



DEAG Deutsche Entertainment Aktiengesellschaft

QUARTERLY REPORT
AS OF 31/03/2019

// DEAG OVERVIEW

COMPANY PROFILE

DEAG Deutsche Entertainment AG (DEAG) is a leading entertainment service company and provider of Live Entertainment in Europe. With its Group companies, DEAG has been active in the areas of planning, organisation, marketing and holding of live events for over 40 years and is present at seven locations in its core markets of Germany, the United Kingdom and Switzerland.

DEAG produces and profitably organises a broad range of events and concerts. As an integrated entertainment Group, DEAG has extensive expertise in the planning, organisation, marketing and holding of events, as well as in ticket sales via its own ticketing platform “MyTicket” for its own content and third-party content. The highly scalable business model of MyTicket strengthens DEAG on its way to increasing profitability. DEAG realises around 4,000 concerts and events a year and currently sells more than five million tickets, of which a steadily increasing share is sold via its high-turnover ticketing platforms MyTicket. Considering its decades of experience in the entertainment industry, DEAG has a strong reputation and valuable ties to artists and sponsors.

Founded in Berlin in 1978 and listed on the stock exchange since 1998, DEAG’s core businesses include Rock/Pop, Classics & Jazz, Family Entertainment and Arts+Exhibitions. The Family Entertainment and Arts+Exhibitions divisions in particular are of great importance to the further development of DEAG’s own content. With its strong partner network, DEAG is excellently positioned in the market as an internationally active live entertainment service company.

DEAG shares (ISIN: DE000A0Z23G6 | WKN: A0Z23G | ERMK) are listed in the Prime Standard segment of the Frankfurt Stock Exchange, the quality segment of Deutsche Börse.

DEAG’S CORE MARKETS



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// DEAG ON THE CAPITAL MARKET

1.1 KEY SHARE DATA¹

ISIN	DE000A0Z23G6
WKN	A0Z23G
Number of outstanding shares (31 March 2019)	18,397,423
High (1 January – 31 March 2019)	EUR 4.12
Low (1 January – 31 March 2019)	EUR 2.99
Market capitalisation on 31 March 2019	EUR 74.9 million
Designated sponsor(s)	Hauck & Aufhäuser, ODDO Seydler

1.2 PERFORMANCE OF THE DEAG SHARE

The DEAG share developed positively in the first three months of 2019. From January to March 2019, the share recorded a steady upward trend, clearly exceeding the 4-euro mark. On 2 January 2019, the share started the new financial year at a closing price of EUR 3.19. The share reached its highest level of EUR 4.12 on 26 February 2019.



1.3 PERFORMANCE OF THE DEAG BOND 2018/2023

DEAG successfully placed a corporate bond (WKN/ISIN: A2NBF2 | DE000A2NBF25) on the capital market at the end of October 2018 with the aim of financing the company's internal and external growth in its core markets and at the same time optimising its financing structure. By issuing the bond with an issue volume of EUR 20 million, the Group is securing its long-term financing so that it can continue to grow profitably in the future. The bearer bonds with a nominal value of EUR 1,000 each have a term of 5 years and an annual fixed interest rate of 6.00%. The bond has been trading on the Open Market (Quotation Board segment) of the Frankfurt Stock Exchange since 31 October 2018. In the first quarter of 2019, the bond was listed exclusively at prices well above 100%.



¹ All quoted prices are XETRA closing prices.

1.7 INVESTOR RELATIONS

We attach the greatest importance to the need for information on the capital market and meet the highest transparency requirements with our listing in the Prime Standard of the Frankfurt Stock Exchange. Besides meeting our legal obligations, we also carried out a number of other IR activities in the first three months of the current financial year:

- Participation in one capital market conference
- Numerous one-on-one meetings with investors at home and abroad
- Publication of 3 Corporate News

In order to meet our objectives and satisfy our shareholders and stakeholders, the Executive Board of DEAG plans to further intensify its investor relations activities on an ongoing basis. The aim is to step up dialogue with international investors by conducting roadshows and participating in capital market conferences.

Detailed information on investor relations can be found at www.deag.de/ir. DEAG Deutsche Entertainment AG constantly offers information on all current business developments here.

