



# EUROPACORP

## PRESS RELEASE

### Return to breakeven point

### The Group's performance is in line with its strategic action plan

- EuropaCorp has already seen a return to breakeven in FY2011/2012 through the second half net earnings of €12.7m. Strong International Sales figures and an outstanding input by Television, France, which enjoyed buoyant catalogue sales, were the primary contributors to this half-yearly profitability.
- These results do not include the delivery of the key components of *Taken 2* in March 2012 that triggered a payment of €20m, which corresponds to the contractual amount irrevocably owed by Fox on 31 March 2012. This event would have increased operating income by around €12m.

Paris, 28 June 2012 – EUROPACORP, the producer and distributor of feature films and one of the leading independent film studios in Europe, today announces its annual consolidated results at 31 March 2012, as adopted by the Board of Directors' meeting held on 27 June 2012, for the 2011/2012 financial year.

#### Consolidated results \* excluding *Taken 2* revenue

#### Financial data including *Taken 2* revenue (unaudited)

Consolidated financial statements (€m)	FY 2010/11	FY 2011/12	FY 2011/12
Revenue	178.7	168.3	188
Cost of sales	-195.2	-137.3	~ -145
Operating margin (before overheads)	-16.5	30.9	~ 43
<i>% of revenue</i>	-9.2%	18.4%	~ 23%
Operating income	-47.4	6.8	~ 19
<i>% of revenue</i>	-26.5%	4.1%	~ 10%
Net earnings (excluding minorities)	-30.2	0.1	
Shareholders' equity	101.9	102.4	

\* The audit procedures have been completed; the audit report that includes the certification of the financial statements is pending

## **FY2011/2012 annual revenue of €168m (down 6% compared to the previous financial year) marked by the very strong growth of International Sales**

Overall, **International Sales** were buoyed by box office receipts from *Colombiana*, which was released in North America in August 2011 and distributed in more than 60 countries, as well as by the main deliveries of *Lock Out*. For *Colombiana*, in North America the Group benefited from improved revenue conditions as a result of the buy-back agreement signed with Sony Pictures Entertainment.

Following an exceptional previous year (5 films with over one million admissions each), **Cinemas, France**, generated revenue of €14m in the past year, with the release of 10 films, including *A Monster in Paris*, *Love Lasts 3 years*, *The Source*, *Colombiana*, *The Lady* and *The Tree of Life*, which was awarded the Palme d'Or at the 2011 Cannes Film Festival.

**Video, France** primarily benefited from the release of *Colombiana*, *A Monster in Paris* and *The Tree of Life*, posting revenue of €18m.

Revenue from **Television, France** remained stable at €38m and corresponds to catalogue film sales, which included the television first run of four films: *Arthur 3: The War of the Two Worlds*, *The Extraordinary Adventures of Adèle Blanc-Sec*, *Halal Five-O* and *The Big Picture*.

**TV Series** revenue is lower than expected at €9m, as broadcasters have deferred several projects until the next financial year.

The **Other Activities** posted revenue of €7m, which primarily corresponds to soundtrack sales and receipts from joint productions generated during the financial year.

**Subsidies** accounted for €8m of revenue.

## **EuropaCorp has already seen a return to breakeven in FY2011/2012 Operating income is up from (€47.4m) to €6.8m, an increase of €54.2m**

The profitability generated during H2 FY2011/2012 has offset the first half losses and made it possible to see a return to breakeven already in FY2011/2012.

This healthy performance is the result of:

- Business operations being boosted by:
  - The excellent international sales figures, in particular due to the success of *Colombiana*, which was released in North America in August 2011, the main deliveries of *Lock Out*, and royalties from *Taken*;
  - Higher than expected catalogue sales (Television, France and Video, France);
  - The buy-out agreement reached for Season 1 of *Transporter the Series* with the executive producer, Atlantique Productions.
  
- A significant reduction in the cost of sales (30% less year over year):

The cost of sales was extremely high in FY2010/2011 due to extensive write-downs on work in progress and the particularly high amortizations recognised for major budget films that registered poor commercial performances (in particular *Arthur 3*).

