

November 20, 2008

Key Metrics

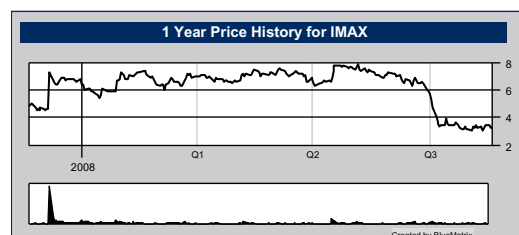
IMAX - NASDAQ	\$3.27
Pricing Date	11/19/2008
Price Target	\$9.00
52-Week Range	\$8.28-\$2.70
Shares Outstanding (mm)	43.5
Market Capitalization (\$mm)	\$142.1
3-Mo Average Daily Volume	167,374
Institutional Ownership	26%
Debt/Total Capital	166.1%
ROE	NM
Book Value/Share	NM
Price/Book	NM
Dividend Yield	NM
LTM EBITDA Margin	(0.13%)

Revenue(\$mm)

	2007A	Prior 2008E	Curr. 2008E	Prior 2009E	Curr. 2009E
1Q-Mar	26.8	--	23.5A	--	35.8E
2Q-Jun	27.1	--	21.2A	--	37.8E
3Q-Sep	29.6	--	33.5A	--	39.4E
4Q-Dec	32.3	--	32.6E	--	41.0E
FY	115.8	--	110.8E	--	154.0E

EBITDA

	2007A	Prior 2008E	Curr. 2008E	Prior 2009E	Curr. 2009E
1Q-Mar	2.6	--	(1.4)A	--	10.0E
2Q-Jun	3.2	--	(3.6)A	--	11.7E
3Q-Sep	3.7	--	7.0A	--	13.1E
4Q-Dec	(3.4)	--	6.5E	--	16.5E
FY	6.1	--	8.5E	--	51.3E



Company Description: IMAX Corporation (www.imax.com) operates as an entertainment technology company, specializing in three-dimensional (3D) film presentations. It primarily engages in the design, manufacture, sale, and lease of projection systems based on patented technology for large-format, 15-perforation film frame, 70mm format theaters, including commercial theaters, museums, and science centers, and destination entertainment sites.

IMAX Corporation

Rating: Buy

Disney-IMAX Announce Five Picture Agreement

Investment Highlights:

- **5 picture deal signed with Disney - first film December 2009.** IMAX entered into a 5 picture agreement with Walt Disney Studios (DIS - \$19.94 - NYSE) with the first picture, *A Christmas Carol* starring Jim Carrey, set for release in November of 2009. While other projected film releases were not released, future films could include titles associated with director Tim Burton as well as producer Jerry Bruckheimer.
- **The people are coming; IMAX recent releases averaging 79% higher gross box office.** Recent results comparing average per screen (PS) revenues generated at IMAX theaters versus the overall industry average for the film are below: Results reflect opening weekend.

Film IMAX Avg. Overall Avg. Diff. PS

	IMAX Avg.	Overall PS BO	% Diff.
<i>Madagascar 2</i>	\$27,132	\$15,559	74.4%
<i>Eagle Eye</i>	\$19,048	\$8,305	129.3%
<i>The Dark Knight</i>	\$67,021	\$36,283	84.7%
<i>Kung Fu Panda</i>	\$25,843	\$14,642	76.5%
Overall	\$34,596	\$19,376	78.6%

Source: Company reports, boxofficemojo.com, Morgan Joseph estimates

- **Theaters are already there - 3Q Theater backlog of 238 systems.** 3Q theater installation backlog consisted of 238 theater systems (132 joint venture agreements) with expectations for between 115 to 125 joint-venture theaters installed, in total, by 2009 year end.
- **Studios/2009 film slate filling out nicely.** See page 2
- **Overall theater attendance and gross box office holding up steady.** According to Media By Numbers, LLC, YTD gross box office in 2008 is up, as of November 16th, 0.92% with total attendance down 3.56%. Considering the strength of the 2007 lineup, which, in our opinion, featured more blockbuster titles, movie attendance to date has proved somewhat recession resistant.
- **Pieces in place for strong growth: Maintain Buy rating.** Consumers appear to be showing their support at the theaters with studios and theaters continuing to line up with IMAX for future releases. We believe the contracts are in place for EBITDA to approach \$90mm in 3 to 4 years.

