



EUROPACORP

PRESS RELEASE

EUROPACORP ANNOUNCES FINANCIAL RESULTS 2015/2016

A transitional year marked by:

- **Net loss of €27.7 million primarily due to:**
 - Reduced revenue with only 5 films in distribution, and only one film globally distributed;
 - Non-recurring expenses of €20.4 million
- **Operating margin level maintained at a high level of 25.3%**
- **Significant volume of English language films in post-production and ready for worldwide distribution in coming months**

Saint-Denis, July 1st, 2016 – EuropaCorp, one of the leading independent film studios in Europe, film producer and distributor, today reports its annual consolidated income for FY2015/2016, which ended on March 31st, 2016, as approved by the Board of Directors at its meeting on June 28th, 2016.

Consolidated annual income

<i>€ million</i>	FY2015/2016	FY2014/2015	Δ 12 months
Revenue	147.3	226.9	(79.6)
Cost of Sales	(110.0)	(155.4)	45.4
Operating margin (before overhead)	37.3	71.5	(34.2)
<i>% of revenue</i>	<i>25.3%</i>	<i>31.5%</i>	<i>(6.2) pts</i>
Operating profit	(22.3)	19.5	(41.8)
<i>% of revenue</i>	<i>-15.1%</i>	<i>8.6%</i>	<i>(23.7) pts</i>
Net income (Group share)	(27.7)	16.2	(43.9)
Equity	155.2	184.7	(29.5)

Consolidated annual revenues¹ are down 35% from prior fiscal year when *Taken 3* and *Lucy* generated significant revenues

Revenue from International sales was €55.5 million or 37.7% of total revenue.

Revenue from Theatrical distribution in France and the U.S. was €9.8 million or 6.6% of total revenue.

Revenue from Home Entertainment in France and the U.S. was €15.2 million or 10.3% of total revenue.

Revenue from Television distribution of feature films in France and the U.S. was €23.8 million or 16.2% of total revenue.

Revenue from TV Series was €21.8 million or 14.8% of total revenue.

Revenue from Multiplex increased to €7.5 million for the year.

Revenue from licenses, partnerships, music publishing and post-production services was €7.0 million.

Revenue from Events was €2.6 million.

Subsidies from production and distribution were €4.2 million over the financial year.

Annual loss of €27.7 million, down from prior year profit of €16.2 million

In the 2015/2016 financial year the operating loss was €(22.3) million, compared with a profit of €19.5 million; this loss is primarily due to:

- Significant decrease in revenue due to fewer film releases. Prior year included 3 worldwide English-language releases and higher French language output;
- Non-recurring write-off of films asset (€15.4 million) to reflect updated projections of revenue and releasing costs;
- Non-recurring expenses related to Group's change of senior management (€4.0 million); and
- Non-recurring write-off of capitalized debt cost (€1.0 million).

The financial result amounted to €(19.6) million, compared with +€4.7M for the previous year, and was principally affected by interest charges generated by the Senior and Secondary credit lines over a full year, the accrual of exchange rate risk and the amortisation of bank commissions related to the introduction of the credit lines.

Taking into account the positive tax effect of €15.1 million, the Group's net loss was €(27.7) million, compared with a profit of €16.2 million in the previous financial year.

The Group equity share was thus €155.2 million at March 31st, 2016, compared with €184.7 million at March 31st, 2015.

The net gearing ratio (net debt to equity) amounted to 1.22 at March 31st, 2016 (versus 0.46 at March 31st, 2015).

Positive operating net cash flow

The net cash flow related to the business was €81.7 million, compared with €145.8 million over the previous financial year. This decrease is essentially due to a reduced level of film distribution, particularly the reduced level of films with broad worldwide appeal.

Investment for the future

FY 2015/2016 was marked by higher investments in films and TV series with global reach. With €175.9 million invested, compared with €102.9 million in the previous year, the Group is significantly enriching its film and television line-up for the future.

Investments include not only the film *Valerian and the City of a Thousand Planets*, the filming of which was completed on 3 June of this year, ahead of schedule and on budget, but also 8 feature length films and more than a dozen TV series/one-offs.

¹ For further details about FY2015/2016 consolidated revenue, please refer to the press release published on May, 24th, 2016

Outlook

Under the guidance of new senior management, the Group has set the following priority objectives for the coming years:

- Increasing the number of English-language films to fuel its worldwide distribution pipeline;
- Returning to historic output level of French language films;
- Growing the TV series business to become a major player on the world stage;
- Making the sci-fi epic *Valerian and the City of a Thousand Planets* a new successful franchise; and
- Expanding existing franchises and developing new ones (*Lucy 2*, new *Taken* film, new *Taxi* film).

