GROUP INTERIM REPORT AS AT 30 JUNE 2019

eventim

KEY GROUP FIGURES

	01.01.2019 - 30.06.2019 [1]	01.01.2018 - 30.06.2018	Change
	[EUR'000]	[EUR'000]	[in %]
Revenue	696,563	606,606	14.8
EBITDA [2]	109,899	93,198	17.9
EBITDA margin	15.8%	15.4%	0.4 pp
EBIT [2]	83,165	75,332	10.4
EBIT margin	11.9%	12.4%	-0.5 pp
Normalised EBITDA	111,778	94,148	18.7
Normalised EBIT before amortisation from purchase price allocation	90,448	81,965	10.4
Normalised EBITDA margin	*16.0%*	*15.5%*	*0.5 pp*
Normalised EBIT margin before amortisation from purchase price allocation	*13.0%*	*13.5%*	*-0.5 pp*
Non-recurring items [3]	1,879	951	97.6
Amortisation resulting from purchase price allocation	5,404	5,682	-4.9
Earnings before taxes (EBT)	82,517	77,573	6.4
Net income attributable to shareholders	48,237	43,908	9.9
	[EUR]	[EUR]	
Earnings per share [4], undiluted (= diluted)			
	0,50	0,46	
	[Qty.]	[Qty.]	
Number of employees [5]	2,913	2,808	
Of which temporary	(510)	(572)	

[1] 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.
[2] Effect of IFRS 16: EBITDA EUR +9,226 thousand, EBIT EUR +492 thousand
[3] Detailed description of non-recurring items on page 8
[4] Number of shares: 96 million
[5] Number of employees at end of period (active workforce)

CONTENT

1. LETTER TO THE SHAREHOLDERS

Klaus-Peter Schulenberg
Chief Executive Officer

Dear Readers,

The 2019 financial year is going very well for CTS EVENTIM. For one, we have seen a significant increase in revenues and earnings after the first six months. And for another, we have made important strategic progress from which our company will benefit long-term.

As of 30 June, our Group revenues increased by 14.8% year-on-year to EUR 696.6 million. Normalised EBITDA rose by 18.7% to EUR 111.8 million, exceeding the EUR 100-million mark after just six months for the first time in our company's history. I am delighted that both our Ticketing and our Live Entertainment business contributed to this. In addition, we improved our margins in both segments – and managed to further accelerate our growth momentum in the second quarter of the year.

A key driver of our success in Ticketing is and will remain our web portals, whose performance, security, and attractiveness we continue to invest in. Our online ticket volume rose by a good 6% in the first half of the year, with a total of more than 23.7 million tickets sold via our own platforms – this, too, a new record. Against this backdrop, our Ticketing revenues increased by 9.2% to EUR 200.2 million. Normalised EBITDA rose by 13.3% to EUR 74.4 million. Once again, this gratifying growth was achieved purely organically.

We are also happy with the performance of our Live Entertainment business, where revenues improved by 17.6% to EUR 504.5 million, the first time they have exceeded half a billion euros after just six months. Normalised EBITDA rose by 31.1% to EUR 37.4 million. The segment's strong revenues and earnings growth was driven by various activities.

A number of EVENTIM LIVE promoters recorded a strong tour business. I would also like to highlight successful festivals like 'Rock am Ring' and 'Rock im Park', our acquisitions in Italy, and the venues we operate: from the LANXESS arena in Cologne to the K.B. Hallen in Copenhagen, which we re-opened at the end of January.

I am pleased that this dynamic business performance is accompanied by important strategic progress. At the end of July, for example, we announced that we were in exclusive negotiations with the Fnac Darty retail group about a strategic partnership in France. As a first step, we aim to acquire 48% of the shares in France Billet, Fnac Darty's ticketing subsidiary. At the same time, CTS EVENTIM would contribute our existing French ticketing activities to the joint venture. If the transaction is completed as planned, we will also have the option to acquire a majority stake in France Billet four years later.

We have made some important strategic moves in Live Entertainment as well, first and foremost by establishing our EVENTIM LIVE network of promoters. It currently comprises 26 promoters in ten countries that organise 30 festivals and more than 5,000 live events for around ten million visitors a year. By joining forces we are meeting the needs of more and more artists. They – and their agents – increasingly expect their Live Entertainment partners to offer international touring opportunities and tailor-made solutions from a single source.

Let me also briefly touch on a development outside our core business. At the end of 2018, together with the Austrian company Kapsch TrafficCom, we were commissioned by the German Federal Ministry of Transport and Digital Infrastructure to collect the German infrastructure charge ('car toll'). On 18 June 2019, the European Court of Justice ruled that the introduction of an infrastructure charge with simultaneous relief only for nationals through the road tax constitutes indirect discrimination on grounds of nationality and violates the principles of the free movement of goods and services.

As we reported on 19 June 2019 in an ad hoc announcement, the Federal Government then unilaterally terminated the contract with effect from 30 September 2019. We also reported that the concluded contracts contain protective provisions meant to prevent pecuniary damages for the operating company and its shareholders – including in the event that the car toll is not introduced. At present, the contracts are still in force, and a complete receivables list will only be possible once the contract has expired and all claims have been evaluated. With this in mind, I ask for your understanding that we cannot (yet) comment further on the topic at this point.

All in all, we expect 2019 to be a very successful financial year for CTS EVENTIM, with higher revenues and earnings than in 2018, in both Ticketing and Live Entertainment.

Our share price has already started to reflect this and is clearly outperforming the DAX, MDAX, and SDAX. Overall, our market cap has increased by around 40% since the beginning of the year. At the end of July – for the first time since our IPO in 2000 – it surpassed EUR 4.5 billion.

The successes of the first half of the year are primarily due to the efforts of more than 3,000 colleagues who work, day after day, with verve and passion to continue the CTS EVENTIM success story. I would like to take this opportunity to sincerely thank them for their contribution to our company's gratifying performance. And I wish you, dear readers, an informative read as you peruse our half-year report.

With best regards,

your

Klaus-Peter Schulenberg
Chief Executive Officer

EVENTIM Management AG,
general partner of
CTS EVENTIM AG & Co. KGaA

2. CTS EVENTIM SHARES

When the first half of 2019 got off to a start, rising share prices on the equity markets conveyed the impression that geopolitical uncertainties were basically receding. Strong earnings growth of American companies at the start of the first half-year, predominantly in the technology sector, were an indication of intact growth on the world's markets. However, a general sense of unease among market participants due to the potential impacts of the trade dispute between the USA and China, and the ongoing uncertainty surrounding Brexit, dampened euphoria on the equity markets, particularly in the second quarter, with the result that stock exchange indexes climbed only slightly over the first half of the 2019 financial year. While the USA/China competition for hegemony comes to a head and initial signs of weakness are manifested in various national economies, Great Britain's new prime minister, Boris Johnson, is preparing to leave the European Union without a deal, if necessary, thus causing a further increase in volatility on the equity markets.

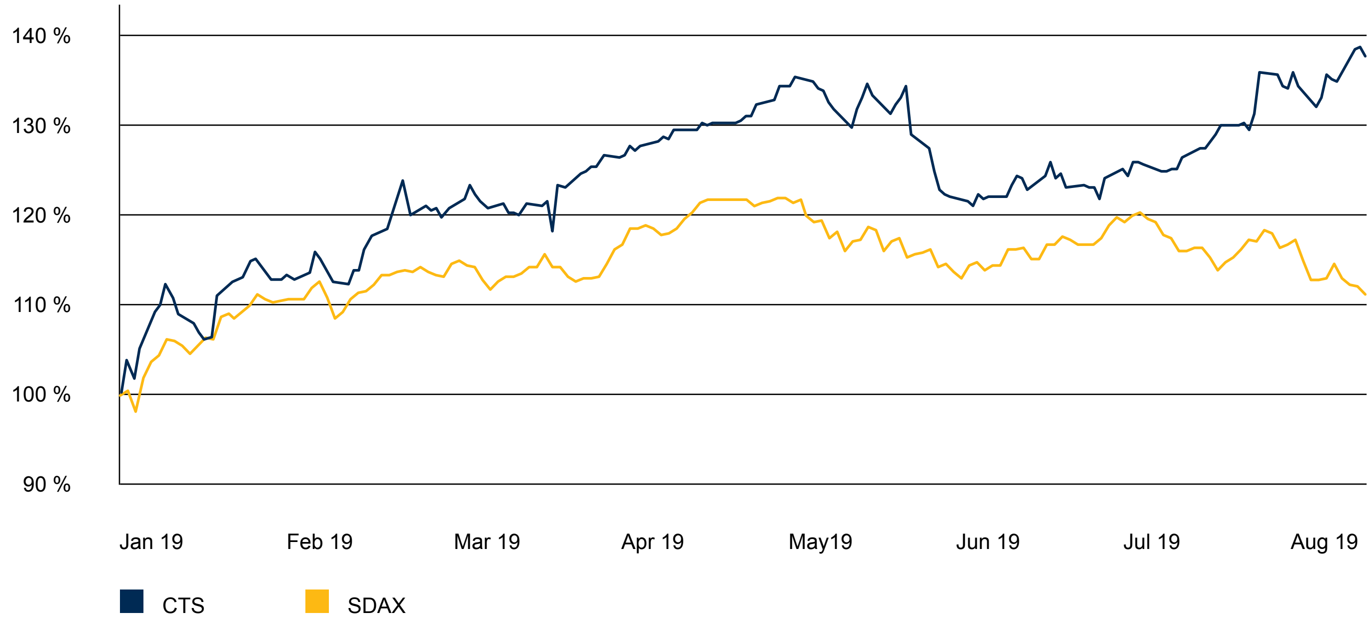
CTS EVENTIM shares have performed well in this recently volatile environment, compared to the DAX as the main national index and to the SDAX reference index. In the first half of the 2019 financial year, CTS EVENTIM shares appreciated in value by 27%. Over the same period, the DAX and the SDAX rose by only 17.4% and 19.7%, respectively. Shares in CTS KGaA outperformed the DAX and SDAX indexes significantly during the first half of the year and beyond. One of the main reasons was the announcement of a declaration of intent by Fnac Darty and CTS EVENTIM that they would be pooling their ticketing activities in France, thus providing CTS EVENTIM an opportunity to become the leading ticketing company in France in the medium term. By 16. August 2019, CTS EVENTIM shares had risen 46.3%, compared to the 9.5%/9.0% increases in the DAX and SDAX.

