



**GROUP QUARTERLY STATEMENT  
AS AT 30 SEPTEMBER**

**2019**



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# CTS EVENTIM REPORTS SIGNIFICANT INCREASE IN REVENUE AND EARNINGS IN FIRST NINE MONTHS

- + Group revenue exceeds one billion Euro in nine months for the first time ever
- + Group revenue up 16.5% at EUR 1,074.6 million, normalised EBITDA up 26.5% at EUR 177.0 million
- + Strong growth and improved EBITDA margins in both Ticketing and Live-Entertainment
- + Number of tickets sold online grows by 9.2%
- + Strong performance in the Live Entertainment segment due to successful major tours and events
- + Group continues to expect growth in both revenue and earnings for 2019

The **CTS Group**, one of the leading international providers of ticketing services and live entertainment, achieved significant growth in revenue and earnings in the first nine months of this year. Group revenue rose year-on-year by 16.5% to EUR 1,074.6 million (previous year: EUR 922.5 million), while normalised EBITDA advanced 26.5% to EUR 177.0 million (previous year: EUR 140.0 million). Normalised EBITDA margin climbed to 16.5%, compared to 15.2% the year before. The Ticketing and Live Entertainment segments both contributed to these growth rates.

Klaus-Peter Schulenberg, CEO of CTS EVENTIM, commented that 'CTS EVENTIM is on course to achieve the targets for the 2019 financial year. Thanks not only to a very successful third quarter, we significantly improved our online ticketing volume in the first nine months. The fact that we continue to sell more and more tickets through digital channels has positive and long-term impacts on our margins. Our Live Entertainment segment also performed very strongly in the period under review. The establishment of our promoter network, EVENTIM LIVE, is opening up additional avenues for us in this field. Our aim is to offer international tour opportunities to artists from all over the world. By taking a stake in France's market leader, France Billet, we have also achieved a major and strategic step forward in the Ticketing segment. In this way, CTS EVENTIM is extending and reinforcing its market position in a commercially attractive and culturally diversified market.'

In the **Ticketing segment**, revenue increased by 11.0% in the first nine months to EUR 306.9 million (previous year: EUR 276.5 million). This was mainly attributable to a significant increase in online ticketing volume: no fewer than 36.8 million tickets were sold on the CTS EVENTIM webshops alone – a year-on-year growth of 9.2% (previous year: 33.7 million). Normalised EBITDA rose 16.7% to EUR 119.2 million (previous year: EUR 102.1 million). The normalised EBITDA margin climbed to 38.8% (previous year: 36.9%).

Revenue in the **Live Entertainment segment** was up 19.0%, at EUR 781.4 million (previous year: EUR 656.6 million), thus exceeding expectations. The normalised EBITDA rose disproportionately by 52.7% to EUR 57.8 million (previous year: EUR 37.9 million). The normalised EBITDA margin climbed to 7.4% (previous year: 5.8%). Major tours put on by various EVENTIM LIVE promoters in Germany, and newly acquired promoters abroad, were among the factors spurring this growth. The venues operated by CTS EVENTIM – especially the LANXESS arena in Cologne, the Waldbühne in Berlin and the K.B. Hallen newly opened in Copenhagen in 2019 – also showed successful business growth.

## OVERVIEW OF KEY GROUP FIGURES

TICKETING	01.01.2019 - 30.09.2019 <sup>1</sup>	01.01.2018 - 30.09.2018	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	306,859	276,544	30,315	11.0
EBITDA <sup>2</sup>	117,507	100,634	16,872	16.8
<i>EBITDA margin</i>	38.3%	36.4%		1.9 pp
Normalised EBITDA	119,189	102,108	17,081	16.7
<i>Normalised EBITDA margin</i>	38.8%	36.9%		1.9 pp
EBIT <sup>2</sup>	91,917	78,820	13,097	16.6
<i>EBIT margin</i>	30.0%	28.5%		1.5 pp
Normalised EBIT before amortisation from purchase price allocation	98,887	86,831	12,056	13.9
<i>Normalised EBIT margin</i>	32.2%	31.4%		0.8 pp

LIVE ENTERTAINMENT	01.01.2019 - 30.09.2019 <sup>1</sup>	01.01.2018 - 30.09.2018	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	781,397	656,611	124,786	19.0
EBITDA <sup>3</sup>	57,042	37,321	19,721	52.8
<i>EBITDA margin</i>	7.3%	5.7%		1.6 pp
Normalised EBITDA	57,792	37,852	19,940	52.7
<i>Normalised EBITDA margin</i>	7.4%	5.8%		1.6 pp
EBIT <sup>3</sup>	42,442	32,612	9,830	30.1
<i>EBIT margin</i>	5.4%	5.0%		0.5 pp
Normalised EBIT before amortisation from purchase price allocation	45,879	34,718	11,160	32.2
<i>Normalised EBIT margin</i>	5.9%	5.3%		0.6 pp

<sup>1</sup> The Group applied IFRS 16 as of 1 January 2019 for the first time using the modified retrospective method. When applying this method, the comparative information for fiscal year 2018 will not be adjusted.

