Tele Columbus AG

Quarterly release of the quarter ended 30 Sept. 2019

TELE COLUMBUS AG, BERLIN
CONSOLIDATED QUARTERLY STATEMENT
AS AT 30 SEPTEMBER 2019

I. Consolidated income statement

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KEUR	Notes	1 Jan to 30 Sep 2019	1 Jan to 30 Sep 2018
Revenue	D.1	369,695	367,751
Own work capitalised		14,496	13,765
Other income	D.2	6,865	12,232
Total operating income		*391,056*	*393,748*
Cost of materials		-131,315	-132,494
Employee benefits		-58,753	-57,489
Other expenses	D.3	-46,016	-61,129
EBITDA		**154,973**	**142,636**
Depreciation and amortisation		-131,887	-111,030
EBIT		**23,086**	**31,606**
Interest income and similar income	D.4	89	245
Interest expense and similar expense	D.4	-46,474	-59,665
Other financial income (+) / loss (-)	D.5	-6,225	2,056
Loss (-) before tax		*-29,524*	*-25,758*
Income taxes		-10,697	1,349
Net loss		**-40,220**	**-24,409**
attributable to shareholders of Tele Columbus AG		-41,890	-26,238
attributable to non-controlling interests		1,670	1,829
Basic earnings per share in EUR		-0.33	-0.21
Diluted earnings per share in EUR		-0.33	-0.21

The following notes are an integral part of the quarterly statement as at 30 September 2019.

II. Consolidated statement of comprehensive income

KEUR	1 Jan to 30 Sep 2019	1 Jan to 30 Sep 2018
Net loss	*-40,220*	*-24,409*
Other comprehensive income		
Remeasurement of gains (+)/ losses (-) on defined benefit plans (after deferred of taxes)	-1,021	728
Total comprehensive income	**-41,241**	**-23,681**
of which attributable to:		
Shareholders of Tele Columbus AG	-42,911	-25,510
Non-controlling interests	1,670	1,829

III. Consolidated statement of financial position

Assets

KEUR	Notes	30 September 2019	31 December 2018
Non-current assets			
Property, plant, and equipment	D.6	665,934	639,440
Intangible assets		1,248,451	1,258,734
Investments accounted for using the equity method		414	411
Trade and other receivables	D.7	20	20
Other assets	D.7	11	-
Other financial receivables	D.7	687	660
Accruals and deferrals	D.7	52	2,780
Deferred tax assets		1,109	1,593
Derivative financial instruments		1,903	1,283
		1,918,581	**1,904,921**
Current assets			
Inventories		7,084	8,615
Trade and other receivables	D.7	66,500	56,209
Receivables due from related parties		6	6
Other financial receivables	D.7	2,018	1,940
Other assets	D.7	16,209	19,421
Current tax assets		4,504	4,712
Cash and cash equivalents		8,680	26,288
Accruals and deferrals		7,364	3,419
Assets held for sale		2	249
		112,366	**120,859**
Total assets		**2,030,949**	**2,025,780**

Equity and liabilities

KEUR	Notes	30 September 2019	31 December 2018
Equity			
Share Capital		127,556	127,556
Capital reserve		620,838	620,838
Other components of equity		-444,875	-402,419
Equity attributable to shareholders of Tele Columbus AG		*303,520*	*345,976*
Non-controlling interests		8,942	8,692
		312,462	**354,668**
Non-current liabilities			
Pensions and other long-term employee benefits		11,160	9,496
Other provisions	D.8	2,503	2,721
Liabilities to banks and due bond	D.9	1,403,179	1,400,814
Trade and other payables	D.10	120	120
Other liabilities	D.10	71	-
Other financial liabilities	D.10	82,439	57,974
Deferred revenue	D.10	4,089	4,452
Deferred tax liabilities		32,428	33,249
Derivative financial instruments		11,405	3,840
		1,547,395	**1,512,666**
Current liabilities			
Other provisions	D.8	8,687	9,527
Liabilities to banks and due bond	D.9	23,545	15,059
Trade and other payables	D.10	75,445	76,383
Payables due to related parties		228	734
Other liabilities	D.10	18,074	24,834
Other financial liabilities	D.10	26,531	18,469
Income tax liabilities		10,423	10,510
Deferred revenue	D.10	8,160	2,931
		171,093	**158,447**
Total equity and liabilities		**2,030,949**	**2,025,780**

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IV. Consolidated cash flow statement

KEUR	Notes	1 Jan to 30 Sep 2019	1 Jan to 30 Sep 2018
Cash flow from operating activities			
Net loss		*-40,220*	*-24,409*
Net financial income or expense		52,610	57,364
Income taxes		10,697	-1,349
Earnings before interest and taxes (EBIT)		*23,087*	*31,606*
Depreciation and amortisation		131,887	111,030
Equity-settled, share-based employee benefits		454	407
Loss (+) / gain (-) on sale of property, plant, and equipment		-149	-1,932
Increase (-) / decrease (+) in:			
Inventories		1,537	-3,582
Trade and other receivables and other assets not classified as investing or financing activities	D.7	-1,813	-15,524
Accruals and deferrals	D.7	-1,203	-406
Increase (+) / decrease (-) in:			
Trade payables and other liabilities not classified as investing or financing activities	D.10	-6,536	12,789
Provisions	D.8	-1,435	-7,729
Deferred revenue	D.10	4,367	9,811
Income tax paid		-10,580	-3,963
Cash flow from operating activities		**139,616**	**132,507**
Cashflow from investing activities			
Proceeds from sale of property, plant, equipment, and intangible assets		1,005	3,424
Acquisition of property, plant, and equipment		-72,337	-82,610
Acquisition of intangible assets		-27,798	-35,400
Interest received		21	47
Acquisition of subsidiaries, net of cash acquired		-5,990	-
Cashflow from investing activities		**-105,099**	**-114,539**

