



PRESS RELEASE

Highlight Group with solid business development

- **Consolidated sales rise to CHF 125.7 million**
- **Consolidated net profit for the period at CHF 1.0 million; earnings per share of CHF 0.02**
- **Net debt reduced by CHF 35.3 million**
- **Forecast confirmed for fiscal year 2014**

Pratteln, May 19, 2014 – In a market environment that remains challenging, the Highlight Group achieved sales and earnings in the first quarter of 2014 that were in line with expectations.

Group development in the first quarter of 2014

- At CHF 125.7 million, consolidated sales outstripped the comparable figure for the previous year (CHF 81.9 million) by CHF 43.8 million or 53.5%. The increase in sales results from the Film segment.
- Consolidated operating expenses rose by CHF 36.5 million or 36.3% to CHF 137.2 million after CHF 100.7 million in the first three months of 2013. The increase is primarily due to amortization, depreciation and impairment, which rose to CHF 65.2 million (previous year's period: CHF 19.2 million).
- Consolidated net profit for the period was down year-on-year at CHF 1.0 million (previous year's period: CHF 2.2 million). The amount attributable to Highlight shareholders was CHF 0.7 million (previous year's period: CHF 1.8 million), corresponding to earnings per share of CHF 0.02 (previous year's period: CHF 0.04).
- As of March 31, 2014, consolidated equity (including non-controlling interests) at CHF 106.0 million was down slightly as against the end of 2013 (CHF 107.2 million). The reduction was essentially due to currency effects, the re-measurement of the pension obligation and losses from the measurement of financial assets at fair value.
- The notional equity ratio rose from 24.2% (December 31, 2013) to 26.8% (March 31, 2014).
- Net debt was reduced by CHF 35.3 million to CHF 72.4 million (December 31, 2013: CHF 107.7 million).



Development of the operating segments in the first quarter of 2014

- In the **Film segment**, the Constantin Film Group achieved good results in particular in the area of theatrical distribution. Including the performance of all of its movies released in German theaters in the first quarter of 2014, it achieved a substantial market share of 11.9% by audience figures and 11.0% by sales. This success was based on the one hand on the performance of the youth adventure movie “The Famous Five 3”, which was released in mid-January 2014 and attracted around 1.2 million viewers. On the other hand, the sensational hit “Fack ju Göhte”, which was released in November 2013, attracted around another 1.5 million viewers in the first three months of this year. The global distribution of the co-production “Pompeii” also meant that the Constantin Film Group recorded significantly higher income from both theatrical distribution and license trading than in the first quarter of the previous year.

As a result of these developments, external sales in the Film segment increased by 64.3% to CHF 112.7 million (previous year’s period: CHF 68.6 million). This higher level of sales was offset by a sharp rise in expenses, as the theatrical release of “Pompeii” also meant that the capitalized production costs of the movie were amortized accordingly. Furthermore, earnings were negatively impacted by impairment on film assets, particularly for the film “Tarzan”. In total, impairment on film assets climbed by CHF 7.0 million to CHF 8.9 million in the first quarter of 2014. Segment earnings in the first three months of the current fiscal year were therefore down year-on-year at CHF -2.5 million (previous year’s period: CHF -1.3 million).

- In the **Sports- und Event-Marketing segment**, the TEAM Group secured further major deals in the marketing process for the commercial rights of the UEFA Champions League and the UEFA Europa League for the 2015/16 to 2017/18 seasons in the first quarter of 2014. TV contracts were concluded in markets as diverse as Italy, Israel and Myanmar. In the area of sponsorship rights, the Japanese automotive manufacturer Nissan was acquired as new sponsor of the UEFA Champions League.

At CHF 12.4 million, external sales in the Sports- and Event-Marketing segment were practically unchanged year-on-year (CHF 12.5 million). Segment expenses were reduced by CHF 0.4 million to CHF 7.1 million in the period under review (previous year’s period: CHF 7.5 million), with the result that segment earnings improved to CHF 5.4 million (previous year’s period: CHF 5.0 million).

- The external sales in the **Other Business Activities segment**, which covers in particular marketing for the Eurovision Song Contest and the Vienna Philharmonic Orchestra as well as activities in the field of online/social gaming, declined slightly from CHF 0.9 million to CHF 0.7 million. The same applies to segment expenses, which were reduced from CHF 1.7 million to CHF 1.5 million. The segment loss, which resulted from online/social gaming, amounted to CHF 0.7 million (previous year’s period: CHF 0.5 million).



Targets for fiscal year 2014

According to current planning 2014 for the theatrical production business area, another ten promising movie projects are in the pipeline for theatrical release in 2015. Three of these movies – including the sequels to two global hit movie series, “Fantastic Four 2” and “Resident Evil 6” – are English-language productions that are geared towards the international market. For the German movie market, scheduled productions include “Ostwind 2 – Die Rückkehr nach Kaltenbach” and a sequel to “Fack ju Göhte”.

For fiscal year 2014, the highlight Group continues to expect consolidated sales of between CHF 380 million and CHF 410 million and consolidated net profit attributable to shareholders of between CHF 9 million and CHF 11 million.

The German interim report as of March 31, 2014 will be available to download at www.highlight-communications.ch starting from this evening, and the English version from May 22, 2014.

For more information:

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