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Press Release
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Ymagis Group Reports First Half-Year 2019 Earnings

- **Start of a new equipment renewal phase (CinemaNext)**
- **First signs of recovery for Eclair business unit**
- **Downward trend for debt**

Ymagis Group (FR0011471291, MAGIS, PEA-PME, TECH 40), the European specialist in technologies for the cinema industry, today reported its first half-year earnings for 2019 ending 30 June 2019, audited and approved by its Board of Directors on 23 September 2019.

€m	HY 2019	HY 2018	FY 2018
Revenues	**75.8**	**79.3**	**166.9**
EBITDA	**6.2**	**15.8**	**23.9**
Amortization	(12.0)	(14.2)	(29.1)
Recurring Operating Income (ROI)	**(5.8)**	**1.6**	**(5.2)**
EBIT	**(5.8)**	**1.6**	**(12.6)**
Net financial expenses	(1.4)	(2.9)	(4.6)
Pre-tax Income	**(7.2)**	**(1.3)**	**(17.2)**
Income tax	(0.4)	(1.0)	(0.4)
Net Income	**(7.6)**	**(2.4)**	**(17.6)**
Net Income, Group Share (RI)	**(7.9)**	**(2.6)**	**(18.3)**

Balance Sheet Item	30.06.19	30.06.18	31.12.2018
Non-current Assets	**49.6**	**68.2**	**50.2**
Current Assets	**103.8**	**95.6**	**106.5**
Of which cash flow	*9.1*	*9.2*	*9.8*
Equity	**5.6**	**28.0**	**13.4**
Financial debt maturing in more than one year	**13.1**	**28.4**	**29.1**
Financial debt maturing in less than one year	**57.3**	**43.8**	**40.2**
Net financial debt	*61.3**	*63.0*	*59.6*
Net financial debt before IFRS 16	*54.9*	*63.0*	*59.6*
Other liabilities	**77.4**	**63.7**	**74.1**
Balance sheet total	**153.4**	**163.9**	**156.8**

* The financial debts (and the net financial debt) include, as from 2019, the inclusion of the new IFRS rules (IFRS16), which leads to calculate future property lease payments at €6.4 million. Without these changes in accounting rules, net financial debt would have lowered from €63 million at the end of 2018 to €54.9 million at the end of June 2019.

Promising growth in non-VPF activities during first half year of 2019

Standing at €75.8m, revenue for the first half of 2019 was down 4% as compared to the same period in 2018 due to the scheduled decline in VPF activity (-29% at €19m) and the narrowed post-production and restoration-related activities on the French market. However, activities, not including VPF revenue, are up 8% at €56.8m due not only to the solid growth of the CinemaNext business unit (+19% at €30.2m) but also to Eclair's Versioning & Accessibility activities (+15% at €11.7m).

Improved turnaround compared to second half-year 2018

Revenues for the first half of 2019 show signs of improvement on a half-year basis compared to the second half of 2018. They remain down, however, marked by the restructuring of the Eclair business unit, launch costs of the Group's new business activities and additional costs related to CinemaNext operations in 2018. Expenses related to the Group's financial restructuring also had an impact on results.

Details of the contribution of each business unit to the Group's performance are shown below:

	Virtual Print Fee			CinemaNext			Eclair			New activities	
€m	HY 2019	HY 2018	FY 2018	HY 2019	HY 2018	FY 2018	HY 2019	HY 2018	FY 2018	HY 2019	HY 2018
Revenues	19.0	26.7	51.8	30.2	25.4	62.2	26.1	27.0	52.5	0.6	0.2
EBITDA	15.4	20.3	33.4	(2.4)	(1.4)	1.5	(3.8)	(2.7)	(8.6)	(3.1)	(0.4)
ROI	7.4	9.1	11.7	(2.7)	(1.5)	(0.3)	(7.0)	(5.4)	(13.9)	(3.5)	(0.6)

The EBITDA for the **VPF** business unit declined by 24% to €4.9m, a decline that is lower than that of the division's sales (-29%).

CinemaNext, despite a significant increase in sales in the first half of the year (+19% to €30.2m), generated a negative EBITDA of -€2.4m compared to -€1.4m in the first half of 2018. This result includes among others a greater impact of headquarter fees, which include exceptional items and whose share allocated to CinemaNext is greater than it had been previously.

Eclair's EBITDA was -€3.8m compared to -€2.7m in the prior year period and -€5.9m in the second half of 2018. This decrease is related to the implementation of the employment protection plan (PSE) for Eclair Cinema SAS, which oversees the company's restoration activities in France, after it was placed in receivership and while it remained in the scope of consolidation.

