

# CTSeventim.AG

Three-Month Report 2005 | 01.01.2005 - 31.03.2005

**CTS Eventim Aktiengesellschaft**

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**Key Group Figures as at 31. March 2005**

	01.01. - 31.03.2005	01.01. - 31.03.2004
	[EUR '000]	[EUR '000]
<b>Revenues</b>	<b>53,009</b>	<b>41,648</b>
<b>Gross profit</b>	<b>13,175</b>	<b>9,451</b>
<b>Personnel expenses</b>	<b>4,784</b>	<b>4,008</b>
<b>Operating income before depreciation (EBITDA)</b>	<b>9,198</b>	<b>5,588</b>
<b>Depreciation</b>	<b>1,073</b>	<b>843</b>
<b>Operating profit (EBIT)</b>	<b>8,125</b>	<b>4,745</b>
<b>Result before income tax (EBT)</b>	<b>8,417</b>	<b>4,879</b>
<b>Consolidated net income</b>	<b>3,415</b>	<b>1,906</b>
<b>Cash flow</b>	<b>7,462</b>	<b>4,487</b>
	[EUR]	[EUR]
<b>Net income per share*, undiluted (=diluted)</b>	<b>0.28</b>	<b>0.16</b>
	[Qty.]	[Qty.]
<b>Number of employees**</b>	<b>440</b>	<b>387</b>
<b>Of which temporary</b>	<b>(74)</b>	<b>(77)</b>

\* Number of shares: 12 million

\*\* Number of employees at end of quarter (active workforce)

Dear Sirs/Mesdames,

the first quarter of the 2005 business year was dominated by the ticketing operation for the 2006 World Cup. As the ticketing partner of FIFA and the World Cup Organisation Committee, CTS Eventim is responsible for the technical systems for selling the around 3.2 million tickets. The first phase, from 1 February to 31 March, was handled without a hitch. More than 10 million ticket enquiries from all over the world were received by our servers and duly examined before the tickets were allocated by lottery in mid-April. We kept our promise of smooth and fair allocation of tickets, and uncovered a large-scale attempt at fraud from the U.S.A. The second ticketing phase began on 2 May and runs likewise smoothly. These activities have recommended us as a partner for such major events to associations and sport event organisers worldwide. Growing awareness of CTS Eventim has also increased demand on our eventim.de and getgo.de portals by more than 50% – not only for sports, but also for concert tickets. In the first three months of the current

business year, the two portals had a total of 18 million visitors. Presales for top concerts such as U2, Bruce Springsteen, Westernhagen and Joe Cocker gave us a good start to the new business year in the Live Entertainment field as well. We improved all our key financial figures in both segments, increasing Group revenues by 27.3% and EBIT by 71.2% in a year-on-year comparison.

