

## Press Release

Paris (France) – 7 September 2018 at 08:00

## Ymagis Group Reports First Half-Year 2018 Earnings

**Continued transformation and deployment of new activities  
 Cost reduction programme at an annual rate of over €5.0M**

**Ymagis Group (FR0011471291, MAGIS, PEA-PME, TECH 40)**, the European specialist in technologies for the film industry, today reported its first half-year earnings for 2018, ending 30 June 2018, audited and approved by its Board of Directors following its meeting on 6 September 2018.

€m	HY 2018	HY 2017	Var. (%)
<b>Revenues</b>	<b>79.3</b>	<b>82.4</b>	<b>(3.7)%</b>
<b>EBITDA</b>	<b>15.8</b>	<b>20.0</b>	<b>(21.3)%</b>
Amortization	(14.2)	(17.6)	19.3%
<b>Recurring Operating Income (ROI)</b>	<b>1.6</b>	<b>2.4</b>	<b>(35.4)%</b>
Non recurring expenses	-	-	-
<b>EBIT</b>	<b>1.6</b>	<b>2.4</b>	<b>(35.4)%</b>
Net financial expenses	(2.9)	(2.3)	(22.7)%
<b>EBT</b>	<b>(1.3)</b>	<b>0.1</b>	<b>n.a.</b>
Share in net income of minority interests	(0.3)	0.0	n.a.
Income tax	(1.0)	(2.2)	53.2%
<b>Net Income, Group share (NI)</b>	<b>(2.6)</b>	<b>(2.1)</b>	<b>(24.1)%</b>
<i>EBITDA as a % of revenues</i>	<i>19.9%</i>	<i>24.3%</i>	
<i>ROI as a % of revenues</i>	<i>2.0%</i>	<i>3.0%</i>	
<i>NI as a % of revenues</i>	<i>(3.3)%</i>	<i>(2.5)%</i>	

### Scheduled reduction in VPF revenue and sustained growth in its other activities

Standing at €79.3M, revenue for the first half of 2018 was down 3.7% as compared to the same period in 2017 due to the particularly seasonal nature of CinemaNext's and Eclair's activities. Over a rolling 12-month period with the seasonal impact offset, revenue remained stable at €176.6M from the start of July 2017 to the end of June 2018 as compared to the same period the previous year. The organic growth of CinemaNext and Eclair activities therefore offsets the decline in VPF activity in line with the PERFORM plan.

As yet, the Group's new activities (EclairColor, EclairGame and virtual reality) only generate limited revenue amounting to €0.2M during the first half of 2018. This should show a significant improvement during the second half of the year thanks to the development of EclairGame (eSports in cinemas) and the opening of the Group's first virtual reality centres in the last quarter of 2018. These new activities should contribute significant revenue and earnings as of 2019.

## Operating earnings impacted by the launch of new activities and the Eclair transformation programme picks up speed

Operating earnings (EBIT) for the first half of 2018 reached €1.6M, down €0.9M compared to the previous year. This is notably down to a negative contribution of €0.6M from the new activities (EclairColor, EclairGame and virtual reality), which remain cost centres until the second half of 2018. Eclair's contribution fell by €1.4M, largely due to the costs linked to the digital transformation of its business segments.

Details of the contribution of each business unit to the Group's performance are shown below:

€m	Virtual Print Fee			CinemaNext		
	HY 2018	HY 2017	Chg. (%)	HY 2018	HY 2017	Chg. (%)
Revenues	26.7	31.3	(14.6)%	25.4	24.6	3.2%
EBITDA	20.3	21.5	(5.6)%	(1.4)	(0.3)	(345.1)%
EBIT	9.1	7.2	25.6%	(1.5)	(0.8)	(86.0)%
EBT	7.4	5.7	28.7%	(1.9)	(1.3)	(44.2)%
<i>EBITDA as a % of revenues</i>	76.0%	68.7%		(5.5)%	(1.3)%	
<i>FCI as a % of revenues</i>	34.0%	23.1%		(5.7)%	(3.2)%	
<i>NI as a % of revenues</i>	27.6%	18.3%		(7.3)%	(5.2)%	

€m	Eclair			Other activities		
	HY 2018	HY 2017	Chg. (%)	HY 2018	HY 2017	Chg. (%)
Revenues	27.0	26.5	2.1%	0.2	-	-
EBITDA	(2.7)	(1.1)	(144.9)%	(0.4)	-	-
EBIT	(5.4)	(4.0)	(34.9)%	(0.6)	-	-
EBT	(6.2)	(4.3)	(42.1)%	(0.6)	-	-
<i>EBITDA as a % of revenues</i>	(10.2)%	(4.2)%		n.a.	n.a.	
<i>FCI as a % of revenues</i>	(19.9)%	(15.1)%		n.a.	n.a.	
<i>NI as a % of revenues</i>	(22.8)%	(16.3)%		n.a.	n.a.	

The recurring operating earnings for **VPF** increased by over €1.8M. With the finance leases taken out to provide digital equipment gradually coming to an end, the operating margin of this activity is expected to continue to improve.

The **CinemaNext** BU contribution fell by approximately €0.7M due to the invoicing of several large equipment projects for multiplexes being pushed back to the second half of the year.

