(78.7%)
Gross Profit	(4,042)	41,047	N.M.
Adjusted EBITDA	(13,424)	38,039	N.M.
Adjusted Net Profit	(15,512)	24,894	N.M.

Note 1: Box office excludes booking fee

Note 2: Take-rate defined as network business revenue divided by IMAX China box office

N.M. = Not meaningful

Source: Company data

Temporary closure of our IMAX theatres due to COVID-19 has significantly impacted 1H20 financial results

Key Highlights (FY19 vs. FY18)

Key Financial Highlights (in USD 000, unless otherwise stated)	FY2019	FY2018	YoY change %
Greater China Box Office ¹	365,807	336,633	8.7%
Mainland China Box Office ¹ (in RMB million)	2,367	2,070	14.4%
Theatre Network (in unit)	717	639	12.2%
Total Revenue	124,294	117,520	5.8%
- Network Business	52,918	47,678	11.0%
Take-rate ²	14.5%	14.2%	30 bps
- Theatre Business	71,033	69,599	2.1%
Gross Profit	76,647	75,251	1.9%
Adjusted EBITDA	68,829	65,016	5.9%
Adjusted Net Profit	44,571	44,283	0.6%
Adjusted Net Margin	35.9%	37.7%	(180) bps

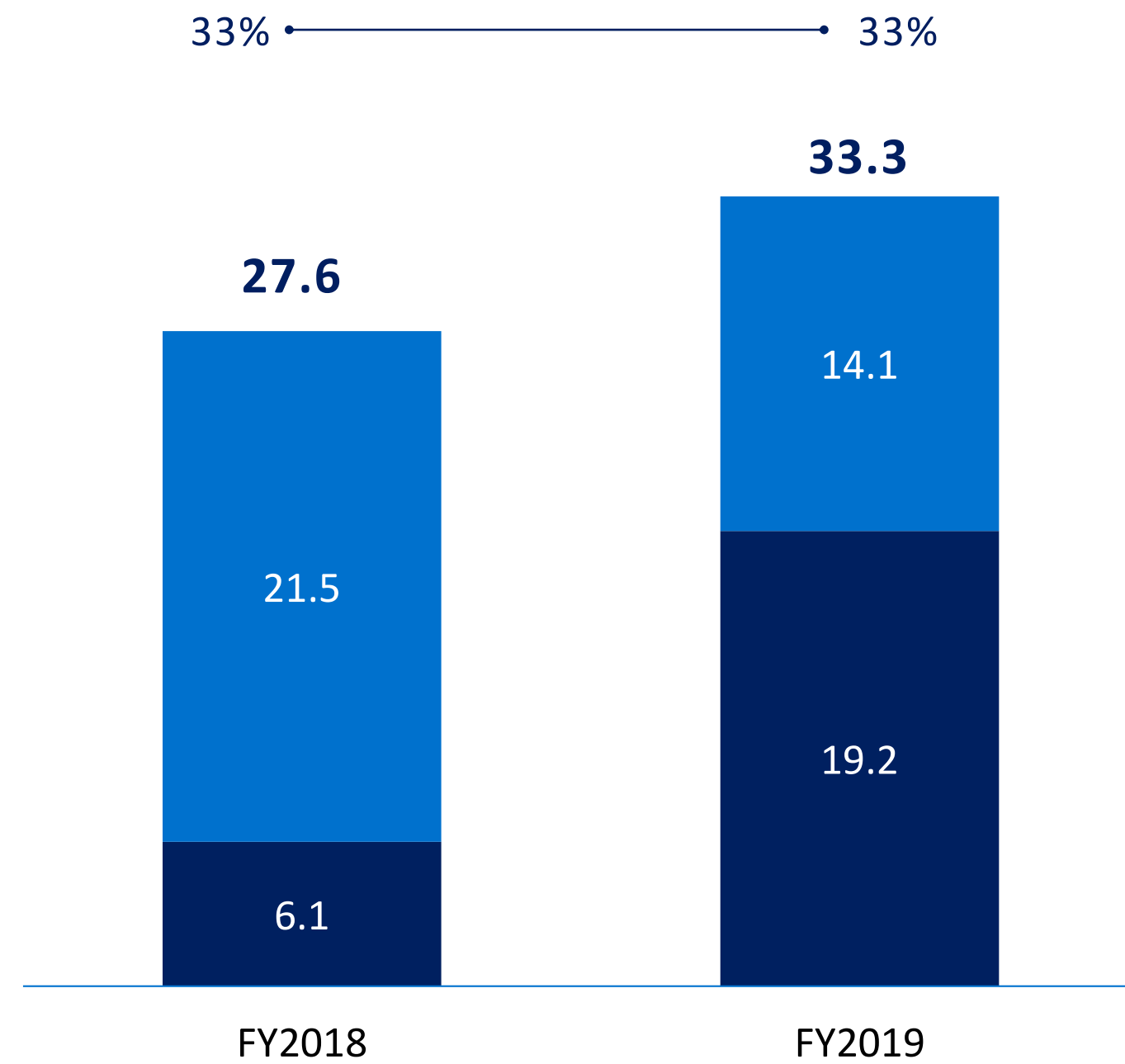
Source: Company data

Record revenue, profit and all time-high box office in FY19

Long-term Shareholder Value Creation

Capital returned to shareholders

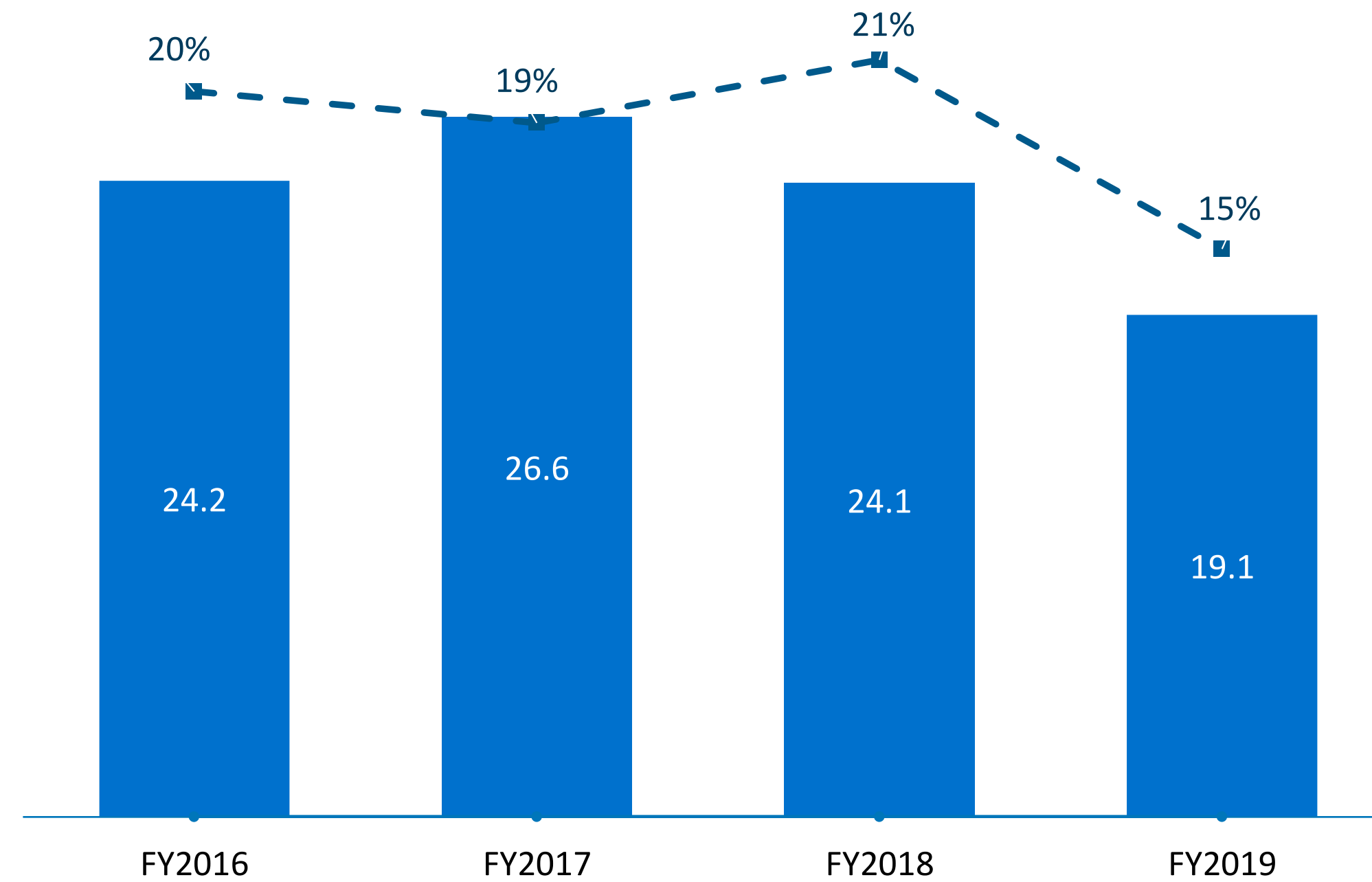
(in USD mn)



- Adjusted earnings payout ratio(%)
- Dividends paid
- Share buyback

Capital expenditure

(in USD mn)



- As % of total revenue
- Network expansion-related capex

Source: Company data

