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### Forward-looking statements

This quarterly report contains statements relating to future events that are based on management's assessments of future developments. A series of factors beyond the control of the company, such as changes in the general economic and business environment and the incidence of individual risks or occurrence of uncertain events, can result in actual results differing substantially from the forecast. Constantin Medien AG does not intend to continually update the forward-looking statements contained in this quarterly report.

### Important notice

This document is a free translation into English of the original German text. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the German version, which is the authentic document.

## Key Figures

in EUR million

	9/30/2014	12/31/2013*
Non-current assets	238.6	267.1
Film assets	137.4	172.2
Other intangible assets	33.0	32.1
Balance sheet total	445.7	493.5
Subscribed capital	93.6	85.1
Equity	56.2	54.9
Equity ratio (in percent)	12.6%	11.1%
Non-current financial liabilities	97.4	109.6
Current financial liabilities	87.9	124.0
	1/1 to 9/30/2014	1/1 to 9/30/2013
Sales	361.6	316.0
Sports	105.4	104.6
Film	223.6	179.5
Sports- and Event-Marketing	30.4	29.7
Other Business Activities	2.2	2.2
Earnings before interest, taxes, depreciation and amortization (EBITDA)	98.6	59.8
Amortization, depreciation and impairment	-87.6	-61.6
Profit/loss from operations (EBIT)	11.0	-1.8
Earnings before taxes (EBT)	0.2	-8.4
Earnings attributable to shareholders	-8.0	-10.5
Cash flow from operating activities	87.6	40.5
Cash flow for investing activities	-53.2	-80.5
Cash flow for/from financing activities	-43.3	49.9
	9/30/2014	12/31/2013
Shares outstanding in million	86.2	77.7
Share price in EUR	1.27	1.69
Market capitalization (based on shares outstanding)	109.5	131.3
	1/1 to 9/30/2014	1/1 to 9/30/2013
Average number of shares outstanding (basic) in million	79.9	77.7
Earnings per share (basic) in EUR	-0.10	-0.14
Earnings per share (diluted) in EUR	-0.10	-0.14
Employees (at closing)	1,585	1,602

\*The prior year figures have been adjusted (see details in note 2, accounting and valuation principles)

## Third Quarter 2014

### July

As of July 1, SPORT1 agrees a co-operation with Studio71 in the multichannel network area. Within the co-operation, SPORT1's current YouTube channels are developed further and new video channels, such as PS PROFIS, SPORT1 Motor and SPORT1.fm are added. The intensification of the YouTube activities is leading to large increases in Video Views: Whereas these are still at around 0.4 million in June, the number of Video Views reached around 3.5 million by the end of September.

In early July, shooting starts on the Constantin Film co-production "Ostwind 2". The sequel to the successful, multi-award-winning teen adventure "Ostwind" shall hit the theaters in mid-May 2015.

On July 4, the Management Board of Constantin Medien AG resolves to perform a capital increase against cash contributions excluding subscription rights of the shareholders. On the same day, 8,469,220 new shares are placed with selected investors. Based on the capital increase, the number of Constantin Medien AG shares now amount to 93,600,000. The capital increase results in net proceeds of EUR 10.3 million for the Company.

On July 30, the Annual General Meeting of Constantin Medien AG approves all agenda items with a large majority. Mr Jean-Baptiste Felten and Mr René Camenzind are newly appointed to the Company's Supervisory Board and Dr Dieter Hahn is confirmed in his role. The former Supervisory Board Members Mr Werner E. Klatten and Mr Fred Kogel resigned from the Board. After the Annual General Meeting, the Supervisory Board appoints Dr Dieter Hahn as its new Chairman.

In July, SPORT1.de reaches its best unique user value in its history and secures first place in the AGOF ranking of sports news portals. At 3.57 million unique users, the online platform significantly exceeds the prior year value of 2.92 million.

On July 31, the extensive relaunch of the online and mobile offers of SPORT1 starts: The relaunch of all digital SPORT1 offers is performed in several steps and includes extensive innovations.

### August

In mid-August, the public-private marketer AS&S Radio, a 100-percent subsidiary of ARD-Werbung SALES & SERVICES GmbH (AS&S), takes over the marketing of the classical audio inventory of SPORT1.fm.

The theatrical hit "Fack ju Göhte" also sets new benchmarks in Home Entertainment exploitation: At the end of August, the Bora Dagtekin comedy exceeds the magic threshold of one million DVDs and Blu-rays sold. By the end of September, the sale is above 1.05 million units. In addition, paid digital downloads amounts to more than 750,000 – a volume which no single film had been able to generate in this area in Germany thus far.

On August 28, Constantin Medien AG prematurely repays in full the 9% corporate bond 2010/2015 with a volume of EUR 30.0 million at the nominal amount plus interest.

### September

On September 19, SPORT1 acquires the free-TV rights to the Beko Basketball Bundesliga from Deutsche Telekom for the match periods 2014/2015 and 2015/2016. SPORT1 will broadcast up to 48 live matches in HD in free-TV.

At the start of Fire TV, Amazon's streaming and games box in Germany at the end of September, SPORT1 is launch partner and since then presenting its customers an extensive video portfolio via the SPORT1 video app.

## Foreword by the Chairman of the Management Board

### Dear Shareholders,

In the third quarter, the Constantin Medien Group recorded a pleasing development. Group sales increased by 14.4 percent to EUR 361.6 million in the first nine months, and profit from operations (EBIT) went up by EUR 12.8 million to EUR 11.0 million. Earnings attributable to shareholders (earnings after interest, taxes and after earnings attributable to non-controlling interests) improved from EUR -10.5 million to EUR -8.0 million.

All operative Group segments were able to increase sales and earnings in the first nine months, particularly the Segments Sports and Film. As a result, operative business development was above our expectations after three quarters. This is one main reason why we have adjusted upwards our earnings forecast for the full-year 2014.

In the **Segment Sports**, the great progress made in digital transformation is becoming increasingly apparent and starting to yield economic benefits. The many digital offers that we provide under the SPORT1 umbrella brand are pleasing popular with viewers, users and listeners. The positive trend of market shares for our free-TV channel also continued in the third quarter; however, due to the 2014 FIFA World Cup™, they stayed below prior year values as expected. The SPORT1 mobile offers continued to develop dynamically, achieving an monthly average of approx. 310 million page impressions in the period from July to September – an increase of 86 percent compared to the prior year period. The significantly extended video offer of SPORT1 also recorded encouraging growth rates in access figures – from approx. 0.4 million Video Views in June to approx. 3.5 million at the end of September. And in marketing, we were able to acquire numerous new advertising customers.

These operative successes have made it possible to compensate for the loss in sales from the production of the former Bundesliga channel LIGA total!. At EUR 105.4 million, sales of our Sports Segment in the first nine months were approx. 1 percent above the prior year value. The result improved by EUR 6.5 million to EUR 2.7 million, also due to lower cost of materials and licenses.

In the year to date, the **Segment Film** profited from its broad coverage of the exploitation chain. Whereas high revenues in theatrical distribution and license trading were generated at the beginning of the year, Home Entertainment and TV exploitation also increasingly contributed to a good sales development during the remainder of the year. The Segment Film achieved a sales increase of 24.6 percent to EUR 223.6 million during the first three quarters of 2014, with all business areas contributing. The segment result improved to EUR 6.0 million after EUR 1.9 million in the same period last year.

The **Segment Sports- and Event-Marketing** developed as planned, generating a slight increase in sales from 2.4 percent to EUR 30.4 million, as well as an increase in profits by 20.4 percent to EUR 11.2 million from January to September 2014. After the positive results in the first half, the TEAM group was able to realize further important agreements in the third quarter this year in the marketing process for the commercial rights for the UEFA Champions League and UEFA Europa League (each for the match cycle 2015/16 to 2017/18).

We have raised our results expectations for the **full-year 2014** and are now assuming Group earnings attributable to shareholders of EUR -7 million to EUR -9 million. Previously, the target range had been EUR -13 million to EUR -15 million. Our sales forecast for the full-year 2014 remains unchanged at EUR 460 million to EUR 500 million.

In addition to the good operative development of our segments, the higher earnings forecast is also due to the fact that we have agreed on a cost distribution with the other shareholders of the rights association in the so-called Formula One proceedings, which will result in a cost reimbursement to Constantin Medien AG in the fourth quarter of this year. The proceedings of Constantin Medien vs. Bernard Ecclestone and others is finished with the final rejection of the appeal at the beginning of November. Irrespective of this, we will continue to pursue our claim for damages from the sale of the Formula One shares in the interest of our shareholders and are considering the necessary steps.

**Dear Shareholders,**

The business performance in the first nine months of the year is making us confident that Constantin Medien is on a good path to achieving positive Group earnings. We are entertaining and reaching more and more people with our varied contents and products via our platforms. This development suggests good prospects for the fourth quarter and for the coming financial year.

With best regards

**Bernhard Burgener**

Chairman of the Management Board

## Constantin Medien AG Share

### Performance of the capital markets

The German stock market and most international capital markets were characterized in the third quarter 2014 by a volatile lateral movement. The loose monetary policies of central banks supported the markets also in the third quarter and recedes individual risk factors (e.g. geopolitical risks, economic development in individual countries) into the background. The European Central Bank (ECB) reduced the prime rate at the beginning of September 2014 by a further 0.10 percent to a new historical low of 0.05 percent and concluded a purchase program for securities from private issuers in a yet unspecified amount from October 2014 onwards. Together with other measures, the ECB intends to support the economy with the prime rate cut and the purchase of securities, especially in the crisis countries of Europe. Also the most important international prime rates remained at a very low level in the third quarter of 2014. Overall, the German leading index DAX lost 3.65 percent in the third quarter (reduction of 0.82 percent since the beginning of 2014), and closed at 9,474 points on September 30. The volatility of the DAX increased during the same period.

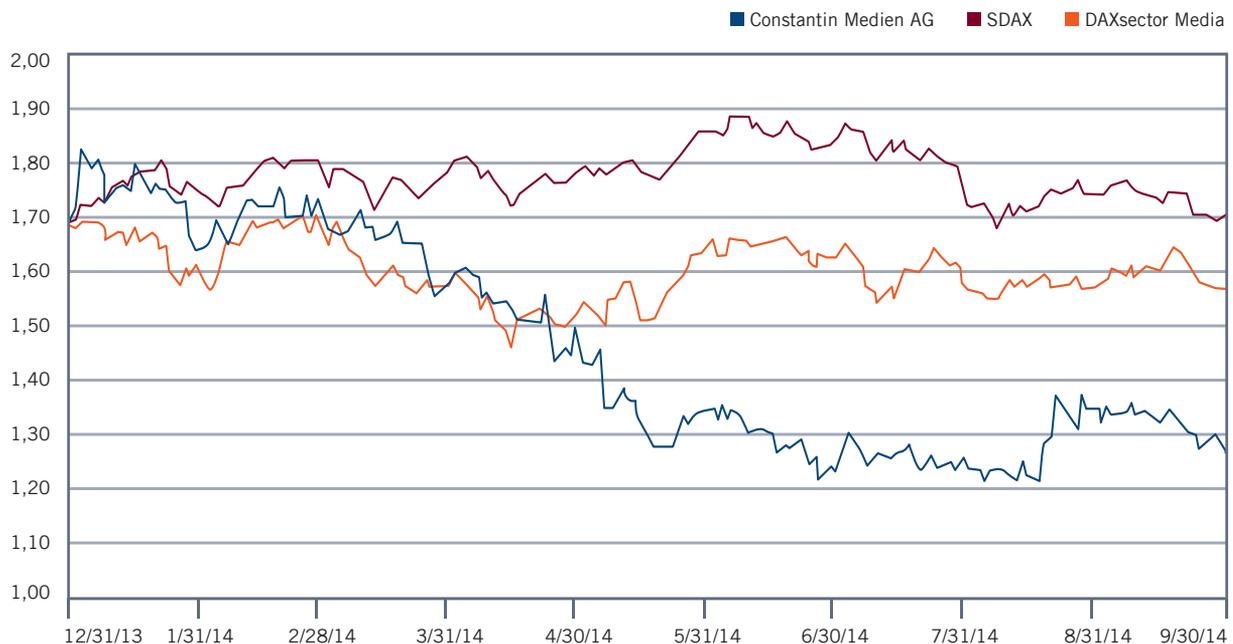
Briefly, the 9,000-point-mark was tested. The small cap and media stocks on the German stock market also showed a negative development. The German small cap index SDAX declined by 7.21 percent (growth of 0.9 percent since the beginning of 2014) and closed at 6,853 points. The German media index (DAXsector Media) closed at 318 points at the end of September 2014 after a decrease of 3.23 percent in the third quarter (reduction of 6.9 percent since the beginning of 2014).

### Constantin Medien share performance

In the third quarter, the overall performance of the Constantin Medien share was marked by a slight upward trend. At a mark-down of 24.8 percent since the start of 2014, the share price of Constantin Medien AG however underperformed the DAXsector Media as well as the SDAX, which Constantin Medien AG uses as a benchmark. The Constantin Medien share closed at EUR 1.27 at the end of the third quarter. As of September 30, 2014, the 52-week high stood at EUR 1.85 (January 6, 2014) and the 52-week low at EUR 1.17 (August 1, 2014).

### XETRA closing prices of the Constantin Medien share compared to SDAX and DAXsector Media

Comparative indices indexed to Constantin Medien's closing price as of December 31, 2013



In the remaining post-balance sheet period, the Constantin Medien AG share price followed a lateral movement, closing at EUR 1.20 on October 31, 2014.

The Constantin Medien share is being actively monitored by notable research institutions. In the last twelve months, the following institutions published studies on Constantin Medien AG:

- Close Brothers Seydler Bank
- DZ Bank
- Deutsche Bank
- Matelan Research

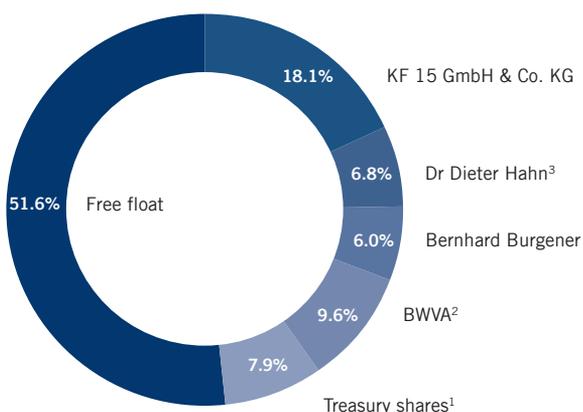
shares of Constantin Medien AG amounts to 93,600,000 shares.

As a consequence of the full consolidation of its subsidiary Highlight Communications AG, its shares in Constantin Medien AG qualify as treasury shares, and so the Company held a total of 7.4 million non-voting treasury shares (7.9 percent of share capital) via Highlight Communications AG as of September 30, 2014. After deducting these treasury shares, there were approximately 86.2 million shares outstanding as of the balance sheet date.

## Share capital and shareholder structure

### Shareholder structure as of October 31, 2014

Share capital: 93.6 million shares



<sup>1</sup> Predominantly held through Highlight Communications AG

<sup>2</sup> Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte

<sup>3</sup> Attribution of further 17.066.648 voting rights according to Art. 21, 22 WpHG

In the third quarter of 2014, Constantin Medien AG increased the Company's share capital. On July 4, 2014, the Company successfully placed 8,469,220 new shares in a capital increase against cash contribution using part of the Authorized Capital 2013/I and excluding subscription rights of the shareholders pursuant to Art. 186 para. 3 sent. 4 AktG (Stock Corporation Act). The placement price of the new shares was EUR 1.25 per share. The registration of the capital increase in the commercial register at the Munich District Court ("Amtsgericht") took place on July 16, 2014. Since then, the number of

## Major voting rights notifications

On July 3, Dr Dieter Hahn has informed the Company that as of June 30, 2014 he exceeded the 5 percent threshold and on this day would hold 7.65 percent (representing 6,514,600 voting rights) by combination of voting rights which he may unilaterally purchase on the basis of directly held other financial instruments pursuant to Art. 25 WpHG. Thereof, the share of voting rights obtainable through other financial instruments pursuant to Art. 25 WpHG is 4.90 percent (representing 4,171,600 voting rights) and the share of voting rights pursuant to Art. 21, 22 WpHG is 2.75 percent (representing 2,343,000 voting rights). The free float of the Constantin Medien share therefore fell to 50.9 percent of the share capital as of September 30, 2014.

Furthermore, on October 6, 2014, Dr Dieter Hahn has informed the Company according to Art. 21, para. 1 WpHG that he exceeded the 3 percent, 5 percent, 10 percent and 15 percent thresholds for voting rights on October 1, 2014, and on that day, he holds 19.47 percent (which corresponds to 18,223,748 voting rights). 16.97 percent of voting rights (representing 15,880,748 voting rights) are attributed to Mr Hahn in accordance with Art. 21, 22 WpHG. Attributed voting rights are held by the following companies under his control, whose share of the voting rights in Constantin Medien AG amounts to 3 percent or more: KF 15 GmbH & Co. KG, KF 15 Verwaltungs GmbH. This did not result in a change to the free float. According to Dr Dieter Hahn's notifications above, Dr Dieter Hahn holds 23.93 percent of voting rights (representing 22,395,348 voting rights), if one adds up voting rights attributable to him at this point in time according to Art. 21, 22 WpHG and voting rights held by Dr Dieter Hahn through financial instruments according to Art. 25 WpHG.

On November 3, 2014, Dr Erwin Conradi has informed the Company according to Art. 21, para. 1 WpHG that his voting rights on Constantin Medien AG have fallen below the 5 percent and 3 percent threshold of the voting rights on October 31, 2014 and on that day amounted to 0.56 percent (representing 521,450 voting rights).

Also on November 3, 2014, Dr Dieter Hahn has informed the Company according to Art. 21, para. 1 WpHG that his voting rights on Constantin Medien AG have exceeded the 20 percent and 25 percent threshold of the voting rights on October 31, 2014 and on that day amounted to 25.04 percent (representing 23,438,248 voting rights). 18.23 percent of voting rights (representing 17,066,648 voting rights) are attributed to Dr Dieter Hahn in accordance with Art. 21, 22 WpHG. Attributed voting rights are held by the following companies under his control, whose share of the voting rights on Constantin Medien AG amounts to 3 percent or more: KF 15 GmbH & Co. KG, KF 15 Verwaltungen GmbH.

These changes in the shareholder structure resulted in an increase of the free float of the Constantin Medien share from 50.9 percent to 51.6 percent as of October 31, 2014.

### **Directors' dealings/Changes to shares hold by the Company's bodies**

In the third quarter 2014, the Company was notified by Members of the Management Board and Supervisory Board of two reportable transactions according to Art. 15a WpHG: Dr Dieter Hahn (Chairman of the Supervisory Board) notified the Company on July 3, 2014, that he concluded a purchase agreement for the one-sided acquisition of 4,171,600 shares in Constantin Medien AG at a price of EUR 1.30 per share. The real execution of the transaction took place on October 31, 2014. Mr Bernhard Burgener (Chairman of the Management Board) informed the Company on July 21, 2014, of an increase in his proportion of the share capital of Constantin Medien AG from 5.6 percent to 6.0 percent. The purchase price was EUR 1.25 per share. The number of shares held by Mr Bernhard Burgener increased by 400,000 to 5,650,000 units as a result of this transaction.

In addition, Mr Fred Kogel, Member of the Management Board of Constantin Medien AG since October 1, 2014, holds 350,000 shares in Constantin Medien AG.

The Board Members Mr Bernhard Burgener (Chairman of the Management Board) and Dr Dieter Hahn (Chairman of the Supervisory Board) each held a direct or indirect holding in shares or share entitlements exceeding 1 percent of the share capital as of September 30, 2014.