Yours sincerely



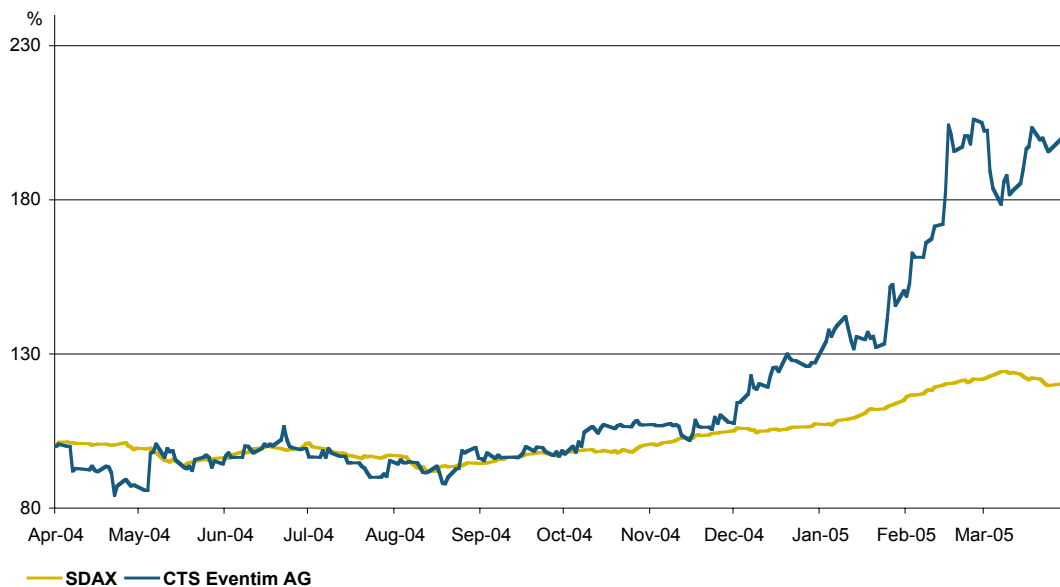
Klaus-Peter Schulenberg

**CTS shares: high share price growth due to positive reporting**

Thanks to professional handling, in almost all print and TV reporting on the Football World Cup, CTS Eventim has received positive coverage since the successful launch of World Cup ticketing on 1 February. The share price has profited accordingly. During the period under review, CTS shares peaked at EUR 28.85 at the end of February – one of the highest levels achieved since the IPO in 2000. As a comparison, shares were traded at around EUR 9.60 in January 2004. In relation to the latter figure, the share price of EUR 27.55

in mid-May 2005 denotes an increase of around 187%. In addition to active press relations work, the Management Board continued its IR activities with the usual intensity during the reporting period, attending numerous investor meetings in Germany, France and Great Britain. CTS shares are covered by a number of banks and analysts, including DZ Bank and Bayerische Landesbank (Designated Sponsors), Berenberg Bank, Nord LB and Morgan Stanley.

**Share price 01.04.04 - 31.03.2005 – indexed**



**Number of shares held by company officers as at 31 March 2005**

**Board of Management:**

<b>Klaus-Peter Schulenberg (Vorsitzender)</b>	<b>8,000,000</b>
<b>Volker Bischoff</b>	<b>102,000</b>
<b>Dr. Rainer Bartsch</b>	<b>5,000</b>
<b>Alexander Ruoff</b>	<b>1,000</b>

**Supervisory Board**

<b>Edmund Hug (Vorsitzender)</b>	<b>2,600</b>
<b>Dr. Peter Haßkamp</b>	<b>1,465</b>
<b>Dr. Peter Versteegen</b>	<b>0</b>

## **Financial report**

### **Preamble:**

With the adoption, by the Council of Ministers of the European Union in June 2002, of EU Regulation 1606/2002 of the European Parliament and the Council on the Application of International Accounting Standards, all Community companies participating in financial markets must prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) for financial years beginning after 31 December 2004. CTS Eventim decided to effect the transition in its accounting from the United States Generally Accepted Accounting Principles (US GAAP) to IFRS at the end of 2004.

IFRS 1, 'First-time Adoption of International Financial Reporting Standards', was applied to the preparation of the first IFRS financial statements. The date of transition was the opening IFRS balance

sheet as at 1 January 2003. Accordingly, all assets and liabilities were recognised in accordance with the IFRS standards applying on 31 December 2004. No significant changes in the financial situation and financial performance of the company resulted from the transition in accounting to IFRS.

In the IFRS financial statements, currency translation gains and losses are disclosed under other operating income or expenditure. According to US GAAP, translation differences are recognised in the financial result. Earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation and amortisation (EBITDA) and the financial result were adjusted accordingly to IFRS for 31 March 2004.

