



DEAG Deutsche Entertainment Aktiengesellschaft

QUARTERLY REPORT
AS OF 30/09/2019

////////////////////////////////////

// DEAG OVERVIEW

COMPANY PROFILE

DEAG Deutsche Entertainment AG (DEAG) is a leading entertainment service company and provider of live entertainment in Europe. With its Group companies, DEAG has been active in the areas of planning, organisation, marketing and holding of live events at 10 locations in its core markets of Germany, the United Kingdom and Switzerland for more than 40 years.

DEAG produces and profitably organises a broad range of events and concerts. As a live entertainment service company with an integrated business model, DEAG has extensive expertise in the planning, organisation, marketing and holding of events, as well as in ticket sales via its own ticketing platform "MyTicket" for its own content and third-party content. The highly scalable business model of MyTicket strengthens DEAG on its way to increasing profitability. DEAG promotes over 4,000 concerts and events a year and currently sells more than five million tickets – a steadily increasing share via its high-turnover ticketing platform MyTicket.

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

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

DEAG'S CORE MARKETS



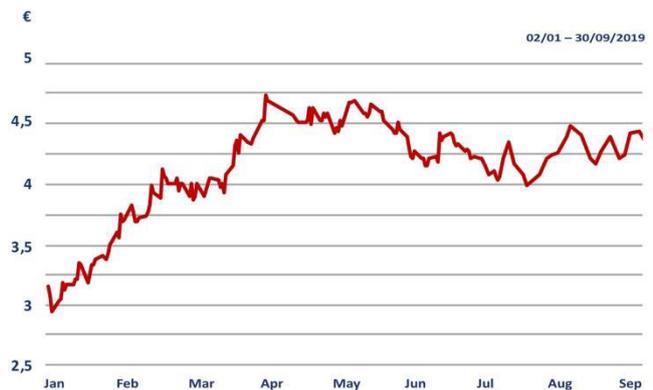
// DEAG ON THE CAPITAL MARKET

1.1 KEY SHARE DATA¹

ISIN	DE000A0Z23G6
WKN	A0Z23G
Market segment	Prime Standard
Average number of shares traded per day	28,129
Number of shares outstanding (30 September 2019)	19,625,976
Closing price for the quarter (30 September 2019)	EUR 4.23
High (1 January – 30 September 2019)	EUR 4.85
Low (1 January – 30 September 2019)	EUR 2.92
Market capitalisation (30 September 2019)	EUR 83.02 Mio.
Designated Sponsor(s)	Hauck & Aufhäuser, Oddo Seydler

1.2 PERFORMANCE OF THE DEAG SHARE

The DEAG share (WKN: A0Z23G, ISIN: DE000A0Z23G6, stock exchange symbol: LOUD) performed extremely well in the first nine months of 2019. After closing at EUR 3.11 at the end of 2018, the share price stood at EUR 4.23 on 30 September 2019. This means it rose by 36% in the first nine months. DEAG thus significantly outperformed the DAX and SDAX indices, which rose by around 17% and 15% respectively between January and September. The DEAG share price was EUR 3.10 at the start of the year. Only a short time later, on 7 January 2019, the DEAG share reached its low for the reporting period of EUR 2.92. This was followed by a clear and continuous upward trend from January to September 2019. The share recorded its highest price on 18 April 2019 at EUR 4.85. DEAG's market capitalisation amounted to EUR 83.02 million on the reporting date for the period. The DEAG share is extremely liquid. The number of shares traded per day in the period from January to the end of September was 28,129, 21,806 of which were traded on Xetra.



