



EUROPACORP

PRESS RELEASE

2017/2018 half-year results

- As previously announced, first semester 2017/2018 marked by losses:
 - Revenues up to €138.1 M versus €60.6 M in N-1, thanks to the sales generated by *Valerian and the City of a Thousand Planets*
 - Half-year loss of €(70.6) M, due to underperformance of the films distributed in the United States during the period and accounting of impairment of assets with no cash impact
- First reduction in overheads by 13%
- The Company continues its actions to reinforce financial capacities and reduce overheads

Saint-Denis, December 15th, 2017 – EuropaCorp, producer and distributor of films and TV series, announces today its revenue and consolidated half-year results as at 30 September 2017.

Half-year results – 1st semester 2017/18

<i>Consolidated results - in € million</i>	Sept. 30, 2017 (6 months)	Sept. 30, 2016 (6 months)	Variation
Revenue	138.1	60.6	+77.5
Cost of sales	-170.6	-70.4	-100.2
Operating margin	-32.5	-9.8	-22.7
<i>% CA</i>	<i>-23.5%</i>	<i>-16.2%</i>	
Operating profit (loss)	-65.7	-33.6	-32.1
<i>% CA</i>	<i>-47.6%</i>	<i>-55.4%</i>	
Financial income	-10.2	-7.4	-2.8
Net income (Group share)	-70.6	-27.6	-43
<i>% CA</i>	<i>-51.1%</i>	<i>-45.5%</i>	

To be compliant with IFRS 5, the Music Publishing and French Television Production activities – sold or held for sale - have been restated within the consolidated half-year 2017-2018 financial statement above. The net income for those specific lines of business as of September 30th, 2017 (+€10.4 M) has been booked directly in « Net Income – Group Share ». Idem for the activity Multiplexes in 2016/17 with a result of €(1.8) M as of September 30th, 2016.

➤ **Revenues of 138.1 M€, up by +78 M€ (+128%) compared to the first semester of last financial year**

Foreign Sales amounted to 70.1 M€, or more than 50% of total revenue. They are up by **+44.5 M€** compared to N-1, thanks to the international deliveries of *Valerian and the City of a Thousand Planets*.

Revenue from **Theatrical Distribution** increased to 35.5 M€ versus 8.6 M€ in N-1, or **+26.9 M€**, with 13.6 M€ from France and 21.9 M€ from the US. The activity was marked by the release of *Valerian and the City of a Thousand Planets*, scoring more than 4 million admissions in France and earning 40.5 M\$ at the domestic box-office (US and Canada).

The **Video & VOD** segment in France and the United States represented 6.5% of the half-year revenue, coming in at 8.9 M€, or an increase of around **+5.6 M€** compared with HY1 2016/2017. This turnover was mainly driven by the video sales (physical and VOD) in the US, for 7.8 M€.

The main sales concerned:

- For the films of the line-up:
 - o *The Circle*, released in DVD on August 1st, 2017 in the US;
- For the films from the catalogue:
 - o *Miss Sloane*, released in March 2017 in the US and July 2017 in France;
 - o *Shut In* (« *Oppression* »), February 2017 in the US and April 2017 in France;
 - o *Nine Lives* (« *Ma vie de chat* »), November 2016 in the US and December 2016 in France;

Television & SVOD sales in France and the United States amounted to 13.2 M€ for the first semester 2017/2018, down by **(1.6) M€** (-11%) compared with N-1. This decrease is mainly due to the accounting of larger SVOD sales in the US in N-1 (notably for *The Transporter Refueled*).

In France, revenue for the period is linked to the opening of broadcasting rights windows for films from the catalogue, in particular *Taken 3*, *Bis* and *Shut In*.

Revenue from the **TV Series production** activity amounted to 4 M€ (excluding the French TV production activity, held for sale), up by **+3.7 M€**. This growth is largely due to the delivery to NBC of the 2 last episodes of the first season of the international TV series *Taken*, as well as the international exploitation of this same series.

➤ **Half-year loss of 70.6 M€, versus a loss of 27.6 M€ for the 1st semester of the previous year**

Consolidated net loss was (70.6) M€, versus (27.6) M€ during the 1st semester of the previous financial year. This degradation is due to (i) poor performance in theaters of the acquisitions for the US market, *The Circle* and *Their Finest*; (ii) disappointing US box-office revenues for *Valerian and the City of a Thousand Planets*; (iii) impairment of assets with no cash impact, namely:

- (a) write down of films not yet released, for an amount of 4.7 M€, to reflect the current revenue estimates;
- (b) partial impairment of the US deferred tax asset, for an amount of 9.2 M€, given the revision of the perspectives to recover this asset;
- (c) impairment of the intangible asset relating to the distribution of films in the US, for an amount of 13 M€, given the revision of the forecasted net future receipts generated by this activity.

The operating margin was (32.5) M€ versus (9.8) M€ in N-1, or a decrease of -22.7 M€. This decrease is partially offset by the accounting of the sale of the music catalogue (+12 M€), and by savings in overheads (savings of 3 M€ versus N-1) due mainly to the restructuration of the US distribution and the disappearance of overheads relating to activities previously sold (Multiplexes).

Half-year financial income was (10.2) M€, versus (7.4) M€ in N-1, and consisted essentially of financial interests incurred over the period, notably on the Secondary line of credit, as well as foreign exchange effects.

After taking into account taxes for (4.5) M€ (versus +15.4 M€ in N-1), half-year Net income (Group share) was (70.6) M€.