KEUR	Notes	1 Jan to 30 Sep 2019	1 Jan to 30 Sep 2018
Cash flow from financing activities			
Payment of financial lease liabilities		-16,878	-10,651
Dividends paid		-1,666	-1,568
Proceeds from loans, bonds, and short or long-term borrowings from banks		7,995	678,990
Transaction costs with regard to loans and borrowings [1)]		-437	-12,505
Repayment of borrowings		-1,565	-628,641
Interest paid		-39,514	-39,437
Acquisition of non-controlling interests		-	-7,013
Cash flow from financing activities		**-52,065**	**-20,825**
Cash and cash equivalents for the period			
Net increase (+) / decrease (-) in cash and cash equivalents		-17,549	-2,857
Cash and cash equivalents at the beginning of the period		26,288	31,767
Cash and cash equivalents at the end of the period		*8,739*	*28,910*
Increase (+) / decrease (-) from release of restricted cash and cash equivalents during the period		-58	1,908
Unrestricted cash and cash equivalents at end of period		**8,680**	**30,818**

[1)] The *transaction costs relating to loans and borrowings* were reported in the Consolidated Quarterly Statement as at 30 September 2018 in the item *Repayment of borrowings*.

V. Consolidated statement of changes in equity

For the first nine months of 2019 in TEUR

KEUR	Reference	Share capital	Capital reserve	Other changes in equity	Retained earnings	Revaluation reserve IAS 19	Equity attributable to shareholders of Tele Columbus AG	Non-controlling interests	Total equity
Balance at 1 January 2019		**127,556**	**620,838**	**-112,968**	**-287,725**	**-1,725**	**345,976**	**8,692**	**354,668**
Profit (+) / loss (-)					-41,890		-41,890	1,670	-40,220
Other comprehensive income						-1,021	-1,021		-1,021
Total comprehensive income		**-**	**-**	**-**	**-41,890**	**-1,021**	**-42,911**	**1,670**	**-41,241**
Dividends							-	-1,666	-1,666
Change in non-controlling interests							-	245	245
Equity settled share-based payments				454			454		454
Balance at 30 September 2019		**127,556**	**620,838**	**-112,514**	**-329,615**	**-2,747**	**303,520**	**8,942**	**312,462**

For the first nine months of 2018 in TEUR

KEUR	Reference	Share capital	Capital reserve	Other changes in equity	Retained earnings	Revaluation reserve IAS 19	Equity attributable to shareholders of Tele Columbus AG	Non-controlling interests	Total equity
Balance at 1 January 2018		**127,556**	**620,838**	**-113,130**	**-123,877**	**-2,159**	**509,229**	**7,958**	**517,187**
Profit (+) / loss (-)					-26,238		-26,238	1,829	-24,409
Other comprehensive income						728	728		728
Total comprehensive income		**-**	**-**	**-**	**-26,238**	**728**	**-25,510**	**1,829**	**-23,681**
Dividends							-	-1,568	-1,568
Change in non-controlling interests							-	-9	-9
Equity sattled share-based payments				406			406		406
Balance at 30 September 2018		**127,556**	**620,838**	**-112,724**	**-150,115**	**-1,431**	**484,124**	**8,209**	**492,333**

A. General information

Introduction

Tele Columbus AG, headquartered at Kaiserin-Augusta-Allee 108, 10553 Berlin, Germany, has been listed on the Frankfurt Stock Exchange (Prime Standard) since 23 January 2015.

Bases of the Interim Financial Statements

The Consolidated Interim Financial Statements of Tele Columbus AG contain the essential information for the reporting period from 1 January to 30 September 2019.

In the beginning, the consolidated income statement, the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated statement of changes in equity as at 30 September are presented. Gains and losses are presented for the period from 1 January 2019 to 30 September 2019 and the comparative period from 1 January 2018 to 30 September 2018. For the asset and financial position as at the balance sheet date 30 September 2019, the comparative balance sheet date is 31 December 2018. Additionally, comments on individual items and a description of the asset, financial and profit situation are provided.

The functional currency of the Group is the Euro. All figures are presented in thousands of Euros ("KEUR") unless stated otherwise. As the figures in this report are disclosed in thousands of Euros, rounding differences may occur in the report disclosures. In some instances, such rounded figures and percentages might not add up to 100% and, due to rounding according to commercial practice, subtotals in tables might differ slightly from unrounded figures stated elsewhere in the Consolidated Interim Financial Statements.

With respect to financial information included in the Consolidated Interim Financial Statements, a dash ("—") indicates that the position is not applicable and a zero ("0") indicates that the value is zero or has been rounded to zero.

The Consolidated Interim Financial Statements for the nine-month period ended on 30 September 2019 were neither reviewed nor audited by an auditor, as this is not required by law.

The Consolidated Interim Financial Statements have been prepared on the basis of the going concern assumption.

The Consolidated Interim Financial Statements were prepared by the Board of Management of Tele Columbus AG, Berlin, on 28 November 2019.

B. Changes in consolidated entities

There have been no material changes in the scope of consolidation according to the Consolidated Interim Financial Statements since the reporting date of 31 December 2018.

B.1 Acquisition of the majority interest in ANTEC Servicepool GmbH, Hanover

As at 1 January 2019, Tele Columbus AG acquired the majority interest of 76.0% in ANTEC Servicepool GmbH with registered office in Berckhusenstraße 25, 30625 Hanover.

