



DEAG Deutsche Entertainment Aktiengesellschaft

Group Interim Report as at March 31, 2015



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1. DEAG on the capital market

Against the backdrop of the loose monetary policy of the European Central Bank and further decreasing interest rates, the German stock market was firm during the 1st quarter of fiscal 2015. The German stock index DAX reached several new all-time highs and exceeded in mid-March even briefly the 12,000 point mark. Overall, the leading German index hence gained 22.0% in value during the first quarter with a score of 11,966 points. The second line stock index SDAX was likewise able to rise and increased by 17.1% to 8,417 points. The DEAG share, which had recorded a disproportionately high rise in value of 63.7% during the previous year, dropped slightly during Q1 2015 by 4.6% to EUR 6.70 at the end of the quarter.

During the period from the end of 2011 to March 31, 2015 the DEAG share experienced with 198,3% a more than above-average gain in share price. By contrast, the DAX and SDAX, which include as performance indexes also dividends and subscription right deductions, reached only a plus of 102.9% and 90.4%, respectively.

At the end of the year 2014 the DEAG share was quoted at EUR 7.02. At the beginning of 2015 the share continued to advance and reached its quarterly high with EUR 8.08 on February 26. Profit-taking resulted, however, during the last trading days of the first quarter in a reduction of the share price: on March 31 the DEAG share dropped to its quarterly low of EUR 6.70.

The market capitalization of DEAG amounted on the basis of the Xetra closing price on the reporting date March 31, to around EUR 110 million versus around EUR 75 million during the previous year.

The average trading volume in the DEAG share at all German stock exchanges was during the first quarter of 2015 with 27,539 shares on the high prior year level of 28,923 shares. With 87.0% (after 87.2% during the first quarter of the previous year) most of the shares were again traded via the electronic trading system Xetra. VEM Aktienbank continued to act as designated sponsor and ensured binding purchasing and selling prices as well as a narrow price spread and hence a high liquidity of the DEAG share.

With DZ Bank and Hauck & Aufhäuser the DEAG share is regularly analyzed and valued by two renowned banks. In their current research studies they recommend the DEAG share again for buying. In this connection analyst Harald Heider of DZ Bank has determined a fair value of EUR 8.25 per share whilst analyst Christian Schwenkenbecher of Hauck & Aufhäuser confirmed in his study "DEAG: Investment Case remains intact" the target price of EUR 10.50 per DEAG share.

During the first quarter of fiscal 2015 several roadshows took again place in Germany and abroad. Within the framework of numerous one-on-one and group talks, DEAG has again informed the financial and business media, private investors, institutional investors and analysts about both the development of the company and its perspectives – in particular also with a view to the high-growth ticketing segment – and answered corresponding questions.

The DEAG share is listed in the Prime Standard of the Frankfurt Stock Exchange, which is the quality segment of Deutsche Börse with the highest transparency and disclosure demands in Germany. Consequently, DEAG always informs in detail and promptly about important events and, depending on demands, the information is published as ad-hoc disclosure or press release through the major stock exchange portals in Germany and abroad and communicated through DEAG's specific corporate mailing list. For DEAG investors the Investor Relations page of the DEAG website – www.deag.de/ir – provides a comprehensive and up-to-date overview of the corporate developments. Furthermore, contact partners are available at any time to interested shareholders by phone (+49-69-90 550 55-2) or by email (deag@edicto.de).

2. Business development

Earnings position

During the first quarter, which is usually lackluster for seasonal reasons, DEAG Deutsche Entertainment AG was able to significantly increase its sales revenues by 19.6% to EUR 39.0 million (prior year: EUR 32.6 million). Gross profits on sales amounted to EUR 9.0 million (prior year: EUR 7.5 million); this corresponds to a gross margin of 23% (prior year: 23 %).

The EBIT of the first quarter rose by 24% to EUR 1.5 million. This includes already extensive non-capitalizable distribution expenses for forthcoming events in 2015. A significant indicator for a strong fiscal 2015 is provided by the high increase in deferred sales revenues versus prior year. Proceeds from ticket sales for coming events went clearly up by 34% to EUR 66.0 million as at March 31, 2015.

The financial result improved slightly versus the comparative period and continues to amount to EUR 0.2 million.

With tax expenses of EUR -0.5 million (prior year: EUR -0.4 million) the consolidated net income after deduction of the profit shares accounted for by other shareholders amounts to EUR 1.0 million. This corresponds to earnings per share of 6 cents.

