



EUROPACORP

PRESS RELEASE

H1 2008/2009 – Consolidated income

- **Drop in revenue for the half-year, more sustainable revenues expected in the second half-year**
- **Substantial film investment during the half-year (€80m), mainly for releases scheduled for 2009/2010**
- **Rise in operating income and net income which remains to be confirmed at the end of the financial year**

Paris, 27 November 2008 – EUROPACORP, a producer and distributor of feature films and one of Europe's leading independent film studios, today announces its consolidated income to 30 September 2008, i.e., for the first half of its 2008/2009 financial year.

Consolidated figures € millions	30th sept. 08 (6 months)	30th sept. 07 (6 months)	Δ
Revenue	48.9	73.6	-34%
Cost of sales	-34.9	-61.9	-44%
Operating margin <i>% of Revenue</i>	14.0 <i>28.6%</i>	11.7 <i>15.9%</i>	+20%
Operating income <i>% of Revenue</i>	3.3 <i>6.7%</i>	2.9 <i>3.9%</i>	+14%
Financial income	3.8	-1.0	N.A.
Net income (Group Share) <i>% of Revenue</i>	5.3 <i>10.8%</i>	1.7 <i>2.3%</i>	+212%

The Group points out that its income is tied to the release schedule for its films in their various modes of distribution, and that this timetable can result in significant variations in income per segment of activity from one quarter or half-year to the next. The revenue and income recorded over this half-year therefore have little bearing on annual revenue and income.

As announced on 13 November 2008, revenue for the first six months of the current financial year comes to 48.9 million euros. This derives notably from television sales in France, which amounted to 27 million euros, a marked improvement (+83%) attributable to the opening of broadcast windows for 11 EuropaCorp films and the contribution of the Roissy Films catalogue.

Revenue from French cinemas came to 2.6 million euros, with the release of four films during the six-month period. The heading "Other activities" suffers from an unfavourable base effect due to the non-recurring executive production of *Hitman* in the first half of 2007/08, at a cost of 15.9 million euros, causing it to fall by 69%.

The cost of sales (amortisation of films released, distribution & marketing costs and royalties) amounts to 34.9 million euros – a substantial decline (-43.6%) compared with the first six months of 2007/08, and exceeding the decline in revenue (-34%).

The operating margin (revenue less sales costs) has therefore improved significantly, standing at 14 million euros, or 28.6% of revenue as against 15.9% in the first half of 2007/08.

This improvement is due mainly to the following factors:

- reduced film amortisation costs (62% of sales costs), the six-monthly revenue deriving mainly from the sale of TV rights for films that had already been largely amortised;
- a wide gross margin for activities under the heading of "Partnership", some of which relate to films whose release is scheduled for a future date;
- a high operating margin for Roissy Films with the opening of some major TV windows, which will not be repeated during the second half-year;
- a positive effect linked to major investment in the half-year period, leading to the deduction of overheads from the cost of sales.

The financial result stands at 3.8 million euros, with a positive exchange rate effect of 2.6 million euros and a positive net borrowing cost of 1.2 million euros.

The net Group Share income amounts to 5.3 million euros, the equivalent of a net margin of 10.8% for the half-year.

Investment

During this first six-month period the Group invested 80 million euros in film production, as against 46.6 million euros in the first half-year of 2007/08 and 95.6 million euros over the whole of the previous financial year. This rise in investment stems from the Group's growth plan, which includes the production of more large-budget films than in the past. The investment is shared mainly between the following productions:

- *Arthur 2* and *Arthur 3*,
- *Transporter 3*, *From Paris With Love*,
- *Staten Island*,
- *I Love You Phillip Morris*.

As a result of this investment, the Group's gross financial debt amounted to 85.5 million euros, with a net gearing (ratio of net debt to shareholders' equity) of 0.46.

Outlook

As in 2007/08, the Group plans increased activity during the second half of the 2008/09 financial year. As previously announced, 8 to 10 films are scheduled for release in the second half-year, notably including the world release, on 26 November 2008, of *Transporter 3* by Olivier Megaton starring Jason Statham, *District 13 - Ultimatum* (a sequel to the first film, which totalled almost one million admissions in French cinemas), and *Special Correspondents* starring Gérard Jugnot and Gérard Lanvin.

These films, which either form an integral part of a saga or feature celebrity actors, should generate an increased "French Cinemas" and "International Cinemas" revenue compared with the first half-year of 2008/09.

The Group would like to point out that the high net margin for the first half-year may be ascribed to a variety of positive factors during that period and cannot be taken as an indication of the income for the whole financial year.

Financial Timetable* **

- 12 February 2009: revenue for third quarter of 2008/09
- 14 May 2009: revenue for second half-year of 2008/09
- 18 June 2009: annual income for 2008/09

* Publication of press releases at market close

** Subject to change

ABOUT EUROPACORP

The EuropaCorp Group produces and distributes films for the French and international markets. Structured around the "vertically integrated studio" concept, its strategy aims to control each stage of the production/distribution cycle of its ambitious and varied films. Since the start of its activity in 1999, EuropaCorp has produced or co-produced 60 feature-length films.

For further information: www.europacorp-corporate.com

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