<sup>2</sup> Ticketing effect of IFRS 16: EBITDA EUR +5,190 thousand; EBIT EUR +220 thousand

<sup>3</sup> Live Entertainment effect of IFRS 16: EBITDA EUR +8,978 thousand; EBIT EUR +653 thousand

CTS GROUP	01.01.2019 - 30.09.2019 <sup>1</sup>	01.01.2018 - 30.09.2018	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	1,074,573	922,538	152,035	16.5
EBITDA <sup>2</sup>	174,548	137,955	36,593	26.5
<i>EBITDA margin</i>	16.2%	15.0%		1.3 pp
Normalised EBITDA	176,981	139,961	37,020	26.5
<i>Normalised EBITDA margin</i>	16.5%	15.2%		1.3 pp
Depreciation and amortisation	-40,189	-26,524	-13,665	51.5
EBIT <sup>2</sup>	134,359	111,432	22,928	20.6
<i>EBIT margin</i>	12.5%	12.1%		0.4 pp
Normalised EBIT before amortisation from purchase price allocation	144,766	121,550	23,216	19.1
<i>Normalised EBIT margin</i>	13.5%	13.2%		0.3 pp
Financial result	-7,035	2,161	-9,197	-425.5
Earnings before tax (EBT)	127,324	113,593	13,731	12.1
Net income attributable to shareholders	72,278	63,444	8,834	13.9
	[EUR]	[EUR]	[EUR]	
Earnings per share <sup>3</sup> , undiluted (= diluted)	0.75	0.66	0.09	13.9
	[Qty.]	[Qty.]	[Qty.]	
Internet ticket volume (in million)	36.8	33.7	3.1	9.2
Employees <sup>4</sup>	2,882	2,692	190	7.1

<sup>1</sup> The Group applied IFRS 16 as of 1 January 2019 for the first time using the modified retrospective method. When applying this method, the comparative information for fiscal year 2018 will not be adjusted.

<sup>2</sup> Effect of IFRS 16: EBITDA EUR +14,168 thousand; EBIT EUR +874 thousand

<sup>3</sup> Number of shares: 96 million

<sup>4</sup> Number of employees at end of period (active workforce)

## EARNINGS PERFORMANCE

### REVENUE PERFORMANCE

In the **Ticketing segment** revenue rose in the first nine months to EUR 306,859 thousand (+11.0%). This was largely due to a significant increase in the online ticket volume: the CTS EVENTIM's web shops alone sold 36.8 million tickets, an increase of 9.2% over the previous year (33.7 million). The share of revenue generated by foreign subsidiaries was at 45.4% (previous year: 46.7%).

Revenue in the **Live Entertainment segment** grew to EUR 781,397 thousand (+19.0%) exceeding expectations. The increase in revenue mainly results from a successful tour business and the expansion of the scope of consolidation.

In the **CTS Group**, this resulted in an increase in revenue in both segments by EUR 152,035 thousand (+16.5%) to EUR 1,074,573 thousand.

### NON-RECURRING ITEMS

In the period under review, CTS Group earnings were negatively impacted due to non-recurring items in the Ticketing segment amounting to EUR 1,683 thousand (previous year: EUR 1,474 thousand) and in the Live Entertainment segment amounting to EUR 750 thousand (previous year: EUR 531 thousand) due to implemented and planned acquisitions (primarily legal and consulting fees for the performance of due diligence) as well as consulting costs in connection with the strategic redirection of business units.

### NORMALISED EBITDA / EBITDA

CTS GROUP	01.01.2019 - 30.09.2019 <sup>1</sup>	01.01.2018 - 30.09.2018	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
<b>EBITDA</b>	<b>174,548</b>	<b>137,955</b>	<b>36,593</b>	<b>26.5</b>
Non-recurring items	2,433	2,005	427	21.3
<b>Normalised EBITDA</b>	<b>176,981</b>	<b>139,961</b>	<b>37,020</b>	<b>26.5</b>
Depreciation and amortisation	-40,189	-26,524	-13,665	51.5
<i>Thereof amortisation from purchase price allocation</i>	<i>7,974</i>	<i>8,113</i>	<i>-139</i>	<i>-1.7</i>
<b>Normalised EBIT before amortisation from purchase price allocation</b>	<b>144,766</b>	<b>121,550</b>	<b>23,216</b>	<b>19.1</b>

<sup>1</sup> The Group applied IFRS 16 as of 1 January 2019 for the first time using the modified retrospective method. When applying this method, the comparative information for fiscal year 2018 will not be adjusted.

Normalised EBITDA in the **Ticketing segment** increased by EUR 17,081 thousand (+16.7%). The main driver was a further increase in online ticket volume. Additional positive impacts on earnings resulted from the adoption of IFRS 16 (EUR 5,190 thousand) and from the services performed in the project for the collection of the German infrastructure charge (EUR 3,100 thousand). Normalised EBITDA margin rose to 38.8% compared to 36.9% in the previous year. The share of normalised EBITDA attributable to foreign companies increased year-on-year from 34.3% to 35.1% in the current reporting period. EBITDA increased from EUR 100,634 thousand by EUR 16,872 thousand to EUR 117,507 thousand. The EBITDA margin improved to 38.3% (previous year: 36.4%).