Since its initial consolidation, the acquired company contributed KEUR 3,844 in the first nine months of the fiscal year 2019 to the consolidated sales, KEUR 1,007 to the EBITDA and KEUR 465 to the net income for the period.

For reasons of materiality, a detailed description of this transaction is omitted.

B.2 New establishment of Tele Columbus Geschäftskunden Vertriebs GmbH, Berlin, Germany

Tele Columbus Geschäftskunden Vertriebs GmbH was founded with legal effect as at 17 June 2019 and is headquartered at Kaiserin-Augusta-Allee 108, 10553 Berlin, Germany.

The share capital of EUR 25,000 is fully paid up.

The company is registered with the Charlottenburg Local Court under number 207637B.

B.3 Liquidation of BMB Geschäftsführung GmbH i.L., Essen

The liquidation of BMB Geschäftsführung GmbH, Essen, was resolved by shareholders' resolution of 23 March 2017. The resolution was recorded by the notary on 19 December 2018 on the basis of the closing balance sheet prepared on 18 December 2018. The deletion took place on 9 August 2018. Therefore and as of 30 September 2019 the company is no longer included in the scope of consolidation of Tele Columbus AG.

B.4 Various Group-internal mergers

Merger of Mediaport GmbH into Cabletech Kabel- und Antennentechnik GmbH

Based on the merger agreement of 8 August 2019 and the resolutions by the shareholders' meetings of the same day, Mediaport GmbH, Munich, as the transferring legal entity, merged with Cabletech Kabel- und Antennentechnik GmbH, Unterföhring (Local Court of Munich, commercial register no. HRB 131997), upon entry into the commercial register on 14 August 2019.

Merger of TC Infrastrukturprojekte GmbH into Tele Columbus Kabel Service GmbH

Based on the merger agreement of 8 August 2019 and the resolutions by the shareholders' meetings of the same day, TC Infrastrukturprojekte GmbH, Berlin, as the transferring legal entity, merged with Tele Columbus Kabel Service GmbH, Berlin (Local Court of Charlottenburg, commercial register no. HRB 26930), upon entry into the commercial register on 23 August 2019.

Merger of Netzpool Berlin GmbH into WTC Wohnen & TeleCommunication GmbH & Co.KG

Based on the merger agreement of 8 August 2019 and the resolutions by the shareholders' meetings of the same day, Mediaport GmbH, Munich, as the transferring legal entity, merged with WTC Wohnen & TeleCommunication GmbH & Co.KG, Unterföhring (Local Court of Munich, commercial register no. HRA 108154), upon entry into the commercial register on 18 September 2019.

Merger of Cablevista GmbH into Cabletech Kabel- und Antennentechnik GmbH

Based on the merger agreement of 8 August 2019 and the resolutions by the shareholders' meetings of the same day, Cablevista GmbH, Unterföhring, as the transferring legal entity, merged with Cabletech Kabel- und Antennentechnik, Unterföhring (Local Court of Munich, commercial register no. HRB 131997), upon entry into the commercial register on 11 September 2019.

Merger of Cabletechnics GmbH into pepcom GmbH

Based on the merger agreement of 8 August 2019 and the resolutions by the shareholders' meetings of the same day, Cabletechnics GmbH, Unterföhring, as the transferring legal entity, merged with pepcom GmbH, Unterföhring (Local Court of Munich, commercial register no. HRB 188229), upon entry into the commercial register on 19 September 2019.

C. Accounting and valuation methods

The Consolidated Interim Financial Statements as at 30 September 2019 were prepared predominantly by applying the same accounting principles and calculation and valuation methods as for the Consolidated Financial Statements of 31 December 2018.

Significant changes due to the newly applicable IFRS 16 are describes as follows:

In the course of the transition to IFRS 16, assets for the rights of use of the leased items were recognized as at 1 January 2019 in the amount of KEUR 24,930 and leasing liabilities respectively in the amount of KEUR 24,930.

For the transition to IFRS 16 the modified retrospective approach has been applied. The comparison figures of the previous period were not adjusted. The rights of use were capitalized in the same amount as the recognized liability at the time of the first application on 1 January 2019. Consequently, no impact appeared on equity or deferred taxes at the time of first-time application.

Tele Columbus has decided not to apply the new standard neither to new leasing relationships, in which the underlying asset is of low value nor to short-term lease relationships that have been entered into for items other than buildings and technical equipment. In cases where leases are not capitalized, the leasing payments related to these leases are recognized as expenses.

Effects in nine-month period of the fiscal year 2019

The effect of the application of IFRS 16 since 01 January 2019 has the following effect on profit before tax:

TEUR	1 Jan to 30 Sep 2019
Reduction lease expense	9,553
EBITDA	**9,553**
Depreciation and amortisation	-9,119
Interest expense	-784
Profit (+) / Loss (-) before tax	**-350**

Compared to the Consolidated Financial Statements as of 31 December 2018, there were neither relevant changes in terms of the key discretionary decisions and assumptions nor in the certainty of estimates for the nine-month period ending on 30 September 2019.

