

Q1 2017

Quarterly Statement

Constantin Medien AG is an internationally operating media company based in Ismaning near Munich. Business operations comprise the Segment Sports and through its majority holding in Highlight Communications AG, Pratteln/Switzerland, the Segments Film as well as Sports- and Event-Marketing. The investments in the Segment Other Business Activities were sold in the first quarter of 2016.

- **Sales and earnings performance** of Constantin Medien Group in Q1 2017 marked by weaker film business. Very high sales in the previous year due to the exploitation start of “Fack Ju Göhte 2” and the launch of the TV series “Shadowhunters” in the USA.
- **Group sales** reached EUR 111.1 million, 27.0% below high previous year’s figure of EUR 152.1 million. Sales in Segment Film clearly below prior year (-40.8%), Segment Sports records sales increase by 3.1% due to slight growth in TV and sports production. Segment Sports- and Event-Marketing achieved a slight sales increase of 1.5%.
- **Profit from operations (EBIT)** at EUR 0.7 million after EUR 6.1 million in Q1 2016. Decline is primarily attributable to Segment Film (EUR -3.3 million against Q1 2016). Segment Sports records decline in EBIT by EUR 1.0 million due to increased cost of materials and licenses. Result in Segment Sports- and Event-Marketing remained at high previous year’s level.
- **Earnings attributable to shareholders** at EUR -3.1 million in Q1 2017, after EUR -0.7 million in Q1 2016.
- **Expectations for 2017 full year confirmed:**
The Management Board of Constantin Medien AG confirms its previous Group guidance for the 2017 financial year. Currently it is still assuming Group sales of EUR 480 million to EUR 520 million and, taking into account the holding costs as well as financial expenses and taxes, positive earnings attributable to shareholders of EUR 0.5 million to EUR 3.5 million.

However, due to the still continuing dispute over the control of the Constantin Medien Group’s companies, the various legal disputes as well as the effects of a possible sale of the shares in Sport1 GmbH and Sport1 Media GmbH, a number of uncertainties still exists which could affect the expectations for the operational development in the segments and overall the financial targets of the Group, but still cannot yet be finally quantified as of today.

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Forward-looking statements

This document is a quarterly statement according to section 51a of the Stock Exchange Regulations of Frankfurt Stock Exchange.

This document contains forward-looking statements that are based on estimates and expectations of the Management Board. Words such as anticipate, intend, expect, can/could, plan, provided, further improvement, target is and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not historical facts. They are subject to risks, uncertainties and factors, of which most are difficult to assess and which in general are beyond the control of the Management Board. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove to be incorrect, the actual results, performance or achievements of the Constantin Medien Group may differ significantly from those described explicitly or implicitly in the forward-looking statements. The Constantin Medien AG does not

intend to continuously update the forward-looking statements contained in this document.

Although every effort has been made to ensure that the provided information and facts are correct, and that the opinions and expectations are reasonable, no liability or warranty as to the completeness, correctness, adequacy and/or accuracy of any forward-looking statements in this document are assumed.

Rounding differences of +/- one unit may occur in the tables for computational reasons and the percentages shown may not precisely reflect the absolute figures that they represent.

Important notice

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Quarterly Statement

1. Financial performance indicators

For the 2017 financial year, with regard to the consistency within the Constantin Medien Group, only sales and earnings attributable to shareholders are used as key performance indicators. In addition, the key figures profit from operations (EBIT) and net debt (cash and cash equivalents less financial liabilities) are regularly determined for controlling and managing the segments.

2. Business performance in the first quarter 2017

2.1 Overall view

- In Q1 2017, **sales, profit from operations (EBIT) and earnings attributable to shareholders** declined compared to the same period of the previous year.
- In Q1 2017, **sales** by 27.0% below Q1 2016 due to lower sales in the Segment Film. Sales in the Segments Sports as well as Sports- and Event-Marketing slightly above prior year.
- **Profit from operations (EBIT)** at EUR 0.7 million after EUR 6.1 million in the prior-year quarter. In Q1 2017, decline in EBIT by EUR 1.0 million in the Segment Sports; decline in the Segment Film by EUR 3.3 million.
- **Earnings attributable to shareholders** at EUR -3.1 million after EUR -0.7 million in the prior-year quarter.

