



Press release

Paris, 28 March 2017

RECORD 2017 ANNUAL RESULTS

Revenue: +54%
Operating income: +77%
Net income: +86%

An increasingly strong, virtuous business model

The Board of Directors of **Xilam Animation S.A.** convened on 27 March 2018. The meeting, chaired by Marc du Pontavice, was held to review the consolidated financial statements as at 31 December 2017.

<i>Consolidated income statement (in thousands of euros)</i>	2017 ⁽¹⁾	2017 restated ⁽²⁾	2016	% chg.
New productions ⁽³⁾	15,319		10,756	+42%
Catalogue	9,017		5,083	+77%
Other	62		39	+59%
Revenue	24,398		15,878	+54%
Other current operating income	2,174		1,263	+72%
Total operating income	26,572		17,141	+55%
Operating expenses	(18,940)		(12,851)	+47%
Other non-current operating income and (expenses)	-		16	
Operating income	7,632	8,663	4,306	+77%
<i>Current operating margin</i>	31.3%	35.5%	27.1%	
Net income	5,948	6,739	3,198	+86%
<i>Net margin</i>	24.4%	27.6%	20.1%	

⁽¹⁾ Audit underway

⁽²⁾ Operating income and net income restated for the impact of the bonus share award plans

⁽³⁾ Including subsidies and development

Increased activity reveals the quality of the business model

Growing demand for **Xilam's** new productions is a clear testament to the Group's positioning. 2017 was a turning point in terms of the increased impact of Xilam's business model.

Four factors are behind the sharp increase in income:

- business activity that is growing more quickly than the cost structure;
- increased value of new productions pre-sales is making a greater contribution to income;
- the expansion of the catalogue is mitigating the pace at which series are amortised;
- **Xilam's** investment strategy allows it to retain almost 100% of the revenue from its productions.

This virtuous set-up demonstrates the strength of Xilam's business model, which is beginning to have an impact on the Group's financial results.

Xilam's operating margin increased **77%** to a record high of EUR **7.632** million, or **31.3% of revenues**.

This published operating income figure includes the impact of the two bonus share award plans set up in 2016 and 2017, a portion of which has been provisioned in the year's operating expenses.

Restated for the accounting impact of the expense associated with these two share plans and the related social security charges, operating income for 2017 would have totalled EUR **8.663** million, for an operating margin of **35.5%**.

The Group's net margin came out to **24.4%**, with net income totalling EUR **5.948** million, an **86%** increase on 2016.

The income tax expense of EUR **1.950** million includes a deferred tax expense in the amount of EUR **1.163** million, with no impact on cash assets.

Restated net income includes the restatement of the expense associated with the bonus share award plans and the related tax assets, and totalled EUR **6.739** million.

Global demand rising sharply

Xilam posted a 54% increase in revenue compared to last year, driven by substantial growth in New Productions and Catalogue revenue.

The Group benefits from a favourable price effect on both **New Productions** (+42% in value terms, +24% in volume) and the **Catalogue** segment (+77%). This is primarily due to increased competition between traditional (free or pay) television channels and digital platforms. Digital platforms now account for **23%** of total revenue (compared to barely **8%** three years ago) and **40%** of Catalogue revenue.

The **21%** increase in the number of video views on YouTube, the world's leading video streaming platform, to **2.6 billion** in 2017, is clear evidence of the global demand for the Group's content.

Powerful drivers that will support our growth

With a solid structure and a production team that is appropriately sized to satisfy the demand from television channels and digital platforms, **Xilam** is ready to move to the next level.

As such, seven different shows are currently in production:

- The fifth season of ***Oggy and the Cockroaches***, which has been pre-purchased by Gulli in France and Cartoon Network internationally. With this new production, the **Oggy** brand will boast a total of 117 half-hour programmes **produced in Ultra HD**, thereby guaranteeing the brand's global sustainability for several years to come. Deliveries will be completed in 2018.
- The studio's first pre-school show, ***Paprika***, an original new series pre-purchased by France Télévisions in France and by Disney abroad, with delivery to be completed in the first half of 2018.
- The second season of ***Magic***, bought by Gulli on the heels of a successful first season, with delivery to be completed in the first half of 2018.
- ***Mr Magoo***, adapted from the famous American series from the 1950s and 60s, went into production in early 2017, following the purchase of rights by **France Télévisions** and **Cartoon Network** for deliveries in 2018.
- ***If I were an animal***, a wildlife series designed especially for children, went into production in late 2016, following the purchase of rights by **France Télévisions** and **Netflix** for deliveries to be completed during the first quarter of 2018.
- ***Coach me if you can***, an original, football-themed creation from the **Xilam** studio that is expected to be released worldwide and will be launched to coincide with Euro 2020.
- Season 3 of ***Zig & Sharko***, which has already been pre-purchased by clients that subscribed to the previous seasons.

These series will enable **Xilam** to achieve its target of delivering 70 half-hour programmes in 2018, thereby confirming the solid progress of its operations. **Xilam**'s four studios (Paris, Lyon, Angoulême and Ho-Chi-Minh City) are now fully operational and well prepared to meet this target.

Other projects created in the **Xilam** studios will enter production in 2018. In particular, these include ***The Fabulous Adventures of Prince Moka*** and ***Tiny Bad Wolf***, two original creations that will afford **Xilam** additional growth avenues in the coming years.

The Group is also continuing with its strategy of developing its catalogue income through merchandising revenues, drawing on the set-up of an agent network covering 75% of the world.

Chairman and CEO of **Xilam**, Marc du Pontavice, commented, "*We are proud and delighted to be able to present these record results to our shareholders and investors. The relevance of the strategy adopted by Xilam for more than 15 years was confirmed in 2017, as was the virtuous*

circle achieved through original creations, management of the value chain and formats adapted to international markets and the digital sector.

Xilam's unique positioning is the result of several long years of development, construction and investment.

With a stronger, more structured organisation and a buoyant economic backdrop, Xilam is now benefiting from all of its assets in order to continue its solid trend of growth and profitability.”

About Xilam

Xilam is one of Europe's leading animation companies, creating, producing and distributing original children's and family entertainment content across TV, film and digital media platforms.

Founded in 1995 by Marc du Pontavice, Xilam owns a catalogue of more than 2,000 animated episodes and three feature films including strong brands such as *Oggy & the Cockroaches*, *Zig & Sharko*, *The Daltons* and its first pre-school series, *Paprika*.

Broadcast in over 190 countries on all the major TV networks and digital platforms, in particular garnering over 2.6 billion views on YouTube in 2017, Xilam's programme catalogue makes the company one of the top global content providers in animation.

Xilam employs more than 400 people, including 300 artists, who are based across its four studios located in Paris, Lyon, Angoulême and Ho-Chi-Minh City in Vietnam.

Xilam is listed on Compartment B of Euronext Paris

PEA-eligible

SRD long-eligible

ISIN code: FR0004034072 / Ticker: XIL



Contacts at Xilam

Marc du Pontavice – Chairman and CEO

François Bardoux – CFO

Tel: +33 1 40 18 72 00