D. Disclosures regarding the income statement and statement of financial position

D.1 Sales revenues

TEUR				1 Jan to 30 Sep 2019	1 Jan to 30 Sep 2018
	TV	Internet & Telephony	Other	Total	Total
Revenue from contracts with customers	**183,215**	**115,675**	**54,162**	**353,052**	**356,464**
Analogue	147,820	-	-	147,820	155,158
Internet / telephony	-	106,948	10,399	117,347	114,755
Additional digital services	22,361	-	-	22,361	20,447
Other transmission fees and miscellaneous feed-in charges	10,682	7,331	-	18,013	18,282
Construction services	-	-	21,667	21,667	17,123
Network capacity	-	-	9,823	9,823	13,638
Computing centre	-	-	2,585	2,585	2,795
One-off fees for B2B customers	-	-	6,432	6,432	3,127
Antenna / maintenance	682	597	426	1,705	1,577
Hardware sales	48	28	2,594	2,669	2,989
Other	1,621	771	237	2,630	6,573
Revenue from renting	**7,542**	**4,354**	**4,747**	**16,643**	**11,287**
Receiver rent	7,542	4,354	-	11,896	11,287
Network infrastructure rent	-	-	4,747	4,747	-
	190,757	**120,029**	**58,909**	**369,695**	**367,751**

Revenue of the companies of Tele Columbus AG primarily include monthly subscription fees and, to a smaller extent, one-off installation and connection charges for the basic analogue and digital satellite television services, as well as for additional premium services. Furthermore, fees for access to high-speed internet and charges for telephony services are also included. Additional revenues are generated by, among other things, other transmission fees and feed-in charges, which are paid to the companies of Tele Columbus AG as consideration for the distribution of programs, as well as construction services.

D.2 Other income

KEUR	1 Jan to 30 Sep 2019	1 Jan to 30 Sep 2018
Income from dunning fees	837	915
Income from the de-recognition of liabilities and reversal of provisions	600	1,524
Gains on disposal of non-current assets	555	2,838
Income from sale	432	1,812
Other income from bad debt	395	553
Income from marketing subsidies	291	733
Miscellaneous other income	3,755	3,857
	6,865	**12,232**

Other income includes services rendered and increases in value that are not directly related to the business purpose. The decline was mainly due to lower proceeds from sales of fixed assets and lower income from other sales as well as reduced income from the de-recognition of liabilities respectively the reversal of provisions.

D.3 Other expenses

Other expenses were incurred in particular for the following items:

KEUR	1 Jan to 30 Sep 2019	1 Jan to 30 Sep 2018
Legal and consulting fees	-14,315	-17,968
Advertising	-8,157	-7,838
IT costs	-4,724	-7,397
Impairment on receivables	-4,674	-7,103
Occupancy costs	-3,644	-6,137
Communication costs	-2,428	-2,225
Vehicle costs	-2,083	-2,240
Maintenance	-1,743	-1,485
Insurance, fees and contributions	-1,363	-1,415
Travel expenses	-1,223	-1,468
Incidental bank charges	-703	-893
Office supplies and miscellaneous administrative expenses	-553	-954
Losses on disposal of non-current assets	-406	-905
Miscellaneous other expenses	-	-3,101
	-46,016	**-61,129**

D.4 Interest income and expenses

KEUR	1 Jan to 30 Sep 2019	1 Jan to 30 Sep 2018
Interest income from third parties and similar income	89	245
Interest and similar income	**89**	**245**
Interest paid to third parties	-41,563	-54,637
Expenses resulting from compounding of loans and bond under the effective interest rate method	-4,816	-3,836
Expenses resulting from revaluation of interest caps	-95	-1,192
Interest and similar expenses	**-46,474**	**-59,665**
	-46,385	**-59,420**

Interest paid to third parties mainly relates to liabilities to banks and from the bond (loans and borrowings).

For more details, reference is made to D.9 “Liabilities to banks and from the bond”.

D.5 Other financial result

The reduction in the other financial result is mainly due to the revaluation on embedded derivatives in the amount of KEUR -6,841 (reference period 2018: KEUR 1,273).

D.6 Fixed assets

Property, plant and equipment increased by KEUR 26,494 to KEUR 665,934 compared to 31 December 2018. This rise is essentially due to the initial application of IFRS 16 “Leases” and further investments. Additions to fixed assets include an amount of KEUR 52,082 in connection with leases. A further key effect is the increase in assets under construction due to investment projects started. This effect was offset by disposals of technical equipment and scheduled depreciations.

D.7 Trade receivables, other financial receivables and other assets, deferred items

The following table shows the development of impairment losses on trade receivables at Group level:

KEUR	30 September 2019	31 December 2018
Trade and other receivables - gross	83,121	70,252
Impairment losses	-16,602	-14,023
Trade and other receivables - net	**66,519**	**56,229**

Trade and other receivables mainly include receivables from subscriber fees as well as receivables from signal delivery, transmission and feed-in fees, receivables from feed-in tariffs, and deferred income and receivables from construction services.

Other financial receivables of KEUR 2,705 (31 December 2018: KEUR 2,600) mainly consist of claims from reinsurance policies for pensions that do not qualify as plan assets as well as rental deposits and rental guarantees

Other assets in the amount of KEUR 16,220 (31 December 2018: KEUR 19,421) mostly comprise advance payments on orders and creditors with debit balances.

Accruals and deferrals in the amount of KEUR 7,416 (31 December 2018: KEUR 6,199) primarily consist of payments relating to insurance, maintenance agreements, licenses, rental payments and marketing costs.

The “assets held for sale” reported in the balance sheet amount to KEUR 2 (31 December 2018: KEUR 249). As at 31 December 2018, this item mainly comprised fixed assets.

D.8 Other provisions

Other provisions stated as at 30 September 2019 can be broken down in current obligations in the amount of KEUR 8,687 (31 December 2018: KEUR 9,527) and non-current obligations in the amount of KEUR 2,503 (31 December 2018: KEUR 2,721). Other provisions mainly include provisions for subsequent claims arising from tax audit risks, dismantling obligations and litigation risks.

