

Press Release

Paris (France) – 11 May 2016

First Quarter 2016 Revenue: €42.7M, +33.8%

Paris (France), 11 May 2016/ Ymagis (ISIN: FR0011471291, TICKER: MAGIS), the specialist in digital technologies for the motion picture industry, today reported its consolidated revenue figures for the first quarter of 2016. For the first quarter of 2016, the Group's revenue amounted to €42.7M, an increase of 33.8% compared to the first quarter of 2015.

Evolution of revenues indicated by business units are indicated in the following chart:

<i>In millions of €, un-audited</i>	Q1 2016	Q1 2015	VAR %
1. VPF ⁽¹⁾	18.0	18.0	0,0%
<i>As % of revenue</i>	42.1%	56.2%	
<i>Equipment Sales & Installation</i>	11.2	7.9	+41.4%
<i>Online/Support</i>	2.6	2.6	+0.2%
<i>Others</i>	0.2	0.2	-1.7%
2. EXHIBITOR SERVICES	14.0	10.7	+30.6%
<i>As % of revenue</i>	32.7%	33.5%	
<i>Distribution & Preservation⁽²⁾</i>	4.7	2.6	+84.5%
<i>Post Production & Restoration⁽³⁾</i>	3.9	0.5	+613.1%
<i>Localization⁽⁴⁾</i>	2,0	-	n/a
<i>Others</i>	0.2	0.2	-6.8%
3. CONTENT SERVICES	10.8	3.3	+229.4%
<i>As % of revenue</i>	25.2%	10.2%	
TOTAL SERVICES (2+3)	24.8	14.0	+77.1%
<i>As % of revenue</i>	57.9%	43.8%	
TOTAL REVENUE	42.7	31.9	+33.8%

1. VPF ⁽¹⁾: Stable revenue despite expected slowdown

The VPF business unit recorded stable first-quarter revenue of €18.0M, despite the end of this financial model in Austria (268 screens), where the majority of conversion costs were recouped at the beginning of the fourth quarter of 2015. Over the quarter, the business was positively impacted by the two following cumulative factors:

- A greater number of films released theatrically in 2015 in several countries compared to the prior period;
- As of 31 March 2016, a higher total number of screens under VPF contract: 6,127 screens deployed by the Group in 18 European countries compared to 5,994 the prior year, due primarily to the recent deployments in Turkey that began in April 2015.

2. Exhibitor Services: Strong uptrend for the Sales & Installation business

The Group's revenue from the Equipment Sales and Installation business experienced a significant increase of +41.4% at €11.2M in the first quarter of 2016, confirming the growth trend initiated at the end of 2015. This growth is due in part to revenue generated by R2D1 (France) and Proyecson (Spain), consolidated in July and October 2015, respectively. Revenues were also boosted by continued equipment sales for new cinema builds in Europe and investments made by cinema owners in new image and sound technologies (Dolby Atmos, 4K, laser projection). This performance is all the more notable as it does not yet include the positive impact of the replacement of first-generation digital projections systems, which is anticipated to be implemented on a large scale beginning in 2017.

The Technical Support and Maintenance businesses reported stable first quarter 2016 revenues of €2.6M.

Cumulative total revenue for the Exhibitor Services business unit is up +30.6% at €14.0M for the first quarter.

3. Content Services: a positive impact from the take-over of Eclair Group's activities

The Content Services business unit has consolidated since 1 August 2015 Eclair Group's main activities, contributing a cumulative total of €7.2M during the first quarter of 2016.

The Distribution Services and Preservation (2) divisions indicated revenues up 84.5% at €4.7M for the first quarter of 2016. Since 1 February, the business has benefited from the acquisition of German logistical services leader for cinema exhibitors in German-speaking countries, Cine-Logistics. The initial effects of the rationalization of the theatrical distribution services are expected to be observed as of Q2. During the quarter, growth was primarily driven by digital distribution activities for television broadcasters and VOD platforms. The Preservation division also launched a new global content archiving and asset management service for rights holders

In the first quarter of 2016, the number of connected cinemas under contract, net of all overlaps between the Smartjog and Arqiva networks, is approximately 2,650. These numbers do not include cinemas connected via DSAT Cinema, which has not yet been integrated into the Group.

The Post production and Restoration (3) divisions recorded increased revenue at €3.9M, up +613.1% in the first quarter of 2016. This performance is primarily due to the Group's consolidation of Eclair's activities following the acquisition of Eclair Group.

Localization (4) activities, for which 100% of revenues are generated by Eclair Group, indicated revenue of €2.0M during the first quarter of 2016. During the quarter, as anticipated, Ymagis began the internationalization of this business division with the commercialization of an offer in Germany that will be the subject of an upcoming announcement. Additionally, Ymagis announced in late April the conclusion of a memorandum of understanding, subject to the fulfilment of conditions precedent, for the acquisition of French subtitling specialist ST'501. This operation will allow the Group to strengthen its current subtitling services offer for television broadcasters and contribute to the expected increased profitability of the Content Services division.