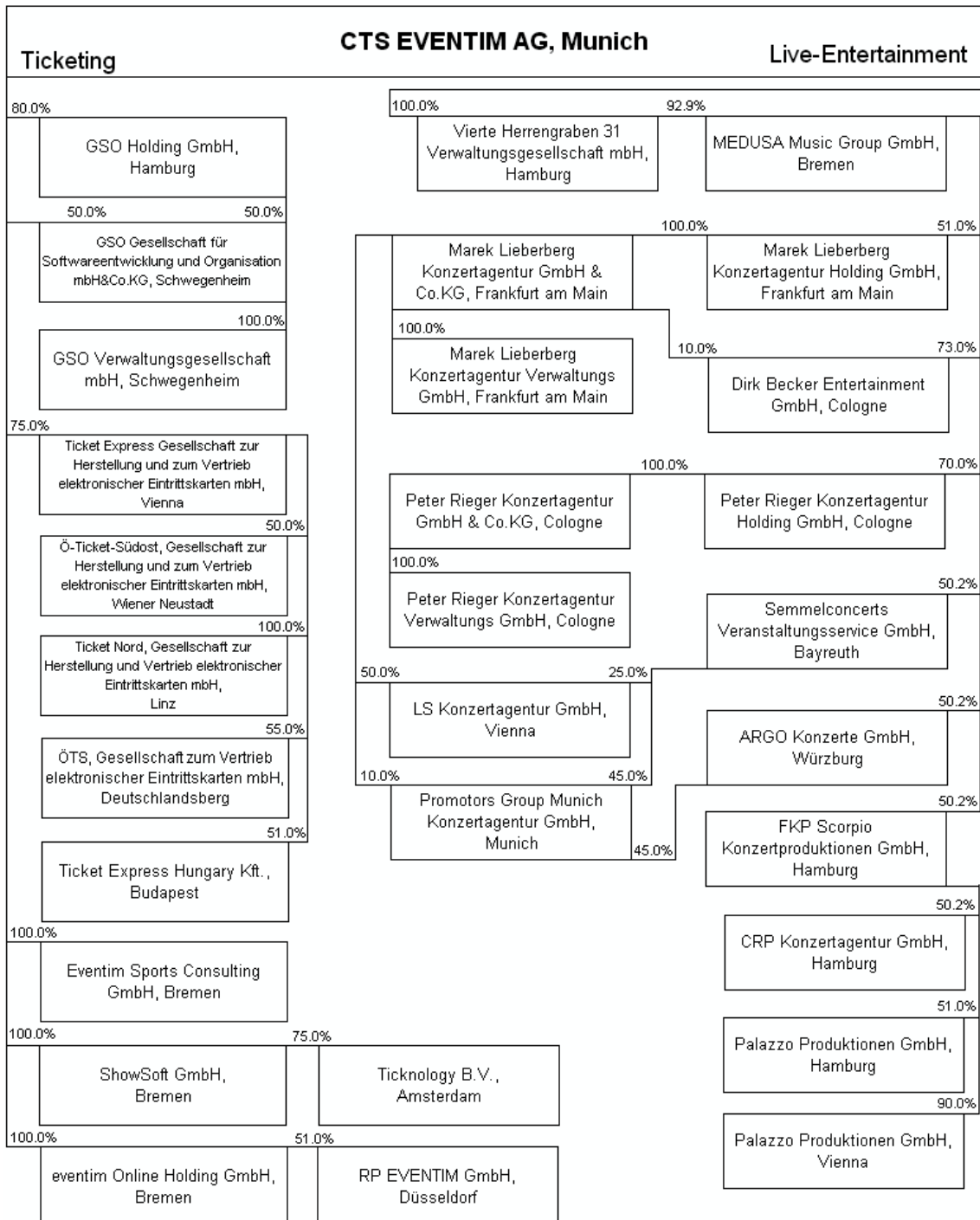
### **Structure of entities within the Group / Divisional changes during the reporting period:**

With effect from 01 January 2005, Eventim Sports Consulting GmbH, Bremen

was newly consolidated as part of the Ticketing segment.

**Corporate structure of CTS Eventim AG and its subsidiaries**

Status: 31 March 2005



**Notes on the figures for the comparative period:**

The comparative figures from the preceding year relate to the consolidated financial statements as at 31 March 2004, in accordance with IFRS.

The scope of consolidation changed in relation to Q1/2004 as follows:

The parent company of MEDUSA Music Group GmbH (hereinafter: MEDUSA), namely Vierte Herrengraben 31 Verwaltungsgesellschaft, increased its interest in MEDUSA within the Live Entertainment segment to 92.9%.

FKP Scorpio Konzertproduktionen GmbH, Hamburg, acquired an interest in Palazzo Produktionen GmbH, Hamburg. In conjunction with a local event organiser, Palazzo Hamburg established Palazzo Produktionen GmbH, Vienna. The Palazzo companies put on variety-gastronomy events in Germany and Austria.