This trend proves once again that CTS EVENTIM not only benefits from the persistently encouraging environment within the Live Entertainment industry, but will also deploy its own financial resources to achieve inorganic growth as soon as attractive opportunities for the Group arise.

This positive momentum is also mirrored in analysts' assessments. The shares are recommended with a 'Buy' or 'Hold' rating by a large majority of analysts at banks covering CTS EVENTIM shares, which include Baader-Helvea, Bankhaus Lampe, Berenberg, Commerzbank, DZ Bank, Hauck & Aufhäuser, Kepler-Cheuvreux, NordLB and Pareto Securities.

CTS KGaA will be represented at various equity market conferences and investor roadshows in the further course of the 2019 financial year in order to secure a continuous dialogue with national and international investors. Active engagement with potential and existing investors is a key focus of CTS EVENTIM's investor relations strategy.

CTS EVENTIM SHARE (01.01.2018 – 19.08.2019, INDEXED)



3. INTERIM GROUP MANAGEMENT REPORT

1. EARNINGS PERFORMANCE, FINANCIAL POSITION AND CASH FLOW

EARNINGS PERFORMANCE

	01.01.2019 - 30.06.2019 [1]	01.01.2018 - 30.06.2018	Change	
	[EUR'000]	[EUR'000]	[EUR'000]	[in %]
Revenue	**696,563**	**606,606**	**89,956**	**14.8**
Gross profit	**170,270**	**145,046**	**25,224**	**17.4**
EBITDA	**109,899**	**93,198**	**16,701**	**17.9**
Depreciation and amortisation	**-26,734**	**-17,865**	**-8,869**	**49.6**
EBIT	**83,165**	**75,332**	**7,833**	**10.4**
Financial result	-648	2,241	-2,889	>-100.0
Earnings before taxes (EBT)	**82,517**	**77,573**	**4,944**	**6.4**
Taxes	-29,945	-25,185	-4,760	18.9
Net income attributable to shareholders	**48,237**	**43,908**	**4,329**	**9.9**
Net income attributable to non-controlling interests	4,335	8,481	-4,145	-48.9
EBITDA	**109,899**	**93,198**	**16,701**	**17.9**
Non-recurring items	1,879	951	928	97.6
Normalised EBITDA	**111,778**	**94,148**	**17,629**	**18.7**
Depreciation and amortisation	-26,734	-17,865	-8,869	49.6
thereof amortisation from purchase price allocation	5,404	5,682	-277	-4.9
Normalised EBIT before amortisation from purchase price allocation	**90,448**	**81,965**	**8,484**	**10.4**

[1] 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.

REVENUE PERFORMANCE

In the **Ticketing segment** revenue rose by 9.2% to EUR 200,234 thousand. A major share of growth is attributable to a significant increase in online ticketing volume in long-tail business. The internet ticket volume increased by 1.4 million from 22.4 million to 23.7 million (+6.1%). Revenues were also generated by the 'car toll' project during the reporting period. The share of revenue generated by foreign subsidiaries was at 44.3% (previous year: 47.1%).

In the **Live Entertainment segment**, revenue of EUR 504,504 thousand (+17.6%) was generated in the first half of the year. The increase in revenue was mainly due to the additional companies included in consolidation, to successful tour business and to festivals.

In the **CTS Group**, this resulted in an increase in revenue in both segments by EUR 89,956 thousand (+14.8%).

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 1,479 thousand (previous year: EUR 747 thousand) and in the Live Entertainment segment amounting to EUR 400 thousand (previous year: EUR 204 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

Normalised EBITDA in the **Ticketing segment** increased by EUR 8,750 thousand (+13.3%). The main driver was a further increase in online ticket volume, particularly in the strong long-tail business. Additional positive impacts on earnings resulted from the application of IFRS 16 (EUR +3,442 thousand) and from the services performed in the project for the collection of the German infrastructure charge (EUR +2,104 thousand). Normalised EBITDA margin increased to 37.2% (previous year: 35.8%). The share of normalised EBITDA attributable to foreign companies was with 34.3% on previous year's level (34.1%). The EBITDA increased from EUR 64,891 thousand by EUR 8,018 thousand to EUR 72,909 thousand. The EBITDA margin is 36.4% (previous year: 35.4%).

Normalised EBITDA in the **Live Entertainment segment** improved by EUR 8,879 thousand (+31.1%). Positive earnings contributions stemmed from successful festivals, from strong performance in the tour business in Germany and in Italy and from the LANXESS arena in Cologne, where the World Handball Championships were held, among other events. The adoption of IFRS 16 had an additional positive effect on earnings (EUR +5,783 thousand). The normalised EBITDA margin increased to 7.4% (previous year: 6.6%). EBITDA increased from EUR 28,307 thousand by EUR 8,683 thousand to EUR 36,990 thousand. EBITDA margin rose to 7.3% (previous year: 6.6%).

Normalised **CTS Group** EBITDA increased by EUR 17,629 thousand or 18.7%. The normalised EBITDA margin was with 16.0% above the previous year's level with 15.5%. The adoption of IFRS 16 resulted in an additional positive earnings effect of EUR 9,226 thousand. Foreign subsidiaries accounted for 21.8% of normalised EBITDA (previous year: 27.3%). EBITDA increased by EUR 16,701 thousand from EUR 93,198 thousand to EUR 109,899 thousand. The EBITDA margin is 15.8% (previous year: 15.4%).

FINANCIAL RESULT

The financial result changed from EUR 2,241 thousand by EUR -2,889 thousand to EUR -648 thousand. The financial result included interest expenses of EUR 732 thousand due to the adoption of IFRS 16. In the same period last year, increased financial income (EUR +3,532 thousand) resulted from an updated fair value measurement on liabilities from put options granted to minority shareholders.

The financial result includes income of EUR 2,000 thousand from the operating company accounted at equity. It is not yet possible at this time to quantify the claim to payment for handling the project, now that the contract with the operating company has been terminated, and due to the complexity of the contractual arrangement.

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

In the reporting period, EBT increased from EUR 77,573 thousand by EUR 4,944 thousand to EUR 82,517 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 48,237 thousand (previous year: EUR 43,908 thousand). As expected, EPS was above previous year's level at EUR 0.50 (previous year: EUR 0.46).

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 9,226 thousand. This effect was offset by EUR 8,734 thousand in depreciation (in Ticketing of EUR 3,278 thousand and in Live Entertainment of EUR 5,456 thousand). Adoption of IFRS 16 thus results in a positive EUR 492 thousand effect on EBIT/normalised EBIT, before amortisation from purchase price allocation at Group level. After interest expense amounting to EUR 732 thousand and deferred taxes of EUR 77 thousand, the effect on net income for the period is EUR -163 thousand.

PERSONNEL

Compared to the previous year, personnel expenses in the CTS Group increased by EUR 7,725 thousand from EUR 76,129 thousand to EUR 83,855 thousand. The increase in personnel expenses relates to the Live Entertainment segment with EUR 3,478 thousand and the Ticketing segment with EUR 4,247 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 in the first half year of 2019, the companies in the CTS Group had a total of 3,005 employees including part-time workers on their payroll (previous year: 2,800). Of that total, 1,689 are employed in the Ticketing segment (previous year: 1,651) and 1,316 in the Live Entertainment segment (previous year: 1,149).

FINANCIAL POSITION

MAIN CHANGES IN ASSETS

Cash and cash equivalents in the CTS Group decreased by EUR 309,959 thousand compared to 31 December 2018. The change in cash and cash equivalents mainly 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, higher payments on account in the Live Entertainment segment, payments to the capital reserve of the operating company for the collection of the infrastructure charge accounted for using the equity method (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 (EUR 263,946 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 59,874 thousand; 31.12.2018: EUR 87,085 thousand) and factoring receivables (EUR 12,168 thousand; 31.12.2018: EUR 25,262 thousand).

The increase in current **trade receivables** (EUR +20,878 thousand) mainly results from operating activities in the Live Entertainment segment.

The increase in current **receivables from affiliated and associated companies accounted for at equity** (EUR +16,434 thousand) mainly relates to receivables from the operating company for the collection of the infrastructure charge due to already supplied services.

The increase in **payments on account** (EUR +16,876 thousand) relates to already paid production costs (e.g. artist fees) for future events to be held in subsequent quarters in the Live Entertainment segment amongst others due to the increase in the scope of consolidation.

The decline in current **other financial assets** (EUR -37,924 thousand) mainly results from the decrease in receivables relating to ticket revenue from presales in the Ticketing segment (EUR -27,211 thousand) and factoring receivables (EUR -13,094 thousand).

