

Press Release

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Ymagis Group Reports Q1 2017 Revenue

First quarter revenue driven by Eclair Annual growth target for Services maintained

Paris (France) - Ymagis Group (FR0011471291, MAGIS, PEA-PME, TECH 40), the European specialist in technologies for the film industry, today reported its consolidated financial results for the first quarter of 2017, ending 31 March 2017.

In millions of €, unaudited	Q1 2017	Q1 2016	Var. (%)
VPF	16.9	18.0	-5.9%
<i>As % of revenue</i>	41%	42%	-
CINEMANEXT (EXHIBITOR SERVICES)¹	11.3	14.0	-19.2%
<i>% of revenue</i>	27%	33%	-
Equipment Sales ²	8.0	10.8	-25.7%
Online & Support ²	3.0	3.0	+1.3%
Consulting	0.2	0.2	+0.0%
ECLAIR (CONTENT SERVICES)¹	13.3	10.8	+23.0%
<i>% of revenue</i>	32%	25%	-
Distribution Services & Preservation	6.1	4.7	+29.6%
Post Production & Restoration	2.5	3.9	-35.6%
Localization	4.5	2.0	+124.3%
Others	0.2	0.2	-12.3%
TOTAL REVENUE	41.5	42.7	-2.9%

(1) To better reflect the Group's brands, the Exhibitor Services and Content Services business units are known and referred to as CinemaNext and Eclair respectively.

(2) To reflect CinemaNext's activities as completely as possible, revenue for the Equipment Sales division corresponds exclusively to the sale of equipment to cinemas. Installation services are now included in the "Online and Support" division. The presentation of the figures for the first quarter of 2017 reflects this change and the figures for the first quarter of 2016 have been revised accordingly.

Business for the first quarter of 2017 driven by the Content Services Business Unit (BU)

In a market where replacement sales have not yet significantly taken off and after a first quarter generally unrepresentative of annual business, revenue for Ymagis Group was down by 2.9% at 41.5 million Euros over the first three months of 2017, mainly due to the effect of a scheduled reduction in VPF business and a temporary fall in equipment sales.

As forecast, revenue for the **VPF** BU dropped by 5.9% at 16.9 million Euros given the initial recoupments, particularly in the Czech Republic. On 31 March 2017, the number of screens under VPF contract stood at 5,918 as compared to 6,127 during the first quarter of 2016 and 5,925 on 31 December 2016.

CinemaNext revenue fell by 19.2% at 11.3 million Euros as compared to 14.0 million Euros during the first quarter of 2016. The business unit (BU) was penalized by a drop in equipment sales during this first quarter due to a slower-than-expected start to replacement sales and delays in some new cinema installation projects. Technical Services & Support and Consultancy activities were stable during the quarter. It should therefore be stressed that the drop-in revenue is attributed to business with a low gross margin.

Boosted by recent acquisitions, **Eclair** achieved a significant 23% increase in revenue at 13.3 million Euros as compared to 10.8 million Euros at the end of March 2016. The excellent start to business in Italy with OpenSky Cinema and the growth recorded in Germany means revenue for Distribution & Preservation increased by 29.6% at 6.1 million Euros versus 4.7 million Euros twelve months ago. Post Production and Restoration, which is done primarily in France, dropped to 2.5 million Euros as compared to 3.9 million Euros during the first quarter of 2016. The volume of business should accelerate over the coming months. BU growth is also boosted by the Versioning and Accessibility activities which more than doubled, rising from 2 million Euros to 4.5 million Euros driven by the positive impact of recent acquisitions and organic growth.

Business Outlook - Annual growth target for Services maintained and confirmation of the goal of a 10% CAGR by 2020

Despite the market's "wait-and-see" stance over the first three months of 2017, Group business picked up speed as of March for all services BUs.

For CinemaNext, sales of replacements gathered pace during March and the trend is confirmed with a number of discussions in progress. The Group expects the replacement market to accelerate over the second quarter of 2017. CinemaNext also kicked off the development of its business in the United States with the creation of CinemaNext North America during the first quarter. Business began well with the signature of maintenance contracts for 135 U.S. screens in its first month.

Several post-production contracts were signed by Eclair during the first quarter of 2017. Distribution and Versioning & Accessibility business is on the up and should drive revenue over the remainder of the year.

The Group is confident for the rest of the fiscal year and confirms its average annual growth targets of at least 10% by 2020 for its Services activities. The launch of the Group's latest innovations (EclairColor, EclairPlay and Sphera) received an overwhelmingly positive response from professionals in the sector and should also drive the Group's business during the coming months.

Next release: 28 September 2017 - First half-year 2017 revenue and earnings

ABOUT YMAGIS GROUP

Ymagis is a European leader in advanced digital technology services for the cinema industry. Founded in 2007, the Group is headquartered in Paris and has offices in 23 countries with close to 770 employees. Our core business is structured around three main units: CinemaNext (exhibitor services: sales and field services, software solutions, customer service/NOC and consulting), Eclair (content services: post-production, theatrical delivery, digital distribution, versioning and accessibility, restoration and preservation) and Ymagis (financial services).

For more information, please connect to www.ymagis.com, www.cinemanext.digital or www.eclair.digital

YMAGIS GROUP

Rémi Gerard, CFO
Tel.: +33 (0)1 75 44 88 88
investors@ymagis.com

CALYPTUS

Sophie Boulila / Mathieu Calleux
ymagis@calyptus.net
Tel.: +33 (0)1 53 65 68 62

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