Translation into French of the information note filed with the Autorité des Marchés Financiers (AMF-French Financial Market Authority) on 25 April 2017. You are informed that only the French version of this document has been submitted for approval and approved by AMF.

PUBLIC BUYBACK OFFER INITIATED BY

Gaumont

OF 1,657,313 OF ITS OWN SHARES

FOR THE PURPOSE OF THE REDUCTION OF ITS SHARE CAPITAL

Presented by

BNP PARIBAS

OFFER PRICE: 75 EUROS PER SHARE, DIVIDEND ATTACHED
OFFER TERM: 20 CALENDAR DAYS MINIMUM

INFORMATION NOTE PREPARED BY GAUMONT

In accordance with the provisions of Article 231-32 of the general regulations of the *Autorité des marchés financiers* (the French financial markets authority, hereinafter the "**AMF**") and articles R. 225-153 and R. 225-154 of the French Commercial Code, the public back offer will be open following, on the one hand, Gaumont's publication of a press release specifying that the resolutions necessary for the share capital reduction via a public buyback were validly adopted by Gaumont's combined shareholders' meeting dated 16 May 2017 and, on the other hand, Gaumont's publication of the purchase notices in a legal notices journal and in the *Bulletin des Annonces Légales Obligatoires* (French mandatory legal notices bulletin).

AMF — AUTORITÉ DES MARCHÉS FINANCIERS

In accordance with Article L. 621-8 of the French Monetary and Financial Code and Article 231-23 of the AMF's general regulations, the AMF has approved this information note under No.17-173 dated 25 April 2017, pursuant to its statement of compliance issued on 25 April 2017 concerning the public offer. This information note was prepared by Gaumont, and its signatories are responsible for the content. In accordance with Article L. 621-8-1 I of the French Monetary and Financial Code, approval is granted once the AMF has made sure that "*the document is complete and understandable, and that the information contained in it is consistent*". It does not imply approval of the merits of the transaction, nor authentication of the accounting and financial information presented.

The original French version of the information note is available on the AMF (www.amf-france.org) and Gaumont (www.Gaumont.fr) websites, and can be obtained free of charge from:

– Gaumont : 30 avenue Charles de Gaulle - 92200 Neuilly sur Seine ;
– BNP Paribas: 4, rue d'Antin - 75002 Paris.

An English translation of the information note with the AMF visa, is also available on Gaumont (www.gaumont.fr) website and can be obtained free of charge from:

– Gaumont : 30 avenue Charles de Gaulle - 92200 Neuilly sur Seine - Tel. +33 1 46 43 20 00;
– BNP Paribas : 4, rue d'Antin - 75002 Paris.

In accordance with the provisions of Article 231-28 of the AMF's general regulations, information on Gaumont's legal, financial and accounting characteristics, among others, will be available to the public, no later than on the eve of the public buyback offer's opening day pursuant to the same terms and conditions.

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1. PRESENTATION OF THE OFFER

1.1. General terms of the Offer

The Board of directors of Gaumont, a French *société anonyme* (public limited company) with a share capital of €34,242,152, having its registered office 30 avenue Charles de Gaulle – 92200 Neuilly sur Seine, and registered in the French Trade and Companies Registry of Nanterre, France, under number 562 018 002 (hereinafter **"Gaumont"** or the **"Company"**), has decided during its 4 April 2017 meeting, following initial deliberations thereon during its 28 February 2017 meeting, to submit a resolution to the combined shareholders' meeting dated 16 May 2017 allowing the buyback of Gaumont's shares from shareholders of the Company in the context of a public buyback offer (hereinafter the "**Offer**"), followed by their cancellation, pursuant to the terms of Articles L. 225-204 and L. 225-207 of the French Commercial Code. The Company's shares are admitted to trading on Compartment B of the Euronext regulated market in Paris under ISIN Code FR0000034894.

This Offer is realised in accordance with the provisions of Book II, Title III and, in particular, Articles 233-1 (5th paragraph) *et seq.* of the AMF's general regulations, under the condition of the approval by Gaumont's combined shareholders' meeting dated 16 May 2017 of the resolution approving the sale of the Company's stake in Les Cinémas Gaumont Pathé to Pathé and of the resolution approving the share capital reduction in the maximum nominal amount of €13,258,504 via a public buyback offer of a maximum number of 1,657,313 shares of a value of €8 each, including 137,710 new shares, which could be issued to beneficiaries of outstanding stock options.

The Offer is made at the price of €75 per Gaumont share dividend attached, and concerns a maximum number of 1,657,313 shares representing up to 37.43% of Gaumont's shares and 29.64% of the voting rights[1], comprised of 1,519,603 existing shares and 137,710 additional shares, which could be issued to the beneficiaries of outstanding stock options if they exercise their options within a time period enabling their tender to the Offer.

Pursuant to the provisions of Article 231-13 of the AMF's general regulations, BNP Paribas guarantees the Company's commitments in the context of the Offer as well as the irrevocable nature of such commitments.

1.2. Rationale of the Offer and Company intentions

1.2.1. Rationale of the Offer

During its meeting held on 28 February 2017, the Board of directors of Gaumont approved Pathé's commitment to acquire the 34% shareholding interest held by Gaumont in the share capital of the company Les Cinémas Gaumont Pathé at a price of €380 million. Correlatively, the Board of directors also contemplated to grant Gaumont's minority shareholders the possibility to sell their shares in the context of a public buyback offer (Offer) at the price of €75 per share. Gaumont's Board of directors, on the recommendation of the ad hoc committee composed of independent Directors, appointed Sorgem Evaluation, represented by Mr. Maurice Nussenbaum as

[1] Voting rights calculated in accordance with Article 223-11 of the general regulations of the AMF

independent appraiser in charge of assessing the financial conditions of the acquisition price offered by Pathé and of the Offer.

Should the transfer be completed and upon its completion, the payment will be paid by instalments: half of the price will be paid at closing with the balance settled in three equal payments at the end of the first semester of 2018, 2019 and 2020. It is also envisaged in the context of the transaction contemplated with Pathé to extend the license agreements relating to the Gaumont trademark between Gaumont and the company Les Cinémas Gaumont Pathé and its subsidiaries from 31 December 2020 to 31 December 2023.

On 10 March 2017, the workers council of l'Union Economique et Sociale Gaumont unanimously reached a favorable opinion on the envisaged sale of Gaumont's shareholding interest in Les Cinémas Gaumont Pathé to Pathé, and on the Offer.

During its meeting held on 4 April 2017, Gaumont's Board of directors, received the report of the independent appraiser Sorgem Evaluation concluding that financial conditions of the sale of Gaumont's stake in the company Les Cinémas Gaumont Pathé to Pathé including the price offered by Pathé in the interest of the Company and its shareholders and approved the sale at a price of €380 million (subject to the approval by the combined shareholders' meeting of the sale of Gaumont's stake in Les Cinémas Gaumont Pathé to Pathé).

After its approval by Gaumont's combined shareholders' meeting, the sale of Gaumont's stake in Les Cinémas Gaumont Pathé, once approved by Gaumont's combined shareholders' meeting, will trigger a significant cash inflow for the Company. Therefore, it is correlatively proposed to redistribute part of the proceeds to Gaumont's shareholders under the form of a share buyback offer. Ciné Par and Mr. Nicolas Seydoux committed to not participate in this offer, in order to provide liquidity to all the shareholders wishing to tender their shares to the Offer (subject to restrictions concerning the Offer outside France indicated in paragraph 1.3.9).

1.2.2. Gaumont's share capital and voting rights structure prior to the Offer

Share capital structure as of 31 March 2017

Shareholders	Number of shares	% of the share capital	Number of voting rights[2]	% of the voting rights
Ciné Par*	2,764,628	64.44 %	5,494,030	71.54 %
Mr. Nicolas Seydoux	526	0.01%	1,052	0.01%
Subtotal Ciné Par*and Mr. Nicolas Seydoux	2,765,154	64.45%	5,495,082	71.55%
First Eagle	507,603	11.83 %	507,603	6.61 %
Bolloré	408,852	9.53 %	817,704	10.65 %
Groupe Industriel Marcel Dassault	232,670	5.42 %	465,340	6.06 %
Public	370,478	8.6 %	389,307	5.07 %
Treasury shares	5,317	0.12 %	5,317	0.07 %
TOTAL	**4,290,074**	**100.00 %**	**7,680,353**	**100.00 %**

(*)Company controlled by Mr. Nicolas Seydoux

[2] Voting rights calculated in accordance with Article 223-11 of the general regulations of the AMF

1.2.3. Intentions of the Company for the next twelve months

Business strategy and objectives

Gaumont intends to pursue its activities ensuring continuity of the current strategy, while remaining responsive to opportunities and evolving economic trends.

The sale of Gaumont's stake in the company Les Cinémas Gaumont Pathé will allow Gaumont to strengthen its film production capabilities, to accelerate the development of its US and European TV series activities and to envisage the expansion of its activities in Europe.

Composition of the governing and management bodies after the Offer

The completion of the Offer will not cause any change among Gaumont's governing and management bodies.

Impact on employment

No change is expected with respect to employment as a result of the Offer.

Treasury shares

Following the completion of the Offer, the Company does not plan to cancel the 5,317 Gaumont treasury shares acquired in the context of the liquidity contract, in addition to those bought back in the context of the Offer.

Legal status of the Company

The Company does not plan to make any changes to its articles of association following the Offer, with the exception of any change required to reflect the consequences of the cancellation of the shares tendered to the Offer.

Intention concerning the listing of the Company's shares following the Offer

The Offer will not have any consequences on the listing of the Gaumont shares on the Compartment B of the Euronext Paris stock exchange.

Neither the Company, nor its controlling shareholder Ciné Par, plan to request the delisting of the shares on the Compartment B of the Euronext Paris stock exchange. Ciné Par and Mr. Nicolas Seydoux do not plan to initiate a public offer on the Gaumont shares which would be followed by a mandatory withdrawal.

Dividend distribution

The completion of the Offer will not cause any change to the dividend distribution policy of the Company. The dividend payment for the fiscal year 2016, amounting to €1 per share and submitted to shareholders' vote during its meeting dated 16 May 2017, will be paid after 25 July 2017.

Synergies, economic gains, and merger plans

The Offer is a public share buyback by Gaumont and is not part of a plan to merge with other companies. Consequently, it does not involve any synergy or economic gain.

1.3. Characteristics of the Offer

1.3.1. Conditions of the Offer

Pursuant to the provisions of Article 231-13 of the AMF's general regulations, BNP Paribas, acting on behalf of Gaumont, has filed the planned Offer with the AMF, which has approved it as mentioned in paragraph 1.3.6 below.

The Offer will be implemented after the approbation by the combined shareholder's meeting of Gaumont on 16 May 2017 of the resolution allowing the sale of the interest of the Company in the share capital of the company Les Cinémas Gaumont Pathé and the resolution allowing the Board of directors to reduce the share capital by a maximum amount of €13,258,504 via a share buyback of a maximum amount of €124,298,475 corresponding to a maximum amount of 1,657,313 of the Company's own Gaumont shares followed by their cancellation.

In accordance with the terms of Article 231-13 of the AMF's general regulations, BNP Paribas guarantees the content and the irrevocable nature of Gaumont's commitments in the context of the Offer.

1.3.2. Terms of the Offer

Following the combined shareholders' meeting of Gaumont dated 16 May 2017, and subject to necessary resolutions, the Company will offer to repurchase a maximum number of 1,657,313 shares from its shareholders, in cash, at a price of €75 per share, via a public share buyback offer for their cancellation, pursuant to the terms of Article L. 225-204 and L. 225-207 of the French Commercial Code.

On 16 May 2017, under the conditions set out in Article 231-37 of the AMF's general regulations, the Company will publish a press release specifying whether said combined shareholders' meeting approved the aforementioned resolutions. The press release will be uploaded to the Company's website (www.gaumont.fr).

1.3.3. Securities targeted by the Offer

As of 31 March 2017, the share capital of the Company is comprised of 4,290,074 shares and of

7,680,353voting rights[3].

As indicated above, the Offer concerns a maximum number of 1,657,313 shares representing at most 37.43% of Gaumont's share and 30.44% of the voting rights[4] and comprising 1,519,603existing shares and 137,710 additional shares that could be issued to the beneficiaries of outstanding stock options if they exercise their options within a time period enabling their tender to the Offer.

Conditional Stock Options:

As of 31 March 2017, the detail of said 137,710 outstanding Gaumont's stock options that could be exercised before the expiration of the Offer is presented hereafter:

	Plan V	Plan VI	Plan VII	Plan VIII
Date of Shareholder's Meeting	02.06.1994	25.04.1996	30.04.1998	29.04.2004
Date of Board Meeting's decision to grant stock options	15.02.1996	12.03.1998	09.04.2002	28.02.2005
Expiry date	14.02.2046	11.03.2048	08.04.2046	27.02.2049
Number of outstanding options	**4,455**	**10,283**	**12,878**	**110,094**
Adjusted exercise Price	**44.14**	**56.17**	**42.11**	**56.26**

In the context of the Offer, the stock options holders who have exercised such options can decide to tender the shares to which these options grant a right, subject to having exercised it within a time frame enabling them to tender them no later than on the last day of the Offer. The tax treatment applicable to their particular case is presented under section ***1.4.1.5***.

The stock options holders who have not exercised their options within a time frame enabling them to tender the shares received prior to the Offer's closing will benefit from a potential adjustment of the number of shares to which these options grant a right, in accordance with the provisions of Articles R. 225-138 and R. 225-140 of the French Commercial Code.

1.3.4. Financial instruments or rights granting access to the Company's share capital

As of the date of this information note, except for the above mentioned shares and stock options, there is no other financial instrument granting access, either immediately or in the future, to the share capital or the voting rights of the Company.

1.3.5. Reduction mechanisms

In the context of the Offer and taking into account the number of shares and the commitments of the company Ciné Par and of Mr. Nicolas Seydoux as reminded at section 1.3.8 of this

[3] Voting rights calculated in accordance with Article 223-11 of the general regulations of the AMF
[4] Voting rights calculated in accordance with Article 223-11 of the general regulations of the AMF

information note, all buyback filing requests will be paid in full and no reduction will be applied to the buyback requests. As a consequence, during their buyback requests, the shareholders will not be required to freeze the shares registered on the account held by their financial intermediary – shares for which they have declared being the owners and that were not submitted for buyback until the publication of the Offer results.

1.3.6. Terms and conditions of the Offer

Pursuant to the provisions of Article 231-13 of the AMF's general regulations, the bank BNP Paribas, acting on behalf of the Company, has filed the planned Offer with the AMF on 6 April 2017. The Offer will be carried out provided the combined shareholders' general meeting of Gaumont on 16 May 2017 approves the sale of the Company's interest in the share capital of the company Les Cinémas Gaumont Pathé as well as the resolution authorising the share capital reduction of a maximum nominal value of €13,258,504 via a public buyback offer of a maximum number of 1,657,313 shares with a nominal value of €8.

A notice of filing has been published by the AMF on its website (www.amf-france.org).

The indicative timetable of the Offer can be found in Section 1.3.7 hereafter.

The Offer will be open on 26 May 2017:

- after issuance by the Company of a press release, scheduled on 16 May 2017, in accordance with the terms of Article 231-37 of the AMF's general regulations and indicating that the resolution relating to the approval of the Company's sale of its shareholding interest in the company Les Cinémas Gaumont Pathé as well the resolution allowing the Board of Directors to proceed with a capital reduction of a maximum amount of €13,258,504, via a public buyback offer and for a maximum price of €124,298,475, corresponding to a maximum number of 1,657,313 Gaumont shares followed by their cancellation, were properly approved by the combined shareholder's meeting of Gaumont dated 16 May 2017, and
- after the publishing by the Company of the notices of shares buyback offer in accordance with Articles R. 225-153 and R. 225-154 of the French Commercial Code.

In accordance with the terms of Article 231-27 of the AMF's general regulations, the information note approved by the AMF along with other information pertaining to the Company (in particular of a legal, accounting and financial nature) will be available free of charge at the Company's registered office, located 30 avenue Charles de Gaulle – 92200 Neuilly-sur-Seine, as well as at the presenting Bank BNP Paribas, 4 rue d'Antin – 75002 Paris. They will also be uploaded to the Company's and the AMF's websites. The Company will publish press releases describing the terms and conditions under which such documents will be made available. Prior to the opening day of the Offer, the AMF and Euronext Paris will publish, respectively, an opening day and schedule notice, and a notice announcing the terms and conditions of the Offer as well as the schedule of the transaction.

The Offer will be open for 22 trading days and for 32 calendar days until closing of the Offer. Euronext Paris will act as the Offer's centralising agent.

Transmission of buyback requests by shareholders

Those Gaumont shareholders who wish to tender their securities to the Offer under the proposed conditions must submit a tender order to the Offer in accordance with the terms and conditions retained by the financial intermediary with which their shares are registered in an account.

Shareholders must send their tender orders for the Offer to their financial intermediary no later than on the final day of the Offer, it being specified that these tender orders can be revoked at any time up until the closing date of the Offer, date beyond which they will become final and binding.

In order to be tendered to the Offer, Gaumont shares held in purely registered form in the Company registers, must be converted to administered registered form, unless the holder requests a conversion to bearer form, in which case these shares will no longer carry the advantages associated with registered form shareholding. As a result, in order to participate in the Offer, holders of shares held in purely registered form in the Company's registers must request the conversion of such shares to administered registered or bearer form to BNP Paribas Securities Services as soon as possible.

The company will not cover the cost of any potential fees incurred by shareholders tendering their shares to the Offer.

The shares tendered to the Offer must be free of any lien, pledge or restriction of any type.

Settlement of the price – cancellation of the repurchased shares

The settlement of the Offer price of €75, dividend attached, per share repurchased in the context of the Offer will take place following the centralization and publication of the Offer's results, in accordance with the schedule published by Euronext Paris, and after expiry of creditor's opposition period and settling any creditors' objection.

The shares bought back in the context of the Offer will be cancelled by Gaumont in accordance with the terms of Article R. 225-158 of the French Commercial Code. The cancelled shares will no longer grant any right over the share capital and, in particular, will no longer grant the right to dividends or advances on dividends.

1.3.7. Indicative timetable of the Offer

Tuesday 4 April 2017	Press releases relating to the implementation of the intended sale of Gaumont's shareholding interest in the company Les Cinémas Gaumont Pathé to Pathé to the planned Offer
Wednesday 5 April 2017	Filing of the 2016 French *Document de Référence* (registration document) of the Company with the AMF 2016 French *Document de Référence* (registration document) made available to the public
Thursday 6 April 2017	Filing of the draft information note relating to the Offer with the AMF AMF publication of the planned Offer

	Draft information note made available to the public Press release relating to the Offer
Monday 10 April 2017	Publication of the meeting notice to the combined shareholders' general meeting in the BALO
Monday 24 April 2017	Publication of the meeting notice to the combined shareholders' general meeting in a French legal notices bulletin Convening of the registered shareholders Preparatory documents for the combined shareholders' general meeting uploaded on the Company's website – press release detailing the practical arrangements under which such documents are made available
Tuesday 25 April 2017	AMF statement of compliance of the Offer implying the AMF's approval of the information note under condition precedent that the combined shareholders' general meeting approves the resolution relating to the approval of the sale of the Company's interest in the share capital of the company Les Cinémas Gaumont Pathé and the resolution allowing the Board of Directors to launch the Offer and cancel the shares tendered, via a capital reduction. Information note approved by the AMF made available to the public at Gaumont's and BNP Paribas's registered office and uploading of the information note on the AMF's website Publication by Gaumont of a press release announcing that the information note approved by the AMF is made available to the public
Wednesday 16 May 2017	Combined shareholders' meeting deciding in particular: - on the approval of the sale by Gaumont to Pathé of its shareholding interest in the company Les Cinémas Gaumont Pathé - on the approval of the planned Offer in the context of a capital reduction Meeting of the Board of directors deciding in particular upon the implementation of the authorisation granted by the shareholders' general meeting concerning the Offer Press release relating to the waiver of the conditions precedent of the Offer
Thursday 18 May 2017	Filing of the extract of the minutes of the combined shareholders' meeting with the Clerk's Office - Beginning of the creditors' objection period (20 calendar days)
Wednesday 24 May 2017	Publication of the share buyback offer notice in a French legal notices bulletin and in the BALO in accordance with the terms of Articles R. 225-153 and R. 225-154 of the French Commercial Code AMF publication of the notice regarding the opening and the

	schedule of the Offer
	Document specifying in particular the Company's legal, accounting and financial information made available to the public, in accordance with the terms of Article 231-28 of the AMF's general regulations, at the Company's and BNP Paribas' registered offices – Publication of a press release relating to the publication of such document and uploading of it on the AMF's and the Company's websites
Friday 26 May 2017	Opening day of the Offer
Thursday 8 June 2017	End of the creditors objection period
Monday 26 June 2017	Closing day of the Offer
Friday 30 June 2017	AMF publication of the notice on the results of the Offer
Wednesday 5 July 2017	Settlement delivery of the shares tendered to the Offer
Tuesday 25 July 2017	Meeting of the Board of directors in order, in particular, to amend the section of the articles of association relating to the share capital

1.3.8. Intentions and commitments made by Gaumont's main shareholders

As of the Offer's filing date, Ciné Par and Mr. Nicolas Seydoux held 2,765,154 shares in the Company, representing 64.45% of the capital and 71.55% of the voting rights of Gaumont[5].

The company Ciné Par and Mr. Nicolas Seydoux have indicated to the Company their intention, at the combined Gaumont shareholders' general meeting convened on 16 May 2017, to vote in favor of the resolution authorizing the sale by the Company to Pathé of its shareholding interest in the company Les Cinémas Gaumont Pathé and of the resolution authorizing the capital reduction of a maximum amount of €13,258,504 via a public buyback offer to a maximum number of 1,657,313 Gaumont shares.

Ciné Par and Mr. Nicolas Seydoux have committed themselves to not tender their shares to the Offer.

Bolloré has communicated its intention to tender all its shares to the public buyback offer and groupe Industriel Marcel Dassault has reported the same position, authorising Gaumont to report it

With the exception of the intentions described above, the Company has no knowledge of any other commitment or intention to tender or to refrain from tendering.

1.3.9. Restrictions concerning the Offer outside France

The Offer is intended for Gaumont shareholders located in France, the United States and other jurisdictions, provided the local legislation to which shareholders in such other jurisdictions are

[5] Calculated in accordance with the provisions of Article 223-11 of the AMF's general regulations

subject enables them to participate in the Offer without requiring the Company to complete any additional formalities.

The dissemination of this document, the Offer, the approval of the Offer, the participation in the Offer, as well as the delivery of shares may, in certain countries, be subject to specific regulations or restrictions (including any requirement to file a prospectus or take any steps in accordance with local securities rules). The Offer is not open or subject to the review and/or the authorisation of any regulatory authority other than in France, and no actions will be taken to do so. Neither this document nor any other document relative to the Offer constitutes an offer to sell or acquire financial securities or a solicitation to participate in such offer in any country in which this type of offer or solicitation would be considered illegal, could not be validly carried out, or (other than in France or the United States) would require the publication of a prospectus or the completion of any other formality pursuant to local law. The shareholders of the Company located in countries (other than France and the United States) can only participate in the Offer insofar as such participation is authorised under the local laws to which such shareholders are subject. Therefore, the Offer is not made to persons directly or indirectly subject to such restrictions, and their participation cannot, in any way whatsoever, be accepted if originating from a country in which the Offer is subject to such restrictions.

Consequently, persons in possession of this document are required to inform themselves regarding the local restrictions that could potentially apply, and to comply with such restrictions. Failure to comply with these restrictions could potentially constitute a violation of the laws and regulations applicable to financial markets. The Company hereby disclaims any liability for any person's violation of these restrictions.

If you are a resident of the United States, please also read the following paragraphs:

The Offer is being made in the United States in reliance on, and compliance with, Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended and Regulation 14E thereunder.

The Offer is being made for shares of a French company and is subject to French disclosure requirements which are different from United States disclosure requirements. In addition, U.S. investors should be aware that this information note with the AMF visa has been prepared in accordance with a French format and style, which differs from the United States format and style for such documents. Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved this Offer or passed upon the adequacy or completeness of this document or any documentation relating to the Offer.

1.4. Tax treatment applicable to the Offer

The following section only provides indicative information for which the Company and BNP Paribas shall not be held responsible.