### **Additional capital market securities**

The share of Highlight Communications AG, showed a decrease of 17.2 percent in the third quarter 2014, also underperforming the benchmark indices. The share price closed at EUR 3.29 on September 30, 2014. As of October 31, 2014, the shares traded at EUR 3.20.

On July 24, 2014 the Management Board resolved with the approval of the Supervisory Board to prematurely fully terminate the corporate bond 2010/2015 in accordance with the terms and conditions of the bond. The corporate bond had a volume of EUR 30.0 million, a term of five years until October 2015 and an interest rate of 9.0 percent p.a. The termination was published in the Federal Gazette on July 28, 2014 and made public on the same day on the company's website. The repayment was made with effect from August 28, 2014. On this day the bond was fully repaid at the nominal amount plus interest accrued until this day.

On April 15, 2013, Constantin Medien AG had successfully placed a corporate bond with a volume of EUR 65 million, an interest rate of 7.0 percent p.a. and a term of five years with private investors and institutional investors. The trading of the bond started on April 17, 2013 in the open market of Deutsche Börse AG (Regulated unofficial market of the Frankfurt Stock Exchange) in the segment Entry Standard for Bonds. April 23, 2013 was the issuance and value date. As of September 30, 2014, the bond closed at 102.25 percent. As of October 31, 2014 it stood at 98.60 percent.

#### Information on Constantin Medien securities as of September 30, 2014

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ISIN/WKN	
– Ordinary share (Prime Standard Segment)	DE0009147207/914720
– Highlight Communications AG share (Prime Standard Segment)	CH0006539198/920299
– Corporate bond 2013/2018 (Segment Entry Standard for Bonds)	DE000A1R07C3/A1R07C
Indices	DAXsector Media
Closing rate 9/30/2014 / 52-week high / 52-week low	
– Constantin Medien AG (Xetra)	EUR 1.27 / 1.85 / 1.17
– Highlight Communications AG (Xetra)	EUR 3.29 / 4.18 / 3.15
– Corporate bond 2013/2018 (Frankfurt)	102.25 / 103.50 / 94.00 percent
Share capital (9/30/2014)	93.6 million shares
Shares outstanding (9/30/2014)	86.2 million shares
Corporate bond 2013/2018 outstanding	65,000 bonds
Market capitalization (related to shares outstanding as of 9/30/2014)	
– Constantin Medien AG (Xetra)	EUR 109.5 million
– Highlight Communications AG (Xetra)	EUR 146.5 million
– Corporate bond 2013/2018	EUR 66.5 million

## Interim Group Management Report

### 1. Basis of the Group

#### 1.1 Group structure and business activities

Constantin Medien AG is an internationally operating media company and based in Ismaning near Munich. The Company is focused on the Sports Segment and, through its holding in the Swiss media company Highlight Communications AG, on the Segments Film, Sports- and Event-Marketing as well as the Segment Other Business Activities.

As parent company, Constantin Medien AG is the controlling holding company. With the areas Finance, Accounting, Controlling, Internal Audit, Communication, Investor Relations, Human Resources and Legal, Constantin Medien AG provides intercompany services and is responsible for the strategic control of the Group. Through its 100-percent subsidiary Constantin Sport Holding GmbH, it holds a 100-percent share in each of the companies in the Segment Sports.

Highlight Communications AG is a stock corporation according to Swiss law, which has been listed on the Frankfurt Stock Exchange since 1999. Its holdings include 100-percent holdings in Constantin Film AG, in Rainbow Home Entertainment AG, Pratteln/Switzerland, in Rainbow Home Entertainment Ges.m.b.H., Vienna/Austria as well as in Team Holding AG, Lucerne/Switzerland. In addition, it holds a 68.725-percent share in Highlight Event & Entertainment AG, Lucerne/Switzerland, which is listed on the Swiss Stock Exchange (SIX Swiss Exchange).

The **Segment Sports** covers the activities in the TV area with the free-TV channel SPORT1, the pay-TV channel SPORT1+ and since August 1, 2013, also the new pay-TV channel SPORT1 US. Furthermore, the online portal SPORT1.de, the mobile SPORT1 applications and since July 19, 2013, the new digital sports radio SPORT1.fm belong to the portfolio under the SPORT1 umbrella brand. The diverse offers of SPORT1 are marketed by the multi-platform marketer Sport1 Media GmbH (previously operating under Constantin Sport Marketing GmbH). PLAZAMEDIA is another major Group subsidiary and offers comprehensive services in the field of production together with its subsidiaries in Austria and Switzerland.

On May 19, 2014, Constantin Medien AG announced its decision, not to continue the negotiations with Sky Deutschland Fernsehen GmbH & Co. KG in connection with the transaction

agreed on December 5, 2013. The agreement provided the sale of 100 percent of the shares of PLAZAMEDIA GmbH TV- und Film-Produktion (including its subsidiaries in Austria and Switzerland) as well as the sale of 25.1 percent each of the shares in Sport1 GmbH and Constantin Sport Marketing GmbH. The transaction was subject, among others, to the conclusion of a new multi-year production framework contract between Sport1 GmbH and PLAZAMEDIA GmbH TV- und Film-Produktion. But no agreement could be reached on this arrangement at that time.

In the Segment Sports the main sources of finance in the free-TV/online/mobile area are the advertising and/or sponsoring revenues and in the pay-TV area particularly the contractually agreed guarantee payments and subscriber-based feed-in contracts. In the production area, these include long-term production framework contracts and indirectly also the advertising revenues of the TV channels. The main expense items in the Segment Sports comprise the costs of licensing rights, the costs of production and manufacturing, distribution costs and personnel expenses. In the production sector, these particularly include the costs of production services, investments in technical innovations and extensions, maintenance and service as well as the costs of signal feeds and not least personnel.

The **Segment Film** contains the activities of Constantin Film AG and its subsidiaries as well as the Highlight Communications subsidiary Rainbow Home Entertainment. The Constantin Film group is the most important independent German producer and distributor of theatrical films. Its operations encompass the development and production of films as well as the exploitation of in-house productions and acquired film rights. In-house film productions are usually distributed worldwide, while third-party productions are basically exploited in German-speaking countries. In this, all steps along the exploitation chain are utilized (theatrical distribution, DVD/Blu-ray, television). Apart from theatrical films, the Constantin Film group creates fictional and non-fictional productions for German and foreign TV stations. For purpose of exploiting the video rights for in-house and licensed films, Highlight Communications AG has its own distribution organization. In Switzerland and Austria, distribution is performed by the Rainbow Home Entertainment companies. Distribution on the German market is conducted by Highlight Communications (Deutschland) GmbH in co-operation with Paramount Home Entertainment.

In the Segment Film, the main sources of finance result from the exploitation of in-house and acquired film rights across all steps along the exploitation chain. Additional revenues are generated by production orders for TV channels and by national and international film promotion grants. The main expense items comprise acquisition and exploitation rights from scripts and materials, production costs as well as marketing and release and promotion expenses for individual films (marketing and copies).

The **Segment Sports- and Event-Marketing** includes the activities of Team Holding AG (TEAM) and its subsidiaries. The TEAM group specializes in the global marketing of international major sports events. Being one of the world's leading agencies in this field, it exclusively markets on behalf of the European Football Association (UEFA), the UEFA Champions League as well as the UEFA Europa League and the UEFA Super Cup.

In the Segment Sports- and Event-Marketing, the main sources of finance are agency commissions relating to the marketing of TV and sponsoring rights, while personnel expenses make up the largest proportion of expenses.

The **Segment Other Business Activities** includes the activities of Highlight Event & Entertainment AG. The company operates in the event and entertainment business and holds the marketing mandates for the Eurovision Song Contest and the Vienna Philharmonic Orchestra. The Highlight Communications subsidiary Rainbow Home Entertainment AG has a 50.004 percent holding in the Pokermania GmbH, which specializes in the development of online gaming business models and on the social games market. The activities in the area online/social gaming are included in the Segment Other Business Activities.

In the Segment Other Business Activities, the main sources of finance are revenues resulting from agency commissions relating to the marketing of TV and sponsoring rights as well as from the marketing of online/social gaming products. The main expense items comprise personnel costs relating to the marketing of TV and sponsoring rights as well as to the development of online/social gaming products.

**Others** primarily include the activities of the holding company Constantin Medien AG.

## **1.2 Management system and performance indicators**

### **1.2.1 Group management**

The Management Board of Constantin Medien AG is responsible for the strategy and control of the Group. As at October 1, 2014, the Management Board was extended from two to three Members: Mr Bernhard Burgener, Chairman of the Management Board, and Mr Antonio Arrigoni, CFO, who were Members previously, as well as the new Member Mr Fred Kogel, Chief Officer Production, Process Management and Integration, now make up the Executive Committee of Constantin Medien AG. With respect to the Group companies of the Sports Segment, the operational responsibility falls to the particular management of each subsidiary. The controlling of the companies within this segment is conducted through shareholder meetings, strategic management meetings and regular meetings of the Executive Board and the Corporate Board. Short- and medium-term planning and regular reports are the basis for managing the activities of the sports companies.

Highlight Communications AG and Highlight Event & Entertainment AG as stock corporations subject to Swiss law as well as Constantin Film AG as a stock corporation under German law are autonomously managed by the Board of Directors and the Management Board, respectively. As shareholder, Constantin Medien AG exercises control in the Highlight Communications group by means of its 52.39 percent interest. Here, short- and medium-term planning as well as regular reports to the Boards also form the basis for managing the corresponding activities. In addition, Highlight Communications AG reports to Constantin Medien AG as part of the regular Group reporting.

### **1.2.2 Financial performance indicators**

Sales figures and earnings attributable to shareholders are the key performance indicators within the Constantin Medien Group. In addition, the financial ratios earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation and amortization (EBITDA) and net debt (cash and cash equivalents less financial liabilities) are identified regularly for controlling and managing the segments.

### **1.2.3 Non-financial performance indicators and success factors**

Beyond the financial key performance indicators, non-financial performance indicators and success factors arising from the specific requirements of the particular business model are also of key significance for the Company's performance.

**Coverage and market shares:** Market and TV viewer research is the basis for Sport1 GmbH for monitoring the programming line-up of its free-TV and pay-TV channels to examine its viewer appeal, to acquire attractive license rights, to develop innovative formats and to ensure programming that accurately reflects viewer preferences.

In the free-TV area, these indicators include the daily coverage and market shares that are surveyed by the Society for Consumer Research (GfK). In case of SPORT1, this is in particular the market share of its core target group of males aged 14 to 49 years (M14-49). In the pay-TV area, the key indicator is the number of subscribers, and in the online area the standardized online coverage currency unique user, which is reported monthly by the Online Research Group (Arbeitsgemeinschaft Online Forschung e.V., AGOF). Moreover, the German Information Association for the Ascertainment of Distribution of Advertising Media (Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V., IVW) monthly reports the number of page impressions (PI) and visits. In the mobile area, visits are also reported by IVW and download figures are inter alia shown via iTunes Connect and Google Play Developer Console.

In the TV service production area in the Film Segment, coverage and market shares are also important ratios for determining the audience success of a broadcast format and often form the basis for decisions regarding future commissions.

**Technical coverage:** Regarding the free-TV channel SPORT1's appeal as a platform for advertisers, the technical coverage of the channel is of great importance. The coverage of SPORT1 extends to almost 31,78 million and thus 86,6 percent of all accessible households in Germany. That means that it can be received almost area-wide. In pay-TV, area-wide distribution of the two channels SPORT1+ and SPORT1 US using the main cable network operators and infrastructure providers as far as possible is a key non-financial performance indicator.

**Number of visitors:** In the theatrical distribution area of Constantin Film AG, the number of viewers generated by a film is a decisive factor because theatrical success usually also impacts subsequent exploitation levels – particularly in Home Entertainment. In spite of intense prior market monitoring in the target groups, the taste of cinema audiences is only assessable to a limited extent. In addition, the theatrical films released by Constantin Film AG always compete with titles by

other distributors running at the same time so that even a marketing campaign perfectly matched to the relevant film cannot always meet the expected viewer figures.

Moreover, non-financial performance indicators and success factors, which are not evaluated quantitatively and used for internal monitoring, are also of key importance to the Company's performance, and essential for the Company's business model.

**Access to rights:** For the platforms under the umbrella brand SPORT1 the access to and the availability of attractive sports rights are of great importance. This applies in particular to the broadcasting of soccer matches. The access is also dependent upon factors such as convincing programming concepts, a solid finance basis and a close-knit network of contacts with decision-makers in this area. In free-TV, attractive sports rights are essential to be able to maintain or expand the market share in the core target group (M14-49), for the pay-TV sports channels SPORT1+ and SPORT1 US to guarantee and successively increase their pay value and for the digital sports radio SPORT1.fm to further expand listener and user numbers.

With regard to the acquisition of literary material and scripts, as well as to conclusions of contracts with successful directors, actors and film studios, the Constantin Film group faces strong competition. Therefore, Constantin Film AG has been working for decades very closely with renowned and experienced screenwriters, directors and producers in Germany and abroad, who have a high level of know-how in the production of theatrical films and TV formats.

**Professional expertise and network of contacts:** Not only in light of the growing digital and convergent media usage behavior and the transformation to using cross-platform offers, both technology and content competence are essential. Correspondingly, recruiting, advancement and retaining well-trained, qualified, dedicated and creative employees are of high priority.

In addition, a distinctive network of contacts and close and trusting relationships with business partners are important indicators for the success of the group of companies. In the Sports Segment, this applies e.g. with regard to rights holders and the advertising industry or media-political institutions. In the Film Segment, the co-operation with scriptwriters, directors and producers in Germany and abroad is particularly important. In the Sports- and Event-Marketing Segment and in the Seg-

ment Other Business Activities, trusting business relationships with the rights holders and with existing and potential sponsors are essential in marketing major international sports or entertainment events.

### 1.3 Material legal factors

Constantin Medien AG has to comply with a large number of stock exchange and legal requirements. As a stock corporation listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange according to German law, the Company is in particular subject to the German Stock Exchange and Capital Market legislation and has to comply with the recommendations of the German Corporate Governance Code. Highlight Communications AG is a stock corporation according to Swiss law which has been listed on the Frankfurt Stock Exchange and Highlight Event & Entertainment AG as stock company under Swiss law has to meet the "Codes of Best Practice" of the SIX Swiss Exchange. The operational activities of the companies in the individual segments are in accordance with a variety of media, data protection and copyright laws as well as with regulatory requirements.

Compared to the presentation in the combined Group management and management report of the 2013 Annual Report of Constantin Medien AG, there was the following change regarding the material legal factors in the Segment Film:

The Constantin Film group makes use of different national and international public film promotions when producing films. The Federal Government promotes the production of theatrical films in Germany in order to improve the general economic conditions of the film industry in Germany, support the companies in the film industry and their international competitiveness as well as to sustainably expand Germany as film production site. The German Federal Film Fund (DFFF) is one important funding tool, having provided funding worth EUR 70 million in 2013. In the 2014 federal budget, this amount was reduced by EUR 10 million so that this source of funding now only amounts to EUR 60 million. For 2015, a reduction to EUR 50 million is even planned in medium-term financial planning.

Sources: Mediabiz Blickpunkt:Film, June 6 and July 3, 2014

### 1.4 Market research and development

Compared to the presentation in the combined Group management and management report for the 2013 Annual Report of Constantin Medien AG, there were no changes regarding the

activities of the companies in the different Segments in the area of market research and development.

## 2. Economic Report

### 2.1 Overall economic conditions in the third quarter 2014

The global economy continued its recovery in the third quarter of 2014, however with downside risks on the rise. According to the "Joint Economic Forecast" of the leading German economic research institutes, the upturn will continue in the USA and the UK. But, contrary to the expectations in spring, the economy of the Euro zone has not yet regained its footing. The economic development in the emerging markets would also be inconsistent. Risk factors mentioned above all include current geopolitical conflicts (Ukraine/Russia, Syria), which are estimated to have a negative impact on the investment behavior of companies. According to the Institute of World Economy (IfW), in the Euro zone, countries such as Spain and Portugal are making progress in terms of structural reforms. However, other countries like Italy and France still experience a reform backlog, which is a barrier to economic activities.

The German economy continued to lose further momentum in the third quarter – after economic performance had already fallen slightly in the second quarter by 0.2 percent compared to the strong first quarter. Economic research institutes assumed that macroeconomic production merely stagnated between July and September and that industrial production has again fallen. The much-noticed ifo Business Climate Index, which reflects the business expectations of German industry, declined in September for the fifth time to its lowest level since April 2013. The weakening of the economy also impacts on employment: The rise in employment in Germany slowed down and the registered unemployment went up slightly.

Sources: Institute of World Economy (IfW), Kiel "Dämpfer für die Konjunktur", September 11, 2014; ifo Institut, Munich: Joint Economic Forecast, Fall 2014, October 9, 2014; ifo Business Climate Index, September 2014; International Monetary Fund (IMF): World Economic Outlook, Update October 2014

### 2.2 Sector-specific general conditions, operating performance and analysis of non-financial performance indicators of the segments

#### 2.2.1 Sector-specific general conditions in the Segment Sports

According to the information and media company Nielsen Media Research GmbH, advertising customers in Germany

invested approx. EUR 19.38 billion in advertising in the first three quarters of 2014. As a result, advertising expenses were 3.9 percent above the comparative period last year.

Thereby, the investments of more and more companies in Germany increasingly were used for advertising on mobile end devices such as Smartphones, Tablet-PCs and mobile phones. Between the start of the year and the end of the third quarter of 2014, approx. EUR 120.5 million were invested in mobile advertising – an increase of 70.8 percent compared to the same period last year.

Particularly the major advertising companies spent significantly more in this area. Most top spenders posted high growth rates; some companies more than tripled their expenses. The list is topped by the automotive industry with total expenditures of around EUR 11.2 million. At approx. EUR 3 million, the footwear sector also recorded significant growth – an increase of 7.443 percent compared to the previous year.

In classical above-the-line media, only cinema posted two-digit growth rates at a plus of 14.2 percent. By contrast, print suffered slight losses and radio enjoyed only a small increase of 2.0 percent. In the period from January to September 2014, advertisers invested around EUR 8.7 billion in the lead medium TV – an increase of around 8.1 percent compared to the previous period. At a plus of 0.6 percent, online is growing slowly.

Sources: Nielsen Media Research GmbH, press release, September 16, 2014 and Nielsen gross advertising statistics, January to September 2014

According to the Verband Privater Rundfunk und Telemedien e.V. (Association of Private Broadcasting and Telemedia, VPRT), pay-TV in Germany continues to grow dynamically: In its study “Pay-TV in Germany 2014” published in early July 2014 for the second time, VPRT reported an increase in pay-TV and paid video-on-demand revenues by 11.4 percent from EUR 1.84 billion in 2012 to EUR 2.05 billion last year. In the German-speaking area as a whole, revenues in 2013 went up to approx EUR 2.2 billion – after approx. EUR 2.0 billion in 2012. The rise in sales is due to a significant increase in the number of subscribers: In the past five years, the number of subscribers grew by almost 50 percent to 6.4 million by the end of 2013. The number of pay-TV subscribers in the entire German-speaking area was approx 7.1 million. Actual use of the pay-TV offer also went up: The average pay-TV ratings of

the pay-TV channels licensed by the Television Research Consortium (AGF) were 10.2 million viewers between January and May 2014 – after 9.2 million in the same period last year. According to the VPRT, the number of pay-TV channels to which viewers can subscribe was 88 channels in July 2014, of which 73 broadcast their program in HD.

Source: Study “pay-TV in Germany 2014”, Association of Private Broadcasting and Telemedia (VPRT), 8 July 2014.