Normalised EBITDA in the **Live Entertainment segment** increased significantly by EUR 19,940 thousand (+52.7%). Positive impacts came among other things from major tours with large audiences at various EVENTIM LIVE promoters in Germany and at newly acquired promoters abroad. The attractive range of events at our venues LANXESS arena in Cologne, Waldbühne Berlin and the newly opened K.B. Hallen in Copenhagen are further success factors for the segment. The adoption of IFRS 16 (EUR 8,978 thousand) resulted in additional positive earnings effects. Normalised EBITDA margin increased to 7.4% (previous year: 5.8%). EBITDA increased from EUR 37,321 thousand by EUR 19,721 thousand to EUR 57,042 thousand. The EBITDA margin rose to 7.3% (previous year: 5.7%).

Normalised **CTS Group** EBITDA increased by EUR 37,020 thousand or 26.5%. The normalised EBITDA margin of 16.5% was above the previous year's level of 15.2%. The adoption of IFRS 16 resulted in an additional positive earnings effect of EUR 14,168 thousand. Foreign subsidiaries accounted for 22.4% of normalised EBITDA (previous year: 25.6%). EBITDA increased from EUR 137,955 thousand by EUR 36,593 thousand to EUR 174,548 thousand. The EBITDA margin is 16.2% (previous year: 15.0%).

## FINANCIAL RESULT

The financial result changed from EUR 2,161 thousand by EUR -9,197 thousand to EUR -7,035 thousand. Besides the interest expenses recognised for the first time due to the adoption of IFRS 16 (EUR -1,097 thousand) an updated fair value measurement of a variable purchase price obligation from share purchase agreements already concluded (EUR -2,533 thousand) was recognised. In the same period last year, increased financial income (EUR +3,532 million) resulted from an updated fair value measurement on liabilities from put options granted to minority shareholders.

The financial result includes income of EUR -105 thousand from the operating company accounted at equity.

## EARNINGS BEFORE TAX (EBT) / NET INCOME ATTRIBUTABLE TO SHAREHOLDERS / EARNINGS PER SHARE (EPS)

In the reporting period, EBT increased from EUR 113,593 thousand by EUR 13,731 thousand to EUR 127,324 thousand.

After deduction of tax expenses and compared to the prior year lower non-controlling interests, net income attributable to the shareholders amounted to EUR 72,278 thousand (previous year: EUR 63,444 thousand). EPS was above previous year's level at EUR 0.75 (previous year: EUR 0.66).

## **IMPACT OF THE ADOPTION OF IFRS 16**

The adoption of IFRS 16 within the Group had a positive effect on EBITDA/normalised EBITDA of EUR 14,168 thousand. This effect was offset by EUR 13,295 thousand in depreciation (in Ticketing of EUR 4,970 thousand and in Live Entertainment of EUR 8,325 thousand). Adoption of IFRS 16 thus results in a positive EUR 874 thousand effect on EBIT/normalised EBIT, before amortisation from purchase price allocation at Group level. After interest expenses amounting to EUR -1,097 thousand and deferred taxes of EUR 62 thousand, the effect on the net income for the period is EUR -162 thousand.

## **PERSONNEL**

Compared to the previous year, personnel expenses in the CTS Group increased from EUR 112,039 thousand by EUR 10,921 thousand to EUR 122,960 thousand. The increase in personnel expenses relates to the Live Entertainment segment with EUR 5,025 thousand and the Ticketing segment with EUR 5,896 thousand. The increase in the Live Entertainment segment primarily resulted from the expansion of the number of companies included in consolidation. The increase in the Ticketing segment is due to the further expansion of the workforce in line with business development, the implementation of technological development and expanding internationalisation.

On average, the companies in the CTS Group had a total of 2,977 employees (previous year: 2,774 employees) including part-time workers on their payroll. Of that total, 1,698 are employed in the Ticketing segment (previous year: 1,659 employees) and 1,279 in the Live Entertainment segment (previous year: 1,115 employees).

## FINANCIAL POSITION

### MAIN CHANGES IN ASSETS COMPARED TO 31 DECEMBER 2018

**Cash and cash equivalents** in the CTS Group decreased by EUR 306,481 thousand. The change in cash and cash equivalents comprises the seasonal reduction in cash and cash equivalents in the Ticketing segment due to paid out ticket monies and lower advance payments received in the Live Entertainment segment. In addition, payments to the capital reserve and the issue of loans to the operating company for the collection of the infrastructure charge accounted for at equity (Joint Venture) and dividend payments to shareholders in the second quarter of 2019 led to a cash outflow.