Constantin Medien Group | Business performance in EUR million

	1/1 to 3/31/2017	1/1 to 3/31/2016	Change in %
Sales	111.1	152.1	-27.0
Profit from operations (EBIT)	0.7	6.1	-88.5
Earnings attributable to shareholders	-3.1	-0.7	> -100

2.2 Operating and economic development of the segments in the first quarter 2017

2.2.1 Segment Sports

- Further expansion of rights portfolio for SPORT1 platforms – among others, the rights to Major League Baseball, the Champions Hockey League, the UEFA Women's Champions League, the Intel® Extreme Masters Katowice 2017 for the eSports area and the World Games 2017 in Wrocław in July, the world's biggest multisports event this year.
- At the start of the Bundesliga second leg, launch of the new Friday-night talk format "Warm-up – Die Fußballvorschau".
- Agreement between SPORT1 and MEDIA BROADCAST – since the launch of DVB-T2 HD on March 29, 2017, SPORT1 HD also to be received via the new digital antenna TV in the program offer of freenet TV.
- Ratings highlights in free-TV particularly included the semi-final and final of the Darts World Championship at the start of January, the round of sixteen of the UEFA Europa League between Schalke 04 and Borussia Mönchengladbach as well as "Der Volkswagen Doppelpass".
- Free-TV market shares in the target group of viewers overall (Z3+) with 0.9% on average and in the core target group of men aged 14 to 49 years (M14-49) with 1.5% on average, remaining at the level of the previous year's quarter (Q1 2016: 0.9% Z3+; 1.5% M14-49).

Source: AGF/GfK Fernsehforschung (TV Scope) January 1 to March 31, 2016/2017, Ø/reporting period

- Pay-TV distribution as at March 31, 2017, continues to be at high level totaling 2.15 million SPORT1+ subscribers (Q1 2016: 2.02 million, excluding those subscribers reached via Sky) and 1.49 million SPORT1 US subscribers (Q1 2016: 1.49 million, excluding Sky subscribers).
- Slight reduction in page impressions (PIs) in the mobile area against Q1 2016 at 639.3 million (Q1 2016: 649.8 million) and 61.1 million visits (Q1 2016: 62.7 million). Coverage in the previous year's quarter influenced primarily by German successes at the Tennis Australian Open and the Men's Handball European Championship in January.

- Mobile coverage in March exceeded those of the reference month in 2016, e.g. due to stronger focus on editorial contents, traffic-increasing search engine optimization (SEO) measures and product optimizations, including the live ticker.

Sources: IVW (German Information Association for the Ascertainment of Distribution of Advertising Media e.V.) January to March 2016/2017, Ø/reporting period; Mobile: MEW, SPORT1 News App, Manager App until 5/2016, Video App, SPORT1.fm App and Darts App.

- Access figures in the online area also declining compared to Q1 2016 at 92.4 million PIs and 16.6 million visits (Q1 2016: 146.5 million PIs; 18.7 million visits) due to generally declining use of stationary offers and ad-blocker solutions.

Sources: IVW, German Information Association for the Ascertainment of Distribution of Advertising Media, January to March 2016/2017, Ø/reporting period; Online: sport1.de; tv.sport1.de; video.sport1.de, bundesligamanager.sport1.de and SPORT1.fm; SPORT1.de and SPORT1.fm have had the same offer ID with IVW since 1/2016 and are shown together each month.

- Increase in video views on the SPORT1 YouTube channels to 4.0 million against Q1 2016 (3.9 million video views).
- Video views on the SPORT1 platforms (including livestream, without YouTube) at 9.8 million*. In March, particularly high call-off figures on the last sixteen matches of the UEFA Europa League between Schalke 04 and Borussia Mönchengladbach and the Premier League Darts. Q1 2016 at 11.1 million streaming sessions.

