



# EUROPACORP

## PRESS RELEASE

### Financial results 2017/2018

- ❖ As previously announced, the year was marked by a loss, with a net income of -€82.5 M
- ❖ Significant increase of +€105 M in operating cash flows, mainly due to the collection of revenues from the film *Valerian and the City of a Thousand Planets*
- ❖ First results of the measures implemented to cut overheads: savings of €15.9 M or -30%, before impact of the redundancy scheme which will occur for FY 2018/2019
- ❖ Revised content strategy, with productions more closely aligned with company's historic successes: effects on the next financial years, beginning with 2018/2019

**Saint-Denis, June 27<sup>th</sup>, 2018** – EuropaCorp, one of the leading independent film studios in Europe, film producer and distributor, reports its annual consolidated income, which ended on March 31<sup>st</sup>, 2018, as approved by the Board of Directors at its meeting on June 26<sup>th</sup>, 2018.

€ million	FY 2016/2017	FY 2017/2018	Δ	FY IFRS 5 <sup>1</sup> 2016/2017	FY IFRS 5 <sup>1</sup> 2017/2018	Δ
Revenue	151.7	226.5	+74.8	139.8	223.7	+83.8
Cost of sales	-221.4	-246.8	-25.4	-212.4	-245.6	-33.2
Operating margin (before overheads)	-69.7	-20.3	+49.4	-72.5	-21.9	+50.6
<i>% of revenue</i>	-45.9%	-9.0%		-51.9%	-9.8%	
Operating result	-122.2	-68.7	+53.5	-119.5	-74.0	+45.5
<i>% of revenue</i>	-80.6%	-30.3%		-85.5%	-33.1%	
Net income	-119.9	-82.5	+37.4	-119.9	-82.5	+37.4
<i>% of revenue</i>	-79.0%	-36.4%		-85.7%	-36.9%	

<sup>1</sup> To be compliant with IFRS 5, the Multiplex, Music Publishing and French-speaking TV Series activities – sold – have been restated within the consolidated 2017/2018 financial statements above, and within the consolidated 2016/2017's too, to offer a better comparison. The Net Income for that specific lines of business for 2017/2018 (+€5.3 M) and for 2016/2017 (-€2.7 M) has been booked directly in Net Income.

➤ **Consolidated revenue of €226.5 million, an increase of 49%, driven by *Valerian and the City of a Thousand Planets*' all types of sales**

Revenue from International Sales was €76.7 million, i.e. 34% of total revenue.

Revenue from Television & SVOD in France and the United States was €40.9 million (18% of total revenue), up from €29.9 million in 2016/2017, thanks to the SVOD sales in the United States (*Valerian and the City of a Thousand Planets*, *The Circle*, *Miss Sloane*).

Revenue from Theatrical distribution in France and the United States was €39.6 million, i.e. 17% of total revenue, increasing highly thanks to *Valerian and the City of a Thousand Planets* (\$41.2 million at the domestic box office – United States and Canada – and 4.1 million admissions in France).

Revenue from Video & VOD in France and the United States was €33.2 million, up from €17.4 million last year, representing 15% of total revenue.

Revenue from TV Series was €24.6 million, or 11% of total revenue. It was mostly driven by the delivery, in the United States, of the first ten episodes of *Taken* season 2.

Revenue from Subsidies was €4.4 million.

Revenue from other activities of the Group (licenses, partnerships, music publishing and post-production, etc.) was €7.1 million.

➤ **Annual loss of €82.5 million versus a loss of €119.9 million last year**

In FY 2017/2018, the operating loss was -€68.7 million versus -€122.2 million in 2016/2017 (+€53.5 M), due to:

- Poor performance of English-language slate in the United States: US box office revenues failed to offset the distribution costs necessary to release the films;
- The depreciation of the US distribution intangible asset, for €13 million, considering the revision of the estimated future net receipts from this activity. As previously announced, the number of English-speaking films to be distributed in the United States each year was revised downwards (2 to 3 films per year), which mechanically drives down the estimated future net receipts.

The financial result was -€8.1 million, versus -€18.2 million last year, reflecting mostly the interest expense, especially on the Mezzanine credit line, as well as the unrealized foreign exchange gains as of March 31<sup>st</sup> 2018.