In the Ticketing segment, the following regional sales companies of the Austrian subsidiary, Ticket Express, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Vienna were newly consolidated: ÖTS Gesellschaft zum Vertrieb elektronischer Eintrittskarten mbH, Deutschlandsberg, Ö-Ticket-Südost, Gesellschaft zur Herstellung und zum Vertrieb elektronischer Eintrittskarten mbH, Wiener Neustadt, Ticket Nord, Gesellschaft zur Herstellung und Vertrieb elektronischer Eintrittskarten mbH, Linz as well as Ticket Express Hungary Kft., Budapest.

The Eventim Sports Consulting GmbH was included in group consolidation as at 1 January 2005.

**Revenues:**

In the period from 1 January to 31 March 2005, the CTS Group generated revenues of EUR 53.0 million, compared to EUR 41.6 million in Q1/2004.

Sales in the Live Entertainment segment rose to EUR 40.8 million (Q1/2004: EUR 33.3 million). The first quarter of 2005 was characterised by a high frequency of events, featuring Anastacia, R.E.M and Ronan Keating, among others. In the Ticketing segment, the volume of sales achieved with the Group's Internet ticketing platforms was substantially increased yet again. The number of tickets sold via the Internet increased to more than 0.7 million by 31.03.2005.

Sales revenues in the Ticketing segment rose to EUR 13.0 million (Q1/2004: EUR 9.0 million). The revenues generated by CTS Eventim AG increased to EUR 10.2 million, compared to EUR 7.2 million in Q1/2004.

**Earnings situation:**

There was a further year-on-year increase in consolidated gross margin to 24.9% (Q1/2004: 22.7%). This improvement is mainly attributable to the Ticketing segment, which achieved a significantly higher gross margin of 54.3% (Q1/2004: 52.8%). The Live Entertainment segment also achieved a higher gross margin, up from 14.1% to 15.0%.

As at 31 March 2005, Group EBIT had risen to EUR 8.1 million (Q1/2004: EUR 4.7 million). The consolidated EBIT margin, at 15.3%, improved relative to the same period of 2004 (11.4%).

In the Live Entertainment segment, successful events such as Anastacia, R.E.M., Ronan Keating and Bryan Adams resulted in an EBIT figure of EUR 4.2 million, compared to EUR 2.6 million in the first quarter of 2004.

The Ticketing segment increased its EBIT to EUR 4.0 million (Q1/2004: EUR 2.2 million). The earnings improvement in this segment is mainly attributable to substantial growth in the number of tickets sold via the Internet, which now provide the Group with a major earnings contribution. The core ticketing business (excluding Internet sales) continued to develop well in relation to the same period in 2004. The cost of sales in the Ticketing segment increased to a disproportionately low extent during the period under review. The first revenues from advance sales of World Cup tickets will be generated from the second quarter of 2005 onwards.

Group EBITDA (EBIT before depreciation and amortisation) increased to EUR 9.2 million as at 31 March 2005 (31.03.2004: EUR 5.6 million). Of that total, EUR 4.3 million were produced by the Live Entertainment segment (Q1/2004: EUR 2.7 million), while the Ticketing segment generated a further EUR 4.9 million, up from EUR 2.9 million in Q1/2004. Earnings before tax (EBT) amounted to EUR 8.4 million (Q1/2004: EUR 4.9 million). Higher Group earnings, at EUR 3.4 million (Q1/2004: EUR 1.9 million), result in a substantial improvement in EPS to EUR 0.28 (Q1/2004: EUR 0.16).



**Investments:**

In the three-month period under review, the Group invested EUR 0.7 million (Q1/2004: EUR 0.3 million) in other tangible and intangible assets. These investments involved improvements to ticketing software, Internet applications and hardware equipment.

**Personnel development:**

As at the cut-off date, the Group had a total of 440 employees on its payroll, including 74 part-time workers (31.03.2004: 387 employees, including 77 part-time workers). Of that total, 293 are employed in the Ticketing segment (Q1/2004: 253 employees) and 147 in the Live Entertainment segment (Q1/2004: 134 employees). This increase in workforce size is primarily attributable to the companies newly included in consolidation, and to various special projects now being implemented.