Sources: Video views on SPORT1 platforms excluding YouTube: DoubleClick January to March 2016/2017; Livestream: Akamai January to March 2016; DoubleClick January to March 2017; YouTube Content Management System January to March 2016/2017, Ø/reporting period
*Since November 2016, the video views data have been collected by DoubleClick; a comparison to previous periods is therefore not possible.

- PLAZAMEDIA with production services, among others, live sound recording, graphics creation as well as highlights of various races of the FIS Ski Cross World Cup and the Freestyle World Championship for the “ZDF Mediathek”.
- Central production handling of around 51 matches of the Handball World Championship for Deutsche Kreditbank AG (DKB), including e.g. satellite downlinks of worldfeed signals from the host broadcaster, scoring, graphics, encoding and feeding or delivery of the signals.
- Production services within the final of the TAG Heuer virtual Bundesliga, a video play tournament in EA Sports FIFA 17, for SPORT1 at the venue in Dortmund including the technical implementation of the live streaming at the broadcasting center Ismaning.
- Since February, PLAZAMEDIA subsidiary LEITMOTIF Creators under the brand LEITMOTIF Consultants has been providing media advisory and communication services for companies.
- **Sales increase** in the Segment Sports by EUR 1.1 million to EUR 36.6 million attributable to higher sales in TV and in the sports production area.
- **Segment result** at EUR -0.2 million (Q1 2016: EUR 0.8 million), primarily due to increased cost of materials and licenses.

Segment Sports | Segment performance in EUR million

	1/1 to 3/31/2017	1/1 to 3/31/2016	Change	Change in %
Segment sales	36.3	35.2	1.1	3.1
Segment result	-0.2	0.8	-1.0	> -100

2.2.2 Segment Film

- Theatrical distribution – Theatrical release of the Constantin Film in-house/co-productions “Resident Evil: The Final Chapter” (January 26, 2017) and “Timm Thaler” (February 2, 2017) as well as the licensed film “A Dog’s Purpose” (February 23, 2017) with visitor figures remaining below expectations.
- Home Entertainment – Continuing good sales figures of the catalog titles “Fack Ju Göhte” (part 1 and part 2), “Look Who’s Back” and “Ostwind” (part 1 and part 2). In Q1 2017, among others, the license title “The Light Between Oceans” and the Constantin Film co-production “Verrückt nach Fixi” were rereleased. Exploitation results in the physical area below expectations; however, at a very good level in the digital area (electronic sell-through and video-on-demand).
- License trading/TV exploitation – License starts for the theatrical films “Pompeii” (ProSieben) and “Tarzan 3D” (SAT.1) in free-TV and “Fack Ju Göhte 2” (Sky) in pay-TV.

- TV service production – Shooting started for “Der Kroatien-Krimi” (part 3 and part 4) for ARD/Degeto at Constantin Television GmbH. Shooting and pre-production for the series “Die Protokollantin” (5 x 60 minutes) for ZDF and “Die Geschichte eines Parfums” (6 x 60 minutes) for ZDFneo started at Moovie GmbH.
- Market shares (total market) of several TV service productions of Constantin Film group in Q1 2017 in the double-digit percentage range; especially “Das Sacher. In bester Gesellschaft” on ZDF with market share of 20.9%.
- **Sales** decreased by 40.8% to EUR 61.2 million; prior-year quarter with remarkable high sales from exploitation start of “Fack Ju Göhte 2” in the Home Entertainment area and start of the TV series “Shadowhunters” in the USA.
- Decline in **segment result** by EUR 3.3 million to EUR -3.4 million.

Segment Film | Segment performance in EUR million

	1/1 to 3/31/2017	1/1 to 3/31/2016	Change	Change in %
Segment sales	61.2	103.3	-42.1	-40.8
Segment result	-3.4	-0.1	-3.3	> -100

2.2.3 Segment Sports- and Event-Marketing

- First important contracts concluded – both for TV and sponsoring rights – in the marketing process for the commercial rights to the UEFA Champions League and the UEFA Europa League for the match cycle 2018/19 to 2020/21.
- Further focus during the reporting period on the further development of the commercial concept for both competitions during these match periods.
- **Sales** und **segment result** in the Segment Sports- and Event-Marketing virtually unchanged against the prior-year quarter.