This year's IBC, the International Broadcasting Convention, one of the most important industry meetings, which takes place in Amsterdam in September each year, primarily focused on high-resolution production technologies (4K/8K), image repeat rates as well as multiscreen and videostreaming. Interest in IT-based infrastructure solutions was particularly strong this year. Replacing regular video technology allows greater automation and the large-scale switch to file-based workflows. This creates the basis for implementing the production requirements of the TV future much more efficiently.

Source: Media Bulletin, 6/2014, “Neue Infrastruktur für die TV-Zukunft”

Other trends, which were not only presented and discussed at the IBC, but to which numerous studies have by now been dedicated and which directly impact the production market, include: the stronger integration of second-screen applications and social-media interactions in formats as well as the multi-media distribution of content to provide for the changed user behavior of consumers and the resulting shift of advertising budgets.

### 2.2.2 Operating performance in the Segment Sports

#### Hot summer of soccer with national and international matches

– Before the kick-off of the new Bundesliga season, SPORT1 broadcast a total of 16 test matches of well-known football clubs in free-TV, including the “Schalke Cup” in Gelsenkirchen with Schalke 04, Malaga, West Ham and Newcastle. In addition, the channel acquired the broadcasting rights for the return match of the 3<sup>rd</sup> qualifying round of the UEFA Europa League. In August, SPORT1 announced a two-year co-operation with the four regional football league associations Norddeutscher Fußball-Verband (Northern German Football Association), Westdeutscher Fußball- und Leichtathletikverband (Western German Football and Athletics Association), Regionalliga Südwest (South-Western Regional League) and Bayerischer Fußball-Verband (Bavarian Football Association). As the official

partner, the channel broadcasts up to 20 live matches per season from the top German amateur league – the first took place on August 12 with the Derby 1860 Munich II versus FC Bayern II.

**Beko BBL still in the SPORT1's program** – In mid-September, SPORT1 closed an agreement with Deutsche Telekom for the free-TV exploitation rights for the Beko Basketball Bundesliga (Beko BBL) for the match periods 2014/2015 and 2015/2016. The telecommunications group had acquired the national and international audiovisual exploitation rights to the league for four years in mid-June. SPORT1 will broadcast up to 48 live matches in HD in free-TV during each of the match periods 2014/2015 and 2015/2016.

**“Ice time” from August – with the Champions Hockey League** – Sport1 GmbH acquired the exclusive media rights to the Champions Hockey League (CHL) for Germany for the 2014/15 season. Since the beginning of August, the new premium class of European club ice hockey, in which six DEL clubs also take part, will be broadcast live and exclusively in German free-TV.

**New formats “Motorsport Kompakt”, “Inside US Sports” and “Hans Sarpei – Das T steht für Coach”** – In the third quarter, SPORT1 introduced three formats due to start in fall: For the premiere of the FIA Formula E, the new racing series for formula cars with electric motors in Beijing, at the beginning of September, Sport1 GmbH bought the non-exclusive platform-neutral post exploitation rights for Germany, Austria and Switzerland. In its first season 2014/15, the half-hour show “Motorsport kompakt” will report on the racing highlights. With “Inside US Sports”, the only US sports magazine on German free-TV was launched on October 9: The half-hour broadcast on Thursdays presents the current highlights of the “Big Four” leagues NFL, NBA, NHL and MLB, as well as reports and interviews. In the format “Hans Sarpei – Das T steht für Coach”, the former football professional and social-media icon Hans Sarpei will change to Ismaning and visit and coach amateur teams in one-hour episodes from November 20.

**Relaunch of the SPORT1 online and mobile offers** – At the end of July, the extensive relaunch of the SPORT1 online and mobile offers commenced: In a first step, SPORT1.de has since then been presented in a new color design. The so-called soft relaunch of all digital SPORT1 offers – including, in addition to SPORT1.de, the SPORT1 Apps, the website of the digital sports radio SPORT1.fm and the SPORT1.fm Apps – will take

place in several steps with extensive innovations until January 2015. The focus in terms of content is on a more intense live experience for the user, a stronger multimedia focus and a consistent linking of the SPORT1 platforms.

**“SPORT1 Trackday” at the Nürburgring attracts much attention** – The third issue of the “SPORT1 Trackday 2014 powered by Nissan Nismo and Falken” took place at the Nürburgring on August 24. Around 10,000 viewers on site watched the motor sports, drift and tuning event with its spectacular program.

**SPORT1.fm kicks off its second season** – In its second season, the digital sports radio SPORT1.fm, which was launched in July 2013, again reports on all 612 matches of the Bundesliga and 2<sup>nd</sup> Bundesliga season both individually and in conference feed. In addition, the Supercup between Borussia Dortmund and Bayern Munich was broadcast live in mid-August. The channel's program also includes live reporting of the matches of all German clubs in the new season of the UEFA Champions League and the UEFA Europa League, started in September, as well as selected matches of the DFB Cup. Furthermore, SPORT1.fm also showed the live broadcasts of the new edition of the World Cup final between Germany and Argentina and the first match of the DFB team in the European Championship qualifying against Scotland.

**Marketing successes for the 2014/2015 soccer season** – At the beginning of the 2014/2015 football season in the third quarter 2014, Constantin Sport Marketing (now called SPORT1 MEDIA) was able to renew and expand existing co-operations with numerous partners such as Deutsche Telekom AG, Volkswagen AG, Bitburger Braugruppe GmbH, Privatbrauerei Erdinger Weißbräu and STADA Arzneimittel AG. New partnerships were agreed with Falken Tyre Europe GmbH and SEAT Deutschland GmbH regarding the sponsoring of “Hatrick – Die 2. Bundesliga”; for the first time, Goodyear Dunlop Tires Germany GmbH took over sponsoring of the Bundesliga in the digital area.

**Marketing of new license rights** – With the kick-off of reporting for the Champions Hockey League and the FIA Formula E, engelbert strauss GmbH & Co. KG and Schaeffler AG were acquired as sponsoring partners.

**Marketing co-operation between SPORT1.fm and AS&S Radio** – As of August 11, the public-private marketer AS&S Radio, a 100 percent subsidiary of ARD-Werbung SALES & SERVICES

GmbH (AS&S), took over individual marketing for the classic audio inventory of the digital sports radio SPORT1.fm. From 2015, SPORT1.fm will then also be integrated into the combined national marketing.

**PLAZAMEDIA with varied production services for different customers for the 2014 FIFA World Cup™** – In July, the highlight clips for a total of ten matches of the knock-out phase and the final of the 2014 FIFA World Cup™ were produced for the format “WM Kompakt: Alle Spiele vom Vortag” for the digital channel ZDFInfo as well as the special episodes “Weg ins Viertelfinale/Halbfinale/Finale”. In addition, the production company created the format “WM im Netz” on each of the seven World Cup match days in the reporting period, which was available on ZDFonline and aired as part of ZDF Morgenmagazin. For HBS, PLAZAMEDIA was responsible for providing high-quality special camera systems for ten World Cup matches.

**Comprehensive production services for long-term customers** – For Sky, PLAZAMEDIA took over the production of a total of 32 matches in the first round of the DFB Cup between August 15 and 18. As usual, productions of the conferences as well as individual matches were realized. In addition, PLAZAMEDIA realized three studio productions for the first round of the 2014/15 season. In addition, Sky commissioned PLAZAMEDIA to carry out the unilateral production of the Formula One races in Silverstone, Hockenheim, Budapest, Spa-Francorchamps, Monza and Singapore.

At the start of the 2014/15 football Bundesliga season, PLAZAMEDIA again provided extensive technical services for the customers SPORT1, SPORT1.fm, Bild/Axel Springer and Sky.

**Kick-off of the UEFA Champions League and UEFA Europa League 2014/15 season** – In September, PLAZAMEDIA acted as host broadcaster for ZDF during the playoff match of the UEFA Champions League between Bayer 04 Leverkusen and FC Copenhagen as well as for the match between FC Bayern Munich and Manchester City FC. In addition, PLAZAMEDIA was responsible for the unilateral provision of production technology for the first leg of the playoff match between FC Copenhagen and Bayer 04 Leverkusen. In the reporting period, productions on behalf of Sky Deutschland focused on nine UEFA Champions League matches, including the match between Borussia Dortmund and Arsenal FC and a total of three UEFA Europa League matches, including the match

between VfL Borussia Mönchengladbach and Villarreal CF. For the Sky studio broadcast for the UEFA Champions League, the 4K/live-capable/360° drones newly developed by PLAZAMEDIA were used for the first time.

### 2.2.3 Analysis of non-financial performance indicators in the Segment Sports

**Free-TV market shares hold in spite of the FIFA World Cup and the late Bundesliga kick-off** – Until mid-July, the development of free-TV market shares was still influenced by the FIFA World Cup in Brazil. In addition, the later start of the Football Bundesliga in August also affected the coverages: In July, SPORT1 recorded free-TV market shares of 0.7 for viewers overall (Z3+) and of 1.2 percent in the core target group of men aged 14 to 49 years (M14-49) – after 0.8 percent (Z3+) and 1.4 percent (M14-49) in July 2013. In August, SPORT1 achieved a total viewer market share of 0.9 percent, as in August 2013, and a market share of 1.4 percent for men aged 14-49 (August 2013: 1.6 percent). In September 2014, market shares of 0.9 percent (viewers 3+) (September 2013: 1.0 percent) and 1.3 percent for M14-49 (September 2013: 1.6 percent). The reduction in September is particularly due to the fact that there was one less Bundesliga Sunday compared to the same month last year, and that last year, the Women's European Volleyball Championship in Germany had a very positive effect on the ratings.

Overall, the market shares in the third quarter were slightly below those of the comparative quarter in 2013, at 0.8 percent in the target group Z3+ (Q3 2013: 0.9 percent) and 1.3 percent in the core target group of men aged 14 to 49 years (Q3 2013: 1.5 percent).

After the kick-off of the football season, the live Monday matches of the 2<sup>nd</sup> Bundesliga in “Hatrick Live” and “Volkswagen Doppelpass” again achieved top ratings in the reporting period. On the 2<sup>nd</sup> match day, an average of 1.24 million viewers (Z3+) watched the battle of Franconia between Greuther Fürth and 1. FC Nürnberg – with a market share in the core target group of 5.2 percent. The matches between 1. FC Nürnberg and 1. FC Kaiserslautern on the 8<sup>th</sup> match day and between 1. FC Kaiserslautern and 1860 Munich on the 1<sup>st</sup> match day also attracted high ratings at an average of one million (Z3+) and market shares of around 5 percent – at peak, up to two million viewers watched the Nürnberg vs. Kaiserslautern match. “Der Volkswagen Doppelpass” on Sunday mornings was also

popular with viewers – at ratings close to one million on average for viewers aged 3+ and more than 10 percent in the core target group of M14-49. In addition, the other accompanying football formats, such as “Bundesliga Pur” and “Hatrick – Die 2. Bundesliga” with its Bundesliga and 2<sup>nd</sup> Bundesliga highlights, “Telekom Spieltaganalyse” and “Bitburger Fantalk”, attracted much interest at up to and in part more than 500,000 viewers on average.

Source: AGF/GfK Fernsehforschung (TV Scope), July 1 to September 30, 2013/July 1 to September 30, 2014

**Pay-TV subscriber figures on a constant level** – As of August 30, 2014, the pay-TV channel SPORT1+ recorded a total of approx. 1.9 million subscribers (excluding the subscribers reached via the Sky platform). The number of subscribers to SPORT1 US at the end of August was 1.44 million – as well excluding the Sky subscribers.

**Increase in accumulated online and mobile ratings** – In the third quarter of 2014, SPORT1.de was able to continue its growth course for accumulated online and mobile ratings compared to the prior year period, recording an increase in page impressions (PIs) of 408 million to 527 million a month on average – a plus of around 29 percent. Compared to the same period last year, visits were also on the rise and went up by around 5 percent from 61 million to 64 million a month on average.

**Coverage development influenced by the final phase of the 2014 FIFA World Cup 2014™ and the season kick-off of the Football Bundesliga** – The 2014 FIFA World Cup™ in Brazil was again the most important topic in the third quarter, which – thanks to the success of the German national team – significantly contributed to the enormous rating success in the first half of July – particularly due to the daily World Cup blog and the many slideshows and videos by the SPORT1 reporters on-site. Above all the kick-off of the new Football Bundesliga season and of the new UEFA Champions League match period was responsible for the good overall ratings in August and September.

In addition, the access figures were increased by intensified advertising for the Basketball and Volleyball World Championships, as well as the MotoGP. In addition, the implementation of the umbrella brand strategy was driven by an even more consistent multimedia focus of the platforms.

**Reduction in online coverage** – Due to the increasing general

shift of content use from online to mobile, at 29 million visits, the pure online coverage of SPORT1 in the third quarter of 2014 also stayed below the prior year value (around 32 million visits). This development continues to apply to all major media and news offers. In terms of PIs, SPORT1.de achieved an average of around 218 million page impressions per month in the third quarter of 2014, which was also below the previous year's figure (242 million PIs).

In spite of rating losses in the third quarter 2014, SPORT1.de enjoyed its best unique user value in its history and secured first place in the AGOF ranking of sports news portals. At 3.57 million unique users, the online platform significantly exceeded the prior year value of 2.92 million.

**Strong growth in mobile area again** – At around 310 million page impressions a month on average, the mobile offers of SPORT1 were again very successful in the third quarter of 2014, achieving a clear increase of around 86 percent compared to the previous year (around 166 million page impressions). At 35 million visits a month on average, visits were also significantly above the prior year figure (295 million visits) – an increase by 19 percent. After the third quarter of 2014, the SPORT1 Apps for iPhone/iPad and Android stood at more than 3.8 million unique downloads (Q3 2013: 3 million unique downloads).

**Increase in video access figures** – In the video area, access figures in the online and mobile area in the third quarter of 2014 averaged at 6.3 million per month, which put them approx. 25 percent above the value for the third quarter of 2013 (5.0 million). This development was particularly due to the expansion of the SPORT1 YouTube channels through the addition of e.g. the Brand Channel, PS PROFIS, SPORT1 Motor and SPORT1.fm. The intensification of the YouTube activities led to large increases in video views: Whereas the number of video views was still at around 0.4 million in June 2014, SPORT1 was able to more than double this value to around 0.9 million in July. During the further course of the reporting period, SPORT1 was again able to increase access figures disproportionately: In August, video views reached around 2.3 million and were expanded further to approx. 3.5 million in September.

Sources: IVW (German Information Association for the Ascertainment of Distribution of Advertising Media e.V.) 7-9 2013/2014; AGOF internet-facts: July 2013/2014; iTunes Connect 9/2014; Google Play Developer Console 9/2014; Google Analytics 7-9 2013/2014, YouTube Content Management System 7-9 2013/2014; YouTube Analytics, June – September 2014

**Late start of Bundesliga impacts on SPORT1.fm** – In the third quarter of 2014, SPORT1.fm reached a total of 5.3 million streaming sessions. Streaming sessions are calls of the SPORT1.fm stream with a duration of at least 60 seconds. As a result, SPORT1.fm was slightly below the value of the comparative quarter in 2013 at 5.5 million streaming sessions. The reduction was particularly caused by the late start of the first leg of the 2<sup>nd</sup> Bundesliga (August 1) and the Bundesliga (August 22) this year, which was due to the World Cup. The match days with the highest ratings in the quarter under review were the top match between FSV Mainz 05 and Borussia Dortmund on the fourth match day at more than 415,000 streaming sessions followed by the second match day, when FC Schalke 04 faced FC Bayern Munich at more than 413,000 streaming sessions.

In spite of the late season kick-off of the Bundesliga and 2<sup>nd</sup> Bundesliga, the access figures of the SPORT1.fm App were positive: The app, which is available for iOS and Android as well as for Windows Phone and Windows 8, could boast more than 1.4 million downloads between going live on July 19, 2013 and the end of September 2014.

Sources: iTunes Connect, Google Play Developer Console, Samsung Galaxy Apps Seller Office, Windows Phone Dev Center, Windows Dev Center, Amazon Developer Console, Blackberry World

#### 2.2.4 Sector-specific general conditions in the Segment Film

**Theatrical production/rights acquisition** – Against the background of the planned reduction of the DFFF by a further EUR 10 million for 2015, a current study by strategic and corporate consultants Roland Berger reveals the drastic consequences of such a step. Based on analyses and estimates, the company concludes that even a cutback of current DFFF funds by 10 percent (= EUR 6 million) – in relation to the 2012 funding volume – could lead to a decline in the German film production volume of EUR 49 million. In addition, a loss of indirect and induced revenues of a further EUR 69 million can be expected.

A total of more than 800 jobs as well as tax revenues amounting to EUR 16 million would be lost – almost three times the amount saved by cutting the DFFF. In addition, material losses, the trust of international producers in Germany as a film-making site might be lost. As a result, the authors of the study advise to rather stock up the funding volume of the DFFF, to stipulate this volume for as long as possible and to abolish

the current cap per film.

Source: Roland Berger Strategy Consultants, Study “Volkswirtschaftliche Effekte der Kinofilmproduktion in Deutschland”, September 2014

**TV service production** – After ARD had already met the requirement for more transparency in public channel service productions in September 2013, ZDF also published precise figures for its TV productions in August 2014. For instance, the production budgets for “small TV plays” are between EUR 100,000 and 400,000, whereas event miniseries can cost up to EUR 2.6 million per episode and early evening series EUR 400,000 on average for each 45-minute episode.

Source: Mediabiz/Blickpunkt:Film, August 28, 2014

90 percent of the annual production volume in the film business is generated by TV-service productions. In this respect it is understandable that the distribution of revenues from these productions is consistently discussed. As a result, especially producers, but also other parties creating works through their artistry and creativity, are criticizing the “Total-Buy-Out Model” used by the TV channels and more and more frequently demand an appropriate share in the value of their work – e.g. in the shape of a license model under which the commissioning channel only receives the right to a specific number of broadcasts within fixed period.

Source: Filmecho/Filmwoche 29/2014

**Theatrical distribution** – After a restrained start to the third quarter of 2014 – due to the Football World Cup – the German theatrical market recovered significantly in August and September, with weekend results continuously above the comparative prior year values from mid-July. Overall, in the first nine months of the current year, approx. EUR 648.3 million (January to September 2013: approx. EUR 648.9 million) were generated in German cinemas and approx 79.5 million tickets were sold (January to September 2013: approx. 81.5 million). The theatrical market was thus below the corresponding prior year's values by around 0.1 percent by revenues and 2.5 percent by viewers.

Source: Rentrak, Evaluations of the theatrical market in Germany, 2014, 1<sup>st</sup> quarter to 3<sup>rd</sup> quarter 2014

Such a good interim balance had not been expected, because by the end of September, no new release so far was able to exceed the threshold of three million viewers. The catch-up

was triggered by the theatrical release of the science fiction adventure “Transformers: Age of Extinction”, which, so far, achieved the highest revenues of any film in 2014 with a box office of EUR 28.5 million. By viewers (2.5 million), it was beaten only by the French surprise hit “Serial (Bad) Weddings”, which at 2.9 million attracted more viewers than any other production.

The list of the most successful German films of 2014 is still topped by the blockbuster “Der Medicus” (released in 2013) at 2.4 million viewers, followed by the Matthias Schweighöfer comedy “Vaterfreuden” at close to 2.3 million viewers and the Constantin Film co-production “Fack ju Göhte” (released in 2013) at close to 1.6 million viewers. The total viewer market share of German productions in the first nine months of this year stood at 23.4 percent, which corresponds to a clear improvement compared to the same period last year (January to September 2013: 21.4 percent).

Source: Rentrak, Evaluations of the theatrical market in Germany, 2014, 1<sup>st</sup> quarter to 3<sup>rd</sup> quarter 2014

**Home Entertainment** – The Society for Consumer Research (GfK) forecast total sales of EUR 971 million from the German video rental and sell-through market for the first eight months of 2014\*. As a result, the German Home Entertainment industry was 4.1 percent below the comparative prior year value of EUR 1.01 billion.