The companies of Tele Columbus AG have formed provisions for possible additional funding obligations to compensate for future burdens from tax audits at the level of individual subsidiaries.

The provisions for dismantling obligations in the amount of KEUR 1,534 were mainly recognized in connection with the company’s headquarters in Berlin.

As at 30 September 2019, provisions for litigation amounted to KEUR 479 and primarily consist of various, smaller legal disputes.

Short-term provisions are expected to be used within one year. It is considered to be likely that the amount of the actual usage will be equal to the amounts entered as provisions as at the reporting date.

D.9 Liabilities to banks and from the bond

KEUR	30 September 2019	31 December 2018
Liabilities to banks and due bond - nominal values	1,435,196	1,436,122
Transaction costs	-43,044	-42,248
Accrued interest	8,000	3,492
Liabilities in connection with embedded derivatives	3,027	3,449
Long-term liabilities to banksand due bond	**1,403,179**	**1,400,814**
Liabilities to banks and due bond - nominal values	24,119	15,940
Accrued interest	571	264
Transaction costs	-1,144	-1,144
Short-term liabilities to banks and due bond	**23,545**	**15,059**
	1,426,724	**1,415,873**

The non-current and current liabilities comprise credit facilities concluded by Tele Columbus AG under the Senior Facilities Agreement and the Senior Secured Notes totalling KEUR 1,422,531 (31 December 2018: KEUR 1,409,980) and further individual loans and liabilities of subsidiaries totalling KEUR 4,193 (31 December 2018: KEUR 5,893).

D.9.1 Liabilities to banks from the Senior Facilities Agreement and from the bond (Senior Secured Notes)

The following credit facilities are available to the companies of Tele Columbus AG under the Senior Facilities Agreement: KEUR 707,463 (Term Loan Facility A2), KEUR 75,000 (Term Loan 75m) and a facility of KEUR 50,000 for working capital financing (Revolving Facility).

The margin amounts to 3.00% p.a. plus EURIBOR for Facility A2, 4.25% p.a. for Term Loan 75m and 3.75% p.a. for the Revolving Facility. The loan agreement also includes an EURIBOR floor of 0% for all facilities. For the unused parts of the Revolving Facility, a commitment fee of 35% of the applicable margin will be charged, payable quarterly.

The credit facility was partially utilized as of the reporting date.

There is a choice of 1-month, 3-month or 6-month EURIBOR for the loans. The Term Loan Facility A2 was based on the 6-month EURIBOR as at the reporting date and the Term Loan 75m on the 3-month EURIBOR.

In addition, the companies of Tele Columbus AG have KEUR 650,000 at their disposal from a senior secured note issued in May 2018 with an interest coupon of 3.875% p.a..

The floors described with regard to EURIBOR and the repayment options are embedded derivatives (hybrid) and are subject to separation in disclosure and measurement in accordance with IFRS 9.

At the balance sheet dates, the following portfolios of credit facilities and bonds (including outstanding interest) were outstanding:

KEUR	30 September 2019	31 December 2018
Senior Tranche A2 loan (term ending on 2 January 2024) [1)]	693,041	696,951
Senior Secured Notes - Bond (term ending on 2 May 2025) [2)]	649,600	641,950
Term Loan Facility 75m (term ending on 18 October 2023) [3)]	72,330	71,863
Senior Revolving Facility (term ending on 2. January 2021) [4)]	7,560	-
	1,422,531	**1,410,764**

1) Contains any transaction costs not compounded yet for the Term Loans in the amount of KEUR -19,622 (31 December 2018: KEUR -21,352) and the embedded derivatives in the amount of KEUR 1,604 (31 December 2018: KEUR 1,820), which result from agreed floors and repayment option in the loan term.

2) Contains transaction costs not compounded yet for the bond in the amount of KEUR -11,710 (31 December 2018: KEUR -13,090) and embedded derivatives in the amount of KEUR 815 (31 December 2018: KEUR 912), which result from agreed floors and repayment option in the bond terms.

3) Contains any transaction costs not compounded yet for the term loans 75m the amount of KEUR -3,712 (31 December 2018: KEUR -4,314) and the embedded derivatives in the amount of KEUR 608 (31 December 2018: KEUR 717), which result from agreed floors and repayment option in the loan term.

4) Contains any transaction costs not compounded yet for the Revolving Facility in the amount of KEUR -573.

According to the Share and Interest Pledge Agreement of 3 May 2018, shares in associates were used to secure liabilities to banks. Additionally, loans of the companies the Tele Columbus Client are collateralized by trade receivables.

Value of the loan collateral pledged as at the respective reporting dates:

KEUR	30 September 2019	31 December 2018
Shares in affiliates	1,595,232	1,586,514
Trade receivables	4,852	4,852
	1,600,084	**1,591,366**

D.9.2 Other liabilities to banks

Further loan agreements exist under individual contracts and liabilities between subsidiaries of Tele Columbus AG and credit institutions. These resulted in financial liabilities of KEUR 4,193 (31 December 2018: KEUR 5,893) as of the balance sheet date. The remaining terms of these loan agreements and liabilities respectively are between 3 to 74 months. Fixed interest rates between 0.63% p.a. and 4.22% p.a. were agreed for the loans.

D.10 Trade accounts payable and other liabilities, other financial liabilities and other liabilities, deferred items

Trade payables and other liabilities in the amount of KEUR 75,565 (31 December 2018: KEUR 76,503 thousand) mainly consist of liabilities in connection with unbilled goods and services received up to by the balance sheet date as well as in relation to signal supply contracts.