Segment Sports- and Event-Marketing | Segment performance in EUR million

	1/1 to 3/31/2017	1/1 to 3/31/2016	Change	Change in %
Segment sales	13.6	13.4	0.2	1.5
Segment result	5.6	5.6	0.0	0.0

2.2.4 Others

- Profit from operations of the holding company Constantin Medien AG (Others division) improved by EUR 0.1 million to EUR -1.3 million, in particular as a result from lower personnel costs.

2.3 Net debt

- Net debt increased by EUR 13.8 million to EUR 21.2 million; on the one hand due to decrease in cash and cash equivalents by 5.0%, on the other hand resulting from increase in current financial liabilities of Highlight Communications group by 17.5%.

Net debt in EUR million

	3/31/2017	12/31/2016	Change	Change in %
Cash and cash equivalents	99.6	104.8	-5.2	-5.0
Current financial liabilities	57.2	48.7	8.5	17.5
Non-current financial liabilities	63.6	63.5	0.1	0.2
Net debt	-21.2	-7.4	-13.8	186.5

3. Risks and opportunities report

For detailed description of the risk management system and the risk and opportunities profile, see chapters 7.2.1 or 7.3.1 of the combined Group management and management report of the 2016 annual report of Constantin Medien AG.

Detailed information to the individual risks and opportunities of Constantin Medien AG in chapters 7.2.2 or 7.2.3 and description of the internal control and risk management system in relation to the group accounting process in chapter 7.5 of the combined Group management and management report of the 2016 annual report of Constantin Medien AG. According to the Q1 statement 2017 of Highlight Communications AG no significant changes in the risks and opportunities of Highlight Communications group compared to the presentation in its 2016 annual report.

Changes in the risks and opportunities in the reporting period compared to the presentation in the combined Group management and management report of the 2016 annual report of Constantin Medien AG:

– Procedure against the resolutions of the Board of Directors of Highlight Communications AG to the disadvantage of Constantin Medien AG

Subsequent to the General Meeting of Highlight Communications AG on December 30, 2016, Constantin Medien AG raised an objection against any registration in the commercial register on March 27, 2017. On April 6, 2017, Constantin Medien AG applied to the District Court of Basel-Landschaft Ost to obligate and instruct the commercial register office of the Canton of Basel-Landschaft not to enter a capital increase with a restriction or an exclusion of the subscription rights of existing shareholders in the commercial register to at least a legal decision on the question relating the valid election of the current members of the Board of Directors of Highlight Communications AG. By decision of May 16, 2017, the president of the District Court of Basel-Landschaft Ost rejected the corresponding request. On June 1, 2017, Highlight Communications AG submitted a protective letter with regard to the application for suspensive effect with the Cantonal Court of Basel-Landschaft, Civil Law Division. On June 6, 2017, Constantin Medien AG appealed the Cantonal Court of Basel-Landschaft, Civil Law Division, against the decision of the District Court of Basel-Landschaft Ost from May 16, 2017.

Nevertheless, the Board of Directors of Highlight Communications AG had resolved on June 12, 2017 to increase the share capital to a total of CHF 63.0 million by issuing 15.75 million new shares to Highlight Event and Entertainment AG using the authorized capital. The capital increase has not yet been registered in the commercial register. After the registration of this increase in share capital, the share of Constantin Medien AG in Highlight Communications AG would be still around 45.4% (60.53% as at March 31, 2017) – including the pledged shares. See also chapter 5 events after the reporting period.

On July 4, 2017, the Cantonal Court of Basel-Landschaft ruled that the enforceability of the ruling from May 16, 2017 regarding the commercial register block remains deferred and rejected the application for the provision of security as a condition for the suspensive effect of the counterparty.