The following section constitutes a summary of certain tax-related consequences that could potentially apply to the shareholders of the Company participating in the Offer, it being precised that the Company is not considered as a real estate company as defined in Article 219, I a sexies-0 bis of the French Tax Code.

Shareholders should note that the information contained in this section is only a summary of the tax treatment applicable as of the date hereof and is provided for general information purposes only.

The tax-related information provided in this section may be affected by possible legislative or regulatory changes including that may have a retroactive effect or apply to the current year or financial year.

The tax information below is not intended to constitute a comprehensive analysis of the tax-related consequences that could potentially apply to the shareholders of the Company participating in the Offer. It is hereby recommended that shareholders seek counsel from a qualified tax advisor in order to acquire information on the tax treatment applicable to their specific situation.

Non-residents of France for tax purposes must also comply with the tax legislation applicable in their State of tax residence, while taking into account, when relevant, the potential application of an international tax treaty signed between France and the State in question.

In general, pursuant to article 112-6° of the French Tax Code, the tax regime for capital gains on the sale of securities is applicable to the individual shareholders and to the legal entities of the Company participating in the Offer, whether they are French residents or not. Indeed, when a company buys back its own shares, sums allocated to the shareholders are not considered as distributed income, but rather fall under the tax regime of capital gains.

1.4.1. Natural persons resident in France managing their own assets and not performing stock market transactions under conditions similar to those which characterise an activity performed by a person who is a professional in those types of transactions

Natural persons who would perform stock market transactions under conditions similar to those which characterise an activity performed by a person who is a professional in that type of transactions should seek counsel from their regular tax advisor in order to acquire information on the tax treatment applicable to their specific situation.

1.4.1.1 Income tax

In accordance with the terms of Article 150-0 A *et seq.*, 158-6 bis and 200 A of the French Tax Code, the net profit on the sale of securities realized by natural persons subject to the provisions of this section are, save for some exceptions, taken into account to determine the overall income subject to income tax based on a progressive scale after applying a deduction for the duration of ownership defined in Article 150-0 D of the French Tax Code, which is equal to:

— 50 % of the profit whenever the shares have been held for a period ranging between two and eight years at the date of transfer;

— 65 % of the profit whenever the shares have been held, for at least eight years at the date of transfer.

For the application of this deduction, the holding period is considered as beginning on the subscription or acquisition date of the shares, except in special cases.

Moreover and as the case may be, tendering shares in the Offer is likely to terminate any tax deferral of stay in taxation mechanism from which the shareholders may have benefited in connection with prior transactions.

Shareholders who have capital losses carried forward or resulting from the sale of other securities during the year or, who realise a capital loss in the context of the Offer should seek counsel from their tax advisor in order to acquire information on the tax treatment applicable.

1.4.1.2 Social security withholdings

Capital gains realized by the shareholder as a result of the sale of securities are also subject, prior to the application of the aforementioned deduction for the duration of ownership, to social security withholdings at the overall rate of 15.5%, including:

— 8.2% with respect to the *contribution sociale généralisée* (French generalised social security contribution, or "CSG");

— 0.5% with respect to the *contribution pour le remboursement de la dette sociale* (French contribution for the reimbursement of social debt, or "CRDS");

— 4.5% with respect to the *prélèvement social* (French social security withholding);

— 0.3% with respect to the *contribution additionnelle au prélèvement social* (French additional contribution to the social security withholding), and

— 2% with respect to the *prélèvement de solidarité* (French solidarity withholding).

Except for the CSG of which 5.1% is deductible from income taxable in the year of payment (Article 154 quinquies of the French Tax Code), these social security withholdings are not deductible from income taxable.

1.4.1.3 Exceptional contribution applicable to high incomes

In accordance with Article 223 *sexies* of the French Tax Code, tax taxpayers subject to income are also subject to a contribution based on the *revenu fiscal de référence du foyer fiscal* (income tax reference) as defined under the terms of Paragraph VI, 1° of Article 1417 of the French Tax Code, whenever it exceeds certain thresholds, whithout application of the quotient rules as defined under Article 163-0 A of the French Tax Code. The abovementioned *revenue de reference* includes capital gains realized by the affected taxpayers, prior to the application of deduction for the duration of ownership. This contribution is calculated based on the following scale:

— a 3% rate to the fraction of the income tax reference that falls between €250,001 and €500,000, for taxpayers who are single, widowed, separated or divorced, and a 3 % rate to the fraction of the income tax reference that falls between €500,001 and €1,000,000 for taxpayers filing jointly;

— a 4% rate to the fraction of the income tax reference that exceeds €500,000 for taxpayers who are single, widowed, separated or divorced and a 4% rate to the fraction of the income tax reference that exceeds €1,000,001 for taxpayers filing jointly.

***1.4.1.4 Plan d'Epargne en Actions* (French Share-based Savings Plan, or "PEA")**

Individuals whose shares are held in a PEA can participate in the Offer.

Under certain conditions, the PEA gives right, (i) for the duration of the PEA, to an exemption of income tax and social security withholdings in connection with the income and capital gains generated by the investments made in the context of a PEA, provided they are reinvested in the PEA, and (ii) on the closing date of the PEA (provided it occurs more than five years after the PEA's opening date, including in the event of a partial buyback occurring after a five-year period and before an eight-year period), or in the event of a partial buyback (provided it occurs more than eight years after the PEA's opening date), the net gain realised as from the opening date of the plan is exempted from income tax but remains subject to the social security withholdings described above in paragraph 1.4.1.2, at an overall rate that could vary based on the date on which the gain was acquired or recorded.

Specific provisions, which are not described in this information note, are applicable to capital losses, to the closing of the PEA occurring before five years after the PEA's opening date or, to the exit of the PEA in the form of a life-time annuity. The affected persons should seek counsel from their regular tax advisor in order to acquire information on this regard.

***1.4.1.5* Shares held by employees or executive officers resulting from the exercise of stock options (other than exercised via savings invested in a company or group saving plan)**

In the event the shares tendered to the Offer were subscribed or acquired via a stock purchase option plans mentioned in section 1.3.3 and allocated by the Company in 1996 (plan V), 1998 (plan VI), 2002 (plan VII) and 2005 (plan VIII), capital gain (which is equal to the difference between (i) the first listed price of the share on the date of exercise of the option and (ii) the exercise price of the option, plus the fraction of any discount taxed as salary on the date of exercise of the option) will be subject to:

- as regards plans V and VI : to income tax at specific rate of 30% or, optionally, as salary without application of the quotient;
- as regards plans VII and VIII :
  - failure to respect the two-year holding period, to income tax at a 30% rate for the fraction not exceeding €152,500, and at a 41% rate for the fraction exceeding this amount or, optionally, as a salary without application of the quotient;
  - in case the two-year holding period is respected, to income tax at 18% rate for the fraction not exceeding €152,500, and to a 41% for the fraction exceeding this amount or, optionally as a salary without the application of the quotient.

Moreover, the capital gain will also be subject to the social security withholdings as asset income at a 15.5% rate. As regards gains resulting from the exercise of options granted before 16 October 2007, the 10% salary contribution defined in Article L 137-14 of the French Social Security Code is not due.

Besides, the gains arising from the tendering of shares to the Offer, equal to the difference between, on the one hand, the Offer price, and on the other hand, the first listed price of the share on the date of exercise of the option, will be subject to the common law tax regime provided for capital gains made by natural persons in accordance with the terms of Articles 150-0 A *and seq.* of the French Tax Code as described above in sections 1.4.1.1 to 1.4.1.2.

Gains resulting from the sale or the acquisition as described above are taken into account for the calculation of the *revenu fiscal de référence* (income tax reference) on which is base, if applicable, the exceptional contribution applicable to high incomes described in section 1.4.1.3 above.

The holders of shares of the Company subscribed or acquired in the context of an option plan, who would tender their shares to the Offer at price below their real value at the date of exercise of the options, should seek counsel to their regular tax advisor.

1.4.2. Legal entities with their registered office in France subject to corporate tax ("*impôt sur les sociétés*") in France, for which the shares of the Company are not considered as equity securities (or comparable securities)

Capital gains realized by legal entities subject to the provisions of this section in connection with the sale of shares of the Company in the context of the Offer are included in the shareholder's taxable income subject to corporate tax at the common law tax rate, which is equal to 33.1/3% plus the 3.3% social contribution (Article 235 *ter* ZC of the French Tax Code), based on the corporate tax, after applying a discount that cannot exceed €763,000 per twelve-month period. However, the companies recording a pre-tax revenue of less than €7,630,000, and for which the fully paid-up share capital is held continuously at least at 75%, during the fiscal year in question, by natural persons or by companies satisfying all of these conditions, benefit from a reduced corporate tax rate set at 15%, for up to €38,120 of the taxable profit per twelve-month period (Article 219, I-b of the French Tax Code). In addition, these companies are exempted from the above-mentioned 3.3% social contribution. Moreover, the companies will apply, for the financial year opened in 2017, a 28% rate on the fraction of the profit that falls between €39,120 and €75,000 (the fraction exceeding €75,000 being taxed at the common law tax rate, namely 33.1/3%). Besides, in respect of financial year 2017, companies satisfying the definition of micro, small, and medium-sized businesses (employing fewer than 250 persons and with a turnover of less than €50 million or a total balance value not exceeding €43 million) benefit from a reduced rate set at 28% applicable on the fraction of the profit below or equal to €75,000 (Article 219, I-c of the French Tax Code).

Should a capital loss is recorded in connection with the sale of shares of the Company in the context of the Offer, this capital loss will reduce the taxable income under ordinary law conditions. Moreover, it is specified that tendering shares in the Offer is likely to terminate a potential tax deferral or stay in taxation mechanism from which the shareholders, that are legal entities, may have benefited in connection with prior transactions. The shareholders that are legal entities subject to corporate tax and likely to be concerned by this should seek counsel from their regular tax advisor.

It is recommended that shareholders whose shares in the Company could potentially constitute equity securities, or assimilated thereto for tax purposes, consult with their own tax advisor in order to determine the tax treatment applicable to their specific situation.

1.4.3. Shareholders based outside of France for tax purposes

Subject to the provisions of applicable international tax agreements, capital gains realized in the context of the Offer by a natural person who is not a French resident or legal entities which do not have their registered office in France are generally exempted from taxes in France provided that (i) these capital gains cannot be linked to a stable establishment or a permanent base subject to taxation in France and cannot be linked to the performance in France of operations constituting a full business cycle, and that (ii) the rights and entitlements held, directly or indirectly, by the seller and his/her spouse, their ascendants or descendants, with respect to the corporate profits of the company of which the securities are being sold, do not, at any time over the course of the five years preceding the date of effective sale, collectively exceed 25% of such profits (Articles 244 bis B and C of the French Tax Code) and that (iii) the seller is not located, established or created in an ETNC (non-cooperative states and territories, or "tax havens") in the meaning of Article 238-0 A of the CGI.

Subject to the provisions of applicable international tax agreements, and irrespective of the percentage of rights and entitlements held by the seller in the profits of the company of which the securities are being sold, the capital gains realized in the context of the Offer are taxed at the increased rate of 75% whenever such gains are realized by persons or bodies located, established, or created in an ETNC (non-cooperative states and territories, or "tax havens") in the meaning of Article 238-0 A of the CGI, the list of which is published by ministerial order and updated on an annual basis.

It is recommended that those who do not meet the exemption conditions consult with their regular tax advisor. Moreover, shareholders based outside of France for tax purposes should analyze their specific tax situation with their regular tax advisor in order to take into account applicable tax treatment both in France and in their country of residence for tax purposes.

1.4.4. Shareholders of the Company subject to a different tax regime

Shareholders of the Company subject to a tax regime other than those discussed above and participating in the Offer, particularly taxpayers for whom the transactions on shares are executed outside the context of simple portfolio management, or the shares of whom are registered as assets in their commercial balance sheet, should consult with their regular tax advisor to review the tax treatment applicable to their specific situation.

1.4.5. Tax on financial transactions

The tax on financial transactions does not apply insofar as the Gaumont's market capitalization does not exceed €1 billion.

1.4.6. Other situations

It is recommended that shareholders subject to a tax regime other than those listed above consult with their regular tax adviser to review the tax treatment applicable to their specific situation.

1.5. Financing terms and conditions and fees related to the Offer

The acquisition cost of 100% of the securities targeted by the Offer (please refer to section 1.3.3 above entitled "Securities targeted by the Offer") would represent a maximum aggregate amount of €125.3 million, divided as follows:

– €124.3 million to pay the price of acquiring 100% of the securities targeted by the Offer; and
– approximately €1 million in fees and costs incurred to carry out the Offer (including the fees and expenses of financial advisors, legal counsel, statutory auditors and other consultants, as

well as communication costs, the taxes imposed by the AMF, the fees to Euronext and the tax on financial transactions).

The Offer will be financed using the Company's available cash resulting from the fraction of the price paid cash (€190 million) in connection with the sale of the Company's interest in the company Les Cinémas Gaumont Pathé to Pathé.

1.6. Impact of the Offer on Gaumont's shareholding structure, financial statements and market capitalization

1.6.1. Impact on the distribution of the share capital and voting rights

As of 31 March 2017, Gaumont's share capital was split up into 4,290,074 shares. The theoretical distribution of the share capital and voting rights (totaling 7,680,353)[6] as of 31 March 2017, based solely on the statements Gaumont received relative to the crossing of the statutory thresholds discussed in Paragraph 1 of Article L. 233-7 of the French Commercial Code, can be found above in section 1.2.2 of this document. Assuming that 50% and 100% of the shares involved in the Offer were effectively repurchased, and assuming successively that no stock option will be exercised and that all the 137,710 stock options will be exercised prior the end of the Offer, the shareholding breakdown would change as follows, post cancellation of the shares tendered to the Offer:

Assuming 50% of the shares involved are effectively repurchased and that no stock options are exercised (meaning 759,802 shares) and cancellation of those shares[7]:

Shareholders	Number of shares	% of the share capital	Number of voting rights[8]	% of voting rights
Ciné Par*	2,764,628	78.31%	5,494,030	83.36 %
Mr. Nicolas Seydoux	526	0.02%	1,052	0.02%
Sub-total Ciné Par* and Mr. Nicolas Seydoux	2,765,154	78.33%	5,495,082	83.38%
Others	759,801	21.52 %	1,089,576	16.54 %
Treasury shares	5,317	0.15 %	5,317	0.08 %
TOTAL	**3,530,272**	**100.00 %**	**6,590,375**	**100,00 %**

(*)Company controlled by Mr. Nicolas Seydoux

[6] Calculated in accordance with the provisions of Article 223-11 of the AMF's general regulations
[7] No double voting rights would be attached to the shares tendered to the Offer
[8] Voting rights calculated in accordance with the provisions of Article 223-11 of the AMF's general regulations

Assuming the stock options are exercised and 50% of the shares involved are effectively repurchased (meaning 828,657 shares) and cancellation of those shares [9]

Shareholders	Number of shares	% of the share capital	Number of voting rights [10]	% of voting rights
Ciné Par*	2,764,628	76.81%	5,494,030	82.50 %
Mr. Nicolas Seydoux	526	0.02%	1,052	0.02%
Sub-total Ciné Par* and Mr. Nicolas Seydoux	2,765,154	76.83%	5,495,082	82.58%
Others	828,656	23.02%	1,158,831	17.40%
Treasury shares	5,317	0.15 %	5,317	0.08 %
TOTAL	**3,599,127**	**100.00 %**	**6,659,230**	**100,00 %**

(*) Company controlled by Mr. Nicolas Seydoux

Assuming 100% of the shares involved are effectively repurchased and cancellation of those shares [11]

Shareholder	Number of shares	% of the share capital	Number of voting rights [12]	% of voting rights
Ciné Par*	2,764,628	99.77 %	5,494,030	99.88 %
Mr. Nicolas Seydoux	526	0.02%	1,052	0.02%
Treasury shares	5,317	0.19 %	5,317	0.10 %
TOTAL	**2,770,471**	**100%**	**5,500,399**	**100%**

(*) Company controlled by Mr. Nicolas Seydoux

1.6.2. Impact on Gaumont's financial statements

A first calculation of the Offer's impact on Gaumont's shareholders' equity and consolidated results, which can be found in the table hereafter, was performed using data from Gaumont's consolidated financial statements of financial year 2016, and are based on the following assumptions:

– A buyback of 1,657,313 shares (or the full amount of shares involved in the Offer) at a price of €75, dividend attached, per share, corresponding to an amount of €124,298,475 followed by the cancellation of the repurchased shares;

– Transaction fees amounting to around €1 million;

– Income from the exercise of stock options amounting to €8 million;

– Total of 2,765,154 shares post-cancellation (excluding treasury shares);

– Cash investment rate at an average pre-tax rate of 0 % per year ; and

– Share buyback effective as of 5 July 2017.

[9] No double voting rights would be attached to the shares tendered to the Offer
[10] Voting rights calculated in accordance with the provisions of Article 223-11 of the AMF's general regulations
[11] No double voting rights would be attached to the shares tendered to the Offer
[12] Voting rights calculated in accordance with the provisions of Article 223-11 of the AMF's general regulations

	Consolidated data as of 31 December 2016	
	Pre buyback and cancellation	**Post buyback and cancellation**
Shareholders' Equity, Group share (€ million)	277.3	153.0
Net Financial Debt (€ million)	205.3	322.6
Net Income, Group share (€ million)	18.9	18.9
Number of shares (excluding treasury shares)	4,275,554	2,765,154
Equity per share (€)	64.86	58.07
Consolidated net earnings per share (€)	4.43	6.85

A second calculation of the Offer's impact on Gaumont's shareholders' equity and consolidated results, which can be found in the table hereafter, was performed using data from Gaumont's consolidated financial statements of financial year 2016, and are based on the following assumptions:

– No stock options are exercised;

– A buyback of 1,519,603 shares at a price of €75, dividend attached, per share, corresponding to an amount of €113,970,225 followed by the cancellation of the repurchased shares;

– Transaction fees amounting to around €1 million;

– Total of 2,765,154 shares post-cancellation (excluding treasury shares);

– Cash investment rate at an average pre-tax rate of 0 % per year ; and

– Share buyback effective as of 5 July 2017.

	Consolidated data as of 31 December 2016	
	Pre buyback and cancellation	**Post buyback and cancellation**
Shareholders' Equity, Group share (€ million)	277.3	163.3
Net Financial Debt (€ million)	205.3	320.3
Net Income, Group share (€ million)	18.9	18.9
Number of shares (excluding treasury shares)	4,284,757	2,765,154
Equity per share (€)	64.72	59.07
Consolidated net earnings per share (€)	4.43	6.85

The two calculations above are made before taking into account the sale of Gaumont's shareholding interest in the company Les Cinémas Gaumont Pathé for an amount of €380 million to Pathé (of which €190 million would be payable in arrears). By taking into account the sale, the Company would record a positive net cash position of around €50 million and would fully preserve it financials means enabling the development of its production activities[13].

1.6.3. Impact on market capitalisation

Based on the closing price of the Gaumont share on 24 February 2017[14] of €57.50, the stock market capitalization amounted to €246.15 million, and Gaumont's share capital was comprised of 4,280,871 shares.

Upon completion of the Offer, assuming all of the targeted shares are tendered to the Offer and subsequently cancelled, the number of shares comprising Gaumont's share capital would total 2,770,471 and Gaumont's stock market capitalization would total €159.3 million, based on the 24 February 2017 (corresponding to the last trading day before announcement by the Company of the offer parameters) closing price of €57.50.

1.7. Agreements that could have a significant impact on the Offer's assessment or its completion

As mentioned before, Ciné Par and Mr. Nicolas Seydoux would hold, as of the filing date of the Offer, 2,765,154 shares of the Company representing 64.45% of the share capital and 71.55% of the voting rights of Gaumont[15], Ciné Par and Mr. Nicolas Seydoux committed to not tender their shares to the Offer.

With the exception of the above, as of the filing date of the Offer, the Company has no knowledge of any agreement or commitment that could have a significant impact on the Offer's assessment or its successful completion.

2. APPRAISAL OF THE OFFER PRICE

The appraisal of the Offer price set out below was prepared by BNP Paribas, acting as the presenting bank for the Offer on behalf of Gaumont, in accordance with standard valuation methods and on the basis of (i) publically available information on Gaumont and its sector, (ii) the 2016 consolidated annual accounts of Gaumont (iii) the business plan prepared by Gaumont, extrapolated by BNP Paribas on the basis of information provided by Gaumont's management and validated by the latter, and (iv) additional information provided by Gaumont.

2.1. Summary – Appraisal of the Offer price

The price offered by Gaumont is €75.00 per Gaumont share.

On the basis of the valuation work presented below, the Offer price implies the following

[13] By taking into account the amount of € 190 million payable in arrears and before payment of the 2016 dividend
[14] Corresponding to the last trading day before announcement by the Company of the offer parameters
[15] Calculated in accordance with the provisions of Article 223-11 of the AMF's general regulations

premiums:

Criteria	Equity value / share (€)			Implied premium range / share (%)		
	Min.	Volume weighted average	Max.	Min. value	Central value	Max. value
Share price						
Last spot price before announce (as of 24/02/2017)		57.5			30.4%	
1-month	55.5	57.8	59.1	35.1%	29.8%	26.9%
3-month	52.2	55.9	59.1	43.8%	34.1%	26.9%
6-month	47.1	53.3	59.1	59.2%	40.7%	26.9%
12-month	43.4	50.6	59.1	72.8%	48.1%	26.9%
Sum of the Parts	62.5	68.1	73.8	20.1%	10.1%	1.6%

Source: BNP Paribas, Factset

The Offer price is higher than the value of the Sum of the Parts and implies a premium on:

- the closing price on the last trading day preceding the announcement of the Offer on 24 February 2017 (€57.5, a premium of +30.4%);
- the highest trading price recorded over the last 12 months preceding the announcement of the Offer on 24 February 2017 (€59.1, a premium of +26.9%).

2.2. References and valuation methods

The Offer price was assessed using the multi-criteria approach described below.

Valuation methods based on consolidated financial aggregates do not take into consideration the specific features (activity, growth and margin profiles, geographic exposition, risks) of Gaumont's various segments, and accordingly were not used.

Sum of the Parts approaches, which involve estimating the value of a firm by adding up the contributions of each segment, are more suited to understanding their specificities and accordingly would appear to be more relevant.

For the purposes of this valuation exercise, the following segments were retained:

- Cinema (including new and catalogue films)
- TV (France / Europe) and Animation (France / US)
- TV US (production of US televised series)
- Overheads
- Other assets (real estate and trademark fee)

2.2.1. Valuation methods and references used

2.2.1.1 Discounting of future cash flows

Given the strategic development of Gaumont, including in particular the development of certain activities (production of televised series, including animation series, in the US and in Europe, production of films for the cinema), the discounted future cash flows method was retained as the central valuation approach.

This valuation method was applied to the business plan drawn up by Gaumont for the 2017-2019 period, extrapolated by the presenting bank between 2020 and 2025, on the basis of information provided by Gaumont's management. This extrapolation was then reviewed and validated by Gaumont's management.

2.2.1.2. Analysis of the share price

Gaumont shares were admitted to trading for the first time on the spot market of the Paris stock exchange on 26 August 1948. Since 24 June 1996, they have been traded on the Euronext Paris market and are listed in compartment B of the Eurolist (ISIN code: FR0000034894). They are not traded on any other stock exchange. Given the low liquidity of Gaumont shares, this valuation reference was used for information purposes only.

2.2.2. Methods not used

2.2.2.1 Net assets value and restated net assets value methods

Valuation methods focusing on net assets involve valuing a firm on the basis of the book value of its assets or on the basis of book value adjusted for unrealised capital gains and losses that are not reflected on the balance sheet.

These methods do not reflect the future prospects of a firm and are not relevant for valuing a commercial or industrial firm as they do not take into account the generation of future cash flows and they do not aim at valuing a firm as a going concern and whose assets are not intended to be sold. Such assets are better valued using the discounted future cash flows method. For information purposes, the net asset value was €277 million on 31 December 2016 (meaning €62.7 per share).

2.2.2.2 The discounted dividends method

This method was not used because it depends fundamentally on the firm's future dividends policy.

2.2.2.3 Multiples of comparable listed companies

The valuation method based on the multiples of comparable listed companies involves valuing a firm on the basis of the valuation ratios observed for samples of listed companies that present similar characteristics (activity, geographic exposure, size and margins) to those of Gaumont's segments.