Assets and financial position

The equity capital after minorities amounted at the end of the reporting quarter to EUR 46.6 million (EUR 44.3 million as at 12.31.2014). The equity ratio amounts to 31%.

On the assets side current assets rose by EUR 5.8 million to EUR 103.6 million. The increase is essentially attributable to higher liquid funds (EUR +3.2 million) and advance payments (EUR +2.1 million). The liabilities side was impacted by current liabilities (EUR +3.8 million) in addition to the equity capital (EUR +2.3 million).

Whereas the current liabilities to banks (EUR +3.8 million) rose due to the reporting date, the non-current financial liabilities (EUR -0.1 million), which were used for acquisitions, continued to be redeemed on schedule during the reporting period.

Risk report

Concerning the risk report, we refer to our statements in the risk report of the management report and Group management report 2014 included in the Annual Report (pages 18-23). The latter can be consulted and/or downloaded in the Investor Relations section of the corporate website (www.deag.de/ir).

3. Development of the segments

DEAG continues to report in an unchanged segment structure. The latter reflects the strategic orientation of the Group in an accurate and transparent manner:

In the segment Live Touring ("travelling business") the tour business is reported. This includes the activities of the companies DEAG Classics (Berlin), DEAG Concerts (Berlin), KBK Konzert- u. Künstleragentur (Berlin), Manfred Hertlein Veranstaltungen GmbH (Würzburg), Wizard Promotions Konzertagentur (Frankfurt am Main), Grünland Family Entertainment (Berlin), Raymond Gubbay (London, UK), the sub-group Kilimanjaro (London, UK) as well as The Classical Company (Zurich, Switzerland).

In the segment Entertainment Services ("stationary business") the regional business as well as the entire service business are reported. This includes the activities of the AIO Group (Glattpark, Switzerland), Global Concerts (Munich), Jahrhunderthalle Kultur (Frankfurt am Main), Concert Concept (Berlin), Grandezza Entertainment (Berlin), River Concerts and Elbklassik (both Hamburg), handwerker

promotion e. gmbh (Unna), Blue Moon Entertainment GmbH (Vienna/Austria), mytic myticket (Frankfurt am Main) as well as DEAG Music (Berlin) as music publishing house/label.

We would like to explain the development of the segments as follows:

Live Touring:

With sales revenues of EUR 25.3 million, an EBIT of EUR 1.3 million was reached. The Q1 highlights included tours and shows with, inter alia, Hansi Hinterseer, Musikantenstadl, Anton & Erin, Madam Butterfly, Peter Maffay and last but not least the Irish dance show "Riverdance" as well as the classic Disney on Ice.

Entertainment Services:

With sales revenues of EUR 21.8 million, an EBIT of EUR 1.8 million was generated.

The local business in Germany made very good contributions to the result. The Jahrhunderthalle arena in Frankfurt was again ahead of plan. Our activities in Switzerland and Austria round off the positive development.

The highlights for the coming months will include open airs and arena concerts, inter alia, with Muse, Tote Hosen and Foo Fighters in Switzerland, Ed Sheeran in London as well as the local staging of intragroup tours, for instance with David Garrett and Andreas Gabalier.

4. Outlook

The current second quarter is marked by a bulging event pipeline. An indicator for the product already in advance sales is the significant rise in deferred revenues by 34% to EUR 66.0 million compared to the prior year quarter. Consequently, DEAG confirms its recently increased expectations for ticket sales during the current year of 4.2 to 4.5 million tickets.

DEAG's own ticketing platform in Germany, myticket.de, had a very positive development during the first quarter of 2015. During the first full quarter of business activities of myticket.de already just under 5% of all tickets within the Group were distributed via the platform. Q2 2015 continues to be clearly tending upwards. Apart from the positive development of the number of myticket.de tickets, the value per ticket on the platform exceeds DEAG's expectations. The further strengthening and expansion of myticket.de has a high priority for DEAG – a first positive profit contribution is already anticipated during the current fiscal year.

In the United Kingdom, the existing ticketing activities will be bundled in June on the new platform myticket.co.uk. In the UK DEAG sells with its companies Raymond Gubbay Ltd. and Kilimanjaro Live Ltd. around 1.2 million tickets per year. Between 5% and 10% of the tickets are already distributed in-house and via own platforms. With the launch of myticket.co.uk the distribution activities of the two companies are first combined in order to be able to open myticket.co.uk after the ramp-up phase also for third-party providers during the coming year.