Other financial liabilities mainly relate to lease obligations for the use of infrastructure facilities and buildings in the amount of KEUR 108,970 (31 December 2018: KEUR 76,443). The change compared with 31 December 2018 is mainly due to the first-time application of IFRS 16 and the resulting increase in lease liabilities.

Other liabilities in the amount of KEUR 18,145 (31 December 2018: KEUR 24,834) mostly comprise personnel-related liabilities, customer credit balances and provisions with liability nature.

Short-term deferred items in the amount of KEUR 12,249 (31 December 2018: KEUR 7,383) largely consist of the prepayments received from customers.

E. Other disclosures

E.1 Order commitments, leasing contingent liabilities and other financial obligations

E.1.1 Leases

The following table shows the reconciliation of future minimum lease payments to the present value of lease liabilities for office and infrastructure equipment:

KEUR	30 September 2019	31 December 2018
Future minimum lease payments	114,327	78,846
Finance costs	-13,000	-10,308
	101,327	**68,538**

Future minimum lease payments under leasing facilities have the following maturities:

KEUR	30 September 2019	31 December 2018
Less than one year	24,259	15,424
Between one and five years	63,946	42,423
More than five years	26,122	20,999
	114,327	**78,846**

The maturities of lease liabilities are as follows:

KEUR	30 September 2019	31 December 2018
Less than one year	21,149	13,203
Between one and five years	56,866	37,019
More than five years	23,312	18,316
	101,327	**68,538**

The residual carrying amounts of the assets capitalized under leases amount to:

KEUR	30 September 2019	31 December 2018
Technical equipment	76,888	63,539
Buildings	17,572	-
Furniture and office equipment	2,440	2,037
	96,901	**65,576**

E.1.2 Other financial obligations

Future minimum lease payments concerning other lease agreements have the following maturities:

KEUR	Lease	Other	30 September 2019
Less than one year	2,076	7,541	9,617
Between one and five years	105	16,999	17,104
More than five years	20	12,722	12,742
			39,463

KEUR	Lease	Other	31 December 2018
Less than one year	10,603	10,344	20,946
Between one and five years	14,528	22,960	37,488
More than five years	5,461	13,975	19,435
			77,870

The change in minimum lease payments from other financial obligations as at 30 September 2019 compared to 31 December 2018 results foremost from the initial application of IFRS 16. A further effect results from the expiration of contracts, in particular in the area of service and rental agreements.

In the first nine months of the fiscal year 2019, expenses arising from other lease obligations amounted to KEUR 4,167 (reference period 2018: KEUR 18,006).

The entire future minimum payments concerning leases and other financial obligations as at 30 September 2019 amount to KEUR 153,790 (31 December 2018: KEUR 156,716).

E.2 Risk management

E.2.1 Risk management of financial instruments and interest risks

There have been no significant changes in the company's risk management objectives and methods or in the nature and extent of the risks arising from financial instruments for the nine-month period ended 30 September 2019 compared to the Consolidated Financial Statements as at 31 December 2018.

E.2.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations with existing liquidity reserves within the time frame required. Liquidity risks can furthermore arise when cash outflows become required due to the operative business activity or the investment activity. Liquidity control at Tele Columbus AG is to ensure that – insofar as possible – sufficient liquid funds are available to fulfil the payment obligations on their due date at any time, both under normal as well as under stress conditions, without suffering unsustainable losses or damaging the Group's reputation. Liquidity risks from financing activity result, for example, if cash outflows are needed in the short term to settle liabilities but no sufficient cash inflows can be generated from the operating activity and if no other sufficient liquid funds are available for making repayment at the same time.

A liquidity forecast based on a fixed planning horizon and the credit facility of KEUR 50,000 available in the companies of Tele Columbus AG for general cost (term until 2 January 2021) are intended to ensure an ongoing supply of liquidity for operating activities.

The revolving credit facility was partially utilized as of the reporting date.

Cash and cash equivalents amounted to KEUR 8,680 as at 30 September 2019 (31 December 2018: KEUR 26,288).

The following overview shows the contractually agreed maturity dates for the existing liabilities to banks and from the bond; these are gross undiscounted amounts:

KEUR	30 September 2019	31 December 2018
Less than one year - not derivative	9,455	2,169
Less than one year - derivative	-	-
Less than one year- interest liabilities (before effects from derivatives)	65,789	64,727
Between one and five years - not derivative	76,900	77,701
Between one and five years - derivative	-	-
Between one and five years- interest liabilities (before effects from derivatives)	197,228	200,462
More than five years- non-derivative	1,358,296	1,358,421
More than five years - derivative	-	-
More than five years- interest liabilities (before effects from derivatives)	830	16,990

The financing agreement for the granting of credit facilities (last amended on 3 May 2018) and the documentation for the bond of 4 May 2018 contain various covenants, whereby the (bond) creditors have the opportunity to call in the loan or bond due in the event of non-compliance. Compliance with these covenants as well as capital risk, to which Tele Columbus is exposed as a stock corporation, are continuously monitored by the Board of Management.

As at the reporting date, liquidity risk in the event that these covenants are not fulfilled amounted to KEUR 1,455,121 (31 December 2018: KEUR 1,446,168). The risk that these covenants are not fulfilled and the associated financial regulations can have a negative impact on the availability of credit to the companies of Tele Columbus AG and its going concern assumption.

In order to fulfil existing covenants and payment obligations, strategic measures have been initiated to ensure the liquidity of Tele Columbus AG over the long term. For example, the Management was able to expand the Group-wide cash pooling to all companies.