Cash and cash equivalents include ticket monies from presales for events in subsequent quarters (ticket monies not yet invoiced, primarily in the Ticketing segment), which are reported under other financial liabilities at EUR 287,249 thousand (31.12.2018: EUR 422,842 thousand); other financial assets also include receivables relating to ticket monies from presales mainly in the Ticketing segment (EUR 72,225 thousand; 31.12.2018: EUR 87,085 thousand) and factoring receivables (EUR 14,010 thousand; 31.12.2018: EUR 25,262 thousand).

The **payments on account** relate to already paid production costs (e.g. artist fees) for future events. The decrease of EUR 17,643 thousand is mainly due to major tours performed in the third quarter of 2019.

The decrease in current **other financial assets** (EUR -31,705 thousand) mainly results from the decrease in receivables relating to ticket revenue from presales (EUR -14,860 thousand) and factoring receivables (EUR -11,252 thousand) in the Ticketing segment.

The increase in current **other non-financial assets** (EUR +11,474 thousand) mainly includes increased VAT receivables.

**Property, plant and equipment** increased by EUR 141,647 thousand mainly due to the adoption of IFRS 16. According to IFRS 16 the right of use in property, plant and equipment (primarily venues and office buildings) amounting to EUR 141,484 thousand are capitalised.

The increase in **investments in associates accounted for at equity** (EUR +10,398 thousand) mainly results from payments to the capital reserve of the operating company for the collection of the infrastructure charge.

The non-current **other financial assets** (EUR +16,681 thousand) mainly increased due to loan receivables from the operating company for the collection of the infrastructure charge.

### MAIN CHANGES ON THE EQUITY AND LIABILITY SIDE COMPARED TO 31 DECEMBER 2018

The current **advance payments received** (EUR -172,508 thousand) mainly decreased due to the performance of events.

The decline in current **other financial liabilities** (EUR -139,890 thousand) is mainly attributable to the reduction of liabilities from ticket monies not yet invoiced in the Ticketing segment. Due to the strong fourth quarter at the end of the year, there is usually a large amount of liabilities for ticket monies not yet invoiced, which is then reduced in the course of the following year, when the events are held and invoiced.

The current **lease liabilities** (EUR +16,644 thousand) increased due to the adoption of IFRS 16.

The increase in non-current **lease liabilities** (EUR +124,886 thousand) results from the adoption of IFRS 16.

**Equity** increased by EUR 17,303 thousand to EUR 488,591 thousand. The positive consolidated net income is offset by a dividend payment to shareholders. The equity ratio (equity divided by the balance sheet total) rose to 31.5% (31.12.2018: 27.3%).

## CASH FLOW

The amount of cash and cash equivalents shown in the cash flow statement corresponds to the cash and cash equivalents stated in the balance sheet. Compared to the closing date as of 31 December 2018, cash and cash equivalents decreased by EUR 306,481 thousand to EUR 566,725 thousand.

In comparison to the closing date as of 30 September 2018 cash and cash equivalents increased by EUR 82,599 thousand. The increase results from higher cash and cash equivalents as of 1 January 2019 (EUR 873,206 thousand) compared to the previous year (01.01.2018: EUR 640,726 thousand). Due to the seasonally high ticket sales in the fourth quarter of 2018, cash and cash equivalents increased to EUR 232,480 thousand.

The decrease in **cash flow from operating activities** compared to the same period in the prior year (01.01.-30.09.2018) from EUR -64,074 thousand by EUR -105,436 thousand to EUR -169,510 thousand mainly resulted from higher reductions in liabilities for ticket monies in the Ticketing segment and from advance payments received in the Live Entertainment segment. Whereas in the fourth quarter of 2018 positive cash flow effects resulted from an increase in ticket monies in the Ticketing segment and from advance payments received in the Live Entertainment segment due to presales for events attracting large audiences, the reduction in liabilities in respect of ticket monies in the Ticketing segment and holding the events in the Live Entertainment segment led to a negative cash flow effect in the 2019 reporting period. Negative cash flow effects also resulted from the payment of higher taxes on income.

Owing to the seasonally very high level of ticket presales in the fourth quarter, there is usually a large amount of liabilities in respect of ticket monies as at 31 December that have not yet been invoiced in the Ticketing segment, which leads in the course of the following year to cash outflows of ticket monies to promoters due to many events being held and invoiced.

The negative **cash flow from investing activities** increased year-on-year from EUR -2,323 thousand by EUR -44,206 thousand to EUR -46,529 thousand. In the reporting year, outflows of capital for payments into capital reserves and the issue of a loan to a company accounted for at equity (operating company for the collection of the infrastructure charge) had a negative impact of EUR 25,658 thousand on cash flow. In the same period of the previous year, the cash flow was still mainly enhanced by proceeds from disposals of financial assets and by the takeover of cash and cash equivalents in connection with the acquisition of consolidated companies.

The negative **cash flow from financing activities** increased year-on-year from EUR -90,481 thousand by EUR -1,920 thousand to EUR -92,401 thousand. In a year-on-year comparison, reduced repayments of the syndicated credit line (revolving credit facility) resulted in a positive cash flow effect. On the other hand, negative cash flow effects resulted from the repayment of leasing liabilities following the adoption of IFRS 16.

