



Press release

Neuilly-sur-Seine, March 1, 2017

The Gaumont Board of directors met on February 28, 2017 under the chairmanship of Nicolas Seydoux.

PLANNED DISPOSAL OF GAUMONT'S STAKE IN LES CINEMAS GAUMONT PATHE

Gaumont's Board of Directors welcomes the purchase offer made by Pathé to acquire the 34% stake held by Gaumont in Les Cinémas Gaumont Pathé for a consideration of 380 million euros¹.

The planned disposal has been presented to Gaumont's Works Council and its completion remains subject to usual conditions for this type of transaction, such as the opinion of the Works Council and the finalization of the financing of this acquisition by Pathé.

Following the completion of such conditions, Gaumont contemplates to offer its minority shareholders the opportunity to sell their shares as part of a share buyback (OPRA) at a price of €75 per share. Cinépar, Gaumont's majority shareholder with a 65% stake, will not tender its shares to this offer.

Gaumont's Board of Directors, following the recommendation of its ad hoc committee made up of independent directors, has decided to appoint an independent expert, the firm Sorgem, represented by Mr. Maurice Nussenbaum. The expert will be tasked with assessing the financial terms of Pathé's offer and the financial terms of the OPRA. The OPRA would target the entirety of the free float of Gaumont i.e. 35% of the share capital for an amount of c.125 million euros². Following the completion of both the disposal and the OPRA, Gaumont would have all the required resources to implement its strategy, in particular the development of its production activities, while benefiting from a net cash position of c. 50 million euros³

Gaumont's Board of Directors will then meet to approve, on the basis of the independent expert's reports, the sale of its stake in Les Cinémas Gaumont Pathé and the filing of the OPRA.

Both operations will be put to the vote of Gaumont shareholders at their annual general meeting which would take place before mid-year 2017⁴.

Sidonie Dumas, CEO of Gaumont stated: "We are pleased by the successful co-operation with Pathé over the last sixteen years, which established Les Cinémas Gaumont Pathé as a leading European movie theater operator. The completion of this disposal will provide us with the resources to accelerate the promising development of our television production activities in the USA and in Europe, reinforce our cinema production and consider expanding Gaumont's activities in Europe."

Nicolas Seydoux, Chairman of Gaumont and Cinépar stated: "For decades, certain minority shareholders have been committed to supporting Gaumont. I wish to thank them for that. The disposal of this asset and the subsequent launch of an OPRA would provide them with an exit option from this high risk business alongside a significant premium over the share price."

¹ If the sale goes ahead, the payment of 380 million euros will be staggered: half of the price will be paid on completion of the disposal, and the balance in three instalments of equal amounts on June 30, 2018, June 30, 2019 and June 30, 2020.

² Based on a free float comprising 1 515 641 shares and 146 656 stock-options as of December 31, 2016.

³ Including future payments of 190 million euros from the disposal of Les Cinémas Gaumont Pathé.

⁴ As per AMF recommendation DOC n° 2015-05 pertaining to the disposals and acquisitions of material assets.

FULL-YEAR CONSOLIDATED RESULTS as of December 31, 2016

Key figures from operations (in millions of euros)	2016 ¹	2015	% change
Consolidated revenue	188.7	217.0	-13.0%
Operating income after share of net income of associates	23.2	21.4	8.4%
Net income, group share	18.9	17.8	6.2%
Investments	116.7	160.2	-27.1%
Key balance sheet figures (in millions of euros)	December 31, 2016 ¹	December 31, 2015	% change
Equity	280.3	272.0	3.1%
Net borrowings	205.3	207.3	-1.0%

¹ Audit procedures have been completed for 2016 and the audit report is being prepared.

Consolidated results as of December 31, 2016 do not include effects of the planned disposal of Gaumont's stake in Les Cinemas Gaumont Pathé.

■ 2016 REVENUE

Consolidated revenue for 2016 totaled €188.7 million, compared to €217.0 million the previous year.

