



## Press release

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# XILAM announces 2018 revenues: €28 million

Strong growth (nearly 16%)

Confirmation of delivery targets for 2020

Xilam Animation (ISIN Code: FR0004034072, Ticker: XIL), an independent producer and distributor of animated programmes, has announced its revenue for 2018.

<i>(in € thousands)</i>	31.12.2018 <sup>(1)</sup>	31.12.2017 restated IFRS15	Change (%)	31.12.2017 published
<b>New productions</b>	<b>11,690</b>	<b>10,186</b>	<b>+15%</b>	<b>9,218</b>
Other income and subsidies <sup>(2)</sup>	6,506	6,101	+7%	6,101
<b>Total new productions</b>	<b>18,196</b>	<b>16,287</b>	<b>+12%</b>	<b>15,319</b>
<b>Catalogue</b>	<b>9,723</b>	<b>7,704</b>	<b>+26%</b>	<b>9,017</b>
<b>Other</b>	<b>32</b>	<b>62</b>	<b>-48%</b>	<b>62</b>
<b>Total revenue and other income <sup>(2)</sup></b>	<b>27,951</b>	<b>24,053</b>	<b>+16%</b>	<b>24,398</b>

<sup>(1)</sup> unaudited data

<sup>(2)</sup> this figure excludes audiovisual tax credits

## Market momentum continues to gather pace

The animation sector in which Xilam works is seeing very positive trends, with strong demand across the range of traditional and digital platforms in France and internationally. Against this background Xilam is developing an ever-expanding catalogue of high-quality productions. Children's animation has established itself as a central pillar of the strategy adopted by platforms to meet the needs of a fast-growing population (Asia) and enable better subscriber retention. Xilam has built a unique business model, well-suited to these market trends, on the foundations of the strength and reputation of its proprietary brands.

## Strong growth in new productions, backed up by record price levels

Xilam enjoyed a particularly successful year in 2018, with revenue and other income growing 16% to the record level of €28.0 million, including €18.2 million in sales of new productions and €9.7 million in sales from the catalogue, representing 65% and 35% of sales respectively.

Xilam continued to deliver new productions in line with its roadmap (delivery of 70 half-hours in 2018). In all, 69 half-hours were delivered in 2018 (from 63 in 2017), with a further increase in the price per half-hour to €264,000 (from €259,000 in 2017).



This continuous increase in prices per half-hour, to an exceptionally high level, reflects not only the high quality of Xilam's productions, but also increasingly intense competition in the broadcasting market and growing demand for premium content, both from digital SVOD platforms such as Netflix and Amazon and from TV channels in France (France Télévision, Gulli) and abroad (Nickelodeon, Disney, Cartoon Network, etc.). **New productions are a powerful engine of growth in the catalogue, with a significant impact on both revenue and profitability.**

### **Solid growth (26%) in an increasingly substantial catalogue**

Revenue from the programme catalogue grew significantly in 2018, even though 2017 was itself a record year. This growth was, however, held back by two one-off factors: the volume effect relating to the growth in new productions that has not yet fed through, as only a single new series was added to the catalogue this year, having enjoyed an exceptional level of pre-sales; and the fact that Xilam elected not to renew certain exclusive licences for digital distribution of its catalogue in order to encourage distribution on YouTube, which will give stronger growth and better visibility over the medium term. Sales of catalogue programmes were nevertheless strong, both to digital platforms (36%) and traditional broadcasters and with a strong international component (71%) in the product mix. On average, recurrent revenue represents some 60% of revenue from Xilam's catalogue.

### **20 years of Oggy and the Cockroaches: the resilience and quality of Xilam animations**

The 20 years of Oggy and the Cockroaches demonstrate the excellent resilience of this animation, first created in Xilam's studios 20 years ago. The early series are still broadcast around the world and the latest has substantial pre-sales.

### **Digital transition: a focus on direct distribution via ADVOD platforms**

Strengthened by unrivalled expertise and a strategy encouraging the transition of the business model to digital, Xilam plans to accentuate i) direct distribution of its programmes on ADVOD platforms such as YouTube and Facebook; and ii) the monetisation and expansion of its offering through pre-school programming and e-learning modules.

In 2018, digital revenue represented 30% of total sales. This was split between the sale of programmes (new and catalogue) to SVOD platforms and direct revenue from ADVOD platforms. Sales on YouTube represented 9% of total revenue, an increase of 55%, driven by a US market which accounted for nearly 30% of this revenue.

By the end of December 2018, Xilam had exceeded 10 billion total views on YouTube, confirming the rapid acceleration of its dedicated offering. The number of its videos viewed on YouTube rose by 44% to nearly 4 billion in 2018, boosted by 100% growth in the USA. This trend was also



reflected in the 162% increase in the number of subscribers to its channels, to 6.3 million by end-2018 (from 2.4 million at end-2017).

### **International: a growing share of the product mix, boosted by digital**

The final component of its growth model, international sales represented 61% of the total in 2018. International revenue reflected not only the expansion of the distribution zone for major platforms (with the full deregulation of consumer access to non-domestic programmes), but also the continued rise in prices, notably in digital.

### **Unchanged outlook: strong growth and diversification**

Prospects for 2019 are strong, with a delivery target of 80 half-hours of new productions (from 85 previously indicated), the addition to the catalogue of new productions that were fully delivered in 2018 and numerous licence renewals for series delivered in earlier years. The level of pre-sales for new productions is set to continue to rise, benefiting from ever more positive pricing effects. The share of revenue from ADVOD platforms is also set to grow, with Xilam expecting growing numbers of views of its YouTube channels in particular.

Marc du Pontavice, Xilam's Chairman and Chief Executive Officer, observed: *"Over and above the success and durability of our flagship Oggy franchise, we are delighted in the rising contribution from new franchises such as Zig & Sharko, which has already overtaken Oggy on YouTube, and Mr Magoo, which will benefit in 2019 from a global launch on the biggest TV channels. On the strength of this creativity and our expertise, we enjoy good visibility on our medium-term growth and can confirm our development plan for 2020, namely delivering 100 half-hours of new production, accelerating our penetration of digital platforms and continuing our international expansion, particularly in China and India. The pre-school market is another area of diversification that the company has identified, offering strong potential for referrals, monetisation and merchandising over digital platforms. We would also reiterate that we will consider acquisition opportunities through studio boutiques, talent collectives and other complementary pools of expertise."*

### **About Xilam**

Xilam is one of Europe's leading animation companies, producing and distributing original children's and family entertainment content across TV, film and digital media platforms. Founded in 1995 by Marc du Pontavice, the award-winning Paris-based company owns a catalogue of more than 2,000 animated series episodes and 3 feature films, including such household brands such as *Oggy & the Cockroaches*, *Zig & Sharko*, *The Daltons*, *Rolling with the Ronks!* and its first preschool property, *Paprika*. Broadcast in over 190 countries on all the major global children's TV networks, these series are also breaking records on all the major digital platforms, including YouTube with over 300 million views per month, ranking Xilam among the top global content providers in the realm of animation. Xilam employs over 400 people, including 300 artists, who work in its four studios, located in Paris, Lyon, Angoulême and Hô-Chi-Minh-Ville in Vietnam. Xilam is listed on the Euronext Paris stock exchange, Compartment B – Eligible investment for French Deferred Settlement Service (SRD long) and Equity Savings Plans (PEA)



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