With its current financial resources, the CTS Group is able to meet its financial commitments and to finance its planned investments and ongoing operations from its own funds.

## **SIGNIFICANT EVENTS IN THE REPORTING PERIOD**

In the judgement it handed down on 18 June 2019, the Court of Justice of the European Union (CJEU) declared that a tax relief planned in connection with the introduction of the infrastructure charge ('car toll') violates the European law. As a result, the Federal Government stopped the introduction of the 'car toll'.

On 19 June 2019, the Federal Ministry for Transport and Digital Infrastructure gave notice that it was terminating the contract with the operating company to collect the infrastructure charge with effect from 30 September 2019. The compensation claim from the project after termination of the contract with the operating company has not yet been quantified.

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

At the beginning of October, the CTS Group has acquired 51% of the shares in the Russian tour and concert promoter Talent Concert International o.o.o., Moscow (hereinafter: TCI). TCI becomes part of the promoter network EVENTIM LIVE, which thus now also has a presence in the Russian market.

The CTS Group has significantly strengthened its position in France by acquiring a stake in the country's ticketing market leader France Billet. CTS EVENTIM and Fnac Darty (owner of France Billet) have successfully concluded their negotiations, ongoing since end of July, regarding a strategic partnership for their French ticketing activities and signed the contracts at the end of October. As planned, in a first step the CTS Group acquired 48% of the shares in France Billet. At the same time, the company will merge its existing activities in France into the partnership. In addition the CTS Group has the option to acquire a majority share in the Joint Venture four years after completion of the transaction.

On 14 November 2019, the KPS Stiftung, based in Hamburg, sold 4,200,000 shares in CTS EVENTIM AG & Co. KGaA (4.375% of the voting rights). The KPS Stiftung now holds 38.827% of the voting rights in CTS EVENTIM AG & Co. KGaA.

## OUTLOOK

### EXPECTED EARNINGS PERFORMANCE

In the first nine months of the current financial year, the **CTS Group** achieved higher levels of revenue and earnings in both the Ticketing and Live Entertainment segment. This growth in revenue and earnings in both segments gained pace in the second and third quarter, thus documenting that the company's business model continues to be successful and robust. The corporate management expects higher revenue and improved earnings figures for 2019 as a whole compared to the prior year.

To continue this strategy in the future, the CTS Group will systematically pursue its growth strategy. This involves organic growth from continuous improvement of ticketing solutions and the development of additional innovative services, for example in the field of e-commerce and information science. The company will also push its growth strategy forward by making further acquisitions, as indicated by the recently completed participation in France Billet, the French provider of ticketing services.

The CTS Group is also continuing to grow in the Live Entertainment segment. The company is ready to expand its promoter network EVENTIM LIVE, launched this year, to further promoters. In early October 2019, the company announced the majority takeover of Talent Concert International (TCI), thereby entering the Russian live entertainment market. The aim of EVENTIM LIVE is to offer international artists the opportunity to tour internationally. In addition, CTS EVENTIM and the promoters of EVENTIM LIVE are continuously investing in new content formats.

### GENERAL STATEMENT ON THE EXPECTED DEVELOPMENT OF THE GROUP

CTS KGaA holds a 50% stake in the operating company for collecting the German infrastructure charge 'car toll', a Joint Venture which is accounted for using the equity method. At the end of December 2018, the operating company received the task for the construction of an infrastructure survey system and an infrastructure charge, for a duration of minimum 12 years, by the Federal Motor Vehicle Office. Due to complexities involved in accounting for the contract in accordance with IFRS, no final budgeting for the revenue and earnings effects of the project in 2019 was available when the 2018 Annual Report was published, which meant that the forecasts for the 2019 financial year were made at that time without taking the effects of the project 'car toll' into consideration.

An updated forecast for the 2019 financial year, based on a preliminary estimate of revenues and earnings for the 'car toll' project, was published with the report for the first quarter of 2019.

At the end of June, the Federal Ministry for Transport and Digital Infrastructure gave notice that it was terminating the contract between the federal government and the operating company for collecting the German infrastructure charge with effect from 30 September 2019.

Due to termination of the contract between the federal government, the operating company and the subcontractor in the CTS Group the contractually owed services were reassessed. The investment income from the operating company, accounted for at equity, was also revised.

The claim to payment for handling the project after termination of the contract with the operating company, which has yet to be quantified, has not been taken into account in the updated forecast for 2019.

Based on the positive business developments in the CTS Group in the reporting period, no significant changes are expected of the estimated Group development in the 2019 financial year according to the quarterly statement as at 31 March 2019, despite the changed contract situation in the project 'car toll'.

## **RISK AND OPPORTUNITIES REPORT**

Against the backdrop of the existing risk management systems, risk exposure is limited and manageable in the CTS Group. No risks are evident that could endanger the continuation of the Group as a going concern.

Risks and opportunities exist, among others, in the handling of major customer projects and IT projects. In connection with the major customer project/IT project 'car toll', we refer to the general statement on the Group's expected development in the outlook.