5. Further explanations in accordance with IAS 34

The following interim financial statements, consisting of the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated condensed statement of cash flow as well as additional explanatory information, meet the conditions imposed on structured quarterly reports of Deutsche Börse AG.

The interim consolidated financial statements do not contain all data and information as presented in the complete annual financial statements. It is recommended to read the interim financial statements together with the consolidated financial statements 2014.

The generally accepted accounting principles and evaluation methods applied in the consolidated financial statements as at December 31, 2014 were maintained without any changes.

Changes in the underlying parameters refer to exchange rates. The parameters which are necessary for the determination of the pension obligations were maintained without changes for reasons of materiality.

Changes in respect of the scope of consolidation

DEAG, as the parent company, includes in the interim consolidated financial statements those subsidiaries which fulfill the control concept. Companies set up, acquired or disposed of during the first half-year are included from the date of setting up, acquisition or until the date of disposal.

During the second quarter of fiscal 2014, DEAG acquired a 51.0% stake in the British concert, tour and festival promoter Kilimanjaro Live Ltd., London. The purchase price, which was settled on the balance sheet date in the amount of kEUR 4,673, was paid in cash. The purchase price might be increased subsequently, depending on the future business development of the company between 2014 and 2017. On the date of acquisition and the balance sheet date it was not possible to reliably determine the probability of the need to make future payments. Furthermore, there are still reviews pending in respect of the acquired trademark Sonisphere which is to be allocated to the assets of the associate Twin Peaks Festival Limited, London. For that reason the afore-mentioned purchase price allocation is preliminary. As for the rest, we refer to our comments on the statements concerning subsidiaries in the notes to the consolidated financial statements included in the Annual Report 2014 (page 43-44). The latter can be consulted and/or downloaded on or from the Investor Relations page of the corporate website (www.deag.de/ir).

Other information

During the reporting period there have been business relations to related parties. The transactions with these parties were carried out at arm's length; from the Group's point of view they are of immaterial significance. Concerning the type and scope of related parties, reference is made to the statements in the consolidated financial statements as at December 31, 2014.

The report has not been audited.

Berlin, May 29, 2015

DEAG Deutsche Entertainment AG

The Executive Board

Prof. Peter L. H. Schwenkow

Christian Diekmann

Detlef Kornett

6. CONSOLIDATED BALANCE SHEET (IFRS)

	Interim Report	Annual Report	Interim Report
	2015	2014	2014
	as at	as at	as at
Assets	31.03.2015	31.12.2014	31.03.2014
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Liquid funds	57.278	54.064	39.130
Trade receivables	11.804	12.924	12.358
Down Payments	25.162	23.070	19.021
Income tax receivables	1.669	1.700	986
Inventories	206	146	104
Other current assets	7.511	5.941	5.597
Current assets	103.630	97.845	77.196
Goodwill	22.957	22.955	19.974
Other intangible assets	10.396	10.238	6.860
Tangible fixed assets	2.749	2.675	2.614 *
Investment properties	8.350	8.350	8.350 *
Investments	163	153	757
According to the equity method accounted financial assets	2.888	2.701	43
Loans to associated companies	-	-	39
Down Payments	363	483	243
Other long-term assets	250	262	604
Deferred tax assets	231	349	261
Long-term assets	48.347	48.166	39.745
Total assets	151.977	146.011	116.941
	Interim Report	Annual Report	Interim Report
	2015	2014	2014
	as at	per	as at
Liabilities and equity	31.03.2015	31.12.2014	31.03.2014
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Bank loans payable	10.616	6.792	7.101
Trade accounts payable	10.531	9.138	5.535
Accruals	4.345	4.769	7.551
Sales accruals and deferrals	65.996	64.556	49.067
Income tax liabilities	1.533	1.432	2.008
Other current liabilities	6.958	9.542	6.482
Current liabilities	99.979	96.229	77.744
Accruals	485	454	854
Bank loans payable	1.494	1.600	5.150
Other long-term liabilities	1.011	963	564
Deferred taxes	2.383	2.483	2.099 *
Long-term liabilities	5.373	5.500	8.667
Share capital	16.352	16.352	13.627
Capital reserve	39.646	39.646	29.826
Revaluation surplus	298	298	298 *
Accumulated deficit	-17.408	-18.443	-16.858 *
Accumulated other income / loss	1.131	591	-235
Equity attributable to DEAG shareholders	40.019	38.444	26.658
Equity attributable to non-controlling interest	6.606	5.838	3.872
Equity	46.625	44.282	30.530
Total liabilities and equity	151.977	146.011	116.941