The increase in current **other non-financial assets** (EUR +10,241 thousand) mainly includes increased VAT receivables.

Property, plant and equipment increased by EUR 144,882 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 144,193 thousand are capitalised.

The increase in **investments in associates accounted for at equity** (EUR +12,352 thousand) mainly results from payments to the capital reserve of the operating company for the collection of the infrastructure charge.

MAIN CHANGES ON THE EQUITY AND LIABILITY SIDE

The decline in **current liabilities** (EUR -234,134 thousand) is mainly the result of lower current financial liabilities (EUR -5,604 thousand), lower advance payments received (EUR -100,384 thousand) in the Live Entertainment segment and lower liabilities due to ticket monies not yet invoiced in the Ticketing segment (EUR -158,896 thousand). This is offset by higher trade payables (EUR +31,449 thousand) and higher lease liabilities due to the adoption of IFRS 16 amounting to EUR 16,550 thousand.

Current **financial liabilities** (EUR -5,604 thousand) decreased as a result of loan payments. This is offset by the maturity-matched reclassification of non-current liabilities.

Trade payables increased by EUR 31,449 thousand, amongst others due to the operating activities in the CTS Group and the expansion of the scope of consolidation in the Live Entertainment segment.

The current **advance payments received** (EUR -100,384 thousand) mainly decreased due to the performance of events and festivals.

The decline in current **other financial liabilities** (EUR -148,486 thousand) is mainly attributable to the reduction of liabilities due to 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 due to ticket monies not yet invoiced, which is then reduced in the course of the following year, when the events are held and invoiced.

The increase in **non-current liabilities** (EUR +127,924 thousand) mainly results from the adoption of IFRS 16 of lease liabilities of EUR 127,889 thousand. This is offset by lower non-current financial liabilities (EUR -8,572 thousand) mainly due to the maturity-matched reclassification to current liabilities.

Equity decreased by EUR 11,881 thousand to EUR 459,408 thousand. The positive net income is offset by a dividend payment to shareholders. The equity ratio (shareholders' equity divided by the balance sheet total) rose to 28.6% (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 of 31 December 2018, cash and cash equivalents decreased by EUR 309,959 thousand to EUR 563,247 thousand.

In comparison to the closing date at 30 June 2018 cash and cash equivalents increased from EUR 518,846 thousand by EUR 44,402 thousand to EUR 563,247 thousand.

The EUR -160,959 thousand decrease in **cash flow from operating activities** compared to the same period in the prior year (01.01.-30.06.2018), from EUR -38,389 million to EUR -199,348 million, mainly resulted from greater reductions in liabilities for ticket monies in the Ticketing segment and from advance payments received in the Live Entertainment segment. Whereas positive cash-flow effects resulted in the second half of 2018 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 year-on-year increase in receivables and other assets, and from the payment of higher amounts of taxes on income.

Due to the seasonally very high level of ticket presales in the fourth quarter, there is usually a large amount of liabilities as at 31 December in the Ticketing segment for ticket monies not yet invoiced, as well as large amount of advance payments received in the Live Entertainment that are reduced in the course of the following year by holding the respective events and settling accounts for them.

Cash flow from investing activities decreased year-on-year by EUR -29,035 thousand from EUR 4,721 thousand to EUR -24,314 thousand. In the reporting year, outflows of capital for payments into capital reserves at a company accounted for at equity (operating company for the collection of the infrastructure charge) have a negative impact of EUR 10,000 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** decreased year-on-year from EUR -87,636 thousand by EUR 472 thousand to EUR -87,164 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 judgment it handed down on 18 June 2019, the Court of Justice of the European Union (CJEU) ruled that the German collection of the infrastructure charge (‘car toll’) for the use of federal roads by passenger vehicles is in breach of the principles of the free movement of goods and of the freedom to provide services in the European Union.

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.

OUTLOOK

FUTURE MACROECONOMIC ENVIRONMENT

In its latest forecast, the European Commission noted a temporary slow-down of economic growth in the Eurozone. It now expects a 1.2% increase in gross domestic product, compared to 1.9% the previous year. In the face of global uncertainties, this lower growth rate is primarily driven by effects within the single market. The European Commission expects gross domestic product to increase slightly to 1.5% in 2020, thanks to foreign trade being stimulated by various factors, including the loosening of global financing conditions. German economic growth is forecasted at 0.5% for 2019 and at 1.5% for 2020, according to the European Commission. However, the outlook is fraught with risks due to a number of uncertainties, such as the development of the Chinese economy and a potential 'no-deal Brexit'.

In its latest estimates, the International Monetary Fund (IMF) has scaled down its growth forecasts for global GDP by 0.1% for each of the next two years – particularly in view of current US trade policies. The IMF expects the global economy to grow at a rate of 3.2% in 2019 and 3.5% in 2020. The adjustments made to the growth forecasts for the Eurozone are also minimal: down by 0.1 percentage point to 1.3% for 2019 and up by 0.1 percentage point to 1.6% for 2020. The outlook for 2020 is beset with a number of uncertainties. According to the IMF, these specifically relate to the economic development of emerging market economies and to the resolution of current trade disputes.

The Kiel Institute for the World Economy (IfW) has lowered its spring forecast for German GDP. According to the IfW, the German economy is currently faltering, and its economy will grow by a mere 0.6% in 2019, compared to the 1% forecast in spring. The reason given by the IfW is the high level of uncertainty in global economic policy. The institute expects growth to improve in 2020 to 1.6% (instead of 1.8% as previously forecast). Private consumption will be noticeably stimulated by higher incomes.

In its latest publication, the Ifo Institute in Munich has basically reiterated its previous economic forecast, according to which world economic growth in the current year is adversely affected by a recession in the export-oriented manufacturing industry. However, the institute believes a robust domestic economy in the service industries and the current strength of the construction industry are having positive effects on the overall economy. The institute expects 0.6% GDP growth in 2019. Based on the assumption that existing global risks will not materialise, the institute expects 1.7% growth in GDP in 2020.

EXPECTED EARNINGS PERFORMANCE

In the first six months of the current financial year, the **CTS Group** achieved higher levels of revenue and normalised EBITDA in both the Ticketing and Live Entertainment segments. This growth in revenue and earnings in both segments gained pace in the second quarter, thus documenting that the company's business model continues to be successful and robust. The management expects higher revenue and improved earnings figures for 2019 as a whole compared to the prior year – not only at Group level, but also in the two separate segments.

To ensure that this materialises, the CTS Group will continue to rigorously pursue its growth strategy. This firstly involves organic growth from continuous improvement of ticketing solutions and the development of additional innovative services, for example in the field of eCommerce and information science. The **Ticketing segment** is benefitting, also in the current financial year, from the fact that an increasing proportion of consumers purchase their tickets online. In the first half of the year, the volume of tickets sold online was increased by 6.1%. The company aims to continue extending its position as one of the world's leading providers of ticketing services.

Secondly, the company will also push its growth strategy forward by making further acquisitions, as indicated by the recently announced investment in France Billet, the French provider of ticketing services. On 24 July 2019, CTS EVENTIM and Fnac Darty (the owner of France Billet) announced that they had entered exclusive negotiations on a strategic partnership between their respective ticketing operations in France. The envisaged agreement provides for CTS EVENTIM acquiring 48% of the shares in France Billet, the ticketing subsidiary of Fnac Darty. CTS EVENTIM will bring its existing activities in France into the partnership. CTS EVENTIM would also have the option of acquiring a majority share in the consortium four years after the transaction has been effected.

The performance of the **Live Entertainment segment** in the first half of 2019 was similarly encouraging. Positive stimuli came from the strong tour business with various EVENTIM LIVE promoters, from successful festivals like 'Rock am Ring' and 'Rock im Park', from acquisitions in Italy and from the venues operated by the CTS Group. The World Handball Championships were held in the LANXESS arena in Cologne, for example, and the opening of the K.B. halls in Copenhagen has also led to further business growth. Furthermore, the creation of the EVENTIM LIVE promoter network in March of this year will make it easier to offer international tour opportunities and other services to performing artists. The aim is to grow EVENTIM LIVE not only organically – for example by investing in new content formats – but also through acquisitions.

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, to 30 September 2019, that it was terminating the contract between the federal government and the operating company for collecting the German infrastructure charge.

Due to termination of the contract between the federal government and the operating company, the forecast for the CTS Group was revised on the basis of the work and services performed up to the date of termination. The operating profit from the operating company, which is recognised at equity, was also revised.

It is not yet possible at this time to quantify the claim to payment for handling the project, now that the contract with the operating company has been terminated (as per 30 September 2019), and due to the complexity of the contractual arrangement, so it has not been taken into account in the updated forecast for 2019.

Based on the current positive growth rates in the reporting period and growth expectations for the second half-year 2019 in the individual segments, no significant changes are expected of the estimated segment and 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.

4. INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2019

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019

ASSETS	30.06.2019 [1]	31.12.2018
	[EUR'000]	[EUR'000]
Current assets		
Cash and cash equivalents	563,247	873,206
Marketable securities and other investments	3,131	3,385
Trade receivables	82,929	62,050
Receivables from affiliated and associated companies accounted for at equity	16,997	563
Inventories	3,865	5,397
Payments on account	91,985	75,109
Receivables from income tax	7,032	7,136
Other financial assets	101,051	138,975
Other non-financial assets	35,172	24,931
Total current assets	**905,410**	**1,190,752**
Non-current assets		
Goodwill	321,662	320,763
Other intangible assets	125,482	130,194
Property, plant and equipment	178,285	33,403
Investments	2,303	1,739
Investments in associates accounted for at equity	31,155	18,803
Trade receivables	89	156
Receivables from affiliated and associated companies accounted for at equity	0	66
Other financial assets	19,552	10,640
Other non-financial assets	2,534	2,606
Deferred tax assets	20,543	15,986
Total non-current assets	**701,606**	**534,355**
Total assets	**1,607,016**	**1,725,107**

[1] 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	30.06.2019 [1]	31.12.2018
	[EUR'000]	[EUR'000]
Current liabilities		
Financial liabilities	33,356	38,960
Trade payables	170,388	138,939
Payables to affiliated and associated companies accounted for at equity	798	743
Advance payments received	289,517	389,901
Other provisions	8,207	7,924
Tax debts	46,751	59,297
Other financial liabilities	278,305	443,341
Lease liabilities	16,616	66
Other non-financial liabilities	77,085	75,987
Total current liabilities	**921,023**	**1,155,157**
Non-current liabilities		
Financial liabilities	57,766	66,339
Advance payments received	1,705	522
Other provisions	4,196	4,196
Other financial liabilities	2,145	11
Lease liabilities	128,000	110
Pension provisions	10,065	8,857
Deferred tax liabilities	22,708	18,626
Total non-current liabilities	**226,585**	**98,662**
Equity		
Share capital	96,000	96,000
Capital reserve	1,890	1,890
Statutory reserve	7,200	7,200
Retained earnings	323,773	335,098
Other reserves	-2,513	-1,652
Treasury stock	-52	-52
Total equity attributable to shareholders of CTS KGaA	**426,298**	**438,483**
Non-controlling interests	33,110	32,805
Total Equity	**459,408**	**471,289**
Total Equity and liabilities	**1,607,016**	**1,725,107**

[1] 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 JUNE 2019

	01.01.2019 - 30.06.2019 [1] [EUR'000]	01.01.2018 - 30.06.2018 [EUR'000]
Revenue	696,563	606,606
Cost of sales	-526,293	-461,560
Gross profit	**170,270**	**145,046**
Selling expenses	-50,461	-44,527
General administrative expenses	-35,747	-32,014
Other operating income	9,198	14,892
Other operating expenses	-10,095	-8,065
Operating profit (EBIT)	**83,165**	**75,332**
Income / expenses from participations	26	400
Income / expenses from investments in associates accounted for at equity	2,398	1,132
Financial income	503	3,916
Financial expenses	-3,575	-3,207
Income before tax (EBT)	**82,517**	**77,573**
Taxes	-29,945	-25,185
Net income	**52,572**	**52,389**
Net income attributable to		
Shareholders of CTS KGaA	**48,237**	**43,908**
Non-controlling interests	4,335	8,481
Earnings per share (in EUR); undiluted (= diluted)	0.50	0.46
Average number of shares in circulation; undiluted (= diluted)	96 million	96 million

[1] 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 JUNE 2019

	01.01.2019 - 30.06.2019 [1]	01.01.2018 - 30.06.2018
	[EUR'000]	[EUR'000]
Net income	52,572	52,389
Remeasurement of the net defined benefit obligation for pension plans	-1,191	774
Items that will not be reclassified to profit or loss	**-1,191**	**774**
Exchange differences on translating foreign subsidiaries	651	593
Change in the fair value of derivatives in cash flow hedges	-7	39
Share of other comprehensive income (exchange differences) of investments accounted for using the equity method	-45	38
Items that will be reclassified subsequently to profit or loss when specific conditions are met	**599**	**671**
Other results (net)	**-592**	**1,445**
Total comprehensive income	**51,980**	**53,834**
Total comprehensive income attributable to		
Shareholders of CTS KGaA	47,376	44,205
Non-controlling interests	4,604	9,629

[1] 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 APRIL TO 30 JUNE 2019

	01.04.2019 - 30.06.2019 [1] [EUR'000]	01.04.2018 - 30.06.2018 [EUR'000]
Revenue	413,873	332,064
Cost of sales	-329,306	-266,582
Gross profit	**84,567**	**65,482**
Selling expenses	-25,188	-22,349
General administrative expenses	-17,919	-16,397
Other operating income	4,604	5,788
Other operating expenses	-5,367	-3,037
Operating profit (EBIT)	**40,697**	**29,487**
Income / expenses from participations	22	90
Income / expenses from investments in associates accounted for at equity	1,836	867
Financial income	279	3,717
Financial expenses	-1,905	-1,465
Income before tax (EBT)	**40,929**	**32,696**
Taxes	-15,943	-11,884
Net income	**24,987**	**20,812**
Net income attributable to		
Shareholders of CTS KGaA	**21,802**	**17,838**
Non-controlling interests	3,184	2,974
Earnings per share (in EUR); undiluted (= diluted)	0.23	0.19
Average number of shares in circulation; undiluted (= diluted)	96 million	96 million

[1] 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 APRIL TO 30 JUNE 2019

	01.04.2019 - 30.06.2019 [1]	01.04.2018 - 30.06.2018
	[EUR'000]	[EUR'000]
Net income	24,987	20,812
Remeasurement of the net defined benefit obligation for pension plans	-710	-76
Items that will not be reclassified to profit or loss	**-710**	**-76**
Exchange differences on translating foreign subsidiaries	358	889
Change in the fair value of derivatives in cash flow hedges	-7	76
Share of other comprehensive income (exchange differences) of investments accounted for using the equity method	-752	-208
Items that will be reclassified subsequently to profit or loss when specific conditions are met	**-401**	**757**
Other results (net)	**-1,111**	**681**
Total comprehensive income	**23,876**	**21,493**
Total comprehensive income attributable to		
Shareholders of CTS KGaA	20,624	18,035
Non-controlling interests	3,252	3,458

[1] 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 SHAREHOLDERS' EQUITY

	Equity attributable to shareholders of CTS KGaA											
					Other reserves							
	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	Total equity
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Status 01.01.2018	**96,000**	**1,890**	**7,200**	**266,394**	**1,571**	**-18**	**-2,084**	**-1,759**	**-52**	**369,142**	**23,841**	**392,982**
Net income	0	0	0	43,908	0	0	0	0	0	43,908	8,481	52,389
Other income	0	0	0	0	-194	22	38	430	0	296	1,149	1,445
Total income										**44,205**	**9,629**	**53,834**
Dividends	0	0	0	-56,635	0	0	0	0	0	-56,635	-4,128	-60,763
Changes in the scope of consolidation	0	0	0	21	0	0	0	0	0	21	4,567	4,588
Other changes	0	0	0	0	-283	0	283	0	0	0	0	0
Status 30.06.2018	**96,000**	**1,890**	**7,200**	**253,688**	**1,093**	**4**	**-1,762**	**-1,329**	**-52**	**356,732**	**33,908**	**390,640**
Status 01.01.2019	**96,000**	**1,890**	**7,200**	**335,098**	**1,465**	**-14**	**-1,923**	**-1,181**	**-52**	**438,483**	**32,805**	**471,289**
Net income	0	0	0	48,237	0	0	0	0	0	48,237	4,335	52,572
Other income	0	0	0	0	-93	-10	-45	-712	0	-861	269	-592
Total income										**47,376**	**4,604**	**51,980**
Dividends	0	0	0	-59,515	0	0	0	0	0	-59,515	-4,288	-63,803
Other changes	0	0	0	-47	0	0	0	0	0	-47	-12	-59
Status 30.06.2019	**96,000**	**1,890**	**7,200**	**323,773**	**1,372**	**-24**	**-1,968**	**-1,893**	**-52**	**426,298**	**33,110**	**459,408**

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

	01.01.2019 - 30.06.2019 [1] [EUR]	01.01.2018 - 30.06.2018 [EUR]
Net income	52,572	52,389
Depreciation and amortisation on fixed assets	26,734	17,865
Changes in pension provisions	1,109	-106
Deferred tax expenses / income	-102	-2,733
Cash flow	**80,313**	**67,415**
Other non-cash transactions	-2,498	-1,804
Profit / loss from disposal of fixed assets	106	-3,064
Interest expenses / Interest income	1,053	1,291
Income tax expenses	30,047	27,918
Interest received	402	232
Interest paid	-875	-865
Income tax paid	-42,113	-17,352
Increase (-) / decrease (+) in inventories	1,540	920
Increase (-) / decrease (+) in payments on account	-16,814	-30,435
Increase (-) / decrease (+) in marketable securities and other investments	278	-2,079
Increase (-) / decrease (+) in receivables and other assets	-23,046	55,663
Increase (+) / decrease (-) in provisions	-226	-2,433
Increase (+) / decrease (-) in liabilities	-227,516	-133,795
Cash flow from operating activities	**-199,348**	**-38,389**
Cash flow from investing activities	**-24,314**	**4,721**
Cash flow from financing activities	**-87,164**	**-87,636**
Net increase / decrease in cash and cash equivalents	**-310,826**	**-121,304**
Net increase / decrease in cash and cash equivalents due to currency translation	867	-576
Cash and cash equivalents at beginning of period	873,206	640,726
Cash and cash equivalents at end of period	**563,247**	**518,846**
Composition of cash and cash equivalents		
Cash and cash equivalents	563,247	518,846
Cash and cash equivalents at end of period	**563,247**	**518,846**

[1] 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.

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRELIMINARY STATEMENTS

1.1 STRUCTURE AND BUSINESS OPERATIONS OF THE GROUP

The consolidated financial statements include all significant subsidiaries in addition to the CTS EVENTIM AG & Co. KGaA (hereinafter: CTS KGaA) as the parent company. The CTS KGaA is registered in the Commercial Register at Munich Local Court under no. HRB 212700. The company's head office is in Bremen, Germany. Shares in CTS KGaA are traded under securities code 547030 in the SDAX segment of the Frankfurt Stock Exchange.