Given the absence of comparable listed companies that have both a cinema and a TV production business and that are adequately covered by brokers / analysts for establishing a consensus on financial projections, this method was not used.

2.2.2.4 Comparable transactions multiples

The method based on comparable transactions multiples involves valuing a firm on the basis of valuation ratios observed for a sample of transactions carried out by firms in the same sector, that are comparable to the firm being valued in terms of activity, geographic exposure, size and margins.

Given the absence of comparable transactions involving companies that have both a cinema and a TV production business, this method was not used.

2.2.2.5 Analysts' target share price

Given the absence of analysts covering the company, this valuation reference was not used.

2.3. Financial figures used for the valuation

2.3.1. Business plan structure and extrapolation assumptions

The valuation is based on a business plan provided by the Company and which covers four financial periods: 2016, 2017 (budget), 2018 and 2019 (the "**Business Plan**"). The Business Plan below takes into account the disposal of Gaumont's stake in Les Cinémas Gaumont Pathé.

The Business Plan provides in particular:

- for the Cinema activity, investments around €42 million per year for anticipated sales around €50 million (except existing catalogue);
- Cinema and Catalogue overheads, around €11 million;
- management body and functional department overheads, around €15 million;
- for the US TV activity, strong growth of the sales to reach €164 million in 2019 with investments around €144 million corresponding to the production of new series;
- for the France, Europe TV activity and animation, strong growth of the sales to €53 million in 2019 reflecting the development of French and European series and the development of the US animation activity.

Given the high growth level expected for the various activities in the Business Plan, higher than expected economic growth in the countries in which the Company operates, the presenting bank extrapolated this Business Plan for six additional financial periods, until 2025 (the "**Extrapolation Period**").

The following assumptions were made for the Extrapolation Period:

- the selected normative revenues growth rate is 2% in line with the anticipated growth in Europe and in the United States;
- the revenues growth rate declines in a straight line over the 2020-2025 period, with the exception of the Cinema activity, whose valuation is mainly underpinned by the development of investments in new films and for which the growth rate increases in a straight line over the 2020-2025 period to a normative growth of 2%;
- investments converge in a straight line towards their normative levels expressed as a percentage of sales (between 80% and 90% depending on the activities), with the exception of investments for the Cinema activity (see previous paragraph) and for the TV – France, Europe and Animation activity where the latter are maintained at a constant rate over the period;
- linear convergence of the levels of depreciation and amortisation, expressed as a percentage of investments as of 2020 towards a normative rate of 100%;
- the tax rate is maintained at a constant level of 34.43% for all activities, with the exception of the TV US activity, for which a tax rate of 40.0% was applied for the 2017-2025 period;
- Overheads and general costs, valued separately[16], include on the one hand, costs relating to the Cinema and Catalogue activities and on the other hand the holding company and various functional department costs:
  - the growth rate of overheads related to the cinema and catalogue activities is maintained constant at its normative level from 2021 to 2025;
  - the growth rate of overheads related to functional departments is maintained constant at its normative level from 2021 to 2025;
  - the selected normative growth rate of overheads is 1%.

2.3.2. Other financial data taken into account in the valuation

2.3.2.1 Real estate

The Company has several real estate assets, the value of which is derived by discounting future rental income on the exploitation of the latter. The rental projection plan is based on an expert's report dated 2 February 2017, produced by an independent firm. Income taken into account comes from the future rental of a shopping area located on the Champs Elysées and from the rental of office space, and will be booked from 2019[17] (expected date of first rent) and discounted to 1 January 2017.

[16] Valuations of TV (France / Europe) and Animation (France / US) segments and TV US take directly into account overheads that are respectively associated with them

[17] Subject to required authorisations being obtained

2.3.2.2 Trademark fee

The trademark fee from the use of the Gaumont trademark by Les Cinémas Gaumont Pathé is also included in the valuation of the Company. Following the sale of Gaumont's stake in Les Cinémas Gaumont Pathé, the trademark fee will be extended till 31 December 2023. This is based on the Business Plan prepared by the Company and was extrapolated until 2023 then discounted to 1 January 2017.

2.3.2.3 TV US Segment

For the purposes of valuing the TV US segment, two methods were used:

- a low value obtained by discounting future cash flows based on the Management Business Plan;
- a high value based on the purchase of five percent of the stake held by Evolution Media Capital LLC in GTV USA by Gaumont USA Inc. in August 2016.

2.3.3. Total number of shares on a diluted basis

As shown in the tables below, the number of shares used for the valuation is the number of shares outstanding on 31 March 2017 plus the number of dilutive instruments (options plans exercisable on 31 March 2017, see details below).

Shares	Number	Comments
Total issued shares	4 290 074	As of 31/03/2017
Treasury shares	(5,317)	As of 31/03/2017
Total outstanding shares	**4,284,757**	**As of 31/03/2017**
Dilutive instruments	137,710	As of 31/03/2017
Total diluted number of shares	**4,422,467**	

Source: Company

Options plans	Exercisable		Strike price	Number of
	from	to	€ / share	shares
Plan V	2/15/2001	2/14/2046	44.1	4,455
Plan VI	3/12/2003	3/11/2048	56.2	10,283
Plan VII	4/9/2006	4/8/2046	42.1	12 878
Plan VIII	2/28/2009	2/27/2049	56.3	110 094
Total				**137,710**

Source: Company, BNP Paribas

2.3.4. Adjustment to the value of equity capital

The adjustments set out below (the "**Value Adjustments**") were made on the basis of the Company's annual consolidated accounts on 31 December 2016 and on information provided by the Company or estimated by the presenting bank. The results of the sale of Gaumont participation in Les Cinémas Gaumont Pathé are taken into account separately.

Adjustments	Value M€	Comments
Financial debt	214.0	As of 31/12/2016
Cash & cash equivalents	(8.7)	As of 31/12/2016
Net financial debt	**205.3**	
Non-current provisions (post-tax)	2.5	Total post-tax provisions, as of 31/12/2016
Current provisions (post-tax)	0.6	Total post-tax provisions, as of 31/12/2016
Provisions (post-tax)	**3.2**	
Capital gains on sales and fiscal impact	13.2	Updated as of 01/01/2017
Other financial assets	(0.2)	Estimated as of 31/12/2016
Stock-options conversion	(8.0)	Cash impact post stock-options conversion
Other minority interests	3.0	Estimated as of 31/12/2016
Associates	(0.6)	Estimated as of 31/12/2016
Others	**7.4**	
Total	**215.9**	

Source: Company, BNP Paribas

2.4. Description of the valuation methods used

2.4.1. Discounting of future cash flows

This method involves calculating the enterprise value of the Company (intrinsic value) and discounting the future cash flows generated by the Company's assets.

The value of the Company's equity is obtained by subtracting the Value Adjustments from the value derived from the Sum of the Parts method.

The valuation on the basis of discounted future cash flows was performed on 1 January 2017, using a mid-year convention for cash flow generation. The terminal value for each activity was calculated using the Gordon and Shapiro formula, based on the abovementioned growth rates.

The weighted average cost of capital (WACC) used for discounting the future cash flows was estimated for each activity, with the exception of the catalogue and the real estate assets, for which the WACC was obtained on the basis of respective expert's reports. Given that the absence of relevant comparable market multiples for the films and series production activities, means that a WACC cannot be determined quantitatively, it was derived by applying an additional risk premium of 2.0%[18] to the WACC of the Cinema – Catalogue activity (7.6%), as this activity enjoys greater recurrence and visibility than film and series production. Accordingly, a WACC of 9.5% was taken for the production activities.

A WACC of 7.5% was used to value overheads and the trademark fee, activities over which there is a high level of visibility.

[18] Risk premium calculated by comparing the WACC of a sample of listed companies that are heavily exposed to new development projects (Greenfield projects) to the WACC of a sample of companies in the same sector that have little exposure to such Greenfield projects.

The costs taken by activity are as follows:

- 9.5% for the Cinema – new films activity
- 7.6% for the Cinema – Catalogue activity
- 9.5% for the TV – US series activity
- 9.5% for the TV – France, Europe and animation activity
- 7.5% for overheads
- 7.5% for the trademark fee
- 4.0% et 5.0% for commercial and office real estate activities respectively

The main elements pertaining to the Sum of the Parts valuation are summarised in the table hereunder:

	Value (€m)		
	Min. value	Central value	Max. value
Production & Distribution	**214**	**239**	**264**
Cinema – New films	26	26	26
Catalogue films	115	115	115
Overheads (Catalogue and Cinema)	(113)	(113)	(113)
TV – France, Europe and Animation	27	27	27
TV – US	167	202	238
Minority interests TV – US	(18)	(28)	(38)
Trademark fee	11	11	11
Les Cinémas Gaumont Pathé - based on Pathé's offer price	**380**	**380**	**380**
Real estate	**98**	**98**	**98**
Overheads and general costs	(200)	(200)	(200)
Valuation by Sum of the Parts	**492**	**517**	**542**
Adjustment to the value of equity capital	**216**	**216**	**216**
Equity value	**276.3**	**301.4**	**326.5**
Total number of shares on a diluted basis ('000)		4,422	
Equity value per share (€)	**62.5**	**68.1**	**73.8**

Source: Company, BNP Paribas

On the basis of this analysis, the value of equity per Gaumont share is between €62.5 and €73.8, with a central value of €68.1.

Analysis of the share price

Gaumont's share capital is made up of a single category of ordinary shares, admitted to trading on the regulated market of Euronext in Paris (Compartment B) under the ISIN code: FR0000034894.

The reference share price taken is the closing price on 24 February 2017, i.e. the last day of negotiations preceding the date on which Gaumont announced its intention to launch the Offer.

The average daily volume of trades over the 12 months preceding the Offer is close to 330 shares, corresponding to 0.04% of the free float over the same period.

The table below shows the premiums offered, ranging from between 29.8% and 48.1%, determined on the basis of the closing price of the Gaumont share on 24 February 2017 (last day before the announcement) and the averages of prices weighted by volumes corresponding to the different periods.

As of 24/02/2017	Volume weighted average price (€)	Implied share premium (%)	Daily traded volume average	Traded volumes (as % of free float)
Reference spot	57.5	30.4%	635.0	0.07%
1-month	57.8	29.8%	256.5	0.03%
3-month	55.9	34.1%	212.9	0.02%
6-month	53.3	40.7%	262.9	0.03%
9-month	51.5	45.7%	272.9	0.03%
12-month	50.6	48.1%	330.1	0.04%

3. REPORT OF THE INDEPENDENT APPRAISER

SORGEM

ÉVALUATION

FAIRNESS OPINION ON THE PUBLIC SHARE BUYBACK OFFER FOR GAUMONT SHARES

Paris, April 19, 2017

Issued at the request of the Board of Directors of Gaumont

Our Ref.: 17/42/R/MN/TH

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Sommaire

Introduction

On March 1, 2017, Pathé SAS (hereafter “Pathé”) granted Gaumont SA (hereafter “Gaumont” or the “Company”) an option to sell the Company’s 3,256,588 shares in Les Cinémas Gaumont Pathé SAS (hereafter “LCGP”), whose main business is the operation of movie theaters. This transaction values Gaumont’s interest in LCGP at €380 million.[1]

Gaumont’s interest in LCGP constitutes a major asset within the meaning of AMF position-recommendation DOC No. 2015-05. The disposal of Gaumont’s interest in LCGP would effectively entail a substantial change in the Company’s profile.

In this context, the AMF recommends appointing an independent expert to issue an opinion on the interest and valuation of the contemplated transaction, namely the disposal of Gaumont’s interest in LCGP.

Once the planned disposal of Gaumont’s interest in LCGP has been confirmed, Gaumont is considering offering its minority shareholders the opportunity to sell their shares in the context of a public share buyback offer (“OPRA” in French) (hereinafter the “Offer”) at a price of €75 per share (hereafter the “Offer Price”). Ciné Par, Gaumont’s reference shareholder, which holds 65% of its capital, and Mr. Nicolas Seydoux will not be taking part in this transaction. The transaction will thus target 35% of the capital, for an amount of approximately €124 million.[2]

[1] If the disposal is carried out, the payment of the €380 million would be staggered: half of the price would be paid upon completion of the disposal, and the balance in three instalments of equal amounts on June 29, 2018, June 28, 2019 and June 30, 2020.

[2] Based on a number of shares in circulation not held by Ciné Par and Mr. Nicolas Seydoux of 1,510,400, on a number of Treasury shares of 5,317 and on a number of exercisable stock options on February 28, 2017 that could provide access to 146,913 new shares.

I. PRESENTATION OF THE TRANSACTION WITH LCGP

1. Presentation of the Purchaser and of the Beneficiary

1.1 Pathé (the Purchaser)

Pathé is a *société par actions simplifiée* organized and existing under the laws of France with capital of €20,587,515, having its registered office at 2 rue Lamennais, 75008 Paris, registered with the *Registre du commerce et des sociétés* of Paris under number 307 582 866. Mr. Jérôme Seydoux and Mr. Eduardo Malone are its Co-Chairmen, and Mr. Marc Lacan is the Managing Director.

Pathé is primarily present in three core businesses: movie production, movie distribution, and the operation of movie theaters, via its 66% interest in LCGP, one of the largest networks of movie theaters in Europe, present in France, the Netherlands, Belgium and Switzerland.

In 2015, Pathé made revenue of €155 million from its movie production and distribution business, with 17 movies released in France and the United Kingdom and 800 feature films in its catalog. In that same year, LCGP's revenue was €710 million, with 110 movie theaters (1,051 screens) and 64.5 million tickets sold. In 2016, the number of ticket sales increased to 66.8 million.

1.2 Gaumont (the Beneficiary)

Gaumont is a *société anonyme* organized and existing under the laws of France with capital of €34,242,152, having its registered office at 30 avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, registered with the *Registre du commerce et des sociétés* of Nanterre under number 562 018 002. Mr. Nicolas Seydoux is Chairman of the Board of Directors, Mrs. Sidonie Dumas is Chief Executive Officer and Mr. Christophe Riandée is Vice Chief Executive Officer.

The Company was founded under the name Société Nouvelle des Établissements Gaumont on August 11, 1938.

The Company's shares were first admitted to trading on the spot market of the Paris stock exchange on August 26, 1948. Since June 24, 1996, they have traded on the Euronext Paris market and are listed in Eurolist segment B (ISIN code: FR0000034894).

Gaumont conducts its production and distribution business at all levels of the industry's value chain:

- production;
- distribution in France and abroad, by any means and in all formats (theaters, television channels, video and video on demand); and
- operation of movie theaters via its interest in LCGP.

Gaumont holds a 34.0% interest in LCGP, accounted for under the equity method.

In 2016, Gaumont had consolidated revenue of €188.7 million[3], down -13.0% from 2015. 60% of this revenue came from the movie production business (distribution to theaters, on video and video on demand, sales of broadcasting rights to television channels, sales of rights internationally) and 36% from the television production business.

In 2016, the Company generated operating income after share of net income of associates of €23.2 million (€21.4 million in 2015), of which €19.9 million corresponding to the contribution made by LCGP (excluding trademark royalties of €3.9 million).

On February 28, 2017, Gaumont's capital comprised 4,280,871 shares[4] of which 64.6% held by Ciné Par[5], 11.9% by First Eagle IM, 9.6% by Bolloré and 5.4% by Groupe Industriel Marcel Dassault (the free float thus being estimated at 8.4%).

As of February 28, 2017, 146,913 stock options were exercisable, each of which providing entitlement to subscribe for one Gaumont share at a strike price below €75.

[3] For 2016, the audit process has been completed and the audit report is being prepared.
[4] The number of Treasury shares was 5,317 as of December 31, 2016.
[5] This company is controlled by Mr. Nicolas Seydoux.

2. Rationale of the transaction with Pathé

The prospectus states that the disposal of Gaumont's interest in LCGP should allow Gaumont to:

- strengthen its movie production activity, accelerate the development of its television production activity in the United States and in Europe and consider expanding its activities in Europe;

- redistribute part of the proceeds from the disposal to shareholders via a public share buyback offer. Ciné Par and Mr. Nicolas Seydoux have stated that they will not be tendering shares to the offer so as to offer liquidity to all of the other shareholders who wish to tender their shares.

3. Terms of transaction with Pathé

On March 1, 2017, Pathé made an offer to Gaumont to purchase, upon exercise by Gaumont of the option to sell, the 3,256,588 shares held by Gaumont in LCGP for a purchase price of **€380 million** (hereafter the "Purchase Price"), **coupon attached** (meaning that the dividend payment for 2016 would be received by Pathé).[6]

If the sale goes ahead, 50% of the Purchase Price will be paid on the date of signature of the purchase and sale agreement, and the balance in three installments of equal amounts on June 29, 2018, June 28, 2019 and June 30, 2020. Pending payment of these amounts, they will carry interest at a rate of 2% per year as of the signature of the purchase and sale agreement until their date of payment (with Pathé retaining the possibility of making early payment).

The option can be exercised until September 30, 2017 by Gaumont at any time as of the signature by Pathé of contractual documentation no longer setting forth the condition precedent of the obtaining of bank financing in the amount defined in the option. On the date this report was issued, that documentation had been executed and the conditions precedent lifted.

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[6] Otherwise, the Purchase Price would be reduced by the amount of the dividend effectively paid to Gaumont in relation to 2016.

4. Consequences of the transaction on Gaumont's activities

4.1 Change in activities and impact on the Company's investment risk in the long run

The asset to be sold, even if corresponding to a minority interest in LCGP, represents a major asset for Gaumont by reference to the five criteria defined by the AMF in position-recommendation DOC No. 2015-05, which states that it suffices for at least two of the criteria to be met for the asset to be major. This is the case for the following criteria:

- LCGP's revenue in 2015 totaled €710 million, or €241 million by taking into account the 34% corresponding to Gaumont's interest in LCGP. This represents approximately 1.1 times Gaumont's revenue in 2015 from its movie production and distribution business, its television production business and other revenues (trademark royalties, real estate lease agreements, etc.). For 2014, the same calculation gives a ratio of 1.2;

- The Purchase Price represents about 1.9 times Gaumont's average market capitalization in 2015 and 2.2 times that that observed in 2014;[7]

- Net income before tax generated by Gaumont's interest in LCGP represented 94% of operating income after share of net income of associates in 2015, and 88% in 2014.

In view of the above analysis, the asset to be sold represents a major asset of the Company.

By selling this asset, Gaumont will essentially be focusing on its movie and television production activities, as well as on its catalog management, which constitute its core business.

The motion picture production and distribution industry is a highly competitive market, where the success of movies with the public has a significant impact on results. Despite Gaumont's significant experience in this industry, uncertainty remains strong, the success of movies depending strongly on many other factors besides artistic and technical qualities, such as the public's awareness of the subject broached, the popularity of the actors when the movie is released, the appeal of competing movies, and even the weather.

[7] Source: Bloomberg.

In France, television production operations present a significant dependence risk on broadcasters, which are relatively few and highly concentrated. Also, faced with competition by American series in particular, French series struggle to find their audience. In the United States, the market is also highly competitive.

The cartoon market is dynamic, but also very competitive as broadcasting times are limited.

The catalog management activity is by its nature less uncertain: this activity is indeed characterized by relatively high visibility on future revenue and expenses, as well as by a certain degree of recurrence.

The operation of a large network of movie theaters has historically shown a certain level of stability in terms of revenue and performance. This visibility regarding the expected performance of LCGP's activity should, however, be weighed against the fact that Gaumont only holds a minority interest in LCGP, and is thus subject to uncertainty regarding the payout ratio (which has shown quite a bit of variation in recent years).[8]

By selling its interest in LCGP, Gaumont will modify the balance of its economic model, which historically combined activities that are by their nature uncertain (production and distribution) with two activities presenting higher visibility (operation of a catalog and participation in a large network of movie theaters). Overall, Gaumont's business, excluding considerations pertaining to its level of indebtedness, will therefore present a higher risk after the disposal of its interest in LCGP.

[8] Between 2012 and 2015, the distribution rate ranged between 31% and 45%.

4.2 Impact on Gaumont's income statement

The disposal of the interest in LCGP will affect Gaumont's income statement.

In its Registration Document, Gaumont is accustomed to presenting an income statement that shows *"operating income after share of net income of associates"*. This figure corresponds to the net income of LCGP, Lincoln Cinema Associates (USA), Légende and LGM, weighted by the percentage of Gaumont's interest in those companies.

The table below presents the impact of the disposal on the income statement,[9] as presented on p. 66 of the Company's 2015 Registration Document.

	With interest in LCGP		Without interest in LCGP	
(in thousands of euros)	**2015**	**2014**	**2015**	**2014**
Revenue	217 004	190 074	217 004	190 074
Current operating income	2 109	4 886	2 109	4 886
Operating income	2 104	2 919	2 104	2 919
Share of net income of associates	19 254	18 300	-770	-386
Operating income after share of net income of associates	**21 358**	**21 219**	**1 334**	**2 533**

Source: Gaumont 2015 Registration Document.

The dividend Gaumont received in 2015 from its subsidiary LCGP totaled €8.8 million, compared to €6.1 million in 2014. LCGP's dividends thus represented a significant percentage of Gaumont's operating income.

In 2014 and 2015, excluding the share of net income of LCGP and dividends paid by LCGP to Gaumont, Gaumont's operating income was relatively limited, representing 0.6% of revenue for 2015 (1.3% in 2014).

[9] From the main aggregates to operating income after share of net income of associates.

4.3 Tax impacts

Historically, Gaumont received dividends from LCGP. Under the parent-daughter regime, the effective tax rate for these dividends was 1.72% (before consideration of other factors affecting taxation, such as loss carryforwards).

By disposing of its interest in LCGP, Gaumont will recognize a resulting capital gains: the carrying amount of its interest in LCGP is €66 million; the capital gains to be recognized following the disposal would therefore be €314 million. The taxable share of the capital gains is 12%. However, the amount of tax effectively paid depends on other factors affecting taxation, and in particular tax loss carryforwards (as of December 31, 2015, the losses of the Gaumont tax consolidation group that could be carried over indefinitely and against which there is a probability of charging future profits amounted to €80 million).

5. Summary of our opinion on the fairness of the transaction with LCGP

The conclusion of our report on the fairness of the transaction contemplated with Pathé is as follows.

“The condition on which the disposal of Gaumont’s interest in LCGP can be considered to be in line with Gaumont’s corporate interest is that the price of €380 million not be lower than the market value for such interest.

Considering the terms of payment of the price, providing for payment in several instalments, this method of payment must not entail a significant risk of payment default for Gaumont: based on the indications given to us, we consider this risk of default to be very low.

Our opinion on the market value of the interest is based on implementation of a multi-criteria valuation approach (primarily the DCF method, the multiples observed on listed comparable companies and on comparable transactions for cross-referencing purposes), without taking into account any minority discount or control premium.

The minority discount is sometimes taken into account when assessing unlisted interests not providing control, and may be justified in particular by the difficulty in influencing the dividend distribution policy.[10] In the context of Gaumont’s disposal of a significant interest in LCGP (34%) and considering the size of the block conferring a minority blocking interest and the regular periodicity of dividend payments in the past, we did not consider it appropriate to take such a discount into consideration.

[10] Even though, in theory, this does not affect the value of the company.

Similarly, Gaumont’s interest in LCGP not conferring control over LCGP, we did not take into consideration any control premium, which is the amount that an investor is willing to pay over the standalone value of the company to acquire control over the share capital of that company.[11]

Our analysis shows that the Purchase Price of €380 million offers a premium (discount) of between -3% and +1% compared to our estimate of the fair market value. This being the case, it would seem to us that the financial terms of the transaction with Pathé, and in particular the price of €380 million received in consideration of the disposal of Gaumont’s interest in LCGP, are consistent with the corporate interest of Gaumont and of its shareholders.”

[11] In the context of a valuation based on the multiples observed in comparable transactions, we have adjusted the multiples when the comparable transactions identified covered a majority share in the capital.

II. PRESENTATION OF THE OFFER

1. Presentation of the Offeror

A presentation of Gaumont is provided in section I.1.2. of this report.

2. Presentation of the rationale and terms of the Offer

The Offer is taking place in the context of the transaction with Pathé, as described above, which will entail a substantial change in the profile of the Company's business.

