

**Press Release**

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## Ymagis Group Posts Nine-Month 2018 Revenue at €115.2M

### Contrasting results for CinemaNext and Eclair Annual revenue target: €170M

**Ymagis Group (FR0011471291, MAGIS, PEA-PME, TECH 40)**, the European specialist in digital technologies for the cinema industry, today reported its consolidated revenue for Q3 and for the first 9 months of 2018.

**The lower than expected performance of CinemaNext's equipment distribution activities and increased difficulties with Eclair's post-production and restoration activities are not sufficient to offset the decline in VPF activity over the 3rd quarter of 2018.**

Revenue for Q3 2018 fell by 17.2% to €35.9M as compared to the historically high Q3 2017 which benefited from catch-up invoicing. Over 9 months, the Group's activity inched down 8.3% to €115.2M versus €125.6M the previous year. Over 12 rolling months, the drop-in activity reduced to 4.9%, totalling revenue of €169.2M.

In millions of Euros	Q3 2018	Q3 2017	Var. (%)	YTD 2018	YTD 2017	Var. (%)	ROLLING 12 MONTHS	PRIOR ROLLING 12 MONTHS	Var. (%)
<b>Virtual Print Fee</b>	<b>11.5</b>	<b>14.0</b>	<b>(17.9)%</b>	<b>38.2</b>	<b>45.2</b>	<b>(15.5)%</b>	<b>54.5</b>	<b>62.7</b>	<b>(13.1)%</b>
Equipment Sales	9.8	14.6		28.4	32.6		45.9	48.9	
Online & Support	3.5	2.3		10.2	8.5		14.4	11.6	
Consulting	0.0	0.0		0.1	0.4		0.2	0.5	
<b>CinemaNext</b>	<b>13.2</b>	<b>16.9</b>	<b>(21.7)%</b>	<b>38.7</b>	<b>41.5</b>	<b>(6.8)%</b>	<b>60.5</b>	<b>61.0</b>	<b>(0.9)%</b>
Distribution Services & Preservation	5.0	5.3		17.5	17.4		25.1	24.7	
Postproduction & Restoration	1.6	2.9		5.9	8.3		8.6	12.2	
Localization	4.5	4.2		14.7	13.2		20.3	17.3	
<b>Eclair</b>	<b>11.1</b>	<b>12.4</b>	<b>(10.5)%</b>	<b>38.1</b>	<b>38.9</b>	<b>(2.0)%</b>	<b>54.0</b>	<b>54.2</b>	<b>(0.3)%</b>
<b>Other activities</b>	<b>0.0</b>	<b>0.0</b>		<b>0.2</b>	<b>0.0</b>	<b>-</b>	<b>0.2</b>	<b>0.0</b>	<b>-</b>
<b>TOTAL REVENUE</b>	<b>35.9</b>	<b>43.3</b>	<b>(17.2)%</b>	<b>115.2</b>	<b>125.6</b>	<b>(8.3)%</b>	<b>169.2</b>	<b>177.9</b>	<b>(4.9)%</b>
<i>VPF as % of revenue</i>	32.1%	32.3%		33.2%	36.0%		32.2%	35.2%	
<i>CinemaNext as % of revenue</i>	36.9%	39.0%		33.6%	33.0%		35.7%	34.3%	
<i>Eclair as % of revenue</i>	30.9%	34.6%		33.1%	33.8%		31.9%	30.5%	
<i>Other act. as % of revenue</i>	0.1%	-		0.2%	-		0.1%	-	

The activity of the **VPF business unit** continued to fall as anticipated under the effects of the recoupments made over the last few months, recording a drop of 17.9% during Q3 2018, with revenue of €11.5M. Revenue for the first 9 months of the year stands at €38.2M.

The **CinemaNext business unit** was penalised during Q3 by the fall in equipment distribution sales mainly due to a number of delayed projects. Online and Support services, which are high-margin value activities, benefited from a strong increase of over 50% during Q3. Over the course of the quarter, the business unit's activity fell by 21.7% to €13.2M versus €16.9M a year earlier. Activity is down by 6.8%

over 9 months at €38.7M, the surge in Online and Support Services not offsetting the decrease in equipment sales

The **Eclair business unit**, whose revenue is down 10.5% at €11.1M, suffered a steep decline in creative services (post-production and restoration) during Q3. Over 9 months, revenue for the business unit was stable at €38.1M. The strong decrease in Eclair's creative services is offset by the growth of its Distribution Services & Preservation activities and Versioning & Accessibility services, which constitute the heart of Eclair's business development strategy.

The Group's **new activities** (EclairColor, EclairGame and virtual reality) achieved limited revenue of €0.2M over the first 9 months of the year. The opening of the first virtual reality adventure park is scheduled for the end of November in Paris, opening the way for an ambitious national and international development plan including a strategic franchise plan aimed at cinema exhibitors. Moreover, the fast-growing development of EclairGame (eSport in cinemas) should contribute to revenue as from the next quarters. These new activities should become significant revenue and earnings contributors from 2019 onwards.

### **Annual revenue target of €170M and launch of new virtual reality activities**

The activity's lower performance during Q3 2018 should partly be offset during Q4. The Group is thus setting itself an annual revenue target of €170M.

Ymagis decided to launch a cost savings plan in September which is ongoing and should reduce the fixed expenses of the entire Group by at least €5.0M over a full year as from 2019. All of these actions should contribute to a return to profitability for CinemaNext and Eclair in order to guarantee the targets in the Perform Plan are achieved.

In addition, Ymagis has sold its majority interest in CinemaNext Consulting to the Managing Partners. The Group will deconsolidate this business beginning in Q3 2018. Ymagis Group is also considering the cession of further non-strategic assets in order to focus on its business priorities.

The Group is continuing its development strategy focusing on internationalisation and innovation. The Group's own brand-new virtual reality offer (Illucity Virtual Reality Adventure Park) and virtual reality installations in partnership with cinema exhibitors will be presented to investors on 13 November. This new, high-potential activity could constitute an important driver for profitable growth for the Group and strengthen the profitability targets scheduled in the Perform Plan for 2020.

#### **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 26 countries with 770 employees. Our core business is structured around four main units: CinemaNext (exhibitor services: sales and field services, software solutions, customer service/NOC), Eclair (content services: postproduction, theatrical delivery, digital distribution, versioning and accessibility, restoration and preservation), Virtual Print Fee (VPF) for finance solutions and other activities, including EclairColor, EclairGame and Virtual Reality. For more information, please visit [www.ymagis.com](http://www.ymagis.com), [www.cinemanext.com](http://www.cinemanext.com) or [www.eclair.digital](http://www.eclair.digital)

YMAGIS is listed on Euronext Paris and is part of the CAC Small, CAC Mid and Small and CAC All-Tradable indices.

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