Group personnel expenses rose from EUR 4.0 million to EUR 4.8 million, of which EUR 2.8 million are attributable to the Ticketing segment and EUR 2.0 million to the Live Entertainment segment.

**Outlook: Sights set on expansion**

The medium-term goal of CTS Eventim is to grow a pan-European network of ticketing companies in which promoters and ticket suppliers for events work profitably together across national boundaries to boost the attractiveness of their product range for all target groups. The main focus in the current 2005 business year is therefore to expand our core ticketing operations both in Germany and abroad. Internet ticketing, as the driver of corporate growth, has a key role to play in this effort. With its eventim.de and getgo.de portals, CTS Eventim is already Europe's leading ticketing provider for live entertainment and sports events. The aim now is to extend this business model throughout Europe. In addition to the business already conducted through its subsidiaries in Austria, the Netherlands and eastern Europe, CTS Eventim now plans to enter the respective markets in Switzerland, Spain, Italy and additional eastern European countries.

In the live entertainment field, CTS Eventim is superbly positioned with its subsidiaries and holdings, and will profit from expansion and its strong position as a leading ticket marketer when future tours and events are acquired. The Management Board expects excellent business development in 2005. In addition to ambitious aims in respect of ongoing business operations, attention will also be focused on achieving further improvements in earnings by means of intensive cost control, efficient organisation and the deployment of new technologies.

**Consolidated balance sheet (IFRS) as at 31.03.2005**

<b>Assets</b>	<b>31.03.2005</b>	<b>31.12.2004</b>
	<b>[EUR]</b>	<b>[EUR]</b>
<b>Current assets</b>		
Cash and cash equivalents	92,059,981	84,609,382
Marketable securities	0	16,836
Trade receivables	8,220,644	13,456,129
Receivables from affiliated companies	1,162,634	678,035
Inventories	10,343,321	8,058,109
Prepaid expenses, accrued income and other assets	7,798,245	6,443,811
<b>Total current assets</b>	<b>119,584,825</b>	<b>113,262,302</b>
<b>Non-current assets</b>		
Tangible assets	3,281,278	3,073,106
Intangible assets	7,218,966	7,804,973
Financial assets	941,804	947,896
Investments stated at equity	17,903	29,186
Loans	1,955,884	1,883,965
Long-term investments	30,359	30,359
Trade receivables	74,345	74,648
Receivables from affiliated companies	49,913	49,069
Other assets	742,431	689,994
Goodwill	39,144,962	39,141,544
Deferred tax assets	3,619,372	4,913,239
<b>Total non-current assets</b>	<b>57,077,217</b>	<b>58,637,979</b>
<b>Total assets</b>	<b>176,662,042</b>	<b>171,900,281</b>

**Consolidated balance sheet (IFRS) as at 31.03.2005**

Equity and liabilities	31.03.2005	31.12.2004
	[EUR]	[EUR]
<b>Current liabilities</b>		
Short-term loans and current portion of long-term loans	2,464,215	2,575,362
Trade payables	14,944,648	17,054,644
Payables to affiliated companies	275,658	308,775
Downpayments received	35,296,555	32,053,043
Provisions	1,340,211	949,266
Deferred income	816,738	979,576
Income tax liabilities	8,776,856	8,431,848
Other liabilities	36,230,479	37,690,434
<b>Total current liabilities</b>	<b>100,145,360</b>	<b>100,042,948</b>
<b>Non-current liabilities</b>		
Medium- and long-term loans	3,236,067	3,568,418
Downpayments received	0	101,733
Accrual for pensions	1,913,729	1,858,122
<b>Total non-current liabilities</b>	<b>5,149,796</b>	<b>5,528,273</b>
<b>Minority interest</b>	<b>8,076,358</b>	<b>6,451,873</b>
<b>Equity</b>		
Share capital	12,000,000	12,000,000
Capital reserve	35,322,647	35,322,647
Balance sheet profit	15,964,486	12,549,864
Currency differences	3,395	4,676
<b>Total equity</b>	<b>63,290,528</b>	<b>59,877,187</b>
<b>Total equity and liabilities</b>	<b>176,662,042</b>	<b>171,900,281</b>