According to GfK's forecast, the sale of DVDs and Blu-ray discs in the months January and August 2014\* generated retail sales of EUR 731 million (comparative period 2013: EUR 784 million). Thereof, DVDs generated EUR 499 million, 9.0 percent less than in the prior year period (EUR 554 million). At EUR 232 million, the revenues of Blu-ray discs stayed roughly the same compared to the prior year period (comparative period 2013: EUR 230 million). The digital video sell-through market continues to be on the rise: Total sales in electronic sell-through in the first eight months of 2014 grew by 15.6 percent to EUR 37 million (comparative period 2013: EUR 32 million). However, the sales increase from electronic sell-through was unable to compensate for the reduction in revenues from physical products, so that total sales in the physical and digital sell-through market fell from EUR 816 million to EUR 768 million.

According to GfK, the video rental market in the period from

January to August 2014\* generated a total of EUR 203 million (including subscription video-on-demand = SVoD) or EUR 171 million (excluding SVoD), which roughly corresponds to the 2013 value (EUR 174 million with SVoD and EUR 196 million without SVoD). Thereof, EUR 117 million (comparative period in 2013: EUR 130 million) related to rentals of DVDs and Blu-ray discs, and EUR 86 million (comparative period in 2013: EUR 66 million) to digital rentals via video-on-demand or pay-per-view (including SVoD, which generated revenues of EUR 32 million in the period from January to August 2014). The digital video rental market was able to gain 30.3 percent, thereby continuing its positive development of the prior year. This increase was particularly due to the higher sales figures of internet-compatible TVs, which are driving digital rental.

Source: GfK 2014, Forecast of Key Figures for the Months January to August 2014

\*The data for the first nine months of 2014 were not yet available at the time of editorial

**License trading/TV exploitation** – According to a representative survey by the German Association for Information Technology, Telecommunications and New Media (BITKOM), TVs are indispensable for the majority of German consumers – in spite of the rapid growth in the distribution of mobile devices. Five of six users (86 percent) stated that they could not waive their television “at all”, whereas the proportion of users owning DVD players e.g. was only 31 percent. As one of the main reasons for this popularity, BITKOM lists the increasing number of SMART-TVs, which make it possible to use the devices in more varied ways.

Source: German Association for Information Technology, Telecommunications and New Media e.V., press release, August 14, 2014

In this context, the media libraries of the free-TV channels are becoming increasingly popular, being currently used by 32 percent of all TV viewers. At a share of 42 percent, the use among 14- to 29-year-olds is particularly high. This development has led to a strong criticism by the copyright associations, including the Association of Directors (BVR) and the Association of Screenwriters (VDD). They argue that the creative industries is losing revenues from other exploitations – such as DVD/Blu-ray or fee-based video-on-demand – due to the increasing free use of media libraries, and are thus asking for an appropriate compensation.

Source: Mediabiz/Blickpunkt:Film, July 24 and September 5, 2014

### 2.2.5 Operational development in the Segment Film

**Filming complete for “Ostwind 2”, “Fünf Freunde 4” and “Check It Out”** – Between early July and early September 2014, Katja von Garnier directed the Constantin Film co-production “Ostwind 2”. The sequel to the successful, multi-award-winning teen adventure “Ostwind” (winner of the German Film Prize in the category “Best Children's Film”, among others) is to hit the big screen in mid-2015.

Shooting of the fourth part of the successful “Fünf Freunde” series based on the teen novels of the bestselling author Enid Blyton finished in Tunis in mid-August. The theatrical release of this Constantin Film co-production with SamFilm GmbH is planned for the end of January 2015. In mid-September, the final take was made for the comedy “Check It Out”, a production of Rat Pack Filmproduktion GmbH, which is due to be released in mid-May 2015.

#### **Shooting starts for a major ZDF project in TV-service production**

– Since mid-September 2014, Constantin Television GmbH has been filming the two-parter “The Pillars of the Earth” for ZDF – a dramatization of the novel by the British bestselling author Ken Follett. A broadcasting date for this major production has not yet been set.

On behalf of SAT.1, Constantin Entertainment GmbH in the third quarter of 2014 produced further episodes for the dailies “Schicksale” and “Im Namen der Gerechtigkeit” as well as the first episodes of the new SAT.1 daily “In Gefahr – Ein verhängnisvoller Moment”. In addition, several episodes were realized for the second season of the RLT comedy show “Geht's noch?! Kayas Woche”.

In other European countries, the subsidiaries of Constantin Entertainment GmbH produced, among others, in Poland new seasons of the tried and tested formats “Kuchenne Rewolucje” and “Nasz Nowy Dom” as well as the daily formats “Malanowski & Partnerzy” and “Ukryta Prawda”. In Israel, the “The Voice of Israel 3” and the cooking show “Game of Chefs”, and in Hungary, the new scripted reality show “Csaladi Titkok”, were produced.

**Two films with good performance in theatrical distribution** – In theatrical distribution, the Constantin Film group released a total of three films to German cinemas in the third quarter of 2014 (two licensed films and one co-production). Particularly

popular with viewers was the fifth part of the successful dance franchise “Step Up: All In” and the comedy “The Hundred-Foot Journey”. By contrast, viewer interest in the dramatization of the Charlotte-Roche bestseller “Schoßgebete” remained below expectations.

#### **Strengthening of market position in the Home Entertainment area**

– In the period from January to August 2014\*, the Highlight Communications group was able to strengthen its market position in the German-speaking Home Entertainment market. In particular, the product portfolio was able to benefit, especially from the releases under the Constantin Film label, above all the two Constantin Film co-productions “Fack ju Göhte” and “The Mortal Instruments – City of Bones”. The licenses film “Ender's Game” and the Constantin Film in-house production “Pompeii” also generated very good sales results.

\*The data for the first nine months of 2014 were not yet available at the time of editorial

#### **Important contracts concluded in the license trading/TV exploitation area**

– In license trading of the Constantin Film group, the first licenses for free-TV of “Immortals” (ProSieben Sat.1), “Fünf Freunde” (ProSiebenSat.1) and “3096” (ARD) impacted on revenues in the third quarter of 2014. In pay-TV, further impact came from the first licenses of “The Mortal Instruments – City of Bones” (Sky), “Da geht noch was” (Sky), “Movie 43” (Teleclub), “Parker” (Teleclub), “Bullet to the Head” (Teleclub) and “Ostwind” (Teleclub).

### 2.2.6 Analysis of non-financial performance indicators in the Segment Film

#### **Long-term commitment for employees with substantial know-how and for talents in the theatrical production/rights acquisition area**

– Constantin Film AG will continue to strongly rely on the long-term commitment of talents and thus has for decades worked very closely with renowned and experienced screenwriters and producers in Germany and abroad, who have a high level of know-how in the production of theatrical films and TV formats.

#### **Further successes in TV-service production**

– The episode “Der nette Herr Wong” of the crime series “Kommissarin Lucas”, a service production by Olga Film GmbH, attracted 4.35 million viewers and achieved a very favorable total audience share (Z3+) of 16.1 percent when it was aired on ZDF in mid-September 2014.

With the SAT.1 daily “Schicksale”, broadcast in September 2014, Constantin Entertainment GmbH achieved a good market share of 13.2 percent in the target group of 14- to 59-year-olds. In the same target group, the new daily “In Gefahr – Ein verhängnisvoller Moment”, which has been shown on SAT.1 in the early evening since mid-August 2014, reached a market share of 10.4 percent on average. In addition, the popular styling documentary “Shopping Queen”, which Constantin Entertainment GmbH realizes for Vox, gained a market share among 14- to 59-year-olds of 10 percent in mid-September 2014.

Source: GG Media TV Facts, August – September 2014

**Constantin Film defends its top position among German independent distributors** – In theatrical distribution, the Constantin Film group is still represented in the top ten of the German theatrical charts after nine months of 2014 with “Fack ju Göhte”. The Bora Dagtekin comedy, which was released in early November 2013, attracted another approx. 1.6 million viewers to cinemas this year. The teen adventure “Fünf Freunde 3” also achieved good figures at 1.2 million viewers.

With the performance of all of its films released in German cinemas in the period from January to September 2014, the Constantin Film group reached a market share of 6.7 percent by viewers and 6.3 percent by revenues. In terms of viewers, it ranked 5<sup>th</sup> after Fox, Universal, Warner and Disney, and by sales, it ranked 6<sup>th</sup> after Fox, Universal, Warner, Disney and Paramount. With these results, Constantin Film was once again able to secure its top position among German independent distributors.

Source: Rentrak, Evaluations of the theatrical market in Germany, 2014, 1<sup>st</sup> quarter – 3<sup>rd</sup> quarter of 2014

**“Fack ju Göhte” is the absolute bestseller in Home Entertainment exploitation** – After its great theatrical success of more than 7.3 million viewers, “Fack ju Göhte” also set new benchmarks in Home Entertainment marketing: At the end of August 2014, the comedy crossed the magic threshold of one million sold DVDs and Blu-rays, and by the end of September, it has sold more than 1.05 million units. In addition to this, paid digital downloads amounted to more than 750,000 – a volume which no single film had been able to generate in this area in Germany thus far.

Further sales successes in the period from January to Sep-

tember 2014 included the bestseller dramatization “The Mortal Instruments – City of Bones”, which sold 260,000 physical media by the end of September, and the science fiction film “Ender’s Game”, of which approx. 150,000 copies were purchased. Moreover, the historical epic “Pompeii”, which was released at the beginning of August, also achieved very pleasing results.

Based on these sales successes, the Highlight Communications group – in co-operation with its distribution partner Paramount Home Entertainment – achieved a joint market share of 11 percent in the months from January to August 2014\* in the German video sell-through market (comparative figures for 2013: 10 percent).

Source: GfK 2014, Forecast of Key Figures for the months January to August 2014

\*The data for the first nine months of 2014 were not yet available at the time of editorial

**Convincing ratings in TV exploitation** – With the first run of the comedy “Wer’s glaubt wird selig”, which was aired as part of the series “Sommerkino im Ersten” (“Summer cinema on ARD”) in mid-August 2014, ARD generated a total audience market share of 12 percent and secured the success of the day. The dramatization of the well-known play “God of Carnage” performed even better when it was broadcast on ARD in mid-July, attracting 3.61 million viewers (total audience) and making up a market share of 12.5 percent. The second broadcast of the culture clash comedy “Türkisch für Anfänger”, which was also broadcast on ARD in mid-July, even attracted 4.63 viewers (total audience).

Source: TV Facts

### 2.2.7 Sector-specific general conditions in the Segment Sports- and Event-Marketing

When consuming sports media, TV continues to be the most important source of information for sports fans. But the internet has by now also become firmly established. Particularly in Western Europe, sports consumption via internet has seen a strong increase and this year for the first time cut out print media from second place in the scale of popularity. In addition, consumption via mobile devices and social media is growing in most markets. These developments result in new requirements for rights-holders, channels, sponsors and agencies in terms of bundling, negotiation as well as sale and acquisition of sports rights, with each of the aforementioned parties

looking for opportunities to profit from the rise in consumption.

Source: PERFORM, KantarSport, SportBusiness Group, "Global Sports Media Consumption Report 2014", May 2014

In addition, the role of the fans has significantly changed in terms of the compilation and the distribution of sports contents. At the latest since the FIFA World Cup in Brazil, football clips distributed by fans via social networks are being documented and discussed. This opened up many questions about the exclusivity and control of such contents. In this context, e.g. the UK Premier League warned football fans not to upload videos or photos of top matches because this could constitute a copyright infringement.

#### 2.2.8 Operational development in the Segment Sports- and Event-Marketing

**New contracts concluded for UEFA competitions** – After the positive results achieved in the first half of 2014, the TEAM group, in the third quarter of this year again, concluded important contracts in the marketing process for the commercial rights to the UEFA Champions League and the UEFA Europa League (each for the match cycle 2015/16 to 2017/18).

In terms of sponsorship rights, further progress was made. Due to successful contract negotiations, it can be assumed that further agreements will be announced in the fourth quarter 2014.

**Professional handling of the UEFA Super Cup** – In August 2014, on the operational side, TEAM provided support to the UEFA in the group stage draw for the UEFA Champions League and the UEFA Europa League as well as the realization of the UEFA Super Cup, which took place at the Cardiff City Stadium in Wales on August 14. In an entirely Spanish "summit", UEFA Champions League winner Real Madrid CF faced this year's UEFA Europa League winner Sevilla FC, with Real Madrid FC winning at 2:0 and thus being able to add another title to their list. The next UEFA Super Cup will take place in Tbilisi, Georgia, in August 2015.

#### 2.2.9 Analysis of non-financial performance indicators in the Segment Sports- and Event-Marketing

**UEFA Super Cup enjoys high viewer numbers in Spain** – The final of the UEFA Super Cup 2014 were broadcast in more than 90 countries, and around 43 million football fans followed them on their TVs worldwide. The viewer numbers in Spain alone were 5.1 million, making up a market share of 42.1 percent –

being the highest audience rating for the broadcast of this event achieved in this country in the last six years. With no German team playing, the match between the two Spanish teams attracted lower interest in Germany. It was watched by an average of 3.22 million viewers corresponding to a total audience market share (viewers 3+) of 12 percent. As a comparison: The match between FC Bayern Munich and Chelsea FC last year, attracted an average of 7.68 million football fans – a market share of 30.7 percent (total audience).

Source: Quotenmeter.de, Primetime-Check on August 30, 2013 and August 12, 2014

#### 2.2.10 Sector-specific general conditions in the Segment Other Business Activities

**Event and Entertainment business** – The sponsoring expenditures for live music in Germany in 2013 totaled EUR 21 million, remaining on the same level as last year. The biggest sponsor by far was the beverage industry, making up 35 percent of the total volume. Compared to the previous year (33 percent), the commitment of this sector thus increased yet again. The automotive and transport sector was the second largest sponsor, with a share of 19 percent – as in the previous year. It is highly encouraging that more and more industries are now viewing music sponsoring as a worthy investment. For instance, the sponsoring proportion of financial companies (banks, insurances, etc.) in 2013 was already 13 percent, and the share of fashion and lifestyle companies reached 6 percent.

Source: REPUCOM, "Livemusik Sponsoring Report 2013"

**Online/Social gaming** – According to the industry association G.A.M.E., the revenues of the German games markets went up by 5 percent in 2013 to nearly EUR 2.7 billion. With this sales volume, Germany is the biggest single market in Europe and one of the most important markets in the world. Half of all revenues generated in Germany last year related to digital transactions (spent on mobile devices, browser games, game extensions, etc.). Compared to 2012, sales in this area thus increased by 25 percent, with games on Smartphones and Tablets achieving by far the highest growth with a plus of 64 percent.

Source: G.A.M.E. – Federal Association of the Computer Gaming Industry e.V., News, March 17, 2014

#### 2.2.11 Operational development in the Segment Other Business Activities

**Focus on the Eurovision Song Contest and the 2015 New Year's Concert** – Highlight Event AG concentrated its efforts on first

preparations for the Eurovision Song Contest, which will take place at the City Hall of the Austrian capital Vienna next year. To ensure a smooth event handling, a first organizational meeting with the broadcasting TV channel (ORF) has already taken place. In addition, the focus was on initial talks with potential sponsors.

The organizational preparations for the 2015 New Year's Concert of the Vienna Philharmonic Orchestra, to be conducted by the renowned Indian conductor Zubin Mehta, also made great progress during the reporting period.

**Further development of FunPoker software completed** – After the completion of the development work on the FunPoker software, Pokermania GmbH now focuses on a broad market penetration and on acquiring new players. New customer orders in the online/social gaming area confirm the quality of the programs based on the existing software platform.

#### **2.2.12 Analysis of non-financial performance indicators in the Segment Other Business Activities**

**Successful marketing due to close relationships and many years of know-how** – Given the fact that the Highlight Event AG has been marketing the Eurovision Song contest since 2004 and the Vienna Philharmonic Orchestra since 2009, it has an intensive relationship network of TV channels and sponsors, which has grown over the years. The company can also benefit from these close and trusting relationships and from its many years of market expertise also in its current marketing process for current projects.

#### **2.3 Results of operations, net assets and financial position of the Constantin Medien Group**

The accompanying unaudited consolidated interim financial statements as of September 30, 2014 have been prepared in conformity with IAS 34 Interim Financial Reporting. Details regarding the accounting are presented in note 2 and 3 of the notes to the consolidated interim financial statements in this report.

In May 2014, the sale of shares in PLAZAMEDIA GmbH TV- und Film-Produktion (including its subsidiaries in Austria and Switzerland) agreed in December 2013, was canceled. Due to this fact the assets and liabilities of PLAZAMEDIA are no longer classified as "held for sale". The prior year figures have been adjusted accordingly.

#### **2.3.1 Overall assessment of the reporting period**

Business development in the first nine months 2014 exceeds own expectations due to a good third quarter. In particular, the Segments Sports and Film contributed thereto. In the Segment Sports sales and operating profit increased in the first nine months 2014, despite the loss of the production of LIGA total!, especially due to higher sales of Sport1 GmbH. In the Segment Film sales increased in all areas compared to the same period last year. The development in the Segments Sports- and Event-Marketing as well as Other Business Activities was as expected.

In the first nine months, the Group reached sales of EUR 361.6 million. This corresponds to an increase of 14.4 percent compared to the prior year (9M 2013: EUR 316.0 million). Profit from operations (EBIT) improved significantly amounting to EUR 11.0 million after EUR -1.8 million in the first nine months 2013. This takes into account non-recurring charges incurred in connection with the so-called Formula One proceedings in London recorded in the Others division. However, a lower financial result and tax burdens, despite the strong operating earnings development, resulted in negative earnings attributable to shareholders of EUR -8.0 million, but improved compared to corresponding previous year value (EUR -10.5 million).

#### **2.3.2 Segment performance**

The **Segment Sports** recorded sales of EUR 105.4 million in the first nine months 2014, slightly above (+0.8 percent) the corresponding previous year value (9M 2013: EUR 104.6 million). The positive trend in market shares in free-TV continued in the third quarter; however as expected they were lower than the previous year's figures, mainly because of the dominance of the 2014 FIFA World Cup™. Furthermore, the access figures continued to develop positively in the online and mobile area. In particular, following the general trend, the mobile area recorded significant growth in visits and page impressions compared to the previous year's period. In addition, many new advertisers could be acquired. This led, despite the loss of the production of LIGA total!, to an increase in sales in the Segment Sports. As at the same time in particular the cost of materials and licenses could be reduced, the segment result improved to EUR 2.7 million (9M 2013: EUR -3.8 million).

In the first nine months 2014, the **Segment Film** recorded sales of EUR 223.6 million, 24.6 percent above the same

period of the previous year (9M 2013: EUR 179.5 million). All business areas of the segment contributed to this. While in the first quarter 2014 high sales were incurred in the areas of theatrical distribution and license trading in particular due to the global distribution of the movie "Pompeii", in the further course of the year also the areas Home Entertainment and TV-service production reinforced the positive sales development. At the same time, sales in the business areas theatrical distribution, license trading and Home Entertainment were set off against high amortization of the capitalized production costs. The area Home Entertainment was able to consolidate its market position in the German-speaking countries; in particular the new releases "Fack ju Göhte" and "The Mortal Instruments – City of Bones" contributed to this. Further on, the Constantin Film in-house production "Pompeii" achieved excellent sales results. In addition to the classic marketing, "Fack ju Göhte" was extremely successful in the digital marketing. The segment result in the first nine months 2014 stood at EUR 6.0 million (9M 2013: EUR -1.9 million).

Sales in the first nine months 2014 in the **Segment Sports-**

**and Event-Marketing** stood at EUR 30.4 million, 2.4 percent above the previous year's level (9M 2013: EUR 29.7 million). The segment result of EUR 11.2 million was accordingly above the result of the previous year (9M 2013: EUR 9.3 million). The planned lower segment expenses also contributed to this.

