Press Release

- Consolidated sales of CHF 262.0 million after nine months
- Consolidated net profit at CHF 6.8 million
- Annual forecast of consolidated sales of CHF 350 to CHF 400 million confirmed

Q3 2013: Business development in the Film segment below expectations so far

Pratteln, November 11, 2013

For 2013 as a whole, the Highlight Group is assuming consolidated sales of CHF 350 to CHF 400 million. The business areas theatrical distribution and license trading did not manage to continue the good business development of the previous year so far, which had been characterized by the blockbuster successes “Türkisch für Anfänger” and „Resident Evil: Retribution“.

As of September 30, 2013, external sales of the Film segment were down year-on-year at CHF 222.7 million (CHF 248.2 million). Segment expenses rose by CHF 10.3 million to CHF 310.2 million, primarily as a result of a significant rise in the cost of materials and licenses in connection with productions. As a result, segment earnings were also below the previous year’s level at CHF 0.1 million (CHF 9.5 million).

With regard to the Film segment’s earnings, we expect considerable contributions from the films „Fack ju Göhte“ and „Walking with Dinosaurs 3D“ in the fourth quarter.

The sales development of the Sports- and Event-Marketing segment is still essentially characterized by changes in the business relationship with UEFA. External sales of CHF 36.5 million were generated in the first nine months of this year (previous year’s period: CHF 57.1 million). The decline in sales was partially offset by cost savings of CHF 9.5 million, resulting in segment earnings of CHF 13.7 million. As expected, this was lower than the previous year’s figure.

The Other Business Activities segment generated external sales of CHF 2.8 million (previous year’s period: CHF 7.3 million). Parallel to this, expenses were reduced from CHF 9.4 million to CHF 5.8 million. This resulted in a segment loss of CHF 2.1 million (previous year’s period: CHF 1.0 million).

At Group level, these developments were reflected in a sales decline from CHF 312.7 million to CHF 262.0 million. Consolidated operating expenses decreased slightly from CHF 345.0 million to CHF 342.6 million, leading to EBIT that was down year-on-year by September at CHF 7.3 million (CHF 29.8 million). This resulted in a consolidated net profit for the period of CHF 6.8 million (previous year’s period: CHF 21.3 million), CHF 6.1 million (previous year’s period: CHF 20.7 million) of which is attributable to Highlight shareholders.

Cash and cash equivalents declined by CHF 19.4 million as against the end of 2012 (CHF 72.5 million) to CHF 53.1 million. Due to investments in the Film segment, current financial liabilities rose at the same time by CHF 36.2 million to CHF 172.2 million (December 31, 2012: CHF 136.0 million). Accordingly, net debt increased to CHF 119.1 million (December 31, 2012: CHF 63.5 million) as of the balance sheet date.

Consolidated equity (including non-controlling interests) fell by CHF 9.2 million to CHF 102.1 million (December 31, 2012: CHF 111.3 million). This development is primarily due to dividend distributions (CHF 9.4 million) and the acquisition of treasury shares (CHF 8.2 million). Relative to the significantly higher total assets, this resulted in a sound notional equity ratio of 22.4% as of September 30, 2013.

The interim report as of September 30, 2013 is available for downloading from the company's website www.highlight-communications.ch as of today.

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