The corporate management of the CTS KGaA is perceived by the EVENTIM Management AG, Hamburg. EVENTIM Management AG is represented by the Management Board.

The Group is organised in two segments, Ticketing and Live Entertainment, and operates in the market for leisure events. The objects of the company in the Ticketing segment are to produce, sell, broker, distribute and market tickets for concerts, theatre, art, sports and other events in Germany and abroad, in particular by using electronic data processing and modern communication and data transmission technologies. The objects of the Live Entertainment segment are to plan, prepare and execute events, in particular music events and concerts, market music productions and to operate venues.

This Group interim consolidated financial statement and the interim group management report of CTS KGaA and its subsidiaries for the first six months of the 2019 financial year were approved for publication by resolution of the Management Board of EVENTIM Management AG on 22 August 2019.

1.2 ACCOUNTING PRINCIPLES

The present, unaudited and unrevised Group interim report as at 30 June 2019 was prepared in compliance with the International Financial Reporting Standards (IFRS) for interim financial reporting, as they apply in the European Union (IAS 34 'Interim Financial Reporting'), and in accordance with the applicable regulations in the Securities Trading Act (Wertpapierhandelsgesetz – WpHG). A condensed form of report compared to the Annual Report as at 31 December 2018 was chosen, as provided for in IAS 34. The Group interim report should be read in conjunction with the consolidated financial statements as at 31 December 2018. The Group interim report contains all the information required to give a true and fair view of the earnings performance and financial position of the company. Consolidated financial statements reflecting applicable HGB principles were not prepared.

The comparative figures in the income statements relate to the Group interim consolidated financial statements as at 30 June 2018 and those in the balance sheet to the consolidated financial statements as at 31 December 2018.

The interim consolidated financial statements are denominated in Euro. All amounts in the interim consolidated financial statements are rounded to thousand euros. This may lead to minor deviations on addition.

1.3 ACCOUNTING POLICIES

The accounting principles and consolidation methods are the same as those applied in the consolidated financial statements as at 31 December 2018, with the exception of the first-time application of new and amended standards (see item 1.5).

1.4 NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

Standards that are not applicable until after the balance sheet date have not been prematurely applied. The amended standards and interpretations to be applied in the future are not expected to have material effects on financial position, cash flow and earnings performance.

1.5 NEW AND AMENDED STANDARDS IN 2019

The effects of the first-time adoption of IFRS 16 are outlined in the following section.

IFRS 16 'Leases' contains new accounting requirements with regard to the recognition of leases. The standard implies that almost all leases must be recognised in the balance sheet because the distinction between operating and finance leases for lessees is eliminated. Under the new standard, assets (the right to use the leased object) and financial liabilities (the obligation to pay the lease instalments) are recognised in the balance sheet.

The standard is only applied to fixed assets at the CTS Group (IFRS 16.4). The CTS Group makes use of its option to waive the capitalisation of rights of use and the recognition as liabilities of obligations resulting from current leases (terms of less than one year) and leases for low-value leased objects (assets with a value below EUR 5,000 when new). Direct costs were not included in the valuation of the rights of use. The CTS Group opted for the modified retrospective approach in transitioning to the new requirements of IFRS 16 as at 1 January 2019. This did not involve any retrospective adjustment to previous year figures 2018. At the point of first-time adoption, the option to recognise lease assets and lease liabilities at the same amount was exercised.

Assets are depreciated over the term of the underlying lease agreement. Non-leasing components (such as service fees) were not included in the present value calculation. A currency-specific incremental borrowing rate is used to calculate the present value of lease liabilities and rights of use for each lease agreement. This incremental borrowing rate also takes company-specific and country-specific risk factors into account. The weighted average incremental borrowing rate of the lessee, which was applied to the lease liabilities as at 1 January 2019, is 1.0%. Interest expense is recognised in the financial result in the income statement

The total assets of the CTS Group increased by approximately EUR 146 million at the point of first-time adoption. The extension of the balance sheet is primarily the result of the capitalisation of rights of use for venues (approximately EUR 102 million), office buildings (approximately EUR 43 million) and vehicles (approximately EUR 1 million) and the corresponding recognition of other financial liabilities (of which approximately EUR 17 million are current and approximately EUR 129 million non-current). Deferred tax assets on other financial liabilities and deferred tax liabilities on the capitalisation of rights of use are identical at the point of first-time adoption and are netted against each other; in total, they have no effect on the balance sheet.

The following table shows the reconciliation of the operating leases existing as of 31 December 2018 and the lease liabilities when first applying IFRS 16:

	[EUR'000]
Operating lease obligations as at 31 December 2018 (see Annual Report 2018 page 174)	**67,381**
Effects from discounting using the incremental borrowing rate	-221
Finance lease liabilities as at 31 December 2018	176
Recognition exemption from short-term leases	-2,638
Recognition exemption for leases of low-value assets	-23
Adjustments due to differential assessment of contract renewal options	83,798
Asset not yet accessible	-1,955
Lease liabilities as at 1 January 2019	**146,518**

The adoption of IFRS 16 within the Group had a positive effect on EBITDA/normalised EBITDA of EUR 9,226 thousand. This effect was offset by EUR 8,734 thousand in depreciation (in Ticketing of EUR 3,278 thousand and in Live Entertainment of EUR 5,456 thousand). The adoption of IFRS 16 thus results in a positive EUR 492 thousand effect on EBIT/normalised EBIT at Group level, before amortisation relating to purchase price allocation. After interest expense amounting to EUR 732 thousand and deferred taxes of EUR 77 thousand, the effect on net income for the period is EUR -163 thousand.

2. CONSOLIDATED SUBSIDIARIES

In addition to the parent company's financial statements, the CTS Group comprises the financial statements of 96 subsidiaries (31.12.2018: 97) in the consolidated financial statements.

In the reporting period, the number of fully consolidated companies in the Live Entertainment was reduced by one company due to its insignificance.

In the CTS Group, 2 joint ventures (31.12.2018: 2 joint ventures) and 11 investments in associates (31.12.2018: 11) are included in the consolidated financial statements using the equity method.

Due to their insignificance, 11 subsidiaries (31.12.2018: 10) are accounted for as investments in affiliated companies in financial assets.