○ CINEMA PRODUCTION

Revenue from the cinema production business amounted to €114.0 million in 2016, compared to €70.6 million in 2015:

- revenue from film distribution in French movie theaters stood at €30.9 million in 2016, compared to €15.6 million in 2015. The 15 movies released in 2016 sold 12.2 million tickets, 2.2 million of which were for *The Visitors: Bastille Day*, and 1.9 million respectively for *Monsieur Chocolat*, *Pattaya* and *Brice From Nice*. The animated film *Ballerina* sold 1.8 million tickets for its distribution as a whole, of which 1.3 million were sold in 2016;
- revenue from video and video on demand distribution in France amounted to €11.0 million in 2016, versus €11.2 million in 2015. Sales are relatively unchanged due to the 15 new releases this year, compared with 11 last year. Physical video sales of catalog films were down, in a market declining by almost 16%;
- sales of broadcasting rights to French television channels amounted to €37.1 million in 2016, compared with €18.5 million in 2015. Presales of new releases to television channels totaled €12.3 million in 2016 for *The Visitors: Bastille Day*, *Odd Job* and *Heartstrings*. There were no presales in 2015. Sales of catalog films increased, especially to historical television channels. Sales to digital channels remained strong. A total of 200 movies were sold during the year;
- international sales of rights stood at €30.3 million in 2016, compared with €21.3 million in 2015. This was mainly driven by *Monsieur Chocolat*, *Up For Love*, *The Neon Demon* and *Ballerina*. Year-on-year, sales of catalog films remained steady.

○ TELEVISION PRODUCTION

Revenue from the production of television programs totaled €67.7 million in 2016, compared to €140.6 million in 2015.

Sales of American series accounted for €57.9 million of revenue in 2016, versus €127.7 million in 2015. The second season of *Narcos* was delivered to Netflix this year. By comparison, four series were delivered in 2015.

Revenue related to French television dramas and cartoon series came to €9.8 million in 2016, compared to €12.9 million in 2015, and includes sales of:

- *Atomic Puppet*, a 52-episode cartoon series, which aired on France 4;
- *Noddy*, a 52-episode cartoon series, which aired on France 5;
- *The Frozen Dead*, a six-episode French drama directed by Laurent Herbiet, starring Charles Berling, Julia Piaton and Pascal Greggory, which won the award for best series at the La Rochelle Film Festival. Broadcasted on M6 in January 2017, 4.8 million viewers watched the first episode, making it the best launch of a new French drama on M6 since 2010.

■ 2016 RESULTS

Gaumont's net income reached €18.9 million in 2016, compared to €17.8 million in 2015.

Operating income after share of net income of associates came to €23.2 million in 2016, versus €21.4 million in 2015. This includes:

- operating income from cinema production and distribution, excluding overheads, which totaled €30.3 million in 2016, compared to €17.5 million in 2015;
- operating income from the television production business in France and in the United States, excluding overheads, which amounted to €11.4 million in 2016, versus €18.5 million in 2015;
- operating income from movie theater operations, which was relatively unchanged from 2015 at €23.8 million in 2016. This income corresponds to the contribution of Les Cinémas Gaumont Pathé, of which Gaumont holds a 34% interest. Consolidated revenue for Les Cinémas Gaumont Pathé totaled €743 million in 2016, compared to €710 million in 2015. Ticket sales were up from 64.5 million in 2015 to 66.8 million in 2016. This was due to growth in the market in France and the Netherlands, and to ticket sales generated by the cinema chain acquired in Belgium in late 2015.

The Group's net borrowings totaled €205.3 million in 2016, versus €207.3 million in 2015. It includes €129.7 million in net borrowings primarily made up of the revolving line of credit and Gaumont SA's bond as well as €75.6 million in self-liquidating production loans, based on proceeds from pre-financing and the release of French and American series.

OUTLOOK

Fifteen movies are scheduled to be released in theaters in 2017:

