



Press release

Paris, 22 July 2020

Xilam reports its first-half 2020 revenue

Solid overall growth: +22% (organic growth of +2%)

Robust level of new productions despite the lockdown impact:

revenue: +67% (organic growth of +33%)

Strong catalogue sales performance:

revenue: +22% (organic growth of +3%)

Guidance for 2020/21 reiterated

Xilam Animation (ISIN: FR0004034072, Ticker: XIL), an independent animation production and distribution company, is reporting its revenue for the first six-month period of 2020 ended 30 June 2020. The figure includes Cube Creative's contribution since its acquisition (on 20 January 2020).

Marc du Pontavice, Xilam's Chairman and Chief Executive Officer, commented: "The first half of 2020 was very reassuring since it demonstrated the agility and resilience of our business model during the pandemic. For the very same reason, our productions have attracted greater interest from the major international broadcasters. We are resolutely pushing ahead with our development in line with the strategic plan harnessing Xilam's talents that we announced at the beginning of the year."

(€ thousands)	H1 2020 ⁽¹⁾ Including Cube Creative since 20 January 2020	H1 2019	% change
New productions revenue	4,980	2,987	+67%
Subsidies for new productions ⁽²⁾	581	1,844	-68%
Total new productions revenue	5,561	4,831	+15%
Catalogue revenue	3,742	3,055	+22%
Catalogue subsidies	402	-	-
Total catalogue revenue	4,144	3,055	+36%
Total revenue and other income⁽²⁾	9,705	7,886	+23%
Other subsidies	34	6	
Other operating income ⁽³⁾	678	642	+6%
Total operating income	10,417	8,534	+22%

⁽¹⁾ unaudited data

⁽²⁾ excluding audiovisual tax credit

⁽³⁾ including an estimate of the audiovisual tax credit



Xilam strongly performed during the first half of 2020 despite the effects of the pandemic, with no significant drop-off in the productivity of teams working from home.

Total revenue and other income came to €9.7m in the first half of 2020 (+23%, including organic growth of 2%). This increase was powered by the growth in new productions revenue to €5.0m (+67%, including organic growth of +33%) and in catalogue revenue to €3.7m (+22%, including organic growth of 3%). After taking into account other subsidies and other operating income, total operating income came to €10.4m (+22%, including organic growth of 2%).

Cube Creative, a French computer-generated animation production company acquired effective 20 January 2020, contributed €1.6m to the Group's revenue and other income and €1.7m to total operating income.

Xilam continues to drive forward its development, firmly supported by its highly resilient business model and broad range of proprietary and non-proprietary productions. Digital platforms and international markets are helping to power its revenue performance. Sales to streaming platforms, the big winners of the pandemic-induced lockdown, generated 51% of first-half revenue. International markets contributed 73%.

New productions: strong contribution from Chip 'n' Dale

Xilam's new productions revenue (€5.0m in the first half of 2020) derived from four animations, of which two are proprietary (*Lupin's Tales* and *Moka*) and two non-proprietary (*Chip 'n' Dale* and *Mush-Mush*, the latter being inherited from Cube Creative). The subsidies received during the first half declined owing to the strong revenue contribution from the *Chip 'n' Dale* (Disney+) series, which does not qualify for any subsidies.

While production volumes were not affected by the decision to switch all teams over to working from home, certain deliveries will be delayed for technical reasons since it was not physically possible to finalise post-production during lockdown. These delays will not have any impact on the 2020/21 guidance, however.

Catalogue: revenue given a boost by the lockdown

The catalogue's sales momentum was underpinned by strong demand during the lockdown period despite a major contraction in advertising revenue on YouTube. This performance was especially impressive in that it was generated by the entire catalogue and not just the flagship titles.

Chicky and *Athleticus*, two non-dialogue-based series from Cube Creative's studios with great international potential, began to contribute to the catalogue business.

Cube Creative's integration making smooth progress

Cube Creative's integration is starting to produce the synergies anticipated at the time of the acquisition in the following areas:

- technology, with efforts underway to pool 3D technologies and R&D
- editorial know-how, with Xilam's expert oversight of writing and development to maximise the programmes' opportunities in the international market
- distribution by leveraging Xilam's marketing clout and proven expertise
- back-office operations, an area set to be a focus of attention during the second half

Since its integration began, Cube Creative has accelerated its switchover to proprietary production, including two long-format series: *Pfffirates* (TF1) and *Tangranimo* (France TV), the first deliveries of which are scheduled for 2021. Cube Creative is also working on several development projects for the international market, which will be unveiled shortly.



Objectives and outlook unchanged

Production activities in France, and Xilam's in particular, stand to gain from the broader impact of the Audiovisual Media Services European directive, which will be enacted into French law effective 1 January 2021 according to recent comments by the French President.

Despite various delivery delays from 2020 until 2021, Xilam is reiterating its total revenue objectives of €78m in 2020-21 and €110m in 2022-23.

To recap, these objectives include the audiovisual tax credit and are calculated at comparable structure (excluding M&A and merchandising) after Cube Creative's integration.

Update on the global health crisis

Xilam took measures to protect the health of its employees at the beginning of the covid-19 crisis while keeping its operations running as normal. Thanks to the business continuity plan introduced at the start of the lockdown period, it was able to operate almost normally with employees working from home. Most of the teams returned to work at Xilam in July 2020. Other than certain delivery delays caused by the impact of the lockdown on the global ecosystem, Xilam has not to date detected any negative effects attributable to the covid-19 pandemic on its production and sales activities.

Publication date of its first-half 2020 results: 29 September 2020 (after market close)

About Xilam

A major player in animation, Xilam is an integrated studio founded in 1999 that creates, produces and distributes original programmes in more than 190 countries for both children and adult audiences. Xilam content is broadcast on television, and is also available on SVoD platforms including Netflix, Disney+, Amazon and NBC Universal, and ADVoD streaming platforms including YouTube and Facebook. With its creativity and capacity for innovation recognised worldwide, and editorial and commercial expertise at the cutting edge of its industry, Xilam is positioned as a key player in a fast-growing market. Each year, Xilam builds real successes and capitalises on its powerful historical brands including *Oggy and the Cockroaches* and *Zig & Sharko*, as well as new properties such as *Oggy Oggy* for a preschool audience, *Moka*, *Mr. Magoo*, and Academy Award® nominated adult feature film *I Lost My Body*. Xilam's expanding and strong catalogue now consists of over 2,200 episodes and three feature films. In 2019, Xilam acquired Cube Creative, a studio providing the company with unique expertise in 3D and computer generated images. Xilam employs more than 500 individuals, including 400 artists, across its studios in Paris, Lyon, Angoulême and Ho Chi Minh in Vietnam. Xilam is listed on Euronext Paris Compartment B – Eligible to PEA – SRD long.

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