The **Segment Other Business Activities** achieved sales of EUR 2.2 million in the first nine months 2014 on previous year's level (9M 2013: EUR 2.2 million). Due to adjustments in personnel, the segment result could be improved to EUR -1.4 million (9M 2013: EUR -1.7 million). Once again, the marketing of the Vienna Philharmonic Orchestra (New Year's Concert and Summer Night Concert at the Schönbrunn Palace) and the Eurovision Song Contest could be concluded with profit. The segment loss resulted from the online/social gaming area.

The nine-months result of the **Others** division stood at EUR -7.5 million (9M 2013: EUR -3.8 million). The significant decline in earnings is in particular due to expenses of EUR 3.6 million for counterparty lawyers in the Formula One proceedings following the ruling of the High Court of Justice in London.

#### Segment performance January 1 to September 30, 2014 in EUR '000

	1/1 to 9/30/2014	1/1 to 9/30/2013	Change
<b>Sales</b>			
Sports	105,340	104,594	746
Film	223,608	179,520	44,088
Sports- and Event-Marketing	30,436	29,641	795
Other Business Activities	2,217	2,199	18
Others	0	0	0
<b>Total sales</b>	<b>361,601</b>	315,954	45,647
<b>Segment result</b>			
Sports	2,677	-3,804	6,481
Film	5,986	-1,912	7,898
Sports- and Event-Marketing	11,228	9,337	1,891
Other Business Activities	-1,389	-1,662	273
Others	-7,551	-3,754	-3,797
<b>Total segment result</b>	<b>10,951</b>	-1,795	12,746

### 2.3.3 Sales and earnings performance of the Group

The Group's net result for the first nine months 2014 improved to EUR -3.9 million after EUR -7.5 million in the same period last year. Earnings attributable to shareholders included therein amounted to EUR -8.0 million (9M 2013: EUR -10.5 million). Thus, earnings per share both basic and diluted stood at EUR -0.10 (9M 2013: EUR -0.14) in the first nine months 2014.

The increase in total output (sales including capitalized film production costs and other own work capitalized) by EUR 13.5 million to EUR 390.4 million (9M 2013: EUR 376.9 million) and lower cost of materials and licenses (by EUR 25.5 million to EUR 156.7 million) and personnel expenses (by EUR 5.5 million to EUR 88.2 million), in spite of the exploitation-related increase in amortization, depreciation and impairment by EUR 26.0 million to EUR 87.6 million (9M 2013: EUR 61.6 million), resulted in a significant improvement in profit from operations (EBIT). This reached in the first nine months EUR 11.0 million (9M 2013: EUR -1.8 million).

While sales increased by EUR 45.6 million to EUR 361.6 million (9M 2013: EUR 316.0 million), the capitalized film production costs and other own work capitalized went down by EUR 32.2 million to EUR 28.8 million (9M 2013: EUR 61.0 million) due to a lower production volume of film productions. For more information, please refer to chapter 2.3.2.

The decrease in the cost of materials and licenses in the first nine months 2014 related on the one hand to lower production

costs in the Segment Sports and on the other hand to the lower production volume in the Segment Film.

The increase in amortization, depreciation and impairment is primarily attributable to the increase of amortization of film assets due to a higher consumption of film rights. Those amounted in the first nine months to EUR 87.6 million compared to EUR 61.6 million in the first nine months 2013. This includes impairment on film assets of EUR 5.9 million (9M 2013: EUR 1.7 million).

The increase in other operating expenses by EUR 2.3 million to EUR 61.6 million in the first nine months (9M 2013: EUR 59.3 million) mainly related to increased legal and consulting costs of EUR 3.6 million, which were incurred in the first-half year and are related to the Formula One proceedings of Constantin Medien AG. The release and promotion costs decreased by contrast in the first nine months by EUR 1.7 million compared to the same period last year, after in the first-half year 2014 an increase of those costs had been recorded. In the third quarter 2014, mainly national film titles have been released, while the prior year quarter was characterized by international movie releases.

The financial result amounted to EUR -10.9 million in the first nine months 2014 after EUR -6.5 million in the previous year's period. The reason for the decline are essentially the period-over-period by EUR 1.5 million higher expenses for the corporate bond 2013/2018 issued in April 2013 as well as negative foreign currency exchange effects of EUR 2.6 million.

### 2.3.4 Net assets position of the Group

#### Consolidated balance sheet (abbreviated version) as of September 30, 2014 in EUR '000

	9/30/2014	12/31/2013*	Change
Non-current assets	238,638	267,111	-28,473
Current assets	207,077	226,348	-19,271
<b>Total assets</b>	<b>445,715</b>	<b>493,459</b>	<b>-47,744</b>

\*The prior year figures have been adjusted (see details in note 2, accounting and valuation principles)

The reason for the decline in non-current assets as of September 30, 2014 was primarily the amortization-related reduction of film assets by EUR 34.7 million to EUR 137.4 million (December 31, 2013: EUR 172.1 million).

The decline in trade accounts receivable and other receivables by EUR 9.0 million to EUR 122.3 million (December 31, 2013: EUR 131.3 million) as well as the decline in cash and

cash equivalents by EUR 8.3 million to EUR 74.6 million (December 31, 2013: EUR 82.9 million) essentially led to the decrease in current assets by EUR 19.3 million. Trade accounts receivable in the Segment Film decreased by payment receipts from global distribution. Furthermore, loans to co-producers and receivables from promotion funds declined. The outstanding amounts were also reduced in the Segment Sports by closing date comparison.

### 2.3.5 Financial position of the Group

#### Consolidated balance sheet (abbreviated version) as of September 30, 2014 in EUR '000

	9/30/2014	12/31/2013*	Change
Equity attributable to the shareholders	15,905	14,044	1,861
Non-controlling interests	40,252	40,843	-591
Total equity	56,157	54,887	1,270
Non-current liabilities	123,108	136,770	-13,662
Current liabilities	266,450	301,802	-35,352
<b>Total equity and liabilities</b>	<b>445,715</b>	<b>493,459</b>	<b>-47,744</b>

\*The prior year figures have been adjusted (see details in note 2, accounting and valuation principles)

The Constantin Medien Group's equity as of September 30, 2014 increased to EUR 56.2 million (December 31, 2013: EUR 54.9 million). Equity attributable to shareholders increased by EUR 1.9 million to EUR 15.9 million. On the one hand, equity attributable to shareholders increased through the capital increase against cash contributions carried out in July 2014 by EUR 10.3 million; on the other hand, it decreased earnings-related by EUR 8.0 million. Equity attributable to non-controlling interests slightly decreased by EUR 0.6 million (December 31, 2013: EUR 40.8 million). This was mainly attributable to dividend distributions to non-controlling interests.

The equity ratio (total equity divided by the balance sheet total) as of September 30, 2014 stood at 12.6 percent after 11.1 percent as of December 31, 2013. The increase in equity ratio is due to the capital increase as well as the decrease in total assets. The adjusted equity ratio (after netting advance payments received against film assets and film-related cash and cash equivalents with the corresponding financial liabilities)

amounted to 14.2 percent (December 31, 2013: 12.6 percent).

The decrease in non-current liabilities to EUR 123.1 million (December 31, 2013: EUR 136.8 million) is attributable in addition to the premature repayment of the corporate bond 2010/2015 (EUR -28.7 million) to lower deferred tax liabilities. The decrease in deferred tax liabilities (EUR -3.5 million) is primarily related to the change in film assets. An opposite effect had the raising of new loans from a private investor (EUR +16.1 million) to re-finance the repayment of the corporate bond 2010/2015. In addition, the pension liabilities increased (EUR +2.4 million), mainly due to a reduction of the discount rate in line with the market.

At the same time, the current liabilities decreased by EUR 35.4 million to EUR 266.4 million in the first nine months 2014 (December 31, 2013: EUR 301.8 million). Thereby, current financial liabilities decreased by EUR 36.1 million to EUR 87.9 million, as loans to finance film projects were repaid

following the theatrical release of these films and sales realized in this context. Also advanced payments received in the film business decreased (EUR -3.6 million). An opposite effect had the increase in income tax liabilities (EUR +6.1 million).

### 2.3.6 Liquidity development of the Group

The Constantin Medien Group achieved a positive cash flow from operating activities of EUR 87.6 million in the first nine months 2014 (9M 2013: EUR 40.5 million). The increase is mainly attributable to the cash inflow from the film business.

A cash outflow of EUR 53.2 million resulted from investing activities (9M 2013: cash outflow of EUR 80.5 million), which was mainly incurred in the Segment Film.

The Group's financing activities led to a cash outflow of EUR 43.3 million after a cash inflow of EUR 49.9 million in the same previous year's period. The cash outflow mainly resulted

from the net repayment of short-term loans in the amount of EUR 65.7 million (9M 2013: net borrowings of EUR 8.7 million). In contrast, cash inflows resulted from non-current financial liabilities raised of EUR 16.0 million (9M 2013: EUR 63.2 million) as well as from the capital increase against cash contribution in July 2014 of EUR 10.3 million.

In total, a negative cash flow in the first nine months 2014 of EUR 8.9 million resulted after a cash inflow of EUR 9.9 million in the same period last year.

High cash effective sales in the Segment Film, particularly from the global distribution of "Pompeii", which were also used to repay short-term loans to finance this film, as well as the capital increase against cash contribution in July 2014 have led to a significant reduction in the net debt of the Constantin Medien Group. In comparison to the year-end 2013, it declined by EUR 40.0 million to EUR 110.7 million. The net debt is composed as follows as of September 30, 2014:

### Net debt as of September 30, 2014 in EUR '000

	9/30/2014	12/31/2013	Change
Cash and cash equivalents	74,632	82,918	-8,286
Current financial liabilities	87,906	123,988	-36,082
Non-current financial liabilities	97,433	109,640	-12,207
<b>Net debt</b>	<b>-110,707</b>	<b>-150,710</b>	<b>40,003</b>

## 3. Personnel Report

At closing day September 30, 2014, the Constantin Medien Group had a total of 1,585 employees including freelance employees (September 30, 2013: 1,602 employees). The number of salaried employees as of September 30, 2014 increased to 1,302 employees (September 30, 2013: 1,221 employees). However, the number of freelance employees decreased to 283 (September 30, 2013: 381 employees). In the Segment Sports, both the number of permanent employees and the number of freelance employees went down. In the Segment Other Business Activities, the number of employees was reduced, especially in the second quarter of 2014. By contrast, in the Seg-

ment Film, especially in TV-service production, permanent employees continued to be recruited, while the number of freelance employees was reduced further.

## 4. Addendum Report

**Management Board of Constantin Medien AG extended to three persons** – As announced on April 2, 2014, Fred Kogel was appointed to the Management Board of Constantin Medien AG as of October 1, 2014, together with the Chairman of the Management Board Bernhard Burgener, and the CFO Antonio Arrigoni. Since then, he has been acting as Chief Officer Production,

Process Management and Integration. One of his tasks consists in realizing co-operation opportunities and synergies in the collaboration of the Group companies, particularly at the Munich/Ismaning site. In addition, Fred Kogel is also responsible for the production activities of the Constantin Medien subsidiary PLAZAMEDIA. In parallel, since October 1, 2014, Fred Kogel has also been a Management Board Member of the affiliate company Constantin Film AG, where he is responsible for the areas TV, Personnel as well as Process Management and Integration.

**Settlement has been agreed with shareholder lawsuits** – After, among others, the Annual General Meeting, on July 30, 2014, had approved the settlement between Constantin Medien AG, Mr Thomas Haffa and several claimants, with the aim of settling any pending shareholder lawsuits, and after the Munich Higher Regional Court authorized this in accordance with Art. 18 para.1 of the German Capital Market Model Case Act (KapMuG), it became effective on October 20, 2014. Due to this settlement, the number of claimants will reduce from 37 to 1, and the total amount in dispute will reduce from approx. EUR 1.42 million plus interest to approx EUR 0.13 million plus interest. The proceedings of the claimant who did not agree to this settlement will continue. Based on the above, the settlement between Constantin Medien AG and Mr Thomas Haffa also became effective.

**Formula One lawsuit** – On February 20, 2014, the High Court of Justice in London dismissed the proceedings of Constantin Medien AG against Bernard Ecclestone and others as unfounded and refused the appeal on March 27, 2014. On November 5, 2014, the Court of Appeal in London announced that after an oral hearing, the legal remedy of Constantin Medien AG against the non-admission of the appeal was dismissed. In connection with the dismissed action, Constantin Medien AG and the other shareholders of the rights association in the Formula One proceedings agreed on a cost distribution, which will result in a reimbursement to Constantin Medien AG in the fourth quarter of 2014. Constantin Medien AG will continue to pursue its rights and is considering the necessary steps.

**SPORT1 acquires rights to the European Games 2015** – In early October, Sport1 GmbH acquired the platform-neutral audiovisual exploitation rights to the premiere of the European Games from Baku 2015 European Games Operation Committee (BEGOC). As the official broadcasting partner, SPORT1 will broadcast the multi-sports event of the Olympic Nations and

Athletes of Europe live and exclusively from the capital of Azerbaijan to Germany, Austria and Switzerland between June 12 and 28, 2015, as part of this co-operation.

**Constantin Sport Marketing becomes SPORT1 MEDIA** – The Constantin Medien subsidiary Constantin Sport Marketing has been operating as Sport1 Media GmbH since the beginning of October 2014. The new name SPORT1 MEDIA reflects the focus on the marketing of the platforms and offers under the multimedia umbrella brand SPORT1 and forms part of the marketer's new strategy. In addition to founding its own concept department called "Unit 360", it is concentrating on introducing the new service "Brand Activation" and on opening a branch office in Düsseldorf.

**SPORT1 HD launches own Swiss advertising window** – From mid-November 2014, the free-TV channel SPORT1 HD will be broadcast with its own Swiss advertising window. The SPORT1 marketer Sport1 Media GmbH has agreed a correspondingly exclusive marketing partnership with Goldbach Media (Switzerland) AG, one of the most prestigious airtime seller in Switzerland. SPORT1 HD broadcasts the program of the free-TV channel SPORT1 in high-resolution HD standard.

## 5. Risks and Opportunities Report

### 5.1 Risk management system

Entrepreneurial actions and utilization of opportunities always also involve risks. In order to protect the continued existence of the Constantin Medien Group, and to support the achievement of corporate objectives, an integrated, company-wide risk management system (RMS) was implemented.

The risk management system of the Constantin Medien Group comprises both risks and opportunities. According to the decentralized Group structure, the operative responsibility in dealing with risks lies with the relevant risk officers. These are largely the Boards and Committees as well as the Managing Directors and the department heads of the individual subsidiaries. The reported risks are consolidated, and if applicable categorized consistently, at Constantin Medien AG level, and assessed at Group level.

A detailed presentation of the risk management system is set out in chapter 8.1.2 of the combined Group management and

management report of the 2013 Annual Report of Constantin Medien AG. The same applies to the description of the internal control system in relation to the Group financial statement process and the opportunities and risks of Constantin Medien AG. Additionally, reference is made to the risks and opportunities report of the interim financial report of Highlight Communications AG as of September 30, 2014.

## 5.2 Main changes to opportunities and risks in the reporting period

The opportunities and risk profile of the Constantin Medien Group for the months coming after the first six months of 2014 largely corresponds to the assessments reported in the consolidated financial statements as of December 31, 2013. A detailed presentation of the Company's risks is set out in chapter 8.1.2 of the combined Group management and management report of the 2013 Annual Report of Constantin Medien AG. Additionally, reference is made to the risks and opportunities report of the interim financial report of Highlight Communications AG as of September 30, 2014.

In the combined Group management and management report of the 2013 Annual Report, the risk *"The Constantin Medien Group agreed an important transaction in the Segment Sports, whose closing is subject to several reservations"* was reported and categorized as a medium risk. Since the negotiations between Constantin Sport Holding GmbH and Sky Deutschland Fernsehen GmbH & Co. KG were terminated and the transaction was not concluded, this risk has occurred. As a result – as announced in the Ad hoc notification on May 19, 2014 – result planning for 2014 was adjusted accordingly, and this was also taken into account in the guidance for the 2014 financial year.

The evaluation of the other current risk and opportunities factors was updated. Individual expected values resulting from the product of absolute amount of damage and the probability of occurrence have slightly changed. Whereas interest and exchange rate risks as well as regulatory risks went up slightly, the risks from competition, legal risks, risks of non-paying receivables and tax risks as well as the risks during the production of films slightly decreased. Opportunities continue to be evaluated as previously. However, the revaluation of factors did not have an impact on the classification of individual risks. No new risks and opportunities were identified in the reporting period. The current assessment of risk factors by the responsible parties supports the classifications of risks and opportu-

nities in the combined Group and management report of the 2013 Annual Report of Constantin Medien AG.

## 5.3 Consolidated presentation of opportunities and risk situation

The Management Board sees the main risk factors in regulatory interventions, the maintenance of technical coverage as a basis for generating strong revenues, the access to licenses and literary materials for exploitation and in anticipating customer taste as well as the future media use. The Management Board continues to see the biggest opportunities in the co-operation with script authors, directors and producers in Germany and abroad as well as the access to attractive literary materials and licenses, which the Constantin Medien Group not least can attribute to its image and its creative and committed personnel, as well as to its portfolio of existing rights and licenses.

Based on the information available and on estimates, particularly the probability of occurrence, the maximum amount of damage and the effect of counter measures taken, the Management Board of Constantin Medien AG reaches the conclusion that these risks do not represent a going concern character. This particularly applies to individual risks, as well as to the risks as a whole as far as the effect of all risks together can be reasonably simulated or otherwise estimated. The Management Board considers the Group to be sufficiently prepared to deal with the remaining risks not reduced by counter measures. It is convinced that the measures taken keep risk at an economically reasonable level and that the Group's ability to bear risks is sufficient.

## 6. Outlook

### 6.1 Economic environment

In October 2014, the International Monetary Fund slightly reduced its growth forecast for the global economy for the second time this year. It is now expecting a stagnating growth rate of 3.3 percent for the full-year 2014. One major reason for this development is the weakening of the economy in the Euro zone and also in Germany. For the European economic area as a whole, the IMF is now expecting growth of only 0.8 percent for 2014 after 1.1 percent previously. Germany was even downgraded by 0.5 percentage points to a growth of its economic performance of 1.4 percent. For 2015, the IMF also slightly retracted its expectations for the global economy, the Euro zone and Germany.

In their autumn reports, the leading Germany economic research institutes – similar to the IMF – warned the Federal Government, to strengthen its “growth forces” and create more favourable framework conditions for investments. In spite of the generally correct budget consolidation, financial policy has some room to take action. In early October, the Federal Government significantly lowered its own growth forecast for the 2014 gross domestic product to 1.2 percent (from 1.8 percent) with reference to the various geopolitical crises. It assumes an increase from 1.3 percent for 2015, after 2.0 percent previously.

Sources: Institute of World Economy (IfW), Kiel “Dämpfer für die Konjunktur”, September 11, 2014; ifo Institut, Munich: Joint Economic Forecast, Fall 2014, October 9, 2014; International Monetary Fund (IMF): World Economic Outlook, Update October 2014, Federal Ministry of Economics and Energy: Press release, October 14, 2014

## 6.2 Priorities for the financial year 2014

### 6.2.1 Segment Sports

#### Sector-specific general conditions

In its “VPRT Forecast for the Media Market 2014”, the Association of Private Broadcasting and Telemedia (VPRT) expects a sustainable net growth of electronic media for 2014. In the TV area, the association expects a net growth of approx. 2.7 percent to EUR 4.2 billion (a plus of EUR 110 million compared to the previous year). Thus, TV remains the medium with the highest revenues in the German advertising market and is able to increase its growth of 2.2 percent in 2013 again. An increase of 22 percent to EUR 244 million is predicted for the area of in-stream video advertising; paid content (pay-TV and paid-video-on-demand) will grow by 12 percent to approx. EUR 2.3 billion and teleshopping by 4 percent to approx. EUR 1.8 billion.

