



Press Release

Paris, 17 February 2022

Strategic presentation “Ambition 2026”

An environment of very strong growth, driven by record investments
from digital animation platforms

XILAM, European leader in this segment

Well-recognised creative ability and robust business model

Xilam aims to double its revenues by 2026

Xilam Animation (Code ISIN: FR0004034072, Symbol: XIL), the independent animation production & programme distribution company presents its 2026 strategic growth presentation.

Marc du Pontavice, Chairman and CEO of Xilam says: *“Thanks to our creative ability, our talented teams and our values, we will deliver a new cycle of profitable and value-creating growth over the period 2022-2026, with the aim of doubling our revenues within that timeframe. Indeed, Xilam is particularly well positioned to meet the growing demand for animation, including on digital platforms. To do this, we plan to diversify our service offerings both in 2D and 3D in order to reach all target audiences from toddlers to adults. But we also plan to capitalise on our catalogue of proprietary licences, developed over the last 20 years. I am proud of the progress we have made with our teams and am enthusiastically looking forward to taking animation to new heights.”*

A balanced model across 4 pillars

For more than 20 years, Xilam has distinguished itself from most independent studios by developing an original model based on four pillars:

- **High creativity:** Xilam has created a unique creative eco-system and has developed a particularly loyal talent pool, most of whom have grown with the company and nourished new generations of artists. The Group employs a unique and recently-enhanced mix of 2D/3D technology, while its R&D department is entirely focussed on serving the imagination of its artists.
- **A business model built around an asset strategy:** Despite a very prudent business model (direct production costs are always more than 100% covered by advanced sales), Xilam remains the sole owner of the work it produces. Xilam operates in a high-margin segment with significant entry barriers.
- **An in-depth understanding of the market:** Since 2010, 2/3 of XILAM’s original creations have led to orders for several seasons, which is an exceptional transformation rate that generates value on the balance sheet, but also recurring income. Xilam's expertise in premium positioning enabled the company to position itself very early on in the new digital platform market. As a result, Xilam is now the European leader in this segment.



- The development of a catalogue generating recurring revenue: With some 30 original series and 2,800 episodes, the catalogue is broadcasted in more than 190 countries and reaches some 800 million households worldwide, giving it a massive presence across all media: Television, SVOD, AVOD.

Xilam currently has five production studios and over 500 employees, including 400 creative staff. It is one of the few fully integrated studios to capture all the generated value (creation, production and distribution). Its attractiveness is also based on the values of tolerance and inclusiveness that is clearly visible both in its management practices and in the work it produces. XILAM was therefore ranked 2nd out of 19 in its sector by Humpact and scored 63/100 in the Gaia ranking.

Led and managed by Marc du Pontavice, Xilam's founder, the Group has recently announced the strengthening of its management team in response to strong market growth.

An environment of very strong growth driven by the development in digital platforms and the attractiveness of animation programmes.

Xilam operates in a strong-growth environment, where the accelerated development of global platforms, which are either subscription-based (with a CAGR of 11%) or with advertising (with a CAGR of 16%), offer significant opportunities over the next few years. In the competitive battle between platforms to attract and retain new subscribers, creating premium content, particularly in animation, is a particularly effective tool. Children are indeed among the SVOD platform's main target audiences, since they secure subscriber loyalty.

An additional revenue potential with growing adult segment, non-proprietary production and merchandising

The North American animation market is currently experiencing a golden age thanks to the brand-new adult animation segment, particularly popular among the 15 to 35-year-old age bracket (audiences neglected by traditional channels), and which is becoming an essential feature for platform programming. More than a hundred series are currently being produced in the United States, 80% of which are in 2D. The platforms are therefore very actively looking for similar proposals in Europe.

The saturation of the American market in terms of talent is moreover forcing firms to seek partnerships with the most qualified studios, especially in France. Xilam has therefore successfully developed the *Chip'n Dale* characters for Disney and is currently working on four new series for the platforms, three of which are for children and one for adults. In this context, Xilam is in a very good position to monetise its know-how and generate both profitability and cash flow on these non-proprietary productions (which have high budgets) over short cycles.

Finally, merchandising offers significant revenue potential and profitability through the use of appropriate proprietary franchises. The agreement signed with the Simba Dicky Group, one of the leaders in the toy sector, for *Oggy Oggy*, the pre-school series, will result in marketing an initial range of products for Christmas 2022.

Promising prospects for growth and value creation

To support its growth, the Group also currently has 21 projects in the development phase, including nine for the non-kids' segment, totalling 324 half-hours, compared with 256 half-hours in production.

Xilam confirms its guidance of cumulative operating revenues at €110 million for the 2022-2023.



The "Scale 2023" plan, announced in February 2020 (before the global Covid crisis), forecast €188m in cumulative revenues over the 4-year cycle (2020-2023). Xilam therefore expects to achieve 93% of its objective by 2023, despite a context that has impacted production conditions and deadlines.

Ambition: doubling revenues, up to €80m, by 2026

Finally, Xilam is entering the 2022-2026 period in a very strong position, enabling the company to capture the record dynamism in the animation sector and therefore deliver sustained growth and value creation. Its attractive investment proposition is based on:

- A loyal talented team, supported by an effective organisation
- A well-recognised and attractive creative ability
- A rich catalogue of proprietary content with dynamic broadcasting management and sustained revenue over time
- The ability to deliver premium content
- Development potential in the adult animation segment
- Promising merchandising business under development

Based on these strengths and its ability to outperform the market, Xilam therefore aims to double its revenues by 2026. This growth should break down as follows:

- 60% in proprietary production (adult representing 15% of this segment).
- 30% in non-proprietary production orders (adult representing 35% of this segment).
- 10% in merchandising.

The strategic presentation is available in the reports area of Xilam's corporate website, by clicking on this link: [Ambition 2026](#)

Agenda:

Publication of annual results 2021: 31 March 2022 (after-market)

About Xilam

As a major player in the animation industry, Xilam is an integrated studio founded in 1999 that creates, produces and distributes original programmes in more than 190 countries for children and adults, broadcast on television and on SVoD (Netflix, Disney+, Amazon, NBC Universal, etc.) and AVoD (YouTube, Facebook, etc.) platforms. With a global reputation for creativity and its capacity for innovation, an editorial and commercial expertise at the forefront of its industry, Xilam is positioned as a key player in a fast-growing market. Each year, Xilam, builds on its real successes and capitalises on powerful historical brands (*Oggy and the Cockroaches*, *Zig & Sharko*, *Chicky*, etc.) and new brands (*Oggy Oggy* in the pre-school sector, *Mr. Magoo*, *Trico*, etc.) which are consolidating and expanding a significant catalogue of more the 2,700 episodes and 3 feature films including the Oscar-nominated *I Lost My Body*. Xilam has unique GCI skills. Xilam employs more than 500 people, including 400 artists, across its studios in Paris, Lyon, Angoulême and Hô-Chi-Minh in Vietnam. Xilam is listed on Euronext Paris Compartment B - PEA - SRD long Eligibility



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