FINANCIAL CALENDAR 2019

6 February	HIT I HAMBURG INVESTOR DAY (Hamburg)
29 March	2018 Annual Financial Report
5 April	ESN MARKET SOLUTIONS FORUM (Paris)
7 May	EUROPEAN SMALL AND MID-CAP SYMPOSIUM (London)
8 May	MKK I MUNICH CAPITAL MARKET CONFERENCE (Munich)
13 – 15 May	GERMAN SPRING CONFERENCE (Frankfurt/Main)
16 May	HAIB STOCKPICKER SUMMIT (Madrid)
28 May	MAINFIRST SMID CAP CONFERENCE (Frankfurt/Main)
29 May	Quarterly Financial Statement (3M)
27 June	Annual General Meeting (Berlin)
30 August	Half-Year Financial Report (6M)
2 – 3 September	GERMAN FALL CONFERENCE (Frankfurt/Main)
17 September	PRIOR CAPITAL MARKET CONFERENCE (Frankfurt/Main)
27 September	BAADER INVESTMENT CONFERENCE 2019 (Munich)
25 – 27 November	EKF I GERMAN EQUITY FORUM (Frankfurt/Main)
29 November	Quarterly Financial Statement (9M)

// GROUP MANAGEMENT REPORT

KEY OPERATIONAL DEVELOPMENTS

DEAG Deutsche Entertainment AG (DEAG) can look back on strong organic growth in the first quarter of 2019. Sales after the first three months of the current financial year amounted to EUR 25.5 million. Adjusted for the figure for the previous year (EUR 27.0 million) in the amount of the sales contribution of Raymond Gubbay Limited (EUR 6.5 million), which was deconsolidated in 2018, this equates to organic growth of 24% compared to the same period of the previous year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) also increased by 25% to EUR 1.0 million in line with the dynamic sales trend. DEAG was thus profitable even in the traditionally softest quarter of the financial year. For the remainder of the year, the Executive Board expects moderate growth in sales and EBITDA compared to the previous year, also as a result of the investments in companies in the three core markets of Germany, England and Switzerland, which are currently close to completion.

Very successful Family Entertainment formats such as Disney on Ice and Flying Music's Thriller Live in Great Britain contributed to this positive development in the first quarter. Disney on Ice is now available in six cities and celebrated its premiere in early March 2019 in the Tui Arena in Hanover. In the Arts+Exhibitions division, the Christmas Gardens were once again very popular, attracting over 350,000 guests in Berlin, Dresden and Stuttgart throughout the 2018/2019 season. The very successful Harry Potter exhibition at Filmpark Babelsberg, which attracted more than 300,000 visitors from October 2018 to March 2019, also deserves special mention in this area. DEAG's Classics & Jazz division also featured other event highlights in the first quarter of 2019. The sold-out concerts by Till Brönner and Joja Wendt at the Philharmonie Essen in February of this year were a complete success. Also in February, the Russian soprano Anna Netrebko and her husband Yusif Eyvazov gave their first joint concert in Switzerland. In the Rock/Pop division, advance sales in the first quarter of 2019 were very positive for numerous highlights of the upcoming open-air season.

DEAG is increasingly distributing its content via its own ticketing platform MyTicket. Accordingly, DEAG intensified its involvement in this area at the turn of the year and now holds 100% of the company. There are also plans to cooperate with the Swiss ticket software provider SecuTix starting in the summer of 2019. SecuTix makes use of the latest technologies, such as blockchain or dynamic pricing, in order to be able to act in a customer-oriented manner and prevent the secondary market from forming. In addition, DEAG will be able to save considerable costs by switching vendors.

From a regional perspective, besides the stable domestic market of Germany, business in the UK developed very well again. Besides numerous event highlights such as Thriller Live, The World of Hans Zimmer or the stadium shows with Ed Sheeran, advance sales for the Scottish cult festival Belladrum were also excellent. With 17,000 visitors, it completely sold out for the tenth time in a row in 2019. In addition, DEAG entered into a joint venture with theatre producer Joshua Andrews in the first quarter of 2019 via its British subsidiary Kilimanjaro Live. This cooperation offers further growth potential, especially in the area of Family Entertainment.