VPRT's forecast for radio advertising is more reticent. In this area, the association expects a rise in net revenues of only 1.1 percent to EUR 750 million. However, it also states that in-stream audio advertising has great growth potential, which will increase by 30 percent to approx. EUR 10 million. In terms of the sales development of the online/mobile display area, VPRT is expecting EUR 1.2 billion for the current year (plus 6 percent). A growth of 48 percent is expected for mobile and of 4.4 percent for online.

Source: VPRT, “VPRT Forecast for the Media Market 2014”

According to the Circle of Online Marketers (Online-Vermarkterkreis, OVK) in the German Federal Association of the Digital

Economy (Bundesverband Digitale Wirtschaft e.V., BVDW), digital display advertising (online and mobile) will again reach an above-average growth in net volume of 6.8 percent to approx. EUR 1.4 billion for the whole of 2014. Due to some reticence in the demand for classical display advertising in the first half of 2014, OVK corrected downwards its forecast from its last online report 2014/01 by 1.6 percentage points. However, the spring forecast with an increase of 65 percent in the mobile segment was confirmed, while net expenditures for display advertising on mobile devices will exceed the threshold of EUR 100 million for the first time (EUR 107 million).

Mobile will continue the trend of high growth rates in the coming year and further expand its share within the media mix. The proportion of digital campaigns with fixed mobile components will increase, and mobile display advertising will become a more and more important economic and competitive factor for advertisers. In the next two years, some offers will have more mobile than stationary users. This development is likely to intensify further with new mobile standards such as LTE with higher data transmission rates, lower latency times, higher-performing devices and optimized mobility features.

According to OVK, moving images in the online display area will continue to be the most important growth driver with significant two-digit growth rates. This development is also driven by investments in quality standards, automation and research into the effects of advertising.

BVDW and OVK forecast that digital display advertising (online and mobile) and search word marketing would make up 25.5 percent of net advertising investments. The internet is thus continuously catching up with TV (28.4 percent), leaving far behind daily newspapers (20.2 percent) and popular magazines (85 percent).

Source: OVK, press release, September 10, 2014, for the study “OVK Online-Report 2014/02 and MAC Mobile-Report 2014/02”

In its study “German Entertainment and Media Outlook: 2013 – 2017”, PwC predicts further growth in the pay-TV area and is expecting a slight increase in the share of pay-TV households compared to total households in Germany to 53.5 percent by 2017. The proportion was 52.6 percent in 2012. 20.5 million subscriber households are expected in 2017. The growing demand for IPTV and pay-TV offers continues to be the driver of this upward trend. Subscriber households comprise both

cable and IPTV households, satellite households with pay-TV and customers with the Sky pay-TV platform. In addition, subscriber households also include the users of pay-TV HD packages via satellite as well as the users of 3D offers – however, these are likely to remain a niche according to PwC. PwC also states that the number of German pay-TV households can be expected to be 12.2 million in 2017. Compared to the 8.9 million pay-TV households in 2012, this would correspond to a further increase of 6.6 percent. PwC expects the proportion of pay-TV households to be 31.9 percent in 2017 after 23.1 percent in 2012.

Source: PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, "German Entertainment and Media Outlook: 2013 – 2017", October 2013

In the production sector, according to PwC, the medium TV will particularly benefit from the ongoing strong demand for high definition program offers, the great progress in digitization combined with the still increasing number of channels. According to the "Television International Key Facts" published by IP Network, the international marketing subsidiary of the RTL Group, global TV use has reached top levels of 196 minutes per day on average. EU citizens watched an average of 236 minutes of TV per day. Germany is mid-level at approx. 221 minutes. 97 percent of all EU households own one TV, with 56 percent owning at least a second device. Around 77 percent of these devices are HD-compatible, and 20 percent are internet-compatible. The figures for Germany are above average at 79 percent and 29 percent, respectively.

However, Germany is slightly behind with regard to digitization. Whereas 87 percent of all TV households in Europe receive digital TV – Italy, Greece and the UK have already reached a full digitization – the proportion in Germany was only 69 percent in 2013. According to the Digitization Report 2014 published by the State Media Authorities, 84 percent of the households could watch digital television. However, cable still needs to catch up.

Source: digitalfernsehen.de, "TV-Nutzung weltweit hoch, Deutschland hängt bei Digitalisierung", October 1, 2014; PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, "German Entertainment and Media Outlook: 2013 – 2017", October 2013

The growing demand for contents in the TV standard Ultra HD (4K) and thus for 4K productions continues to influence the European TV industry. After Samsung's announcement that it

would offer Amazon 4K contents (of the VoD platform "Amazon Instant Video") on its own Ultra HD-TVs, customers have enjoyed a simple way to receive Ultra HD since October 2014.

Source: chip.de, "4k-Streaming ab Oktober auf Samsung-TVs", August 28, 2014

#### **Priorities for the financial year 2014**

Alongside the further continuous expansion of sports contents and live broadcasts, both in free-TV and in pay-TV, the even more consistent cross-platform content use and distribution will be a focus in the current financial year – not least against the background of the further increase in digital and convergent media use for cross-platform offers. As a result, SPORT1 will drive the digitization of its offers even more stringently. Above all, SPORT1.de will aim at positioning itself also as a portal for access to all digital offers under the SPORT1 umbrella brand.

For this purpose, SPORT1 created the relevant technical infrastructure in the reporting period as part of its extensive relaunch process for SPORT1.de and already implemented some user interfaces aimed at a convergent media use. In addition, the digital diversification of the SPORT1 brand is to be driven forward via additional sub-brands in the online area, while simultaneously creating new marketing environments. In the context of the perpetual increase in the distribution of mobile devices such as Smartphones and Tablets, SPORT1 will further focus on extending its mobile offers and Apps, and on intensifying its social media activities in 2014.

The marketer SPORT1 MEDIA (formerly Constantin Sport Marketing) accounts for its focus on the marketing of the platforms and offers under the SPORT1 umbrella brand by intensifying its positioning and with its new name. This clear focus forms part of the marketer's new strategy. In addition to founding its own concept department called "Unit 360", it is concentrating on introducing the new service "Brand Activation" and on the opening of a branch office in Düsseldorf. With this new positioning, the marketing subsidiary of Constantin Medien AG, in future, will be able to offer more specific presentation opportunities in highly attractive environments to its customers and their brands – not just on the SPORT1 platforms but also beyond.

PLAZAMEDIA continues to focus on securing and expanding existing customer relations in Germany and abroad. In addition,

the focus will be on the further development as well as on opening up new business models and the acquisition of new customers. The intensification of sales activities and the strengthening of the market presence through further developing technological production innovations – particularly in the area of interactive, digital and mobile services – are playing an important role in this context. In addition, the entire value chain within the production company is to be extended by broadening the service spectrum in terms of creating and distributing contents. The aim is to transfer the renowned expertise of the production group to new customer groups and business sectors – particularly in the digital area.

### 6.2.2 Segment Film

#### Sector-specific general conditions

The continuation of the DFFF may have been secured until 2016, so that it will continue to make an important contribution to financing German films in the coming years. But the government draft for the federal budget for 2015 provides for a further budget cut by EUR 10 million to EUR 50 million. In a first statement, the Association of Producers then warned against realizing this measure because it could put at risk the international competitiveness of Germany as a film production site. The industry received support from the Federal Government Commissioner for Culture and the Media, Monika Grütters, who will take a stand for maintaining the subsidies at the level of EUR 60 million at the budget consultations.

Source: Association of German TV and Film Producers e.V., press release, July 3, 2014

In the TV-service production area, a stable advertising market can be assumed for the current financial year, which could have a positive effect on the production budgets of the private TV channels. In addition to the traditional free-TV channels, pay-TV and internet portals are also gaining in importance as potential customers of service producers.

In theatrical distribution, an attractive market with stable results is expected in the fourth quarter of 2014. This is based on the broad film offer of Hollywood productions such as “The Equalizer”, “Interstellar”, “The Hunger games – Mockingjay Part 1”, “The Penguins of Madagascar (3D)”, “The Hobbit: The Battle of the Five Armies” and “Night at the Museum: Secret of the Tomb”. In terms of German films, Til Schweiger’s “Honig im Kopf” and the sequel “Bibi & Tina – Voll verhext”, as well as the Constantin Film titles “Männerhort”, “Winter-

kartoffelknödel” and “Die Mannschaft” could deliver good results.

Based on the development to date, on the German Home Entertainment market, digital exploitation formats (Electronic sell-through, video-on-Demand and Pay-per-View) will continue to gain in importance. For instance, Constantin Film AG assumes that video-on-demand will reach a high two-digit market share in the next few years.

#### Priorities for the financial year 2014

For the future success of the Constantin Film Group, the development of original ideas and own brands in all business areas will be of decisive importance to perpetually improve the creativity level as a whole.

In theatrical production, Constantin Film AG’s unchanged priority is on the continuous optimization of the persistent high quality of its national and international in-house productions. It is the aim to primarily produce titles that are emotionally triggered to the needs of the audience and that are based e.g. on specific brands and have event-character, respectively. But also productions with smaller budgets and correspondingly a containable audience risk are of interest if they are conceptually convincing. However, each project must be measured based on high creative and economic benchmarks.

According to current plans, three promising film projects are in the pipeline for the last three months of 2014: the dramatization of the bestselling novel “Er ist wieder da” starring Oliver Masucci and Christoph Maria Herbst, a sequel to “Fack ju Göhnte” and the anti-romantic comedy “Gut zu Vögeln”.

In TV-service production, existing contacts with the major TV channels will be continually expanded further. In addition, the subsidiaries of Constantin Film AG continue to work on developing innovative TV formats, with creative new developments particularly in demand. For instance, consecutively told TV series are to be developed – both on a national and international level. This means that, in addition to scripted reality, fictional series or TV films are also to be produced. The aim of Constantin Film AG is to release four or five of the twelve developed series on the market within the next 18 months. One further target is to establish existing brands (such as “The Mortal Instruments”) in the TV area.

Source: Süddeutsche Zeitung, October 13, 2014

For the coming months, Constantin Film AG is expecting an improved order situation in this area, which could also be influenced positively by the increasingly aggressive acquisition policy of the major online portals. The production lineup for the period from October to December 2014 includes, among others, the service productions "Der Äthopier" and "Prenzlberg".

In theatrical distribution, Constantin Film AG will continue to rely on its tried and tested strategy of combining national and international in-house and co-productions with high-quality third-party titles, which are released in cinemas at a strategically favorable time with an appropriate press and marketing strategy. Due to the fact that especially the US major studios spend large marketing budgets when releasing their major event films in order to attract audience attention, Constantin film AG will in future analyze more closely when and how to position its films on the German theatrical market.

A total of five new releases are planned for the fourth quarter of 2014, including the already highly successful Constantin Film co-production "Männerhort", which has so far attracted more than 1 million viewers (as at the end of October 2014) and "Winterkartoffelknödel" (more than 320.000 viewers so far). This also includes the international in-house production "Love, Rosie", which hit German theaters at the end of October and attracted more than 125,000 during its first weekend. By the end of the year, these will be followed by the licensed films "The Rewrite" starring Hugh Grant and Marisa Tomei and "Die Mannschaft" – an official documentary of the World Cup in Brazil showing the path of the German national team in terms of preparations in the training camp up to winning the desired title.

In the current financial year, the Home Entertainment area will particularly profit from the release of the theatrical hit "Fack ju Göhte", which has been on the market since the start of May. Other significant sales are expected from the in-house productions "Pompeii" and "Tarzan" as well as from the DreamWorks licensed film "Need for Speed" and the teen movie "Fünf Freunde 3".

In the fourth quarter of 2014, revenues in free-TV exploitation are largely determined by the license start of the service production "Alles muss raus – Eine Familie rechnet ab" (ZDF). In pay-TV exploitation, "Ender's Game" (ProSiebenSat.1), "Tarzan" (Sky), "Walking With Dinosaurs" (Sky) and "Scary

Movie 5" (Teleclub) will generate revenues.

### **6.2.3 Segment Sports- and Event-Marketing**

#### **Sector-specific general conditions**

With regard to the development of global advertising expenses, the media planning and procurement company ZenithOptimedia in September 2014 forecasted a growth of 5.3 percent to USD 523 billion in the current year, thereby only marginally correcting downward its June estimate (5.4 percent). ZenithOptimedia assumes that the global advertising market will continue to show strong growth in the next two years and for 2015 is also expecting a growth rate of 5.3 percent, which shall even increase to 5.9 percent in 2016. As reasons for this, the company particularly states the dynamic development of social media and improved digital technologies, which will make on-line advertising more cost-effective, more effective and easier.

Source: ZenithOptimedia, Advertising Expenditure Forecasts, September 2014

#### **Priorities for the financial year 2014**

The repeated extension of the TEAM mandate for the marketing of the commercial rights for the UEFA Champions League, UEFA Europa League and UEFA Super Cup (each for the match periods 2015/16 to 2017/18) still provides very good perspectives for continuing the close co-operation with the European Football Association. If contractually agreed performance targets for the current marketing process will be achieved, then TEAM's mandate will be automatically extended for three additional match periods (2018/19 to 2020/21). Therefore, it is the primary target of the TEAM group to achieve a premature contract extension with the UEFA. For this purpose, as many new agreements at best possible conditions are to be conducted in the current financial year – both in the area of TV rights and for sponsorship rights.

### **6.2.4 Segment Other Business Activities**

#### **Sector-specific general conditions**

Since Smartphones and Tablets have become established in a large group of buyers, the market for mobile games has also grown rapidly, and an end to this development is not yet on the cards. According to a current survey by Juniper Research, the global mobile games market will grow at surprising speed also in the two upcoming years. Based on an expected value of USD 20.9 billion in 2014, the company forecasts that global revenues from mobile games will increase to USD 28.9 billion in 2016 – a growth of more than 38 percent. According to Juniper

Research, this growth will be driven by new groups of buyers as well as by new games offers.

Sources: Juniper Research study "Mobile & Handheld Games: Discover, Monetise, Advertise 2014 – 2019", June 2014; Juniper Research, press release, June 18, 2014

#### **Priorities for the financial year 2014**

Highlight Event AG is primarily focusing on the high-quality implementation of the events of the Vienna Philharmonic Orchestra and the EBU, as these projects offer the greatest opportunities for the future. With regard to the projects merchandising for the Eurovision Song Contest and Eurovision Young Musicians, there are also good strategic possibilities to further expand the existing business fields. This particularly applies to the Eurovision Young Musicians project, which combines existing activities in the area of classical music with those of the EBU, with which there is a long-standing and successful partnership.

Furthermore, online gaming provides the great opportunity to interact with users/fans in the promising area of social media, events and entertainment. As a result, any already realized activities will be extended further.

#### **6.3 Financial targets of the Constantin Medien Group**

It should be noted that actual results could significantly differ from expectations of projected developments if the assumptions underlying the forward-looking statements prove to be inaccurate.

After the first nine months 2014, the business development of Constantin Medien AG, overall, exceeded original expectations due to a good third quarter. In addition, Constantin Medien AG and the other shareholders of the rights association in the Formula One proceedings agreed on a cost distribution, which will result in a reimbursement to Constantin Medien AG in the fourth quarter 2014.

As a result of these developments, the Management Board of Constantin Medien AG adjusted upwards its previous earnings expectations for the financial year 2014, as already announced in an Ad hoc announcement on November 7, 2014. Considering the holding costs and the financial expenses and taxes, the Management Board is now assuming significantly improved Group earnings attributable to shareholders of EUR -7 million to EUR -9 million (previously: EUR -13 million to EUR -15

million). The Management Board confirms its previous sales expectations for the financial year 2014: From today's perspective, he is still assuming Group sales of EUR 460 million to EUR 500 million.

Ismaning, November 12, 2014

**Constantin Medien AG**

**Bernhard Burgener**

Chief Executive Officer

**Antonio Arrigoni**

Chief Financial Officer

**Fred Kogel**

Chief Officer Production, Process Management, Integration



## Assets

### Consolidated Balance Sheet as of September 30, 2014 in EUR '000

	9/30/2014	12/31/2013*
<b>Non-current assets</b>		
Film assets	137,431	172,154
Other intangible assets	33,018	32,138
Goodwill	43,847	43,295
Property, plant and equipment	11,246	12,484
Investment property	3,231	0
Investments in associated companies and joint ventures	314	328
Non-current receivables	1,684	1,560
Receivables due from associated companies and joint ventures	2,408	2,512
Other financial assets	1,479	201
Deferred tax assets	3,980	2,439
	<b>238,638</b>	267,111
<b>Current assets</b>		
Inventories	4,380	3,612
Trade accounts receivable and other receivables	122,298	131,332
Receivables due from associated companies and joint ventures	3,351	1,862
Other financial assets	1,381	1,850
Income tax receivables	1,035	1,593
Cash and cash equivalents	74,632	82,918
Non-current assets held for sale	0	3,181
	<b>207,077</b>	226,348
<b>Total assets</b>	<b>445,715</b>	493,459

\*The prior year figures have been adjusted (see details in note 2, accounting and valuation principles)

## Equity/Liabilities

### Consolidated Balance Sheet as of September 30, 2014 in EUR '000

	9/30/2014	12/31/2013*
<b>Equity</b>		
Subscribed capital	93,600	85,131
Treasury stock	-7,422	-7,422
Capital reserve	105,478	103,605
Other reserves	13,114	12,718
Accumulated loss	-179,988	-170,054
Shareholders' interests	-8,877	-9,934
Equity attributable to the shareholders	15,905	14,044
Non-controlling interests	40,252	40,843
	<b>56,157</b>	<b>54,887</b>
<b>Non-current liabilities</b>		
Financial liabilities	97,433	109,640
Other liabilities	120	137
Pension liabilities	7,307	4,907
Provisions	4,310	4,653
Deferred tax liabilities	13,938	17,433
	<b>123,108</b>	<b>136,770</b>
<b>Current liabilities</b>		
Financial liabilities	87,906	123,988
Advance payments received	44,428	48,031
Trade accounts payable and other liabilities	118,106	119,615
Liabilities due to associated companies and joint ventures	0	21
Provisions	8,905	9,123
Income tax liabilities	7,105	1,024
	<b>266,450</b>	<b>301,802</b>
<b>Total equity and liabilities</b>	<b>445,715</b>	<b>493,459</b>

\*The prior year figures have been adjusted (see details in note 2, accounting and valuation principles)