* Adjustment according to IAS 8 (Tz. 1, Annual Report 2014)

7. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Interim Report I/2015	Interim Report I/2014
	01.01.2015 -31.03.2015	01.01.2014 -31.03.2014
	<u>in EUR '000</u>	<u>in EUR '000</u>
Sales	38.963	32.572
Cost of Sales	-29.973	-25.095
Gross profit	8.990	7.477
Distribution costs	-4.209	-3.994
Administration expenses	-3.124	-2.713
Other operating income / expenses	176	711
Operating result (EBIT)	1.833	1.481
Interest income and expenses	-58	-66
Income shares in companies accounted for using the equity method	217	-26
Financial result	159	-92
Result before taxes	1.992	1.389
Income taxes	-479	-371
Group result after taxes	1.513	1.018
thereof attributable to non-controlling interest	478	49
thereof attributable to DEAG shareholders (Group Result)	1.035	969
Earnings per Share in EUR (undiluted/diluted) from continued operations	0,06	0,07
Average no. of shares outstanding (undiluted)	16.352.719	13.627.266
Average no. of shares outstanding (diluted)	16.352.719	13.627.266
Consolidated Statement of Comprehensive Income	I/2015 - in EUR '000 -	I/2014 - in EUR '000 -
Group result after taxes	1.513	1.018
Other result		
(+/-) Differences from exchange rates (independent foreign units)	796	49
(+/-) Deferred taxes on the other total result	-	-
Other result after tax	796	49
Total result	2.309	1.067

8. SHORTENED CONSOLIDATED STATEMENT OF CASH FLOW

	Interim Report	Interim Report
	01.01.2015 -31.03.2015	01.01.2014 -31.03.2014
	<u>TEUR</u>	<u>TEUR</u>
Result from continued operations	1.513	1.018
Depreciation and amortisation	421	323
Change in accruals	-393	1.465
Changes not affecting payments	132	31
Deferred taxes (net)	18	-
Result from valuation of affiliated companies	-187	-7
Cash flow	<u>1.504</u>	<u>2.830</u>
Net interest income	58	66
Change in working capital	-2.173	13.211
Net cash from operating activities (total)	<u>-611</u>	<u>16.107</u>
Net cash from investment activities from continued operations	<u>-399</u>	<u>-383</u>
Net cash from financial activities (total)	<u>3.650</u>	<u>402</u>
equivalents	<u>2.640</u>	<u>16.126</u>
Effects of exchange rates	574	61
Cash and cash equivalents at beginning of Period	<u>54.064</u>	<u>22.943</u>
Cash and cash equivalents at end of period	<u><u>57.278</u></u>	<u><u>39.130</u></u>

9. DEVELOPMENT OF THE CONSOLIDATED EQUITY

	Balance as at	Changes	Balance as at
	31.12.2013	01.01.2014 -31.03.2014	31.03.2014
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	13.627	-	13.627
Capital reserve	29.826	-	29.826
Revaluation surplus	298 *	-	298
Accumulated deficit	-17.827 *	969	-16.858
Accumulated other income / loss	-274	39	-235
Equity attributable to DEAG shareholders	25.650	1.008	26.658
Equity attributable to non-controlling interest	3.973	-101	3.872
Equity	<u>29.623</u>	<u>907</u>	<u>30.530</u>

Changes in equity

	Balance as at	Changes	Balance as at
	31.12.2013	01.01.2014 -31.03.2014	31.03.2014
	<u>in EUR '000</u>	<u>in EUR '000</u>	<u>in EUR '000</u>
Share capital	16.352	-	16.352
Capital reserve	39.646	-	39.646
Revaluation surplus	298	-	298
Accumulated deficit	-18.443	1.035	-17.408
Accumulated other income / loss	591	540	1.131
Equity attributable to DEAG shareholders	38.444	1.575	40.019
Equity attributable to non-controlling interest	5.838	768	6.606
Equity	<u>44.282</u>	<u>2.343</u>	<u>46.625</u>

* Adjustment according to IAS 8 (Tz. 1, Annual Report 2014)

IMPRINT

Editing and Coordination

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