With regard to the Rock/Pop division, besides the Belladrum Festival, numerous other event highlights are planned for 2019. US rock singer Lenny Krawitz, for example, has announced his only concert in Germany this year with DEAG. The cult band KISS will also be touring Germany this year together with DEAG. In 2019, DEAG will be offering fans of Anne-Sophie Mutter another premiere in the Classics & Jazz division. The star violinist will perform the first open-air concert of her career with film music by John Williams together with the Royal Philharmonic Orchestra at Munich's Königsplatz in September of this year. The prospects for the Arts+Exhibitions division are also very good in 2019. After Cologne, the successful virtual reality format Time Ride will also be offered this year in Dresden and presumably in Berlin and Frankfurt/Main. The Christmas Gardens are also to be expanded from currently three cities to six cities. The plans for this are close to completion.

Besides organic growth through the expansion of successful, profitable formats, DEAG is also driving its acquisition and integration strategy forward. Further acquisitions in the core markets are planned for 2019. The company has sufficient funds available for this purpose from the 2018 bond placement. In addition, foreseeable funds of up to EUR 4.3 million will be released in connection with the convertible bonds issued in 2016, 53% of which have since been converted into new shares. Other investors have also announced further declarations of conversion to DEAG. The Group's equity will increase by the same amount. Acquisition negotiations in this connection may be concluded shortly to further accelerate DEAG's profitable growth.

DEVELOPMENT OF THE SEGMENTS

DEAG reports in an unchanged segment structure. This presents the activities of the Group clearly and accurately:

The **Live Touring segment** (“traveling business”) includes the tour business. This includes the activities of the companies DEAG Classics (Berlin), DEAG Concerts (Berlin), KBK Konzert- u. Künstleragentur (Berlin), Wizard Promotions Konzertagentur (Frankfurt/Main), Grünland Family Entertainment (Berlin), Global Concerts Touring GmbH (Munich), Christmas Garden Deutschland GmbH (Berlin), the subgroup Kilimanjaro (London, UK), including the Flying Music Group and The Classical Company (Zurich, Switzerland).

The **Entertainment Services segment** (“stationary business”) comprises the regional business and the entire service business. These include the activities of the AIO Group (Glattpark, Switzerland), Global Concerts (Munich), Concert Concept (Berlin), Grandezza Entertainment (Berlin), River Concerts (Berlin) and Elbklassik (Hamburg), handwerker promotion e. gmbh (Unna), LiveGeist Entertainment GmbH (Frankfurt/Main), Kultur- und Kongresszentrum Jahrhunderthalle GmbH (Frankfurt/Main), FOH Rhein Main Entertainment GmbH, (Frankfurt/Main) as well as mytic myticket (Berlin) and Kultur im Park GmbH (Berlin).

Segment performance at a glance:

LIVE TOURING

With sales of EUR 15.4 million (previous year: EUR 22.3 million), EBITDA amounted to EUR 1.1 million. The decline mainly relates to the sales contribution of EUR 6.5 million of Raymond Gubbay Limited, which was no longer included in the reporting period.

Previous year: Very successful Family Entertainment formats such as Disney on Ice and Flying Music's Thriller Live contributed to this positive development in the first quarter. With Till Brönner, Joja Wendt and Anna Netrebko, the Classics & Jazz division also featured a few highlights in the first quarter. The Rock/Pop division started financial year 2019 with acts such as Bastille, Alison Moyet und Joan Baez. As in previous years, the Arts+Exhibition division, despite the extremely successful Harry Potter exhibition, will focus on the Christmas business in the fourth quarter.

ENTERTAINMENT SERVICES

With sales of EUR 11.9 million (previous year: EUR 10.2 million), EBITDA amounted to EUR 1,0 million.

The local tour operators mainly benefited from the Group's own tour business in the reporting period.

Both segments will benefit from the expected positive development in the further course of the financial year. Highlights in the coming months will be Rock/Pop open-air and arena concerts with Ed Sheeran, Böhse Onkelz, KISS, the sold-out Scottish Festival Belladrum or the Open Air with LaBrassBanda on Munich's Königsplatz. It is also becoming apparent that the Family Entertainment and Arts+Exhibition divisions, the latter especially in the fourth quarter, will also play the expected strong role.

