



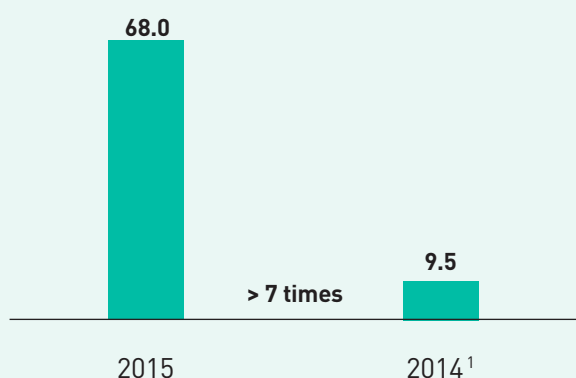
wild bunch

HALF YEAR REPORT  
2015

# HIGHLIGHTS

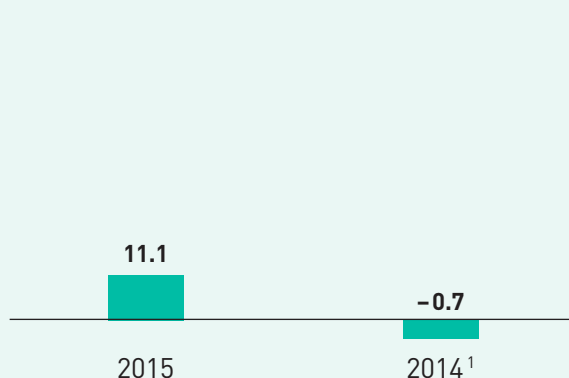
## REVENUES

in €m



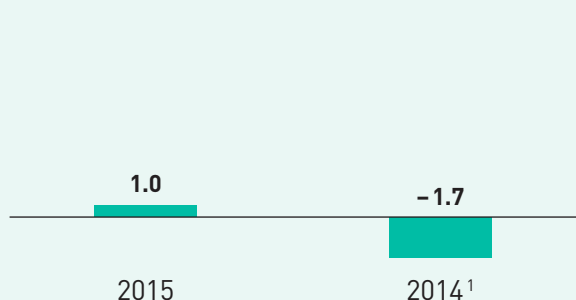
## GROSS PROFIT

in €m



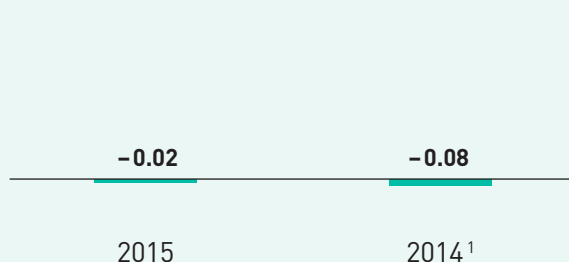
## ADJUSTED EBIT<sup>2</sup>

in €m



## ADJUSTED DILUTED EARNINGS PER SHARE<sup>3</sup>

in €



### Operational Highlights

- Distribution division released 31 titles theatrically
- Launch of new distribution channel e-Cinema as an alternative way for movie distribution
- 4 awards at Cannes Film Festival
- Launch of international sales company Insiders based in Los Angeles

### Strategic Highlights

- Merger of Senator Entertainment AG and Wild Bunch SA successfully completed
- Adoption of Wild Bunch name to imply a better brand recognition in the world of film entertainment
- Integration and strengthening of German activities under Wild Bunch umbrella completed

<sup>1</sup> Published results for Senator Entertainment AG as of 30 June 2014

<sup>2</sup> Adjusted EBIT is operating profit before one-off, non-recurring items. The one-off adjustments include items such as significant restructuring costs, the costs incurred in entering into business combinations, and the impact of the sale, disposal or impairment of an investment in a business or an asset.

<sup>3</sup> Adjusted diluted earnings per share is diluted earnings per share before one-off, non-recurring items. The one-off adjustments include items such as significant restructuring costs, the costs incurred in entering into business combinations, and the impact of the sale, disposal or impairment of an investment in a business or an asset.

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# **LETTER TO THE SHAREHOLDERS**

## Dear Shareholders,

The current half yearly report is the first published since the marriage between Senator AG and Wild Bunch SA. and it is definitely an understatement to say that this operation has significantly changed the face of the company.

From a significant player on the critical German market, it has transformed into one of the leading pan-European filmed entertainment companies, with a unique international footprint and a wide portfolio of activities which ranges from international sales to direct electronic distribution. It is present in many of the most important European film markets (Germany, France, Italy, Spain). It also controls a library of over 2,200 films and TV-shows.

Your company is a new company.

And this is more than evidenced by the financial results of the first half year. The table below compares the current 30 June 2015 results for Wild Bunch AG with the published results for Senator on 30 June 2014.

in € thousand	Wild Bunch AG 30.06.2015	Senator Entertainment AG 30.06.2014
Revenue	67,964	9,478
Gross Profit	11,110	-699
EBITDA	26,490	-628
Adjusted EBIT <sup>1</sup>	993	-1,719
Operating profit (EBIT)	445	-3,260

<sup>1</sup> Adjusted EBIT is operating profit before one-off, non-recurring items. The one-off adjustments include items such as significant restructuring costs, the costs incurred in entering into business combinations, and the impact of the sale, disposal or impairment of an investment in a business or an asset.

With revenues multiplied more than 7 times and gross profit substantially improved, the change in size is pretty conspicuous. While the adjusted EBIT shows a definite change in trend, the EBITDA stands at €26.5 million, compared with €-0.6 million for Senator AG in the first half of 2014. The assets owned by your company have also significantly grown, with movie rights

increasing from €14.4 million on Senator AG balance sheet as of 30 June 2014 to €107.1 million on the current 30 June 2015 balance sheet.

With a new seasoned management board, a widely renewed supervisory board, more international and definitely rich of the experience and network of its members and with a new name, your company is showing formal evidences of its willingness to start anew, and to play a major role in the evolution of the European Filmed Entertainment sector.

In order to achieve that goal, the company has to meet three main challenges in the 2015 fiscal year:

- integrate the two companies so that it acts as one and take advantage of the synergies between the two previously existing entities,
- restructure its financial resources.
- reverse the trend in operational profitability.

And it is in the light of these objectives that one should measure the success encountered in 2015.

As of June 2015, significant steps have been taken in the right direction.

To demonstrate our willingness to act as one unique consistent company, it has been decided to change the name of Senator Entertainment AG into Wild Bunch AG. Adopting the Wild Bunch name, which is definitely better known internationally, will imply a better brand/name recognition in the world of film entertainment. It is also the starting point of a global movement to harmonize names and brands within the group.

Of course, we shall not abandon the Senator brand which retains a specific flavor in Germany. It will be used in the field of production and thus, will still continue to be present on screens in theaters in Germany and abroad.



On the integration front, the management teams have been extremely efficient in creating a seamless operation in Germany. Considering the emergency arising from the operational situation at Senator and our absolute obligation to exploit the movies to be released in Germany in the most efficient way, the very first action taken was to merge the two German operations into one. This was done on May 1, 2015 by transferring all of the Senator operational activities under the Wild Bunch Germany GmbH umbrella, and under the responsibility of Wild Bunch Germany's director Marc Gabizon.

In the process, unfortunately, but quite naturally, we had to conduct staff reductions, not only because of redundancies between the two operations, but also because of what was definitely too large a team at Senator.

We also felt it was necessary to strengthen the team at the marketing and theatrical distribution level, and we were fortunate enough to convince Mr. Christoph Liedke to join us. Mr. Liedke has held top marketing management roles within Warner Germany. Finally, we have brought the remarkable Central team, previously in charge of the booking and billing for the two separate companies, under just one roof, as Central is now fully part of the Wild Bunch Germany operations. This creates a lean but extremely professional team, definitely among the best on the German market.

Another critical issue for the year 2015, which will also have a very important influence on our future investment capacity and profitability, is the restructuring of our existing debt.

The short term constraint was to strengthen the existing financial resources. That was achieved through the placement of a € 15 million bond maturing in March 2016, which actually replaced the existing € 10 million bond which was thus reimbursed. In a longer term perspective, amongst other initiatives, your company has initiated conversations with its bankers to restructure the existing financial loans and credit lines, in order to provide it with the adequate financial means, pending potential complementary financial operations.

These conversations will conclude by the end of 2015, and will have significant influence on our 2016 perspectives.

In terms of financial performance, the improvement in operational results, as evidenced by the change in adjusted EBIT, is consistent with our objectives, while the growth in revenue is consistent with the change in size of the company.

Despite some great satisfactions, the portfolio of movies has nonetheless not reached the level of performance we target at. Of course, the remarkable harvest of awards collected by Wild Bunch during the last Cannes Festival once again demonstrates its second to none ability to identify talents and quality movies. And the critical and commercial success encountered by the German movie *Victoria* was quite rewarding and led to even more awards – overall seven German Film Awards, including Best Picture.

But on the other hand, the ambitious French comedy “*Qui c’est les plus forts*” and the German release of “*Tracers*” have been quite disappointing. Improving the risk/return ratio of the portfolio is a constant objective of ours, but it is important to remind that the 2015 first half results are basically driven by investment decisions made 2 years ago. In order to limit its financial exposure, the Company has decided during this first half to terminate its output agreement with *Relativity* in January 2015.

Meeting the three above mentioned objectives would definitely make 2015 a success, and would contribute to setting up the foundations for future profitable growth and expansion. We view the results of this first half year as signs that we are heading in the right direction. As the European economy seems to be recovering, as the demand for content has never been stronger, as technological and behavior changes create brand-new opportunities in our sector, we are more than ever convinced of the potential of this company to become an undisputed leader in the European content industry.

## **The Management Board**

# COMPANY PROFILE



**Wild Bunch AG (“Wild Bunch”, “Group”) was created from the 2015 merger between the German entertainment company Senator Entertainment AG (“Senator”) and the European film distribution company Wild Bunch S.A. The new Group, a leading independent European film distribution and production services company, is listed on the German stock market.**

The Berlin- and Paris-based new group, a leading independent European film distribution and production services company, engages in the acquisition, co-production, direct distribution and international sales of movies and currently manages a library of more than 2,200 titles.

Wild Bunch provides a diversified suite of distribution services: A major player in international sales (Wild Bunch International Sales, Elle Driver, Insiders, Versatile) and direct distribution alike, the company has developed a pan-European distribution network and is currently active in four countries:

- France with Wild Bunch Distribution and Wild Side,
- Italy with BIM Distribuzione,
- Germany with Wild Bunch Germany and Central Film Verleih and
- Spain with Vertigo.

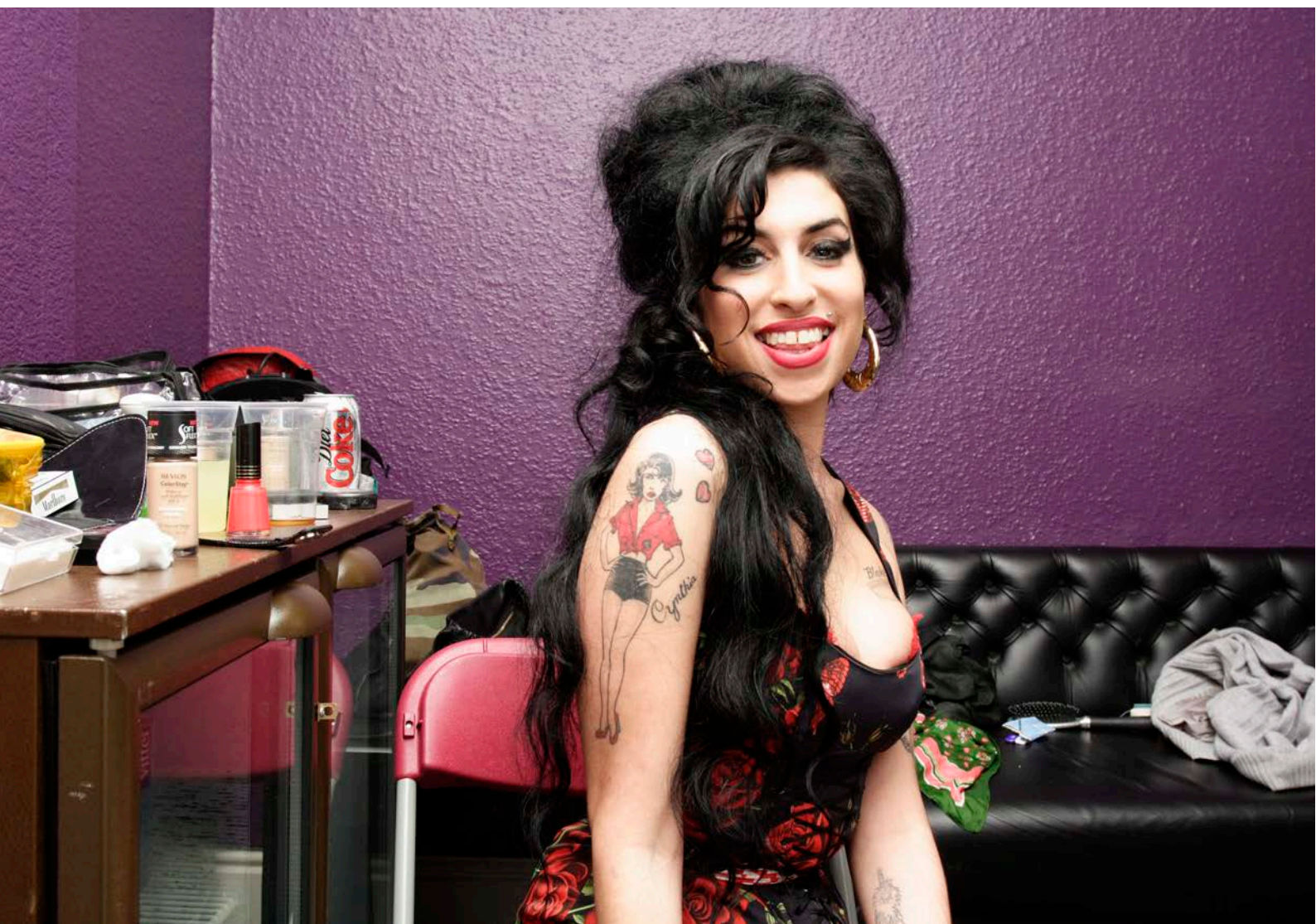
Furthermore, Wild Bunch has positioned itself on the market of direct electronic distribution via its French VOD/SVOD service, FilmoTV. Wild Bunch also maintains a strong presence in the world of production, in particular through its Berlin-based brand Senator Film Produktion.

