



EUROPACORP

PRESS RELEASE

Consolidated annual income on 31 March 2010 and future perspectives

- Operating margin is down €6.2m and the Group's net income has decreased by €-9.8m
- A significant increase in the value of the catalogue (films already released) to €128m reflecting investments made
- A solid financial structure and significant net lending
- Continuation of the strategy to internationalize the line-up and to increase regular income from TV production in particular

Paris, 29 June 10 – EUROPACORP (FR0010490920), film producer and distributor and one of Europe's leading independent film studios today announces its consolidated annual revenue until 31 March 2010, adopted by the Board of Directors on 28 June 2010 for the financial year 2009/2010.

Consolidated annual income

Consolidated accounts (M€)	Financial year 2009/2010	Financial year 2008/2009	%
Revenue	181.3	128.5	41.1%
Cost of sales*	-175.1	-100.5	74.2%
Operating margin (<i>excluding overheads</i>)	6.2	28.0	-77.9%
<i>% of Revenue</i>	3.4%	21.8%	
Operating income	-16.2	7.4	-318.9%
<i>% of Revenue</i>	-8.9%	5.8%	
Net income (Group share)	-9.8	9.4	-204.3%
Shareholders' equity	132.0	145.4	-9.2%

*including film amortization

- An increase of more than 40% in revenue

Revenue has increased significantly by +41.1% to €181.3 million. This substantial growth, mainly achieved in the second half-year, stems from the high international sales figures and the large number of films distributed during the financial year – 18 films in 2009/2010 compared with 10 films for the previous financial year. For the line-up distributed during the financial year, the rate of coverage for productions and co-productions amounted to 80%.

- *Decrease in operating margin (before overheads)*

Taking into account the high number of films distributed during the financial year, the disappointing performance of some films released in France and the rules governing amortization, which are considered prudent by the Group (an average 60% amortization of the film's cost in its 1st year), there is, as announced previously, a significant decrease in the operating margin before overheads and totals 6.2 million euros. The figures for the amortization of films for the period has therefore grown substantially to 115.6 million euros on 31 March 2010 compared with 61.1 million euros on 31 March 2009. The cost of sales thus amounts to 175.1 million euros, or a 74% increase compared to the previous financial year.

- *Overheads are under control*

Overheads totalled 22.2 million euros in 2009/2010 as compared with 20.5 million euros in 2008/2009, due to increased French business taxes and the renewal of loans. The ratio in relation to revenue has decreased from 16% at 31 March 2009 to 12.3% at 31 March 2010.

- *Net income Group share is down by -€9.8m*

The operating income is -16.2 million euros. After taking into account the "Taxes" category at 5.9 million euros and the minority interests, the net income Group share of the Group amounts to -9.8 million euros.

Considering perspectives which remain favourable in the medium-term, the Board of Directors has decided to propose to the General Meeting of shareholders that the paying out of dividends is suspended for the last financial year in order to help finance future investments of the Group.

Significant growth in the value of the catalogue (films already released on 31 March 2010, excluding projects and on-going productions)

The independent firm Accuracy valued the catalogue of audio-visual rights owned by EuropaCorp and only covering productions which had been released by 31 March 2010 at 128.1 million euros compared with 100 million euros on 31 March 2009. The Group sees the catalogue's development as significant in increasing the value of the company in the medium-term.

This considerable increase in the value of the catalogue is the result of a large number of films distributed during the financial year and the high commercial value of high-budget films distributed during the financial year, including second life sales (mainly television broadcasts and DVD sales) which have traditionally resulted in substantial revenues being generated over several financial years.

Solid financial structure

Despite a fraught banking financing context, EuropaCorp announced on 15 April 2010 that it had renewed its main line of credit at 100 million euros for 3 years and 9 months. The Group therefore has significant net lending to fund its future projects. The net debt equity ratio was .65 at the end of March 2010 (compared with .42 on 31 March 2009).

The Group remains cautious as far as cash flow generation is concerned. Cash flow was 91.5 million euros at the end of March 2010 compared with 93.2 million euros during the previous financial year, representing a small decrease of -1.8%. The concentration of revenue in the last quarter of the financial year resulted in the cash inflow being carried over into the next financial year, impacting the level of net debt at the close of the financial year.

Perspectives

For the financial year 2010/2011, with fewer films due for release, EuropaCorp will keep a strict control of its overheads and will continue to invest significantly in the production of films with an international dimension. Shooting will begin this summer for two new films with strong international potential including *Lock-Out*, futuristic thriller directed by Stephen St Leger and James Mather. These two productions will be released during the 2011/2012 financial year, for which EuropaCorp aims to put together a line-up of 50% English-language films.

At the same time, television production will be launched only three months after the acquisition of CIPANGO. Shooting of thirteen one-hour long episodes of "XIII – the series" is due to start at the beginning of the summer. These 13 episodes will build on the success of the mini series (adapted from the eponymous Jean Van Hamme and William Vance comic-strip) broadcast on Canal Plus and M6, sold in more than 50 countries and broadcast during prime-time on NBC in the US. Furthermore, the TV series productions of the *Transporter* and *Arthur* franchises, coproduced and financed by Lagardère Entertainment and Zagtoon respectively, are also due to be completed during the 2011/2012 financial year.

EuropaCorp reiterates its intention to implement its mid-term strategy based on 2 major factors: a significant proportion of sales will be made in the international market, producing higher profits, and regular revenue from both television production and catalogue sales where films have generally already been amortized, will be increased.

Calendar

12 August 2010:	Revenue 1 st Quarter
28 September 2010:	General Meeting of shareholders
30 November 2010:	Half-year revenue and results

Contacts

EuropaCorp

Séverine Madinier - *Investor Relations*

smadinier@europacorp.com

Tel: 01 53 83 03 03

NewCap

Axelle Vuillermet

avuillermet@newcap.fr

Tel: 01 44 71 94 93

EuropaCorp is listed on Euronext NYSE Euronext Paris
Code ISIN: FR0010490920 – Code MNEMO: ECP