In this context, Gaumont is planning to offer minority shareholders the opportunity to sell their shares under a public share buyback offer ("OPRA" in French) at a price of €75 per share (Offer announced on March 1, 2017). Ciné Par, Gaumont's reference shareholder, which holds 65% of its capital, will not be tendering its shares to this Offer. The transaction will thus target 35% of the capital and an amount of approximately €125 million.[12]

The Offer will be optional, open to all of the shareholders of the Company (excluding the majority shareholder, Ciné Par, which has indicated that it would not be tendering its shares to the Offer), who will have the possibility of tendering their shares to the Offer or keeping them, provided the local laws applicable to them allow them to take part in the Offer without requiring the Company to carry out any additional formalities.

On the date of this report, the intention of the Company's main shareholders (other than Ciné Par) as regards their response to the Offer is not known.

[12] Based on a number of shares in circulation not held by Ciné Par of 1,516,243 (source: Bloomberg, March 21, 2017) and a number of exercisable stock options on March 14, 2017 that could provide access to 142,342 new shares.

3. Definition of the fair nature of the Offer

On a preliminary basis, no related agreement (Article 261-1, point 4 of the AMF's General Regulation) that is likely to have an impact on the appraisal of the price of the Offer has been brought to our knowledge.

This Offer is a public share buyback offer at a price, contrary to offers made in the context of a takeover, that is not designed to incorporate a premium over the intrinsic value of the share, on the basis of synergies or of an economic payoff for example: we have analyzed the Company in a prospect of continued operations and pursuit of the strategy stated by the Company and integrated by the market.[13]

The Offer will enable the minority shareholders to disengage if they do not want to continue to invest in a company whose business profile of will change and in respect of which the liquidity of its securities; already restricted before the Offer, risks becoming even more restricted. In this context, this opinion has for its purpose to indicate how to position the Offer Price in relation to the Company's intrinsic value, in view of determining its fairness.

From the standpoint of the minority shareholders, this is an optional offer which they are free to accept or not by deciding to keep or tender their shares.

However, the transaction with Pathé will imply a significant change in the Company's economic model in the context of a change of strategy that nothing had allowed foreseeing before the transaction was announced.

Minority shareholders who do not wish to be affected by this new strategy should thus have the opportunity of tendering their shares to the Offer on fair terms.

The minority shareholders have the possibility of tendering all their shares to the Offer and thus benefit, if it is the case, from a premium over the fair market value, as it could be reasonably estimated as of the date of the Offer. If minority shareholders do not tender their shares to the Offer, this would be based on their own decision and expectations regarding the future evolution in the value of the share.

[13] On activities intended to remain within the scope of the Company.

III. PRESENTATION OF THE INDEPENDENT EXPERT AND OF THE PERSONS INVOLVED WITH THE CONDUCT OF THE APPRAISAL

1. Presentation of Sorgem Evaluation

Sorgem Evaluation is a financial consultancy firm, subsidiary of the Sorgem group, which provides services in the following three fields: financial valuations, litigation support (in court and arbitral proceedings), and financial engineering.

Sorgem Evaluation relies on a team of twenty consultants and routinely conducts valuation appraisals for companies in different contexts (tax, accounting, stock exchange, litigation).

Over the course of the past twenty-four months, Sorgem Evaluation has issued the independent expert's reports listed below:

Date	Deal	Target	Offeror	Presenting Bank
April 14	Takeover bid	Systran	CSLI	Aforge Degroof
June 14	Takeover bid – Squeeze-out	Ermo	INglass	Oddo
Nov. 14	Share exchange offer	Havas	Bolloré	BNP Paribas, CACIB, Mediobanca Banca di Credito Finanziaro, Barber Hauler Capital Advisers
Feb. 15	Simplified takeover bid - Squeeze-out	Qiagen Marseille	Qiagen NV	Kepler
June 15	Simplified takeover bid	EMME	SFPI	Aforge Degroof
July 15	Takeover bid - Squeeze-out	Lagardère Active Broadcast	Lagardère Active	Oddo
July 16	Simplified takeover bid	Futuren	Boussard & Gavaudan acting in concert with others	Oddo
Jan. 17	Simplified takeover bid	Tessi	PixelHolding	CM CIC, Keper Cheuvreux

Sorgem Evaluation is a member of APEI (Association Professionnelle des Experts Indépendants), which is recognized by the AMF in application of Article 263-1 and 2 of its General Regulation. Maurice Nussenbaum, founding Partner and Chairman of Sorgem Evaluation, is also the Chairman of APEI.

Sorgem Evaluation's partners are also members of professional associations of financial and tax experts (CNEJFD) and appraisers (SFEV) and, on this basis, comply with their rules of ethics and professional work standards.

2. Presentation of the persons involved in the conduct of the appraisal

This appraisal was conducted by:

- Maurice Nussenbaum, founding Partner and Chairman of Sorgem Evaluation. He is a graduate of HEC, PhD in Economics, Professor Emeritus of Finance at Paris IX Dauphine University, co-director of the Master 225 program on "Corporate Finance and Financial Engineering", accredited financial expert to the French Supreme Court, and Chairman of APEI (Association Professionnelle des Experts Indépendants);

- Thomas Hachette, Director, graduate of EDHEC, lecturer in the MSc in Finance program at EDHEC, with more than ten years' experience in the field of financial valuations;

- Pierre-Alexis Billet, Senior Consultant, graduate of KEDGE Business School, with more than five years' professional experience in the field of financial valuations and consulting;

- Pierre-Olivier Bouet, Consultant, graduate of EDHEC, with more than three years' professional experience in in the field of financial valuations and consulting.

This report has been the subject of a quality control review by Claire Karsenti, Partner at Sorgem Evaluation. She is a graduate of EM Lyon and of Paris IX Dauphine University, a financial expert with the Court of Appeal of Paris and with the Administrative Courts of Appeal of Paris and Versailles and a lecturer at Paris IX Dauphine University and at HEC Paris.

3. Statement of independence

In accordance with Article 261-4 II, Sorgem Evaluation certifies that it has no knowledge of any past, present or future tie between it and the persons concerned by the transaction and their advisors, that could compromise its independence or impair the objectivity of its assessment when carrying out the appraisal. We have not carried out any assignments on behalf of the Company within the past eighteen months.

4. Reservations

In conducting our engagement, we relied on documents and information of an economic, legal, accounting and financial nature provided to us by LCGP, the Company and their advisors.

In this regard, we considered that all of the documents and information provided to us was reliable and transmitted in good faith, and we have therefore not validated or audited them.

In accordance with usual practice for independent appraisals, we did not audit or validate the forward-looking information used, for which we restricted ourselves to verifying the plausibility and consistency of this information by reference to historic performance, the oral and written explanations obtained from Company's management, and the historic and expected performance observed in comparable companies.

In addition, the analyses presented in this report rely on financial parameters (risk-free rate, risk premiums, trading prices and data of comparable companies) that are likely to vary over time, specifically on the basis of economic conditions and of the expectations of economic agents.

IV. PRESENTATION OF THE COMPANY

1. Presentation of the Company's business activities and markets

1.1 Gaumont's business activities

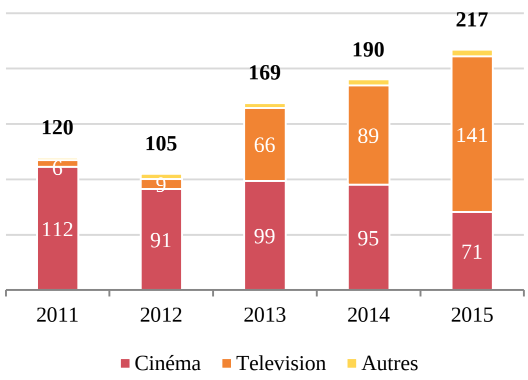
1.1.1. Overall view of its business activities

Founded in 1895, Gaumont is an emblematic French player in the movie industry, involved both in the production and distribution of feature films (movie segment), and in the production and distribution of television content (television segment)

Historically present in the movie segment in France, since 2012 Gaumont has extended its activities to the television segment in the United States, which is now a major avenue for growth, in particular thanks to the success of the Narcos series, produced since 2015 for Netflix.

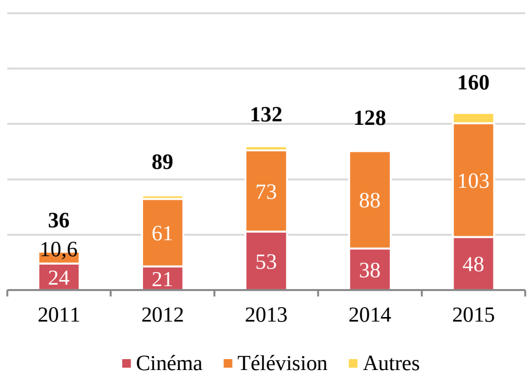
Revenue by business activity

(in millions of euros)



Investments by business activity

(in millions of euros)



Outside these two major lines of business, Gaumont is also present in the production and distribution of French television dramas as well as animated films and series.

Lastly, the Company was until now indirectly integrated downstream in the operation of movie theaters via its 34% interest in Les Cinémas Gaumont Pathé, which is currently the subject of a contemplated sale to Pathé.

1.1.2. Production and distribution of movies

In the movie segment, Gaumont can operate at all levels of the value chain upstream, including in the choice of projects, the search for financing or contribution to the financing and production as well as the distribution of the end product to movie theater operators.

At the production level, Gaumont, which had long preferred the role of executive producer, now prefers to act as a non-executive co-producer by making lump-sum financial contributions to projects, while alternating by acting as the executive producer in projects with stronger potential.

This approach presents the advantage of limiting the risk to the amount of its financial contribution, in contrast to an executive producer who is financially responsible for the financing of the movie until its effective delivery in case of a budget overrun. It also allows becoming involved with the most promising external projects more easily than if it had to develop them internally (despite intense competition with other French studios such as Pathé or Studio Canal).

At the distribution level, Gaumont systematically ensures the distribution of the movies in which it acts as the producer or co-producer. The Company also systematically remains the owner of the rights to the movies it distributes.

This combined role as producer and distributor expresses a vision is based on direct control of the projects in which the Company participates. It also permits better risk diversification for every movie with (i) revenue flows from both the production and distribution (higher upside) activities, and (ii) having the certainty of being able to exploit the works across several cycles (catalog).

The movies produced and distributed by Gaumont, being for the most part French, follow a predefined “media chronology”, set by French regulations, which sets a movie’s successive release windows. Starting from its release in theaters, movies can be released:

- After four months, on video and video on demand (VoD);
- After ten months, on pay television channels having contributed more to the financing of movies than other channels;

- After twenty-two months, on free television channels having made a contribution to the financing of the movie;
- After thirty-six months, on subscription video on demand (SVoD).

In addition to its business in France, Gaumont earns substantial revenue from exports, by selling broadcasting rights to foreign distributors, who in turn offer them to movie theaters abroad.

In terms of cash flow, for Gaumont this systematically takes the form of:

- An initial investment alongside other financiers (producers, television channels etc.) made several months upstream of the first revenues generated in theaters via (i) a lump-sum contribution as the co-producer, and (ii) a minimum guarantee as the distributor;

- Revenues generated during the first operating cycle:
  - from the distributor commission across the different release windows (theaters, video, exports and television) and recovery of publishing costs;
  - from the share in possible producer net proceeds (proceeds accruing to producers and other right holders after reimbursement of the guaranteed minima) accruing to it as the co-producer;

- Additional revenue generated from the movie’s operating cycles at the catalog stage.

Data from the National Center for Cinematography (CNC) on the profitability of “films of French initiative” show that while the overall success of a movie and most of its revenues are determined during the first release window in movie theaters, on average the full amortization of a movie takes several cycles of a few years.

To reduce to the maximum the significant risk associated with each movie, which can be viewed as a unique prototype subject to factors which, in principle, are difficult to evaluate (competing movies in theaters over the same period, the weather, social and political context at the time with regard to the subject broached, etc.), Gaumont adopts an investment approach based on a portfolio of movies with varied profiles in terms of the subject broached, budgets, casting, etc.

1.1.3. Production and distribution of dramas and cartoons for television

In the television drama segment, Gaumont acts upstream of the value chain, as for feature films, meaning at the level of the selection of projects, their pre-sale to television channels and their production.

Unlike movies, for which financing is pooled among many players so as to spread the risk associated to the uncertainty about its future success, Gaumont acts in the production of television dramas as an executive producer in that it makes sure that the cost of the dramas produced are systematically covered (by pre-sales to television channels, support to audiovisual production, the audiovisual tax credit, etc.) prior to starting production.

Historically positioned around French television dramas, since 2012 Gaumont has invested in the production of American dramas to (i) limit its dependence on French broadcasters, which are highly concentrated, and (ii) to take advantage of the strong global demand for content related to the emergence of independent digital platforms (which are looking for independent producers as an alternative to the integrated American majors).

Contrary to movies, which are amortized over operating cycles of a few years, French television dramas generate revenue over much shorter cycles, typically corresponding to their first broadcasting.

American dramas, although generating most of their revenue over shorter cycles than movies, offer more outlets thanks to the opportunities that may exist internationally, their possible extension over several seasons and their release on video and video on demand. Also, American dramas have far higher budgets than French dramas due to their brighter commercial prospects.

In the cartoon segment, Gaumont produces series intended for television and for video, as well as feature films for movie theaters. This segment is highly competitive as the offering of content is wide and broadcasting time is limited and tend to be scheduled around school vacation periods.

1.2 Main market trends

1.2.1. A market strongly impacted by technological change

As in the music industry, technological change related to the digitization of content and its access online is bringing about major changes in motion picture and audiovisual production and is a key factor affecting the future of this industry.

The first consequence of such technological change concerns the piracy of movies, the effect of which is especially visible on the video market on which sales of physical videos have dropped by close to 60% over the course of the past ten years in France (source: Gfk / Xerfi).

On this video market, innovations in physical storage devices and the democratization of high-definition Blu-ray offers have not allowed stemming the drop in volumes and selling prices. The emergence of online video on demand platforms, based on a unit sale model (VoD) or more recently, on a subscription model (SVoD), does not currently allow offsetting the drop in physical video revenue.

A second important consequence of recent technological change concerns the investments required to enable digital films to be screened. For a distributor with a catalog, these investments are at two levels. First, there is the investment needed to make all movie theater holdings go digital, which they are required by law to help finance. Second, there is the investment needed to digitize their back catalog, which distributors are obligated to do if they are to meet the standards imposed by the television channels.

1.2.2. A major risk associated to changes in the chronology of film releases

The emergence of technologies facilitating the digitization of content and their access online have resulted in radically changing the ways in which movie content is consumed.

These changes weigh heavily on "media chronology", which governs in France and in many other countries a film's succession of possible release windows in different media. This pressure already brought about the first regulatory change in France back in 2009, when the release window for video on demand was brought down from eight to four months.

The pressure is continuing to mount with the key discussions currently taking place in the United States, where vertically integrated players (studios and television channels) are lobbying to make the windows shorter so as to be able to release films sooner in different media.

Also, faced with the increase in the number of productions released every year in theaters, which grew from 588 in 2009 to a record 727 in 2016 (source: CNC), and a theater attendance level that has remained broadly stable at 200 million tickets a year since 2009 (source: CNC), some players, such as Wild Bunch, have already invested in direct-to-VoD (e-cinema) releases in response to the overabundant offering.

1.2.3. Fundamentals down in the film business

Besides the slump in the physical video sector, which is currently not offset by video on demand, movie distributors and producers are also affected by unfavorable trends in the movie theater and television channel segments.

For theater releases, the overabundance of the offering in a context of the stagnation in the number of ticket sales leads to heightened competition among distributors, which increases the cost of operations for theaters while increasing the uncertainty regarding the success of the movie (stronger competition upon every release).

The screening of movies by television channels is also affected by the increase in the movie offering, and in particular, beyond motion pictures, by the offering of television series (American in particular), which are increasingly sought after by broadcasters. Concomitantly, the drop in advertising revenue in an unfavorable economic climate for television channels has a negative impact on the selling prices to broadcasters.

However, this drop in prices and volumes at the level of major channels is partly offset by the additional possibilities of sales to TNT channels which, despite the much lower selling prices, allow increasing overall sales volumes.

1.2.4. Strong increase in demand for television dramas

Overall demand for series worldwide is a very significant source of potential growth for producers and distributors of dramas.

This trend, spurred in particular by the emergence of subscription-based digital platforms (Netflix is now the leading purchaser of original series internationally), represents a significant growth opportunity, especially for independent studios, which offer independent platforms an interesting alternative to studios integrated in competing television channels.

Independent producers and distributors could nonetheless be affected by the trend in vertical integration between studios and platforms (many studios integrated with television channels have recently launched their own platform – e.g. HBO Now or CBS All Acces[s]), which might favor the production of content internally by broadcasters to the detriment of independent players, which are also in competition with each other.

1.3 Summary of the strengths and weaknesses of the Company and opportunities and threats on its market

Strengths	Weaknesses
✓ Historic player with a recognized brand in the movie world ✓ Worldwide success in drama production with Narcos, produced for Netflix, giving it high visibility in the sector ✓ Large, well-built catalog allowing to make a coherent offering ✓ Integrated production and distribution based on a strong heritage policy (owner of all works distributed)	✓ Modest size compared to the majors (a movie's failure has an even strong impact on performance) ✓ Strong dependence on broadcasters, which are relatively few and highly concentrated in France ✓ High level of overheads
Opportunities	**Threats**
✓ Strong growth in demand for dramas, spurred in particular by the emergence of streaming platforms	✓ Risk of adverse regulatory changes to “media chronology” in France ✓ Risk of movies being given less space in programming schedules and of a decrease in the average price of sales of broadcasting rights ✓ Risk of piracy with the continuous improvement in speed of Internet connection, the digitization of movies and the decline of the DVD market without any replacement presenting similar conditions for the Company ✓ Risk of limitation of policies supporting the industry ✓ Risks specific to the film market, which cannot be easily covered (popularity of actors, attraction of competing films, weather conditions, etc.) ✓ Risk of intensification of competition in the drama segment

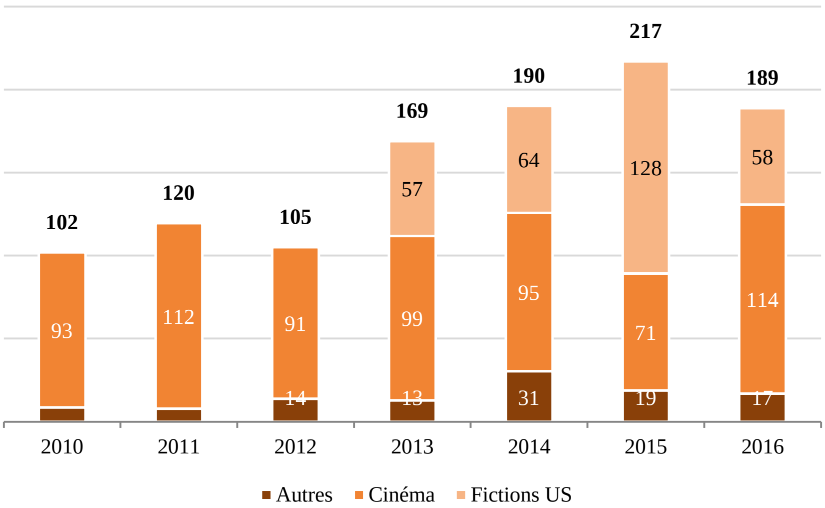
2. Analysis of the Company's financial characteristics

2.1 Highly volatile revenue sustained by American TV series

2.1.1. American TV series are a major driver of growth

Gaumont, which generated revenue of around €100 million a year until 2012, found a major driver of growth in the production and distribution of TV series in the United States.

Revenue by activity 2009 to 2016 (€m)



Source: Gaumont registration documents - € million
NB: the "Other" category comprises mainly Fiction and Cartoons France

TV in the United States, extremely buoyant on account of strong demand for TV content from independent digital platforms and international TV channels alike, has accounted for over 40% of Gaumont's revenue since 2013 (€307 million out of €756 million).

Despite strong growth in the segment since 2013, however, revenue fell from €127.7 million in 2015 to €67.7 million in 2016 due to a halving in the number of series produced, from four to two.

At the same time as developing this new activity, Gaumont has maintained a broadly stable level of activity in movie production and distribution. 2016 was an exceptional year in this segment for various reasons:

- a sharp increase in revenue from new releases to €30 million, compared with €15 million in 2015, with 15 releases attracting a total of 12.2 million admissions;

- a similar increase in revenue from the sale of broadcasting rights to TV channels, up from €18.5 million in 2015 to €37.1 million in 2016, mainly due to pre-sales (with four movies as executive producer);

- an increase in export revenue from €20 million in 2015 to €30 million in 2016, driven by sales of movies released during the year.

2.1.2. Highly volatile revenue linked to the success of movie releases

As the 2015 and 2016 figures show, Gaumont's revenue is highly volatile since it is generated each year by a relatively small number of productions (typically a dozen or so movies per year and two to four series in the US), the most important of which can account for a very substantial proportion of revenue (a series like *Narcos*, for example, can generate tens of millions of dollars).

Although common to all activities, this high level of revenue volatility is particularly evident on the release of new movies, since revenue depends to a very considerable extent on their success in movie theaters. In contrast, catalog revenue is lower but spread over a larger number of movies.

High volatility in movie activities is linked to uncertainty about the success of movies before they are released, which partly depends on imponderable factors such as the weather. Gaumont releases only 10 to 15 movies a year, not enough to cushion this risk despite a diversification strategy in terms of movie budgets, subjects, casting, etc.

However, volatility in the first operating cycle, especially in terms of revenue from admissions, is attenuated by the possibility of catalog sales over cycles that can last, in the case of the greatest successes, for several decades.

Trends in fiction activities have been erratic in recent years, partly because the activity was launched in the US only recently and partly because the series on which Gaumont works have very large budgets. However, volatility in Gaumont's revenues is attenuated by the possibility of follow-up seasons for its series and is likely fall in the medium term as the number of series produced rises.

2.2 Most income generated by catalog sales and series

2.2.1. Income driven historically by catalog sales

Analysis of income by activity shows, as mentioned earlier, the fundamental contribution that catalog sales make to Gaumont's income.

Income 2014-2016 before overheads per activity

€ million	2014	2015	2016
New movies	0.1	2.0	11.9
Catalog movies	21.0	17.9	19.3
US fiction	11.5	18.8	10.8
FR fiction	2.5	0.4	1.3
Cartoons	(0.8)	2.1	2.6
Preliminary expenses	(2.7)	(4.2)	(4.1)
Operating income from production and distribution	**31.6**	**37.0**	**41.8**
Operating margin per activity			
New movies	*0.2%*	*6.6%*	*17.4%*
Catalog movies	*61.0%*	*49.3%*	*47.2%*
US fiction	*17.9%*	*14.7%*	*18.7%*
FR fiction	*13.7%*	*8.2%*	*59.1%*
Cartoons	*(11.8)%*	*26.3%*	*34.7%*

NB: Operating income excl. share of production companies accounted for under the equity method

Source: Gaumont management

These figures show that despite the fundamental importance of success in movie theaters, movies are generally amortized over cycles lasting several years. True of Gaumont, this is consistent with the overall trend in the cinema production and distribution sector[14].

Analysis of income over the period 2014-2016 also confirms both the importance of American series in Gaumont's activity and the volatility of income from movie releases.

[14] See esp. the CNC study *"L'économie des films Français"* published in December 2013.

2.2.2. Overheads that undermine overall profitability

The Group's overheads have increased substantially in recent years, driven by the need to support Gaumont's move into new areas of activity and its international expansion.

The very high level of these costs in proportion to the amount of activity has greatly impacted the Group's operating income, which is barely positive before the inclusion of revenue generated by trademark royalties.

Overheads 2014-2016

€ million	2014	2015	2016
Operating income from production and distribution	**31.6**	**37.0**	**41.8**
Overheads	(30.6)	(36.1)	(39.7)
Operating profit after overheads	**1.0**	**0.9**	**2.1**
Trademark royalties	*3.8*	*3.7*	*3.8*

NB: Overheads before profit-sharing

Source: Gaumont management

2.3 A constant need for high levels of investment

Gaumont's activity requires constant high levels of investment in order to maintain the flow of new productions each year. Investments over the last three years amounted to nearly €400 million.

Simplified cash flow 2014-2016

€ million	31/12/2014	31/12/2015	31/12/2016
Operating flows	143	142	132
Investment flows	(131)	(150)	(114)
Financing flows	10	(10)	(20)
Overall change in cash flow	**22**	**(18)**	**(2)**

Source: Gaumont registration document

In order to finance this high level of investment Gaumont can access both its own funds (€243 million of accumulated reserves at end-2016) and a variety of external sources of funding, including:

- €60 million in bond financing at end-December 2016;
- a €125-million revolving credit facility, with a €65-million drawdown at end-2016;

- assignment of receivables, especially in the US, worth €40 million at end-2016;
- production loans in the US secured by assets produced worth €41 million at end-December 2016.

