



EUROPACORP

PRESS RELEASE

EuropaCorp announces its 2016/2017 half-year results

- **Half-year net loss of €27.6 million due to under-performance of recent films**
- **Completed major transactions to provide company additional financial strength through restructure of debt and raise of fresh capital**
- **Signed an agreement for the sale of its multiplex activities to Cinémas Gaumont-Pathé to refocus on its core business activities**

Saint-Denis, 16 December 2016 – EuropaCorp, film producer and distributor and one of the very first independent film studios in Europe, today announces its revenue and consolidated half-year results at 30 September 2016.

Half-year results

€ million	Sept. 30, 2016 (6 months)	Sept. 30, 2015 (6 months)
Revenue	60,6	76,6
Cost of Sales	-70,4	-55,9
Operating margin	-9,8	20,7
Operating profit (loss)	-33,6	-4,1
Financial income	-7,4	-7,6
Net income - Group share	-27,6	-3,5

To be compliant with IFRS 5, the multiplex activity – which sale is under process - has been restated within the consolidated half-year 2016-2017 financial statement above. The net income for that specific line of business as of September the 30th, 2016 (-1.8M€) has been booked directly in « Net Income – Group Share ».

A revenue of €60.6 million compared to €76.6 million in the first half-year of the previous financial year

International Sales stand at €25.6 million, i.e. approximately 40% of total turnover, and comprise primarily international deliveries of the film *Nine Lives*, as well as royalties collected on films from the catalogue (notably *Lucy* and *Taken 3*). The drop in revenue observed over the half-year comes mainly from fewer royalties collected from the catalogue.

The revenue linked to **Theatrical Distribution** activity stands at €8.6 million compared to €8.1 million, and includes €1.6 million for the activity in France and €7.0 million for that in the United States. The activity was marked by the release of the following films:

- *The Nice Guys*, released on 15 May 2016 in French cinemas (381,000 admissions), and
- *Nine Lives*, released on 3 August in France and 5 August in the US (at 30 September 2016, respectively 235,000 French admissions and \$19.7 million at the domestic box-office).

The turnover for **Television rights** rose over the half-year to €14.8 million, i.e. 24% of total revenue, compared to €11.1 million during the first half-year of FY 2015/2016. This increase in turnover corresponds mainly to the opening of broadcasting rights windows on the period for the films *The Transporter Refueled* (in the United States and in France) and *Taken 3* (France).

Given the lack of delivery over the period, the **TV Series** activity generated a €0.8 million revenue during the first half-year 2016/2017, compared to €3.4 million.

A half-year loss of €27.6 million, compared to a loss of €3.5 million over the first half-year of the previous financial year

The consolidated operating margin is €(9.8) million, compared to €20.7 million for the first half-year of the previous financial year. This downgrade is explained by (i) the under-performance of the film *Nine Lives* in the United States and (ii) write-offs of films that are not yet released (€15,6 million) reflecting the latest revenue and cost predictions estimated by the Group.

The half-year financial result is at a loss of €7.4 million, stable in relation to last year, and mainly reflects the financial interest incurred over the period, notably on senior and secondary lines of credit as well as latent exchange rate effects.

After taking into account the positive tax effect for €15.4 million, the net half-year income share of the Group recorded a loss of €27.6 million.

The cash-flows generated by operations over the half-year amounted to €(6.0) million compared to €21.6 million during the first half-year of the previous financial year.

During this first half-year, the Group invested €97.5 million in the production of motion pictures and television fictions, compared to €84.6 million during the first half-year 2015/2016. These significant investments mainly concerned the production of English-language films with strong international potential (notably *Valerian and the City of a Thousand Planets* and *Miss Sloane*), French-language films (*Room(h)ates*) and TV series (mainly *Taken*).

