PRESS RELEASE

2019/2020 half-year results

- **Positive operating margin of €13.2 M, increasing by 40% compared to H1 2018/2019**
- **Continued overhead cost reduction, in decrease by 29% compared to H1 2018/2019**
- **Net result however in deficit, hampered by non-recurring expenses related to restructuring and by negative financial result**

Saint-Denis, 13 December 2019 – EuropaCorp, producer and distributor of films and TV series, announces today its revenue and consolidated half-year results as at 30 September 2019.

Half-yearly results – H1 2019/2020

				Presentation IFRS 5*	
Consolidated income (€ million)	**30 Sept. 2019 (6 months)**	**30 Sept. 2018 (6 months)**	***Variation (€M)***	**30 Sept. 2018 (6 months)**	***Variation (€M)***
Revenue	**40,7**	**81,4**	***-40,7***	**80,8**	***-40,1***
Cost of sales	-27,5	-71,8	*44,3*	-71,4	*43,9*
Operating margin	**13,2**	**9,6**	***3,6***	**9,4**	***3,8***
% of Revenue	*32,4%*	*11,8%*		*11,7%*	
Operating income	-1,7	-62,7	*61,0*	-55,1	*53,4*
% of Revenue	*-4,2%*	*-77,0%*		*-68,2%*	
Financial income	-16,5	-16,2	*-0,3*	-16,2	*-0,3*
Net Income (Group share)	**-22,7**	**-88,9**	***66,2***	**-88,9**	***66,2***
% of Revenue	*-55,9%*	*-109,2%*		*-110,0%*	

** To be compliant with IFRS 5, the activity related to the catalogue Roissy Films, held for sale as of 30 September 2018, had been restated within the consolidated H1 2018/19 financial statements and booked directly in «Net Income – Group Share». This business line was sold in March 2019.*

- **Revenues of €40.7 M, in decrease by €(40.1) M compared with the first semester of last fiscal year linked notably to the significant revenues from TV series during H1 2018/2019 (delivery of the last episodes of *Taken* season 2) as well as revenues from line production and coproduction as of 30 September 2018.**

Foreign Sales amounted to €9.3 M, or about 23% of total revenue. They are down by €(2.5) M compared to N-1. They included notably the last deliveries of *Kursk,* the ones of *Nous finirons ensemble (Little White Lies 2),* as well as overages collected on the films *Lucy* and *Taken 3.*

Revenue from **Theatrical Distribution** stood at €6.6 M against €5.7 M during H1 2018/2019. The semester was marked by the theatrical release of *Nous finirons ensemble (Little White Lies 2)* with 2.8 million admissions in France.

The **Video & VOD** segment in France and the United States came in at €3.0 M, versus €8.8 M last year. The main sales were for films from the catalogue, *Valerian and the City of a Thousand Planets* and *Renegades* in the United States, and *Taxi 5* in France.

Television sales & SVOD in France and the United States were at €16.7 M for H1 2019/2020, down by €(1.6) M (-9%) compared to N-1. In France, revenue for the period is linked to the opening of new broadcasting rights windows, notably for *Renegades* and *I Feel Better,* and in the United States to cable TV network sales for *Valerian and the City of a Thousand Planets.*

Revenue for the **TV Series production** activity amounted to €3.1 M (overages for *Taken* series), compared to €19.8 M in H1 2018/2019, given the delivery to NBC of the last six episodes of *Taken* season 2 during H1 2018/2019.

Other activities recorded revenue of €1.1 M or a decrease of €(13.1) M compared to H1 2018/2019, due to the significant line production receipts (*Kursk)* and those of coproduction (*Taxi 5)* as of 30 September 2018.

- **Positive operating margin of €13.2 M (32% of revenues), increasing by 40% compared to H1 2018/2019**

Consolidated net result was €(22.7) M, versus €(88.9) M during the first semester of the previous financial year which was marked by non-recurring impairments for €(80.7) M, notably of the intangible asset relating to the distribution of films in the United States. Net result of €(22.7) M as of 30 September 2019 is principally impacted by the negative financial result (cf. below) and by the non-recurring result of €(5.2) M which mostly comprised fees linked to the debt restructuring currently being finalized.

The operating margin stood at €13.2 M for H1 2019/2020 (or an operating margin of 32%), versus €9.4 M in H1 2018/2019 (or 12% of revenues). This profit margin can be mainly explained by a high margin on the catalogue exploitation.

Overheads were at €(9.6) M, or a decrease of €4.0 M compared to N-1 (-29%), confirming the effectiveness of the measures implemented by the Group to reduce general expenses, which had already decreased by €7.2 M (-20%) at 31 March 2019.

Half-year financial income was €(16.5) M, versus €(16.2) M in N-1. The negative financial result is mainly explained by a significant cost of debt, around €(11) M, and by foreign exchange loss of around €(4) M linked to the €/$ rate evolution since 31 March 2019.

After taking into account taxes for €(4.0) M (against €(9.3) M in N-1), half-year Net income (Group share) was €(22.7) M.

➢ Positive cash flows

The net operating cash flows of the semester amounted to +€10.8 M, versus +€35.6 M for the first semester of last financial year. The decrease is linked notably to the cashing of theatrical receipts concentrated on the first month of the 2nd semester 2019/2020 and to a limited number of films released in France and/or delivered internationally during the 1st semester of financial year 2019/2020.

Given the current debt restructuring, there was almost no investment during H1 2019/2020.

➢ Financial structure

As of 30 September 2019, net debt was €164 M versus €221 M as of 30 September 2018. This decrease compared to the first semester 2018/2019 is principally due to the reimbursement of production debts.

➢ Perspectives

During the first semester of FY 2019/2020, the Company has continued the discussions initiated with its lenders to restructure the debts, with various positive advances. The discussions have also focused on the rationalization of the leased area at the Cité du Cinéma and the corresponding rent. A project of safeguard plan could not be finalized during the initial 6-month period. The Company has then asked the Commercial Court of Bobigny and obtained, in its ruling of 29 October 2019, the extension of the observation period of the safeguard proceeding for another 6 months, or until 13 May 2020. It will allow the Company to continue the discussions with the various stakeholders in order to finalize a safeguard plan enabling the group to continue its activity with a lightened debt structure.
In due time, the Company will inform the market of the outcome of the discussions and the current safeguard proceeding.

Considering, notably, the loss recorded on the first semester, EuropaCorp will recognize a financial year 2019/2020 in deficit.

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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