Wild Bunch currently manages a library of more than 2,200 titles. Well positioned thanks to both a wealth of experience widely recognized by the movie business world-wide, as well as a broad, artistically diverse selection of the best of director-led international cinema, Wild Bunch has facilitated the successful international distribution and success of numerous films, such as THE ARTIST, BLUE IS THE WARMEST COLOR, DHEEPAN, DRIVE, FAHRENHEIT 9/11, THE GRANDMASTER, INTOUCHABLE, THE KING'S SPEECH, LITTLE NICHOLAS (LE PETIT NICOLAS), MARCH OF THE PENGUINS, PAN'S LABYRINTH, THE READER, SIN CITY, SPIRITED AWAY, TWO LOVERS, VICKY CRISTINA BARCELONA, or VICTORIA. The company is wholly committed to providing the finest in international cinema to distributors and broadcasters throughout the world.

At the heart of digital revolution, Wild Bunch intends to take advantage of the dramatically changing business paradigm to become a major pan-European modern distribution platform, and to strengthen its policy of expansion and diversification, aimed at providing the new Group with adapted sources of profitable growth.







# GENERAL INFORMATION ABOUT THE GROUP

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**The characteristics of the company with respect to operations, corporate structure and segmentation, reported in Senator's final stand-alone annual report of its fiscal year 2014 on 30 April 2015, have significantly changed following the executed merger of Senator Entertainment AG and Wild Bunch SA, Paris, to form Wild Bunch AG. The main changes in the Group structure and segments are described in detail on the following pages.**

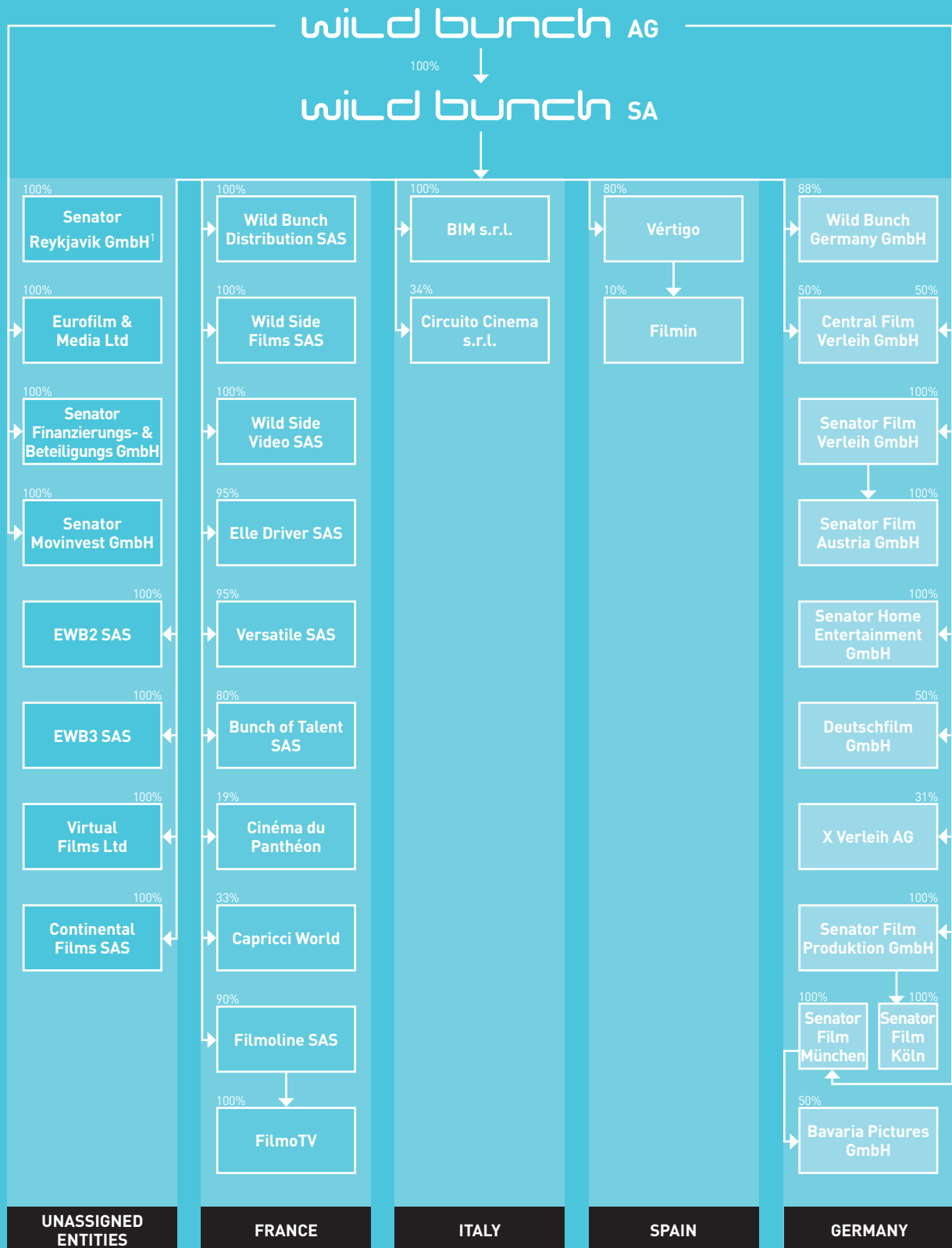
## **1.1 GROUP STRUCTURE AND OPERATIONAL SEGMENTS**

As approved by the extraordinary General Meeting dated September 12, 2014, Senator has successfully completed a capital increase against contribution of all shares of Wild Bunch for a total of 55,872,788 new shares. The capital increase was recorded in the commercial register on 5 February 2015. The new shares were listed on 6 February 2015 and thus completed the merger of Senator and Wild Bunch.

Wild Bunch AG is primarily active in the three main operating segments : "Distribution," "International Sales" and "Other." As the Group parent company, Wild Bunch AG, as a holding company, this includes the general management, financial management, corporate legal, communication and IT services.



The diagram below reflects the new Group structure in detail:



## 1.2 SUPERVISORY BOARD AND MANAGEMENT BOARD

Following the merger, significant changes occurred at the level of the Supervisory and Management Boards.

The Chairman of the Supervisory Board, Dr. Andreas Pres, has resigned from office as of 15 June 2015. He led the Supervisory Board of Senator since August 2011. He was replaced as Chairman of the Supervisory Board by Mr. Wolf-Dieter Gramatke - member of the Supervisory Board since April 2006 and its Deputy Chairman since July 2007. Furthermore, the mandate of Norbert Kopp expired with the end of the Annual General Meeting ("AGM") on 30 June 2015.

The Supervisory Board proposed the appointment of three new board members to the AGM on 30 June 2015:

- Mr. Hans Mahr, Chairman of MahrMedia and previously member of the Premiere AG and RTL Group Managements,
- Mr. Pierre Tattevin, Partner at Lazard Frères
- and Mr. Benjamin Waisbren, Partner at Winston & Strawn law firm and President of LSC Film.

All three new board members were elected by the AGM. The six-member Supervisory Board also includes Prof. Dr. Katja Nettesheim and Mr. Tarek Malak.

Three of the Wild Bunch's founders/directors have been appointed Management Board members of the new entity:

- Vincent Grimond as CEO (Chief Executive Officer),
- Brahim Chioua as COO (Chief Operating Officer)
- Vincent Maraval as CCO (Chief Content Officer), while

Max Sturm remains on the Management Board as CFO (Chief Financial Officer).

## 1.3 EMPLOYEES

During the first half of 2015, Wild Bunch Group employed an average of 178 staff (H1 2014: 126).

## 1.4 ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Senator Entertainment AG has approved the change in name of the company to Wild Bunch AG. The Senator name will remain as a brand for production. At the Annual General Meeting it was also resolved inter alia to create authorized capital to the amount of up to €37,165,007 by issuing new no-par bearer shares in exchange for cash and/or non-cash contributions and conditionally increase the company's share capital through the issue of up to 19,750,097 new no-par value bearer shares with exclusion of preemption rights. Furthermore, the AGM has also approved the nomination of three new Supervisory Board members, as mentioned in chapter 1.2.

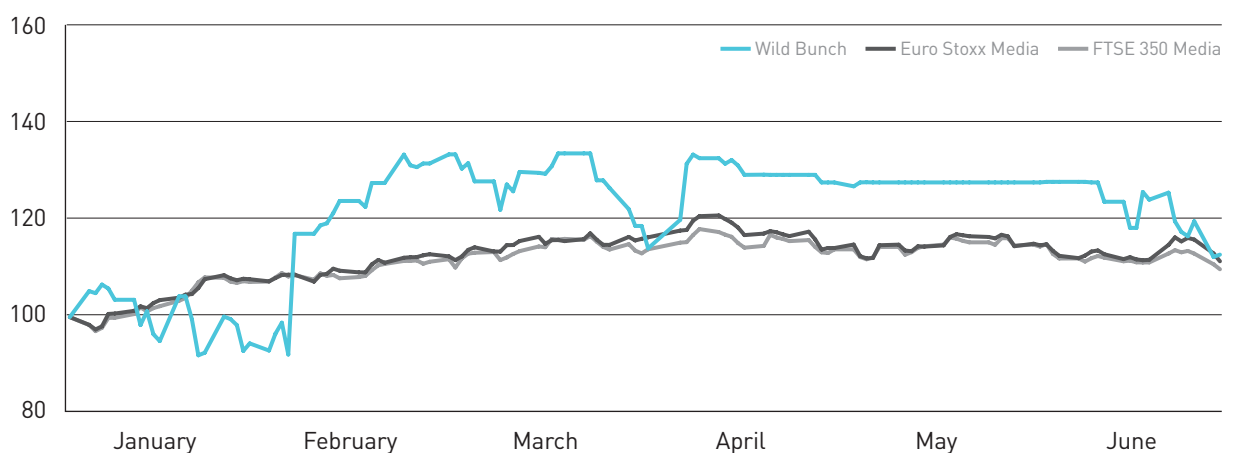
## 1.5 SHARE INFORMATION

The shares of Wild Bunch AG (formerly Senator Entertainment AG) have been listed in the General Standard segment of the Frankfurt Stock Exchange since 25 February 2008. In the first half of 2015, the share of Wild Bunch AG experienced ups and downs, but remained most of the time on a higher level than at the beginning of the year 2015. Starting the year 2015 at €2.03, the share achieved the highest closing price of €2.70 on 2 March 2015. The low in the first half of 2015 occurred on February 5, 2015, at €1.84. On June 30, 2015, the last trading day of the reporting period, the share price stood at €2.13, corresponding to a market capitalization of €158.3 million.

## KEY DATA

German Securities Code	A13SXB
ISIN	DE000A13SXB0
Ticker symbol	WBAG
Trading segment	Regulated Market (General Standard)
Type of shares	No par value ordinary bearer shares
Share capital (since February 5, 2015)	€74,330,015
Initial listing	February 25, 2008
Market Cap (June 30, 2015)	€158.3 m

## 1.6 SHARE PRICE PERFORMANCE (1 JANUARY - 30 JUNE 2015)







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## 2.1. MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

### 2.1.1. BUSINESS ENVIRONMENT

The operating activities of Wild Bunch AG focus largely on France, Germany, Italy and Spain, thereby making economic trends in these regions relevant for the Group. The Group is also active on the international markets through its international sales activities or through its movie purchases in foreign markets, such as the US.

