



# EUROPACORP

## P R E S S R E L E A S E

### FY2013/2014 consolidated results: the Group maintains a high level of operating margin (€57.7 millions)

- The operating margin remains high (€57.7 million, an operating margin ratio of 27.3% at 31 March 2014)
- International sales increased and performance of the TV series segment continued to improve
- The Group has continued its external growth operations, in particular through the launch of the Multiplex business line and the founding of a distribution joint venture in the USA, which lead to a reduced operating income for the financial year
- The statutory auditors have stated that they will issue a qualified opinion due to a divergence between their technical analysis and that of the Company over the recognition timing for the \$45 million of revenue related to a buy-out agreement with Fox.
- The net income is impacted by a non-recurring expense (primarily non-cash) of €10.1 million, which is due to the partial cancellation of the free share plan

Saint-Denis, 26 June 2014 – EuropaCorp, the producer and distributor of feature films and one of the leading independent film studios in Europe, today announces its consolidated annual results at 31 March 2014, which the Board of Directors approved on 25 June 2014, for FY2013/2014.

Consolidated results				Consolidated results adjusted for the impact of the cancelled part of the free share plan **	
Consolidated financial statements (€m)	FY 2013/14*	FY 2012/13	Change 2013/2014	FY 2013/14	
<b>Revenue</b>	211.8	185.8	26.0	211,8	
<b>Cost of sales</b>	-154.1	-129.7	-24.4	-154.1	
<b>Operating margin</b>	57.7	56.1	1.6	57.7	
<i>% of revenue</i>	27.3%	30.2%	-2.9 pts	27.3%	
<b>Operating income</b>	8.5	30.3	-21.8	18.6	
<i>% of revenue</i>	4.0%	16.3%	-12.3 pts	8.8%	
<b>Net income (excluding minorities)</b>	<b>0.2</b>	<b>19.6</b>	<b>-19.4</b>	<b>9.5</b>	
<b>Shareholders' equity</b>	<b>156.2</b>	<b>151.5</b>	<b>4.6</b>		

\* Annual financial statements for FY2013/2014, approved by the Board of Directors during its meeting of 25 June 2014

\*\* The operating income is adjusted by €10.1 million, which corresponds to:

- the IFRS 2 expense for the cancelled portion of the free share plan (€7.7 million): there is no cash outflow and no impact on the shareholders' equity,
- the corresponding URSSAF expense (€2.4 million).

**FY2013/2014 annual revenue is €211.8 million (+14% year over year). Key points are the sharp rise in International Sales, including royalties from *Taken* and *Taken 2* following a buy-out deal signed with Fox**

**International Sales** were strong, at €112.0 million, compared to the year-ago figure of €71.7 million. They were primarily driven by royalties from catalogue films (in particular *Taken 2*, *Taken*, *Colombiana* and *Transporter 3*), the income tied to the contractual stages agreed with the US distributor of *Lucy* and international rights to *Malavita* and *3 Days To Kill*.

During the financial year, EuropaCorp and Fox signed a firm, definitive agreement for the flat-rate assignment of rights to film receipts, under which Fox irrevocably and unconditionally committed to pay \$45 million to EuropaCorp in respect of future royalty revenue from *Taken* and *Taken 2*. This assignment includes collateral guarantees for any future royalties that are generated with Fox.

The impact on the Group's consolidated revenue of the buy-out agreement signed with Fox during the financial year is €29.7 million. The impacts on the operating margin and on the net income are €13.3 million and €8.4 million respectively.

Several key items on the balance sheet as at 31 March 2014 were impacted by this agreement: "Trade and other accounts receivable": €29.7 million; "Trade and other accounts payable": €8.7 million; and "Intangible non-current assets": €7.7 million.

With the release of 10 films during FY2013/2014, **Cinemas, France** sales totalled €10.5 million, in particular due to *Malavita* (around one million French admissions), *I Did It Again* (over 800,000 French admissions) and *The Boy with the Cuckoo-Clock Heart* (over 500,000 French admissions to date).

The performance of the **TV Series** segment continues to improve, at €36.2 million, an increase of 27%, thus confirming the Group's strategy of developing recurring revenue sources. The sales were mainly generated by the delivery to TF1 of season 2 of *No Limit* and the first season of *Taxi Brooklyn*, as well as by the delivery to France Télévision of the series *The Passenger* (six, 52-minute episodes). EuropaCorp Television also delivered several television films (including two telefilms adapted from Mary Higgins Clark novels) and the continued success of *XIII* season 2 (which aired on M6).

The **Video France** segment, with revenue of €9.3 million, primarily benefited from the video releases of *It Boy*, *Malavita* and *Möbius*, as well as continued sales of catalogue films.