Simplified balance sheet 2014-2016

€ million	31/12/2014	31/12/2015	31/12/2016
Property, plant and equipment	32	40	48
Intangible assets	171	172	160
Financial assets	210	222	228
Working capital requirement	25	52	55
Capital employed	**439**	**486**	**492**
Shareholders' equity	252	269	277
Non-controlling interests	3	3	3
Provisions	6	7	7
Net borrowings	178	207	205
Capital invested	**430**	**486**	**492**

Source: Gaumont registration document

3. Effects on valuation

Analysis of the Company's activities, market trends and financial characteristics produced very different growth, volatility, profitability and risk profiles according to the activity concerned. The following salient points emerged:

- in a context of strongly-growing demand for fiction, especially in the US, the prospects for growth in Gaumont's activities in this area, especially at its US subsidiary, look more promising than for its movie business;

- there is limited financial risk in TV production and distribution activities, despite fierce competition, because of Gaumont's policy in the segment: although it acts as executive producer, it does not assume any production risk until the series has been sold to the broadcaster and the financing has been completed;

- conversely, although Gaumont favors lump-sum contributions for movie production and distribution, there is a high level of risk associated with these activities on account of the imponderable factors that can affect a movie's success (the weather, the popularity of the actors at the time of release, the political and social context, etc.), which mean that financing has to be pooled among a large number of stakeholders;

- although movies are heavily dependent on the revenue generated during their first operating cycle, especially at the time of release, catalog sales help to diversify the long-term risk associated with movies by creating opportunities spread over a number of years.

This situation justifies a sum-of-the-parts valuation approach which takes account of the specific features of each area of Gaumont's activity in terms of both markets (movies, TV fiction and cartoons) and regions (Europe and the United States).

In addition, because overheads are high – an important issue raised by the Company's management – and are not assigned in Gaumont's cost accounting system, they must be evaluated separately in the context of a sum-of-the-parts approach.

V. VALUATION OF THE COMPANY'S SHARES

In order to assess the fairness of the Offer Price, we estimated the value of the Company's shares at 27 February 2017.

Our main approach was sum-of-the-parts (**3.**). The parts were valued using what we considered to be the most relevant method(s) (discounted cash flow, comparable transactions, income capitalization).

For purely informational purposes, we analyzed the share price (**4.**).

First we explain why we did not use certain methods or references (**1.**), then we describe the elements used to estimate the value per share from the Enterprise Value (**2.**).

1. Methods and references not used

1.1 Discounted dividend model

This method involves discounting the expected flows of dividends. It is generally envisaged for mature companies with a regular dividend policy representative of their capacity to distribute dividends.

As there is no visibility as to the Company's future dividend payout policy, the method was deemed not relevant.

1.2 Discounted cash flow method

This method involves discounting expected future cash flows and is customarily used in company valuations.

Given the possible differences in dynamics and risks between the Company's various activities, it was not applied comprehensively. It was used, separately, to estimate the value of the Catalog, the value of the activity consisting in the production and distribution of movies (not included in the Catalog) and series, the discounted value of overheads and the value of trademark royalties.

1.3 Reference to the price of a recent capital transaction

We were not able to identify any recent transaction involving Gaumont shares (capital increase, sale of a block representing a substantial interest in the capital).

1.4 Reference to financial analysts' price targets

As Gaumont is not covered by any financial analysts, we did not use this valuation reference.

1.5 Market multiples method (multiples observed on listed comparable companies)

This method involves assessing the value of a company by reference to the valuation multiples observed for comparable listed companies.

We carried out an analysis of listed companies involved in the production and distribution of movies and series.

We identified the following listed companies: Entertainment One, Europacorp, Lions Gate Entertainment, Pantaleon Entertainment, Leone Film, Mondo TV, Highlight Communications, Splendid Medien, Xilam Animation, Constantin Medien, Wild Bunch, AMC Networks, CBS, Discovery Communications, Scripps Networks, Walt Disney Co, Time Warner, Toho, Twenty-First Century Fox and Viacom.

In many cases, the identified listed companies have diversified in ways that are not comparable with Gaumont. Some own TV channels or sell advertising space, some specialize in the production of TV programs such as games or documentaries, and others have diversified into completely different sectors such as amusement parks.

In addition, the size and geographical scope of the market concerned is generally different from that of Gaumont. Recent disposals or acquisitions may also mean that the multiples of a certain number of identified listed companies are not relevant.

The mix of activities (share of the movie catalog, share of production or distribution of movies or series) and movies in the pipeline may also differ, causing differences in business dynamics and risks.

Lastly, the Company, excluding its share of LCGP's profits, has historically generated limited income, making it difficult to apply a method based on multiples of earnings.

For all the reasons described above, it was not possible to assemble even a small sample of comparable companies with observed valuation multiples that would be relevant for a valuation of the Company.

However, we used our research and our analysis of reports from financial analysts covering listed companies in the sector in our analysis based on a discounted cash flow method. In our report, we indicate the valuation parameters that financial analysts in the sector customarily use for their discounted cash flow valuations.

Data on the activity of a certain number of listed companies in the sector together with valuation multiples are contained in an annex to this report.

1.6 Comparable transactions method

One difficulty frequently encountered with this method is that of obtaining the necessary information to calculate multiples. Its use here is also hampered by the same factors that limit the relevance of the market multiples method (cf. paragraph **V.1.5.**).

In addition, in the context of our fairness opinion, we considered that the Company's shares should be valued without a control premium, whereas transaction multiples generally include such premiums[15].

This method was therefore not used as a principal method.

However, the transactions we analyzed and the resulting average and median multiples are given in an annex to this report.

[15] They would therefore need to be restated if the method were applied, which could be done only in a lump-sum and approximate way.

2. From Enterprise Value to value per share

2.1 From Enterprise Value to Equity Value

On the basis of the financial statements at 31 December 2016, moving from the Enterprise Value to the value of the shares of the Company involves applying a negative adjustment of **€268 million**.

Table to be inserted	**31/12/2016**
(-) Net borrowings	**(205)**
(-) Borrowings	*(214)*
(+) Cash	*9*
(-) Debt-like adjustments	**(5)**
(-) Provisions for post-employment benefits	*(4)*
(-) Provisions for litigation	*(1)*
(-) Non-controlling interests	**(36)**
(-) Non-controlling interests Gaumont TV US	*(33)*
(-) Other non-controlling interests	*(3)*
(+) Equity assets	**1**
(-) Other adjustments	**(23)**
(-) Value of stock options	*(3)*
(-) Restatement of tax impacts	*(27)*
(+) Restatement of the Neuilly rent	*4*
(+) Adjustment linked to the valuation date[16]	*3*
Move from the Enterprise Value to the value of the shares	**(268)**

[16] The valuation at 27 February 2017 was inferred from the estimated valuation at 31 December 2016 on the basis of the following reasoning : given that the company's real performance and prospects remain the same as when the DCF analyses were carried out (i.e. no good or bad surprises), the equity value growth rate between 31 December 2016 and 27 February 2017 corresponds to the cost of equity over the period in question.

The Company's net borrowings of **€205 million** comprise:

- borrowings of €214 million; minus
- €9 million in cash and investment securities.

The following remarks may be made about other debt-like adjustments, totaling **€63 million**:

- debt-like provisions correspond to provisions for post-employment benefits and provisions for litigation with a book value of €4 million and €1 million respectively;
- non-controlling interests relating to Gaumont TV Inc were valued at the market value arising from our DCF analysis of the scope;
- other non-controlling interests, which correspond to minority shareholders' interest in Gaumont Pathé Archives, were taken at their book value;
- equity assets, which correspond to Gaumont's interests in Lincoln Cinema Associates and LGM, were taken at their book value;
- securities that may dilute the capital, namely 146,913 stock options at 28 February 2017, all exercisable, were valued using a binomial model on the basis of the Offer Price, with an expected volatility of 20%, a residual 15-year lifetime[17], a 1% risk-free rate of and a 2% repo margin;
- in value analyses of the French parts benefiting from tax consolidation and valued using the DCF method, a tax equal to 34.43% of the expected flows has been assumed by construction. Consolidation of the tax flows of each part does not correspond to our estimate of the Company's future tax liability[18]. In the medium to long term, consolidation of all the cash flows of each activity (DCF method applied to each part) gives a slightly negative level of tax[19], whereas our estimates of tax

[17] The stock options have a very long residual lifetime (nearly 30 years) but they may be exercised only if the beneficiary is an employee of the Company (or one of its subsidiaries) at the time of exercise (a exercise limited period is granted if the beneficiary dies).

[18] The Company's future income-tax liability is limited inter alia by loss carry-forwards. In addition, the Company can benefit from the cinema tax credit (which benefits production companies that make and produce their movies on French territory) and excess tax depreciation rules.

[19] Negative tax (a purely mathematical calculation) would entail a payment from the government to the Company.

flow indicate virtually zero tax. We have therefore applied a negative adjustment of the Enterprise Value in this respect.

2.2 Number of shares taken into account

The Company's capital at 31 December 2016 comprised 4,280,871 shares (equity securities, financial instruments or rights liable to dilute this number of shares have been valued separately and the Enterprise Value adjusted accordingly). There were 5,317 treasury shares at 31 December 2016. We have therefore considered a total number of shares net of treasury shares of **4,275,554**.

3. Sum-of-the-parts valuation approach

3.1 Principle

The sum-of-the-parts valuation approach consists in valuing a group with different types of activity by summing their value from an asset-based standpoint, estimated using the method deemed most relevant for each one. The discounted value of overheads and consolidated net debt are then subtracted. The method can be regarded as a form of revalued net asset method.

The following table shows the different parts that were valued separately and the valuation method used.

Part	Valuation method
Movie production & distribution (movies not included in the catalog, valued separately)	DCF
Movie catalog	DCF
Production & distribution of TV series in France	DCF
Production & distribution of TV series in the US	DCF and comparable transactions
Production & distribution of cartoons France	DCF
Production & distribution of cartoons in the United States	DCF
Trademark royalties	DCF
Overheads	DCF
Interest in LCGP	Offer price in the planned sale to Pathé
Real estate	Capitalization of the rental income, based on expert appraisals

NB: DCF = discounted cash flows method.

3.1.1. The discounted cash flow method

The discounted cash flow method consists in determining the value of a company based on the calculation of the present value of future cash flows, net of taxes, capital expenditures and change in working capital requirement.

The value derived from this method comprises (i) the discounted value of operating cash flow generated by the operating assets of activities valued over the period covered by the projections, and (ii) the discounted value of the terminal value (where appropriate).

The method involves determining:

- projected income;
- investments and the working capital requirement;
- the discount rate;
- assumptions for calculating the terminal value.

The discounted cash flow method was applied to each activity, considering separately:

- the value of future cash flows to the firm, discounted at a rate of return on equity determined on the basis of a debt-free financial structure;
- the discounted value of tax savings generated by debt (the present value of tax flows has been assessed separately in order to take account of the Company's specific tax situation, especially the existence of a loss carry-forward[20]).

NB: for the purposes of the valuation method used here, **the values assigned to each activity do not necessarily correspond to their market value**. That is because the overheads for each activity have been grouped together and valued separately and a theoretical tax rate applied to each valued part. In addition, the tax flow is not representative of the tax that each activity would actually pay from a stand-alone viewpoint, in particular because of the non-assignment of overheads, of possible tax features specific to each activity, and existing loss carry-forwards. All these elements

[20] At 31 December 2015, the Gaumont tax consolidation group had €80 million in losses available for indefinite carry-forward against which future profits were likely to be charged.

(value of overheads, value of the difference between expected real tax flows and the theoretical flows included in the business plans for each activity) were valued separately, such that the sum of all the computed values does indeed correspond to the Company's Enterprise Value.

3.1.2. Comparable transactions

Where a recent transaction involving a company's capital has taken place, it is important to analyze the terms of the transaction in order to determine whether it may serve as a relevant benchmark of the company's intrinsic value. The elements taken into account include the terms of the acquisition (payment terms, percentage acquired, specific negotiating conditions, etc.) and any events that may have occurred since the transaction date (change in activity, prospects and financial markets).

3.1.3. Capitalization of rental income

The capitalization of rental income method, customarily used to value real estate assets, is based on the assumption that the value of an asset is related to the income it generates or can generate. Real estate experts compare the asset in question with the rental market for similar premises in order to assess its market value. The market value, i.e. the estimated price at which the asset could be sold on the market, is estimated exclusive of transfer taxes. Here, the expert appraisal by Robine & Associés defines the market value of the real estate assets with reference to the value exclusive of transfer taxes.

3.2 Application of discounted cash flows methods

3.2.1. Projections used

a) Sources of information

For all the operating entities concerned with the exception of the catalog, our DCF valuation is based on the 2017 budget prepared by management on the basis of estimates production by production. The budget, presented to Gaumont's Board of Directors in November 2016, also includes projections for 2018 and 2019.

The projections presented in this document have been adjusted to take account of certain information provided by management, taking account of developments since November 2016.

We have extrapolated these projections over a further six-year period in order to bring them into line with our normative assumptions.

The valuation of the catalog is based on the projections prepared by Gaumont's management and the independent appraiser commissioned to value the catalog as part of the calculation of the Company's banking covenants.

The forecasts presented below and their extrapolation take into account the sale of the Gaumont's 34% interest in LCGP. The potential impact of the sale of the interests in LCGP (i.e. the end of dividends receipt) is taken into consideration in the LCGP retained value in the sum-of-the-parts, that corresponds to the price proposed by Pathé for the acquisition of Gaumont's interests (see paragraph V.3.1. above).

b) Projections 2017 - 2019

Summary of underlying assumptions used by management

The main underlying assumptions of the 2017 budget and projections for 2018 and 2019 prepared by management include:

- a normalized level for the New Movies activity reached in 2018, at a slightly lower level than the historical average 2014-2016;
- very strong growth in the Fiction activity in the United States, generating almost a five-fold increase by 2019 in comparison with 2016 as a result of four productions a year from 2018;

- strong growth in the Fiction activity in France and Europe driven by the launch of a new series in France and two series in Europe, generating a positive operating margin from 2017;

- strong growth in the Cartoon activity in France, which should generate a slight profit from 2017;

- launch of the Cartoon activity in the United States, which should enter profit in 2019 after three years of losses associated with the launch of the activity;

- stability of holding company overheads at their 2016 level after a sharp rise in previous years, necessary in order to support the diversification policy;

- investment assumptions based on revenue projections, ensuring that the previously observed link between the two items is consistent;

- zero change in the working capital requirement, supposing that (i) most of the cash mobilized to develop projects is already included in investments, and (ii) working capital requirement effects are extremely dependent on how movies perform, are part of highly volatile cycles with short time horizons and are difficult to predict in the medium to long term.

Projections for the Cinema activity

As the valuation of the Cinema part was split between the Catalog and New Movies, the overheads attributable to the Cinema activity as a whole (which contribute to the development of both the Catalog and New Movies) were valued separately in order to better analyze the contribution of New Movies to the overall value of the activity. We therefore present the projections for New Movies below. Projections concerning the overheads of the Cinema & Catalog activity are presented in the part on total overheads.

After a very good year in 2016, management expects a decline in revenue in 2017 and 2018 to a level comparable with the average for 2014-2016, and a small profit before overheads.

Projections for the Catalog were prepared on the assumption of a 15-year operating cycle except for the most important movies, for which an additional rent beyond that period was calculated. Specific assumptions were made for each movie according to previous sales, the duration of operating cycles, revenue erosion over each cycle and payout rates to rights holders.

Catalog income (given for information only, since it is valued directly on the basis of inflows and outfows) is expected to fall sharply in 2017, to a level slightly below that of 2015.

NB: Management's 2017 budget for New Movies has been adjusted to take account of revenue from movies released in 2016 initially included in the flows used to value the Catalog part.

Projections for Fiction in the US

Management expects revenue to rise to over €160 million, with the number of series produced rising from two to four from 2018.

Income is expected to rise sharply by 2019 to around 7% of revenue, in line with the average over the period 2014-2016.

NB: Management includes savings linked to the loss carry-forward of its US subsidiary, which gives it a tax exemption in 2017 and 2018.

Projections for Fiction in France and Europe

Revenue is expected to rise sharply to €10 million from 2017 in France alone, then to €20 million by 2019 following the launch of two new series in Europe.

This strong growth should generate an operating margin of around 10% of revenue.

Projections for Cartoons in France

The Cartoons France activity is expected to grow strongly due to the continuation of successful productions and the launch of new productions over the period to 2019.

The rise in activity should generate a small profit from 2017.

Projections for Cartoons in the US

The activity was launched in 2016 and management is planning to deliver a first production in the US in 2018, followed by two more in 2019.

On this basis, the activity is expected to generate a small profit in 2019 after three years of losses associated with the launch of the activity.

Projections for holding company overheads

After a substantial increase in overheads between 2014 and 2016 (around €10 million), management expects overheads over the period to 2019 to remain close to the present level.

After increasing overheads to support the development of new activities, especially on international markets, the Company has now reached a point where it can continue to significantly expand activity without further increasing overheads.

In the medium term (to 2020), management has told us that the level of overheads will remain under scrutiny because of the significant operational leverage they imply and that possible adjustments to overheads from 2020 have already been envisaged.

Projections for revenue from trademark royalties

Management anticipates a decline in revenue from use of the Gaumont trademark by Les Cinémas Gaumont Pathé due to the planned conversion of several Gaumont movie theaters to the Pathé name over the time-frame of the plan.

On the basis of a recent contract signed with LCGP, Gaumont should continue to receive trademark royalties until 2023.

c) Extrapolation over the period 2020 - 2025 and normative assumptions

The projections prepared by management have been extrapolated over the period 2020-2025 on the basis of the following main assumptions:

- gradual growth in the level of investment in the New Movies activity to 2% per year in 2025, with steady growth in revenue to a multiple of 1.3 times investment in 2025;

- growth in the Fiction in the US activity slowing to 2% by 2025, with the amount of investment gradually falling to 80% of revenue;

- growth in the Fiction in France and Europe activity gradually slowing to 2% in 2025, with investment amounting to 87.5% of revenue from 2020;

- growth in the Cartoons in France activity gradually slowing to 2% in 2025, with investment stable at 85% of revenue;

- growth in the Cartoons in the US activity gradually slowing to 2.5% over the period to 2025, with investment stable at 85% of revenue;

- overheads that are assumed to remain flat, to take account of management's intention to keep overheads under scrutiny and envisage adjustments after 2020 (overheads are high in relation to the income generated by activities in Europe, so limiting them is a key issue, though the effects are not likely to be seen until the long term in view of the nature of overheads[21] and the way business is organized, which are not likely to change in the short to medium term).

[21] Overheads are mostly associated with long-term contracts (most of them are linked to personnel costs).

d) Growth rate

We have used different growth rates for US and French activities in order to take account of the greater momentum of Fiction and Cartoons in the US (also underpinned by higher inflation in the US: 2.3% versus 1% in Europe over the period to 2025, according to IMF estimates).

We assume a long-term growth rate of 2.5% for Fiction and Cartoons in the US. This is towards the upper end of the long-term growth rate bracket used by analysts for companies operating in the production and distribution of movies and series in the US (the rates in the analysts' reports studied range from 0.8 to 3.0%)[22].

We assume a long-term growth rate of 2.0% for Fiction and Cartoons in France. This is towards the upper end of the long-term growth rate bracket used by analysts for European companies operating in the production and distribution of movies and series (the rates in the analysts' reports studied range from 0.0 to 2.5%)[23].

We assume zero growth in overheads valued separately (i.e. holding company and Cinema activity overheads) because, as explained earlier, (i) reducing overheads in the medium to long term is one of the key issues clearly identified by management, and (ii) we find that after restating the income generated by the interest in LCGP, overheads currently restrict the level of income.

[22] We studied 11 analysts' reports issued in 2016 and 2017 for LionsGate, CBS (where specific information about its CBS Films subsidiary was available) and Entertainment One. Five benchmark growth rates were derived from the reports, ranging between 0.8 and 3% (see details in annex).

[23] We studied 17 analysts' reports issued in 2016 and 2017 for EuropaCorp, Entertainment One, Pantaleon Entertainment, Xilam Animation, Mondo TV, Splendid Medien, Wild Bunch and ITV Studios. 11 benchmark growth rates were derived from the reports, ranging between 0.0 and 2.5% (see details in annex).

3.2.2. Determination of discount rates

a) Principle

The discount rate used in our approach (to estimate the present value of future net cash flows) is the Weighted Average Cost of Capital ("WACC"), i.e. the yield required by investors taking into consideration the business risk.

In view of the method used, which distinguishes between flows by activity and tax flows, the retained discount rates correspond to our estimate of the cost of equity with no debt (in relation to each activity). The impact of debt on tax flows (deductibility of interest) has been taken into account separately[24].

The estimated cost of equity K_E has been determined based on the the Capital Asset Pricing Model (CAPM), where:

$$K_E = Rf + \beta \text{ x equity risk premium} + \text{possible risk premium}$$

and:

Rf	Risk-free rate
Country risk premium	This premium allows taking into consideration the additional risk borne by all businesses in a country (political risk, currency risk, etc.)
β	Company's beta
Equity risk premium	It corresponds to the difference between the expected return for the equity market as a whole and the risk-free rate
Possible risk premium	May correspond to a size risk premium or a country risk premium

Each of the parameters used to estimate the discount rate has been determined in a differentiated way according to the specific characteristics of each of the activities valued. We give a summary of the parameters used for each activity at the end of this section.

[24] Tax flows have been discounted at a weighted average rate according to the contribution made by the various activities to the tax difference between the projected flows in the DCF and the expected real flows (here, the valuation has limited sensitivity to the discount rate).

b) Risk-free rate

French & European and Catalog activities

For the French and European activities and overheads, we assumed a risk-free rate equal to the 3-month average of 10-year French government bonds.

The rate was 0.9% at end-February 2017 (source: Bloomberg).

US activities

We determined the risk-free rate for US activities from:

- the 3-month average of 10-year Treasury bond;
- adjusted for the inflation differential between the US and France in order to take account of the fact that the discounted flows are in euros.

On the basis of a US federal bond rate of 2.4% at end-February 2017 (source: Bloomberg) and five-year anticipated inflation of 1% in France and 2.3% in the United States (source: IMF), the risk-free rate was estimated at 1.1%.

International activities

For international activities (Cinema activity only), we determined an average of the risk-free rates for each of the regions concerned according to their share of the activity's total revenue.

The risk-free rates for France and the US correspond to the rates calculated above. The risk-free rates for Asia and Africa were calculated by applying a country risk premium to the US rate (source: Damodoran).

The risk-free rate for these activities was estimated at 1.3%.

c) Beta

Method

With the exception of overheads and trademark royalties, we determined the beta of the different activities from:

- the range resulting from analysis of the betas of a sample of comparable companies, which was between 0.8 and 1 with a median of 0.9;
- which we then adjusted on the basis of qualitative elements to take account of factors generally considered to influence the systematic risk[25] (sensitivity of the volume of activity to the business cycle, extent of operational and financial leverage) specific to each activity.

Determination of betas for operating activities

We considered an upper-range beta equal to 1 for the Cinema activities because visibility regarding the future results of this activity is limited (despite efforts to diversify the movies produced and distributed and the Company's experience in this sphere, the unpredictability of a movie's success remains high and may impact results).

Conversely, for the Catalog[26] we used a beta of 0.6, below the lower end of the range, insofar as the activity is less sensitive to economic fluctuations and offers good visibility for future flows because it is based on a diversified catalog of known movies.

We used the median beta for the Fiction and Cartoons activities, assuming an intermediate risk between the Cinema and Catalog activities, because series are pre-sold to TV channels and have a high likelihood of renewal (several seasons).

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[25] Rubinstein, Mark E., A mean-variance synthesis of corporate financial theory, The Journal of Finance, Vol. 28, No. 1. (Mar., 1973), pp. 167-181.

[26] Two discount rates were used for the Catalog: a low rate (corresponding to a bond yield rate) was applied to signed sales, and a higher rate (on the basis of the beta indicated here, i.e. 0.6) for flows arising from sales not yet signed.