The global economy is partially showing signs of recovery. According to the assessment of the European Commission, the economic growth in the Euro Zone is benefitting from positive economic tailwinds. Oil prices remain relatively low, global growth is steady and the Euro has continued to depreciate. As a result, the European Commission expects GDP in 2015 to rise by 1.8% in the EU and by 1.5% in the Euro Zone. For 2016, growth is predicted to improve to 2.1% in the EU and 1.9% in the Euro Zone.<sup>1</sup> The European Central bank and its low interest rate policy also supported the development of the European economy. Interest rates are expected to remain at a very low level.

France, the second largest economy in the Euro Zone, grew by 0.6 percent in the first quarter of 2015, but is still lagging in terms of growth. The statistics office Insee forecasts that the French economy will grow further in the second half of the year and likely contribute to reducing unemployment.

After the German economy had grown by 0.3% in the first quarter of 2015, the German federal bank expects accelerated growth in the second quarter primarily due to the strong consumption. The good situation on the labor market and wage growth ensured that consumers were in a buying mood.<sup>2</sup> Nevertheless, the Greek crisis negatively affects the economic expectations in Germany. The Consumer Confidence Index determined by the Association for Consumer Research (GfK) rose in the first half of 2015, and is expected to remain on a solid level of 10.1 points in July 2015 after 10.2 points in the previous month. Despite this slight slowdown, private consumption in Germany remains an essential pillar of economic development.<sup>3</sup>

In Spain and Italy, political reforms have led to positive results: The Spanish economy expanded more rapidly in the spring than at any time since 2007, increasing the GDP by 1.0% in the second quarter of 2015. The Italian economy appears to be recovering, since the GDP increased by 0.3% in the first quarter of 2015.

<sup>1</sup> European Commission, Spring 2015 Economic Forecast: Tailwinds support the recovery

<sup>2</sup> Reuters, Bundesbank – Deutsche Wirtschaft hat Wachstum wohl beschleunigt, 20. Juli 2015

<sup>3</sup> Gesellschaft für Konsumforschung (GfK), Pressemitteilung, „Grexit-Gefahr dämpft Konjunkturerwartung“, 25. Juni 2015

According to the ifo Institute/Center of Economy Studies (CES), the economic recovery in the Euro Zone will continue to accelerate slightly in the current fiscal year.<sup>4</sup> Driven by domestic demand, economic output is expected to grow by 0.5%, both in the third and fourth quarter after 0.4% in the first and second quarter of 2015. Altogether, the ifo research institute expects an annual growth rate of 1.4% in 2015, after 0.9% in the previous year. Inflation is likely to accelerate slightly to reach 0.2% in the second quarter of 2015 and at year-end 0.9%, assuming further stability of the Euro Zone.

According to the Kiel Institute for World Economics (IfW), the global economy has weakened in the first months of 2015.<sup>5</sup> Nevertheless, the economic momentum is expected to increase again during the current year and to continue its momentum in 2016. Therefore, the experts predict growth in the world economy of 3.4% for 2015, followed by moderate growth of 3.8% in the coming year. After world trade gained momentum at the end of 2014, global growth rates declined noticeably, especially due to a significant decline in emerging markets.

The US Dollar has significantly appreciated against the Euro. While in January 2015, the exchange rate EUR/US Dollar was still at 1.2098, the Euro lost ground within the first half year of 2015 compared to the US Dollar. At the end of June the exchange rate stood at 1.1143.

The European Central Bank (ECB) left the interest rate unchanged in the first half of 2015, holding the interest rate at the all-time low of 0.05%. In mid-July 2015, the ECB confirmed this record low in order to stimulate further economic recovery in the Euro Zone. The US Federal Reserve reconfirmed the low base rate between 0% and 0.25% in late July. Although market experts expect the first interest rate hike in the second half of this year due to the recovering US economy after a long period of extremely low interest rates.

## 2.1.2. SECTOR-SPECIFIC ENVIRONMENT

The overall economic development in Europe and globally also has a significant impact on the European media and entertainment industry. The sector-specific developments in the individual segments of Wild Bunch AG are presented below.

### DISTRIBUTION

#### THEATRICAL

##### FRANCE

According to the Centre National du Cinéma et de l'Image Animée, Paris, 100.8 million admissions were recorded in France over the first half of 2015, approximately 5.5% less than in the same period of 2014. However, after three months of declines, attendance levels were on the rise again in June. As a result, some 11.99 million viewers visited the country's movie theaters in June, up 5.6% compared to June 2014. French films represented 36.5% of the admissions for the first half of 2015 compared to 48.4% for the same period of last year, as against 48.4% for US productions and 15.1% for features from other countries. In fiscal year 2014, revenues at French box offices amounted to € 1.3 billion.

<sup>4</sup> ifo Institut, Center for Economic Studies (CES), Die Erholung des Eurogebietes beschleunigt sich

<sup>5</sup> Institut für Weltwirtschaft (IfW), Weltkonjunktur im Sommer 2015

## GERMANY

In the first half of 2015, the German cinema developed very positively. For the first time ever, more than half a billion Euros in revenue were recorded in the first six months of the year at the German box office. This reflects a significant increase of 21.1% compared to the same period of last year, as revenues were up to €545.0 million (HY 2014: €449.9 million). At the German box office, a total of 66.8 million tickets were sold between 1 January and 30 June 2015, which, comparing half years, corresponds to growth of 18.8%. The most sought after movie in the first half of 2015 has been the comedy HONIG IM KOPF by Til Schweiger that attracted 6.9 million visitors as of 30 June 2015. At the same time the growing interest in German productions has been confirmed in light of a market share of 26.8 percent by the end of June 2015. Despite this growth the trend from box office revenues towards digital video services such as SVoD, TVoD and EST remains intact. At the same time, a gradual shift of the cinema market to older audiences is pointed out by GfK.

## ITALY

The Italian cinema showed a positive development in the first half of 2015. Between January and June, admissions increased 5% to over 51 million admissions compared to the same period in 2014. Revenues at the Italian box office amounted to €330 million compared to €302 million, corresponding to a significant increase of 9.4% compared to the previous year, according to figures provided by ANICA at the fifth edition of "Ciné" held in Riccione. The figures from June 2015 with close to 5 million admissions, an increase of around 1 million on last year (23.7%), and a revenue increase of 35% to €32 million in box office indicate a positive development in the second half of 2015.

## SPAIN

In the first half year of 2015, U.S. movies like Fifty Shades of Grey, The Fast and The Furious and The Avengers boosted admissions and have led the Spanish box office to a 4.4% increase in revenue in the first half of 2015 over the same period of last year, totaling €250 million with approximately 40 million tickets sold. Spanish films lost momentum, declining 60% from €73 million in the first half of 2014 to €28 million in the first half of this year. Strong films like the second part of A SPANISH AFFAIR – planned to release at the end of November 2015 – is expected to improve the figure again. As of 30 June earnings of Spanish films accounted for about 11% compared to record-setting earnings of 24.05% in the same period of last year. The movie SPANISH AFFAIR had broken box office records in Spain with more than €44.5 million in revenues, currently being the best grossing Spanish movie of all time. The Spanish cinema is expected to close 2015 with €600 million in ticket sales that would mark a rise over last year's €518 million, despite a decrease in domestic film admissions from last year's record-breaking numbers.



## HOME ENTERTAINMENT

With regard to Wild Bunch's major markets France, Germany, Italy and Spain, the video market has developed differently in the first half of 2015. Overall, there is a tendency that the demand for physical videos is declining, while VoD services are increasingly contributing to total revenues in the video market. In Germany alone, 22 percent or twelve million Internet users from the age of 14 are watching shows or movies by using VoD that are usually chargeable, as the digital association Bitkom found out. The established VOD platforms include Amazon Prime Instant Video, HBO Now (in the U.S. only), Maxdome, Netflix, Watchever, the video services of Apple (iTunes) or Sky's Snap both online in Germany, as well as Canalplay in France. These companies represent a strong new customer base for Wild Bunch. SVoD continues to drive premium online video viewing in many markets. While some markets continue to be impacted by political and economic uncertainty, the video entertainment landscape is expected to flourish throughout 2015, according to Futursource Consulting.

One of the fastest-growing streaming services is Netflix. The company was founded as an online video library in 1997 and spends US\$ three billion for the acquisition of content from other providers each year. The rapidly expanding company is currently active in 50 countries, including France and Germany since September 2014. By the end of 2015, the streaming service will be available in all of the Wild Bunch territories: France, Germany, Spain and Italy. In the second quarter of 2015, Netflix continued to grow and acquired 3.3 million new subscribers. The company has approximately 65.6 million customers worldwide.

Currently, the main competitor to Netflix is Amazon with its streaming service Amazon Prime Instant Video available in the United Kingdom and in Germany. By registering for the Amazon Prime account, videos can be accessed based on an annual subscription fee or on a transactional basis (pay-per-view). Content of Instant Videos is made available for streaming and can also be viewed offline on Amazon's Kindle Fire tablets.

## FRANCE

In France, the change in the video market is proceeding even faster than in other European markets. 79% of households with television are using Video on Demand, making France a leader in Europe in this area. In the first half of 2015 revenues from DVD and Blu-ray amounted to €305 million, corresponding to a decrease of 17.2% compared to the previous year's period. DVD revenue decreased by 16.5% to €231.2 million, while revenues from Blu-rays even declined by 19.3% to €74.1 million. Thus, in France a decline in videos of 9.9% was recorded compared to the first semester of last year. Overall, a total of 36.2 million videos were sold – 30.6 million DVDs and 5.6 million Blu-rays. The French VoD market generated sales of €248.9 million in 2014, representing growth of 3.8% compared to the previous year. According to estimations of the French Centre National du Cinéma, the VoD segment is expected to grow rapidly to at least €312 million in 2015 due to favourable EST prices, new streaming services and exclusive TV series on demand. Especially the SVoD segment offers further growth potential, for example due to intensified activities by streaming services. The French SVoD service Canal Play has announced seven original web series to be launched during the current year on its service, obviously responding to the entry of Netflix into the French market. At the same time, MARSEILLE has been attracting attention as it is the first original French production by Netflix. MARSEILLE will be the first 8-episode series that the streaming service will commission on its own in Europe. According to a study carried out by Ernst & Young, potential revenue of between €45 million and €75 million might be generated in the VOD segment of French movies by 2020.

## GERMANY

In the first half of 2015, revenue of the German sell-through video industry decreased slightly by 4% to €576 million, according to information provided by GfK Panel Services Germany. While the demand for physical formats has been declining, digital content continued to grow and is now responsible for 13% of total revenues. The electronically sold video content (Electronic-Sell-Through (EST)) achieved revenues of €41 million for the first half 2015, showing significant growth of 41% compared to the same period of last year. The fact that video streaming is now an indispensable form of media consumption is also evidenced by a representative survey commissioned by the German digital branch association Bitkom. In Germany, 76% of all internet users are streaming content, which corresponds to two million users more than a year ago. Thanks to ever-faster broadband connections, so far every fourth internet user downloads videos for watching shows and movies.

The demand for physical video media, however, continues to decline: While revenues from DVD have fallen by 9% from €385 million to €350 million, revenue from Blu-rays increased slightly by 1% to €186 million. DVD rentals have decreased further by 11% to €55 million in revenues compared to €61 million in 2014. Revenue generated from the rental of Blu-rays decreased by 8% to €23 million. In contrast, revenue in the TVoD (Transactional VoD) segment was up by 12% to €47 million and underscores the trend of a rising revenue share of VoD on the German video market. The increasing importance of digital content becomes obvious when comparing the different distribution channels: Only 52% of revenue in the rental video market, corresponding to €64 million, slightly more than half of the total revenue of around €125 million is still generated by the classical way in video stores. Overall, 13% of total sales in the video market amounting to €700 million were achieved by digital video services – purchased or borrowed. On the whole, the home video market in Germany remains among the strongest ones in Europe.

## ITALY

According to the Univideo report 2015, total revenue in the Italian home video market amounted to €350 million in 2014, corresponding to a decrease of 2.8% compared to 2013. The number of DVDs and Blu-rays sold in 2014 remained stable compared with the previous year, selling 19 million units. More and more the Italian home video market is dominated by digital video offerings. The digital market (VOD/EST) showed a growth of 38.9% compared to 2013. 2014 reported a turnover of VOD/EST about €25 million compared to €18 million in 2013. However, many platforms were still reluctant to enter the Italian market due to the high level of online piracy, the low broadband penetration and the high number of films on Pay TV and Free TV, according to the European Video Yearbook 2014. Revenues from online services remain insufficient to cover the loss of the physical home entertainment market. According to the Univideo report, revenues of the VoD segment (EST and VoD) are estimated to represent about 7% of the total revenue. The streaming service Netflix plans to start operations in Italy in October 2015.

