



Paris, 12 July 2019

## Xilam announces its H1 2019 revenue

Strong seasonal effect vs. H1 2018, with no impact on full-year forecasts

H1/H2 revenue breakdown in line with previous years

Solid development and outlook with a breakthrough into the US market (Netflix, Disney)

Target of 80 half-hour programmes delivered in 2019 is confirmed

Xilam Animation (ISIN code: FR0004034072, Ticker: XIL), an independent producer and distributor of animated programmes, has announced its results for the first half of the year to 30 June 2019.

(€ thousands)	30.06.2019 <sup>(1)</sup>	30.06.2018	% change
Revenue from new productions	3,278	3,963	-17%
Subsidies and other income <sup>(2)</sup>	1,844	4,502	-59%
All revenues from new productions	5,122	8,465	-39%
Catalogue revenue	2,739	5,385	-49%
Other revenue	25	16	+56%
<b>Total revenue and other income<sup>(2)</sup></b>	<b>7,886</b>	<b>13,866</b>	<b>-43%</b>

<sup>(1)</sup> Unaudited figures

<sup>(2)</sup> Excluding audio-visual tax credits

Xilam had a solid first half of 2019 in terms of development. The “technical” revenue decline is due to a comparison effect which will not impact the full-year growth rate. The first half was marked by the end of the delivery cycle for just one programme, *Mr Magoo* (vs. three programmes in H1 2018) and three series at the beginning of their delivery cycles (vs. one series in H1 2018). Revenue increased on the basis of higher numbers of deliveries and the opening of rights to broadcasters (IFRS 15). This lag is still accentuated by a base effect on subsidies, since the majority of subsidies are paid at the end of the delivery cycle. This seasonal phenomenon should therefore be put into perspective in light of long production cycles.

### First-half sales were down due to the seasonal effect on delivery cycles

Xilam recorded revenues of €7.9 million at 30 June 2019, with revenue from new productions and catalogue revenue totalling €5.1 million and €2.7 million respectively. Most of the decline in revenue from new productions was due to a base effect on subsidies (€1.8 million vs. €4.5 million in 2018) associated with the end of the delivery cycle for the fifth season of *Oggy and the Cockroaches* in H1 2018. International markets represented 67% of total sales.

#### Xilam Animation

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**Deliveries of new productions.** Xilam delivered fewer new productions in the first half of 2019 than during the same period last year (22 half-hours vs. 37), due to the limited number of continuation or end of delivery cycles (*Zig and Sharko* season 3, *Mister Magoo*), and the start of delivery cycles for new series (*Moka*, *Coach me if you can* and *Chip 'n' Dale*) at the very end of H1 2019. As a reminder, revenue from new productions soared by 85% in the first half of 2018. The decline in revenue linked to this seasonal effect will be offset in H2 2019 especially since, under the new IFRS, revenue will be recognised when rights are opened up to broadcasters rather than when the programmes are delivered. Furthermore, the sale price per half-hour programme is continuing to rise sharply and is expected to be reflected in H2 2019 revenue. Several of Xilam's new series are well above €300,000 in total revenue per half-hour programme.

**Catalogue revenue.** Similarly to new productions, contract renewals that generate catalogue revenue take effect on the date the series is first broadcast and the rights are opened to broadcasters (mainly in H2). Moreover, digital revenue from AVOD platforms, especially YouTube, is traditionally much higher in H2. As a reminder, on average over 60% of catalogue revenue is recurring.

### **Solid development trend and continued increase in production volume**

Xilam is continuing to increase its production volume, which is the key determining factor in programme deliveries and their corresponding revenue. The continued expansion and development of the team's skills, in particular by bringing in external expertise, is a key driver of the company's ability to meet its production targets.

### **Targets and outlook unchanged**

Xilam's 2019 targets remain unchanged (80 half-hours of new productions). In the medium term, Xilam expects its growth to accelerate in light of the increase in production volume, the expansion of its available programmes catalogue and a continued increase in the price per half-hour programme, underpinned by the influence of US platforms including Netflix and Disney+, and an increasingly US-heavy geographic mix.

In an animation sector where expansion is attributable to massive ongoing investments from US heavyweights, Xilam reached several development milestones in the first half of the year, breaking into global broadcast leaders Netflix (with *I Lost My Body*) and Disney+ (with *Chip 'n' Dale*). These achievements will help to consolidate Xilam's position in the United States, a market that is also the driver of the company's increasingly solid digital performance.

The acquisition of French studio Cube Creative, a specialist in CGI technology, is another major achievement that will enable Xilam to further strengthen its production facilities and capacity for innovation, which has already been widely recognised at recent editions of the Cannes and Annecy Festivals.

Xilam is continuing to implement a clear strategy that combines organic and external growth, international development in targeted high-potential regions and an increased number of revenue streams, in particular through digital media.

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### 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 1999 by Marc du Pontavice, the award-winning Paris-based company owns a catalogue of more than 2,000 animated series episodes and three feature films, including such household brands as *Oggy & the Cockroaches*, *Zig & Sharko*, *The Daltons* and its first preschool series, *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, Angouleme and Ho Chi Minh City 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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