Furthermore, as part of the Group financing, it is planned to successively repay financial liabilities from the operatively earned liquidity of the companies of Tele Columbus AG.

There were no relevant changes in the interest rate risk for the nine-month period ended 30 September 2019 compared with the interest rate risks presented in the Consolidated Financial Statements as at 31 December 2018.

E.3 Segment reporting

The companies of Tele Columbus AG report their operating business in two product segments: “TV” and “Internet & Telephony”. For these segments, quarterly internal management reports are prepared for the purposes of control.

Relationships within individual segments were eliminated.

Reference is made to the Consolidated Financial Statements as at 31 December 2018 for the detailed segment description.

The following table contains information on individual reportable segments as well as the non-reportable “Other” segment.

1 Jan to 30 Sep 2019

KEUR	TV	Internet & Telephony	Other	Total
Revenue	190,757	120,029	58,909	369,695
Normalised EBITDA	103,575	86,177	-13,364	176,389
Non-recurring expenses (-) /income (+)	-305	-83	-21,028	-21,416
EBITDA	**103,270**	**86,094**	**-34,390**	**154,973**

1 Jan to 30 Sep 2018

KEUR	TV	Internet & Telephony	Other	Total
Revenue	202,529	114,740	50,482	367,751
Normalised EBITDA	113,052	84,431	-20,874	176,609
Non-recurring expenses (-) /income (+)	-786	29	-33,216	-33,973
EBITDA	**112,266**	**84,460**	**-54,090**	**142,636**

E.4 Further information on the Consolidated Quarterly Statement

The further information on the Consolidated Interim Financial Statements summarized below refers to the companies of Tele Columbus as of 30 September 2019 and represents the financial performance, net assets and financing structure for the nine-month period of the fiscal year 2019.

E.4.1 Financial performance

The table below shows an overview of the development of the financial performance:

KEUR	1 Jan to 30 Sep 2019	1 Jan to 30 Sep 2018
Revenue	**369,695**	***367,751***
Own work capitalised	14,496	13,765
Other income	6,865	12,232
Total operating income	***391,056***	***393,748***
Cost of materials	-131,315	-132,494
Employee benefits	-58,753	-57,489
Other expenses	-46,016	-61,129
EBITDA	***154,973***	***142,636***
Non recurring expenses (+) / income (-)	21,416	33,973
Normalised EBIT	***176,389***	***176,609***
EBITDA	***154,973***	***142,636***
Net financial income and expenses	-52,610	-57,364
Depreciation and amortisation	-131,887	-111,030
Income taxes	-10,697	1,349
Loss	***-40,220***	***-24,409***

Revenues in the nine-month period of 2019 rose by KEUR 1,944 to KEUR 369,695 compared to the first nine months of the fiscal year 2018. Increased sales in construction services, risen one-off fees received from business customers, increased sales in the internet/telephony segment and additional digital services were the decisive effects contributing to the sales growth. Sales of analogue TV services declined as expected.

Other income are declined by KEUR 5,367 compared to the reference period. This reduction is foremost due to lower income from sales of fixed assets, other sales proceeds and the decline of earnings from the reversal of provisions.

Other expenses have substantially reduced by 24.7% to KEUR 46,016. The reduction of expenses was driven in particular by the lower legal and consulting fees (KEUR -3,653), IT costs (KEUR -2,673) and occupancy costs (KEUR -2,493).

Costs of materials as at 30 September 2019 reduced only slightly compared to the same period in the previous year by KEUR 1,179 to KEUR 131,315 (reference period 2018: KEUR 132,494).

The EBITDA in the nine-month period of the fiscal year 2019 amounted to KEUR 154,973 and rose by KEUR 12,337 compared to the reference period (reference period 2018: KEUR 142,636).

The “normalized EBITDA” remained at the same level as in the same period in the previous year and decreased only slightly by 0.1 % to KEUR 176,389 (reference period 2018: KEUR 176,609).

The operative margin, which is defined as the ration of the ‘normalized EBITDA’ to revenues, thus reduced insignificantly to 47.7% (reference period 2018: 48.0%).

The negative financial result compared to the previous year improved by KEUR 4,754 to KEUR -52,610 primarily due to lower interest expenses (KEUR -13,191). In contrary, the other financial result deteriorated by KEUR 8,280, essentially because of the value adjustment of embedded derivatives.

The income tax expenses for the nine-month period ended September 30, 2019, mainly include advance payments for trade tax and corporate income tax from companies of Tele Columbus AG with which no profit and loss transfer agreement with Tele Columbus AG exist. In addition, provisions were created for risks arising from tax audits.

E.4.2 Net assets

Property, plant and equipment increased by KEUR 26,494 to KEUR 665,934 compared to 31 December 2018. This is decisively due to the initial application of *IFRS 16 Leases* and the further investment in technical plant and equipment. A further key effect is the increase in assets under construction and advance payments due to investment projects started. This increase was compensated by the scheduled depreciations.

Intangible assets reduced by KEUR 10,283 to KEUR 1,248,451 compared to 31 December 2018. The change results from the capitalization of customer commissions and their scheduled amortization. A further major effect is the scheduled amortization of the customer bases. A counteracting effect is represented in the rise of advance payments and assets under development, which include essentially the capitalization of acquired software such as the “Pyur app”, the “Smart Client” (CRM) and the website redesign.

Derivative financial instruments in the amount of KEUR 1,903 (2018: KEUR 1,283) include exclusively embedded derivatives in Senior Secured Notes (call) in the amount of KEUR 1,903, which were created in connection with the issued bond and which have a positive fair value.