EQUITY RESEARCH

2009 IMAX Film Schedule

Film	Estimated Release Date
The Day The Earth Stood Still	12-Dec-08
The Dark Knight - re-release	January
Under the Sea 3D	13-Feb-09
Watchmen	06-Mar-09
Monsters vs. Aliens	27-Mar-09
Night at the Museum 2	22-May-09
Transformers 2	26-Jun-09
Harry Potter	17-Jul-09
A Christmas Carol	06-Nov-09
Avatar	18-Dec-09

Source: Company Reports

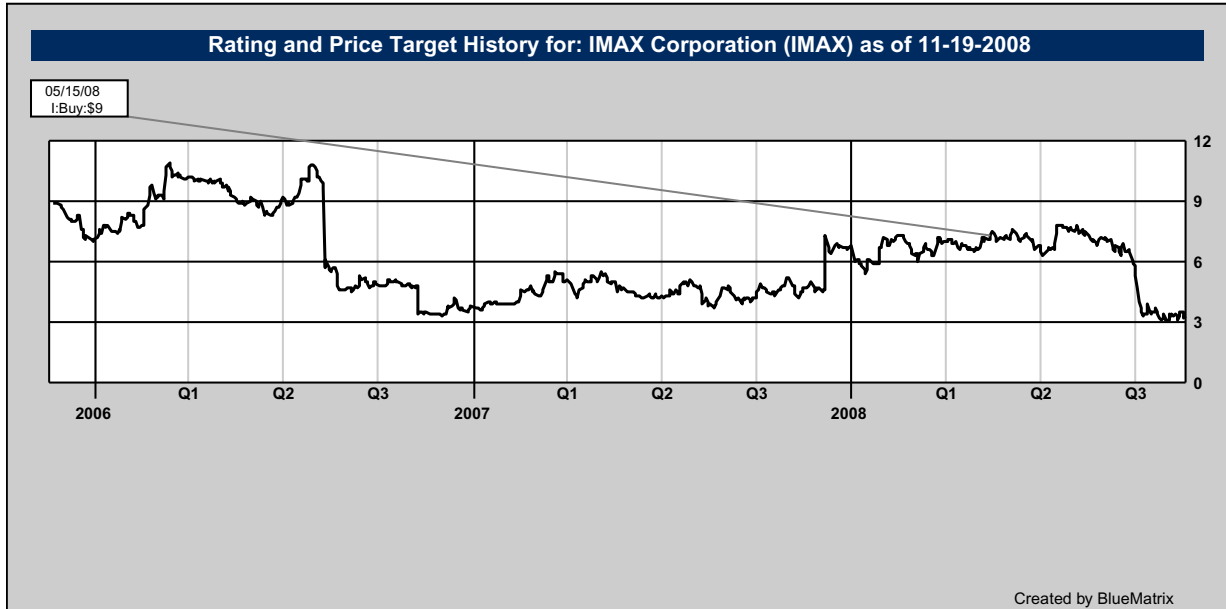
IMAX (IMAX)

(In Millions, Except Per Share Data)