Determination of the beta for royalties and overheads

We take a different approach for overheads and royalties, based on a comparison with sectors where cash flows are partly fixed contractually over a period spanning several years. We see this as a common feature of both these elements, since royalties are contractual and generate broadly stable revenue, while overheads are mostly associated with long-term contracts and consist largely of personnel costs.

We have therefore used a beta of 0.5, corresponding to the industry beta for low-risk activities such as those in the utilities sector (source: Damodoran).

d) Market risk premium

Various approaches may be used to estimate the market risk premium. They may be historical, anticipated or consensus risk premiums.

Anticipated risk premiums calculated instantaneously were rejected because they have the following disadvantages:

- they are calculated using complex models embracing a large number of parameters, some of which are subjective, such as the projection period, the growth rate used in projections, the long-term growth rate and the dividend payout ratio. Consequently, the assumptions used to make the calculation are not necessarily consistent with those used in the valuation model;

- they offer a way of tracking changes in investor risk aversion but do not necessarily correspond to the additional rate of return expected by long-term equity investors, which is not the case for arbitrageurs and portfolio managers.

We favor anticipated risk premia calculated from historical comparisons of equity returns and bond yields, adjusting the observed difference for factors that are not likely to occur again in the future. These risk premia are less sensitive to the immediate economic environment than the preceding ones.

We therefore assume an equity market risk premium of 5.0%, notably determined on the basis of the work of Dimson, Marsh and Staunton[27].

e) Size premium

A number of academic studies indicate that the expected return on small businesses is higher than the return required by the Capital Asset Pricing Model[28].

Duff & Phelps' analysis of the historical returns of US listed firms gives an estimated size premium of 3.58% for businesses of comparable size[29].

f) Discount rates used

The following table gives a summary of the parameters used for each activity and the resulting discount rate based on these parameters.

Parameter	Cinema	Catalog signed	Catalog unsigned	Fiction / Cartoon FR	Fiction / Cartoon US	Overheads	Royalties
Risk-free rate	1.3%	n.a.	0.9%	0.9%	1.1%	0.9%	0.9%
Beta	1.0	n.a.	0.6	0.9	0.9	0.5	0.5
Market premium	5.0%	n.a.	5.0%	5.0%	5.0%	5.0%	5.0%
Size premium	3.6%	n.a.	3.6%	3.6%	3.6%	3.6%	3.6%
Cost of capital (rounded)	**10.0%**	**1.5%**	**7.5%**	**9.0%**	**9.0%**	**7.0%**	**7.0%**

27 Source: Studies by Elroy Dimson, Paul Marsh and Mike Staunton, esp. "The Worldwide Equity Premium: a smaller puzzle", 7 April 2006, "Equity Premia Around the World", 7 October 2011, and Crédit Suisse Global Investment Returns Yearbook 2014.

28 There are several reasons why the required return on equity of a small business is higher than that of a large firm. First, given the lack of transactions in the shares of small companies, the beta calculated with the usual econometric methods underestimates the real beta (Ibbotson, R.G., Kaplan, P.D., Peterson, J.D., Estimates of Small Stock Betas are Much Too Low, The Journal of Portfolio Management, vol. 23, 1997). Second, shareholders of small companies bear higher liquidity costs (Amihud, Y., Mendelson, H., Asset Pricing and the Bid-Ask Spread, Journal of Financial Economics, vol. 17, 1986) and greater liquidity risk (e.g., Acharya, V.V., Pedersen, L.H., Asset Pricing with Liquidity Risk, Journal of Financial Economics, vol. 77, 2005). Third, the cost of access to information can only be amortized on more limited invested amounts (Lee, C.M.C., So, E.C., Alphanomics: The Informational Underpinnings of Market Efficiency, Fondations and Trends in Accounting, Vol. 9 n°2-3, 2015).

29 Source: "2016 Valuation Handbook – Guide to Cost of Capital" – Duff & Phelps – Premium associated with firms with a stock market capitalization less than €633 million.

The discount rates for the Cinema, Fiction and Cartoon activities are broadly consistent with (i) the rates used by analysts for companies operating in comparable sectors (median rate of 8.3% from the analysts' reports studied)[30], and (ii) the rates observed in impairment testing of cash-generating units comparable to Gaumont's activity (e.g. Studio Canal for Vivendi), with a median rate of 9.3%[31].

3.3 Comparable transactions

We identified one recent comparable transaction relevant to the valuation of TV production and distribution in the US.

In late July 2016, the Company increased its interest in Gaumont Television USA (in which it already owned a majority stake[32]) by 5%, acquiring shares from EMC (whose stake after the transaction fell to 26.4%).

The acquisition price was $8 million (€7.4 million[33]), valuing 100% of the equity at €238.2 million[34].

Although the transaction concerned a minority interest, it is a relevant transaction nevertheless insofar as management told us that there was no particular feature of note in the transaction, which the Company's management said was carried out on market terms at the time.

This transaction gives a higher value for the TV production and distribution activity in the US than the value given by the DCF method. We consider that such a value assumes a high medium- to long-term growth rate for the activity and that the company will be able to produce and distribute several new series that will be as successful as *Narcos* (and hence, in terms of flows generated, pick up where *Narcos* leaves off after its last season). This may seem an ambitious assumption.

[30] The 8.3% median rate is derived from the study of 27 published analysts' reports relating to LionsGate, Entertainment One, Europacorp, Pantaleon Entertainment, Mondo TV, Splendid MEdien,Wild Bunch andt ITV Studios, 19 of which explicitly state the hypothesis of the discount rate used (see detail in annex).

[31] The 9.3% median rate is derived from analysis of the financial statements of RTL, ITV, EuropaCorp and Vivendi relating to their cash-generating units operating in the production and distribution of movies and TV series (see detail in annex).

[32] 68.6% stake before the acquisition (source: half-year financial report at 30/06/2016).

[33] Eurodollar rate at 22 March 2017.

[34] After other equity and debt items.

The valuation arising from the comparable transaction was used to estimate the upper value of the Company.

3.4 Valuation of the Company's real estate assets

We identified three real estate assets owned by the Company:

- a condominium lot dependent on a property located at 50 avenue des Champs-Elysées and a single-owner building located at 5 rue du Colisée in Paris (the "Champs-Elysées Asset")
- its headquarters, comprising a property mainly for office use located at 30 avenue Charles de Gaulle and 13 rue du Midi at Neuilly-sur-Seine (the "Neuilly Asset")
- a residential property located at 7 avenue Roger at Chatou (the "Chatou House").

3.4.1. Estimated value of the Champs-Elysées Asset

The premises have been vacated so that the property can be restructured.

The Company commissioned Robine & Associés to estimate the market value of the property at 2 February 2017.

We were able to analyze the appraisal and discuss it with the person who signed it.

The valuation was made using the rental income capitalization method on the basis of the future expected rent (after the property has been restructured).

Two assumptions relating to the rate of return were used, producing a low and a high estimate (rate of return between 3.5% and 4.0% for the commercial building and between 4.5% and 5.0% for the office building).

The appraiser also assumed that rents would be ramped up before reaching the estimated normative level (this progressive rent mechanism is relatively common, especially for assets like the property in question).

The appraisal did not give an estimate of the cost of restructuring works but indicated that the value of such works should be subtracted.

The Company's management has estimated the cost of works after tax at €13 million. We have also taken into account the theoretical tax that would be paid on rents (the difference between the theoretical tax and the expected actual tax is calculated separately).

We have used the average value situated between the value based on the lower and the upper estimate in the Robine & Associés report.

This gives a value for the Champs-Elysées Asset, exclusive of transfer taxes and after corporate taxes, of €86.5 million.

3.4.2. Estimated value of the Neuilly Asset

The Company commissioned Robine & Associés to estimate the market value of the property at 1 November 2014.

We were able to analyze the appraisal and discuss it with one of the people who signed it.

The property is currently occupied by the Company. It does not currently receive any rent from the asset (though nor does it pay any rent for its headquarters). We were not informed of any change in the use or disposal of the property.

We deemed it appropriate to estimate the value of the Company's activities and the value of its headquarters separately. This is because not distinguishing the value of the Company's activities from the value of its headquarters could distort valuation of the latter, if the discount rate used were different from the expected rate of return on the asset in question.

The appraiser used the rental income capitalization method to analyze the value of the asset. He confirmed that the estimated level of rent at end-2014 could be considered a fair approximation of the rent that could currently be assumed in view of the prevailing market conditions. In contrast, the rate of return should be revised downwards: we assumed a rate between 5.0% and 5.5% (as against 6.75% in the appraisal), which takes account of the property's characteristics.

The resulting estimated value of the Neuilly Asset is in the region of €20 million. The valuation of overheads, which does not take account of a rent (of which there is none, since the Company owns its headquarters), combined with a discount rate of 7.0%

implicitly gives a lower valuation of the Neuilly Asset. We adjusted the Enterprise Value in order to take account of this difference in value.

3.4.3. Estimated value of the Chatou House

The asset is currently occupied and no rent is received under a memorandum of understanding dated 27 October 1992. The non-transferable right of use and residence granted to an elderly couple will be extinguished on the death of the last survivor unless they voluntarily waive the right or cease to occupy the premises for a minimum two-year period.

The Company commissioned a consultancy firm to estimate the market value of the Chatou House (report dated May 2010).

We were able to analyze the appraisal, which used the rental income capitalization method and the comparative value method (multiple per square meter), each producing similar values.

We believe that consideration should be given to the prevailing right of use and residence: a discount on the market value of the Chatou House is justified in this respect and may be estimated either from the usual discounts on life annuities or by discounting the rent not received over the estimated residual lifetime of the right of use and residence.

We also analyzed house prices in the sector (there was no available recent expert appraisal; given the insignificance of this asset in relation to the Company's assets as a whole, we consider our estimate of value to be appropriate).

On this basis, we estimated the value of the Chatou House at €1.0 million.

3.5 Value per share based on the sum-of-the-parts approach

3.5.1. Value per share

The results of our analysis valued the Company's equity at **€268 million**, using the DCF method for the production and distribution of TV series in the United States, giving a value of **€62.6** per share on the basis of 4,285,125 shares.

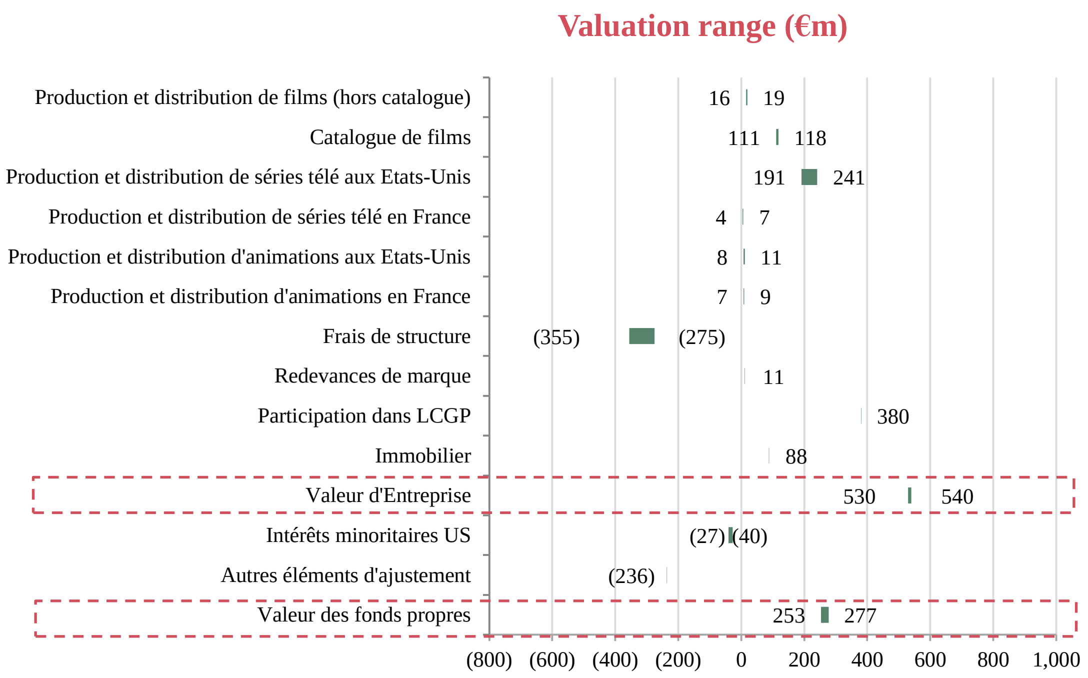
Using the comparable transaction as a value for the production and distribution of TV series in the US gave an equity value of **€287 million**[35], i.e. a value per share of **€67.0**.

€ million	Lower value	Upper value
Movie production and distribution (excl. catalog)	17	17
Movie catalog	115	115
Production and distribution of TV series in the US	213	238
Production and distribution of TV series in France	5	5
Production and distribution of cartoons in the US	9	9
Production and distribution of cartoons in France	8	8
Cinema expenses	(309)	(309)
Trademark	11	11
Real estate	88	88
Interest in LCGP	380	380
Enterprise value	**536**	**562**
Adjustment to enterprise value	(269)	(275)
Equity value	**268**	**287**
	4,275,554	4,275,554
Value per share (in €)	**62.6**	**67.0**

[35] Using the comparable transaction involving Gaumont Television USA instead of the value derived from our DCF analysis also has an impact on the transition from equity value for non-controlling interests at Gaumont Television USA, the value of which is calculated on the basis of the equity value used in our sum of the parts (higher for the comparable transaction).

3.5.2. Sensitivity of values

We tested the sensitivity of values to a variation of plus or minus 0.5% of the discount rate and long-term growth rate. The diagram below shows the minimum and maximum values obtained (valuations using DCF for the production and distribution of TV series in the US, not the comparable transaction).



4. Reference to the stock price

The Company's shares were admitted for trading on the Euronext Paris regulated market (Compartment B) on 24 June 1996.

In section **4.1**, we analyze the liquidity of the market for the share, which we consider too limited for reference to the market price to be deemed relevant.

In addition, the Offer was announced at the same time as the sale of the stake in LCGP. This implies that analysis of the stock price cannot produce a reference for valuation before the Offer was announced that would incorporate the market's assessment of the consequences of the sale of the stake in LCGP.

For information, we then present our analysis of the Company's share price over an initial 24-month period before the Offer was announced (**4.2.**), i.e. from 27 February 2015 to 27 February 2017, and a second period after the announcement (**4.3**), from 27 February 2017 to 22 March 2017.

4.1 Liquidity analysis

On initial analysis, the liquidity of a stock corresponds to the capacity to buy or sell a relatively large quantity of the stock within a limited time without causing any significant change to its price. It depends on both the relative size of the free float[36] in relation to the number of the company's shares and the frequency of transactions. Two factors often used to determine the liquidity of a stock are the bid-ask spread and the market depth, i.e. the volume of transactions that can be executed without impacting the price.

First, Gaumont's free float is clearly very small (8.3%[37]).

The Offer, by allowing minority shareholders to tender their shares, is likely to further reduce the float, with the result that the liquidity of the market in the stock may well be even more limited after the Offer than before.

[36] The free float corresponds to the portion of the capital of a listed company not held by stable shareholders who, it is assumed, will not sell their shares in the short term. The float therefore corresponds to the portion of a company's capital that may be sold on the stock market in the relatively short term.

[37] Gaumont's capital at 31 December 2016 comprised 4,280,269 shares. 64.7% were owned by Ciné Par, 12.0% by First Eagle IM, 9.6% by Bolloré and 5.4% by Groupe Industriel Marcel Dassault.

Reference to the free float alone does not provide a satisfactory basis for assessing the liquidity of the stock.

There are various other ways of measuring liquidity. We used two of them.

First, we measured the circulation of the free float, which is generally considered a good indicator of a stock's liquidity. It measures the proportion of the free float exchanged during a given period and is often a required criterion for inclusion in certain stock market indices.

Combining the respective size of the free floats and their circulation speed showed that Gaumont shareholders need around 90 days to liquidate 1% of the capital and around 47 days to exchange shares representing €1 million.

On average, the volumes exchanged between 27 February 2015 and 27 February 2017 represented around €21,000.

However, these figures, which show that the Gaumont stock is very illiquid, do not provide information about the effect that a certain volume of transactions may have on the share price.

Consequently, we made another measurement often used in academic literature to take specific account of the impact on prices of the volume of shares exchanged. It involves calculating the ratio of the daily movement (in absolute value) in the price of a stock to the daily volume exchanged (calculated in euros). The lower the ratio the more liquid the stock, because it means that the disposal of a large number of shares causes only a very small movement in the price.

For the Gaumont share, the ratio[38] was on average 148 over one month and 339 over six months, compared with an SBF120 average of 0.29 over one month and 0.17 over six months[39].

Our analysis therefore shows that liquidity is very limited and that it is difficult to sell (or buy) a significant number of shares on the stock market. The disposal of a certain number of shares is very likely to impact the share price and the sale of a block on the market may prove very difficult, if not impossible.

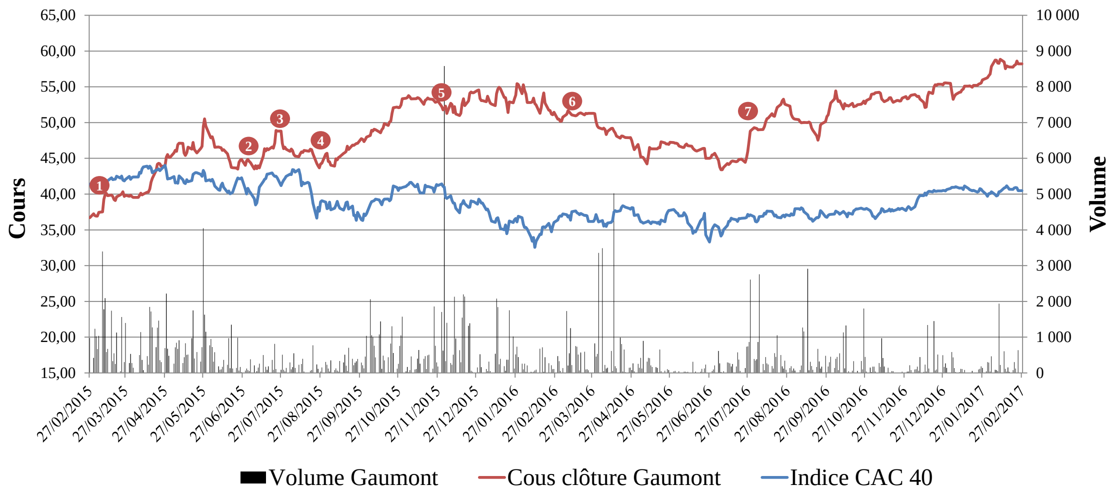
[38] Which we have multiplied by 10^8 for ease of use.
[39] At 27 March 2017.

For these reasons we consider that any reference to the share price for valuation purposes can be indicative only.

4.2 Reference to the market price until 27 February 2017, before the Offer was announced

The following chart shows the movement in the Company's share price together with the volumes traded and major events that may have impacted the market price over the last two years, from 27 February 2015 to 27 February 2017, when the listing of the share was suspended until 2 March 2017 at the Company's request due to its announcement of the disposal of its 34% stake in LCGP and its plan for a share buyback offer.

Change in the Company's share price over two years



Caption	Date	Event
1	09/03/2015	Release of full-year consolidated results for 2014
2	09/07/2015	Disclosure of acquisition of a block of shares by Cine Par (holding company controlled by Nicolas Seydoux) for €1.54 million
3	28/07/2015	Release of half-year results at 30 June 2015
4	28/08/2015	Screening of the *Narcos* series on Netflix
5	01/12/2015	Announcement of the acquisition by LCGP of Cinepointcom
6	10/03/2016	Release of full-year consolidated results for 2015
7	28/07/2016	Release of half-year results at 30 June 2016

Source: Bloomberg, Company, Autorité des Marchés Financiers, press

The chart highlights five phases in the movement of the Company's share price from the first half of 2015.

- The first phase of upward movement is linked to the release of the Company's full-year consolidated results for 2014, showing a 12.4% improvement in revenue in relation to 2013 and a 44.4% rise in net income attributable to the group, driven by the vitality of its TV production activity.

- The second, downward phase, of short duration (about a month), corresponds to the release of the results for the first half of 2015, showing a decline in relation to results in the first half of 2014. The fall in revenue (45.8%), operating income after share of net income of associates (95.1%) and net income attributable to the Group (81.5%) was mainly due to a difference in the delivery schedule for US series in relation to 2014, since most deliveries took place in the second half of the year.

- The second upward phase began on 28 August 2015 and saw the closing share price rise over a year from €44.31 to a high of €55.43 on 28 January 2016. That was the date when the *Narcos* series produced by the Company went online on the global Netflix platform.

- The second downward phase corresponds to the release of the full-year consolidated results for 2015, showing a 2.7% drop in net income attributable to the Group and virtually no change in operating income after share of net income of associates (€21.4 million) in comparison with 2014 (€21.3 million), even though revenue had risen by €14.2 million, driven by growth in TV production revenue, which offset lower revenue from the movie activity.

- The last, upward phase began with the release of the results for the first half-year of 2016. Driven by a sharp rise in movie revenue, due in particular to the popularity of the movies *Chocolat*, *Pattaya* and *Les Visiteurs - la Révolution*, the Company announced a fivefold increase in net income.

The Company's share price rose sharply over a six-month period preceding the announcement of the Offer. Although partly reflecting a more general rise in financial markets, this was due to the announcement of a jump in net income, the scheduled release of five movies and the delivery of five TV series before the end of 2016.

The table below gives information about the share price and trading volumes over various periods until 27 February 2017.

Analysis of the Company's share price over one year to 27 February 2017

At 27 February 2017	Spot	1 month	3 months	6 months	1 year	20 days	60 days
Average volume-weighted price (€)	57.50	58.01	55.85	53.29	50.19	58.02	55.91
Offer price premium	*30.4%*	*29.3%*	*34.3%*	*40.7%*	*49.4%*	*29.3%*	*34.2%*
Highest price (€)	-	58.85	58.85	58.85	58.85	58.85	58.85
Lowest price (€)	-	56.19	52.11	47.53	43.40	56.28	52.11
Average daily volume	-	268	215	263	331	279	227
Aggregate volume	-	5,619	14,001	34,147	85,390	5,576	13,635
Number of days with trades	-	20	64	129	257	19	59
Number of trading days	-	21	65	130	258	20	60

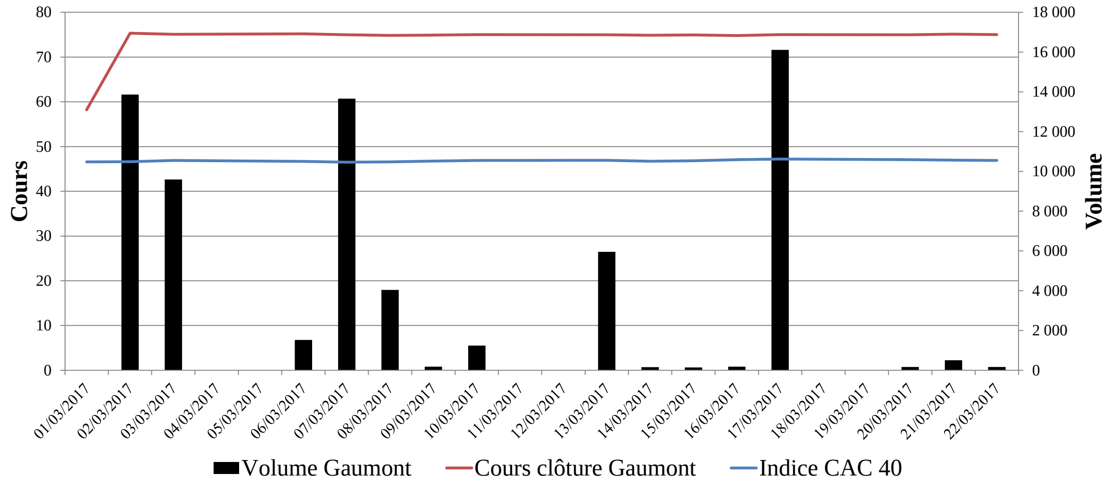
Source: Bloomberg

Depending on the period over which the weighted average price is calculated, the Offer Price generated a minimum premium of 29.3% (in relation to the 20-day and one-month price) and a maximum of 49.4% (in relation to the one-year average).

4.3 Movement of the share price since 27 February 2017

Following announcement of the Offer, the Gaumont share price immediately adjusted to a price close to the Offer Price. The price at 22 March 2017 showed no significant difference against the Offer Price.

