



EUROPACORP

PRESS RELEASE

- **Acquisition of CIPANGO, television drama producer, to strengthen regular activities and consolidate EuropaCorp's integrated model**
- **The 2009/2010 operating margin is expected to be lower despite anticipated significant growth in revenue**
- **Main line of credit is renewed for €100 million to support investment in production**

Paris, 15 April 2010 – EUROPACORP (FR0010490920), film production and distribution company and one of the very first European independent film studios, announces today a new key strategic phase with the acquisition of CIPANGO and reviews its activity at the end of March 2010.

- **The acquisition of CIPANGO - EuropaCorp's television production development strategy becomes a reality.**

EuropaCorp announces today the acquisition of CIPANGO, one of the most dynamic independent television production companies in the French market. CIPANGO produces TV drama targeting French and international markets and in 2009, had revenue of €14.6 million (according to French accounting standards). CIPANGO is ranked in 7th place of French TV drama producers¹, and its recent successes include *Les Bleus: Premiers pas dans la police*, and *XIII*, an adaptation of the eponymous comic-strip.

EuropaCorp is convinced of the strong potential of the brands created by the Group's productions in the television market and has thus acquired CIPANGO, the ideal partner to successfully develop its new TV drama activity which should generate a very steady additional revenue alongside its existing activities.

The agreement confirms the acquisition in cash of 75% of CIPANGO securities; the remaining 25% is covered by commitments to buy and to sell in four years time at the latest. The Group will integrate this acquisition into its consolidated accounts from the 2010/2011 financial year.

- **The operating margin is expected to be down despite anticipated significant growth in 2009/2010 revenue.**

The estimated growth in the 2009/2010 annual consolidated revenue should be up approximately +30% compared with the 2008/2009 financial year, in particular thanks to the production and distribution of increasingly ambitious international films. Nevertheless, as announced on 15 February 2010, annual activity is less than XXX had been expected by the Group, in particular due to a disappointing performance by some recent releases and an increasingly difficult environment for international sales. As a result and taking into account the prudential rules applied by the Group resulting in a significant level amortization of investments in their first year (on average 60%

¹ Source: Ecran total n°769 – ranking based on the number of hours of television programmes broadcast between September 2008 and August 2009.

of the cost of the film), the annual operating margin before general costs should be particularly reduced for this financial year. The Group however specifies that these results are not indicative of the profitability of these films over their lifetime.

Considering this situation and in order to support the launch of films in the future, EuropaCorp has strengthened its organisational structure by creating a Direction of Cinema and by recruiting Jean de Rivières, former CEO at Walt Disney Studios Motion Pictures France, who will head up the distribution and marketing teams.

On 27 May, the Group will publish the complete set of figures for the 2009/2010 annual revenue, and the results for the financial year will be published on 23 June 2010.

- **The main revolving line of credit is renewed at €100 million – capacity for production is strengthened for the next 5 years.**

EuropaCorp chose to pre-empt the end of the existing line of credit currently in place – at €70 million – due to expire in September 2010 - in order to increase its credit capacity for production and thus to finance its increased investments.

This new revolving line of credit was negotiated with a group of 8 European banks, including 4 banks who were involved in the previous line of credit (Société Générale, Natixis, Neufilize-OBC and BNP Paribas), and 4 new banks (HSBC, BESV, Barclays Bank and BCME-Crédit Mutuel-Arkéa). The interest rate is 1-week Euribor with an additional margin of 155 basis points.

With this new credit facility which was agreed in spite of a stringent market situation, EuropaCorp will have the funds at its disposal to finance its productions over the next 5 years.

EuropaCorp's CEO Jean-Julien BARONNET concludes: *"The acquisition of CIPANGO is a significant step in the implementation of the Group's strategy ; it will increase the value of the brands developed by EuropaCorp over the last 10 years and will generate regular income which will make the Group's activity easier to read. Although the 2009/2010 annual results will be less than anticipated, EuropaCorp continues to implement its strategy with confidence and thanks to the reconfirmed support from its financial partners. EuropaCorp benefits from a solid reputation amongst the large American distributors and with this acquisition, confirms its position as leader in the European film industry.*

- **Financial calendar**

27 May 2010: 2009/10 annual revenue figures

23 June 2010: 2009/10 annual results

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ISIN: FR0010490920 - Mnemonic: ECP