As a whole, the Content Services business unit recorded first quarter growth of 229.4% at €10.8M.

4. Business Outlook: Exhibitor Services and Content Services, the Group's primary drivers of economic growth

Following the first VPF recoupment in Austria during the fourth quarter of 2015, **VPF** activities will be impacted by the recoupment in a number of smaller territories with more significant recoupments to follow in 2017. This will translate into a progressive lowering of revenues generated by these activities and will enable to lead to the Group's massive deleveraging and a significant increase in free cash flow.

In addition to the equipment of new build cinemas and exhibitors' investments in new sound and picture technologies that will continue to contribute to increased **Exhibitor Services** revenue, 2016 is expected to also be defined by the replacement of first-generation digital projection systems installed during the initial wave of digital conversions in 2008-2010.

For **Content Services**, with the takeover of the Eclair Group's business activities in August 2015 now largely concluded, Ymagis is working on the internationalization of Eclair's activities, particularly in regard to its Localization (versioning, subtitling, etc.) and Restoration divisions. 2016 will also see the complete rationalization of the Group's three satellite content delivery services – Smartjog, Arqiva and DSAT– into a unified service offer to content distribution companies that is expected to be profitable as of 2017.

In light of the changes in consolidation scope since the company's IPO in 2013, Ymagis is currently developing a strategic **3-year plan** to structure the development of its portfolio of services through the end of 2019 by strengthening the activities with the highest profit margin and the greatest growth potential. An outline of the plan will be made public in the company's half-year earnings report in September 2016.

NEXT RELEASE: 21 September 2016 – Second-quarter and first half-year 2016 earnings

ABOUT YMAGIS GROUP

Founded in 2007 and managed by professionals from the motion picture and high-tech industries, Ymagis Group is a European leader in advanced digital technology services for the cinema industry. Through CinemaNext and Eclair, we provide smart, comprehensive solutions to movie exhibitors, distributors (feature films and live/event cinema), production companies, cinema/TV advertising networks, rights holders, TV/IPTV broadcasters, video publishers and VOD/SVOD platform operators. Over the years, the Group has significantly grown its portfolio of solutions & services and further developed its geographic footprint in Europe with permanent offices in 20 countries. The company's core business is structured around three main units: CinemaNext (exhibitor services), Eclair (content services) and Ymagis (VPF & financial services). As of 31 December 2015, 7,000 cinema screens have been installed internationally by CinemaNext engineers & currently avail of service contracts, and 6,400 have been installed under VPF contracts. Eclair is the only provider with a pan-European content delivery service (via broadband or satellite) thanks to its network of 3,300 connected cinema sites. A publicly-traded company listed on Euronext, Ymagis Group is headquartered in Paris (France) and has nearly 700 full-time employees. For more information, please connect to <http://www.Ymagis.com>, <http://www.CinemaNext.digital> or <http://www.Eclair.digital>

- (1) **VPF or Virtual Print Fee:** Fee paid to YMAGIS Group by the supplier of digital content, mainly the distributors of feature-length films, in order to allow the projection of this content in a theater under VPF contract with YMAGIS Group, regardless of the equipment financing model chosen by both parties (Third Party Investors – financing carried out by YMAGIS Group - or Third-party Collector – financing carried out by the exhibitor). The VPF collection makes it possible to cover a significant part of the financing of digital projection equipment, the balance being supported by the exhibitor under contract with YMAGIS Group.
- (2) **Distribution and Preservation:** Following the takeover of Eclair's primary business activities on 1 August 2015 all content delivery activities have been merged into a new business unit, Distribution and Preservation. These distribution services include content delivery to cinemas as well as to television broadcasters and VOD & web platforms. The preservation services offered include storage, archiving, and restoration of audiovisual content - motion pictures and television programs - in physical or electronic format.
- (3) **Post production and Restoration:** Following the takeover of Eclair's primary business activities on 1 August 2015 all post production activities have been merged into a new business unit, Post production and Restoration. Post production services include encoding, editing, color grading and mastering of DCPs and contents for television broadcast, VOD platforms and Internet. Restoration services include all activities related to the restoration of all audiovisual work – motion pictures and television programs – on physical or digital media.

- (4) *Localization*: The takeover of Eclair's primary business activities on 1 August 2015 has led to the creation of a new business unit, Localization. Localization services include all multilingual (foreign language film versioning, dubbing, subtitling) and accessibility activities (audiovisual media – motion pictures and television programs – access services for people suffering from a sensory impairment).

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