## SPAIN

The Spanish video market has been badly affected by piracy and the severe economic situation. As a result the Spanish Government has been fostering legislative reforms to reduce online piracy. In 2014, the share of consumers which access illegally to pirate contents increased to 58% compared to 51% in 2013, the GfK estimated. The Spanish video market (DVD and Blu-ray) in 2014 decreased by 14% to €94.6 million compared to the previous year. In 2014, the DVD market dropped by 17% to €64.2 million. At the same time revenues from Blu-rays significantly increased by 22% compared to the previous year. The rental of Blu-rays also experienced a strong growth of 26%, according to the Spanish video association UVE. After being comparably modest for a long time, the online distribution of videos in Spain gained momentum last year. In 2014, the Digital Video market increased by 42%, according to GfK. Overall the Spanish rental market decreased by 41% compared to 2013, while the sales market increased slightly by 3%.

## TV

Despite strong competition, the attractiveness of the TV market is based on the high overall level of television viewing. There are many TV stations offering programs of all types – whether for free or charged, via cable or satellite, or as IP TV via the Internet – and the opportunities to distribute film productions are growing as a consequence. This has nevertheless also been accompanied by a considerable drop in prices in recent years. In the case of major customers of feature film productions, the best-yielding slots between 8:00 p.m. and 10:00 p.m. have been occupied for some years mainly by reality TV shows, series and proprietary productions. In particular TV series have led to a stronger competition for feature film productions. Another factor is that high-end productions are not suited for all TV station formats. The market environment in the area of TV is therefore to be regarded as challenging.

The European pay-TV market faces increasingly new competitors providing SVOD services. Nevertheless, pay-TV providers remain strong players and key customers on all of Wild Bunch's territories. According to The Digital TV Western Europe Forecasts report, pay-TV penetration is expected to grow from 56.7% at the end of 2014 to 60.4% in 2020 and the number of pay-TV subscribers shall climb by 2.57 million to 99.0 million in the next five years. Pay-TV accordingly continues its expansion in Germany with approximately 90 pay-TV programs currently available. Based on the survey "Pay-TV in Germany 2015", conducted by the Association of Commercial Broadcasters and Audiovisual Services in Germany (VPRT), revenue from pay-TV and pay video on demand rose by some eight percent in Germany to € 2.22 billion in 2014 (2013: € 2.05 billion). In the first six months of 2015, the average monthly reach for pay-TV channels increased to 11.6 million viewers compared with about 10 million during last year's period. According to the VPRT association, pay-TV is expected to reach one in five German households for the first time ever this year.

In the French pay-TV market a similar development can be observed. According to Conseil Supérieur de L'Audiovisuel (CSA), 18.29 million private households have subscribed pay-TV services in 2014, corresponding to 68% of all TV owners in France. As a result, pay-TV had accounted for 14.1% of the total audience in France in 2014, with 141 pay-TV channels to be chosen from. The leading pay-TV company in France is Canal Plus Group, currently possessing around 14.7 million subscribers worldwide. The attractiveness of the TV market also had a positive impact on TV advertising. According to France Pub, advertising revenue in the French TV market rose by 4% to € 3.85 billion. In Germany the TV market advertising revenues also increased by 4% to € 4.29 billion in 2014 with TV remaining the most important advertising platform, based on the advertising statistics of the ZAW, the association of the German advertising industry. Moreover, in-stream video advertising has led to advertising revenues in the amount of € 250 million, according to VPRT.

## ANTI-PIRACY MEASURES AND NEW REGULATIONS

Overall, it shows that copyright infringements are now addressed as a serious threat for the economic and cultural development of the entertainment sector. Therefore, anti-piracy measures get stronger and stronger worldwide, and Europe has been a key battleground, making headways in its fight against online piracy. 2015 was marked by far-reaching court decisions and government initiatives to reduce piracy:

- In March 2015, Fleur Pellerin, the French Ministry of Culture, announced an action plan to increase the fight against illegal streaming and downloading of movies aiming on internet users and pirate sites alike. In parallel, Hadopi, the anti-piracy authority, will pursue its strategy, that the educational system will remind Internet users of their responsibilities under the law.
- In Germany, collecting society GEMA appealed to the German Federal High Court against Deutsche Telekom to block websites providing infringed content, even if Deutsche Telekom is not the host, but only the access provider. In a hearing on 30 July 2015 the federal judges, citing the European High Court and EU-directives, indicated that website blocking must be possible as a last resort where a direct proceeding against infringers cannot be enforced. A judgement is expected for November 2015.
- Also in July, Spanish government claimed success in internet piracy fight. Since 2012, Spain has implemented a series of changes and adjustments to domestic copyright law. Since 1 January 2015 the most notable development with the introduction of tough new legislation came into effect, which aims to quickly shut down pirate sites.
- In July, UK government announced the launching of a consultation on plans to increase the maximum sentence for commercial-scale online copyright infringement from two to ten years imprisonment. Besides this, UK government has started "Creative Content UK", a program aimed to warn and educate copyright infringers in the hope of decreasing piracy rates over time.

## OTHER

The U.S. landscape for distribution companies which are both customers of the company's international sales and suppliers of direct distribution is also of importance to Wild Bunch's development. There have been major changes in the area of distribution companies on the US market. A new TV and film studio named STX Entertainment was founded and plans to grow rapidly. The fully-integrated motion picture and television studio specializes in the production, marketing, and distribution of talent-driven films and television programming. STX Entertainment is led by Robert Simonds and was co-founded by TPG Capital. With extremely strong financial backing from TPG and the Chinese private equity firm Hony Capital, and a co-financing agreement with the leading Chinese distribution company Huayi Bros. STX has all the potential to become a key player in the field of independent production and distribution. Two film releases have already been announced for the current year: On 31 July 2015, the studio will release THE GIFT contemporary psychological thriller from Jason Blum's Blumhouse, directed by Joel Edgerton. SECRET IN THEIR EYES will be released on 23 October 2015.



## 2.2 COURSE OF BUSINESS

### 2.2.1. FINANCIAL AND NON-FINANCIAL INDICATORS

#### FINANCIAL PERFORMANCE INDICATORS

The primary aim of Wild Bunch AG is to sustainably enhance its company value. Revenue metrics and Adjusted EBIT are key control parameters for the Group. The key indicators of operating profit (EBIT) and net debt (financial liabilities less cash and cash equivalents) are also regularly calculated to control and steer the operating segments.

Key indicator in k€	H1 2015 Wild Bunch AG	H1 2014 Wild Bunch S.A.	H1 2014 Senator Entertainment AG
Revenue	67,964	69,370	9,478
Gross profit	11,110	8,182	- 699
Adjusted EBIT <sup>1</sup>	993	815	- 1,719
Operating profit (EBIT)	445	790	- 3,260
Share of profit/loss attributable to shareholders	- 2,130	- 664	- 3,802
Net debt	84,022	68,003	18,094

<sup>1</sup> Adjusted EBIT is operating profit before one-off, non-recurring items. The one-off adjustments include items such as significant restructuring costs, the costs incurred in entering into business combinations, and the impact of the sale, disposal or impairment of an investment in a business or an asset.

#### NON-FINANCIAL

Above and beyond financial performance indicators, non-financial performance indicators and success factors are of central importance for the company's performance. These are derived from the specific requirements of the business model.

#### BOX OFFICE FIGURES

In the Group's "Distribution" segment, box office business generated by a movie is an extremely important factor of profitability for such a movie, as cinema success generally also affects the subsequent exploitation steps. Despite intensive previous market observation, the taste of the cinema-going public can only be measured to a limited extent. In addition, cinema films released by the Group are always competing with concurrently-running films of other distributors, so that a marketing campaign that is coordinated in relation to the respective film does not always result in the expected box office figures.

#### ACCESS TO RIGHTS

The Group is exposed to strong competition when acquiring rights to literary works and screenplays, as well as when entering into agreements with successful directors, actors and film studios. For this reason, the Group has established a close working relationship with renowned and experienced screenplay writers, directors and producers in Europe who have significant expertise in the production of cinema films and TV formats.

#### SPECIALIST EXPERTISE AND CONTACT NETWORK

Both technical and content-related expertise are critical, not only with regard to increasingly digital and convergent media utilization behavior and the shift toward the utilization of cross-platform offerings. The recruitment, promotion and retention of well-trained, expert, committed and creative staff is correspondingly important. An extensive and established network of contacts, as well as close and trusting relationships with business partners, are also important factors for the success of the Group.

## 2.2.2. H1 2015 BUSINESS TRENDS

### DISTRIBUTION

#### THEATRICAL RELEASES

In total, 30 movies have been distributed in theaters by the Group in France, Germany, Italy and Spain.

Title	Director	Origin	Distribution company	Release date
MR TURNER	Mike Leigh	UK	BIM	29/01/2015
PHOENIX	Christian Petzold	Germany	BIM	19/02/2015
FOXCATCHER	Bennet Miller	America	BIM	12/03/2015
LA FAMILLE BELIER	Eric Lartigau	France	BIM	26/03/2015
THE CUT	Fatih Akin	Germany, France	BIM	09/04/2015
LES VACANCES DU PETIT NICOLAS	Laurent Tirard	France	BIM	16/04/2015
I BAMBINI SANNO	Walter Veltroni	Italy	BIM	23/04/2015
THE SECOND MOTHER	Anna Muylaert	Brasilia	BIM	04/06/2015
KILL THE MESSENGER	Michael Cuesta	America	BIM	18/06/2015
71	Yann Demange	UK	Vertigo	23/01/2015
FOXCATCHER	Bennet Miller	America	Vertigo	06/02/2015
MAPS TO THE STARS	David Cronenberg	Canada, America, France, Germany	Vertigo	06/03/2015
A MOST VIOLENT YEAR	J.C. Chandor	America	Vertigo	19/03/2015
WOLF TOTEM	Jean-Jacques Annaud	France, China	Vertigo	10/04/2015
LA FAMILLE BELIER	Eric Lartigau	France	Vertigo	24/04/2015
DISCOUNT	Louis-Julien Petit	France	Wild Bunch Distribution	21/01/2015
LES CHEVALIERS DU ZODIAQUE	Keiichi Sato	Japan	Wild Bunch Distribution	25/02/2015
A TROIS ON Y VA	Jérôme Bonnell	France	Wild Bunch Distribution	25/03/2015
PROFANATION	Mikel Norgaard	Denmark	Wild Bunch Distribution	08/04/2015
LA TETE HAUTE	Emmanuelle Bercot	France	Wild Bunch Distribution	13/05/2015
QUI C'EST LES PLUS FORTS	Charlotte de Turkheim	France	Wild Bunch Distribution	03/06/2015
THE BEST OF ME	Michel Hoffman	America	Wild Bunch Germany / Senator	08/01/2015

Title	Director	Origin	Distribution company	Release date
BROS BEFORE HOS	Steffen Haars, Flip Van der Kuil	Netherlands	Wild Bunch Germany/ Senator	15/01/2015
DOKTOR PROKTORS PUPSPULVER	Aril Fröhlich	Norway, Germany	Wild Bunch Germany/ Senator	15/01/2015
3 TÜRKEN & EIN BABY	Sinan Akkus	Germany	Wild Bunch Germany/ Senator	22/01/2015
LA RITOURNELLE	Marc Fitoussi	France	Wild Bunch Germany/ Senator	12/02/2015
SAMBA	Eric Toledano, Olivier Nakache	France	Wild Bunch Germany/ Senator	26/02/2015
LEVIATHAN	Andrey Zviagintsev	Russia	Wild Bunch Germany/ Senator	12/03/2015
3 COEURS	Benoit Jacquot	France	Wild Bunch Germany/ Senator	19/03/2015
DESSAU DANCERS	Jan Martin Scharf	Germany	Wild Bunch Germany/ Senator	16/04/2015
VICTORIA	Sebastian Schipper	Germany	Wild Bunch Germany/ Senator	11/06/2015

In France, 7 movies were theatrically released. UNE HEURE DE TRANQUILLITÉ had a very satisfactory run in 2015, reaching more than 1 million admissions. Another success was LA TÊTE HAUTE, the opening movie at the Cannes Films Festival, while the ambitious comedy QUI C'EST LES PLUS FORTS was significantly below expectations.

With popular films like SAMBA and DREI TÜRKEN, a total of 10 movies have been released by Wild Bunch Germany. On 11 June 2015, VICTORIA started in German theaters, gaining much attention by film critics and the film-going public. The movie directed by Sebastian Schipper won six Lolas at the German Film Awards: Golden Lola for the Best Feature Film, Best Director, Best Actress for Laia Costa, Best Actor for Frederick Lau, Best Camera/Image Composition and Best Music.

Italy and Spain had jointly acquired the local rights to the French hit movie LA FAMILLE BELIER. The movie was for both our subsidiaries their best-performing theatrical release, definitely benefitting from joint marketing and promotion considerations.

Furthermore, Italy has released nine movies among which there were two underperformers, THE CUT by Fatih Akin, and FOXCATCHER, by Bennet Miller.