¹ All quoted prices are XETRA closing prices

CAPITAL MARKET CONFERENCES 2019

FEB: 06	HIT I HAMBURGER INVESTORENTAG (Hamburg)
APR: 05	CM-CIC MARKET SOLUTIONS FORUM by ESN (Paris)
MAY: 07	GOLDMAN SACHS EUROPEAN SMALL & MID CAP SYMPOSIUM (London)
MAY: 08	MKK I MUNICH CAPITAL MARKET CONFERENCE (Munich)
MAY: 13 - 15	FRÜHJAHRSKONFERENZ I GERMAN SPRING CONFERENCE (Frankfurt/M)
MAY: 16	HAIB STOCKPICKER SUMMIT (Madrid)
MAY: 28	MAINFIRST SMID CAP CONFERENCE (Frankfurt/M)
AUG: 29	COMMERZBANK SECTOR CONFERENCE (Frankfurt/M)
SEP: 02 - 03	HERBSTKONFERENZ I GERMAN FALL CONFERENCE (Frankfurt/M)
SEP: 17	PRIOR CAPITAL MARKET CONFERENCE (Frankfurt/M)
SEP: 27	BAADER INVESTMENT CONFERENCE 2019 (München)
NOV: 25 - 27	DEUTSCHES EIGENKAPITALFORUM I GERMAN EQUITY FORUM (Frankfurt/M)

FINANCIAL CALENDER 2020

FEB: 04	HIT I HAMBURGER INVESTORENTAG (Hamburg)
MRZ: 31	ANNUAL FINANCIAL REPORT 2019
MAY: 28	QUARTERLY FINANCIAL STATEMENT (3M)
JUN: 25	ANNUAL GENERAL MEETING (Berlin)
AUG: 28	HALF-YEARLY FINANCIAL REPORT 2020
NOV: 30	QUARTERLY FINANCIAL STATEMENT (9M)

EARNINGS POSITION

As planned, DEAG generated sales of EUR 123.1 million in the first nine months (previous year: EUR 152.9 million). In the third quarter, sales rose significantly by 70% from EUR 34.8 million to EUR 59.2 million. The third quarter is thus the strongest third quarter in the past ten years and also reflects DEAG's seasonality in the current year.

Gross profit of EUR 24.2 million in the reporting period (previous year: EUR 25.8 million) represents a significant increase in the gross margin from 16.9% to 19.6%.

At EUR 8.0 million, earnings before interest, taxes, depreciation and amortisation (EBITDA) for the reporting period rose significantly compared to the same period of the previous year (EUR 5.1 million on a comparable basis³). The EBITDA margin thus increased from 3.3% on a comparable basis³ to 6.5% in the reporting period. The margin increase resulted from an optimised ticketing business and a more profitable product mix.

EBIT for the reporting period rose to EUR 4.5 million, compared to EUR 2.9 million in the same period of the previous year³.

After EUR -1.9 million in the previous year, the financial result now amounted to EUR -2.9 million. It essentially includes the interest result of EUR -2.7 million (previous year: EUR -1.8 million). The change in net interest income is mainly attributable to the borrowing of funds in connection with the 2018/2023 corporate bond.

After taking tax expenses into account, the result from continuing operations is nearly breakeven at EUR -0.3 million after a breakeven result on a comparable basis³ in the previous year

Consolidated net income attributable to DEAG shareholders amounted to EUR -3.6 million, compared to EUR -1.4 million³. This decline is mainly due to higher interest expenses (EUR 0.9 million) and the event mix included in the course of business, in which other shareholders still held a large stake in the first nine months.

DEVELOPMENTS OF THE SEGMENTS

DEAG reports using an unchanged segment structure. This reflects the Group's activities accurately and clearly:

The **Live Touring segment** ("touring business") includes the tour business. This comprises the activities of the companies DEAG Classics (Berlin), The Classical Company (Zurich, Switzerland), DEAG Concerts (Berlin), KBK Konzert- u. Künstleragentur (Berlin), Wizard Promotions Konzertagentur (Frankfurt/Main), Grünland Family Entertainment (Berlin), Global Concerts Touring GmbH (Munich), I-Motion GmbH Events & Communication (Mülheim-Kärlich), MEWES Entertainment Group GmbH (Hamburg) and the sub-group Kilimanjaro (London, UK), including the Flying Music Group.

The **Entertainment Services segment** ("stationary business") includes regional business as well as the entire services business. This includes the activities of the AIO Group (Glattpark, Switzerland) with Live Music Production SA and Live Music Entertainment SA, Global Concerts (Munich), Concert Concept (Berlin), C² Concerts GmbH (Stuttgart), Grandezza Entertainment (Berlin), River Concerts (Berlin) and Elbklassik (Hamburg), handwerker promotion e. gmbh (Unna), LiveGeist Entertainment GmbH (Frankfurt/Main), Kultur- und Kongresszentrum Jahrhunderthalle GmbH (Frankfurt/Main) as well as mytic myticket (Berlin) and Kultur im Park GmbH (Berlin).