After the tax impact of -€4.8 million (mostly due to a depreciation of the US deferred tax asset consequently to the decrease of the tax rate notably), the net income was -€82.5 million versus -€119.9 million last year.

➤ **Net operating cash flows**

The net operating cash flows amounted to €107.4 million versus €2.4 million in FY 2016/2017. This €105 million rise is due to:

- Collection of *Valerian and the City of a Thousand Planets*' international sales and TV sales;
- Less P&A costs disbursed in the United States than last year.

➤ **CAPEX**

During FY 2017/2018, the Group invested €90.2 million in international films and TV series, compared to €133.7 million in FY 2016/2017. This decrease is explained by the historic high amount from last year due to the production of *Valerian and the City of a Thousand Planets*.

During FY 2017/2018, the Group also sold two non-strategic assets:

- The music publishing activity for €14.5 million;
- The French-speaking TV series activity for €11 million.

## ➤ Perspectives

The Group has set the following priority objectives for the coming year:

- Keeping on the development of content more closely aligned with the company's historic successes:
  - Production of action/sci-fi films directly supervised by Luc Besson;
  - Development of existing and/or new franchises (sequels and/or prequels, as well as adaptations for TV of EuropaCorp's film successes);
- Reducing activities in non-core businesses;
- Reducing the US P&A related risk.

During FY 2017/2018, following the strategy announced, the Group launched the production of films more closely aligned with its historic successes. They will be released from FY 2018/2019.

### ▪ Films

Two English-language films and three French-language films, either produced, coproduced or acquired by EuropaCorp, are currently shooting, in post-production or completed:

- *Taxi 5*, directed by Franck Gastambide, starring Franck Gastambide and Malik Bentalha and produced by EuropaCorp. The film was released in France on April 11<sup>th</sup> 2018 and has had more than 3.6 million admissions to date;
- *Je vais mieux*, directed by Jean-Pierre Améris, starring Eric Elmosnino, Alice Pol, Ary Abittan and produced by EuropaCorp. The film was released in France on May 30<sup>th</sup> 2018 and has had more than 120 thousand admissions to date;
- *Anna*, directed by Luc Besson, starring Sasha Luss, Luke Evans, Helen Mirren, Cillian Murphy and produced by EuropaCorp. The film is currently in post-production.
- *Kursk*, directed by par Thomas Vinterberg, starring Matthias Schoenaerts, Colin Firth and Léa Seydoux. The film is completed.
- *Nous finissons ensemble (Little White Lies 2)*, written and directed by par Guillaume Canet, starring François Cluzet, Marion Cotillard and Gilles Lellouche. The film is currently in post-production and is set to be released on March 27<sup>th</sup>, 2019.

### ▪ TV series

Concerning the TV series activity, the company's aim is to keep on developing the production of English-language projects with strong international potential such as the *Taken* series.

Among the projects currently in development, there are:

- *AI (Artificial Intelligence)*, based on an original idea by Luc Besson;
- *Gray*, based on an original idea by world-renowned bestselling novelist David Baldacci;
- *The Extraordinary Adventures of Adele Blanc Sec*, based on the French graphic novel by Jacques Tardi;
- *American Flagg!*, based on the US graphic novel by Howard Chaykin.

## Financial calendar

- Annual General Meeting: September 2018
- Revenue and consolidated financial statements for the 1<sup>st</sup> semester: December 2018
- Annual revenue: May 2019
- Annual consolidated financial statements: June 2019

## **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 <http://www.europacorp.com/>*

## **Contacts**

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### **EuropaCorp Group**

Lisa Reynaud | Investors Relations | [investors@europacorp.com](mailto:investors@europacorp.com)

Régis Lefèbvre | Communication | [rlefebvre@europacorp.com](mailto:rlefebvre@europacorp.com)

Tel: 01 55 99 50 00

### **NewCap**

Pierre Laurent | NewCap

[pl Laurent@newcap.fr](mailto:pl Laurent@newcap.fr) | Tel: 01 44 71 94 94

EuropaCorp is listed in Compartment C of Euronext Paris

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