### **TERMINATION OF THE OUTPUT AGREEMENT WITH RELATIVITY**

On 5 January 2015, Eurofilm & Media Ltd. ("Eurofilm") based in Ireland, exercised its contractual right to early terminate the output agreement that had been in place with the US-based producer RML-Distribution International LLC ("Relativity") since 2011. As a result of exercising this termination right, Eurofilm no longer has the exclusive right nor obligation to distribute Relativity's feature film productions that are produced after the date of such termination in German-speaking European countries via Senator, or to make the associated guarantee payments from 1 February 2015.

### **LAUNCH OF E-CINEMA**

Wild Bunch launched a new distribution channel in March 2015 called e-Cinema. With the huge increase and the improved accessibility of video-on-demand and considering the lack of space in theaters, the company plans to offer an alternative way for movies to be distributed. The aim here is the creation of true events and the willingness to propose them to the largest possible audience. One movie is planned for release every month via e-cinema. The first movie distributed via e-Cinema was released in France with the opening opus of the famous Danish franchise DEPARTMENT Q: THE KEEPER OF THE LOST CAUSES. The following release was ONE CHANCE in France in July.

### **INTERNATIONAL SALES**

As far as international sales activities are concerned, Wild Bunch Group delivered 16 new movies, including, WOLF TOTEM by Jean-Jacques Annaud, LA TETE HAUTE by Emmanuelle Bercot, DIARY OF A CHAMBER MAID by Benoît Jacquot, or THE ASSASSIN by Hou Hsiao-Hsien.

### **4 AWARDS AT CANNES FILM FESTIVAL 2015**

The Cannes Film Festival in May 2015 was a great success for Wild Bunch this year. On top of the opening movie LA TETE HAUTE and the closing movie THE ICE AND THE SKY, Wild Bunch received four awards at the Cannes Film Festival 2015. Above all, Jacques Audiard (Wild Bunch Int'l Sales – BIM – Vertigo) won the

sought-after PALME D'OR for his movie DHEEPAN. Rooney Mara was awarded Best Actress Ex-aequo in CAROL directed by Todd Haynes (Vertigo). Besides, Hou Hsiao-Hsien (Wild Bunch Int'l Sales) was awarded Best Director for THE ASSASSIN and Michel Franco (Wild Bunch Int'l Sales – Wild Bunch Distribution) for Best Screenplay for CHRONIC.

### **LAUNCH OF INSIDERS AS NEW INTERNATIONAL SALES COMPANY**

In May 2015, Wild Bunch announced the launch of Insiders, a new international sales company based in Los Angeles that is dedicated to the trading of independent movies. The objective is to exclusively focus on the trading of independent pictures with budgets above US\$ 15 million. Insiders will act for third party financiers/producers, who will have the opportunity to become equity owners in the company along with Wild Bunch. This company will act as their independent sales agent, marketing their films to all foreign distributors around the globe outside the US. The Group resumes its strategy of expansion and diversification, aimed at providing the new Group with new sources of profitable growth.

### **OTHERS**

#### **FILMO TV INCREASING ITS COVERAGE**

FILMO TV is now available on Bouygues platform. Thus, FILMO TV is available on all French platforms (excl SFR), on OTT or on connected TVs, reaching 80% of French households.

#### **ACQUISITION OF SENATOR FILM BABELSBERG GMBH**

With effect from 20 January 2015, Senator Film Produktion GmbH increased its shareholding in the associate Senator Film Babelsberg GmbH from 50% to 100% and changed the name into Senator Reykjavik GmbH. The purchase price amounted to € 12,500.



## 2.3. EARNINGS, ASSETS AND FINANCIAL POSITION OF THE GROUP

The financial management of Wild Bunch AG is organized centrally at Group level. The Group pursues value-oriented financing principles in order to ensure liquidity at all times and minimize financial risks. Moreover, a balanced maturity profile is sought.

In the following presentation of the Group's earnings, assets and financial position, the consolidated figures of the newly formed Wild Bunch AG will be discussed for the first time. For more complete information, the figures for the first half of 2014 of the former Senator Entertainment AG (hereinafter also referred to as "Senator"), as well as those of Wild Bunch S.A. are mentioned in the earnings situation. Due to the different data bases, no comparison is being made hereinafter between the two reporting periods.

### 2.3.1. CONSOLIDATED RESULTS OF OPERATIONS

In the first half of fiscal 2015, Wild Bunch AG generated revenues of € 67,964 thousand according to the IFRS consolidated financial statements. The year before, the former Senator Entertainment AG posted sales of € 9,478 thousand while Wild Bunch S.A. recorded revenue of € 69,370 thousand. The revenues of Wild Bunch AG were distributed as follows among the individual segments: In the segment Distribution, Wild Bunch AG posted revenue of € 54,785 thousand in the first half of 2015. Furthermore, the company generated revenues of € 13,335 thousand in the segment International Sales. In the segment Other, the Group reported revenues of € 223 thousand.

The cost of sales amounted to € 56,855 thousand in the first half of 2015 (Wild Bunch S.A. H1 2014: € 61,188 thousand/Senator H1 2014: € 10,177 thousand) These include in particular costs related to the distribution of films, costs of marketing and production of DVDs/Blu-rays as well as expenses of the licensor. As a result, gross profit for the first six months of 2015 amounted to € 11,110 thousand (Wild Bunch S.A. H1 2014: € 8,182 thousand/Senator H1 2014:

€ – 699 thousand). This resulted in a gross profit margin of 16.3% (Wild Bunch S.A. H1 2014: 11.8%/Senator H1 2014: – 7.4%). For the full year 2015, the management expects a gross profit margin at a similar level. Other operating income in the first half of 2015 amounted to € 599 thousand (Wild Bunch S.A. H1 2014: € 222 thousand/Senator H1 2014: € 2,016 thousand). Administrative expenses in the amount of € 10,759 thousand (Wild Bunch S.A. H1 2014: € 7,485 thousand/Senator H1 2014: € 2,498 thousand) were predominately personnel costs. The administrative expense ratio thus lies at 15.8% of revenue in line with the medium term expectations of the management for the full year 2015. Other operating expense for the first half of 2015 amounted to € 505 thousand (Wild Bunch S.A. H1 2014: € 130 thousand/Senator H1 2014: € 2,079 thousand).

Earnings before interest and taxes (EBIT) were € 445 thousand (Wild Bunch S.A. H1 2014: € 790 thousand/Senator H1 2014: € – 3,260 thousand) in the first half of 2015. Financial expenses amounted to € 2,858 thousand. Here, the former Senator Entertainment AG posted financial expenses of € 656 thousand and Wild Bunch S.A. reported € 1,615 thousand in financial expenses in the first half of 2014.

Net income amounted to € – 2,062 thousand in the first half of 2015; Senator Entertainment AG had consolidated net income of € – 3,802 thousand in the first half of 2014 and Wild Bunch S.A. recorded € – 526 thousand. With a total of 74,330,015 shares of Wild Bunch AG outstanding as of June 30, 2015, this corresponds to earnings per share (basic/diluted) of € – 0.03 (Wild Bunch S.A. H1 2014: € – 0.01/Senator H1 2014: € – 0.13).

## SIGNIFICANT GROUP FIGURES AT A GLANCE

in € thousand	H1 2015 Wild Bunch AG	H1 2014 Wild Bunch S.A.	H1 2014 Senator Entertainment AG
Revenue	67,964	69,370	9,478
Operating profit (EBIT)	445	790	-3,260
Consolidated net income	-2,062	-526	-3,802
EPS (€)	-0.03	-0.01	-0.13
Net debt	84,022	68,003	18,094

### 2.3.2. ASSET POSITION OF THE GROUP

The total assets of Wild Bunch AG amounted to €329,782 thousand on 30 June 2015. On the assets side, non-current assets amounted to €243,892 thousand on 30 June 2015. This includes in particular other intangible assets amounting to €107,114 thousand, with €9,093 thousand herein pertaining to the merger to form Wild Bunch AG. Other intangible assets mainly include film exploitation rights that are expected to be utilized in the months and years to come, which will thus contribute to revenue. Furthermore, non-current assets include goodwill amounting to €106,264 thousand, whereby €63,356 resulted from the merger to form Wild Bunch AG. On 30 June 2015, property, plant and equipment amounted to €1,695 thousand. The financial assets comprise in particular investments in associates in the amount of €1,301 thousand and interests in associated companies amounting to €7,190 thousand. Other financial assets amounted to €1,038 thousand, while deferred tax assets amounted to €19,290 thousand on 30 June 2015.

Current assets on the balance sheet date 2015 totaled €85,890 thousand. Trade receivables and other receivables in the amount of €75,716 thousand contributed significantly to this figure. They include receivables from goods and services of €43,436 thousand, which are essentially receivables from TV broadcasters and cinema operators or relate to the sale of DVDs and Blu-rays. In addition, €5,293 thousand are recognized as other financial assets. Receivables from other assets of approximately €25,391 thousand arose as a result of value

added tax receivables and receivables from funding agencies. Liquid funds amounted to €8,033 thousand on the balance sheet date 2015.

Due to the merger of Senator Entertainment AG and Wild Bunch S.A., the new Wild Bunch Group AG now has a solid capital base: As of 30 June 2015, balance sheet equity amounted to €80,076 thousand. This corresponds to an equity ratio of 24.3%.

Liabilities stood at a total of €249,539 thousand on 30 June 2015. The sum of long-term debt amounted to €73,543 thousand on 30 June 2015. This includes long-term borrowings in the amount of €51,100 thousand, deferred tax liabilities amounting to €7,915 thousand and other provisions for licensor transfers totaling €14,527 thousand. Current liabilities as of 30 June 2015 amounted to €175,996 thousand. These are mainly due to other provisions that are mainly related to liabilities to licensors of €22,411 thousand, as well as short-term borrowings due in the amount of €40,955 thousand. Current financial liabilities also include a bond from the former Senator Entertainment AG in the amount of €15,000 thousand. In addition, liabilities for goods and services amounted to €73,947 thousand. These pertain mainly to the purchase of film exploitation rights, DVD film releases and cinema marketing costs. Other liabilities in the amount of €29,483 thousand include liabilities arising from payroll taxes and to film funding agencies.

### 2.3.3. GROUP FINANCIAL POSITION

In the first half of fiscal 2015, Wild Bunch AG generated positive operating cash flow of € 11,076 thousand.

Cash flow from investing activities in the first half of 2015 amounted to € -8,525 thousand. Here, the company invested primarily in film exploitation rights that are expected to be used in the coming months and years by way of the individual value chains.

Cash flow from financing activities was negative and showed a cash outflow of € -1,012 thousand. This is mainly due to receipts from the raising of loans totaling € 31,849 thousand with repayment of loans totaling € 32,150 thousand.

Overall, the cash and cash equivalents of the Group thus amounted to € 8,033 thousand as of 30 June 2015.

## 2.4. OVERALL STATEMENT ON THE BUSINESS AND FINANCIAL POSITION OF WILD BUNCH AG

### *TRANSFORMATION INTO A LEADING PAN-EUROPEAN FILMED ENTERTAINMENT COMPANY*

For Wild Bunch AG, the first half of 2015 was accompanied by far-reaching changes in the Group. After the successful completion of the merger of Senator Entertainment AG and Wild Bunch S.A., the company has transformed itself into one of the leading pan-European filmed entertainment companies with a unique international footprint and a wide portfolio of activities which range from international sales to direct electronic distribution. Wild Bunch is present in almost all of the important European film markets such as Germany, France, Italy and Spain, offering a library of more than 2,200 films and via all channels in numerous countries. The company continued to take forward operating activities, e.g., the production and distribution of films in the areas of cinema, TV and home entertainment, as planned. In light of the new Group structure, Wild Bunch is well-positioned to achieve additional synergies and take advantage of the huge growth potential of the international film market.

### *MERGER OF SENATOR ENTERTAINMENT AG AND WILD BUNCH S.A.*

The first half of 2015 was marked by financial and strategic restructuring for today's Wild Bunch AG. A number of capital measures had to be executed within Senator to set up the merger with Wild Bunch S.A., which was completed in February 2015. The merger is another important step on the way to becoming a pan-European company. In the meantime, the company's name

was changed to Wild Bunch AG. Nevertheless the Senator name will remain as a brand for production and generally plans to produce approximately four in-house or co-productions per annum.

### *REFINANCING OF THE CURRENT BOND 2014*

On 24 March 2015, Wild Bunch AG successfully issued a bond on the basis of a private placement. Institutional investors subscribed for bonds with a term of 12 months for a total nominal amount of around € 11.8 million. The placement of the remaining bonds with a total nominal value of € 3.2 million, thus totaling € 15 million, was successfully accomplished on 25 June 2015. The proceeds serve to secure liquidity, repay existing liabilities and finance operating activities.

### *REPAYMENT OF THE 8% BOND 2011/2016*

On 27 March 2015, Wild Bunch publicly announced the termination and repayment of the entire remaining 8% bond 2011/2016 as of the interest payment date of 29 April 2015.