Beyond that, the statements made in the Risk and Opportunity Report 2018 are still valid.

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

ASSETS	30.09.2019 <sup>1</sup>	31.12.2018
	[EUR'000]	[EUR'000]
<b>Current assets</b>		
Cash and cash equivalents	566,725	873,206
Marketable securities and other investments	4,285	3,385
Trade receivables	64,360	62,050
Receivables from affiliated and associated companies accounted for at equity	329	563
Inventories	4,759	5,397
Payments on account	57,466	75,109
Receivables from income tax	4,299	7,136
Other financial assets	107,270	138,975
Other non-financial assets	36,405	24,931
<b>Total current assets</b>	<b>845,898</b>	<b>1,190,752</b>
<b>Non-current assets</b>		
Goodwill	324,709	320,763
Other intangible assets	124,461	130,194
Property, plant and equipment	175,050	33,403
Investments	2,958	1,739
Investments in associates accounted for at equity	29,202	18,803
Trade receivables	58	156
Receivables from affiliated and associated companies accounted for at equity	0	66
Other financial assets	27,321	10,640
Other non-financial assets	2,400	2,606
Deferred tax assets	17,313	15,986
<b>Total non-current assets</b>	<b>703,471</b>	<b>534,355</b>
<b>Total assets</b>	<b>1,549,369</b>	<b>1,725,107</b>

<sup>1</sup> The Group applied IFRS 16 as of 1 January 2019 for the first time using the modified retrospective method. When applying this method, the comparative information for fiscal year 2018 will not be adjusted.

EQUITY AND LIABILITIES	30.09.2019 <sup>1</sup>	31.12.2018
	[EUR'000]	[EUR'000]
<b>Current liabilities</b>		
Financial liabilities	34,035	38,960
Trade payables	140,755	138,939
Payables to affiliated and associated companies accounted for at equity	562	743
Advance payments received	217,393	389,901
Other provisions	5,122	7,924
Tax debts	51,639	59,297
Other financial liabilities	303,451	443,341
Lease liabilities	16,710	66
Other non-financial liabilities	67,662	75,987
<b>Total current liabilities</b>	<b>837,328</b>	<b>1,155,157</b>
<b>Non-current liabilities</b>		
Financial liabilities	60,618	66,339
Advance payments received	2,533	522
Other provisions	4,196	4,196
Other financial liabilities	2,043	11
Lease liabilities	124,997	110
Pension provisions	11,904	8,857
Deferred tax liabilities	17,160	18,626
<b>Total non-current liabilities</b>	<b>223,450</b>	<b>98,662</b>
<b>Equity</b>		
Share capital	96,000	96,000
Capital reserve	1,890	1,890
Statutory reserve	7,200	7,200
Retained earnings	347,814	335,098
Other reserves	-2,896	-1,652
Treasury stock	-52	-52
<b>Total equity attributable to shareholders of CTS KGaA</b>	<b>449,955</b>	<b>438,483</b>
Non-controlling interests	38,636	32,805
<b>Total Equity</b>	<b>488,591</b>	<b>471,289</b>
<b>Total Equity and liabilities</b>	<b>1,549,369</b>	<b>1,725,107</b>

<sup>1</sup> The Group applied IFRS 16 as of 1 January 2019 for the first time using the modified retrospective method. When applying this method, the comparative information for fiscal year 2018 will not be adjusted.

## CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2019

	01.01.2019 - 30.09.2019 <sup>1</sup>	01.01.2018 - 30.09.2018
	[EUR'000]	[EUR'000]
Revenue	1,074,573	922,538
Cost of sales	-810,394	-704,556
<b>Gross profit</b>	<b>264,179</b>	<b>217,982</b>
Selling expenses	-76,695	-67,605
General administrative expenses	-53,634	-48,880
Other operating income	20,158	21,711
Other operating expenses	-19,649	-11,776
<b>Operating profit (EBIT)</b>	<b>134,359</b>	<b>111,432</b>
Income / expenses from participations	342	455
Income / expenses from investments in associates accounted for at equity	362	1,608
Financial income	687	4,091
Financial expenses	-8,427	-3,993
<b>Income before tax (EBT)</b>	<b>127,324</b>	<b>113,593</b>
Taxes	-46,419	-36,282
<b>Net income</b>	<b>80,905</b>	<b>77,311</b>
<b>Net income attributable to</b>		
<b>Shareholders of CTS KGaA</b>	<b>72,278</b>	<b>63,444</b>
Non-controlling interests	8,627	13,867
Earnings per share (in EUR), undiluted (= diluted)	0.75	0.66
Average number of shares in circulation, undiluted (= diluted)	96 million	96 million

<sup>1</sup> The Group applied IFRS 16 as of 1 January 2019 for the first time using the modified retrospective method. When applying this method, the comparative information for fiscal year 2018 will not be adjusted.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2019