	FY 2006	Q1 Mar-07	Q2 Jun-07	Q3 Sep-07	Q4 Dec-07	FY 2007	Q1 Mar-08	Q2 Jun-08	Q3 Sep-08	Q4E Dec-08	FYE 2008	Q1E Mar-09	Q2E Jun-09	Q3E Sep-09	Q4E Dec-09	FYE 2009
Sales	127.7	26.8	27.1	29.6	32.3	115.8	23.5	21.2	33.5	32.6	110.8	35.8	37.8	39.4	41.0	154.0
<i>% Increase</i>	-4.3%	17.2%	-28.1%	-3.4%	-11.4%	-9.3%	-12.4%	-21.9%	13.2%	0.9%	-4.4%	52.2%	78.5%	17.7%	25.8%	39.0%
Cost of Goods/Services	75.1	15.3	14.8	19.7	24.8	74.7	13.4	15.3	18.4	19.7	66.8	19.2	20.3	20.5	19.8	79.8
<i>As % Sales</i>	58.8%	57.0%	54.6%	66.7%	76.9%	64.5%	56.9%	72.3%	55.1%	60.4%	60.3%	53.6%	53.7%	52.0%	48.3%	51.8%
<i>% Increase</i>	7.2%	2.7%	-32.8%	7.8%	25.4%	-0.5%	-12.6%	3.4%	-6.5%	-20.7%	-10.5%	43.5%	32.6%	11.2%	0.5%	19.4%
Gross Profit	52.7	11.5	12.3	9.9	7.5	41.2	10.1	5.9	15.0	12.9	43.9	16.6	17.5	18.9	21.2	74.2
<i>Margin</i>	41.2%	43.0%	45.4%	33.3%	23.1%	35.5%	43.1%	27.7%	44.9%	39.6%	39.7%	46.4%	46.3%	48.0%	51.7%	48.2%
<i>% Increase</i>	-17.1%	44.0%	-21.4%	-20.1%	-55.2%	-21.8%	-12.2%	-52.3%	52.5%	73.0%	6.7%	63.8%	198.2%	25.8%	64.3%	68.9%
SG&A	42.5	10.3	11.1	10.3	13.0	44.7	12.4	11.3	10.5	10.5	44.6	10.0	10.0	10.5	10.5	41.0
<i>As % Sales</i>	33.3%	38.4%	41.1%	34.7%	40.2%	38.6%	52.7%	53.1%	31.4%	32.2%	40.3%	27.9%	26.5%	26.6%	25.6%	26.6%
<i>% Increase</i>	13.5%	-2.2%	16.7%	4.2%	3.2%	5.1%	20.0%	1.0%	2.5%	-19.1%	-0.1%	-19.3%	-11.1%	-0.1%	0.0%	-8.2%
R&D	3.6	1.5	1.1	1.6	1.6	5.8	2.5	2.0	1.6	1.5	7.7	1.5	1.3	1.1	1.1	5.0
<i>As % Sales</i>	2.8%	5.6%	4.1%	5.3%	5.0%	5.0%	10.6%	9.7%	4.8%	4.6%	6.9%	4.2%	3.4%	2.8%	2.7%	3.3%
<i>% Increase</i>	12.1%	63.4%	68.8%	78.0%	38.9%	60.1%	66.4%	82.6%	3.6%	-6.8%	32.2%	-39.7%	-36.5%	-31.0%	-24.9%	-34.1%
Amortization of intangibles	0.6	0.1	0.1	0.1	0.1	0.5	0.1	0.1	0.1	0.1	0.5	0.1	0.1	0.1	0.1	0.6
<i>As % Sales</i>	0.5%	0.5%	0.5%	0.4%	0.4%	0.5%	0.6%	0.6%	0.4%	0.3%	0.4%	0.4%	0.4%	0.4%	0.3%	0.4%
<i>% Increase</i>	-33.9%	-29.2%	6.8%	-2.3%	-3.4%	-9.1%	-2.2%	-2.8%	-7.8%	-29.1%	-10.6%	5.3%	2.2%	17.6%	40.0%	14.5%
Receivable provision	1.1	0.0	0.0	0.7	1.1	1.8	0.7	0.1	0.3	0.0	1.1	0.0	0.0	0.0	0.0	0.0
<i>As % Sales</i>	181.4%	1.1%	-5.7%	107.7%	143.1%	278.3%	131.4%	14.0%	48.1%	0.0%	184.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Expense	47.8	12.0	12.4	12.7	15.8	52.8	15.8	13.5	12.5	12.1	53.9	11.6	11.4	11.8	11.8	46.6
<i>As % Sales</i>	37.4%	44.5%	45.6%	42.8%	49.0%	45.6%	67.0%	63.9%	37.4%	37.1%	48.7%	32.5%	30.3%	29.8%	28.7%	30.3%
Operating Profit	4.8	(0.4)	(0.1)	(2.8)	(8.4)	(11.7)	(5.6)	(7.7)	2.5	0.8	(10.0)	5.0	6.1	7.1	9.4	27.6
<i>Margin</i>	3.8%	-1.6%	-0.2%	-9.5%	-25.9%	-10.1%	-23.9%	-36.2%	7.5%	2.5%	-9.0%	13.9%	16.0%	18.1%	23.0%	17.9%
Interest Expense	16.8	4.2	4.4	4.3	4.1	17.1	4.5	4.3	4.5	4.3	17.6	4.5	4.5	4.5	4.5	18.0
Other Income	0.0	0.2	0.2	0.2	-0.3	0.3	0.1	0.1	0.1	0.3	0.6	0.3	0.3	0.3	0.3	1.2
Pretax Profit	(11.9)	(4.4)	(4.2)	(7.0)	(12.9)	(28.5)	(10.0)	(11.9)	(1.9)	(3.2)	(27.0)	0.8	1.9	2.9	5.2	10.8
<i>Margin</i>	-9.3%	-16.5%	-15.5%	-23.5%	-39.8%	-24.6%	-42.5%	-56.4%	-5.6%	-9.8%	-24.4%	2.1%	4.9%	7.5%	12.8%	7.0%
Taxes(benefit)	6.2	0.2	0.3	0.4	-0.3	0.5	0.3	0.3	0.2	0.0	0.8	0.0	0.0	0.0	0.0	0.0
<i>Rate</i>	-52.2%	-3.8%	-6.2%	-5.5%	2.6%	-1.7%	-2.7%	-2.2%	-12.2%	0.0%	-2.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income--Oper.	(18.1)	(4.6)	(4.5)	(7.3)	(12.5)	(28.9)	(10.3)	(12.2)	(2.1)	(3.2)	(27.8)	0.8	1.9	2.9	5.2	10.8
<i>Margin</i>	-14.2%	-17.2%	-16.5%	-24.8%	-38.7%	-25.0%	-43.6%	-57.6%	-6.3%	-9.8%	-25.1%	2.1%	4.9%	7.5%	12.8%	7.0%
EPS--Operations	(0.45)	(0.11)	(0.11)	(0.18)	(0.31)	(0.72)	(0.25)	(0.29)	(0.05)	(0.08)	(0.66)	0.02	0.04	0.07	0.12	0.26
Shares Out. Diluted	40.2	40.3	40.3	40.3	40.4	40.3	40.4	42.2	43.4	42.2	42.1	42.2	42.2	42.2	42.2	42.2
Dep. & Amort.	16.9	3.0	3.2	6.5	4.9	17.7	4.2	4.1	4.5	5.7	18.5	5.0	5.6	6.0	7.1	23.7
EBITDA	22.7	2.6	3.2	3.7	(3.4)	6.1	(1.4)	(3.6)	7.0	6.5	8.5	10.0	11.7	13.1	16.5	51.3
<i>Margin</i>	17.8%	9.7%	11.7%	12.6%	-10.6%	5.2%	-6.0%	-17.0%	21.0%	19.8%	7.7%	27.8%	30.8%	33.4%	40.3%	33.3%