The company has furthermore initiated conversations with its main financial partners in order to set up the most appropriate financial set of resources to meet its ambitions.

Management confirms that the results of the first half year 2015 are perfectly consistent with the company's objectives and as reflected by the adjusted EBIT, Wild Bunch AG is on track to reach its full year targets.

# **SUBSEQUENT EVENTS**



## Information about and effects of transactions of particular significance after the reporting date

### RENAMING INTO WILD BUNCH AG

The Annual General Meeting of shareholders of former Senator Entertainment AG has approved the change in the company's name to Wild Bunch AG. The renaming became effective as of 8 July 2015.

### EXTENSION OF THE CREDIT FACILITY AGREEMENT WITH BANK LEUMI

After the reporting date, Wild Bunch agreed to roll over its loan facility with the UK branch of the Israeli Bank Leumi (UK) plc, London. The original agreement was extended and the existing limit of € 10 million has been confirmed. The loan agreement enables Wild Bunch to obtain interim financing for receivables arising from exploitation agreements over a period of up to two years, thereby minimizing the period over which their own capital is tied up.

### INSOLVENCY OF RELATIVITY MEDIA

The film distribution company Relativity Media, one of the major US producer and distributor of a series of famous films in recent years, has filed for bankruptcy at the end of July 2015 and will sell its film and television operations at auction. Wild Bunch is currently assessing the effect on the two outstanding movies which are to be delivered under the output agreement with Relativity Media, a contract Wild Bunch had already terminated in January 2015.



# REPORT ON FORECAST, OPPORTUNITIES AND RISK

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## 4.1. FORECAST REPORT

### 4.1.1. TRENDS IN THE MARKET ENVIRONMENT

The Group aims to enjoy much stronger growth on international markets. PwC also sees considerable potential in this area: According to a current study, the total revenue on the global film market is expected to rise by 4.1% CAGR to 2019, reaching US\$ 104.6 billion. Both in the developed regions such as the US, Europe and Japan as well as the up-and-coming film markets such as China and Latin America, growth should remain high.

Notwithstanding the continuing increase in cinema revenue, which also remains the main source of income according to forecasts in 2019, the significant increase in the electronic consumption of video-on-demand offerings is particularly noticeable and is expected to double by 2019, according to the current PwC Media Outlook. Therefore, global electronic home video revenue is set to rise from US\$ 15.28 billion to US\$ 30.29 billion in the forecast period. Revenue of digital video services, in particular, is seeing further growth as online video and streaming services are beginning to attain a significant foothold in many markets. This development can also be observed in the major markets of Wild Bunch – but of varying intensity.

According to PwC estimates, this area is expected to replace the sale and distribution of physical film mediums (DVDs and Blu-Rays) as the second largest revenue driver in the coming years. Revenue worldwide of more than US\$ 30 billion is expected to be generated through streaming platforms and the sale of digital content, growing annually by an average of around 19%.

Even on the TV market, digital offerings are becoming increasingly important. In the PwC study, it is pointed out that the rise of over-the-top (OTT) video services is slowly changing the shape of advertising. But as viewing continues to move away from traditional networks towards digital alternatives, advertisers will consider changing where they allocate their expenditure to reach desired demographic segments.

According to the PwC study, every market in Western Europe has a forecast CAGR below 5%. Overall, global total TV advertising will rise by 4.1% CAGR to US\$ 204.1 billion in 2019, while global multichannel and terrestrial advertising revenue is expected to increase by 5.1% CAGR and 2.8% CAGR, respectively, although global online TV advertising revenue will see 19.8% CAGR growth.

### 4.1.2. GROUP FOCUS IN FY 2015

The Group's focus is on its operations in the major film markets of Germany, France, Italy and Spain, as well as significant presence in the area of global distribution. In the medium term, the Group plans to establish itself as one of Europe's leading independent film distributors.

Based on the new Group structure including more efficiency and a strong international network, Wild Bunch aims to generate profitable growth in the years to come. Corresponding to that goal, the company is facing three main challenges in the 2015 fiscal year. First, the company is driving forward to create further synergies in integrating the companies and make them act as one. Furthermore, it is planned to restructure the financial resources and optimize the Group's capital structure. Besides this, Wild Bunch is striving to strengthen its operational profitability.

In addition to increasing its penetration of existing markets, part of the Group's growth strategy involves developing new market segments. Specifically, the Group's activities on its core markets are to be expanded by reinforcing its competitive position and increasing the marketing of content via digital channels. The FilmoTV VoD/SVoD service is currently used in France, but this form of film distribution will also be possible in other countries in the medium term. In this way, Wild Bunch is at the forefront of the mobile consumption of content and the shift from traditional linear to on-demand TV consumption.

The business model successfully established in the Group's core markets will be expanded to other European markets in the medium term. This could also involve taking advantage of partnerships and further acquisitions.



### 4.1.3. EXPECTED DEVELOPMENT OF WILD BUNCH AG

The second half of 2015 is marked by an important volume of theatrical releases throughout the group with few movies with strong stake. Overall, 39 movies will be released in theatres in France, Germany, Italy and Spain. Some movies will be released in several territories through Wild Bunch's distribution network, such as the genre movie *SINISTER 2* by Claran Foy released in France and Germany; *DHEEPAN* by Jacques Audiard, awarded with the Golden Palm at Cannes Film Festival, to be released in Italy and in Spain or *LIFE* by Anton Corbijn, a biography drama about James Dean, to be released in Italy and in Spain.

#### Theatrical releases by territory:

##### FRANCE:

- Wild Bunch plans to release 10 movies in French theatres, including *LA DERNIÈRE LECON* by Pascale Pouzadoux and a comedy called *LE GRAND PARTAGE* by Alexandra Leclère.

##### GERMANY:

- Wild Bunch Germany plans to release 9 movies including *WOLF TOTEM* by Jean-Jacques Annaud and *LE GRAND JOUR* by Pascal Plisson.

##### ITALY:

- BIM plans to release 10 movies in Italy, including *LA PRIMA LUCE* by Vincenzo Marra or *SPOTLIGHT* by Thomas McCarthy.

##### SPAIN:

- Vertigo plans to release 13 movies in Spain, including *AMY* by Asif Kapadia or *LA TÊTE HAUTE* by Emmanuelle Bercot, the opening movie at Cannes Film Festival, successfully released in France by Wild Bunch Distribution.

The last semester of the year is generally important for international sales activities. On the one hand, most of the movie deliveries happen during that semester, which means that most of the international sales revenue of the year is generated during that period. On the other hand, two of the four main movie markets take place in the second half of the year: the

American Film Market (AFM) in Los Angeles and the Toronto International Film Festival (TIFF) in Toronto. 23 movies will be "activated" for international sales during the second half of 2015, including *DHEEPAN* or *THE LITTLE PRINCE* by Mark Osborne, the first-ever animated feature film adaptation of Antoine de Saint-Exupéry's iconic masterpiece.

After the successfully completed merger, the Group is now able to offer a significantly higher number of films and series across the largest European markets. As a result, management expects higher revenue and earnings. More importantly, the company aims to achieve a unique market position in Europe, not only in terms of size and geographic reach, but also in terms of the resulting film library.

In the 2015 fiscal year, revenue is expected to grow by a factor of six to seven compared to Senator Entertainment group's published revenue for 2014. In order to achieve this increase in revenue, the investment volume will also increase significantly. The challenge in 2015 will be combining the two groups and realizing the associated synergy effects. Non-recurring integration and merger costs, will also arise from the combination process. Despite these effects, the management board also anticipates a significant increase in the operating result compared to 2014 for the Senator Group. This is expected to be positive in the 2015 fiscal year.

### 4.1.4. OVERALL STATEMENT BY THE MANAGEMENT BOARD ABOUT THE GROUP'S DEVELOPMENT

Wild Bunch has grown considerably due to the successfully implemented new Group structure. Building on this significantly broader base, the Management Board sees good prospects to position the Group as a sustainably profitable company in the film market.

## 4.2. REPORT ON OPPORTUNITIES AND RISKS

No significant changes have arisen compared with the opportunities and risks presented in the 2014 Annual Report of the former Senator Entertainment AG.





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## WILD BUNCH AG, BERLIN

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € thousand	Six months ended 30 June 2015 Wild Bunch AG	Six months ended 30 June 2014 Wild Bunch S.A.
Revenues	67,964	69,370
Cost of sales	- 56,855	- 61,188
<b>Gross Profit</b>	<b>11,110</b>	<b>8,182</b>
Other operating income	599	222
Administration expenses	- 10,759	- 7,485
Other operating expenses	- 505	- 130
<b>Operating profit</b>	<b>445</b>	<b>790</b>
Finance income	107	3
Finance costs	- 2,858	- 1,615
Share of profit of an associate or joint venture	- 9	0
<b>Result from ordinary activities</b>	<b>- 2,315</b>	<b>- 822</b>
Income tax	253	296
<b>Result for the half-year</b>	<b>- 2,062</b>	<b>- 526</b>
Profit attributable to:		
Net income/loss attributable to non-controlling interests	68	138
Shareholders' share of profit/loss	- 2,130	- 664
Weighted average number of shares (no.)	71,251,798	55,872,788
Potential number of diluted shares (no.)	0	0
Total weighted average number of shares (no.)	71,251,798	55,872,788
Earnings per share		
Basic earnings per share (€ per share)	- 0.03	- 0.01
Diluted earnings per shares (€ per share)	- 0.03	- 0.01
<b>Items that may be reclassified subsequently to profit and loss</b>		
<b>Net income/loss for the Group</b>	<b>- 2,062</b>	<b>- 526</b>
Cash flow hedges	314	- 102
Attributable to income taxes:	0	0
Other comprehensive income (after tax)	314	- 102
Total comprehensive income	- 1,748	- 628
Profit attributable to:		
Shareholders	- 1,816	- 742
Non-controlling interests	68	114

## WILD BUNCH AG, BERLIN CONSOLIDATED BALANCE SHEET (IFRS)

in € thousand	30 June 2015 Wild Bunch AG	31 December 2014 Wild Bunch S.A.
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	106,264	42,908
Other Intangible assets	107,114	109,078
Property, plant and equipment	1,695	1,402
Financial assets		
Investment in associates	1,301	4,401
Investment in participations	7,190	7,047
Other financial assets	1,038	530
Deferred tax assets	19,290	20,216
<b>Total non-current assets</b>	<b>243,892</b>	<b>185,582</b>
<b>Current assets</b>		
Inventory	2,141	1,457
Trade receivables and other receivables		
Trade receivables	43,436	41,059
Other financial receivables	5,293	2,967
Income tax receivables	327	0
Prepaid expenses	1,268	4,796
Other assets	25,391	18,747
Cash and cash equivalents	8,033	6,495
<b>Total current assets</b>	<b>85,890</b>	<b>75,522</b>
<b>Total assets</b>	<b>329,782</b>	<b>261,104</b>

in € thousand	30 June 2015 Wild Bunch AG	31 December 2014 Wild Bunch S.A.
<b>EQUITY AND LIABILITIES</b>		
<b>Equity and reserves</b>		
Issued capital	74,328	55,873
Capital 9,981,909 (2008/I)		
Capital 4,990,803 (2012/I)		
Capital reserve	-4,351	-18,826
Retained earnings	9,786	11,916
Other reserves	314	0
<b>Equity attributable to owners of the company</b>	<b>80,076</b>	<b>48,963</b>
Non-controlling interests	167	99
<b>Total equity</b>	<b>80,243</b>	<b>49,062</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	51,100	45,715
Other provisions	14,527	15,206
Deferred tax liabilities	7,915	9,105
<b>Total non-current liabilities</b>	<b>73,543</b>	<b>70,026</b>
<b>Current liabilities</b>		
Tax provisions	1	0
Other provisions	22,411	4,082
Interest-bearing loans and borrowings	40,955	28,783
Trade payables	73,947	73,595
Other financial liabilities	9,198	1,083
Other liabilities	29,483	34,473
<b>Total current liabilities</b>	<b>175,996</b>	<b>142,016</b>
<b>Total equity and liabilities</b>	<b>329,782</b>	<b>261,104</b>

## WILD BUNCH AG, BERLIN

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Number of shares outstanding	Issued capital	Capital reserves
	No.	k€	k€
<b>As of 1 January 2014</b>	<b>55,872,788</b>	<b>55,873</b>	<b>- 18,080</b>
Profit for the first semester		0	0
Total comprehensive income		0	0
Change in the scope of consolidation		0	0
<b>As of 30 June 2014</b>	<b>55,872,788</b>	<b>55,873</b>	<b>- 18,080</b>
<b>As of 1 January 2015</b>	<b>55,872,788</b>	<b>55,873</b>	<b>- 18,826</b>
Profit for the first semester		0	0
Total comprehensive income		0	0
Change in the scope of consolidation	18,454,812	18,455	14,765
<b>As of 30 June 2015</b>	<b>74,327,600</b>	<b>74,328</b>	<b>- 4,351</b>

