



Press release

Paris, 26 September 2018

## First-Half 2018 Change in dimension gaining traction

**Revenue: +50%**  
**Reported current operating income: +51%**  
*(+67% after restatement for the bonus share award plan)*

The Board of Directors of Xilam Animation S.A. convened on 25 September 2018. The meeting, chaired by Marc du Pontavice, was held to approve the interim financial statements as at 30 June 2018.

### Consolidated income statement

<i>(in € thousands)</i>	30/06/2018 <sup>(1)(3)</sup>	30/06/2018 restated <sup>(2)</sup>	30/06/2017	% chg.
New productions	8,465		4,571	+85%
Catalogue	5,385		4,652	+16%
Other	16		16	-
<b>Revenue and subsidies</b>	<b>13,866</b>		<b>9,239</b>	<b>+50%</b>
Other current operating income	1,081		594	+82%
<b>Total operating income</b>	<b>14,947</b>		<b>9,833</b>	<b>+52%</b>
Operating expenses	(10,660)		(6,997)	+53%
<b>Current operating income</b>	<b>4,287</b>	<b>5,366</b>	<b>2,836</b>	<b>+51%</b>
<i>Current operating margin</i>	<i>31%</i>	<i>39%</i>	<i>31%</i>	
Other non-current operating income and (expenses)	(542)	(542)	-	
<b>Operating income</b>	<b>3,745</b>	<b>4,824</b>	<b>2,836</b>	<b>+32%</b>
<i>Operating margin</i>	<i>27%</i>	<i>35%</i>	<i>31%</i>	
<b>Net income</b>	<b>2,603</b>	<b>3,426</b>	<b>2,351</b>	<b>+11%</b>
<i>Net margin</i>	<i>19%</i>	<i>25%</i>	<i>25%</i>	

<sup>(1)</sup> The limited audit of interim financial information has been finalised and the interim financial report will be available on Xilam's corporate website by 28 September 2018 at the latest.

<sup>(2)</sup> Restated current operating income corresponds to current operating income after restatement for the impact of the bonus share award plan

<sup>(3)</sup> The impact of the application of IFRS 15 is detailed at the end of the press release

## **Growth of 50% driven by the success of new productions**

Xilam achieved revenue growth of 50%, of which 85% growth in new productions, having delivered 37 half-hour programmes, thus confirming an excellent outlook for deliveries over the current year.

## **Solid catalogue revenue**

After growth in catalogue revenue of 77% in 2017, Xilam recorded further double-digit growth in this revenue of +16%, reaching a new record of €5.4 million.

Excellent exposure from Xilam's programmes on YouTube, with nearly 1.9 billion video views over the period, contributed to this record performance, driven by the success of Oggy and the Cockroaches and Zig & Sharko, with the number of videos viewed on the latter now equalling that of Oggy and the Cockroaches.

Sales to television channels, notably of the Oggy and the Cockroaches and The Dalton series, which are in high demand in both Europe and Asia, made a significant contribution to growth in H1 revenue.

## **A robust business model**

After restatement for the impact of the bonus share award plans in the amount of €1.1 million and the cost of relocation of the head office in the amount of €0.5 million, Group current operating income came out at €5.4 million compared with €3.2 million in the first half of 2017, representing growth of 67%. The restated operating margin stands at 39% versus 35% in the first half of 2017.

Xilam's profitability confirms the robustness of its business model:

- As new productions are largely pre-sold, a gross margin on productions can be generated from the time of delivery;
- Growth in the catalogue is largely reflected in income since the carrying value has already been substantially amortised;
- General expenses were strictly managed, and grew less quickly than the business activity.

The Group's general expenses (purchases, personnel expenses, other current net operating expenses), after restatement for the impact of the bonus share award plan, remained stable in relation to the same period in 2017, and now account for 14% of revenue for the period, versus 17% in the first half of 2017.

The financial loss of €320 thousand compares with a profit of €246 thousand in the first half of 2017. This difference can be attributed to the recognition of foreign exchange effects linked to production credit denominated in other currencies.

Net income increased by 11% to €2.6 million.

## A stronger financial position

Shareholders' equity, incorporating the €22.3 million capital increase of 29 June 2018, rose by 98% to €45.6 million.

Following that capital increase, Xilam has a surplus cash position of €17.8 million after deduction of its debt. Xilam also has available draw-down resources of €13 million related to the privately placed euro bond finalised on 27 July 2017.

Compared with H1 2017, self-financing capacity was up by more than 50% to €11.2 million.

Xilam therefore boasts a robust financial position, serving as a solid foundation to pursue organic and external growth.

## Outlook: Five growth drivers

Xilam enjoys renewed confidence and very good visibility for the months ahead on foot of the anticipated ramp-up in activity of its five growth drivers:

Concerning **New productions**, having successfully concluded the delivery of four series over the period, Xilam is currently producing four series with scheduled deliveries over the coming months, including *Mr. Magoo*, the third season of *Zig & Sharko*, *Coach me if you can* and *The Fabulous Adventures of Prince Moka*.

Xilam confirmed its target to deliver 70 half-hour programmes over full-year 2018 and is confident in its capacity to generate a record level of operating income.

In parallel, Xilam is working on the development of several series which it plans to bring into production in the coming months, further confirming its target to deliver 100 half-hour programmes a year starting in 2020.

Its ongoing productions and developments will also add successful programme series to the **Catalogue**. This amounts to a net book value in the balance sheet of €22.7 million, a relatively low value in relation to the annual net revenue from the catalogue (€8.4 million in full-year 2017).

**International** activity represents a major growth driver. After India, where *Oggy and the Cockroaches* has been remarkably successful over the last number of years, Xilam is gaining traction in new territories, notably China where 11 series from the catalogue have already been sold.

The Group is pursuing the development of its **digital activities**, drawing on the excellent exposure obtained through the Xilam brands, notably in the United States. In this regard, Xilam's catalogue is expected to surpass four billion video views on YouTube in 2018.

Finally, by diversifying its editorial line with *Paprika* and *Tiny Bad Wolf*, Xilam is focusing on investment in the pre-school segment, a major driver of future **growth in merchandising revenue**.

## External growth: a change in dimension in sight

Thanks to the privately placed euro bond and its capital increase, Xilam currently has fire power of more than €35 million for targeted and accretive acquisitions. It is already in talks with several animation studios in Europe and the Group hopes to finalise the first of these in the coming months.

Chairman and CEO of Xilam, Marc du Pontavice, commented, *“This record earnings publication rubber stamps the relevance of Xilam's business model. Since the European production market is particularly dispersed, nuggets of creativity and technological know-how are to be found. Xilam's editorial and commercial expertise may be the key advantage that transforms the value of these studios”*.

NB: The Group has adopted IFRS 15 - Revenue from Contracts with Customers, and this document therefore presents 2018 revenue after the application of this new standard. Using the same revenue recognition method as in 2017, H1 2018 revenue would have been EUR 12,881 thousand, operating income would have been €3,432 thousand and net income would have been €2,365 thousand. As the Group has opted for the cumulative recovery method, H1 2018 and FY 2018 financial statements will be restated in the notes to the financial statements for the effects of the application of this new standard.

### 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 1999 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, including YouTube with over 300 million video views monthly, 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

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### Contacts at Xilam

Marc du Pontavice – Chairman and CEO

François Bardoux – CFO

Tel: +33 1 40 18 72 00