- *A Bag of Marbles*, directed by Christian Duguay, starring Patrick Bruel, Elsa Zylberstein, Christian Clavier and Kev Adams. Released on February 18, 2017, the film has generated 1.2 million ticket sales to date;
- *Step by Step*, directed by Grand Corps Malade and Mehdi Idir, starring Pablo Pauly and Soufiane Guerrab, release on March 1, 2017;
- *Return to Montauk*, directed by Volker Schlöndorff, starring Nina Hoss, Stellan Skarsgard and Niels Arestrup;
- *Baby Bump(s)*, directed by Noémie Saglio, starring Juliette Binoche, Camille Cottin and Lambert Wilson;
- *Wedding Unplanned*, directed by and starring Reem Kherici alongside Nicolas Duvauchelle, Julia Piaton, Sylvie Testud and Chantal Lauby;
- *The Death of Stalin*, directed by Armando Iannucci, starring Jeffrey Tambor, Steve Buscemi and Olga Kurylenko;
- *50 is the New 30*, directed by and starring Valérie Lemercier alongside Patrick Timsit and Denis Podalydès;
- *Burn Out*, directed by Yann Gozlan, starring François Civil;
- *The Mansion*, directed by Tony T. Datis, starring Kemar, Jérôme Niel and Nattoo;
- *Tomorrow and Thereafter*, directed by and starring Noémie Lvovsky alongside Mathieu Amalric and Lucie Saint-Jean;
- *C'est la Vie!*, directed by Olivier Nakache and Eric Toledano, starring Jean-Pierre Bacri and Jean-Paul Rouve;
- *See You Up There*, directed by and starring Albert Dupontel alongside Laurent Lafitte, Niels Arestrup and Emilie Dequenne;
- *Bright Weakness*, directed by Guillaume Gallienne, starring Adeline d'Hermey, Vanessa Paradis, Eric Ruf and Xavier Beauvois;
- *Barbara*, directed by and starring Mathieu Amalric alongside Jeanne Balibar;
- *Christmas and Co*, directed by and starring Alain Chabat alongside Audrey Tautou and Pio Marmai.

Seven television series will be delivered in 2017:

- *Season 3 of Narcos*, a 10-episode American drama directed by Eric Newman and José Padilha and starring Pedro Pascal and Michael Stahl-David, to Netflix;
- *Season 2 of F is for Family*, a 10-episode American cartoon series, to Netflix;
- *The Art of Crime*, a six-episode French drama, to France 2;
- *Descent* (working title), a six-episode French drama, to Canal+;
- *Trulli Tales*, a 52-episode cartoon series, to Disney;
- *Belle and Sebastian*, a 52-episode cartoon series, to M6;
- *Furry Wheels*, a 52-episode cartoon series, to France 3.

DATES OF NEXT FINANCIAL COMMUNICATION

A press release on the half-year consolidated results as of June 30, 2017 will be published on July 27, 2017.

APPENDIX: Full-year and 2nd half consolidated revenue

<i>Consolidated revenue by business segment (in millions of euros)</i>	2016	2015	% change
Cinema production	114.0	70.6	61.5%
Movie theaters France	30.9	15.6	97.8%
Video France	7.7	8.0	-4.4%
Video on demand France	3.3	3.2	4.1%
Television France	37.1	18.5	100.5%
International films	30.3	21.3	42.4%
Other movie distribution income ¹	4.8	4.0	19.1%
Television production	67.7	140.5	-51.8%
American dramas	57.9	127.7	-54.7%
French dramas	2.3	4.9	-52.9%
Animated films and series	7.5	7.9	-5%
Trademark royalties	3.8	3.7	2.9%
Other miscellaneous income²	3.3	2.2	43.7%
GAUMONT GROUP	188.7	217.0	-13.0%

¹ Primarily includes spin-off products, music publishing and the Gaumont Pathé Archives business

² Primarily includes real estate lease agreements and miscellaneous services provided to third parties

	2nd half		
<i>Consolidated revenue by business segment (in millions of euros)</i>	2016	2015	% change
Cinema production	48.7	31.8	52.8%
Movie theaters France	9.9	9.3	5.9%
Video France	4.2	3.4	22.5%
Video on demand France	1.9	1.4	30.4%
Television France	15.5	8.6	80.3%
International films	14.8	7.2	105.2%
Other movie distribution income	2.4	1.8	32.0%
Television production	60.0	121.1	-50.4%
American dramas	54.5	114.5	-52.4%
French dramas	2.3	0.1	2147.9%
Animated films and series	3.3	6.4	-49.0%
Trademark royalties	1.9	1.9	2.3%
Other miscellaneous income	2.6	1.6	66.3%
GAUMONT GROUP	113.2	156.4	-27.6%