The contribution made by **Eclair** was down €1.4M under the triple effect of shrinking postproduction activity in France, a price drop affecting video and film content distribution activities despite an increased volume, and lastly, the setting up of a dedicated team to speed up the digital transformation of Eclair's business segments.

Net financial expenses stood at €2.9M, an increase of 23% as compared to the previous year. The payment of interest linked to the long-term financial debt (in particular Osea and EuroPP) account for the majority of this sum.

After taking into account tax expenses of €1.0M (as compared to €2.2M during the first half of 2017), the Group's attributable net income stood at (€2.6)M versus (€2.1M) a year earlier.

### Ongoing debt reduction programme for the Group

€m	HY 2018	2017		HY 2018	2017
Fixed assets	62.4	70.3	Equity	28.0	31.5
Other non current assets	5.9	6.2	Financial debts	28.4	55.6
<b>Non current assets</b>	<b>68.2</b>	<b>76.5</b>	Other non current liabilities	8.6	10.1
Inventories	9.3	7.9	<b>Non current liabilities</b>	<b>65.1</b>	<b>97.3</b>
Receivables	59.5	61.3	Financial debts	43.8	23.4
Other current assets	17.6	18.3	Other current liabilities	55.0	59.2
Cash	9.2	15.7	<b>Current liabilities</b>	<b>98.8</b>	<b>82.5</b>
<b>Current assets</b>	<b>95.6</b>	<b>103.3</b>	<b>LIABILITIES</b>	<b>163.9</b>	<b>179.8</b>
<b>ASSETS</b>	<b>163.9</b>	<b>179.8</b>			

On 30 June 2018, Group equity stood at €28M, down 11% in relation to 31 December 2017. The net financial debt amounted to €63.0M on 30 June 2018 as compared to €63.2M six months earlier (and €70.9M on 30th June 2017), the cash flow having been devoted to substantial investments.

Borrowings maturing in less than one year increased due to the upcoming scheduled repayment in February 2019 of the first tranche of the EuroPP loan, which Ymagis is preparing to cover. A programme has also been launched to bring customer payment deadlines back to a standard 60 days which should have a positive impact on the Group's cash flow in the very short term.

### Outlooks: cost savings programme, continued digital transformation of Eclair - imminent launch of new virtual reality activities

Ymagis has decided to launch a cost savings plan in September 2018 which will reduce the Group's fixed expenses by at least €5.0M over a full year as from 2019. This programme will be accompanied by cost-cutting actions both in the parent company and the two technological services BUs. It is expected to help to speed up a return to profitability for the two BUs and ensure the targets of the PERFORM plan are met.

Ymagis Group is also continuing its development strategy focusing on internationalisation and innovation. The Group has strengthened its position in its key markets worldwide and opened new territories in its two main centres of activity. The innovations launched in 2017 - the new EclairColor HDR standard as well as the EclairPlay, EclairTrack and EclairSend platforms and digital solutions - have been well-received by the market and are enjoying rapid development.

Moreover, the Group has inaugurated its new sites in Liège, Paris and Dusseldorf. This strategic reorganization has allowed for the consolidation of teams to reduce costs (in particular, rental expenses),

increase synergies and set up a new, optimized supply chain. The positive effects of these actions should be seen in CinemaNext's earnings during the second half of 2018.

As planned, Ymagis will be launching both its owned & operated virtual reality centres and in partnership with cinema exhibitors during the last quarter. Ymagis has identified the VR LBE (Location Based Entertainment) market as a high-potential segment able to generate high margins. Ymagis considers that this new activity may constitute a major driver of profitable growth for the Group at a moderate financial risk. The Group has already planned to deploy several sites as of late 2018 and wishes to step up its deployment with a minimum of one site opening each month beginning in January 2019. Moreover, Ymagis is preparing to provide "arcade" type virtual reality solutions which can be operated in cinemas. This offer will be brought to market at the end of September 2018.

The business model for this new activity is now developed by a dedicated subsidiary, Ymagis Entertainment, and will be presented to investors in October on the site of the first VR centre, due to open in Paris that month.

The Group remains confident in its ability to achieve its 2018 annual target to see the reduction in its VPF revenue compensated by the organic growth of its technological activities. It reiterates the profitability targets included in its PERFORM plan for 2020, with the new activities providing the potential to exceed them.

## Availability of the Half-Year 2018 Financial Earnings Report

Ymagis Group's Half-Year 2018 financial report has been filed today with the AMF and is available on the Group's website through its Investor Relations section under "Publications".

## Next press release on 9th November 2018: Revenue for Q3 2018

### ABOUT YMAGIS GROUP

Ymagis is a European leader in advanced digital technology services for the cinema industry. Founded in 2007, the Group is headquartered in Paris and has offices in 25 countries with 770 employees. Our core business is structured around three main units: CinemaNext (exhibitor services: sales and field services, software solutions, customer service/NOC and consulting), Eclair (content services: postproduction, theatrical delivery, digital distribution, versioning and accessibility, restoration and preservation) and Virtual Print Fee (VPF) for finance solutions. For more information, please visit [www.ymagis.com](http://www.ymagis.com), [www.cinemanext.com](http://www.cinemanext.com) or [www.eclair.digital](http://www.eclair.digital)

YMAGIS is listed on Euronext Paris and is part of the CAC Small, CAC Mid and Small and CAC All-Tradable indices.

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