**Consolidated statement of income (IFRS)**

	3 - Month-Report 01.01. - 31.03.2005 [EUR]	3 - Month-Report 01.01. - 31.03.2004 [EUR]
Revenues	53,008,912	41,647,923
Cost of sales	-39,834,136	-32,197,286
<b>Gross profit</b>	<b>13,174,776</b>	<b>9,450,637</b>
Selling expenses	-3,289,443	-2,593,669
General and administration expenses	-2,340,138	-2,108,024
Other operating income/expenses	579,377	-3,946
<b>Operating profit (EBIT)</b>	<b>8,124,572</b>	<b>4,744,998</b>
Interest income	295,772	135,329
Income / Expense from investments and participations	0	-854
Expense/Income from investments accounted for by the equity method	-1,793	0
Other expenses / income	-1,133	-959
<b>Result before income tax (and minority interest)/ (EBT)</b>	<b>8,417,418</b>	<b>4,878,514</b>
Income tax (incl. deferred tax)	-3,378,311	-2,114,061
<b>Result before minority interest</b>	<b>5,039,107</b>	<b>2,764,453</b>
Minority interest	-1,624,485	-858,073
<b>Consolidated net income</b>	<b>3,414,622</b>	<b>1,906,380</b>
Net income per share undiluted (=diluted)	0.28	0.16
Weighted average shares outstanding undiluted (=diluted) [Qty.]	12,000,000	12,000,000

**Consolidated cash flow statement**

	01.01. - 31.03.2005 [EUR]	01.01. - 31.03.2004 [EUR]
<b>Consolidated net income</b>	3,414,622	1,906,380
<b>Minority interest</b>	1,624,485	858,073
<b>Depreciation on assets</b>	1,073,250	843,119
<b>Addition to pension accruals</b>	55,607	32,071
<b>Expenses from tax deferrals</b>	1,293,866	846,965
<b>Cash flow</b>	7,461,830	4,486,608
<b>Decrease / increase in cash flow from operating activities</b>	8,549,591	98,175
<b>Decrease / increase in cash flow from investing activities</b>	-796,234	-1,336,369
<b>Decrease / increase in cash flow from financing activities</b>	-315,389	-1,867,292
<b>Increase / decrease in cash and cash equivalents</b>	7,437,968	-3,105,486
<b>Cash and cash equivalents as at 1 January</b>	84,609,382	66,603,699
<b>Change in cash and cash equivalents due to consolidation</b>	12,631	0
<b>Funds as at 31 March</b>	92,059,981	63,498,213

**Development of Shareholders' Equity**

	Status at 31.12.2003 [EUR]	Status at 31.03.2004 [EUR]	Status at 31.12.2004 [EUR]	Changes [EUR]	Status at 31.03.2005 [EUR]
Share capital	12,000,000	12,000,000	12,000,000	0	12,000,000
Additional paid-in capit	36,401,753	36,401,753	35,322,647	0	35,322,647
Accumulated retained earnings	2,347,578	4,253,957	12,549,864	3,414,622	15,964,486
Foreign currency translation reserve	0	0	4,676	-1,281	3,395
Total equity	50,749,331	52,655,710	59,877,187	3,413,341	63,290,528

**Business Segment Report**

	01.01. - 31.03.2005 [EUR '000]	01.01. - 31.03.2004 [EUR '000]
<b>Segment Ticketing</b>		
Revenues	12,977	9,032
EBITDA	4,936	2,928
EBIT	3,956	2,164
Employees [Qty.] as at 31.03.	293	253
<b>Segment Live-Entertainment</b>		
Revenues	40,764	33,254
EBITDA	4,262	2,660
EBIT	4,169	2,581
Employees [Qty.] as at 31.03.	147	134
<b>Consolidation</b>		
Revenues	-732	-638
EBITDA	0	0
EBIT	0	0
<b>Group</b>		
Revenues	53,009	41,648
EBITDA	9,198	5,588
EBIT	8,125	4,745
Employees [Qty.] as at 31.03.	440	387