Movement of the Company's share price from 1 March 2017 to 22 March 2017



The table below gives information about the share price and trading volumes over the period between the resumption of trading in the Gaumont stock and 22 March 2017.

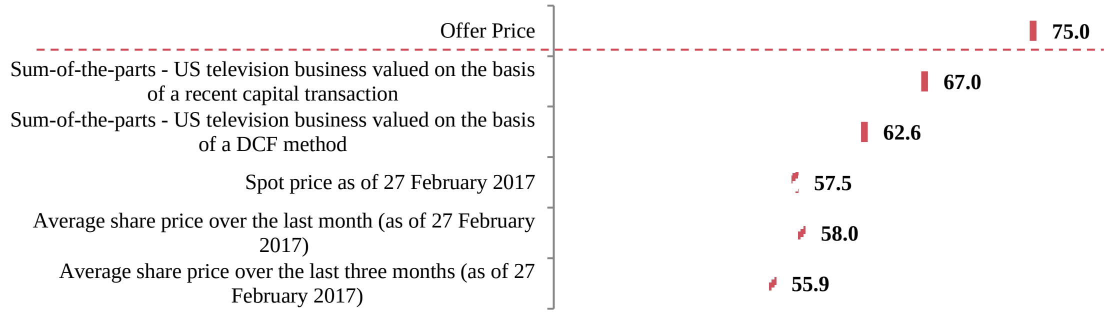
Analysis of the Company's share price from the resumption of trading to 22 March 2017

At 22 March 2017	Spot	Since 2 March 2017
Average volume-weighted price (€)	75.00	75.00
Offer Price premium/(discount)	*0.0%*	*0.0%*
Highest price (€)	-	75.20
Lowest price (€)	-	74.79
Average daily volume	-	3,831
Aggregate volume	-	53,632
Number of days with trades	-	14
Number of trading days	-	14

Source: Bloomberg

5. Summary of our valuation work

The chart below shows share valuation ranges using the sum-of-the-parts approach and compares the valuation with the most recent share prices before the announcement, compared with the Offer Price of €75.0.



The Offer Price includes a premium of between **11.9%** and **19.8%** in relation to our sum-of-the-parts valuation (taking account of the price of the proposed sale to Pathé of the stake in LCGP).

VI. ANALYSIS OF THE CRITERIA ON WHICH THE PRESENTING BANK HAS BASED ITS ASSESSMENT OF THE OFFER PRICE FOR THE SHARES

We have compared our analyses with those of BNP Paribas, the presenting bank.

First, both we and the presenting bank have used the same valuation approach (sum-of-the-parts), the identified parts are the same (with the exception of Cartoons: we have valued activity in the United States and in France separately[40]) and the valuation methods and references for each part are broadly identical.

The table on the following page gives a comparison, for each part, between our valuations and those of the presenting bank (the central value of DCF analyses has been used).

[40] For comparison purposes, the table includes the parts valued separately by BNP Paribas.

Comparison of analyses – Presenting Bank vs. Independent Appraiser

	Presenting bank			Independent expert		
	Low	Middle	High	Low	Middle	High
Cinema (€m)		26			17	
Movie catalog (€m)		115			115	
TV France-Europe & Cartoons France and US (€m)		27			22	
TV US (€m)	167		238	213		238
Minority interests TV US (€m)	-18		-38	-33		-39
Trademark royalties (€m)		11			11	
Overheads (€m)		-313			-309	
Sale of interest in LCGP (€m)		380			380	
Real estate (€m)		98			85	
Adjustment of the Enterprise Value to estimate the value of equity (€m)		-216			-230	
Number of shares (thousand)		4,422			4,280	
Value per share (€)	62.5		73.8	62.0		66.4

1.1

1.2 Implementation of the discounted cash flows method

Where the DCF method was used (Cinema, Movie Catalog, TV France-Europe, Cartoons France and US and TV US activities, trademark royalties, overheads) most of the value assessment differences arise from a differing estimate of the discount rate and long-term growth rate. Both we and the presenting bank used a similar extrapolation period for projections.

The table below compares the different DCF and long-term growth rate criteria used by the presenting bank and us.

Comparison of assessment criteria – Presenting Bank vs. Independent Appraiser

	Presenting bank		Independent expert	
	Discount rate	Long-term growth rate	Discount rate	Long-term growth rate
Cinema	9.5%	2.0%	10.0%	2.0%
Movie Catalog	7.6%	Finite duration, inflation rate at 1.5%	7.5%	Finite duration, inflation rate at 1.5%
TV & Cartoons France - Europe	9.5%	2.0%	9.0%	2.0%
TV & Cartoons US	9.5%	2.0%	9.5%	2.5%
Trademark royalties	7.5%	Finite duration	7.0%	Finite duration
Holding company overheads	7.5%	1.0%	7.0%	0%
Cinema overheads	7.5%	1.0%	7.0%	0%

We also noted a variation in our and the presenting bank's assessment of the difference between the theoretical tax from DCF analysis and the expected real tax. We considered the impact of deductible interest (since we assumed a cost of equity without debt in order to discount the expected future cash flows for each activity) and also excluded the Cartoons US activity from the scope[41], which led us to assume zero income tax for the French scope of tax consolidation (with the exception of 2017, where inclusion of capital gains tax on disposal of the stake in LCGP produces an expected tax payment of

[41] Not subject to tax consolidation in France.

€5 million). The presenting bank did not include the impact of deductible interest in its calculation, nor did it split the Cartoons activity (in order to separate the results of the activity in the United States and in Europe).

Unlike the presenting bank, we also estimated the value of tax savings in the United States generated by debt separately from the valuation of the US activities.

Concerning the valuation of Group and Cinema overheads (€313 million by the presenting bank, €309 million by us), the presenting bank assumed a significant fall in the cost of management and support departments (-3.2%) and overheads for the Cinema France and Catalog activities (-7.6%) in 2020 and then assumed annual growth of 1.0%. We assumed zero growth from 2020, supposing that these costs would be gradually limited over time.

Concerning the production and distribution of TV series in France and Europe and cartoons, we assumed a growth rate for overheads directly attributable to these activities equal to their expected revenue growth rate on the basis that rising overheads are necessary in order to grow these relatively recent activities. The presenting bank assumed lower growth rates for overheads than for revenue, in line with their broader assumption of a reduction in overheads.

1.3 Valuation of real estate assets

We made separate valuations of three real estate assets: the Champs-Elysées Asset, also valued separately by the presenting bank, the Chatou House, also valued separately by the presenting bank, and the Neuilly Asset, which was not the subject of a separate valuation (or an adjustment of the Enterprise Value obtained) by the presenting bank.

1.3.1. The Champs-Elysées Asset

The Champs-Elysées Asset represents the lion's share of the Company's real estate assets[42].

We and the presenting bank based our assessment on the Robine & Associés appraisal dated 2 February 2017.

The presenting bank used the lower value from the Robine & Associés appraisal. It is based on the value including transfer taxes and did not assume a gradual rise in rents during the first few years of operation after restructuring of the property.

We based our valuation on the value excluding transfer taxes given in the Robine & Associés appraisal and assumed a gradual rise in rents during the first few years of operation after restructuring of the property. We used the average of the lower and upper values in the Robine & Associés appraisal.

1.3.2. The Neuilly Asset

The presenting bank did not value the Neuilly Asset separately from the cash flows: the presenting bank implicitly valued the property through the saving on overheads represented by ownership of the asset (the presenting bank valuing overheads at a 7.5% rate).

We estimated the value of the Neuilly Asset on the basis of an expert appraisal (Robine & Associés report estimating the value of the asset at 1 November 2014) and updated the valuation on the basis of the trend in the market return on real estate assets. The implicit difference between the value of the asset and the value resulting from discounted future overheads was used in the Enterprise Value adjustment.

[42] Scope: Gaumont, excluding its stake in LCGP.

1.3.3. The Chatou House

We and the presenting bank based our analysis of the value of this relatively insignificant asset in relation to the Company's other assets on an appraisal by Collomé Frères dated May 2010.

1.4 Comparable transaction

We and the presenting bank used the same comparable transaction to estimate the value of the production and distribution of TV series in the United States.

1.5 From Enterprise Value to value per share

Elements for moving from the Enterprise Value to the value of the shares were relatively similar between the presenting bank and ourselves, with the following exceptions:

- we deducted the value of options and considered the current number[43] of Company shares in issue, whereas the presenting bank considered a number of shares after the exercise of all options (though ultimately the valuation difference between the method used by the presenting bank and our method is relatively insignificant);
- we made a value adjustment in respect of the Neuilly Asset (see **6.1.2.2**);
- we made a different adjustment to that of the presenting bank in respect of the difference between the Company's estimated future tax liability and that implicitly included in the discounted cash flows (we included the impact of deductible interest);
- we adjusted the valuation at 31 December 2016 to give an estimated value per share at 27 February 2017 (the presenting bank did not make this adjustment and therefore estimated the value per share at 31 December 2016).

[43] Estimated number based on information about the number of shares and options at 17 March 2017.

VII. EFFECT OF THE OFFER ON SHARE OWNERSHIP AND THE FINANCIAL STRUCTURE

Ciné Par[44] currently owns 64.6% of Gaumont. Ciné Par will not take part in the Offer. The Offer will not therefore have any impact on the effective control of Gaumont: it will increase the majority shareholder's equity interest.

Holders of options[45] on the Company's capital can already exercise them. If they exercise their options (which are in the money), they will own shares that they can tender to the Offer[46]. If they do not, they will keep their rights to exercise their options. Were they to do so, they would own shares, the market in which will probably be relatively illiquid.

We understand that the Offer, which could represent a maximum amount of around €125 million[47], can be financed from the sale of the interest in LCGP for €380 million, 50% of which is due to be paid on the day the purchase agreement with Pathé is signed (the balance to be paid in three equal installments on 29 June 2018, 28 June 2019 and 30 June 2020).

The Company should therefore carry less debt in the short to medium term (though it will no longer receive any dividends from LCGP)[48].

This situation seems appropriate insofar as the risk of the activity after the sale of the interest in LCGP will increase (the impact of sale of the stake on the Company's income statement is discussed in section **1.4.2**).

[44] A company controlled by Nicolas Seydoux; equity interest at 27 February 2017 as provided to us.
[45] Stock options in this case.
[46] In this case, they would waive the time value of the options.
[47] On the basis of 1,516,243 shares in issue not held by Ciné Par (source: Bloomberg, 21 March 2017) and a number of stock options exercisable at 14 March 2017 which could give access to 142,342 new shares.
[48] Consolidated net borrowings at 31 December 2016 were €205 million.

VIII. CONCLUSION ON THE FAIRNESS OF THE OFFER

In the context of Pathé's offer to acquire Gaumont's interest in LGCP and in the context of the share buyback offer, Gaumont's Board of Directors, meeting on 28 February 2017, appointed Sorgem Evaluation, represented by Mr. Maurice Nussenbaum, as independent valuation expert within the meaning of Article 261-1 I of the General Regulation of the AMF in respect of the risk of conflicts of interest within the Company's Board of Directors.

We submitted a report dated 3 April 2017 setting out our assessment of the financial terms of Pathé's offer to acquire Gaumont's interest in LCGP.

As regards the public share buyback offer, the Initiator set the Offer Price at €75.0.

Our assessment of the Offer Price was based on our assessment of the Company's intrinsic value, estimated according to the sum-of-the-parts approach whereby each activity was valued using the methods and references we deemed most relevant. We also analyzed the contextual elements attached to the Offer.

In particular, our opinion is based on the characteristics of the Offer, which is optional for shareholders (who can tender all their shares) and proposed to everyone on an equal basis.

The Offer therefore enables all investors who no longer wish to remain shareholders of the Company, in particular because of the change to its activity following sale of the interest in LCGP, to sell their shares. The Offer thus provides a liquidity window on an illiquid market in the share.

If shareholders choose not to tender their shares in response to the Offer, this would be the consequence of a personal choice and their own expectations on the future evolution of the share value. By keeping their shares, those shareholders will probably continue to face a relatively illiquid market in the stock (all the more as liquidity could be reduced following the Offer).

In this context, we consider that the proposed price must at least be situated within the range of the Company's intrinsic value.

Our analysis shows that the Offer Price is higher than the values per share estimated using the sum-of-the-parts approach, taking account of the price of the projected sale of the stake in LCGP to Pathé. The offered premium is between 11.9% and 19.8%.

Under these conditions, we consider that the price of €75.0 per share proposed in the context of the Offer is fair, from a financial standpoint, for the Company's shareholders.

Done at Paris on 19 April 2017

Maurice Nussenbaum
Chairman, Sorgem Evaluation

Annexes

1. Parameters used by analysts covering listed comparable companies

Company	Broker	Date	Growth rate to infinity	Company's WACC
Analyst reports				
Entertainment One	Credit Suisse	22/11/2016	1.0%	7.0%
Entertainment One	JP Morgan	22/11/2016		
Entertainment One	Peel Hunt	17/10/2016		
Entertainment One	Credit Suisse	24/05/2016		
Entertainment One	Royal Bank of Canada	08/12/2015	2.5%	10.5%
LionsGate	JBL Advisors	21/02/2017	3.0%	5.5%
LionsGate	Evercore	17/02/2017	0.8%	7.1%
LionsGate	Royal Bank of Canada	11/01/2017		6.4%
LionsGate	Cowen & Co	18/11/2016		8.3%
LionsGate	Piper Jaffray	10/01/2017		7.2%
LionsGate	Morgan Stanley	15/11/2016		8.9%
Europacorp	Natixis	06/10/2014		5.7%
Pantaleon Entertainment	Hauck & Aufhäuser	15/12/2015	2.0%	9.0%
Pantaleon Entertainment	SMC Research	10/01/2017	1.0%	8.3%
Xilam Animation	Euroland Corporate	25/05/2016	2.0%	12.8%
Mondo TV	Intermonte	22/05/2014	2.0%	10.4%
Mondo TV	Banca IMI	17/04/2013	0.0%	11.6%
Splendid Medien	DZ Bank	15/11/2016	0.8%	7.6%
Wild Bunch	First Berlin	06/10/2014	2.0%	13.6%
ITV Studios (as part of an SOTP of ITV)	UBS	02/03/2017	2.0%	8.2%
ITV Studios (as part of an SOTP of ITV)	Deutsche Bank	10/11/2016		
ITV Studios (as part of an SOTP of ITV)	Jefferies	12/05/2016		
ITV Studios (as part of an SOTP of ITV)	Redburn	20/05/2014	2.0%	9.0%
Average			**1.6%**	**8.7%**
Median			**2.0%**	**8.3%**
Impairment tests				
Europacorp (UGT Prod cinema)		2016	1.5%	7.6%
Vivendi / Studio Canal		2016	0.5%	9.3%
Europacorp (UGT Prod TV)		2016	1.7%	10.5%
ITV / ITV Studios		2016		10.1%
RTL / FremantleMedia		2015	2.5%	7.4%
Average			**1.6%**	**9.0%**
Median			**1.6%**	**9.3%**

Source: Reports from Bloomberg and Thomson One

2. Program of work

- Analysis of the context of the Offer.
- Analysis of the Company's consolidated financial statements for 2015 and provisional financial statements for 2016.
- Interviews with the Company and the presenting bank on the following matters:
  - > description of the Company's activities and markets and the competitive environment,
  - > historical performance per activity,
  - > outlook per activity,
  - > conditions for valuation of the catalog by an outside appraiser.
- Implementation of a multi-criteria approach to valuation of the Company:
  - > valuation of the Company on a sum-of-the-parts basis, using a discounted cash flow method for most of the parts,
  - > analysis of liquidity and the market price,
  - > examination of the relevance of a valuation using an analog approach based on comparable market data and transactions (not used).
- Analysis of the different valuation methods used by the presenting banks.
- Independent review.
- Preparation of this independent appraisal report.

3. People met or contacted

In the conduct of our assignment we had discussions with the following people:

Gaumont

Christophe Riandée, Deputy CEO
Fabrice Batieau, CFO

BNP Paribas

Christophe Jalinot, Managing Director, Head of European M&A Execution
Nicolas Sudre, Managing Director, Media Telecom EMEA
Nicolas Elissalde, Head of Business Valuation Team
Haroun Gambier, Analyst, Business Valuation Team

Robine & Associés

Benjamin Robine, real estate expert

4. Information and documents used

Documents	Source
Gaumont consolidated and company financial statements	Gaumont
Gaumont USA Inc. consolidated financial statements	Gaumont
Budget 2017 and projections 2018-2019	Gaumont
Report of valuation of the catalog by an independent appraiser	Independent appraiser
Report of valuation of the real estate assets owned by Gaumont	Robine & Associés
Presenting bank’s valuation report	BNP Paribas
License agreements for use of the Gaumont trademark	Gaumont
Miscellaneous financial information (market prices, betas, etc.)	Bloomberg
Analyst reports	Thomson One
Financial information on companies mentioned in the report	Bloomberg / websites / Thomson One
Market analysis	CNC / Xerfi / Company / analyst reports

5. Timetable of the valuation

- Contact by the Company and preparation of a letter of assignment: 21 February 2017.
- Appointment of Sorgem Evaluation as independent appraiser by the Board of Directors: 28 February 2017.
- Gathering of the information required to assess the fairness of the transaction, analysis and discussions with the Company and the presenting bank: 2 to 27 March 2017.
- Finalizing the valuation analyses and writing of a draft report: 28 March to 3 April 2017.
- Submission of the final version of our report: 3 April 2017.

6. Fee

Sorgem Evaluation's fee related to the projected sale of its stake in Les Cinémas Gaumont Pathé and to the public share buyback offer for Gaumont's shares is €140,000 excl. VAT, translation costs included.

7. Valuation multiples derived from listed comparable companies

We analyzed listed companies with activities in the production and distribution of movies and TV series but ultimately decided not to use the market multiples method.

The first sample we identified contained mostly European companies, with the exception of Entertainment One, Lions Gate Entertainment and Toho, the majority of whose revenue derives from the production and distribution of movies and TV series.

On the basis of our analysis of their financial and operational characteristics we decided to reject this initial sample of companies for the following reasons:

- Lack of exhaustive consensus in brokers' forecasts, especially for EBIT: Leone Film Groupe, Mondo TV, Splendid Medien, Xilam Animation and Wild Bunch;

- Significant M&A transactions: Lions Gate Entertainment;

- Geographical market: Toho;

- Diversification (streaming platform, marketing of sporting rights): Pantaleon Entertainment, Highlight Communications;

- Other features (size of movie budgets, pipeline, depth of catalog): Europacorp, Entertainment One.

For information purposes only, we show the multiples of this first sample below, together with financial and operating information about the companies analyzed in the following tables.

Market multiples

Company	Country	Market cap. (€M)	Enterprise value (€M)	Free float	EV/ Sales			EV / EBITDA			EV / EBIT		
					déc-16	déc-17	déc-18	déc-16	déc-17	déc-18	déc-16	déc-17	déc-18
Entertainment One	Canada	1 210	1 574	97%	1,35x	1,22x	1,12x	8,6x	7,5x	6,8x	9,8x	8,4x	7,7x
Europacorp	France	143	443	29%	3,74x	2,09x	2,17x	11,2x	5,2x	n.s.	n.s.	14,0x	n.s.
Lions Gate Entertainment	Etats-Unis	5 619	8 938	64%	2,70x	2,13x	2,00x	n.s.	13,9x	13,0x	9,1x	7,5x	6,3x
Pantaleon Entertainment	Allemagne	101	102	24%	4,13x	1,81x	0,88x	n.s.	n.s.	3,4x	n.s.	20,0x	18,0x
Leone Film Group	Italie	45	69	23%	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Mondo TV	Italie	118	120	41%	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Highlight Communications	Suisse	258	254	23%	0,65x	0,61x	0,59x	3,7x	3,2x	3,0x	9,1x	7,5x	6,3x
Splendid medien	Allemagne	18	30	30%	0,58x	0,49x	0,42x	2,3x	2,3x	2,0x	n.s.	n.s.	n.s.
Xilam Animation	France	48	65	31%	4,05x	2,84x	2,58x	4,1x	2,8x	2,5x	21,6x	13,2x	11,8x
Constantin Medien	Allemagne	178	477	60%	0,87x	0,87x	0,84x	3,3x	3,2x	3,2x	n.s.	n.s.	n.s.
Wild Bunch	Allemagne	53	201	75%	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Toho Co	Japon	5 065	4 475	58%	2,26x	2,29x	2,24x	9,0x	10,8x	10,6x	10,8x	11,7x	11,4x
Average		**1 071**	**1 396**	**46%**	**2,26x**	**1,59x**	**1,43x**	**6,0x**	**6,1x**	**5,6x**	**12,1x**	**11,8x**	**10,2x**
Median		**131**	**228**	**36%**	**2,26x**	**1,81x**	**1,12x**	**4,1x**	**4,2x**	**3,3x**	**9,8x**	**11,7x**	**9,5x**

Source: Bloomberg, Companies, Brokers, Sorgem Evaluation analysis

Growth profiles and margins

Company	Sales (€M)	# brokers EBIT 17 consensus	Sales growth			EBITDA margin			EBIT margin		
			déc-16	déc-17	déc-18	déc-16	déc-17	déc-18	déc-16	déc-17	déc-18
Entertainment One	1 165	3	23,5%	10,9%	8,5%	15,7%	16,2%	16,6%	13,9%	14,5%	14,5%
Europacorp	119	2	(19,6%)	78,9%	(3,8%)	33,3%	40,5%	(0,2%)	(29,0%)	14,9%	(0,2%)
Lions Gate Entertainment	3 304	11	49,3%	27,2%	6,3%	11,5%	15,3%	15,4%	6,4%	10,6%	11,1%
Pantaleon Entertainment	25	1	80,9%	127,7%	106,6%	(13,7%)	8,7%	25,6%	(6,5%)	22,7%	39,4%
Leone Film Group	37	1	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Mondo TV	17	-	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Highlight Communications	390	2	20,3%	7,3%	3,5%	17,6%	19,2%	19,5%	7,2%	8,0%	9,3%
Splendid medien	51	1	(10,6%)	20,0%	15,3%	25,5%	21,4%	21,3%	n.s.	n.s.	n.s.
Xilam Animation	16	1	41,6%	42,5%	10,1%	98,1%	101,8%	102,4%	18,8%	21,5%	21,9%
Constantin Medien	552	2	14,5%	(0,5%)	2,9%	25,9%	26,9%	26,7%	n.s.	n.s.	n.s.
Wild Bunch	119	-	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Toho Co	1 983	4	2,9%	(1,4%)	2,1%	25,2%	21,3%	21,1%	20,8%	19,6%	19,7%
Average			**22,6%**	**34,7%**	**16,8%**	**26,6%**	**30,1%**	**27,6%**	**4,5%**	**16,0%**	**16,6%**
Median			**20,3%**	**20,0%**	**6,3%**	**25,2%**	**21,3%**	**21,1%**	**7,2%**	**14,9%**	**14,5%**

Source: Bloomberg, Companies, Brokers, Sorgem Evaluation analysis

Operating characteristics

Company	Sales breakdown			# films produced or distributed / year	# TV series produced or distributed / year	Catalog		
	Prod. & distrib. theatrical films	Prod. & distrib. TV series & shows	Other			# titles	Value (€M)	% EV
Entertainment One	64%	36%	-	210	>10	40 000	1323	112%
Europacorp	74%	15%	11%	6	~5	500	139	31%
Lions Gate Entertainment	72%	29%	-	~40	~20	16 000	n.d.	n.d.
Pantaleon Entertainment	~90%	~5%	~5%	~5	1	n.d.	n.d.	n.d.
Leone Film Group	~100%	-	-	16	1	500	n.d.	n.d.
Mondo TV	-	~100%	-	-	n.d.	~1 700	n.d.	n.d.
Highlight Communications	84%		16%	11	1	n.d.	n.d.	n.d.
Splendid medien	92%		8%	n.d.	n.d.	1 500	n.d.	n.d.
Xilam Animation	-	~100%	-	-	5	~1 500	n.d.	n.d.
Constantin Medien	57%		43%	11	1	n.d.	n.d.	n.d.
Wild Bunch	100%		-	100	2	2 200	n.d.	n.d.
Toho Co	66%		34%	n.d.	n.d.	n.d.	n.d.	n.d.