	01.01.2019 - 30.09.2019 <sup>1</sup>	01.01.2018 - 30.09.2018
	[EUR'000]	[EUR'000]
Net income	80,905	77,311
Remeasurement of the net defined benefit obligation for pension plans	-2,460	858
<b>Items that will not be reclassified to profit or loss</b>	<b>-2,460</b>	<b>858</b>
Exchange differences on translating foreign subsidiaries	1,992	1,647
Change in the fair value of derivatives in cash flow hedges	-27	13
Share of other comprehensive income (exchange differences) of investments accounted for using the equity method	167	13
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met</b>	<b>2,131</b>	<b>1,673</b>
<b>Other results (net)</b>	<b>-329</b>	<b>2,531</b>
<b>Total comprehensive income</b>	<b>80,576</b>	<b>79,842</b>
<b>Total comprehensive income attributable to</b>		
Shareholders of CTS KGaA	71,033	64,660
Non-controlling interests	9,543	15,182

<sup>1</sup> The Group applied IFRS 16 as of 1 January 2019 for the first time using the modified retrospective method. When applying this method, the comparative information for fiscal year 2018 will not be adjusted.

## CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JULY TO 30 SEPTEMBER 2019

	01.07.2019 - 30.09.2019 <sup>1</sup>	01.07.2018 - 30.09.2018
	[EUR'000]	[EUR'000]
Revenue	378,010	315,932
Cost of sales	-284,102	-242,996
<b>Gross profit</b>	<b>93,908</b>	<b>72,936</b>
Selling expenses	-26,233	-23,079
General administrative expenses	-17,886	-16,866
Other operating income	10,960	6,820
Other operating expenses	-9,554	-3,711
<b>Operating profit (EBIT)</b>	<b>51,195</b>	<b>36,100</b>
Income / expenses from participations	317	55
Income / expenses from investments in associates accounted for at equity	-2,036	476
Financial income	184	175
Financial expenses	-4,853	-786
<b>Income before tax (EBT)</b>	<b>44,807</b>	<b>36,020</b>
Taxes	-16,474	-11,097
<b>Net income</b>	<b>28,333</b>	<b>24,922</b>
<b>Net income attributable to</b>		
<b>Shareholders of CTS KGaA</b>	<b>24,041</b>	<b>19,535</b>
Non-controlling interests	4,292	5,387
Earnings per share (in EUR), undiluted (= diluted)	0.25	0.20
Average number of shares in circulation, undiluted (= diluted)	96 million	96 million

<sup>1</sup> The Group applied IFRS 16 as of 1 January 2019 for the first time using the modified retrospective method. When applying this method, the comparative information for fiscal year 2018 will not be adjusted.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JULY TO 30 SEPTEMBER 2019

	01.07.2019 - 30.09.2019 <sup>1</sup>	01.07.2018 - 30.09.2018
	[EUR'000]	[EUR'000]
Net income	28,333	24,922
Remeasurement of the net defined benefit obligation for pension plans	-1,269	84
<b>Items that will not be reclassified to profit or loss</b>	<b>-1,269</b>	<b>84</b>
Exchange differences on translating foreign subsidiaries	1,341	1,054
Change in the fair value of derivatives in cash flow hedges	-20	-26
Share of other comprehensive income (exchange differences) of investments accounted for using the equity method	212	-26
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met</b>	<b>1,533</b>	<b>1,002</b>
<b>Other results (net)</b>	<b>264</b>	<b>1,086</b>
<b>Total comprehensive income</b>	<b>28,597</b>	<b>26,008</b>
<b>Total comprehensive income attributable to</b>		
Shareholders of CTS KGaA	23,657	20,456
Non-controlling interests	4,940	5,553

<sup>1</sup> The Group applied IFRS 16 as of 1 January 2019 for the first time using the modified retrospective method. When applying this method, the comparative information for fiscal year 2018 will not be adjusted.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### Equity attributable to shareholders of CTS KGaA

