



EUROPACORP

PRESS RELEASE

2010/2011: EuropaCorp has completed its strategic reorganisation

- **2010/11 income:**

- Losses reflect the underperformance of *Arthur 2* and *Arthur 3* outside France, and the costs linked to the corrective actions taken by the company
- A healthy financial position: significant financing capacity that conforms to the covenants as of 31 March 2011, high shareholders' equity
- A highly promising launch of the TV Series segment and a major revenue contribution by the Video segment

- **Prospects of a return to lasting, profitable growth:**

- A rich, balanced 2011/12 line-up, including four English-language films with strong international potential
- Increased recurring revenue, in particular due to improved television production figures

Paris, 30 June 2011 – EUROPACORP, the producer and distributor of feature films and one of the leading independent cinemas in Europe, today announces its consolidated annual income at 31 March 2011, as approved by the Board of Directors on 27 June 2011, for the 2010/2011 financial year.

Audited consolidated results

Consolidated income (€ million)	FY 2010/11	FY 2009/10
Revenue	178.7	181,3
Cost of sales	(195.2)	(175.1)
Operating margin (before overheads) <i>% of revenue</i>	(16.5) <i>(9.2%)</i>	6.2 <i>3.4%</i>
Operating income <i>% of revenue</i>	(47.4) <i>(26.5%)</i>	(16.2) <i>(8.9%)</i>
Net income – Group share	(30.2)	(9.8)
Shareholders' equity	101.9	132.0

Christophe Lambert, Group Chief Executive Officer: "The Group is now fully functional under the new operations team. Implementing the strategic actions plan has enabled us to renew our confidence in the goal of being profitable again during FY2011/2012. This plan will notably lead to an increase in recurring revenue and revenue from international operations, and will make it possible to improve the quality and the value of our catalogue in the medium term."

- **A slight downturn in annual revenue (-1.4%) despite a very sharp decline in international sales**

The revenue for FY2010/11, €178.7 million, fell slightly compared to the previous financial year (-1.4%) despite a sharp decline in International Sales (-56.4%). This highly adverse impact, linked to the underperformance of *Arthur 2* and *Arthur 3*, was largely offset by the excellent performance of Television, France segment sales (+56.3%) and the Cinemas, France segment (+61.6%, over 15 million admissions on 11 releases in 2010), as well as the satisfactory showing of the Video segment, which made a strong revenue contribution of €24.7 million.

Revenue for the financial year was also marked by a significant rise in TV Series performance (segment revenue of €15.7 million), in particular due to the release of the series *XIII*.

- **Corrective, non-recurring measures that significantly affected the result**

The downturn in international sales heavily impacted the result for FY2010/11 (*Arthur 3* represents virtually 60% of the total loss); non-recurring items caused the remainder of the losses, as the Group implemented extensive corrective actions during the financial year:

- a systematic review of all intangible assets, including both films that have already been released and projects that are in still in the development phase,
- closure of non-strategic activities, which led to goodwill impairments, and
- setting up a new organisation, which generated a number of non-recurring expenses.

This policy weighed heavily on the operating margin – (€16.5) million for the financial year – and on overheads, which increased from €22.2 million in FY2009/10 to €27.6 million for FY2010/11. The rise in overheads also includes a perimeter change impact of €2.2 million linked to EuropaCorp Television (formerly Cipango) joining the consolidated group.

The operating income for the financial year is (€47.4 million) compared to (€16.2 million) for FY2009/10.

After taking into account negative financial income of (€0.3 million) and taxes of €16 million, the net income – Group share is a loss of (€30.2 million) for FY2010/11.

In light of this, the Board of Directors will propose to the General Meeting that no dividends be paid in respect of FY2010/11.

- **A healthy financial position**

The Group has retained its financial capacity and generated positive cash flows (around €122.4 million compared to €91.5 million in FY2009/10), as the main loss items were already recognised in the cash flow for previous financial years.

The Group still has high shareholders' equity of €101.9 million and the net gearing ratio is satisfactory, compared to the industry benchmark (Net debt/Equity ratio of 0.73 at 31 March 2011 compared to 0.65 at 31 March 2010).

- **Prospects of a return to lasting profitability, driven by strategic policies**

As announced on 4 May 2011, the Group is deploying its strategic actions plan and, as from FY2011/12, is building on the following positive developments:

- A rich, balanced 2011/12 line-up
- A growing percentage of revenue from international sales, in particular due to the presence in the line-up of four English-language films with strong international potential,
- Optimisation of catalogue-based revenue,
- Promising growth of television production revenue and the development of synergies with the Cinema segment, which boosts the recurring percentage of revenue.
- Continued vertical integration of content production and distribution.

The Group also confirms the forthcoming release of *Colombiana* (27 July in France and 26 August in the USA), as well as the shooting of *Taken 2* directed by Olivier Megaton, with Liam Neeson, *Blind Man* with Lambert Wilson and Jacques Gamblin, directed by Xavier Palud, *Love Lasts Three Years* directed and adapted by Frédéric Beigbeder from his novel of the same title and, for television, *Transporter - The Series* (12, 52-minute episodes).

On 28 June 2011, EuropaCorp was informed that the Autorité des marchés financiers (Financial Markets Authority, AMF) had opened an investigation into financial information related to EuropaCorp. The company wishes to point out that it had contacted the AMF on 16 March 2011 with a view to taking all appropriate steps following the publication of inaccurate financial information in the press concerning EuropaCorp.

Next publications

11 August 2011: Q1 revenue 2011/12

28 September 2011: General Meeting

30 November 2011: Half-yearly consolidated revenue and results

ABOUT EUROPACORP

EuropaCorp ranks amongst the top European film studios. Founded in 1999, EuropaCorp's different activities include production, theater distribution, home entertainment, VOD, sales of TV rights for France as well as sales of international rights, partnerships and licenses, original soundtrack production and publishing. The Group has also been producing TV drama since 2010. EuropaCorp's integrated financial model generates revenues from a wide range of sources. With films from a wide range of genres and a strong presence in the international market, the Group has produced some of the latest French worldwide record-breaking successes. EuropaCorp's catalogue includes 500 films and the company employs 120 permanent staff members.
More information on www.europacorp-corporate.com

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