



EUROPACORP

PRESS RELEASE

Financial results 2018/2019

- ❖ Return to a positive operating margin of €28 M i.e. +€49 M compared to N-1, thanks to a slate more closely aligned with company's historic successes
- ❖ New significant decrease in overheads : savings of €7 M, after a first decrease of €16 M last year
- ❖ Net result of €(110) M, mainly due to non-recurring impairments with no cash impact for about €(74) M
- ❖ Stable operating cash flows : €102 M (against €107 M in N-1), thanks notably to the first cash receipts from the film *Anna*

Saint-Denis, 27 June 2019 – EuropaCorp, one of the leading independent film studios in Europe, film producer and distributor, reports its annual consolidated income, which ended on March 31st, 2019, as approved by the Board of Directors at its meeting on June 26th, 2019.

Profit & Loss – € million	31 March 2018	31 March 2019	Var.	Presentation IFRS 5*		
				31-mars-18	31 March 2019	Var.
Revenue	226,5	150,0	-76,5	221,1	148,7	-72,4
Cost of sales	-246,8	-121,6	125,2	-243,8	-121,4	122,4
Operating margin	-20,3	28,4	48,6	-22,7	27,3	50,0
<i>% of revenue</i>	-9%	19%		-10%	18%	
Operating income	-68,7	-79,0	-10,3	-74,5	-71,2	3,3
<i>% of revenue</i>	-30%	-53%		-34%	-48%	0
Net Income	-82,5	-109,9	-27,4	-82,5	-109,9	-27,4
<i>% of revenue</i>	-36%	-73%		-37%	-74%	

* To be compliant with IFRS 5, the activity related to Music Publishing, French Television and exploitation of the catalog Roissy Films, sold, have been restated within the consolidated FY 2018/19 and FY 2017/18 financial statements above. The net income for these specific lines of business as of 31 March 2019 (-7.7 M€) and 31 March 2018 (+6.8 M€) has been booked directly in the Net Income

- **Revenue of €150.0 M, decreasing by €76.5 M (-34%) versus 2017/2018, but in line with the previous financial years (€151.7 M for 2016/2017 and €147.3 M for 2015/2016). As a reminder, revenue for FY 2017/2018 had been increased (+€75 M) by the release of the film *Valerian and the City of a Thousand Planets*.**

International sales stood at €51.9 million for the fiscal year, or approximately 35% of total turnover, versus €76.7 million last year. They mainly comprised of deliveries of the film *Anna* to Lionsgate, while last year revenue included *Valerian's* international deliveries.

Television & SVOD sales in France and the United States stood at €32.2 million, or 21% of total turnover, versus €40.9 million in 2017/2018. This turnover was mainly driven by the French market and corresponds essentially to the opening of broadcasting rights windows for *Taxi 5* and for films from the catalogue such as *Valerian*, *Coexist*, *Lucy* and *Taken 3*.

Revenue for the TV Series activity rose by 8% to €24.4 million for FY 2018/2019, or 16% of total turnover. It corresponds to the delivery to NBC of the last 6 episodes from the second season of the international series *Taken*, as well as the international sales of this same series (seasons 1 and 2).

The Video & VOD segment represented around 9% of the annual revenue, coming in at €14.1 million, versus €33.2 million in 2017/2018 (significant physical and digital sales in the US last year, in particular for *Valerian*).

Theatrical distribution revenue was €6.8 million for FY 2018/2019, or around 5% of total revenue, against €39.6 million in 2017/2018. The decrease is due to the high sales in 2017/2018 following the release in France and the US of *Valerian*.

Subsidies generated during FY 2018/2019 stood at €3.1 million.

The Other item corresponds mainly to post-production, licenses, partnerships, events and coproduction / line production receipts. It recorded revenue of €17.5 million versus €7.1 million for the previous financial year (excluding discontinued operations). The growth is due to the coproduction receipts for the film *Taxi 5* and those of line production for *Kursk*.

- **Return to a positive operating margin of €28.4 M, thanks notably to the strategy of refocus on core business and to the decrease in Print & Advertising expenses in the United States. Given the recognition of non-recurring impairments and a significant negative financial income, a loss of €(109.9) M was incurred this financial year, compared to €(82.5) M for last financial year.**

The operating margin stood at +€28.4 M versus €(20.3) M last year, or a +€48.6 M increase mainly due to a slate more closely aligned with company's historic successes (*Taxi 5*, *Anna*) and to the strong decrease in P&A expenses in the United States (no theatrical release this year in the US versus 3 films released last year).