As witnessed by the abundant list of films and TV series below, EuropaCorp has a solid and competitive line-up:

➤ Films

Eight English-language films, either produced or acquired by EuropaCorp, are currently in post-production or completed:

- *The Nice Guys*, directed Shane Black and starring Russell Crowe and Ryan Gosling, a film of which EuropaCorp acquired the French distribution rights. The film was released in France on May 15th, 2016;
- *Nine Lives*, directed by Barry Sonnenfeld (the *Men in Black* trilogy), with Jennifer Garner, Kevin Spacey and Christopher Walken, and produced by EuropaCorp. The film is completed and is scheduled for release on August 3rd, 2016 in France and on August 5th, 2016 in the US;
- *Shut In*, directed by Farren Blackburn, starring Naomi Watts. Produced by EuropaCorp, the film is shot and currently in post-production. Its planned released is November 11, 2016 in the US;
- *Warrior's Gate*, directed by Matthias Hoene with Uriah Shelton, first ever French-Chinese coproduction with Fundamental Films. The film is completed;
- *The Lake*, directed by Steven Quale, starring J.K. Simmons and Sullivan Stapleton, and produced by EuropaCorp. The film is shot and currently in post-production;
- *The Circle*, by James Ponsoldt, with Emma Watson and Tom Hanks, a film of which EuropaCorp acquired the distribution rights for the US. The film is currently in post-production;
- *Miss Sloane*, directed by John Madden with Jessica Chastain in the title role, and produced by EuropaCorp. The film is shot and currently in post-production; and
- *The Founder*, by John Lee Hancock, with Michael Keaton in the starring role, film of which EuropaCorp acquired distribution right for France. The film is completed.

The number of films distributed in H1 FY2016/2017 will be relatively limited, with most releases planned to occur over the second half.

Also, the new comedy directed by Dominique Farrugia, *Room(H)ates*, with Gilles Lellouche and Louise Bourgain in the main roles, started shooting on June 20th, 2016.

➤ TV series

EuropaCorp's next TV project with worldwide reach is the series *Taken*, a 10 one-hour episodes prequel of the hit trilogy, coproduced with Universal Television for NBC. The series is currently in production and its first broadcast is scheduled early 2017. Alexander Cary (*Homeland*) is the showrunner and Alex Graves (*Game of Thrones*) directs its pilot episode.

Two English-language TV series are in a mature stage of development and already under agreement with North-American networks:

- *AI (Artificial Intelligence)* based on the original idea of Luc Besson, for the cabled network TNT, in coproduction with TNT Studios et co-written by par Bill Wheeler (*Ghost in the Shell*); and
- *Bulletproof*, written by Corey Miller (*Reckless*), signed with Amazon Studios.

Three other series in English language are in an active development phase as well, to strengthen the line-up:

- *Hunch*, written by Chris Murphey (*Body of Proof*);
- *Life After Life*, after an idea of Luc Besson, a French-German coproduction; and
- *Inside*, a French-Italian coproduction.

EuropaCorp Television will produce several French language productions during FY2016/2017, including two new 90' from the Mary Higgins Clark collection for France 3, as well as a 90' fiction entitled *Un Ciel Radieux (Hare Yuku Sora)* for Arte, an adaptation of the graphic novel by Jirō Taniguchi, directed by Nicolas Boukhrief.

EuropaCorp Television is currently developing numerous projects with different French networks, among them notably:

- The series adaptation of the *Crimson Rivers* novel, a French-German coproduction along with France 2 and Maze Pictures, and of which Jean-Christophe Grangé will be the showrunner (8 one-hour episodes);
- *Traqués*, a 90' fiction for TF1;
- *La main sur le cœur*, a 3 one-hour episodes for France 3;
- *Aux animaux la guerre*, a 6 one-hour episodes for France 3, directed by Alain Tasma;
- *Je sais tomber*, a 90' fiction for Arte, directed by Alain Tasma; and
- *Et le viol devint un crime*, another 90' fiction by Alain Tasma, for France 3.

EuropaCorp Television will be pursuing collaborative efforts with all the French and international broadcasters to diversify its genres.

Financial calendar

General meeting of shareholders: September 2016

HY2016/2017 revenue and consolidated income: December 2016

FY2016/2017 annual revenue: May 2017

FY2016/2017 annual consolidated income: June 2017

ABOUT EUROPACORP

EuropaCorp is one of Europe's leading film studios. Founded in 1999, EuropaCorp has operations spanning production, theatrical distribution, video and VOD, and French TV sales, as well as the operation of theaters since the opening of the first EuropaCorp multiplex in Aéroville in 2013. EuropaCorp also has international rights, partnerships and licensing, production and soundtrack publishing activities. The Group has also been producing TV series since 2010. EuropaCorp's integrated business model allows it to benefit from diversified sources of revenue. With a line-up boasting various types of films and a very strong foothold in international markets, the Group has produced France's biggest international hits in recent years. In February 2014, EuropaCorp joined forces with Relativity Media to create RED, a distribution joint venture in the United States, allowing it to fully control its distribution in the United States and maximize the visibility of its films in international markets. EuropaCorp was founded by French filmmaker, screenwriter and producer Luc Besson. The Group owns a catalogue of 500 movies and has 150 permanent employees.

For more information, go to www.europacorp-corporate.com

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ISIN code: FR0010490920 – Ticker: ECP