Source: Company reports and Morgan Joseph estimates

Required Disclosures



Price Target

Our price target is \$9.00.

Valuation Methodology

Our \$9.00 price target is based off of a 10x EV/EBITDA multiple on our 2009 EBITDA estimate.

Risk Factors

- The company's balance sheet is highly levered.
- IMAX is dependent upon exhibitors and film studios.
- Theater lease/signings trend in line with film success or failure.
- Current and improved technology could pose future competitive threats.

I, Jeffrey Blaeser, the author of this research report, certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers, and no part of my compensation was, is, or will be directly or indirectly tied to the specific recommendations or views contained in this research report.

Research analyst compensation is dependent, in part, upon investment banking revenues received by Morgan Joseph & Co. Inc.

Morgan Joseph & Co. Inc. intends to seek or expects to receive compensation for investment banking services from the subject company within the next three months.

Rating	Investment Banking Services/Past 12 Mos.	
	Percent	Percent
BUY [B]	56.52	36.54
HOLD [H]	42.39	33.33
SELL [S]	1.09	0.00

Meaning of Ratings

A) Buy means reasonable outperformance relative to the market (Russell 2000) over 12-18 months.

- B) Hold means market-type (Russell 2000) risk adjusted performance; potential source of funds.
C) Sell means expected to underperform the market (Russell 2000) over 12-18 months.

Other Disclosures

The information contained herein is based upon sources believed to be reliable but is not guaranteed by us and is not considered to be all inclusive. It is not to be construed as an offer or the solicitation of an offer to sell or buy the securities mentioned herein. Morgan Joseph & Co. Inc., its affiliates, shareholders, officers, staff, and/or members of their families, may have a position in the securities mentioned herein, and, before or after your receipt of this report, may make or recommend purchases and/or sales for their own accounts or for the accounts of other customers of the Firm from time to time in the open market or otherwise. Opinions expressed are our present opinions only and are subject to change without notice. Morgan Joseph & Co. Inc. is under no obligation to provide updates to the opinions or information provided herein. Additional information is available upon request.

© Copyright 2008 by Morgan Joseph & Co. Inc.

Morgan Joseph & Co. Inc.

600 Fifth Avenue, 19th Fl

New York, NY 10020

Tel. 212.218.3700

Fax. 212.218.3789

Sales and Trading

New York

Tel. 212.218.3767

Fax. 212.218.3705

Pittsford

Tel. 877.237.6542

Fax. 585.899.6029