➤ Cash-flows

The net operating cash flows amounted +74.8 M€ up from (6.0) M€ for the first semester of the previous financial year. This high increase is due to the cashing of the Minimums Garantis relating to the delivery of the film *Valerian and the City of a Thousand Planets* to foreign distributors as well as the significant French theatrical receipts for this film.

During this first semester, the Company invested 54.1 M€ in the production of films and series, versus 97.5 M€ during the first semester 2016/2017. This decrease is due to the large investments in *Valerian and the City of a Thousand Planets* last year. HY1 2017/2018 investments were mainly on the production of English-language and French-language films (including *Taxi 5, Carbone...*) and English-language TV series (*Taken season 2...*).

➤ Key events since the beginning of the 2017/2018 financial year

Two major transactions have been concluded since the beginning of FY 2017/2018 in order to refocus the Company on its core business, allowing EuropaCorp to get supplementary financial resources to implement its strategy, that is to say producing and distributing films and TV series with international potential.

These transactions are:

- Sale of the catalogue of music copyrights (for around €15 million) to Sony/ATV group ;
- Agreement for the sale of French TV production activity (for €11 million), under finalization, to Thomas Anargyros, current CEO of EuropaCorp Television.

➤ Financial structure

As of September 30th, 2017, net debt was 230 M€ versus 301 M€ in N-1. This decrease is due to the almost full reimbursement, as at September 30th, 2017, of the production debt relating to the film *Valerian and the City of a Thousand Planets*. This debt was fully reimbursed in November 2017.

The next maturity dates relating to the Company's debt are in October 2019 for the senior and April 2020 for the secondary.

Sales of non-strategic assets realized during this semester reinforced the financial capacity of the Company. As recently announced, other sales of non-strategic assets may occur in the short or medium term.

➤ Outlook

As clarified with the last press release about its priority strategic objectives, the Company pursues its strategy of refocus on its core business, namely the production of English-language feature films of up to 2 to 3 films per year, production of French-language feature films of 2 films per year, production of English-language TV series, distribution of films and international sales.

▪ Films

The line-up for the second semester 2017/2018 includes the theatrical releases of:

- *CoeXister*: comedy by and starring Fabrice Eboué. Co-starring Ramzy Bedia, Guillaume de Tonquédec and Audrey Lamy. Film produced by EuropaCorp. The film was released on October 11th, 2017 in France and has had 650k admissions to date.
- *Carbone*: directed by Olivier Marchal, starring Benoît Magimel and Laura Smet, film coproduced by EuropaCorp. The film was released on November 1st in France and has had 700k admissions to date.
- *Sparring*: directed by Samuel Jouy starring Mathieu Kassovitz and Olivia Merilahti, and coproduced by EuropaCorp. The film is completed and is scheduled for release in France on January 31st, 2018.
- *Eva*: directed by Benoît Jacquot, starring Isabelle Huppert, Gaspard Ulliel and Richard Berry. Film coproduced by EuropaCorp. The film is in post-production and is scheduled for release in France on February 21st, 2018.

Considering the loss recorded on the first semester and the rest of the line-up for the second one, EuropaCorp will recognize, as already announced, a FY 2017/2018 significantly in deficit.

FY 2018/2019 will be marked by the return to the distribution of films better aligned with the typology of films which has made EuropaCorp's success:

- *Taxi*: the 5th instalment of the successful saga, by and starring Franck Gastambide, with Malik Bentalha, will be released on April 11th, 2018 in France. The film is in post-production.
- *Kursk*: directed par Thomas Vinterberg, nominated at the Academy Awards for *The Hunt*, starring Matthias Schoenaerts, Colin Firth and Léa Seydoux.
- *Anna*: directed by Luc Besson, starring Sasha Luss, Cillian Murphy, Luke Evans and Helen Mirren. Film produced by EuropaCorp. The film is currently shooting.

EuropaCorp also acquired the French distribution rights of *The Old Man and the Gun*, directed by David Lowery, starring Robert Redford and Casey Affleck. The film is in post-production and will be released in France during FY 2018/2019.

- TV series

As for the TV series activity, the Company continues to produce and distribute English-language TV series, such as the series *Taken* whose second season is currently in production and will be broadcasted in the US on NBC from January 12th, 2018, and then on SFR Play in France.

Other English-language projects are currently under development, such as the series *The French Detective*, whose pilot will be directed by Luc Besson. The series is an adaptation of James Patterson's novels for the network ABC in the US, with Jean Dujardin attached to star as the French detective Luc Moncrief.

Following the sale of the French TV production activity, the Company is then focusing on the development and production of English-language TV series with strong international potential.

ABOUT EUROPACORP

Founded in 1999, EuropaCorp has become one of Europe's leading film and television studios.

The company's global activities span the entire film value chain with expertise in production, theatrical distribution, video and VOD sales, international sales, soundtrack publishing, and television sales. By directly managing the production and distribution process, EuropaCorp is able to maintain quality and creativity throughout the lifecycle of a film or television project. The company has produced or coproduced over 110 films, distributed nearly 160 films in French cinemas, and owns a catalogue of more than 500 French and English language titles. Since 2000, the company has produced 8 of France's 20 highest grossing films based on worldwide box-office. Starting in 2010, the company has been active in producing television movies and episodic television series for platforms around the world.

EuropaCorp was founded by French director, screenwriter and producer Luc Besson.

For more information, go to www.europacorp-corporate.com

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