Retained earnings	Other equity	Share attributable to owners of Wild Bunch AG	Share of other shareholders	Consolidated equity
k€	k€	k€	k€	k€
<b>14,431</b>	<b>78</b>	<b>52,302</b>	<b>2,813</b>	<b>55,115</b>
-664	0	-664	138	-526
0	-78	-78	-24	-102
-153	0	-153	153	0
<b>13,614</b>	<b>0</b>	<b>51,407</b>	<b>3,080</b>	<b>54,487</b>
<b>11,916</b>	<b>0</b>	<b>48,963</b>	<b>99</b>	<b>49,062</b>
-2,130	0	-2,130	68	-2,062
0	314	314	0	314
0	0	32,929	0	32,929
<b>9,786</b>	<b>314</b>	<b>80,076</b>	<b>167</b>	<b>80,243</b>



# WILD BUNCH AG, BERLIN

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2015

in € thousand	Six months ended 30 June 2015 Wild Bunch AG	Six months ended 31 December 2014 Wild Bunch S.A.
<b>Cash flow from operating activities</b>		
Income before non-controlling interests	-2,062	-526
Amortization/depreciation of non-current assets and securities	26,490	25,465
Increase/decrease in provisions	-1,613	-3,976
Other non-cash income and expenses	-168	0
Gain/loss from equity measurement	9	0
Decrease/increase in inventories, trade receivables and other assets not allocable to investing or financing activities	1,866	-2,524
Decrease/increase in trade payables and other liabilities not allocable to investing or financing activities	-13,447	5,557
<b>Cash flow from operating activities</b>	<b>11,076</b>	<b>23,997</b>
<b>Cash flow from investing activities</b>		
Cash paid for investments in film exploitation rights and other intangible assets	-14,794	-30,115
Cash paid for investments in property, plant and equipment	-6	0
Cash paid for the addition of other financial assets and securities classified as current assets	-611	-49
Cash received from transfer from subsidiaries	6,885	0
<b>Cash flow from investing activities</b>	<b>-8,525</b>	<b>-30,163</b>
<b>Cash flow from financing activities</b>		
Cash paid in connection with the capital increase	-712	0
Cash received from loans	31,849	6,293
Cash paid from the repayment of loans	-32,150	-7,176
<b>Cash flow from financing activities</b>	<b>-1,012</b>	<b>-883</b>
<b>Cash and cash equivalents at the end of the period</b>		
Changes in cash and cash equivalents	1,538	-7,049
Cash and cash equivalents at the beginning of the period	6,495	12,035
Cash and cash equivalents at the end of the period	8,033	4,986
<b>Composition of cash and cash equivalents</b>		
Cash and cash equivalents	8,033	4,986
<b>Cash and cash equivalents = cash and cash equivalents at the end of the period</b>	<b>8,033</b>	<b>4,986</b>
Income tax paid	0	0
Income tax refunded	0	0
Interest paid	2,613	1,655
Interest received	8	0

## **WILD BUNCH AG (FORMERLY SENATOR ENTERTAINMENT AG) – NOTES TO THE CONDENSED HALF-YEAR FINANCIAL REPORT FOR THE PERIOD FROM JANUARY 1, UNTIL JUNE 30, 2015**

### **1. GENERAL INFORMATION**

Wild Bunch Group (hereinafter referred to as “Wild Bunch”) was created from the 2015 merger between the German entertainment company Senator Entertainment AG, Berlin and the European film distribution company Wild Bunch SA, Paris under the umbrella of Wild Bunch AG (formerly Senator Entertainment AG), Berlin (hereinafter referred to as “company”). The company’s shares are listed in the General Standard segment of the Frankfurt stock exchange.

The Berlin- and Paris-based new group, a leading independent European film distribution and production services company, engages in the acquisition, co-production, direct distribution and international sales of movies and currently manages a library of more than 2,200 titles.

At the general meeting on 30 June 2015 it was decided that Senator Entertainment AG, Berlin will henceforth trade under the name Wild Bunch AG. The name change was recorded in the register of commerce on 7 July 2015.

These condensed interim consolidated financial statements for the period from 1 January to 30 June 2015 were approved for issue by the directors on 31 August 2015.

This consolidated half-year financial report as of 30 June 2015 of Wild Bunch satisfies the requirements of the German Securities Trading Act (WpHG). In accordance with the regulations of IAS 34 and in application of Section 315a of the German Commercial Code (HGB), the interim consolidated financial statements were prepared in condensed form on the basis of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as well as the interpretations of the IFRS Interpretations Committee (IFRS IC) as approved by the IASB, as applicable on the balance sheet date, and as approved by the European Union (EU).

In the first half of the 2015 financial year, no significant changes arose from IFRS standards or IFRIC interpretations that require application for the first time.

The half-year financial statements were neither subjected to an auditor’s review nor audited in accordance with Section 317 of the German Commercial Code (HGB).

The accounting methods applied for the condensed interim financial statements as of 30 June 2015 and the estimation methods applied generally correspond to those of the consolidated financial statements as of 31 December 2014. A detailed description of these methods is published in the notes to the consolidated financial statements as of 31 December 2014 of Wild Bunch S.A., Paris, France.

The condensed interim consolidated financial statements are prepared in euros. Due to the ongoing internationalization of the group the income statement for the presented half-year financial statements was prepared applying the nature of cost-of-sales method. In prior year Wild Bunch S.A. applied the total cost accounting method.

## 2. SCOPE OF CONSOLIDATION

### *CHANGES TO THE SCOPE OF CONSOLIDATION*

An increase in the share capital of Wild Bunch AG, Berlin (formerly Senator Entertainment AG) by € 55,872,788 by the issuance of 55,872,788 new shares against a contribution in kind in relation with the contribution of shares of Wild Bunch S.A., Paris, France was agreed at the extraordinary general meeting on 12 September 2014. The issuance of the new shares took place on 5 February 2015.

The transaction is a reverse acquisition according to IFRS standard 3. As a result Wild Bunch AG, Berlin (formerly Senator Entertainment AG) is considered as the acquiree and Wild Bunch S.A. the economic acquirer for accounting proposes according to IFRS.

This is the reason why this half-year financial is a continuation of the consolidated financial statements of Wild Bunch S.A., Paris, France, whereby the formal legal equity of the economic acquirer was retroactively adjusted to report the formal legal equity of the acquiree. The comparative information shown in this half-year financial report are the numbers of Wild Bunch S.A. which have also been retroactively adjusted to show the formal legal equity of Wild Bunch AG, Berlin. Consequently, the comprehensive income statement only includes the numbers of Wild Bunch S.A., Paris, France and its subsidiaries for the period from 1 January 2015 through to 5 February 2015. From 5 February 2015 through to 30 June 2015 Wild Bunch AG, Berlin, and its subsidiaries were included in the scope of consolidation.

A purchase price allocation was conducted in respect of the integration of Wild Bunch AG to the group which is explained under note 3 below.

Wild Bunch S.A., Paris, France and Wild Bunch AG, Berlin hold each 50 % of the shares in Central Film Verleih GmbH, Berlin. Due to the above mentioned contribution in kind of the shares in Wild Bunch S.A., Paris, France, into Wild Bunch AG, the group holds 100 % of the shares in Central Film Verleih GmbH. The numbers of Central Film Verleih GmbH are fully consolidated from 5 February 2015 in the group half-year financial report. In the prior year and until the acquisition date in 2015 the numbers of this company were included at equity in the financial report.

## COMPOSITION OF THE SCOPE OF CONSOLIDATION

The composition of the scope of consolidation of the Wild Bunch Group is presented below:

	30.06.2015	31.12.2014
Fully-consolidated companies		
Germany	12	1
Foreign countries	17	15
Equity accounted companies		
Germany	2	1
	<b>31</b>	<b>17</b>

The following entities were included in the consolidated financial statements:

No.	Fully consolidated entities	Registered offices	Main business activity	Share as a %		Held by	Other notes
				2015	2014		
<b>Germany</b>							
1	Wild Bunch AG	Berlin	Holding	–	–	–	–
2	Wild Bunch Germany GmbH	Munich	Distribution	88.0	88.0	13	–
3	Senator Film Produktion GmbH	Berlin	Production	100.0	–	1	1, 2
4	Senator Film Verleih GmbH	Berlin	Distribution	100.0	–	1	1, 2
5	Senator Home Entertainment GmbH	Berlin	Distribution	100.0	–	1	1, 2
6	Senator Finanzierungs- und Beteiligungs GmbH	Berlin	Holding	100.0	–	1	–
7	Senator Film Köln GmbH	Köln	Production	100.0	–	1	1, 2
8	Senator MovInvest GmbH	Berlin	Financing	100.0	–	1	1, 2
9	Senator Film München GmbH	Munich	Production	100.0	–	1	1, 2
10	Senator Reykjavik GmbH	Berlin	Production	100.0	–	3	–
11	Central Film Verleih GmbH	Berlin	Distribution	100.0	50.0	1, 13	4
12	deutschfilm GmbH	Berlin	Production/ Distribution	50	–	1	–
<b>Foreign Countries</b>							
13	Wild Bunch S.A.	Paris, France	Holding and International sales	100.0	–	1	–
14	BIM Distribuzione s.r.l.	Rom, Italy	Distribution	100.0	100.0	13	–
15	Bunch of Talents SAS	Paris, France	Other	80.0	80.0	13	–

1 consolidation at-equity until 5 February 2015

## NOTES

No.	Fully consolidated entities	Registered offices	Main business activity	Share as a %		Held by	Other notes
				2015	2014		
16	Contiental Films SAS	Paris, France	Financing	100.0	100.0	13	–
17	Elle Driver SAS	Paris, France	International Sales	95.0	95.0	13	–
18	Eurofilm & Media Ltd.	Killaloe, Ireland	Distribution	100.0	100.0	1	–
19	EWB2 SAS	Paris, France	Financing	100.0	100.0	13	–
20	EWB3 SAS	Paris, France	Financing	100.0	100.0	13	–
21	Filmoline SAS	Paris, France	SVOD and VOD distribution	90.0	90.0	13	–
22	Filmo TV	Paris, France	Distribution	90.0	90.0	21	–
23	Senator Film Austria GmbH	Wien, Austria	Distribution	100.0	100.0	4	–
24	Versatile SAS	Paris, France	International Sales	95.0	95.0	13	–
25	Vertigo Films SRL	Madrid, Spain	Distribution	80.0	80.0	13	–
26	Virtual Films Ltd.	Dublin, Ireland	Financing	100.0	100.0	13	–
27	Wild Bunch Distribution SAS	Paris, France	Distribution	100.0	100.0	13	–
28	Wild Side Film SAS	Paris, France	Distribution	100.0	100.0	13	–
29	Wild Side Video SAS	Paris, France	Distribution	100.0	100.0	13	–
<b>Inland</b>							
30	Bavaria Pictures GmbH	Munich	Production	50.0	–	9	3
31	X Verleih AG	Berlin	Other	31.4	–	1	3

1 profit and loss transfer agreement with parent company

2 § 264 Abs. 3 HGB was applied

3 consolidation at-equity

4 consolidation at-equity until 5 February 2015



### 3. ACQUISITION WILD BUNCH AG, BERLIN

As mentioned above, the legal acquisition of 100% Wild Bunch S.A., Paris, France, by Wild Bunch AG, Berlin (formerly Senator Entertainment AG, Berlin) represents a reverse acquisition according to IFRS 3. The previous shareholders of Wild Bunch S.A., Paris, France, received the majority of the voting rights of Wild Bunch AG, Berlin, and the existing shareholders kept only 24.8 % of the voting rights after the contribution in kind of the shares of Wild Bunch S.A., Paris, France. This means that from the acquisition date Wild Bunch S.A., Paris, France, has to be considered as economic acquirer and Wild Bunch AG, Berlin, as acquirer.

In accordance with IFRS 3 the acquisition date is the date when control of the acquired company has been transferred to the acquirer. Wild Bunch S.A., Paris, France, are considered as acquirer since the transaction is classified as “a reverse acquisition”. To determine the correct acquisition date it is essential to know the date on which the voting rights to the shares issued by Wild Bunch AG, Berlin passed to the new shareholder Wild Bunch S.A. Paris, France.

The voting rights accrue according to § 134 Abs. 2 AktG upon the completion of the capital contribution. This requires that the shares with the voting rights become effective. In accordance with § 189 AktG the capital increase became effective at the time of the entry in the commercial register. This means that shares of Wild Bunch AG became effective for the shareholders of Wild Bunch S.A., Paris, France at this date.

The fair value is determined using the share price of Wild Bunch AG, Berlin at 5 February 2015 in the amount of € 1.84 per share, corresponding to € 33,961,267.68.

In accordance to IFRS3.IE5 the fair value of the consideration or in this case the acquisition costs has to be determined according to the “most reliable measure”. The fair value according to IFRS 13.24 has to correspond to the value which would have been reached at the main market or the most favourable market in a usual sales transaction for the asset. The shares of Wild Bunch S.A., Paris, France are not traded at a stock exchange therefore the fair value of the Wild Bunch AG share has to be considered.