Short-term trade receivables and other receivables rose by KEUR 10,291 to KEUR 66,500 compared to 31 December 2018. The increase in receivables is primarily due to the increase in receivables from construction services.

The Group’s debt under interest-bearing loans and bonds amounted to KEUR 1,426,724 as at 30 September 2019 (2018: KEUR 1,415,873). This equals a percentage of 70.2% (2018: 69.9%) of the balance sheet total. For more detailed explanations, reference is made to Section E.4.3 “Financing structure” and to Section D.9 “Liabilities to banks and from the bond”.

The decrease in other provisions in the amount of KEUR 1,059 is essentially explained by the utilization of restructuring provisions and the partial drawdown of the provision for litigation risks. Reference is made to section D.8 “Other provisions” for further information.

Long-term financial liabilities essentially contain leasing liabilities for the use of infrastructure facilities.

As at 30 September 2019, other current liabilities fell by KEUR 6,760 to KEUR 18,074. The reduction foremost results from the much lower value added tax liabilities. Reference is made to section D.10 “Trade payables and other payables, other financial obligations, other liabilities, and deferred and accrued items” for further information.

Long and short-term deferred income reported an increase by KEUR 4,866 to KEUR 12,249. Reference is made to section D.10 “Trade payables and other payables, other financial obligations, other liabilities and deferred and accrued items” for further information.

E.4.3 Financing structure

Lender	Borrower	Total in KEUR as of 30 Sep 2019	Share	Total in KEUR as of 31 Dec 2018	Share
Senior Tranche A2 Darlehen	TC AG	693,041	48.6%	696,951	49.2%
Rev. Facility	TC AG	7,560	0.5%	-	0.0%
Senior Secured Notes - Bond	TC AG	649,600	45.5%	641,950	45.3%
Term Loan Facility 75m	TC AG	72,330	5.1%	71,863	5.1%
Miscellaneous	Diverse	4,193	0.3%	5,110	0.4%
Total		**1,426,724**	**100.0%**	**1,415,874**	**100.0%**

The increase of the loan balance in the first nine months of 2019 is mainly due to the partial utilization of the Revolving Facility and the interest payable relating to the bond.

E.4.4 Forecast report

With regard to the forecast report of Tele Columbus Group, reference is made to the comments in Section 5 “Forecast Report” of the combined management report for the 2018 fiscal year. The forecasts described there regarding the key financial and non-financial performance indicators for the fiscal year 2019 are believed to still be accurate from the perspective of the Consolidated Interim Financial Statements as at 30 September 2019.

E.4.5 Risk and opportunities report

With regard to the Group’s risk report, please refer to the comments in Section 6 “Risk report” of the combined management report for the fiscal year 2018.

There were no significant changes regarding the risks described in the combined management report 2018.

In addition, we would like to point out that we perceive there to be a (latent) risk regarding the competitive situation in the German cable network provider market based on the authorized merger of Vodafone Germany and Unitymedia. In particular, we believe there is a risk of lasting competitive drawbacks potentially arising for smaller and regional providers.

A number of opportunities are presented for the companies of Tele Columbus AG for the future, which result especially from the competitive strengths of the Group. In this regard, reference is made to the comments in Section 7 “Report on opportunities” in the combined management report for the fiscal year 2018.

E.5 Subsequent events

The retroactive merger as at 31 March 2019 of Kabelfernsehen München Servicenter GmbH (associated company), Unterföhring, as the transferring legal entity, into pepcom Süd GmbH, Unterföhring, was notified for entry in the commercial register on 31 October 2019. The merger agreement and the shareholders’ resolution were concluded on 29 October 2019.

In consequence and simultaneously with the merger of Kabelfernsehen Servicenter GmbH (associated company) as the sole general partner of Kabelfernsehen München Servicenter GmbH & Co.KG into its sole limited partner, pepcom Süd GmbH, Kabelfernsehen München Servicenter GmbH & Co.KG was dissolved without liquidation.

In the course of the restructuring, pepcom Süd GmbH has been renamed as “Kabelfernsehen München Servicenter GmbH”.

The entries in the commercial register were made on 22 November 2019.

In the ad-hoc release dated October 30, 2019, Tele Columbus AG announced a cooperation with Teléfonica Deutschland regarding a long-term wholesale cooperation with the aim of a strategic realignment. This long-term cooperation envisions that o2 broadband products will be marketed from now on in the fibre network infrastructure of Tele Columbus.

The cooperation with Telefónica Deutschland offers the housing industry supplied by Tele Columbus and its tenants, among other, access to an even larger product range on the network of Tele Columbus.

The additional wholesale revenues enable Tele Columbus to make further targeted investments in the expansion of fibre infrastructure for the housing customers and infrastructure partners.

There were no other significant events after the balance sheet date.

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November 2019

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Chairman of the Supervisory Board: Dr. Volker Ruloff

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Note

Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.). This Interim Statement is available in German and English. Both versions can also be downloaded from www.telecolumbus.com/investor-relations/. In all cases of doubt, the German version shall prevail.

Disclaimer

This Interim Statement contains certain forward-looking statements which reflect the current views of Tele Columbus AG's management with regard to future events. These forward looking statements are based on our currently valid plans, estimates and expectations. The forward-looking statements made in this Interim Statement are only based on those facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which Tele Columbus often cannot influence but which might cause our actual results to be materially different from any future results expressed or implied by these statements. Such risks, uncertainties and other factors are described in detail in the Risk Report section of the Annual Reports of Tele Columbus AG. Tele Columbus does not intend to revise or update any forward-looking statements set out in this Interim Statement.