RISK AND OPPORTUNITY REPORT

For information on DEAG's risks and opportunities, please refer to the Risk Report in the Combined Management Report and Group Management Report 2018 (p. 21 ff.) published in the Annual Report as of 31 December 2018.

FORECAST REPORT

The Executive Board expects the positive development to continue for the rest of the year, also as a result of the investments in companies in the three core markets of Germany, England and Switzerland, which are currently close to completion, and is optimistic that sales and EBITDA will grow moderately compared to 2018.

The forecast is based on the assumption of a constant exchange rate and does not take into account any changes in the competitive environment.

Due to the nature of DEAG's business activities as the parent company, its future development is closely linked to that of the Group. For this reason, reference is made to the above forecast of the Group, which also reflects management's expectations regarding the development of the parent company.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements based on current assumptions and forecasts made by DEAG's management. Such statements are subject to risks and uncertainties. These and other factors could cause the results, financial position, developments or performance of the company to differ materially from the estimates provided here. The company assumes no obligation whatsoever to update such forward-looking statements or to adjust them to suit future events or developments.

// CONSOLIDATED BALANCE SHEET

TOTAL ASSETS

	31.03.2019	31.12.2018	31.03.2018
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Liquid funds	34.559	36.427	38.225
Trade receivables	7.781	10.289	14.337
Down Payments	14.463	9.357	24.069
Income tax receivables	2.549	2.180	917
Inventories	74	74	103
Other current financial assets	2.426	2.886	1.893
Other current non-financial assets	2.237	2.692	2.182
Current assets	<u>64.089</u>	<u>63.905</u>	<u>81.726</u>
Goodwill	23.997	23.915	26.256
Other intangible assets	13.536	13.203	8.469
Tangible fixed assets	19.414	19.409	2.397
Investment properties	5.625	5.625	5.340
Investments	2.148	1.899	766
According to the equity method accounted financial assets	1.214	1.182	1.460
Loans to associated companies	-	-	1.221
Down Payments	3	4	231
Other long-term financial assets	2.503	2.545	1.529
Deferred tax assets	1.296	1.294	722
Long-term assets	<u>69.736</u>	<u>69.076</u>	<u>48.391</u>
Total assets	<u>133.825</u>	<u>132.981</u>	<u>130.117</u>

TOTAL LIABILITIES AND EQUITY

	31.03.2019	31.12.2018	31.03.2018
	in EUR '000	in EUR '000	in EUR '000
Bank loans payable	12.450	10.101	17.952
Trade accounts payable	6.064	11.866	7.577
Accruals	6.567	8.257	4.943
Convertible bond	4.300	4.300	1.363
Contract liabilities	43.698	34.658	70.661
Income tax liabilities	1.247	1.021	805
Other current financial liabilities	4.125	3.705	4.598
Other current non-financial liabilities	3.311	4.527	2.574
Current liabilities	81.762	78.435	110.473
Accruals	239	238	-
Bond	18.860	18.921	-
Convertible bond	-	-	4.185
Bank loans payable	1.333	1.500	766
Contract liabilities	-	181	-
Other long-term financial liabilities	15.240	15.467	314
Deferred taxes	3.349	3.291	2.120
Long-term liabilities	39.021	39.598	7.385
Share capital	18.396	18.396	18.396
Capital reserve	42.508	42.508	42.508
Retained earnings	-466	-466	-
Accumulated deficit	-53.462	-52.107	-54.495
Accumulated other income	1.592	1.563	608
Equity attributable to DEAG shareholders	8.568	9.894	7.017
Equity attributable to non-controlling interest	4.474	5.054	5.242
Equity	13.042	14.948	12.259
Total liabilities and equity	133.825	132.981	130.117

// CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GROUP PROFIT AND LOSS ACCOUNTING

	01.01.2019 -31.03.2019	01.01.2018 -31.03.2018
	<u>in EUR '000</u>	<u>in EUR '000</u>
Sales	25.466	26.968
Cost of sales	-18.965	-20.929
Gross profit	6.501	6.039
Distribution costs	-2.871	-2.746
Administration costs	-3.853	-3.040
Other operating income / expenses	258	87
Operating result (EBIT)	35	340
Interest income and expenses	-918	-277
Result from investments	-2	-
Income shares in companies accounted for using the equity method	-51	56
Financial result	-971	-221
Result before taxes (EBT)	-936	119
Income taxes	-70	-145
Result after taxes from continued operations	-1.006	-26
Result after taxes from discontinued operations after taxes	-1	-76
Group result after taxes	-1.007	-102
thereof attributable to non-controlling interest	348	315
thereof attributable to DEAG shareholders (Group result)	-1.355	-417
Earnings per share in EUR (diluted/undiluted) from continued operations	-0,07	-0,02
from continued and discontinued operations	-0,07	-0,02
Average no. of shares outstanding (undiluted)	18.396.808	18.099.995