For the record, in FY 2011/2012, distribution and marketing costs (an integral part of the cost of sales) include all the operating and distribution expenses for *Colombiana* (around €23m) on the North American market, under the agreement signed with Sony Pictures Entertainment.

Overheads are €25.2m, down by 9% primarily following on from effect of the non recurring items booked in FY2010/2011.

Operating income is €6.8m, compared to (€47.4m) in FY 2010/2011.

The financial loss, which has been significantly curtailed compared to the first half, is (€2.6m).

Tax expenses total €3.9m and include the use of loss carryforwards.

The net earnings of €0.1m, excluding minorities, are therefore positive for FY2011/2012.

The Board of Directors will propose that the General Meeting decide against paying dividends in respect of FY2011/2012.

### **Positive net operating cash flow**

The Group has retained its capacity to finance films and generated positive net operating cash flow of €82m, compared to €122m in FY2010/2011.

At 31 March 2012, EuropaCorp was in compliance with its banking covenants.

Group shareholders' equity remains healthy at €102.4m and the net gearing ratio remains satisfactory compared to the sectoral benchmark (net-debt-to-equity ratio of 0.5 at 31 March 2012 compared to 0.73 at 31 March 2011).

### **Prospects**

- Projects, Films and Television Drama

*Taken 2*, directed by Olivier Megaton and starring Liam Neeson, was delivered in full during Q1 FY2012/2013. The entire minimum payment guaranteed by Fox, €27m, will be taken to income and included in the FY2012/2013 revenue for its full amount.

The worldwide release of *Taken 2* is scheduled for October 2012. *Taken* grossed €227m worldwide.

Shooting has been completed for *The Man who Laughs*, starring Gérard Depardieu and Marc-André Grondin, directed by Jean-Pierre Améris, as well as for *Intersection*, starring Roschdy Zem, Marie-Josée Croze and Frank Grillo, directed by David Marconi. These films are scheduled for release before the end of 2012.

Shooting for *Mobius*, starring Jean Dujardin and Cécile de France, directed by Eric Rochant, has started, as well as for *The Journey* starring Vincent Perez and directed by Philippe Lellouche, and for *It Boy*, starring Virginie Efira and directed by David Moreau.

*World Petank Tour*, directed by Frédéric Berthe and starring Gérard Depardieu, Edouard Baer, Virginie Efira and Atmen Kélif, will begin shooting in mid-July 2012.

Moreover, during the 2012 Cannes Film Festival the Group announced that it had signed a contract for the North American market with the distributor Relativity Media. Under this contract two English-language films will be released, including Luc Besson's upcoming project *Malavita*, in which Robert de Niro, Tommy Lee Jones and Michelle Pfeiffer will play the leads. Shooting for *Malavita* will start in August 2012.

Noteworthy Television Drama events include the start of shooting for the TF1 series *No Limit*, written by Luc Besson and starring Vincent Elbaz, and for season 2 of *XIII*. Shooting for *Nom de code Rose*, which will be broadcast on TF1, starts in July.

The Canal+ series *Flight of the Storks* is in post-production and will soon be delivered.

- Diversification (Cité du Cinéma film sets, Multiplex construction work)

The use of the film sets at Cité du Cinéma managed by Euro Media Group (the European leader in this field) starts during the first half of FY2012/2013. EuropaCorp will move its headquarters to Cité du Cinéma during the summer.

Construction work on the first multiplex, EuropaCorp Live, has started on the Aéroville site. The studies for a project to build a multiplex in Marseille are continuing. An investment pool comprising SCI Euromarseille M, Caisse des Dépôts and EuropaCorp is under discussion.

In order to continue its diversification policy, which is part of its strategic action plan, the Group is maintaining its objective of increasing its equity.

## Financial agenda 2012/2013

Q1 revenue	10 August 2012
General Meeting	28 September 2012
H1 consolidated revenue and earnings	29 November 2012

### **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](http://www.europacorp-corporate.com)*

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