#### **PURCHASE PRICE ALLOCATION AS OF 5 FEBRUARY 2015**

After determination of date of the first-time consolidation and the purchase price for the acquired business (Wild Bunch AG, Berlin), the acquired net assets have to be determined and an allocation of the purchase price to assets, liabilities and contingent liabilities has to be conducted according to IFRS 3. Any remaining difference is recorded as goodwill or a negative difference is recognized directly in the income statement.

Criteria which have to be fully satisfied for the recognition of assets and liabilities:

- Reliable estimation of the fair value
- Probable flow of benefits or outflow of resources
- Identifiability of assets or liabilities

The fair values of the identifiable assets and liabilities of the group as of the date of acquisition break down as follows:

	€ thousand
<b>Non-current assets</b>	
Intangible assets	9,094
Property, plant and equipment	227
Financial assets	1,310
<b>Current assets</b>	
Inventory	999
Trade receivables	3,922
Other financial receivables	2,308
Income tax receivables	336
Other assets	2,762
Cash and cash equivalents	6,758
<b>Total assets</b>	<b>27,716</b>
<b>Non-current liabilities</b>	
Interest-bearing loans and borrowings	900
<b>Current liabilities</b>	
Other provisions	19,266
Interest-bearing loans and borrowings	17,159
Trade liabilities	7,206
Other financial liabilities	7,614
Other liabilities	561
<b>Total liabilities</b>	<b>52,705</b>
<b>Total identifiable net assets at fair value</b>	<b>- 24,989</b>
<b>Total consideration transferred</b>	<b>33,961</b>
<b>Fair value of total consideration transferred for Central Film Verleih GmbH</b>	<b>4,406</b>
<b>Goodwill</b>	<b>63,356</b>

The purchase price allocation is preliminary since the evaluation of the immaterial assets and the fair value of Central Film Verleih GmbH shares has not yet been completed.

No intangible assets with an indefinite useful life were acquired.

The gross amount of trade receivables acquired came to € 6,423 thousand. Valuation allowances of € 2,501 thousand were recognized on this amount. No valuation allowances were recognized on the acquired other financial receivables and other assets.

Among other things, the goodwill of € 63,356 thousand reflects the importance of a stronger market position and the associated increase in revenues from existing and new sources of income, for example, through the development of new formats for TV. The goodwill also reflects the potential for possible synergy effects. None of the goodwill recognized is expected to be deductible for income tax purposes.

Due to the reversed acquisition Wild Bunch S.A., Paris has indirectly acquired the remaining 50% shares of Central Film Verleih GmbH which are held by Wild Bunch AG, Berlin. The provisionally determined fair value of shares held by Wild Bunch S.A., Paris, was € 4,406 thousand at the acquisition date.

The acquired Wild Bunch AG (formerly Senator Entertainment AG) and its subsidiaries generated revenues of € 7,394 thousand and an EBIT of € -293 thousand in the period from 5 February until 30 June 2015. In the first six months 2015 the Wild Bunch AG and its subsidiaries generated revenues of € 9,769 thousand and an EBIT of T€ -1,460 thousand.

#### 4. SEGMENT REPORTING

In accordance with IFRS 8, information is published relating to business segments. Pursuant to IFRS 8, segment reporting is undertaken by applying the management approach. In other words, segment reporting is based on the segmentation that is currently used for internal reporting. Intersegment transactions: Segment income, segment expenses and segment results include transactions between business segments. Such transactions are invoiced at market prices for which unrelated parties would be invoiced for similar services. Such transactions are eliminated for the purposes of consolidation.

The management monitors the business units' operating results separately in order to make decisions concerning the distribution of resources, and in order to determine the units' profitability. Segment profitability is assessed on the basis of operating results.

The Distribution operating segment includes the distribution of films in cinemas in Germany, France, Italy, Spain and Austria, as well as the distribution of cinema films on television, and on video and DVD. In the International Sales segment the world-wide sales activities of cinema films and TV formats are recorded. The Other operating segment aggregates the sales of other rights that were transferred to the Group when film licences were purchased, the music activities as well as the development and the Production operating segment comprises the production of cinema films and TV formats.

**SIX MONTHS ENDED 30 JUNE 2015**

in € thousand	Distribution	International Sales	Other	Total
Segment revenue	54,785	13,335	223	68,193
Internal revenue	181	0	48	229
<b>Revenue = attributable income</b>	<b>54,604</b>	<b>13,335</b>	<b>175</b>	<b>67,964</b>
Depreciation, amortisation and write-downs	-18,960	-6,715	-94	-25,769
Expenses for distribution and production	-25,815	-5,113	-114	-31,085
Staff costs	-3,950	-1,185	-168	-5,303
<b>Total</b>	<b>-48,726</b>	<b>-13,013</b>	<b>-376</b>	<b>-62,157</b>
<b>Gross profit/loss</b>	<b>5,878</b>	<b>322</b>	<b>-201</b>	<b>5,807</b>
<b>Unattributable income and expenses</b>				
Other operating income				599
Other administration expenses				-5,456
Other operating expenses				-505
Operating profit				445
Financial income				107
Financial expenses				-2,858
Income from equity investments in associated companies				-9
<b>Result from ordinary activities</b>				<b>-2,315</b>



**SIX MONTHS ENDED 30 JUNE 2014**

in € thousand	Distribution	International Sales	Other	Total
Segment revenue	58,130	11,240	0	69,370
Internal revenue	0	0	0	0
<b>Revenue = attributable income</b>	<b>58,130</b>	<b>11,240</b>	<b>0</b>	<b>69,370</b>
Depreciation, amortisation and write-downs	- 18,345	- 5,985	0	- 24,329
Expenses for distribution and production	- 33,180	- 3,679	0	- 36,859
Staff costs	- 3,485	- 967	0	- 4,452
<b>Total</b>	<b>- 55,010</b>	<b>- 10,631</b>	<b>0</b>	<b>- 65,640</b>
<b>Gross profit/loss</b>	<b>3,120</b>	<b>610</b>	<b>0</b>	<b>3,731</b>
<b>Unattributable income and expenses</b>				
Other operating income				222
Other administration expenses				- 3,033
Other operating expenses				- 130
Operating profit				790
Financial income				3
Financial expenses				- 1,615
Income from equity investments in associated companies				0
<b>Result from ordinary activities</b>				<b>- 822</b>

**5. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES**

Related parties within the meaning of IAS 24 are persons or entities that can be influenced by the Wild Bunch Group or that can influence the entity unless they are already included in the consolidated financial statements as consolidated entities.

Members of the management board and the supervisory board members of Wild Bunch AG as well as their close family members are considered related parties. Furthermore, SWB Entertainment Investment B.V., Schiphol, Netherlands the major shareholder of Wild Bunch AG as well as related parties to this company are considered related parties.

In the first half of the 2015 financial year, no transactions with related parties occurred with exception of contractual supervisory and executive board member remunerations.

All transaction with related parties are conducted at arm's length.

## 6. EMPLOYEES

During the first half of 2015, the Wild Bunch Group employed an average of 178 staff (H1 2014: 126).

## 7. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Other than as described below, financial assets and liabilities were measured at amortised cost which correspond with the fair values. In this context, only the carrying amount of derivatives used for currency hedges are reported with the fair value of € 314 thousand. These derivatives are classified in level 3.

## 8. OTHER FINANCIAL OBLIGATIONS

The Group reported the following fixed financial obligations as of June 30, 2014:

	30.06.2015				31.12.2014			
	Total k€	Residual term up to 1 year k€	Residual term between 1 and 5 years k€	Residual more than 5 years k€	Total k€	Residual term up to 1 year k€	Residual term between 1 and 5 years k€	Residual more than 5 years k€
Rent and leasing	9,326	1,405	5,716	3,520	922	530	392	0
Minimum guarantees and co-productions	59,880	24,829	35,051	0	46,512	17,392	29,120	0
	<b>69,117</b>	<b>26,234</b>	<b>40,767</b>	<b>3,520</b>	<b>47,434</b>	<b>17,392</b>	<b>29,513</b>	<b>0</b>

In addition, contingent liabilities exist that arise from performance-based repayable subsidy loans in connection with production (€ 8,832 thousand; 31 December 2014: € 8,954 thousand) and distribution subsidies (€ 4,365 thousand; 31 December 2014: € 4,120 thousand). These subsidy loans are nevertheless only to be repaid from part of future net revenues.

## 9. OTHER DISCLOSURES

### PERSONNEL CHANGES TO THE MANAGEMENT AND SUPERVISORY BOARD

The previous members of management of Wild Bunch S.A. were appointed as management board members of Senator AG on 5 February 2015; whereby Vincent Grimond serves as CEO (Chief Executive Officer), Vincent Maraval as CCO (Chief Content Officer) and Brahim Chioua as COO (Chief Operating Officer) in the newly formed management board.

Dr. Andreas Pres relinquished his supervisory board mandate on 15 June 2015. Furthermore, the supervisory board mandate of Mr. Norbert Kopp terminated at the end of the general meeting on 30 June 2015.

Mr. Benjamin Waisbren, residing in Chicago (USA) and Milwaukee (USA), partner at the international law firm Winston and Strawn, Chicago, as well as president of LSC Film Corp. (film coproduction fund) was elected to the supervisory board at the general meeting on 30 June 2015 for the remainder of the period of office of Dr. Andreas Pres, who has stepped down, in other words, until the end of the annual general meeting that passes a resolution relating to the discharge for the 2015 financial year.

Mr. Hans Mahr, residing in Köln, journalist and owner of mahrmedia has been elected to the supervisory board with effect from the end of the general meeting on June 30, 2015.

Mr. Pierre Tattevin, residing in Paris (France), partner and Managing Director Investment Banking at Lazard Frères, Paris, France was elected to the Supervisory Board at the General Meeting on 30 June 2015 for the remainder of the period of office of Dr. Thomas Middelhoff, who has stepped down, in other words, until the end of the Annual General Meeting that passes a resolution relating to the discharge for the 2016 financial year.

#### **REFINANCING OF THE CURRENT BOND 2014**

On 25 March 2015, Senator AG successfully placed a bond offer in a private placement. Institutional investors subscribed for the issued bonds with a term of 12 months for a total nominal amount of around € 11.8m. On 25 June 2015, the placement of the remaining bonds which were part of the € 15 m bond issued in March 2015 was completed. The outstanding bonds totaling € 3.2 m have been subscribed for by institutional investors. The proceeds serve to secure liquidity, repay the existing bond of € 10 million which was due in March 2015, as well as the repurchase of the remaining outstanding bonds issued in 2011 in the amount of € 0.4 million and finance operating activities until the comprehensive realignment of the financing structure has been implemented.

#### **10. EVENTS AFTER THE BALANCE SHEET DATE**

On 30 June 2015, the Annual General Meeting of shareholders of former Senator Entertainment AG has approved the change in the company's name to Wild Bunch AG. The renaming became effective as of July 8, 2015.

After the reporting date, Wild Bunch agreed to roll over its loan facility with the UK branch of the Israeli Bank Leumi (UK) plc, London. The original agreement was extended and the existing limit of € 10 million has been confirmed. The loan agreement enables Wild Bunch to obtain interim financing for receivables arising from exploitation agreements over a period of up to two years, thereby minimizing the period over which their own capital is tied up.

The film distribution company Relativity Media, one of the major US producer and distributor of a series of famous films in recent years, has filed for bankruptcy at the end of July 2015 and will sell its film and television operations at auction. The completion of a number of Relativity's projects is therefore still uncertain, since the film producer is highly indebted. Wild Bunch is currently assessing the status quo of the last two movies which are to be delivered under the output agreement with Relativity Media, a contract Wild Bunch had already terminated in January 2015.

No further events that significantly affect the results of operations, net assets and financial position of the Senator Group occurred after the balance sheet date.

# RESPONSIBILITY STATEMENT



To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, August 31, 2015

Vincent Grimond  
(CEO)

Markus Maximilian Sturm  
(CFO)

Brahim Chioua  
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Vincent Maraval  
(CCO)

# IMPRINT

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Arnaud Desplechin

Luc Jacquet

Kore-eda Hirokazu

Corneliu Porumboiu

Patrice Leconte

Valérie Donzelli

Todd Haynes

Paolo Sorrentino

Michel Franco

### Film original title

La tête haute

The Little Prince

Love

The Assassin

Wolf Totem

Victoria

Dheepan

Foxcatcher

Sinister 2

Fasandræberne

La Patota

La Prima Luce

Journal d'une femme de chambre

Chauti Koot

Amy

3 Türken & ein Baby

Samba

La Famille Bélier

Life

Dégradé

Nasty Baby

La Dernière Leçon

Trois souvenirs de ma jeunesse

La Glace et le Ciel

Umimachi Diary

Comoara

Une heure de tranquillité

Marguerite et Julien

Carol

Youth

Chronic