## Consolidated Income Statement

January 1 to September 30, 2014 in EUR '000

	1/1 to 9/30/2014	7/1 to 9/30/2014	1/1 to 9/30/2013	7/1 to 9/30/2013
<b>Sales</b>	<b>361,601</b>	<b>115,135</b>	315,954	116,251
<b>Capitalized film production costs and other own work capitalized</b>	<b>28,808</b>	<b>7,653</b>	60,987	20,153
<b>Total output</b>	<b>390,409</b>	<b>122,788</b>	376,941	136,404
<b>Other operating income</b>	<b>14,616</b>	<b>5,557</b>	18,013	7,166
Costs for licenses, commissions and materials	-32,873	-11,067	-39,485	-13,899
Costs for purchased services	-123,790	-40,572	-142,687	-45,566
<b>Cost of materials and licenses</b>	<b>-156,663</b>	<b>-51,639</b>	-182,172	-59,465
Salaries	-77,141	-24,490	-82,384	-28,078
Social security and pension costs	-11,038	-3,628	-11,315	-3,751
<b>Personnel expenses</b>	<b>-88,179</b>	<b>-28,118</b>	-93,699	-31,829
Amortization and impairment on film assets	-82,176	-20,817	-53,946	-31,123
Amortization/depreciation and impairment on intangible assets and property, plant and equipment	-5,440	-1,799	-7,651	-2,363
Impairment on goodwill	0	0	0	0
<b>Amortization, depreciation and impairment</b>	<b>-87,616</b>	<b>-22,616</b>	-61,597	-33,486
<b>Other operating expenses</b>	<b>-61,616</b>	<b>-19,135</b>	-59,281	-22,081
<b>Profit/loss from operations</b>	<b>10,951</b>	<b>6,837</b>	-1,795	-3,291
<b>Profit/loss from investments in associated companies and joint ventures</b>	<b>133</b>	<b>33</b>	-20	83
Financial income	7,221	5,732	5,189	1,600
Financial expenses	-18,079	-10,747	-11,738	-3,568
<b>Financial result</b>	<b>-10,858</b>	<b>-5,015</b>	-6,549	-1,968
<b>Profit/loss before taxes</b>	<b>226</b>	<b>1,855</b>	-8,364	-5,176
Income taxes	-8,865	275	-1,705	-722
Deferred taxes	4,759	-1,931	2,563	1,107
<b>Taxes</b>	<b>-4,106</b>	<b>-1,656</b>	858	385
<b>Net loss/profit</b>	<b>-3,880</b>	<b>199</b>	-7,506	-4,791
thereof non-controlling interests	4,100	1,820	3,006	1,129
thereof shareholders' interests	-7,980	-1,621	-10,512	-5,920

**January 1 to September 30, 2014**

	1/1 to 9/30/2014	1/1 to 9/30/2013
<b>Earnings per share</b>		
Earnings per share attributable to shareholders, basic (in EUR)	-0.10	-0.14
Earnings per share attributable to shareholders, diluted (in EUR)	-0.10	-0.14
Average number of outstanding shares (basic)	79,941,927	77,707,525
Average number of outstanding shares (diluted)	79,941,927	77,707,525

**Consolidated Statement of Comprehensive Income****January 1 to September 30, 2014 in EUR '000**

	1/1 to 9/30/2014	7/1 to 9/30/2014	1/1 to 9/30/2013	7/1 to 9/30/2013
<b>Net loss/profit</b>	-3,880	199	-7,506	-4,791
Foreign currency translation differences	380	307	-520	-348
<b>Items that probably will be reclassified to profit or loss in subsequent period</b>	380	307	-520	-348
Actuarial gains and losses on defined benefit plans	-1,704	-627	662	39
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>	-1,704	-627	662	39
<b>Other comprehensive loss/income, net of tax</b>	-1,324	-320	142	-309
<b>Total comprehensive loss</b>	-5,204	-121	-7,364	-5,100
thereof non-controlling interests	3,277	1,569	4,099	1,683
thereof shareholders' interests	-8,481	-1,690	-11,463	-6,783

## Consolidated Statement of Cash Flows

January 1 to September 30, 2014 in EUR '000

	1/1 to 9/30/2014	1/1 to 9/30/2013
<b>Net loss</b>	<b>-3,880</b>	-7,506
Deferred taxes	-4,759	-2,563
Income taxes	8,865	1,705
Financial result	9,516	8,113
Profit (-) / loss (+) from investments in associated companies and joint ventures	-133	20
Amortization, depreciation and impairment and write-ups on film assets, intangible assets and property, plant and equipment	87,616	61,597
Profit (-) / loss (+) from disposal of film assets, intangible assets and property, plant and equipment	20	21
Other non-cash items	-893	-5,304
Increase (-) / decrease (+) in inventories, trade accounts receivable and other assets not classified to investing or financing activities	8,157	-17,814
Decrease (-) / increase (+) in trade accounts payable and other liabilities not classified to investing or financing activities	-5,941	9,749
Dividends received from associated companies and joint ventures	247	206
Interest paid	-9,176	-3,155
Interest received	203	399
Income taxes paid	-3,853	-9,069
Income taxes received	1,613	4,103
<b>Cash flow from operating activities</b>	<b>87,602</b>	40,502
Change in cash and cash equivalents due to acquisitions of companies/shares in companies, net	0	0
Payments for intangible assets	-2,357	-1,853
Payments for film assets	-45,774	-75,251
Payments for property, plant and equipment	-2,786	-3,290
Payments for financial assets	-2,439	-158
Proceeds/payments due to sale of companies/shares in companies, net	0	0
Proceeds from disposal of intangible assets and film assets	62	0
Proceeds from disposal of property, plant and equipment	74	32
Proceeds from disposal of financial assets	7	0
<b>Cash flow for investing activities</b>	<b>-53,213</b>	-80,520

**January 1 to September 30, 2014 in EUR '000**

	1/1 to 9/30/2014	1/1 to 9/30/2013
Proceeds from capital increase and from issuance of equity instruments	10,344	0
Payments for purchase of treasury stock	0	0
Proceeds from sale of treasury stock	0	0
Payments for purchase of non-controlling interests	-21	-17,368
Proceeds from sale of non-controlling interests	0	0
Repayment and buy-back of non-current financial liabilities	0	0
Repayment and buy-back of current financial liabilities	-83,880	-59,944
Proceeds from receipt of non-current financial liabilities	15,999	63,190
Proceeds from receipt of current financial liabilities	18,134	68,612
Dividend payments	-3,849	-4,552
<b>Cash flow for/from financing activities</b>	<b>-43,273</b>	<b>49,938</b>
<b>Cash flow for/from the reporting period</b>	<b>-8,884</b>	<b>9,920</b>
Cash and cash equivalents at the beginning of the reporting period	82,918	91,113
Change in cash and cash equivalents due to exchange rate movements	598	-382
Cash and cash equivalents at the end of the reporting period	74,632	100,651
<b>Change in cash and cash equivalents</b>	<b>-8,884</b>	<b>9,920</b>

## Consolidated Statement of Changes in Equity

January 1 to September 30, 2014 in EUR '000

	Subscribed capital	Treasury stock	Capital reserve	Other reserves
<b>Balance 1/1/2014</b>	85,131	-7,422	103,605	12,718
Adjustment according to IAS 8 due to reclassification of disposal group				
<b>Adjusted balance 1/1/2014</b>	85,131	-7,422	103,605	12,718
Foreign currency translation differences				396
<b>Items that probably will be reclassified to profit or loss in subsequent periods</b>	0	0	0	396
Actuarial gains and losses on defined benefit plans				
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>	0	0	0	0
<b>Other comprehensive income/loss</b>	0	0	0	396
Net profit/loss				
<b>Total comprehensive income/loss</b>	0	0	0	396
Reclassification of prior year's net result				
Capital increase	8,469		1,875	
Change in treasury stock				
Dividend payments				
Other changes			-2	
<b>Balance 9/30/2014</b>	93,600	-7,422	105,478	13,114
<b>Balance 1/1/2013</b>	85,131	-7,424	110,195	14,788
Retrospective change in accounting principle due to adoption of IAS 19R				-888
<b>Adjusted balance 1/1/2013</b>	85,131	-7,424	110,195	13,900
Foreign currency translation differences				-1,303
<b>Items that probably will be reclassified to profit or loss in subsequent periods</b>	0	0	0	-1,303
Actuarial gains and losses on defined benefit plans			42	
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>	0	0	42	0
<b>Other comprehensive income/loss</b>	0	0	42	-1,303
Net profit/loss				
<b>Total comprehensive income/loss</b>	0	0	42	-1,303
Reclassification of prior year's net result				
Capital increase				
Change in treasury stock		2	9	
Dividend payments				
Other changes			-6,641	
<b>Balance 9/30/2013</b>	85,131	-7,422	103,605	12,597

	Accumulated loss	Shareholders' interests	Equity attributable to shareholders	Non- controlling interests	Total
	-170,054	-9,625	14,353	40,843	55,196
		-309	-309		-309
	-170,054	-9,934	14,044	40,843	54,887
			396	-16	380
	0	0	396	-16	380
		-897	-897	-807	-1,704
	0	-897	-897	-807	-1,704
	0	-897	-501	-823	-1,324
		-7,980	-7,980	4,100	-3,880
	0	-8,877	-8,481	3,277	-5,204
	-9,934	9,934	0		0
			10,344		10,344
			0		0
			0	-3,849	-3,849
			-2	-19	-21
	-179,988	-8,877	15,905	40,252	56,157
	-174,886	4,962	32,766	50,959	83,725
		-11	-899	-1,175	-2,074
	-174,886	4,951	31,867	49,784	81,651
			-1,303	783	-520
	0	0	-1,303	783	-520
		310	352	310	662
	0	310	352	310	662
	0	310	-951	1,093	142
		-10,512	-10,512	3,006	-7,506
	0	-10,202	-11,463	4,099	-7,364
	4,951	-4,951	0		0
			0		0
			11		11
			0	-4,552	-4,552
			-6,641	-10,727	-17,368
	-169,935	-10,202	13,774	38,604	52,378

## Notes to the Consolidated Interim Financial Statements

### 1. General information about the Group

The Group parent company, Constantin Medien AG, has its registered office in Münchener Straße 101g, Ismaning, Germany.

Constantin Medien AG's Management Board authorized the publication of the accompanying unaudited, condensed consolidated interim financial statements at its meeting on November 12, 2014.

### 2. Accounting and valuation principles

The accompanying unaudited, condensed consolidated interim financial statements for the period from January 1, 2014 to September 30, 2014 have been prepared according to International Accounting Standard Interim Financial Reporting (IAS 34). The condensed consolidated interim financial statements do not include all explanations and disclosures required for Annual Reports and should be read in conjunction with the consolidated financial statements as of December 31, 2013 published by the Company.

The accounting and valuation principles used in this condensed consolidated interim financial statements are consistent with those applied in the consolidated financial statements as of December 31, 2013 (refer to the Annual Report 2013, notes to the consolidated financial statements, note 4) except for the first-time adoption of new or revised standards and interpretations explained below.

The consolidated interim financial statements are presented in Euros, which represent the functional and reporting currency of the Group parent company. In general, the amounts are stated in thousands of Euros (EUR thousand or EUR '000), except where otherwise indicated.

The preparation of the condensed consolidated interim financial statements requires management to use estimates and assumptions that affect the classification and measurement of reported income, expenses, assets, liabilities and contingent liabilities as of the balance sheet date. These estimates and assumptions represent management's best estimate based on historical experience and other factors, including estimates about future events. The estimates and assumptions are continually reviewed. Changes in accounting estimates are necessary if changes occur in the circumstances on which the estimates were based on or as a result of new information or additional findings. Such changes are recognized in the period of the change. For additional information, refer to the Annual Report 2013, notes to the consolidated financial statements, note 5.

#### Changes in accounting and valuation principles

On May 19, 2014, Constantin Medien AG decided not to continue the negotiations with Sky Deutschland Fernsehen GmbH & Co. KG in connection with the transaction agreed on December 5, 2013. The agreement provided, among others, the sale of 100 percent of the shares of PLAZA-MEDIA GmbH TV- und Film-Produktion (including its subsidiaries in Austria and Switzerland). Refer also to chapter 1.1 of the management report.

Due to the non conclusion of the sale of the PLAZAMEDIA companies there is a change in the plan of sale. Accordingly, the assets and liabilities of PLAZAMEDIA GmbH TV- und Film-Produktion, PLAZAMEDIA Austria Ges.m.b.H and PLAZA-MEDIA Swiss AG may no longer be classified as held for sale. Because the disposal group represents Group subsidiaries, the financial statements for periods since the classification as held for sale shall be amended accordingly. The following table shows the impact of the decision to terminate the intention to sell on the consolidated balance sheet as of December 31, 2013:

**Consolidated Balance Sheet as of December 31, 2013 in EUR '000**

<b>Assets</b>	Before amendment	Amendment	After amendment
<b>Non-current assets</b>			
Film assets	172,154	0	172,154
Other intangible assets	31,558	580	32,138
Goodwill	43,295	0	43,295
Property, plant and equipment	5,455	7,029	12,484
Investments in associated companies and joint ventures	328	0	328
Non-current receivables	871	689	1,560
Receivables due from associated companies and joint ventures	2,512	0	2,512
Other financial assets	201	0	201
Deferred tax assets	2,422	17	2,439
	258,796	8,315	267,111
<b>Current assets</b>			
Inventories	3,178	434	3,612
Trade accounts receivable and other receivables	118,505	12,827	131,332
Receivables due from associated companies and joint ventures	1,862	0	1,862
Other financial assets	1,850	0	1,850
Income tax receivables	1,593	0	1,593
Cash and cash equivalents	67,851	15,067	82,918
Non-current assets held for sale and disposal group	41,954	-38,773	3,181
	236,793	-10,445	226,348
<b>Total assets</b>	495,589	-2,130	493,459

**Consolidated Balance Sheet as of December 31, 2013 in EUR '000**

<b>Equity/liabilities</b>	<b>Before amendment</b>	<b>Amendment</b>	<b>After amendment</b>
<b>Equity</b>			
Subscribed capital	85,131	0	85,131
Treasury stock	-7,422	0	-7,422
Capital reserve	103,605	0	103,605
Other reserves	12,718	0	12,718
Accumulated loss	-170,054	0	-170,054
Shareholders' interests	-9,625	-309	-9,934
Equity attributable to the shareholders	14,353	-309	14,044
Non-controlling interests	40,843	0	40,843
	55,196	-309	54,887
<b>Non-current liabilities</b>			
Financial liabilities	109,640	0	109,640
Other liabilities	137	0	137
Pension liabilities	4,907	0	4,907
Provisions	4,653	0	4,653
Deferred tax liabilities	19,138	-1,705	17,433
	138,475	-1,705	136,770
<b>Current liabilities</b>			
Financial liabilities	123,988	0	123,988
Advance payments received	48,031	0	48,031
Trade accounts payable and other liabilities	107,446	12,169	119,615
Liabilities due to associated companies and joint ventures	21	0	21
Provisions	8,674	449	9,123
Income tax liabilities	949	75	1,024
Liabilities of the disposal group	12,809	-12,809	0
	301,918	-116	301,802
<b>Total equity and liabilities</b>	<b>495,589</b>	<b>-2,130</b>	<b>493,459</b>

Due to the reclassification of the disposal group the not recognized amortization and depreciation on fixed assets of the PLAZA-MEDIA companies until the day of the decision of not-selling have been caught up in the reporting period in the amount of EUR 1,002 thousand. Thereof, EUR 747 thousand fall upon the first quarter 2014 and EUR 255 thousand to the second quarter 2014.

The prior year's earnings attributable to shareholders have been adjusted in the amount of amortization and depreciation (EUR

425 thousand) relating to December 2013 and taking into account deferred taxes (EUR 116 thousand).

### 3. Changes in accounting principles

The Group has the following standards and amendments of accounting standards, mandatory applicable in the EU from January 1, 2014, already voluntarily early adopted in the financial year 2013:

### Standards/Amendments/Interpretations

	Mandatory application for annual periods beginning on or after:
IFRS 10, Consolidated Financial Statements	1/1/2014
IFRS 11, Joint Arrangements	1/1/2014
IFRS 12, Disclosures of Interest in Other Entities	1/1/2014
Transition Regulations (Amendments to IFRS 10, IFRS 11, IFRS 12)	1/1/2014
IAS 27, Separate Financial Statements (Amendment)	1/1/2014
IAS 28, Investments in Associates and Joint Ventures (Amendment)	1/1/2014
IAS 36, Impairment (Amendment)	1/1/2014

For additional information, refer to Annual Report 2013, notes to the consolidated financial statements, note 2.

The mandatory first-time adoption of the following accounting

standards and interpretations did not materially impact this condensed consolidated interim financial statements and it is not expected that these changes materially impact the annual financial statements.

### Standards/Amendments/Interpretations

	Mandatory application for annual periods beginning on or after:
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1/1/2014*
IAS 32, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amendment)	1/1/2014*
IAS 39, Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (Amendment)	1/1/2014*
IFRIC 21, Levies	6/17/2014*

\* Endorsed by the EU

Further, the Constantin Medien AG waived the early application of new or revised standards and interpretations, whose application is not yet mandatory on January 1, 2014. For additional information, refer to Annual Report 2013, notes to the consolidated financial statements, note 2.

In addition to the standards and interpretations stated in the Annual Report 2013, the IASB published in the first nine months 2014 the following standards and amendments material for the Group: IFRS 15 Revenue from Contracts with Customers (mandatory application for annual periods beginning on or after January 1, 2017), IFRS 9 Financial Instruments (mandatory application for annual periods beginning on or after January 1, 2018) as well as amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets, clarification of acceptable methods of depreciation (mandatory application for annual periods beginning on or after January 1,

2016). Constantin Medien AG is currently evaluating the potential impact of these changes.

## 4. Changes in the scope of consolidation

### Acquisitions, new formations and first-time consolidation

On June 30, 2014 Highlight Communications AG has increased its interest to the already fully consolidated Highlight Event & Entertainment AG from 68.634 percent to 68.725 percent. The purchase price for the new shares amounted to EUR 21 thousand.

On July 7, 2014 Rainbow Home Entertainment AG participated with 24.5 percent, respectively EUR 101 thousand, at the newly founded Paperflakes AG, Pratteln, Switzerland. The company is managed as an associated company and included in the consolidated financial statement using the equity method.

#### Other changes

On January 1, 2014 Constantin Production Services Inc., USA was merged into the Constantin Film Development Inc., USA. This transaction has no effect on these consolidated interim financial statements.

On June 27, 2014 the fully consolidated Resident Evil Mexico S. DE R.L. DE C.V., Mexico was liquidated. On July 8, 2014 the non-consolidated Impact Pictures Ltd., UK was liquidated. On July 15, 2014 the fully consolidated DoA Production Ltd., UK was liquidated. The impact of these three liquidations on these consolidated interim financial statements is not material.

### 5. Explanatory notes to selected line items in the balance sheet and income statement

#### Film assets

Film assets include third-party and in-house productions. In the first nine months of the financial year 2014 EUR 47,488 thousand (9M 2013: EUR 75,669 thousand) were invested in film assets. Amortization and impairment for the reporting period amount to EUR 82,176 thousand (9M 2013: EUR 53,946 thousand).

#### Investment property

The investment property relates to the property of Highlight Event & Entertainment AG in Dürdingen which is primarily used to generate rental income. Since the sale is classified by management as not very likely in the next few months, this led to the reclassification from non-current assets held for sale to investment property. As a result of the discontinuation of the distribution of certain gaming machines for casinos already in 2013 as well as the move of the registered office of Highlight Event & Entertainment AG from Dürdingen to Lucerne in May 2014, the owner-occupied part is insignificant and the property is held almost exclusively for rental. The valuation is carried out according to the fair value model. The fair value of EUR 3,231 thousand was determined by a third-party opinion and corresponds to the previous carrying amount.

#### Other non-current financial assets

In the second quarter 2014, Rainbow Home Entertainment AG acquired 6.2 percent of the shares in the non-consolidated company Pulse Entertainment Corporation, Delaware, USA, for

a purchase price of EUR 1,249 thousand. In the absence of an active market for this minority interest as of September 30, 2014 and because a fair value cannot be determined reliably, the shares are recognized at acquisition cost.

#### Trade accounts receivable and other receivables

Trade accounts receivable and other receivables are as follows:

#### Trade accounts receivable and other receivables in EUR '000

	9/30/2014	12/31/2013
Trade accounts receivable	59,790	64,625
Other receivables	62,508	66,707
<b>Total</b>	<b>122,298</b>	131,332

Other receivables include loans to co-producers for film projects of EUR 32,506 thousand (December 31, 2013: EUR 35,211 thousand).