Consolidated Statement of Comprehensive Income

from 01.01.2019 to 31.03.2019	I/2019 in EUR '000	I/2018 in EUR '000
Group result after taxes	-1.007	-102
Other result		
(+/-) Differences from exchange rates (independent foreign units)	-57	-16
Amounts as may be reclassified in future periods in the profit and loss account	-57	-16
Total result	-1.064	-118
Thereof attributable to		
Non-controlling interest	261	327
DEAG Shareholders	-1.325	-445

// ABBREVIATED STATEMENT OF CASH FLOW

	01.01.2019 -31.03.2019	01.01.2018 -31.03.2018
	<u>in EUR '000</u>	<u>in EUR '000</u>
Result from continued operations	-1.006	-26
Depreciation and amortisation	954	451
Change in accruals	-1.723	-1.885
Changes not affecting payments	-15	12
Deferred taxes (net)	56	9
Result from valuation of associated companies	51	-56
Cash flow	-1.683	-1.495
Net interest income	918	277
Change in working capital	-351	-3.551
Net cash from operating activities from continued operations	-1.116	-4.769
Net cash from operating activities from discontinued operations	-1	-76
Net cash from operating activities (total)	-1.117	-4.845
Net cash from investment activities from continued operations	-379	-53
Net cash from financial activities (total)	-83	1.346
equivalents	-1.579	-3.552
Effects of exchange rates	-289	-39
Cash and cash equivalents at beginning of Period	36.427	41.816
Cash and cash equivalents at end of period	34.559	38.225

// DEVELOPMENT OF EQUITY WITHIN THE GROUP

	31.12.2017	01.01.2018 -31.03.2018	31.03.2018
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	18.396	-	18.396
Capital reserve	42.508	-	42.508
Accumulated deficit	-54.078	-417	-54.495
Accumulated other income	638	-30	608
Equity attributable to DEAG shareholders	7.464	-447	7.017
Equity attributable to non-controlling interest	5.154	88	5.242
Equity	<u>12.618</u>	<u>-359</u>	<u>12.259</u>
		01.01.2019 -31.03.2019	31.03.2019
	31.12.2018	<u>in EUR '000</u>	<u>in EUR '000</u>
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	18.396	-	18.396
Capital reserve	42.508	-	42.508
Retained earnings	-466	-	-466
Accumulated deficit	-52.107	-1.355	-53.462
Accumulated other income	1.563	29	1.592
Equity attributable to DEAG shareholders	9.894	-1.326	8.568
Equity attributable to non-controlling interest	5.054	-580	4.474
Equity	<u>14.948</u>	<u>-1.906</u>	<u>13.042</u>

// CONDENSED NOTES

NOTES PURSUANT TO IAS 34

This quarterly financial report, comprising the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated cash flow statement, the statement of changes in equity and selected explanatory notes, has been prepared in accordance with IAS 34 and the applicable provisions of the German Securities Trading Act (WpHG).

The interim consolidated financial statements as of 31 March 2019 do not contain all the disclosures and information presented in a complete set of annual financial statements. It is advisable to read the quarterly financial report together with the consolidated financial statements as of 31 December 2018.

The accounting, consolidation, currency translation, accounting and valuation principles applied in the consolidated financial statements as of 31 December 2018 were retained unchanged. Please refer to the notes to the 2018 consolidated financial statements printed in the Annual Report (pages 51-66).

The report has not been audited. Nor has it been reviewed by an auditor.

OTHER DISCLOSURES

Further explanatory notes required by IAS 34.15ff are not relevant, of secondary importance or there have been no material changes since 31 December 2018.

Berlin, 29 May 2019

DEAG Deutsche Entertainment Aktiengesellschaft

The Executive Board



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