Lastly, **new activities** contributed negatively to the Group's EBITDA at -€3.1m, due to the launch costs of virtual reality activities and the shutdown of the EclairGame business. In addition, the ongoing discussions around the Group's refinancing have resulted in a slower than expected roll-out of the new centres and consequently a longer period to reach breakeven.

In total, the Group's operating earnings amounted to -€5.8m compared to €1.6 in the first half of 2018 and -€12.6m for the full 2018 year.

Net financial results are down €1.4m, an improvement of 50% compared to the previous year. Interest on long-term financial debt (notably Oseo and EuroPP) accounts for the majority this sum, short-term financing of bank overdrafts and facilities solutions (factoring) for the balance.

Tax expenses amounted to -€0.4m compared to -€1.0m in the first half of 2018, mainly due to the lower results VPF revenue from the Group's international subsidiaries.

Including minority shares - foreign affiliates of the CinemaNext network - of €0.3m, Group net income stands at -€7.9m compared to €2.6m in the prior year period and -€18.3m for the full year 2018.

Continued positive free cash flow

Cash Flow Table (excluding IFRS 16 impact)

€m	HY 2019	HY 2018
Self-financing capacity	5.0	15.2
Change in WCR (%)	8.7	(2.5)
Operating Investments	(4.5)	(8.9)
FREE CASH FLOW	**9.2**	**3.8**
Flow linked to financing	(10.2)	(11.9)
NET CASH FLOW AT YEAR END	**(1.0)**	**(8.1)**

Despite a decline in operating cash flow, the Group managed to maintain a positive free cash flow, thanks to the improvement of the WCR as a result of ongoing in-depth work on the Group's accounts receivable.

Net financial debt, excluding the impact of IFRS 16, was reduced by €8.1m.

Business development outlook still subject to debt renegotiation

Ymagis reiterates its confidence in the progress of its various business units:

1) CinemaNext is entering a new growth phase with its first renewal contracts signed during the period with cinema operators such as Austria's Cineplexx, French circuit Megarama and Irish chain Omniplex for the equipment of nearly 300 screens in total. These contracts will have their first impact on revenue during the current half year. They also confirm the start of a new phase of equipment renewal in Europe.

2) Eclair's situation is gradually improving, notably with the sale of the Eclair Cinema subsidiary, subject to approval by the Commercial Court of Nanterre. In addition to this divestment project, the group is preparing to conduct a major restructuring of the Eclair business unit to create four independent entities that would each have their autonomy:

- A profitable and growing company dedicated to preservation services on the French market, generating revenue of approximately €2m, based on Eclair's physical stocks and new digital preservation needs;
- A company dedicated to Versioning and Accessibility services, with revenue of about €22m in steady and profitable growth, and 3 major European centers;
- A company, comprising the Eclair Logistics company, dedicated to theatrical delivery services in Europe and the Americas with annual revenues, in slight growth, of about €20m, which should be profitable from 2019 after several difficult years due to the transition to dematerialization;
- A digital services company for right-holders, focused on the French market, with annual sales of around €5m, which should reach profitability in 2020.

The goal of this restructuring, which will come into play only after consultation with the employee representative bodies, is to simplify and lighten the operation of the activities to allow them to be profitable in the short term and to implement partnerships or reconciliations.

3) The Group's VR activities are developing with the opening of new centres in Marseille in October 2019 and in Athens in the coming weeks in association with a local cinema operator. However, this growth is expected to remain moderate due to the temporary slowdown in investment in the Illucity project in the context of negotiations with the Group's creditors.

In this context, Ymagis hopes that the renegotiation of its debt will allow it to capitalize on the efforts made to take advantage of these new growth and profitability levers. The ongoing discussions, if successful, should allow the Group to enter a new stage of its development.

Next press release: 28 October 2019 – Third-quarter 2019 Revenue

ABOUT YMAGIS GROUP

Ymagis is a European leader in advanced digital technology services for the cinema industry. Founded in 2007, the Group is headquartered in Paris and has offices in 22 countries with 800 employees. Our core business is structured around four main units: CinemaNext (exhibitor services: sales and field services, software solutions, customer service/NOC), Eclair (content services: postproduction, theatrical delivery, digital distribution, versioning and accessibility, restoration and preservation), Virtual Print Fee (VPF) for finance solutions and other activities (Virtual Reality). For more information, please visit www.ymagis.com

YMAGIS is listed on Euronext Paris and is part of the CAC Small, CAC Mid and Small and CAC All-Tradable indices.

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