Based on the measures taken and the assessment of the Management Board, this risk is still considered to be substantial. The classification as substantial risk arises in particular from the potential accounting consequences of diluting the shares of Constantin Medien AG in Highlight Communications AG and a possible deconsolidation of Highlight Communications AG. Furthermore, this new dispute may involve considerable costs.

– Disputes with Stella Finanz AG

For purpose of the fastest possible settlement of the loan, which had already been terminated several times and which had a term until June 30, 2017 according to the original loan agreement, on June 26, 2017 Constantin Medien AG concluded an escrow agreement with the solicitors Nater Dallafior Rechtsanwälte AG in Zurich and transferred the repayment amount including interest to the bank account of the escrow agent on June 27, 2017. The escrow agent was ordered to transfer the loan plus interest to Stella Finanz AG in return for a written statement from the Bank Julius Bär & Co. AG, Zurich, according to which the latter agrees irrevocably, unconditionally, as well as waiving any objections and pleas, to transfer the 24.75 million shares of Highlight Communications AG without any obligation to a deposit account of Constantin Medien AG within two bank working days upon receiving the required amount. For this, a call-off term until July 10, 2017 was granted to Stella Finanz AG, which it let expire however.

It neither instructed the Bank Julius Bär & Co. AG to submit the above-mentioned statement nor demanded Constantin Medien AG in writing to make a repayment.

Through its lawyers Stella Finanz AG rather has informed, that it insists on an “advance performance obligation” by Constantin Medien AG and that any transaction effected by an escrow agent is conditional that the escrow agent shall monitor that at the upcoming General Meeting of Constantin Medien AG no “lawfully identified shareholders will be arbitrarily excluded from their voting right”.

For the Management Board of Constantin Medien AG, due to its duty of care – among others, against the backdrop of the rescission agreement of June 7/8, 2016 – the repayment of the loan by way of advance payment without security for the restitution of the pledged 24.75 million shares in Highlight Communications AG or the without legal base argued linkage of the loan settlement with the General Meeting of Constantin Medien AG on August 23, 2017 as well as the complex issues of the German stock corporation act and their assessment by the escrow agent are out of the question.

Since Stella Finanz AG has not been engaged in the settlement of the loan by way of the above-mentioned escrow agreement, the restitution of the 24.75 million shares in Highlight Communications AG against the repayment of the loan has now to be achieved in court proceedings. From today's point of view, the bodies of Constantin Medien AG no longer assume a short-term agreement with Stella Finanz AG. Furthermore, in this context, there is the risk of the deconsolidation of Highlight Communications AG.

Based on the measures taken and the assessment of the Management Board, this risk is still considered to be substantial. The classification as a substantial risk arises from the legal uncertainty about the outcome of the dispute, its duration and the associated high costs.

– Liquidity risks of Constantin Medien AG

Constantin Medien AG needs a follow-up financing with UniCredit Bank AG or an alternative refinancing of the loan of Stella Finanz AG by September 30, 2017 at the latest. If alternative financing cannot be concluded, a refinancing of the corporate bond due in April 2018 should not be possible, and the planned sale of the shares in Sport1 GmbH and Sport1 Media GmbH is not possible, the going concern of the Company would be endangered.

See also the detailed presentation of the liquidity risks of Constantin Medien AG in chapter 7.6 in the combined Group and management report of the 2016 annual report.

Any liquidity risks that put the company's going concern at risk are major risks by definition. This risk is classified as substantial based on the measures taken or initiated by the Management Board.

Overall, the risk and opportunities profile of Constantin Medien Group for the coming months after the first three months 2017 currently corresponds in essence to the assessments reported in the consolidated financial statements as of December 31, 2016. The current evaluation of the risk factors by the relevant parties responsible largely supports the classification of the risks and opportunities set out in the combined Group management and management report of the 2016 annual report of Constantin Medien AG.