**Television, France** reported annual revenue of €26.8 million, which corresponds to various broadcast windows opening during the financial year.

Revenue from **Subsidies** totalled €5 million.

The **Events** segment generated revenue of €2.9 million through functions organised by Blue Event during the financial year.

The **Multiplexes** segment reported €1.5 million in revenue, following the launch in November 2013 of the first *EuropaCorp Cinemas* multiplex in Aéroville.

The revenue from **Other Activities** of €7.6 million was mainly generated by partnerships, music publishing, brand content and post-production sales.

## **A year marked by a high operating margin**

The operating margin generated over FY2013/2014 confirms the Group's strategic choices and is the corollary of:

- the strong contribution by international sales, in particular through royalties received from international catalogue films (the *Taken* franchise, *Colombiana* and *Transporter 3*, among others), pre-sales of guaranteed minimum screening rights for *Malavita* and *3 Days To Kill* and the income tied to the contractual stages agreed with the US distributor of *Lucy*;
- the continued growth in TV series revenue;
- a controlled rise in the cost of sales, which is consistent with the expanded business activity.

## Operating income impacted by non-recurring items and changes of perimeter

Overheads totalled €44.6 million, compared to €26.1 million over the previous year, an increase of €18.5 million, primarily due to changes in scope ("full year" impact of companies consolidated for the first time in March 2013 following the increase in capital, new business lines such as the Multiplexes and expenses linked to the founding of the joint venture in the USA) and non-recurring items over the period, the impact of which is linked to the partial cancellation of the free share plan (€10.1 million).

Other operating expenses and income totalled (€4.7 million). The Company took the decision to write down part of the intangible assets of UGT Événementiel and the Roissy Films remake rights for a total of (€4.7 million).

The financial loss is (€3.1 million).

The tax expense is (€3.9 million) and the net income, excluding minorities, is €0.2 million at 31 March 2014, compared to €19.6 million during the previous financial year.

## Positive net cash flow from operations

Net cash flow from operations is down slightly at €85.4 million, compared to €86.8 million during the previous financial year.

Net cash flow linked to investments has increased significantly, from €84.3 million at 31 March 2013 to €162.3 million at 31 March 2014, which is primarily the consequence of production starting for films with a high international potential during the financial year and the founding of the joint venture in the USA.

Bank covenants were honoured as of 31 March 2014.

The shareholders' equity, excluding minorities, is €156.2 million, an increase of €4.6 million.

## Prospects

In FY2014/2015, the France Theater's segment will again benefit from a rich, diversified line-up. *Saint Laurent* (directed by Bertrand Bonello, starring Gaspard Ulliel and Léa Seydoux), co-produced by EuropaCorp, and *The Homesman* (directed by and starring Tommy Lee Jones, also featuring Hilary Swank, Meryl Streep and James Spader) were part of the Official Selection at the 2014 Cannes Film Festival.

The year will also see the worldwide release, in August 2014, of the next film written and directed by Luc Besson, *Lucy*, starring Scarlett Johansson and Morgan Freeman. Universal Pictures will distribute the film throughout the world, except in France, the Benelux countries and China, following the deal signed by EuropaCorp with Universal.

Shooting for the third *Taken* film started in April 2014, with Liam Neeson reprising his role as Bryan Mills. Worldwide release is scheduled for the first quarter of 2015.

Shooting for *Transporter Reboot* will start in the summer of 2014.

Other English-language films will enter production within the next few months.

In the TV Series segment, FY2014/2015 will see the release of season 3 of *No Limit* and the continued airing (in particular internationally) of the first season of *Taxi Brooklyn*.

As announced on 16 May 2014, EuropaCorp has signed a new credit line of \$450 million over 5 years with J.P. Morgan, SunTrust Bank and OneWest Bank, which will primarily be used to finance new studio productions, in particular English-language features.

## Forward-looking financial agenda for FY2014/2015

Q1 revenue	August 2014
General Meeting	September 2014
H1 revenue and consolidated results	November 2014

### **ABOUT EUROPACORP**

*EuropaCorp ranks among 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 and now movie theatre management, since the inauguration in October 2013 of the first EuropaCorp CINEMAS multiplex in Aéroville.*

*The group is also present in international sale of rights, as well as the production and distribution of original soundtracks. Since 2010, the group has also been producing television fiction. 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. In February 2014, EuropaCorp created a U.S. distribution and marketing joint venture together with Relativity Media, that allows EuropaCorp to fully control its distribution in the U.S. and maximize the visibility for its films.*

*EuropaCorp was founded by French director, screenwriter and producer Luc Besson. EuropaCorp's catalogue includes 500 films and the company employs 150 permanent staff members.*

*For more information go to [www.europacorp-corporate.com](http://www.europacorp-corporate.com)*

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