2.1 FINAL PURCHASE PRICE ALLOCATIONS

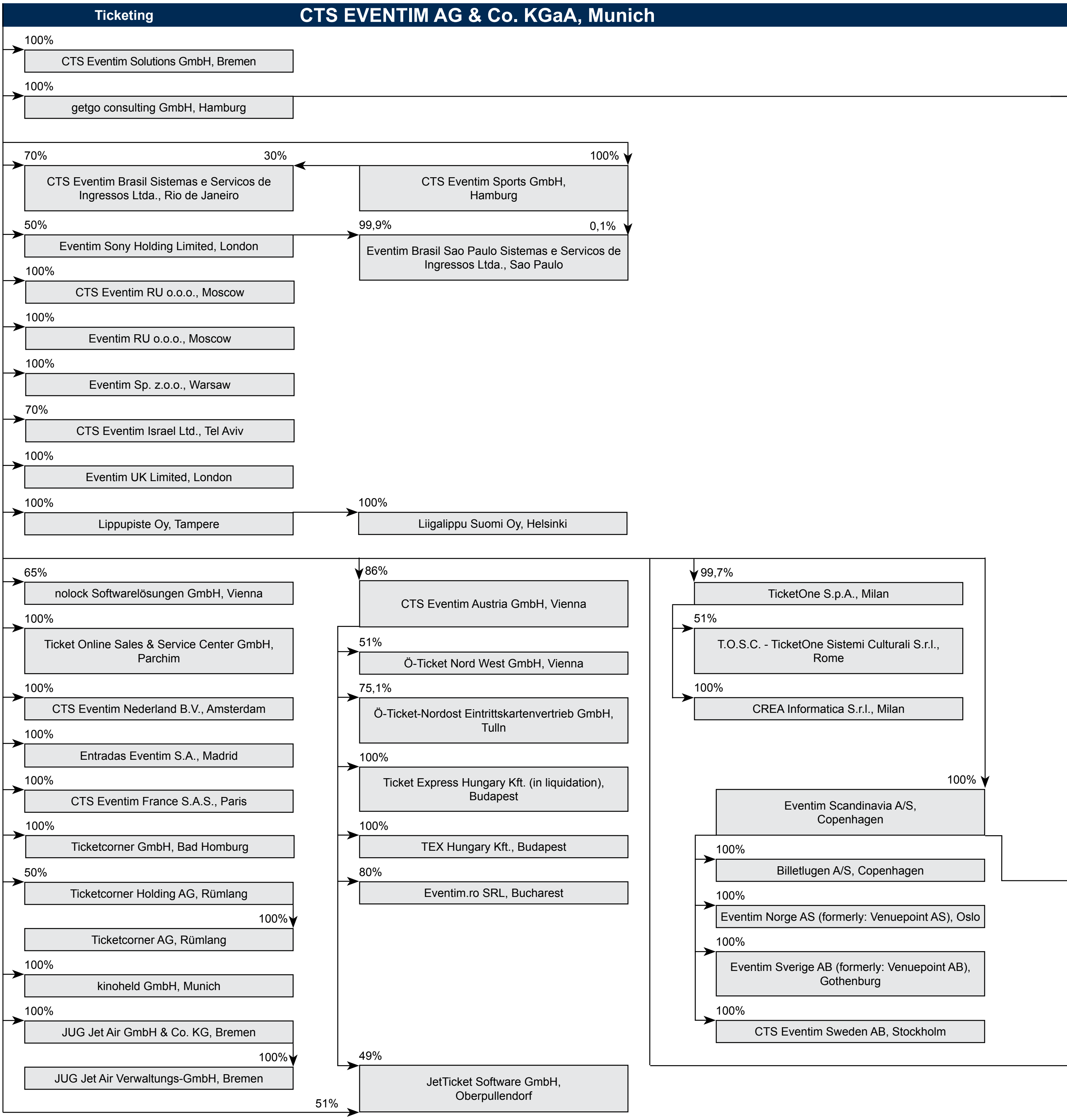
SEGMENT LIVE ENTERTAINMENT

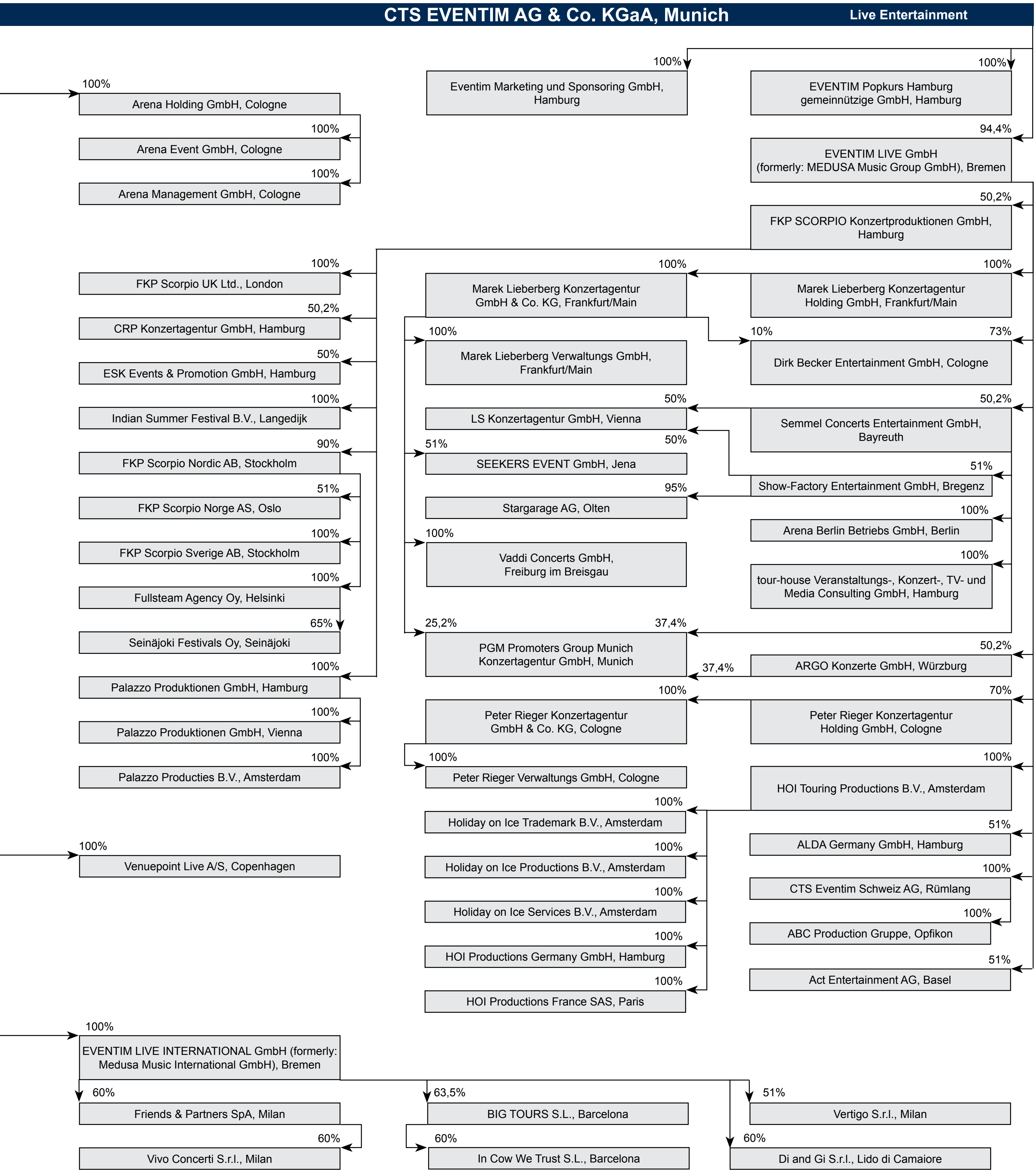
The first-time consolidation of the Italian festival and concert promoter Di and Gi S.r.l., Lido di Camaiore (hereinafter: DiGi), was prepared in February 2018 and the purchase price allocation was completed within the 12-month deadline in February 2019. No adjustments were made as a result of the final purchase price allocation. As part of the purchase price allocation, intangible assets (customer base and brand) of EUR 530 thousand were recognised. In addition further changes in fair value in advance payments received of EUR 1,049 thousand were recognised. Temporary differences in the revaluation resulted in deferred tax liabilities of EUR 441 thousand. The difference between the consideration transferred and the pro rata net assets was assigned to the goodwill in the Live Entertainment segment and mainly reflects future synergy and earnings potential. Goodwill is not tax deductible.

The first-time consolidation of the Italian concert promoter Vivo Concerti S.r.l., Milan (hereinafter: Vivo Concerti), was prepared in April 2018 and the purchase price allocation was completed within the 12-month deadline in April 2019. No adjustments were made as a result of the final purchase price allocation. As part of the purchase price allocation, intangible assets (customer base) with a fair value of EUR 151 thousand were mainly recognised. Temporary differences in the revaluation resulted in deferred tax liabilities of EUR 50 thousand. The difference between the consideration transferred and the pro rata net assets was assigned to the goodwill in the Live Entertainment segment and mainly reflects future synergy and earnings potential. Goodwill is not tax deductible.

The first-time consolidation of the Spanish concert promoter BIG TOURS S.L., Barcelona (hereinafter: BIG TOURS), was prepared in May 2018 and the purchase price allocation was completed within the 12-month deadline in May 2019. No adjustments were made as a result of the final purchase price allocation. As part of the purchase price allocation, intangible assets (customer base) with a fair value of EUR 1,034 thousand were mainly recognised. Temporary differences in the revaluation resulted in deferred tax liabilities of EUR 382 thousand. The difference between the consideration transferred and the pro rata net assets was assigned to the goodwill in the Live Entertainment segment and mainly reflects future synergy and earnings potential. Goodwill is not tax deductible.

2.2 CORPORATE STRUCTURE AS AT 30 JUNE 2019:




CTS EVENTIM AG & Co. KGaA, Munich
Live Entertainment
100%
Arena Holding GmbH, Cologne
100%
Arena Event GmbH, Cologne
100%
Arena Management GmbH, Cologne
100%
Eventim Marketing und Sponsoring GmbH, Hamburg
100%
EVENTIM Popkurs Hamburg gemeinnützige GmbH, Hamburg
94,4%
EVENTIM LIVE GmbH (formerly: MEDUSA Music Group GmbH), Bremen
50,2%
FKP SCORPIO Konzertproduktionen GmbH, Hamburg
100%
FKP Scorpio UK Ltd., London
50,2%
CRP Konzertagentur GmbH, Hamburg
50%
ESK Events & Promotion GmbH, Hamburg
100%
Indian Summer Festival B.V., Langedijk
90%
FKP Scorpio Nordic AB, Stockholm
51%
FKP Scorpio Norge AS, Oslo
100%
FKP Scorpio Sverige AB, Stockholm
100%
Fullsteam Agency Oy, Helsinki
65%
Seinäjoki Festivals Oy, Seinäjoki
100%
Palazzo Produktionen GmbH, Hamburg
100%
Palazzo Produktionen GmbH, Vienna
100%
Palazzo Producties B.V., Amsterdam
100%
Marek Lieberberg Konzertagentur GmbH & Co. KG, Frankfurt/Main
100%
Marek Lieberberg Konzertagentur Holding GmbH, Frankfurt/Main
100%
Marek Lieberberg Verwaltungs GmbH, Frankfurt/Main
10%
73%
Dirk Becker Entertainment GmbH, Cologne
50%
LS Konzertagentur GmbH, Vienna
50,2%
Semmel Concerts Entertainment GmbH, Bayreuth
51%
50%
SEEKERS EVENT GmbH, Jena
51%
Show-Factory Entertainment GmbH, Bregenz
95%
Stargarage AG, Olten
100%
Arena Berlin Betriebs GmbH, Berlin
100%
Vaddi Concerts GmbH, Freiburg im Breisgau
100%
tour-house Veranstaltungs-, Konzert-, TV- und Media Consulting GmbH, Hamburg
25,2%
37,4%
PGM Promoters Group Munich Konzertagentur GmbH, Munich
37,4%
50,2%
ARGO Konzerte GmbH, Würzburg
100%
Peter Rieger Konzertagentur GmbH & Co. KG, Cologne
70%
Peter Rieger Konzertagentur Holding GmbH, Cologne
100%
Peter Rieger Verwaltungs GmbH, Cologne
100%
HOI Touring Productions B.V., Amsterdam
100%
Holiday on Ice Trademark B.V., Amsterdam
100%
Holiday on Ice Productions B.V., Amsterdam
100%
Holiday on Ice Services B.V., Amsterdam
100%
HOI Productions Germany GmbH, Hamburg
100%
HOI Productions France SAS, Paris
51%
ALDA Germany GmbH, Hamburg
100%
CTS Eventim Schweiz AG, Rümlang
100%
ABC Production Gruppe, Opfikon
51%
Act Entertainment AG, Basel
100%
Venuepoint Live A/S, Copenhagen
100%
EVENTIM LIVE INTERNATIONAL GmbH (formerly: Medusa Music International GmbH), Bremen
60%
Friends & Partners SpA, Milan
60%
Vivo Concerti S.r.l., Milan
63,5%
BIG TOURS S.L., Barcelona
60%
In Cow We Trust S.L., Barcelona
51%
Vertigo S.r.l., Milan
60%
Di and Gi S.r.l., Lido di Camaiore

3. SELECTED NOTES TO THE CONSOLIDATED BALANCE SHEET

Property, plant and equipment increased by EUR 144,882 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 144,193 thousand are capitalised.