	Other reserves											Total equity
	Share capital	Capital reserve	Statutory reserve	Retained earnings	Currency translation	Hedging instruments	Associated companies for at equity	Remeasurement of the net defined benefit obligation for pension plans	Treasury stock	Total equity attributable to shareholders of CTS KGaA	Non-controlling interests	
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
<b>Status 01.01.2018</b>	<b>96,000</b>	<b>1,890</b>	<b>7,200</b>	<b>266,394</b>	<b>1,571</b>	<b>-18</b>	<b>-2,084</b>	<b>-1,759</b>	<b>-52</b>	<b>369,142</b>	<b>23,841</b>	<b>392,982</b>
Net income	0	0	0	63,444	0	0	0	0	0	63,444	13,867	77,311
Other income	0	0	0	0	677	-1	13	528	0	1,217	1,314	2,531
<b>Total income</b>										<b>64,660</b>	<b>15,182</b>	<b>79,842</b>
Dividends	0	0	0	-56,635	0	0	0	0	0	-56,635	-4,402	-61,037
Changes in the scope of consolidation	0	0	0	6,866	0	0	0	0	0	6,866	-2,262	4,604
Other changes	0	0	0	0	-283	0	283	0	0	0	0	0
<b>Status 30.09.2018</b>	<b>96,000</b>	<b>1,890</b>	<b>7,200</b>	<b>280,069</b>	<b>1,964</b>	<b>-19</b>	<b>-1,788</b>	<b>-1,231</b>	<b>-52</b>	<b>384,034</b>	<b>32,358</b>	<b>416,391</b>
<b>Status 01.01.2019</b>	<b>96,000</b>	<b>1,890</b>	<b>7,200</b>	<b>335,098</b>	<b>1,465</b>	<b>-14</b>	<b>-1,923</b>	<b>-1,181</b>	<b>-52</b>	<b>438,483</b>	<b>32,805</b>	<b>471,289</b>
Net income	0	0	0	72,278	0	0	0	0	0	72,278	8,627	80,905
Other income	0	0	0	0	54	-27	167	-1,438	0	-1,245	916	-329
<b>Total income</b>										<b>71,033</b>	<b>9,543</b>	<b>80,576</b>
Dividends	0	0	0	-59,515	0	0	0	0	0	-59,515	-4,788	-64,302
Changes in the scope of consolidation	0	0	0	0	0	0	0	0	0	0	1,075	1,075
Other changes	0	0	0	-46	0	0	0	0	0	-46	0	-46
<b>Status 30.09.2019</b>	<b>96,000</b>	<b>1,890</b>	<b>7,200</b>	<b>347,814</b>	<b>1,519</b>	<b>-41</b>	<b>-1,756</b>	<b>-2,619</b>	<b>-52</b>	<b>449,955</b>	<b>38,636</b>	<b>488,591</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2019 (SHORT-FORM)

	01.01.2019 - 30.09.2019 <sup>1</sup>	01.01.2018 - 30.09.2018
	[EUR'000]	[EUR'000]
Net income	80,905	77,311
Depreciation and amortisation on fixed assets	40,189	26,524
Changes in pension provisions	2,760	-908
Deferred tax expenses / income	-1,950	-5,137
<b>Cash flow</b>	<b>121,904</b>	<b>97,790</b>
Other non-cash transactions	4,717	-3,419
Profit / loss from disposal of fixed assets	125	-3,540
Interest expenses / Interest income	2,651	1,804
Income tax expenses	48,369	41,419
Interest received	581	368
Interest paid	-1,265	-1,417
Income tax paid	-52,789	-26,310
Increase (-) / decrease (+) in inventories	647	512
Increase (-) / decrease (+) in payments on account	21,666	-1,125
Increase (-) / decrease (+) in marketable securities and other investments	-872	-3,579
Increase (-) / decrease (+) in receivables and other assets	11,153	-2,981
Increase (+) / decrease (-) in provisions	-3,546	-6,078
Increase (+) / decrease (-) in liabilities	-322,851	-157,517
<b>Cash flow from operating activities</b>	<b>-169,510</b>	<b>-64,074</b>
<b>Cash flow from investing activities</b>	<b>-46,529</b>	<b>-2,323</b>
<b>Cash flow from financing activities</b>	<b>-92,401</b>	<b>-90,481</b>
<b>Net increase / decrease in cash and cash equivalents</b>	<b>-308,440</b>	<b>-156,878</b>
Net increase / decrease in cash and cash equivalents due to currency translation	1,959	278
Cash and cash equivalents at beginning of period	873,206	640,726
<b>Cash and cash equivalents at end of period</b>	<b>566,725</b>	<b>484,125</b>
<b>Composition of cash and cash equivalents</b>		
Cash and cash equivalents	566,725	484,125
<b>Cash and cash equivalents at end of period</b>	<b>566,725</b>	<b>484,125</b>

<sup>1</sup> The Group applied IFRS 16 as of 1 January 2019 for the first time using the modified retrospective method. When applying this method, the comparative information for fiscal year 2018 will not be adjusted.

## **FORWARD-LOOKING STATEMENTS**

This Group quarterly statement contains forecasts based on assumptions and estimates by the corporate management of CTS KGaA. These statements based on assumptions and estimates are in the form of forward-looking statements using terms such as 'believe', 'assume', 'expect' and the like. Even though corporate management believes that these assumptions and estimates are correct, it is possible that actual results in the future may deviate materially from such assumptions and estimates due to a variety of factors. The latter may include changes in the macroeconomic environment, in the statutory and regulatory framework in Germany and the EU, and changes within the industry. CTS KGaA does not provide any guarantee or accept any liability or responsibility for any divergence between future developments and actual results, on the one hand, and the assumptions and estimates expressed in this Group quarterly statement. CTS KGaA has no intention and undertakes no obligation to update forward-looking statements in order to adjust them to actual events or developments occurring after the date of this report.

The consolidated financial statements are denominated in Euro. All amounts in the Group quarterly statement are rounded to thousand Euros. This may lead to minor deviations on addition.

The Group quarterly statement is also available in German. The German version of the Group quarterly statement takes priority over the English translation in the event of any discrepancies. Both language versions can be downloaded at [www.eventim.de](http://www.eventim.de).

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