4. Outlook

4.1 Priorities

- No changes in the priorities of the Segment Sports compared to the presentation in the combined Group management and management report of the 2016 annual report of Constantin Medien AG.
- Very good future perspectives in theatrical production due to the fact that the German Federal Film Fund will be increased from EUR 50 million to EUR 75 million in the current year and shall be raised to EUR 125 million from January 1, 2018.
- In theatrical distribution cinema releases in Germany are focused on the 2nd HY 2017, among others with “Ostwind – Aufbruch nach Ora”, the Rita Falk novel adaption “Grießnockerlaffaire” and the third part of “Fack Ju Göhte”.

- In Home Entertainment exploitation good sales figures are anticipated for catalogue products and new releases. In terms of the new releases particularly by the comedy “Dirty Office Party”, the action spectacle “Resident Evil: The Final Chapter” and the tragicomedy “Florence Foster Jenkins”.
- The TEAM group continues to focus on the best possible global marketing of the TV and sponsorship rights for the two UEFA club competitions, each for the 2018/19 to 2020/21 match cycle.

4.2 Financial targets

On the basis of current assessments and the development in the segments, including the segments of Highlight Communications AG, the Management Board of Constantin Medien AG confirms its previous Group guidance for the 2017 financial year. Currently, it is still assuming Group sales of EUR 480 million to EUR 520 million and, taking into account the holding costs as well as financial expenses and taxes, Group earnings attributable to shareholders of EUR 0.5 million to EUR 3.5 million. However, due to the still continuing dispute over the control of the Constantin Medien Group’s companies, the various legal disputes as well as the effects of a possible sale of the shares in Sport1 GmbH and Sport1 Media GmbH, a number of uncertainties still exist which could affect the expectations for the operational development in the segments and overall the financial targets of the Constantin Medien Group, but still cannot yet be finally quantified as of today.

5. Events after the reporting period

- In terms of all events related to the legal dispute with Stella Finanz AG and Highlight Communications AG reference is made to the information presented in the risks and opportunities report of this quarterly statement in chapter 3. At Highlight Communications AG until the publication of its Q1 statement 2017 on May 31, 2017, no events occurred after the balance sheet date that had a significant impact on the net assets, financial position and results of operations of the Highlight Communications group.
- On June 2, 2017, Constantin Medien AG concluded a new credit agreement with UniCredit Bank AG. The new credit agreement has a term until September 30, 2017. It replaces the existing credit agreement with the bank, which was limited until June 30, 2017. The loan was drawn on June 26, 2017.
- On June 12, 2017, Highlight Communications AG announced that its Board of Directors had resolved to increase the share capital to a total of CHF 63.0 million by issuing 15.75 million new shares to Highlight Event and Entertainment AG using the authorized capital. The capital increase has not yet been registered in the commercial register. After the registration of this increase in the share capital – including the pledged shares – the share of Constantin Medien AG in Highlight Communications AG would be still around 45.4% (so far around 60.53%). On June 12, 2017, Constantin Medien AG applied for a further register block (in addition to the first register block application from March 27, 2017; refer to chapter 3) with the commercial register office of the Canton of Basel-Landschaft. In addition, Constantin Medien AG considers the relevant Board of Directors resolution to be null.
- On June 16, 2017, Constantin Medien AG announced that it is considering the sale of all its shares in Sport1 GmbH and Sport1 Media GmbH, which are held through its wholly-owned subsidiary Constantin Sport Holding GmbH, and that it is conducting a structured, competitive bidding process with several prospective buyers. The conditions for the possible sale of the shareholding, in particular the purchase price, have not yet been fixed and will be subject to an in-depth examination by the Management Board prior to its decision.
- The legal disputes in the Formula 1 procedure were settled in Q2 2017.

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- Since Stella Finanz AG has not been engaged in the settlement of the loan by way of the escrow agreement and let expire the call-off term for the repayment amount from the bank account of the escrow agent until July 10, 2017, the restitution of the 24.75 million shares in Highlight Communications AG against the repayment of the loan has now to be achieved in court proceedings (details see chapter 3 risks and opportunities report). The amount borrowed was repaid to UniCredit Bank AG on July 12, 2017. The loan agreement concluded with it continues to exist unchanged until September 30, 2017. Until then, a drawing of the loan is still possible at any time.

Ismaning, July 21, 2017

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