The increase in **investments in associates accounted for at equity** mainly results from payments to the capital reserve of the operating company for the collection of the infrastructure charge of EUR 10,000 thousand and the proportionate result of the period of EUR 2,000 thousand.

The current assets of the operating company account for EUR 16,533 thousand as at 30 June 2019, of which cash and cash equivalents are EUR 10,563 thousand. Non-current assets amounted to EUR 52,558 thousand, while current liabilities amounted to EUR 39,092 thousand and non-current liabilities to EUR 5,976 thousand. The operating company reported revenue of EUR 48,292 thousand, EBITDA of EUR 6,285 thousand and a financial result of EUR -572 thousand for the first half of 2019. After tax expenses of EUR -1,714 thousand, a result for the period of EUR 3,999 thousand was generated. The increase in cash and cash equivalents results from payments into the capital reserve (EUR +20,000 thousand) and increased loan receivables from shareholders (EUR +10,000 thousand). This was offset by a negative cash flow from operating activities of EUR -19,458 thousand.

The increase in **non-current liabilities** (EUR +127,924 thousand) mainly results from the adoption of IFRS 16 of lease liabilities of EUR 127,889 thousand. This is offset by lower non-current financial liabilities (EUR -8,572 thousand) mainly due to the maturity-matched reclassification to current liabilities.

4. SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

REVENUE

The **CTS Group** generated EUR 696,563 thousand in revenue in the period under review, compared to EUR 606,606 thousand in previous year (+14.8%).

	30.06.2019 [EUR'000]	30.06.2018 [EUR'000]
Ticketing		
Ticket fees	162,119	155,785
Commissions	5,442	4,718
Other service charges	5,080	5,617
Licence fees	3,160	3,295
Other	24,433	13,986
	200,234	**183,400**
Live Entertainment		
Entertainment services	458,144	392,987
Catering and merchandising	19,172	13,636
Sponsoring	10,294	7,790
Other	16,893	14,708
	504,504	**429,121**
Intersegment consolidation	-8,175	-5,915
CTS Group	**696,563**	**606,606**

Of the CTS Group's external revenue, EUR 503,931 thousand (previous year: EUR 435,872) was recognised over time in accordance with IFRS 15. Thereof EUR 38,641 thousand (previous year: EUR 35.740 thousand) are attributable to the Ticketing segment and EUR 465,290 thousand to the Live Entertainment segment (previous year: EUR 400,132 thousand). In the Live Entertainment segment, the periods over which revenues are recorded are very short and can last up to a maximum of several days at festivals.

The following table shows the external revenue for the reporting period, broken down by geographical distribution:

	30.06.2019	30.06.2018
	[EUR'000]	[EUR'000]
Germany	437,815	419,621
Austria	28,986	34,313
Switzerland	46,664	42,449
Italy	121,839	53,409
Other countries	61,258	56,813
	696,563	**606,606**

The decline of revenue in Austria mainly relates to the lack of major tours in the Live Entertainment segment in the reporting period. The increase in Italy mainly results from the expansion in the scope of consolidation in the Live Entertainment segment.

IMPAIRMENT LOSSES ON FINANCIAL ASSETS

In the first half of 2019, impairments (including the reversal of impairment losses or recoveries) on current and non-current financial assets of EUR 1,372 thousand (previous year: EUR 591 thousand) were recorded in EBITDA. The impairment losses and income are reported under selling expenses and other operating income.

TAXES

Taxes increased by EUR 4,760 thousand to EUR 29,945 thousand mainly due to positive business development. The tax rate amounts to 36.3% (previous year: 32.5%). The rise of the tax rate mainly results from non-usable deferred tax assets in connection with the expansion of entertainment products as well as higher tax expenses for previous periods.

5. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table shows the carrying amounts, the recognition in accordance with IFRS 9 and the fair values of current and non-current financial instruments as at 30 June 2019:

		Balance sheet value according to IFRS 9				
	Carrying value 30.06.2019	Fair value through profit and loss	Fair value hedging instruments	Financial assets at amortised cost	Financial liabilities at amortised cost	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS						
Cash and cash equivalents	563,247			563,247		563,247
Marketable securities and other investments	3,131	504		2,627		3,129
Trade receivables	83,018			83,018		82,637
Receivables from affiliated and associated companies accounted for at equity	16,997			16,997		16,919
Other original financial assets	120,507	1,936		118,571		120,496
thereof receivables relating to ticket monies	59,874			59,874		59,745
Derivatives standalone	88	88				88
Derivatives in cash flow hedges	8		8			8
Investments	2,303	2,303				2,303
Total	**789,299**	**4,832**	**8**	**784,460**		**788,827**
LIABILITIES						
Financial liabilities	91,122				91,122	91,801
Trade payables	170,388				170,388	170,266
Payables to affiliated and associated companies accounted for at equity	798				798	798
Other original financial liabilities	425,027				425,027	424,722
thereof liabilities due to not yet invoiced ticket monies	263,946				263,946	263,756
Derivatives in cash flow hedges	39		39			39
Total	**687,374**		**39**		**687,335**	**687,625**

The following table shows the carrying amounts, the recognition in accordance with IFRS 9 and the fair values of current and non-current financial instruments as at 31 December 2018:

		Balance sheet value according to IFRS 9				
	Carrying value 31.12.2018	Fair value through profit and loss	Fair value hedging instruments	Financial assets at amortised cost	Financial liabilities at amortised cost	Fair value
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS						
Cash and cash equivalents	873,206			873,206		873,206
Marketable securities and other investments	3,385	480		2,905		3,381
Trade receivables	62,206			62,206		61,690
Receivables from affiliated and associated companies accounted for at equity	628			628		628
Other original financial assets	149,615	2,725		146,890		149,069
thereof receivables relating to ticket monies	87,085			87,085		86,364
Investments	1,739	1,739				1,739
Total	**1,090,779**	**4,943**		**1,085,836**		**1,089,713**
LIABILITIES						
Financial liabilities	105,298				105,298	105,400
Trade payables	138,939				138,939	138,080
Payables to affiliated and associated companies accounted for at equity	743				743	738
Other original financial liabilities	443,495				443,495	440,752
thereof liabilities due to not yet invoiced ticket monies	422,842				422,842	420,226
Derivatives in cash flow hedges	20		20			20
Derivatives standalone	13	13				13
Total	**688,508**	**13**	**20**		**688,475**	**685,003**

DISCLOSURES REGARDING FAIR VALUE

The principles and methods used to determine fair values are unchanged compared to the previous year.

According to IFRS 13, the fair values of financial assets and liabilities are classified according to the three levels of the fair value hierarchy. Level 1 contains fair values of financial instruments for which a market price can be quoted; securities are an example. In Level 2, fair values are based on market data, such as currency rates or interest curves, using market-based valuation techniques. Examples include derivatives. Fair values in Level 3 are derived using valuation techniques based on unobservable inputs, due to the lack of an active or measurable market.

Reclassifications between the levels within the fair value hierarchy are carried out at the beginning of the respective quarter in which the reason or the change in circumstances occurred that results in the reclassification. There were no reclassifications in the first six months of 2019.

The following table provides an overview of the fair values of current and non-current financial assets and liabilities and their allocation to the three levels within the fair value hierarchy according to IFRS 13 as at 30 June 2019:

	30.06.2019			
	Level 1	Level 2	Level 3	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS				
Cash and cash equivalents	0	563,247	0	563,247
Marketable securities and other investments	531	2,598	0	3,129
Trade receivables	0	82,637	0	82,637
Receivables from affiliated and associated companies accounted for at equity	0	16,919	0	16,919
Other original financial assets	0	118,560	1,936	120,496
thereof receivables relating to ticket monies	0	59,745	0	59,745
Derivatives standalone	0	88	0	88
Derivatives in cash flow hedges	0	8	0	8
Investments	704	0	1,599 [1]	2,303
	1,235	**784,058**	**3,535**	**788,827**
LIABILITIES				
Financial liabilities	0	91,801	0	91,801
Trade payables	0	170,266	0	170,266
Payables to affiliated and associated companies accounted for at equity	0	798	0	798
Other original financial liabilities	0	424,722	0	424,722
thereof liabilities due to not yet invoiced ticket monies	0	263,756	0	263,756
Derivatives in cash flow hedges	0	39	0	39
	0	**687,625**	**0**	**687,625**

[1] Due to materiality, the additional disclosures on level 3 instruments within this balance sheet item have been declined.