Segment development at a glance:

Live Touring

The Live Touring segment generated sales of EUR 81.7 million after EUR 102.7 million in the prior-year period. Sales in the third quarter alone increased significantly from EUR 19.9 million in the prior-year period to EUR 42.3 million. This development makes it clear that the sales focus in 2019 is on target for the second half of the year.

EBITDA for the nine-month period amounted to EUR 10.1 million after EUR 7.2 million on a comparable basis³. EBITDA thus increased significantly by EUR 2.9 million or 40.3%.

Entertainment Services

Segment sales amounted to EUR 47.8 million after EUR 56.4 million the previous year. Sales in the third quarter rose by EUR 1.1 million or 6.4% to EUR 18.3 million.

³ For the sake of better comparability, the figures for the comparative period were adjusted for the deconsolidation gain of EUR 5.3 million in connection with the strategic sale of Raymond Gubbay Limited (RGL Ltd.)

FORWARD-LOOKING STATEMENTS

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

// CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet	11
Consolidated Statement of Income	13
Consolidated Statement of Comprehensive Income	14
Condensed Consolidated Statement of Cash Flows	15
Condensed Consolidated Statement of Changes in Equity	16
Condensed Notes	17

// CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	01.01.2019 -30.09.2019	01.01.2018 -30.09.2018
	<u>in EUR '000</u>	<u>in EUR '000</u>
Result from continued operations	-269	5,337
Depreciation and amortisation	3,427	2,200
Change in accruals	562	-236
Changes not affecting payments	-2,408	2,029
Result of change in scope of consolidation	-	-5,295
Deferred taxes (net)	935	-179
Result from valuation of affiliated companies	167	110
Cash flow	<u>2,414</u>	<u>3,966</u>
Net interest income	2,691	925
Change in working capital	-24,243	-36,334
Net cash from operating activities from continued operations	<u>-19,138</u>	<u>-31,443</u>
Net cash from operating activities from discontinued operations	-111	-79
Net cash from operating activities (total)	<u>-19,249</u>	<u>-31,522</u>
Net cash from investment activities from continued operations	<u>-6,216</u>	<u>3,379</u>
Net cash from financial activities (total)	<u>7,261</u>	<u>309</u>
equivalents	<u>-18,204</u>	<u>-27,834</u>
Effects of exchange rates	-428	293
Cash and cash equivalents at beginning of Period	<u>36,427</u>	<u>41,816</u>
Cash and cash equivalents at end of period	<u>17,795</u>	<u>14,275</u>

// CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	31.12.2017	01.01.2018- 30.09.2018	30.09.2018
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	18,396	-	18,396
Capital reserve	42,508	-	42,508
Accumulated deficit	- 54,078	2,774	- 51,304
Accumulated other income	638	943	1,581
Equity attributable to DEAG shareholders	7,464	3,717	11,181
Equity attributable to non- controlling interest	5,154	- 1,900	3,254
Equity	<u>12,618</u>	<u>1,817</u>	<u>14,435</u>

	31.12.2018	01.01.2019- 30.09.2019	30.09.2019
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	18,396	1,229 *	19,625
Capital reserve	42,508	3,071 **	45,579
Retained earnings	- 466	-	- 466
Accumulated deficit	- 52,107	- 3,635	- 55,742
Accumulated other income	1,563	104	1,667
Equity attributable to DEAG shareholders	9,894	769	10,663
Equity attributable to non- controlling interest	5,054	4,981	10,035
Equity	<u>14,948</u>	<u>5,750</u>	<u>20,698</u>

A large outdoor concert at night. The stage is illuminated with bright lights, and a massive crowd of people is visible in the foreground and middle ground. The background shows a large structure, possibly a stadium or arena, with lights and scaffolding.

DEAG DEUTSCHE ENTERTAINMENT AKTIENGESELLSCHAFT

Potsdamer Straße 58
10785 Berlin

Tel.: +49 30 810 75 0
Fax: +49 30 810 75 519

info@deag.de
www.deag.de