Major events that have occurred since the beginning of FY2016/2017

Three major transactions have been closed since the beginning of FY2016/2017 thus allowing the Company to have additional significant resources to implement its strategy, namely to produce and distribute films and TV series with international potential:

- extension of the secondary line of credit with funds managed by Vine Alternative Investments Group LLC for \$30 million, thus increasing the line to \$80 million. EuropaCorp also amended its senior credit facility led by JP Morgan to provide increased flexibility and reduce the overall financing costs to EuropaCorp for the senior credit facility. This transaction was closed on 30 September 2016;
- capital increase reserved for FF Motion Invest, a subsidiary of Fundamental Films, for €60 million and realised on 21 November 2016;
- sale of the Multiplexes activities to the group Cinémas Gaumont-Pathé, signed on 14 December 2016.

Outlook

As announced during the publication of the 2015/2016 annual results, the Group set itself the following priority objectives for the coming financial years and is mobilising its teams to deploy them:

- increase the number of English-language films to fuel our worldwide distribution pipeline
- return to historic output level of French-language films
- grow English-language TV to become a major player on the world stage
- make the sci-fi epic *Valerian and the City of a Thousand Planets* a new successful franchise
- expand existing franchises and develop new ones

The Group is thus building a solid line-up for the coming financial years:

Two productions in English and one in French have been released in cinemas since the end of the first half-year:

- *Shut In*, directed by Farren Blackburn, with Naomi Watts: released on 11 November in the United States and on 16 November in France;
- *Miss Sloane*, directed by John Madden, with Jessica Chastain: released on 9 December in the United States and on 8 March 2017 in France;
- *Les têtes de l'emploi*, by Alexandre Charlot and Franck Magnier, with Franck Dubosc, for which EuropaCorp ensured the distribution in France: released on 16 November in France.

The second half-year will also see the releases of the following films:

- *The Founder*, directed by John Lee Hancock, starring Michael Keaton, a film for which EuropaCorp bought the distribution rights for France, will be released on 28 December 2016;
- *Their Finest*, a film by Lone Scherfig, with Gemma Aterton, Sam Claflin and Bill Nighy, for which EuropaCorp acquired the distribution rights for the United States, will be released on 24 March 2017;
- *The Warrior's Gate*, first Franco-Chinese co-production between EuropaCorp and Fundamental Films, produced by Matthias Hoene with Uriah Shelton, Dave Bautista and Mark Zhao.

Given the net loss recorded over the first semester of 2016/2017 and in view of the film line-up for the second semester, a net loss is expected for the 2016/2017 financial year.

The Group anticipates a return to a more dynamic growth in 2017/2018 with long-awaited films and series such as *Valerian and The City of a Thousand Planets*, *Room(h)ates*, *Taxi 5*, etc.

Other films in English, currently in post-production or finished, will be released in FY2017/2018:

- *Valerian and The City of a Thousand Planets*, the highly anticipated science-fiction epic by Luc Besson, starring Cara Delevingne and Dane DeHaan, will be released on 21 July 2017 in the United States; film finished production ahead schedule and is currently under budget;
- *The Circle*, a film by James Ponsoldt, with Emma Watson and Tom Hanks, for which EuropaCorp acquired the distribution rights for the United States, will be released on 28 April 2017;

Concerning productions in French for the coming financial years, EuropaCorp is currently developing:

- *Room(h)ates*, a comedy by Dominique Farrugia, with Gilles Lellouche and Louise Bourgoïn: in post-production, release in French theaters due on 19 April 2017;
- *CoeXister*, a comedy by and with Fabrice Eboué, also starring Ramzy Bedia, Guillaume de Tonquédec and Audrey Lamy: in post-production;
- *Je vais mieux*, directed by Jean-Pierre Améris, with Eric Elmosnino, Alice Pol and Ary Abittan: shooting;
- *Taxi 5*, new opus of the successful series, with Franck Gastambide and Malik Benthala: in development.