Source: Bloomberg, Companies, Brokers, Sorgem Evaluation analysis

We identified a second sample, containing US companies only, which we rejected on account of:

- the extent of diversification of their activities (e.g. Walt Disney);
- excessive integration of the media value chain into their business model (networks and conglomerates such as CBS, Amc Networks, Discovery Communications, Scripps Networks International, Viacom, Time Warner and Twenty-First Century Fox).

For information purposes only, we show the multiples of this second sample below, together with financial and operating information about the companies analyzed in the following tables.

Market multiples

Company	Country	Market cap. (€M)	Enterprise value (€M)	Free float	EV/ Sales			EV / EBITDA			EV / EBIT		
					déc-16	déc-17	déc-18	déc-16	déc-17	déc-18	déc-16	déc-17	déc-18
Amc Networks	Etats-Unis	3 635	6 111	98%	2,35x	2,25x	2,17x	8,7x	7,3x	7,1x	9,9x	8,2x	8,0x
Cbs Corp	Etats-Unis	25 819	35 764	96%	2,88x	2,83x	2,71x	13,3x	12,0x	11,0x	14,5x	13,0x	11,9x
Discovery Communications	Etats-Unis	13 335	20 626	98%	3,37x	3,20x	2,99x	9,2x	8,7x	8,3x	10,6x	10,2x	9,7x
Scripps Networks International	Etats-Unis	9 522	14 229	87%	4,44x	4,19x	4,03x	11,2x	10,3x	9,9x	13,1x	11,5x	11,0x
Walt Disney Co	Etats-Unis	166 187	202 132	96%	3,85x	3,77x	3,55x	12,8x	12,1x	11,2x	15,1x	14,2x	13,0x
Time Warner	Etats-Unis	72 459	94 782	97%	3,43x	3,25x	3,09x	12,2x	11,4x	10,6x	13,3x	12,3x	11,5x
Twenty-First Century Fox	Etats-Unis	53 893	75 897	98%	2,79x	2,68x	2,51x	11,1x	10,5x	9,6x	12,2x	11,5x	10,4x
Viacom	Etats-Unis	17 245	29 872	20%	2,54x	2,44x	2,38x	11,5x	10,3x	9,7x	12,5x	11,2x	10,5x
Average		**45 262**	**59 927**	**86%**	**3,21x**	**3,1x**	**2,9x**	**11,27x**	**10,3x**	**9,7x**	**12,65x**	**11,5x**	**10,7x**
Median		**21 532**	**32 818**	**97%**	**3,12x**	**3,0x**	**2,8x**	**11,38x**	**10,4x**	**9,8x**	**12,84x**	**11,5x**	**10,8x**

Source: Bloomberg, Companies, Brokers, Sorgem Evaluation analysis

Growth profiles and margins

Company	Sales (€M)	# brokers consensus EBIT 17	Sales growth			EBITDA margin			EBIT margin		
			déc-16	déc-17	déc-18	déc-16	déc-17	déc-18	déc-16	déc-17	déc-18
Amc Networks	2 599	18	6,8%	4,5%	3,9%	26,9%	31,0%	30,3%	23,9%	27,6%	27,1%
Cbs Corp	12 416	29	3,9%	1,9%	4,5%	21,6%	23,5%	24,5%	19,9%	21,7%	22,8%
Discovery Communications	6 127	26	1,6%	5,2%	6,9%	36,6%	36,9%	35,9%	31,7%	31,4%	30,8%
Scripps Networks International	3 208	18	12,7%	5,8%	4,1%	39,5%	40,7%	40,8%	33,8%	36,3%	36,6%
Walt Disney Co	52 461	26	6,0%	2,2%	6,3%	30,1%	31,2%	31,7%	25,5%	26,5%	27,4%
Time Warner	27 647	29	4,3%	5,5%	5,1%	28,0%	28,6%	29,3%	25,7%	26,3%	26,9%
Twenty-First Century Fox	27 179	25	5,5%	4,4%	6,5%	25,1%	25,5%	26,2%	22,9%	23,3%	24,1%
Viacom	11 776	31	(5,9%)	4,1%	2,4%	22,0%	23,6%	24,5%	20,2%	21,8%	22,7%
Average			**4,4%**	**4,2%**	**5,0%**	**28,7%**	**30,1%**	**30,4%**	**25,5%**	**26,9%**	**27,3%**
Median			**4,9%**	**4,4%**	**4,8%**	**27,5%**	**29,8%**	**29,8%**	**24,7%**	**26,4%**	**27,0%**

Source: Bloomberg, Companies, Brokers, Sorgem Evaluation analysis

Operating characteristics

Company	Sales breakdown		
	Prod. & distrib. theatrical films	Integrated TV network	Other
Amc Networks	<10%	>90%	-
Cbs Corp	n.d.	30%	6%
Discovery Communications	-	~100%	3%
Scripps Networks International	-	~97%	~3%
Walt Disney Co	17%	43%	40%
Time Warner	17%	74%	9%
Twenty-First Century Fox	30%	70%	-
Viacom	21%	79%	-

Source: Companies, Brokers, Sorgem Evaluation analysis

8. Comparable transactions method

In the context of our fairness analysis, we considered that the Company's shares should be valued without a control premium. However, transaction multiples generally contain such premiums, which theoretically implies deducting them[49].

One difficulty frequently encountered with this method is that of obtaining the necessary information to calculate multiples. Its use here is also hampered by the same factors that limit the relevance of the market multiples approach (cf. paragraph **V.1.5.**).

We therefore decided not to use the comparable transactions method. For information purposes only, the transactions we analyzed and the resulting average and median multiples are shown on the following page.

[49] It is possible to cancel out the control premium by applying an across-the-board discount, though the result remains approximate.

Date	Buyer	Target	Country	% acquired	EV (€M)	EVSales	EVEBITDA	EV/EBIT
févr.-17	Recon Wenyuan Cable	Millenium Films	Etats-Unis	51%				
janv.-17	Mediawan	Groupe AB	France	100%	237	1,50x	6,6x	
janv.-17	Studio 100	m4e	Allemagne	68%	12	0,87x	3,9x	5,8x
nov.-16	Anhui Xinke New Materials	Midnight Investment	Etats-Unis	100%				
nov.-16	Wanda Group	Dick Clark Productions	Etats-Unis	100%	901		16,7x	
oct.-16	Yuuzoo Corporation	Relativity Media	Etats-Unis	33%				
oct.-16	AT&T	Time Warner	Etats-Unis	100%	99 448	3,87x	14,4x	15,8x
sept.-16	Shanghai Fundamental Films	EuropaCorp	France	28%	405	2,75x	8,6x	n.s.
avr.-16	NBCUniversal	DreamWorks Animation SKG	Etats-Unis	100%	3 574	4,42x	88,7x	n.s.
avr.-16	Shamrock Capital Advisors	Silvergate Media	Royaume-Uni	51%	96	9,40x	89,2x	89,2x
avr.-16	StudioCanal	Bambu Producciones	Espagne	33%				
mars-16	Entertainment One	Renegade Entertainment	Etats-Unis	65%	32	0,99x	6,7x	
janv.-16	Dalian Wanda Group	Legendary Entertainment	Etats-Unis	100%	3 210	7,57x		
déc.-15	Management / Sequoia Cap. / SAIF	Bona Film Group	Chine	37%	837	3,60x	30,2x	61,2x
déc.-15	MGM Studios	United Artist Media Group	Etats-Unis	45%	473	0,40x	2,0x	2,1x
nov.-15	Lions Gate	Pilgrim Media Group	Etats-Unis	63%	296			
nov.-15	Liberty Global / Discovery Com.	Lions Gate	Etats-Unis	7%	6 685	3,00x	6,4x	32,3x
nov.-15	TF1	Newen	France	70%				
nov.-15	Vivendi	Banijay-Zodiak	France	26%	800	0,89x	8,42x	
sept.-15	Entertainment One	Astley Baker Davies	Royaume-Uni	70%	270		11,6x	
sept.-15	Canada Pension Plan	Entertainment One	Canada	18%	1 513	1,40x	10,3x	18,4x
sept.-15	Rainmaker Entertainment	Shaftesbury	Canada	100%	14			
août-15	FremantleMedia	Wildside	Italie	63%	45	1,88x	8,1x	21,5x
juil.-15	Banijay Entertainment	Zodiac Media	France	100%				
juil.-15	Fairfax Financial Holdings	Temple Street Productions	Canada	55%	49			
juin-15	ITV	Boom Supervisory	Royaume-Uni	75%	136		20,1x	
juin-15	Ten Alps	Reef Television	Royaume-Uni	100%	4	0,51x	5,7x	6,2x
mai-15	Lagardere Active	Bommerang TV	Espagne	82%				
mars-15	ITV	Talpa Holdings	Pays-Bas	100%	600	2,78x	9,8x	10,1x
janv.-15	Entertainment One	The Mark Gordon Company	Etats-Unis	51%	218		8,7x	
déc.-14	DHX Media	Nerd Corps Entertainment	Canada	100%	40	2,60x	5,0x	
oct.-14	21st Century Fox / Apollo Global	Endemol / Shine / CORE Media	P-B / US / UK	100%	1 571			
sept.-14	MGM Studios	One Three Media / LightWorkers	Etats-Unis	55%	566			
juil.-14	Leone Film Group	Lotus Production	Italie	100%	7	0,90x	10,7x	11,2x
juil.-14	Wild Bunch	Senator Entertainment	Allemagne	100%	180	0,97x		
juil.-14	Sky	Love Productions	Royaume-Uni	70%	46	2,40x	11,4x	11,5x
juil.-14	Entertainment One	Paperny Entertainment	Canada	100%	20	1,66x		
juil.-14	Fin Co	Lumière Publishing	Belgique	40%	34	2,70x		
juin-14	Fortress Investment Group	Revolution Studios	Etats-Unis		169			
mai-14	Discovery Com. / Liberty Global	All3Media	Royaume-Uni	100%	672	1,10x	8,5x	
mai-14	ITV	Leftfield Entertainment	Etats-Unis	80%	323		11,8x	
avr.-14	DHX Media	Epitome Pictures	Canada	100%	22	1,30x	4,7x	
févr.-14	Warner Bros Entertainment	Eyeworks Holding	Pays-Bas	100%	231	0,84x	7,3x	9,9x
déc.-13	Lagardère Entertainment	Groupe Réservoir	France	100%				
sept.-13	Modern Times Group	Nice Entertainment Group	Finlande	87%	97	0,80x	12,0x	
juil.-13	ITV	Big Talk Productions	Royaume-Uni	100%	14	0,70x	7,5x	7,6x
mai-13	ITV	High Noon Entertainment	Etats-Unis	60%	33			7,5x
avr.-13	ITV	The Garden Productions	Royaume-Uni	100%	20	1,30x	6,9x	7,0x
déc.-12	Tinopolis	Firecracker Films	Royaume-Uni	100%	26	1,69x		
déc.-12	Tinopolis	Passion Distribution	Royaume-Uni	100%	18	1,05x	6,0x	8,2x
juil.-12	Boom Pictures / LDC	Boomerang Plus	Royaume-Uni	100%	5	0,15x	3,4x	3,4x
avr.-11	News Corp	Shine Group	Royaume-Uni	100%	448	1,04x	10,8x	
août-10	All3Media	Optomen Television	Royaume-Uni	100%	43	1,23x		
août-10	Time Warner/ Management team	Shed Media	Royaume-Uni	100%	139	1,25x	7,5x	7,9x
juin-10	Zodiac Media	RDF Media Group	Royaume-Uni	100%	172	1,20x	13,6x	
mai-08	Vitruvian	Tinopolis	Royaume-Uni	100%	43	0,52x	10,2x	15,6x
Average						**1,98x**	**14,1x**	**17,6x**
Median						**1,27x**	**8,6x**	**10,0x**

Source: Mergermarket, Epsilon, Companies, Press, Sorgem Evaluation analysis

9. Points of information following a letter sent by a minority shareholder to the AMF

A minority shareholder (the "Minority Shareholder") sent a letter to the Autorité des Marchés Financiers (the "AMF") on 18 April 2017 raising a number of issues about the transaction.

We submit the following points of information relating to the main issues raised by the Minority Shareholder.

9.1 The Minority Shareholder calls into question the Report's statement of independence in relation to fairness opinions issued by Sorgem Evaluation in the past

We understand that the Minority Shareholder refers to the following fairness opinions in which Sorgem Evaluation was involved as an independent expert:

- in March 2012, the buyback offer for Havas shares and the simplified tender offer for Havas redeemable share subscription and/or purchase warrants (Sorgem Evaluation report dated 23 March 2012) – Groupe Bolloré was the largest shareholder of Havas;

- in November 2014, the exchange offer launched by Groupe Bolloré, Compagnie du Cambodge and Société Industrielle et Financière de l'Artois for Havas shares and redeemable share subscription and/or purchase warrants (Sorgem Evaluation report dated 17 November 2014) – Part III.1 of our report mentions our involvement in this transaction.

These fairness opinions were not issued in the 24 months preceding the Transaction and are not liable to affect our independence with regard to the Transaction.

9.2 According to the Minority Shareholder, the independent expert should have valued the Gaumont share in the context of a buyout offer

In the context of a disposal of all or "most of the assets", Article 236-6 of the AMF General Regulation allows the AMF to require the controlling shareholder of a listed company to make a buyout offer. The AMF's decision to require a buyout offer or not depends on its assessment of whether the disposal concerns "most of the assets" and the transaction's effects on the rights and interests of minority shareholders.

Most of Gaumont's assets are not being sold in the present case: only a minority interest, consolidated by the equity method and over which we understand that Gaumont has limited influence, is being sold.

Moreover, the majority shareholder has undertaken not to make a buyout offer (and squeeze-out) in the next twelve months (source: letter of 12 April 2017 from Nicolas Seydoux, Chairman of Ciné Par, to the President of the AMF).

Lastly, the valuation methods we would have used in the context of a buyout would not have been any different from those we actually used in the context of the operation. Only our assessment of the conditions for considering the operation to be fair could have been affected: in the context of a buyout followed by a possible squeeze-out, we would have considered that the Offer price should at least be situated in the upper range of the valuation ranges. That is in fact the case in the present transaction, since our analysis leads to the conclusion that the Offer price is higher than the Company's intrinsic value.

9.3 Reference to the Net Asset method

We understand that the Minority Shareholder regrets that no reference was made to the Net Asset value (net book value), even though he rightly notes that independent experts often choose not to use it.

We used a sum-of-the-parts method, which can be regarded as a Revalued Net Asset method since it amounts to seeking the intrinsic value of each asset, as pointed out on page 39 of our Report.

We consider that method to be appropriate because it takes into account the estimated value of each asset and the impact of overheads, items which are difficult to allocate to a specific asset and are not taken into account in the reference to the Net Asset value.

9.4 Discount rates

The Minority Shareholder questions the estimate of the discount rates for each activity. In particular, he queries the relevance of the discount rate used to value overheads.

The table below summarizes the discount rates used for the activities valued using a DCF method (the table appears in our report).

Parameter	Cinema	Catalog signed	Catalog unsigned	Fiction / Cartoon FR	Fiction / Cartoon US	Overheads	Royalties
Risk-free rate	1.3%	n.a.	0.9%	0.9%	1.1%	0.9%	0.9%
Beta	1.0	n.a.	0.6	0.9	0.9	0.5	0.5
Market premium	5.0%	n.a.	5.0%	5.0%	5.0%	5.0%	5.0%
Size premium	3.6%	n.a.	3.6%	3.6%	3.6%	3.6%	3.6%
Cost of capital (rounded)	**10.0%**	**1.5%**	**7.5%**	**9.0%**	**9.0%**	**7.0%**	**7.0%**

The Minority Shareholder states that the effect of applying a lower discount rate to overheads than to several other activities is to increase the average discount rate that would have been applied if a method for discounting aggregate cash flows[50] had been used. The Minority Shareholders argues that that could result in a generally higher discount rate than the one used by analysts covering listed companies in the sector.

Gaumont is smaller than the listed companies in the sector covered by analysts and generally less diversified into lower-risk activities. This explains why we consider that it would be entirely relevant for Gaumont's overall cost of capital to be higher than that of listed companies in the sector.

We also consider that this estimate of a lower discount rate for overheads is appropriate because, as we point out in our Report, overheads originate above all in long-term contracts and it is therefore particularly difficult to adapt them to changing economic circumstances. That high level of visibility with regard to overheads is reflected, in the estimate of the discount rate, in a low beta, reflecting the fact that they are less volatile.

As regards the general valuation of the Company, if a discount rate applicable to the cash flows generated by all Gaumont's activities had had to be estimated, it would have had to take into account the importance of the Company's overheads, which limit operational flexibility more than is the case for many other companies in the sector, and consequently lead to a higher discount rate.

[50] Cash flows generated by all Gaumont's activities.

9.5 Valuation of the film catalog

The Minority Shareholder asserts that the value of the film catalog used in the report is lower than the value given in the financial statements.

The value attributed to the Catalog in the Report concerns a more limited scope in relation to the value given in the "Films and audiovisual rights"[51] item in the financial statements: it corresponds only to the "Films and cinema rights" line, the other elements being valued separately in the Report (for example, television rights and current productions were included in the "Cinema" part and cartoon fiction in the "Animation" part).

The following table gives the book values.

3.2. Films et droits audiovisuels

		Mouvements de la période			
	31.12.16	+	-	Autres (1)	31.12.15
Films et droits cinématographiques	1 829 334	23 218	- 7	141 453	1 664 670
Fictions et droits télévisuels	374 147	685	-	52 568	320 894
Films et séries d'animation	176 895	2 228	-	6 070	168 597
Productions musicales	2 943	84	-	36	2 823
Jeux vidéo	1 525	-	-	-	1 525
Films cinématographiques en cours de production	8 062	7 706	-	- 35 076	35 432
Fictions télévisuelles en cours de production	20 150	46 048	- 364	- 41 017	15 483
Films et séries d'animation en cours de production	16 615	14 275	- 696	- 5 553	8 589
Valeur brute	**2 429 671**	**94 244**	**- 1 067**	**118 481**	**2 218 013**
Films et droits cinématographiques	- 1 761 745	- 56 021	70	- 100 806	- 1 604 988
Fictions et droits télévisuels	- 348 507	- 49 107	-	- 10 249	- 289 151
Films et séries d'animation	- 167 347	- 8 165	560	- 173	- 159 569
Productions musicales	- 2 862	- 3	-	- 36	- 2 823
Jeux vidéo	- 1 525	-	-	-	- 1 525
Fictions télévisuelles en cours de production	- 149	-	364	-	- 513
Films et séries d'animation en cours de production	-	-	-	-	-
Amortissements et dépréciations	**- 2 282 135**	**- 113 296**	**994**	**- 111 264**	**- 2 058 569**
VALEUR NETTE	**147 536**	**- 19 052**	**- 73**	**7 217**	**159 444**

[51] "Films et droits cinématographiques" in the table (in French).

The net value of "Films and cinema rights" at 31 December 2016 was €67,589,000 (1,829,334 – 1,761,745). Our valuation of the Catalog (€115 million) is therefore higher than the value given in the financial statements.

9.6 Valuation of the real estate assets

The Minority Shareholder criticizes the valuation of the main real estate asset, especially on the grounds that it is based on an old expert appraisal (dating from 2012).

The Minority Shareholder is wrong on this point: the main real estate asset, namely the Champs-Elysées Asset, was valued, as recalled several times in the report, on the basis of the Robine & Associés report dated **2 February 2017**.

The real estate asset for which an older report was available to the independent expert is the Neuilly Asset[52], which is the Company's headquarters. The report valued the asset as at 1 November 2014.

The property is not the Company's main real estate asset and is not due to be sold. We had a discussion with the real estate expert responsible for the appraisal on 1 November 2014, who had recently visited the property. The discount rate used (between 5.0% and 5.5%) corresponds to the estimate that can be made of the rate of return in early 2017 and its level is justified by the specific features of the asset in question, which is unusual and in a condition that would require a significant amount of work. The value used is ultimately around 30% higher than the value given in the report appraising the real estate asset at 1 November 2014.

9.7 Treatment of tax

The Minority Shareholder says that he does not understand the treatment of tax.

The Report explains that tax is treated separately in a sum-of-the-parts method. It states the assumptions made and the results of our analysis, which lead to the conclusion that the income tax Gaumont is likely to have to pay in the future (scope of French tax

[52] Excluding the Chatou House, an asset whose value is not significant relatively to the Group's value.

consolidation) is much reduced, especially in view of the exceptional tax regime and loss carry-forwards.

We recall below the explanations given on page 37-38 of our Report:

"In value analyses of the French parts benefiting from tax consolidation and valued using the DCF method, a tax equal to 34.43% of the expected flows has been assumed by construction. Consolidation of the tax flows of each part does not correspond to our estimate of the Company's future [effective] *tax liability.*

[footnote*: The Company's future income-tax liability is limited inter alia by loss carry-forwards. In addition, the Company can benefit from the cinema tax credit (which benefits production companies that make and produce their movies on French territory) and excess tax depreciation rules.*]

In the medium to long term, consolidation of all the cash flows of each activity (DCF method applied to each part) gives a slightly negative level of tax [footnote: *Negative tax (a purely mathematical calculation) would entail a payment from the government to the Company*]*, whereas our estimates of tax flow indicate virtually zero tax. We have therefore applied a negative adjustment of the Enterprise Value in this respect.*"

In sum, the theoretical tax rate is applied to each item (positive or negative) of the sum of the parts and a reconciliation is made on moving from the Enterprise Value to the equity value.

*****

In light of the elements from the Minority Shareholder provided to us, our conclusions on the disposal and on the fairness of the Offer remain unchanged.

4. REASONED OPINION BY THE BOARD OF DIRECTORS OF THE COMPANY

At its 4 April 2017 meeting, the Board of directors of the Company, having acknowledged of (i) the information note relating to the Offer, (ii) the valuation works carried out by BNP Paribas, (iii) the commitments to refrain from tendering to the Offer made by Ciné Par and Mr.Nicolas Seydoux totaling altogether 64.59 % of the share capital and (iv) of the report drafted by Sorgem Evaluation as independent appraiser, pursuant to articles 261-1 *et seq.* of the AMF's general regulations, concluding that the price offered in the context of the contemplated Offer is fair from a financial point of view for the shareholders, considered by unanimous decision of its members present or represented, that :

- the Offer is consistent with the best interests of the Company, its employees and shareholders ;
- no labor impact is expected as a result of the Offer, no change in the management of the Company is contemplated upon completion of the Offer and the Company intends to pursue its activity is line with its current strategy.

As a consequence, the Board of directors of the Company has decided to approve the draft Offer concerning a maximum number of 1,657,313 shares representing at most 37.43% of Gaumont's share and 30.44% of the voting rights[19] and comprising 1,510,400 existing shares and 146,913 additional shares that could be issued to the beneficiaries of outstanding stock options if they exercise their options within a time period enabling their tender to the Offer of a maximum amount of €124,298,475 provided the shareholder's meeting of Gaumont approves the resolution allowing the sale of Gaumont's stake in company Les Cinémas Gaumont Pathé to Pathé and the resolution allowing the share capital reduction by a maximum amount of €13,258,504 via a share buyback concerning a maximum amount of 1,657,313 shares.

At the Board of directors meeting held on 4 April 2017, all the directors were present or represented and voted.

5. INFORMATION ON THE COMPANY

In accordance with the provisions of Article 231-28 of the AMF's general regulations, information on Gaumont's legal, financial and accounting characteristic, among others, will be filed with the AMF no later than on the eve of the Offer's opening day.

This information, which will be subject to a specific information document prepared by the Company, will be available on the AMF (www.amf-france.org) and Gaumont's websites (www.Gaumont.fr), and can be obtained free of charge from:

- Gaumont: 30 avenue Charles de Gaulle - 92200 Neuilly sur Seine ;
- BNP Paribas : 4, rue d'Antin - 75002 Paris

[19] Voting rights calculated in accordance with Article 223-11 of the general regulations of the AMF

6. PERSONS RESPONSIBLE FOR THE INFORMATION NOTE

For the presentation of the Offer

« In accordance with the terms of Article 231-18 of the AMF's general regulations, BNP Paribas, the institution presenting the Offer, hereby certify that, to its knowledge, the Offer presentation it reviewed based on the information provided by Gaumont, and the various elements of assessment of the proposed price reflect reality and contain no omission that could alter the scope thereof. »

BNP Paribas

Representing the Company

« To our knowledge, the information contained in the information note reflect reality and contain no omission that could alter the scope thereof. »

Madame Sidonie Dumas
Directrice Générale