As at 31 December 2018, fair values of other original financial assets in the level 3 fair value hierarchy amounted to EUR 2,725 thousand. Additions of EUR 306 thousand were posted up to 30 June 2019. Disposals were not recorded during the reporting period. In the first half of 2019, fair value adjustments of EUR -1,095 thousand were recognised in financial results. Accordingly, the book value as at 30 June 2019 amounts to EUR 1,936 thousand. The discount rates used range between 5.1% and 6.8% and reflect the specific risks of the respective contract. An adjustment of the interest rate by +100 basis points (-100 basis points) would reduce (increase) the fair value of the financial asset by EUR -92 thousand (EUR 98 thousand). If the expected cash flows were adjusted by +10% (-10%), the fair value would increase (decrease) by EUR 117 thousand. The underlying cash flows range from EUR 7,166 thousand to EUR 8,759 thousand.

The following table provides an overview of the fair values of current and non-current financial assets and liabilities and their allocation to the three levels within the fair value hierarchy according to IFRS 13 as at 31 December 2018:

	31.12.2018			
	Level 1	Level 2	Level 3	Total
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
ASSETS				
Cash and cash equivalents	0	873,206	0	873,206
Marketable securities and other investments	506	2,875	0	3,381
Trade receivables	0	61,690	0	61,690
Receivables from affiliated and associated companies accounted for at equity	0	628	0	628
Other original financial assets	0	146,344	2,725	149,069
thereof receivables relating to ticket monies	0	86,364	0	86,364
Investments	694	0	1,045 [1]	1,739
	1,200	**1,084,744**	**3,769**	**1,089,713**
LIABILITIES				
Financial liabilities	0	105,400	0	105,400
Trade payables	0	138,080	0	138,080
Payables to affiliated and associated companies accounted for at equity	0	738	0	738
Other original financial liabilities	0	440,752	0	440,752
thereof liabilities due to not yet invoiced ticket monies	0	420,226	0	420,226
Derivatives in cash flow hedges	0	20	0	20
Derivatives standalone	0	13	0	13
	0	**685,003**	**0**	**685,003**

[1] Due to materiality, the additional disclosures on level 3 instruments within this balance sheet item have been waived.

6. SEGMENT REPORTING

The external and internal revenues of the segments are shown in the following table:

	Ticketing		Live Entertainment		Total for segments	
	01.01.2019 -30.06.2019 [EUR'000]	01.01.2018 -30.06.2018 [EUR'000]	01.01.2019 -30.06.2019 [EUR'000]	01.01.2018 -30.06.2018 [EUR'000]	01.01.2019 -30.06.2019 [EUR'000]	01.01.2018 -30.06.2018 [EUR'000]
External revenue	193,455	178,365	503,108	428,241	696,563	606,606
Internal revenue after consolidation within the segments	6,779	5,035	1,395	880	8,175	5,915
Revenue	**200,234**	**183,400**	**504,504**	**429,121**	**704,737**	**612,521**

Reconciliation of the operating profit (EBIT) of the segments to Group earnings:

	Ticketing		Live Entertainment		Intersegment consolidation		Group	
	01.01.2019 -30.06.2019 [1]	01.01.2018 -30.06.2018	01.01.2019 -30.06.2019 [1]	01.01.2018 -30.06.2018	01.01.2019 -30.06.2019 [1]	01.01.2018 -30.06.2018	01.01.2019 -30.06.2019 [1]	01.01.2018 -30.06.2018
	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]	[EUR'000]
Revenue	200,234	183,400	504,504	429,121	-8,175	-5,915	696,563	606,606
EBITDA	72,909	64,891	36,990	28,307	0	0	109,899	93,198
Depreciation and amortisation	-17,087	-14,744	-9,647	-3,122	0	0	-26,734	-17,865
EBIT	55,822	50,147	27,343	25,185	0	0	83,165	75,332
Financial result							-648	2,241
Earnings before taxes (EBT)							82,517	77,573
Taxes							-29,945	-25,185
Net income							52,572	52,389
Non-controlling interests							-4,335	-8,481
Net income attributable to shareholders of CTS KGaA							48,237	43,908
Average number of employees	1,689	1,651	1,316	1,149			3,005	2,800
Normalised EBITDA	74,388	65,637	37,390	28,511	0	0	111,778	94,148
Normalised EBIT before amortisation resulting from purchase price allocation	60,966	55,546	29,482	26,419	0	0	90,448	81,965

[1] 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.

7. OTHER DISCLOSURES

APPROPRIATION OF EARNINGS

The Shareholders' Meeting on 8 May 2019 adopted a resolution to distribute EUR 59,515 thousand (EUR 0.62 per eligible share) of the balance sheet profit of EUR 229,190 thousand as at 31 December 2018 to shareholders. This distribution was carried out after Shareholders's meeting in May 2019, and the remaining balance sheet profit of EUR 169,676 thousand was carried forward to the new account.

FINANCIAL OBLIGATIONS

CTS KGaA holds a 50% stake, recognised as Joint Venture at equity, in the operating company for collecting the German infrastructure charge 'car toll'. After the operating company was commissioned by the German Federal Ministry for Transport and Digital Infrastructure in December 2018 to collect the German 'car toll', the Court of Justice of the European Union (CJEU) ruled in its judgment of 18 June 2019 that introducing the German 'car toll' while simultaneously exempting only German residents from road tax constituted a breach of the principles of free movement of goods and of the freedom to provide services. The federal government responded by unilaterally terminating, to 30 September 2019, the contract with the operating company to collect the German infrastructure charge. The operating company then terminated the syndicated loan agreement for EUR 175 million.

The joint and several liability that is still borne temporarily by the operating company in connection with the syndicated loan agreement, in respect of amounts owed to the financing banks from or in connection with the syndicated loan agreement for EUR 175 million, will be cancelled when the syndicated loan agreement is wound up.

No other changes have occurred with regard to other contingent liabilities since 31 December 2018.

RELATED PARTY DISCLOSURES

The transactions of the CTS Group with related companies and persons pertain to reciprocal services and were concluded only at the arm's-length conditions which normally apply between third parties.

As the majority shareholder of the general partner of EVENTIM Management AG and majority shareholder of CTS KGaA, Mr. Klaus-Peter Schulenberg was the controlling shareholder until 28 December 2015. On 28 December 2015, Mr. Klaus-Peter Schulenberg transferred his shares of CTS KGaA as well as his shares of EVENTIM Management AG to KPS Stiftung seated in Hamburg. Mr. Klaus-Peter Schulenberg's holdings in CTS KGaA and EVENTIM Management AG are only being converted from a direct into an indirect holding. Therefore Mr. Klaus-Peter Schulenberg has to be classified as a controlling person. He is also the controlling shareholder of other companies associated with the KPS Group.

The contractual relationships with related companies and persons resulted in the following goods and services being sold to and bought from related parties in the 2019 reporting period:

Goods and services supplied by the Group	30.06.2019 [EUR'000]	30.06.2018 [EUR'000]
Subsidiaries not included in consolidation due to insignificance	304	315
Associated companies (accounted for at equity)	529	1,311
Joint Ventures (accounted for at equity)	9,447	0
Other related parties	567	448
	10,946	**2,074**

The increase in goods and services supplied by the Group to Joint Ventures accounted for at equity mainly relates to services provided for the project 'car toll' to collect the German infrastructure charge to the operating company.

Goods and services received by the Group	30.06.2019 [EUR'000]	30.06.2018 [EUR'000]
Subsidiaries not included in consolidation due to insignificance	303	1,030
Associated companies accounted for at equity	70	86
Other related parties	13,344	13,660
	13,717	**14,776**

Shares in companies accounted for using the equity method increased by EUR 12,352 thousand from EUR 18,803 thousand to EUR 31,155 thousand. The increase mainly results due to the payments to the capital reserve of the operating company of EUR 10,000 thousand and the proportionate result of the period of EUR 2,000 thousand.

The receivables from related companies and persons increased to EUR 23,512 thousand (31.12.2018: EUR 689 thousand). Receivables from the operating company (Joint Venture) accounted for at equity increased to EUR 21,322 thousand. The increase includes services rendered of EUR 7,134 thousand and contract assets of EUR 9,172 thousand. In addition, there are loan receivables against the operating company of EUR 5,016 thousand.

Liabilities to related parties increased to EUR 7,155 thousand (31.12.2018: EUR 4,158 thousand). The increase mainly comprises contract liabilities in accordance with IFRS 15 from outstanding service obligations to the operating company (Joint Venture) accounted for at equity of EUR 5,916 thousand. On the other hand, there are lower liabilities to other related parties of EUR 2,920 thousand.

EVENTS AFTER THE BALANCE SHEET DATE

No events requiring disclosure took place after the balance sheet date.

ASSURANCE BY LEGAL REPRESENTATIVES

To the best of our knowledge, the interim consolidated financial statements give a true and fair view of the Group's earnings performance, financial position and cash flow, in accordance with the applicable reporting principles for interim reporting, and that consolidated interim management report presents the course of business, including the Group's profits and situation, in a way that accurately reflects actual circumstances and truthfully describes the main opportunities and risks associated with the Group's expected development for the rest of the financial year.

Bremen, 22 August 2019

CTS EVENTIM AG & Co. KGaA

represented by:
EVENTIM Management AG, general partner
The Management Board

Klaus-Peter Schulenberg　　Volker Bischoff　　Alexander Ruoff

FORWARD-LOOKING STATEMENTS

This Group interim report 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 interim report. 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 German version of the Group interim report takes priority over the English translation in the event of any discrepancies. Both language versions can be downloaded at www.eventim.de.

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