As for the **TV Series** activity, the second half-year of the financial year will be marked by the delivery of 10 episodes of the series *Taken*, the prequel of the successful first eponymous film co-produced with Universal Television for NBC, and the delivery of two TV films for France 3 and Arte.

Among the other series and TV films produced by EuropaCorp Television and currently being filmed, the animated series *Arthur and the Minimoys*, in executive co-production with Studio 100 Animation (*Maya l'Abeille*, *Vic le Viking...*) is scheduled to be delivered during FY2017/2018.

Furthermore, three other series in English are currently at an advanced stage of development and have already been the subject of writing agreements for a pilot with US networks: *Hunch* with CBS, *AI (Artificial Intelligence)* with TNT, and *Last Hope* with NBC.

There are half a dozen series and TV films of varied genres of televised productions in French which are also at an advanced stage of development with, among others, TF1, France 2, France 3, Arte and ProSiebenSat.1, highlighting the Group's ability to collaborate with all French and international broadcasters.

The half-year financial report will be available 21 December 2016 on the website <http://www.europacorp-corporate.com>, section Publications/Periodical financial reports.

Financial calendar

May 2017 Annual 2016/2017 revenue
June 2017 Consolidated annual 2016/2017 income

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. 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 2014, EuropaCorp entered direct distribution for its films in the United States. 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

Contacts

EuropaCorp Group

David Sebah | Investors Relations | investors@europacorp.com

Régis Lefèbvre | Communication | rlefebvre@europacorp.com

Tel: +33 1 55 99 50 00

Financial communication

NewCap | Julie Coulot | jcoulot@newcap.fr | +33 1 44 71 94 94

Press Relations

CLAI | Nicolas Obrist | europacorp@clai2.com | +33 1 80 50 53 10

EuropaCorp is listed in Compartment C of Euronext Paris
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Appendix

<i>Revenue by segment (€ million)</i>	Q1 2016/17	Q1 2015/16	Q2 2016/17	Q2 2015/16	HY1 2016/17	HY1 2015/16	Δ
International sales	5,1	3,6	20,5	32,7	25,6	36,4	-29,6%
<i>% of revenue</i>	25,0%	20,8%	51,0%	55,3%	42,2%	47,5%	
Theatrical Distribution	0,9	0,6	7,6	7,5	8,6	8,1	6,4%
<i>% of revenue</i>	4,6%	3,3%	19,0%	12,6%	14,1%	10,5%	
Video & VOD	2,2	4,9	1,1	2,1	3,3	7,0	-52,6%
<i>% of revenue</i>	10,7%	27,9%	2,8%	3,6%	5,5%	9,1%	
Television	7,6	1,8	7,1	9,3	14,8	11,1	32,7%
<i>% of revenue</i>	37,3%	10,3%	17,8%	15,8%	24,4%	14,5%	
Subsidies	3,1	0,9	0,1	1,5	3,2	2,4	30,2%
<i>% of revenue</i>	15,1%	5,1%	0,2%	2,6%	5,2%	3,2%	
TV series	0,3	1,5	0,5	1,9	0,8	3,4	-75,2%
<i>% of revenue</i>	1,7%	8,3%	1,2%	3,3%	1,4%	4,4%	
Events	0,3	1,0	0,3	1,1	0,6	2,0	-72,4%
<i>% of revenue</i>	1,5%	5,5%	0,7%	1,8%	0,9%	2,7%	
Multiplex *	-	1,7	-	1,6	-	3,3	-100,0%
<i>% of revenue</i>	0,0%	9,7%	0,0%	2,6%	0,0%	4,2%	
Other Activities	0,9	1,6	2,9	1,4	3,8	2,9	28,9%
<i>% of revenue</i>	4,2%	9,0%	7,3%	2,3%	6,3%	3,8%	
TOTAL	20,5	17,5	40,2	59,1	60,6	76,6	-20,8%

* cf. : comments on page 1 regarding the application of IFRS 5 on the half-year 2016/2017 consolidated financial statements.