Overheads were at €(29.8) M, or a decrease of €7.2 M compared to N-1 (-20%), confirming the effectiveness of the measures implemented by the Group to reduce general expenses, which had already decreased by €15.9 M (-30%) during last financial year.

Operating income was €(79.0) M and was impacted by non-recurring impairments for €(73.6) M, with no cash impact, namely:

- The impairment of the intangible asset relating to the distribution of films in the United States for an amount of €(60.3) M, given the revision of the forecasted net future receipts generated by this activity;
- The impairment of the goodwill *Roissy Films* for €(8.6) M;
- Other non-recurring impairments for €(4.7) M.

Financial income was €(28.9) M versus €(8.1) M in N-1, degradation mainly due to unrealized foreign exchange losses. It also included financial interests incurred over the period, notably on the Secondary line of credit.

After taking into account taxes for €(1.2) M, net income was €(109.9) M versus €(82.5) M last year.

- **Stable net operating cash flows at a high level**

The net operating cash flows remained at a high level at €101.7 million versus €107.4 million in FY 2017/2018:

- Collection of *Anna's* main international sales;
- Much less P&A costs disbursed in the United States than last year (no theatrical release this year in the US versus 3 films released last year).

➤ CAPEX

During FY 2018/2019, the Company invested €11.5 M in the production of films and series, versus €90.2 M during FY 2017/2018. This decrease is due to the significant investments last year in the films *Anna*, *Kursk* and *Taxi 5* as well as in the series *Taken*. Main investments this financial year were on a part of the production cost of *Anna* and on *Nous finirons ensemble (Little White Lies 2)*.

During the fiscal year, the Company also sold its activity of exploitation of films from the catalog *Roissy Films* to the group Gaumont.

➤ Financial structure

As of March 31, 2019, net debt was €159 M versus €235 M as of March 31, 2018. This decrease was mainly due to the reimbursement of production debts related to *Anna*, the series *Taken* and *Taxi 5*.

➤ Outlook

The Group has set the following priority objectives for the coming year:

- Reinforce company's financial strength and restructure its debts within the scope of the safeguard proceeding opened since 13 May 2019, in order to negotiate the terms of a financial stabilization of the company;
- Continue the development of creative content closer to the historic successes of the company and start the production of :
 - Action and sci-fi films produced with controlled budget, covered by significant pre-financings, with a strong implication of Luc Besson (as writer, director and/or producer) ;
 - English-language TV series with strong international potential, such as *Taken* ;
- Continue to reduce overhead expenses.

Concerning the 1st half-year 2019/2020 lineup, one French-language film and one English-language film are set to be released:

- *Nous finirons ensemble (Little White Lies 2)*, directed by Guillaume Canet, with François Cluzet, Marion Cotillard and Gilles Lellouche, released on 1 May 2019, has registered 2.7 million admissions to date.
- *Anna*, directed by Luc Besson, starring Sasha Luss, Luke Evans, Helen Mirren and Cillian Murphy. The film was released in the United States on 21 June 2019 and will be released in France on 10 July 2019. It made \$3.6 M at the US box office for its opening weekend.

Among the projects currently in development for TV series:

- *The Extraordinary Adventures of Adele Blanc Sec*, based on the French graphic novel by Jacques Tardi;
- A project of TV series about the great history of jazz, with Luc Besson as showrunner.

Financial calendar

- Annual General Meeting: September 2019
- Revenue and consolidated financial statements for the 1st semester: December 2019
- Annual revenue: May 2020
- Annual consolidated financial statements: June 2020

ABOUT EUROPACORP

Founded in 1999, EuropaCorp has become one of Europe's leading film and television studios.

The company's global activities span the entire film value chain with expertise in production, theatrical distribution, video and VOD sales, international sales, soundtrack publishing, and television sales. By directly managing the production and distribution process, EuropaCorp is able to maintain quality and creativity throughout the lifecycle of a film or television project. The company has produced or coproduced over 110 films and distributed over 160 films in French cinemas. Since 1999, the company has produced 10 of France's 20 highest grossing films internationally and 22 films among the 70 French productions with the most admissions internationally (source Le film français – May 17 2019). Starting in 2010, the company has been active in producing television movies and episodic television series for platforms around the world.

EuropaCorp was founded by French director, screenwriter and producer Luc Besson.

For more information, go to <http://www.europacorp.com/>

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EuropaCorp is listed in Compartment C of Euronext Paris

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