#### Cash and cash equivalents

Cash and cash equivalents are as follows:

#### Cash and cash equivalents in EUR '000

	9/30/2014	12/31/2013
Cash on hand and balance at banks	74,632	72,918
Short-term deposits	0	10,000
<b>Total</b>	<b>74,632</b>	82,918

As of September 30, 2014 Constantin Medien AG has pledged a total of cash and cash equivalents in the amount of CHF 7.6 million for guarantees in variable amounts (December 31, 2013: CHF 0 million). PLAZAMEDIA GmbH TV- und Film-Produktion has also pledged cash and cash equivalents in the amount of EUR 1.2 million (December 31, 2013: EUR 0 million) for guarantees.

#### Equity

On July 4, 2014 the Management Board of Constantin Medien AG resolved with the approval of the Supervisory Board and based on the authorization resolved by the Annual General

Meeting on July 4, 2013 and using part of the authorized capital 2013/I to perform a capital increase against cash contributions excluding subscription rights of the shareholders pursuant to Art. 186 para. 3 sent. 4 AktG (Stock Corporation Act). On the same day, Constantin Medien AG successfully placed 8,469,220 new shares from the authorized capital 2013/I with selected investors excluding shareholders' subscriptions rights. Following the completion of the capital increase the number of shares of Constantin Medien AG amount to 93,600,000 shares. The placement price of the new shares was EUR 1.25 per share. The registration of the capital increase in the commercial register at the Munich District Court ("Amtsgericht") took place on July 16, 2014. The gross proceeds generated by this transaction amounted to approximately EUR 10.6 million (before transaction costs). The transaction costs recognized directly in equity amount to EUR 243 thousand.

As of September 30, 2014, the balance of directly and indirectly held non-voting treasury shares stood at 7,422,493 Constantin Medien AG shares taking into account shares held by Highlight Communications AG (December 31, 2013: 7,422,493 shares).

#### Non-current financial liabilities

The following table shows the composition of non-current financial liabilities:

#### Non-current financial liabilities in EUR '000

	9/30/2014	12/31/2013
Corporate bond 2013/2018	63,642	63,401
Corporate bond 2010/2015	0	28,700
Loan private investor	33,791	17,539
<b>Total</b>	<b>97,433</b>	109,640

For refinancing of the corporate bond 2010/2015 additional loans with a volume of EUR 4,500 thousand and CHF 14,000 thousand were drawn from the private investor. Similar to the existing loan, the new loans have a term until June 30, 2016 and an interest rate of 5 percent p.a. To secure the loan amount, the lender received the right of lien of 13,576,390 bearer shares of Highlight Communications AG. As of Sep-

tember 30, 2014 a total of 24,752,780 bearer shares of Highlight Communications AG are pledged for the individual loan tranches.

On July 24, 2014 the Management Board resolved with the approval of the Supervisory Board to prematurely fully terminate the corporate bond 2010/2015 in accordance with the terms and conditions of the bond. The corporate bond had a volume of EUR 30.0 million, a term of five years until October 13, 2015 and an interest rate of 9.0 percent p.a. On July 28, 2014 the notice was published in the Federal Gazette and made known on the same day on the company's website. The repayment was effective on August 28, 2014. On this day the bond was fully repaid at the nominal amount plus interest accrued until this day (EUR 2,360 thousand).

#### Current financial liabilities

Current financial liabilities consist of EUR 87,906 thousand (December 31, 2013: EUR 123,988 thousand) of current liabilities due to banks, whereof EUR 46,481 thousand (December 31, 2013: EUR 79,123 thousand) fall upon film financing.

#### Trade accounts payable and other liabilities

Trade accounts payable and other liabilities are as follows:

#### Trade accounts payable and other liabilities in EUR '000

	9/30/2014	12/31/2013
Trade accounts payable	49,800	51,174
Other liabilities	68,306	68,441
<b>Total</b>	<b>118,106</b>	119,615

#### Sales

Sales in the first nine months 2014 amounted to EUR 361,601 thousand compared to EUR 315,954 thousand in the same period in 2013. For further details about the sales development refer to note 7 of these notes (segment reporting) and to chapter 2.3.2 of the interim group management report (segment performance). Sales from barter transactions involving dissimilar advertising services in the reporting period amounted to EUR 3,353 thousand (9M 2013: EUR 2,724 thousand).

### Other operating expenses

In Constantin Medien AG's proceeding against Bernard Ecclestone and others, the High Court of Justice in London, Court of First Instance, rejected a direct claim against Bernard Ecclestone and others, in its judgment dated February 20, 2014. The appeal filed by Constantin Medien AG was rejected by the High Court of Justice in London on March 27, 2014. Therefore, Constantin Medien AG has filed an application for appeal at the Court of Appeal in London, Court of Second Instance, on April 24, 2014. This application was rejected with-out oral proceedings by a single judge on July 1, 2014 and communicated to

the parties on July 23, 2014. Constantin Medien AG considers this decision to be incorrect and has filed on July 29, 2014 a request for a hearing on the approval of the appeal which should be negotiated before a chamber at the Court. On the basis of these facts a negative impact on earnings of EUR 3,596 thousand relating to costs for counterparty lawyers resulted in the first nine months 2014.

### Amortization, depreciation and impairment

Amortization, depreciation and impairment for the first nine months 2014 are as follows:

#### Amortization, depreciation and impairment in EUR '000

	1/1 to 9/30/2014	1/1 to 9/30/2013
Scheduled amortization of film assets	76,311	52,228
Scheduled amortization of intangible assets	1,487	1,944
Scheduled depreciation of property, plant and equipment	3,953	5,654
Impairment of film assets	5,865	1,718
Impairment of intangible assets	0	29
Impairment of property, plant and equipment	0	24
<b>Total</b>	<b>87,616</b>	<b>61,597</b>

### Financial result

Financial income and financial expenses for the first nine months 2014 are as follows:

#### Financial income in EUR '000

	1/1 to 9/30/2014	1/1 to 9/30/2013
Foreign currency exchange gains	6,425	4,265
Gains from changes in the fair value of financial instruments	155	320
Other interest and similar income	641	604
<b>Total</b>	<b>7,221</b>	<b>5,189</b>

**Financial expenses in EUR '000**

	1/1 to 9/30/2014	1/1 to 9/30/2013
Interest expenses on corporate bonds (previous year: incl. convertible bond)	5,660	4,240
Foreign currency exchange losses	7,767	3,011
Loss from changes in the fair value of financial instruments	175	30
Write-down on non-current financial assets and non-current securities	1,231	0
Other interest and similar expenses	3,246	4,457
<b>Total</b>	<b>18,079</b>	<b>11,738</b>

The write-down on non-current financial assets and non-current securities include an impairment loss on non-current receivables due from the associated company Kuuluu Interactive Entertainment AG in the amount of EUR 1,231 thousand (9M 2013: EUR 0 thousand).

**Unrecognized allocable loss from entities accounted for at equity**

In the reporting period the unrecognized allocable loss from entities accounted for at equity amounts to EUR 812 thousand (9M 2013: EUR 651 thousand). The cumulative unrecognized allocable loss totals EUR 3,046 thousand (December 31, 2013: EUR 2,193 thousand).

**6. Financial risk management**

The Group is exposed to various financial risks arising from operating business activities and financing activities. Financial risks of relevance to the Group arise from changes in foreign exchange rates, market risks for financial assets as well as changes in interest rates, liquidity, creditworthiness and the payment ability of the Group's business partners. There have been no changes relating to the classification of the financial assets and liabilities compared to the latest consolidated financial statements. For additional information, refer to the Annual Report 2013, notes to the consolidated financial statements, note 8.

**Fair value hierarchy**

Financial assets and liabilities that are measured at fair value, or fair values to be disclosed in the notes, are allocated to the following levels of the fair value hierarchy, based on the lowest level input that is significant for the fair value measurement as a whole:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs are unobservable inputs for the asset or liability

In the first nine months until September 30, 2014, there has been no changes in the valuation principles (refer to the Annual Report 2013, notes to the consolidated financial statements, note 4.3).

The following table presents an allocation of financial assets and liabilities measured at fair value, or fair values to be disclosed in the notes according to the three-level fair value hierarchy:

**Fair value hierarchy as of September 30, 2014 in EUR '000**

	Net carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Derivative financial instruments	1,087		1,087		1,087
Financial assets at fair value through profit or loss	106	106			106
Cash with hedging relationships	94		94		94
Non-current receivables	483		481		481
<b>Financial liabilities</b>					
Non-current financial liabilities	97,433	66,463	36,684		103,147
Derivative financial instruments	128		128		128

**Fair value hierarchy as of December 31, 2013 in EUR '000**

	Net carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Derivative financial instruments	543		543		543
Financial assets at fair value through profit or loss	185	185			185
Non-current receivables	689		683		683
<b>Financial liabilities</b>					
Financial liabilities at fair value through profit or loss	520		520		520
Non-current financial liabilities	109,640	94,870	19,816		114,686
Financial liabilities with hedging relationships	413		413		413
Derivative financial instruments	704		704		704

For the determination of fair values the own credit risk and the default risk of the counterparty has been taken into account according to the Group's accounting principles (refer to the Annual Report 2013, notes to the consolidated financial statements, note 4.3).

There have been no reclassifications between the individual categories of the fair value hierarchy.

**Fair value of financial assets and liabilities**

The valuation at fair value of financial assets measured at fair value through profit or loss, which is included in level 1,

is determined by means of stock prices. Derivative financial instruments included in level 2 are measured at current market prices. To determine the fair value of financial instruments in level 2, a discounted cash flow method has been applied.

**Financial assets and liabilities measured at amortized cost**

The carrying amounts of current financial assets and liabilities almost correspond to their fair value due to the short-term maturity of these instruments. A difference between the carrying amount and fair value exist for one non-current financial receivable as well as for non-current financial liabilities.

The fair value of the non-current corporate bond 2013/2018 accounted for at amortized cost is equivalent to the XETRA closing rate at the balance sheet date, and is thus included in level 1.

The fair value of the loans from a private investor accounted for at amortized cost was determined using the discounted cash flow method. The discount rates adopted correspond to the market yield curve of a German government bond at the balance sheet date. As the market interest rate is the most significant input factor and thus deemed to be observable, the fair value of the loan is classified in level 2.

The fair value of a non-current receivable from a third party

accounted for at amortized cost was determined using the discounted cash flow method. The discount rates adopted correspond to the market yield curve of a German government bond at the balance sheet date. As the market interest rate is the most significant input factor and thus deemed to be observable, the fair value is classified in level 2. The remaining non-current receivables are discounted according to their maturity.

**Fair value of non-financial assets and liabilities**

As of September 30, 2014, with the exception of the investment property measured at fair value, no non-financial assets and non-financial liabilities have been measured at fair value. The investment property which is measured at fair value (refer to note 5) is classified in level 2 of the fair value hierarchy.

**7. Segment reporting**

**Segment reporting January 1 to September 30, 2014 in EUR '000**

	Sports	Film	Sports- and Event-Marketing	Other Business Activities	Others	Reconciliation	Group
External sales	105,340	223,608	30,436	2,217	0	0	<b>361,601</b>
Intercompany sales	172	0	0	36	0	-208	<b>0</b>
Total sales	105,512	223,608	30,436	2,253	0	-208	<b>361,601</b>
Other segment income	4,771	38,752	258	414	2,567	-3,338	<b>43,424</b>
Segment expense	-107,606	-256,374	-19,466	-4,056	-10,118	3,546	<b>-394,074</b>
thereof scheduled amortization and depreciation	-3,020	-77,455	-493	-616	-167	0	<b>-81,751</b>
thereof impairments	0	-5,865	0	0	0	0	<b>-5,865</b>
<b>Segment result</b>	<b>2,677</b>	<b>5,986</b>	<b>11,228</b>	<b>-1,389</b>	<b>-7,551</b>	<b>0</b>	<b>10,951</b>
<b>Non-allocated items</b>							
Earnings from investments in associated companies and joint ventures							<b>133</b>
Financial income							<b>7,221</b>
Financial expenses							<b>-18,079</b>
<b>Profit before taxes</b>							<b>226</b>

**Segment reporting January 1 to September 30, 2013 in EUR '000**

	Sports	Film	Sports- and Event- Marketing	Other Business Activities	Others	Recon- ciliation	Group
External sales	104,594	179,520	29,641	2,199	0	0	<b>315,954</b>
Intercompany sales	199	1,285	0	108	0	-1,592	<b>0</b>
Total sales	104,793	180,805	29,641	2,307	0	-1,592	<b>315,954</b>
Other segment income	6,316	71,141	175	647	4,614	-3,893	<b>79,000</b>
Segment expense	-114,913	-253,858	-20,479	-4,616	-8,368	5,485	<b>-396,749</b>
thereof scheduled amortization and depreciation	-4,597	-53,596	-607	-843	-183	0	<b>-59,826</b>
thereof impairments	-53	-1,718	0	0	0	0	<b>-1,771</b>
<b>Segment result</b>	<b>-3,804</b>	<b>-1,912</b>	<b>9,337</b>	<b>-1,662</b>	<b>-3,754</b>	<b>0</b>	<b>-1,795</b>
<b>Non-allocated items</b>							
Earnings from investments in associated companies and joint ventures							<b>-20</b>
Financial income							<b>5,189</b>
Financial expenses							<b>-11,738</b>
<b>Loss before taxes</b>							<b>-8,364</b>

The segment information above is based on the management approach. The Company's Management Board, as the chief operating decision maker, makes decisions about the allocation of resources to the segments and still assesses their success on the basis of key indicators for sales and segment result. Based on the internal management reporting system and the underlying organizational structure to the internal reporting, the Group is still classified into the four operative segments Sports, Film, Sports- and Event-Marketing as well as Other Business Activities. Others contain the administrative functions of the holding company, Constantin Medien AG, and in the previous year additionally the activities of EM.TV Finance B.V. until the completion of its liquidation in October 2013.

The segment result is defined as earnings before earnings from investments in associated companies and joint ventures, before financial result and before taxes.

Sales and services transacted between business segments are generally rendered at prices that would have been agreed with third parties.

**8. Financial commitments, contingent liabilities and other financial commitments**

Financial commitments, contingent liabilities and other financial commitments decreased by EUR 36,126 thousand to EUR 149,498 thousand as of September 30, 2014, compared to the consolidated financial statements as of December 31, 2013.

**9. Relationships with related companies and persons**

The Company maintains relations as part of the ordinary business activities with associated companies and joint ventures as well as companies that are controlled by Members of the Supervisory Board. Receivables due from associated companies and joint ventures include in some cases loans, which have arisen from non-binding financing activities of operational projects. The volume of actual transactions in the reporting period can be seen in the following table:

## Relationships with related companies and persons in EUR '000

<b>Joint Ventures</b>	<b>9/30/2014</b>	<b>12/31/2013</b>
Receivables	2,701	1,862
Liabilities	0	0
	<b>1/1 to 9/30/2014</b>	<b>1/1 to 9/30/2013</b>
Sales and other income	6,229	6,962
Cost of materials and licenses and other expenses	5,797	7,588
<b>Associated companies</b>	<b>9/30/2014</b>	<b>12/31/2013</b>
Receivables	3,058	2,512
Liabilities	0	21
	<b>1/1 to 9/30/2014</b>	<b>1/1 to 9/30/2013</b>
Sales and other income	37	2
Cost of materials and licenses and other expenses	56	109
<b>Other related companies and persons</b>	<b>9/30/2014</b>	<b>12/31/2013</b>
Receivables	0	0
Liabilities	31	46
Provisions	0	200
	<b>1/1 to 9/30/2014</b>	<b>1/1 to 9/30/2013</b>
Sales and other income	0	0
Legal and consulting expenses	336	238

There were no business relationships between Constantin Medien AG and associated companies and joint ventures in the reporting period and in the previous year. Transactions with associated companies and joint ventures were made by the Highlight Communications group.

Transactions with other related persons and companies include mainly the following relationships:

Expenses of EUR 258 thousand are incurred in the first nine

months 2014 (9M 2013: EUR 225 thousand) from the consultancy agreement between the Constantin Film group and the Fred Kogel GmbH covering license trading, TV service productions and film distribution. As of September 30, 2014, liabilities totaled EUR 31 thousand (December 31, 2013: EUR 25 thousand). With effect from September 30, 2014 this consultancy agreement was cancelled.

There exists a legal consultancy agreement between Constantin Medien AG and the Sozietät Kuhn Rechtsanwälte. In the first

nine months 2014, expenses are incurred in the amount of EUR 78 thousand (9M 2013: EUR 13 thousand). The liabilities amount to EUR 0 thousand as of September 30, 2014 (December 31, 2013: EUR 0 thousand). A provision in the amount of EUR 0 thousand (December 31, 2013: EUR 200 thousand) has been recognized for services not yet billed.

The consultancy agreement between Constantin Sport Marketing GmbH (now named Sport1 Media GmbH), Sport1 GmbH, Sky Deutschland Fernsehen GmbH & Co. KG and Dr Dieter Hahn, which has been signed in the financial year 2013, was terminated due to the cancellation of the transaction (see note 2). Consulting services were not provided under this agreement.

Constantin Medien AG is asserting, out of court and/or in court, the rights granted in a debtor warrant in the context of an agreement dated February 17, 2003 for the sale and transfer of the holding in Speed Investments Ltd. to BayernLB Motorsport Ltd., and is a party of a rights association of former Formula One shareholders – Civil rights Association. The shareholders of the rights association have made (i) in the case of a successful prosecution of these claims an arrangement for distribution of the remaining proceeds after deduction of any legal costs, and (ii) in the case of an unsuccessful prosecution of these claims an arrangement of distribution for payment of the legal costs incurred. KF15 GmbH & Co. KG is also a shareholder of the rights association. In the context of the aforementioned agreements, Constantin Medien AG has incurred legal costs of EUR 0 thousand in the reporting period (9M 2013: EUR 0 thousand) for KF 15 GmbH & Co. KG.

Related persons comprise of the Management and Supervisory Board Members and their relatives. In the first nine months 2014 no material transactions between Constantin Medien AG and Members of the Management Board and the Supervisory Board as well as their relatives occurred.

All transactions with related companies and persons are carried out on an arm's length basis.

## 10. Subsequent events after the balance sheet date

Amongst others, the Annual General Meeting of Constantin Medien AG on July 30, 2014 approved the settlement between Constantin Medien AG, Mr Thomas Haffa and several plaintiffs to settle the pending shareholder litigation and the Munich Higher Regional Court (“Oberlandesgericht München”) has approved this pursuant to Art. 18 para. 1 of the German Capital Investor Proceedings Act (KapMuG) with legal effect on October 20, 2014. Through the settlement, the number of plaintiffs will be reduced from 37 to 1 and the total amount in dispute from approximately EUR 1.42 million plus interest to around EUR 0.13 million plus interest. The proceeding of the plaintiff who has not joined the settlement will be continued. On the basis of the foregoing, the settlement of Constantin Medien AG and Mr Thomas Haffa has been effectively concluded.

On February 20, 2014, the High Court of Justice in London dismissed the proceedings of Constantin Medien AG against Bernard Ecclestone and others as unfounded and refused the appeal on March 27, 2014. On November 5, 2014, the Court of Appeal in London announced that after an oral hearing, the legal remedy of Constantin Medien AG against the non-admission of the appeal was dismissed. In connection with the dismissed action, Constantin Medien AG and the other shareholders of the rights association in the Formula One proceedings agreed on a cost distribution, which will result in a reimbursement to Constantin Medien AG in the fourth quarter of 2014. Constantin Medien AG will continue to pursue its rights and is considering the necessary steps.

Ismaning, November 12, 2014

**Constantin Medien AG**

**Bernhard Burgener**

Chief Executive Officer

**Antonio Arrigoni**

Chief Financial Officer

**Fred Kogel**

Chief Officer Production, Process Management, Integration

## Finance Calendar 2014

### May 23, 2014

Report for the first quarter of 2014

### July 30, 2014

Annual General Meeting (AGM) for the financial year 2013

### August 14, 2014

Interim Financial Report 2014

### November 13, 2014

Report for the third quarter of 2014

## Imprint

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