

# CTSeventim.AG

Six-Month Report 2005 | 01.01.2005 - 30.06.2005

**CTS Eventim Aktiengesellschaft**

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**Key Group Figures as at 30 June 2005**

	01.01.-30.06.2005	01.01.-30.06.2004
	[EUR '000]	[EUR '000]
<b>Revenues</b>	144,292	121,764
<b>Gross profit</b>	32,717	24,066
<b>Personnel expenses</b>	9,921	8,674
<b>Operating income before depreciation (EBITDA)</b>	22,929	15,789
<b>Depreciation</b>	2,226	2,043
<b>Operating profit (EBIT)</b>	20,703	13,746
<b>Result before income tax (EBT)</b>	21,374	14,025
<b>Consolidated net income</b>	9,223	5,292
<b>Cash flow</b>	16,526	11,645
	[EUR]	[EUR]
<b>Net income per share*, undiluted (=diluted)</b>	0.77	0.44
	[Qty.]	[Qty.]
<b>Number of employees**</b>	436	379
<b>Of which temporary</b>	(69)	(71)

\* Number of shares: 12 million

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

Dear Sirs/Mesdames,

In the first half of 2005, business growth was once again the dominant feature at CTS EVENTIM. We improved all our key financial figures, increasing Group revenues by 18.5% and EBIT by 50.6% year-on-year. The Ticketing division, in particular, was able to meet ambitious growth targets with considerable dynamism. The main claim to fame for CTS EVENTIM has been and continues to be the two major football events in Germany: the 2005 FIFA Confederations Cup (ConfedCup) in June this year, and the 2006 FIFA World Cup in Germany (2006 World Cup). CTS EVENTIM is responsible, as the ticketing partner of the World Cup Organisation Committee, for the technical systems used to sell the around 3.2 million tickets. Ticketing for the ConfedCup – a general rehearsal for the 2006 World Cup – was mastered without a hitch. Our fair allocation of tickets and professional handling of the logistics involved have already established us as the perfect partner for federations and sports organisers in respect of major events like these. Our [www.eventim.de](http://www.eventim.de) and [www.getgo.de](http://www.getgo.de) portals are also benefiting, in the form of continued robust growth in ticket sales, from enhanced awareness of CTS EVENTIM. This effect is very apparent on the trend of the share price, too.

Investor confidence in our business development is continuing to grow, with the CTS share price improving over the reporting period by around 85% to EUR 34.74. This means that shares have been continuously gaining in value, in an almost unbroken upward trend, since the end of 2002. That said, it is important that our shareholders not only benefit from healthy share price appreciation, but also participate in the profits generated by the company. We are therefore planning to pay out our first ever dividend for the 2005 financial year.

Yours sincerely,



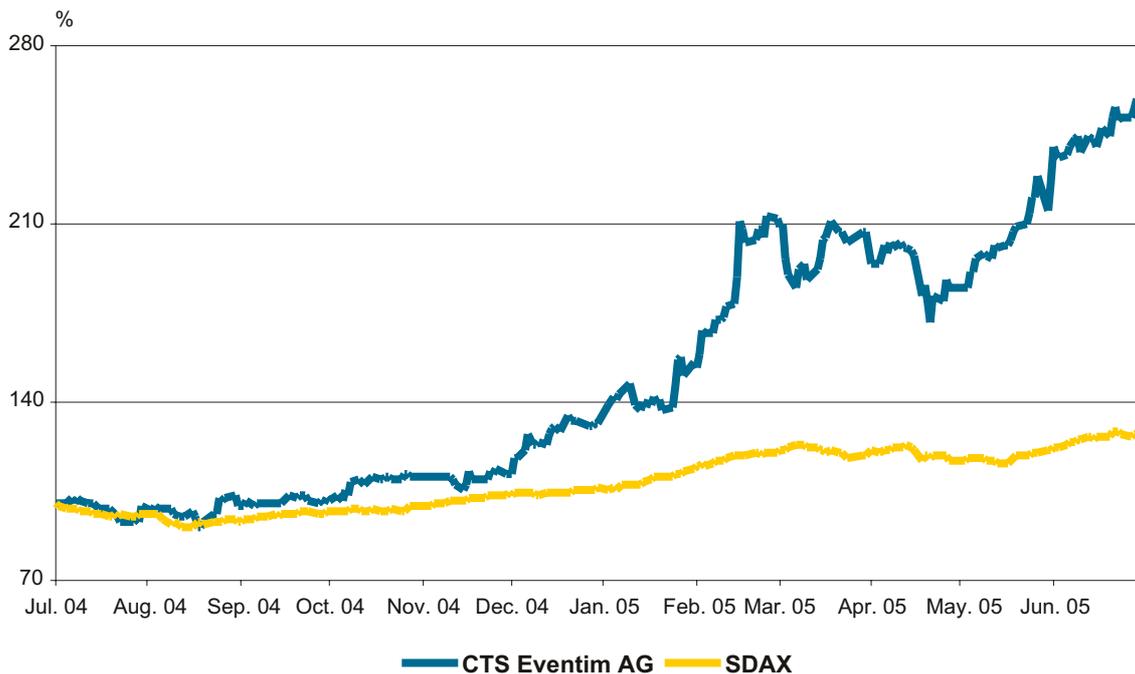
Klaus-Peter Schulenberg

**Share price at new all-time high**

CTS EVENTIM AG celebrates its five-year IPO anniversary this year. In the first six months of 2005, our shares rose to EUR 34.74 (30.06.), the highest level since their first listing. At the beginning of August, the share price had risen even further to above EUR 40 – an increase of more than 118% since January of this year. CTS shares are listed in the SDAX index and receive above-average

coverage from banks and analysts, including DZ Bank and Bayerische Landesbank (Designated Sponsors), Morgan Stanley, Berenberg Bank and Nord LB. The latest analyst research reports recommend CTS shares as buys ('overweight', 'buy'), and set share price targets of EUR 43 (Morgan Stanley, 19.07.2005) and EUR 45 (Berenberg Bank, 2.8.2005).

**Share price 01.07.04 - 30.06.2005 - indexed**



**Shares held by executive body members as at 30 June 2005**

**Board of Management:**

Klaus-Peter Schulenberg (CEO)	8,000,000
Volker Bischoff	0
Alexander Ruoff	1,000

**Supervisory Board:**

Edmund Hug (Chairman)	1,400
Dr. Peter Haßkamp	0
Dr. Peter Versteegen	0

**Financial report****Preamble:**

Following the adoption in June 2002 of the EU Directives on the application of International Accounting Standards, all Community companies participating in financial markets must prepare their consolidated financial statements in accordance with the 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.

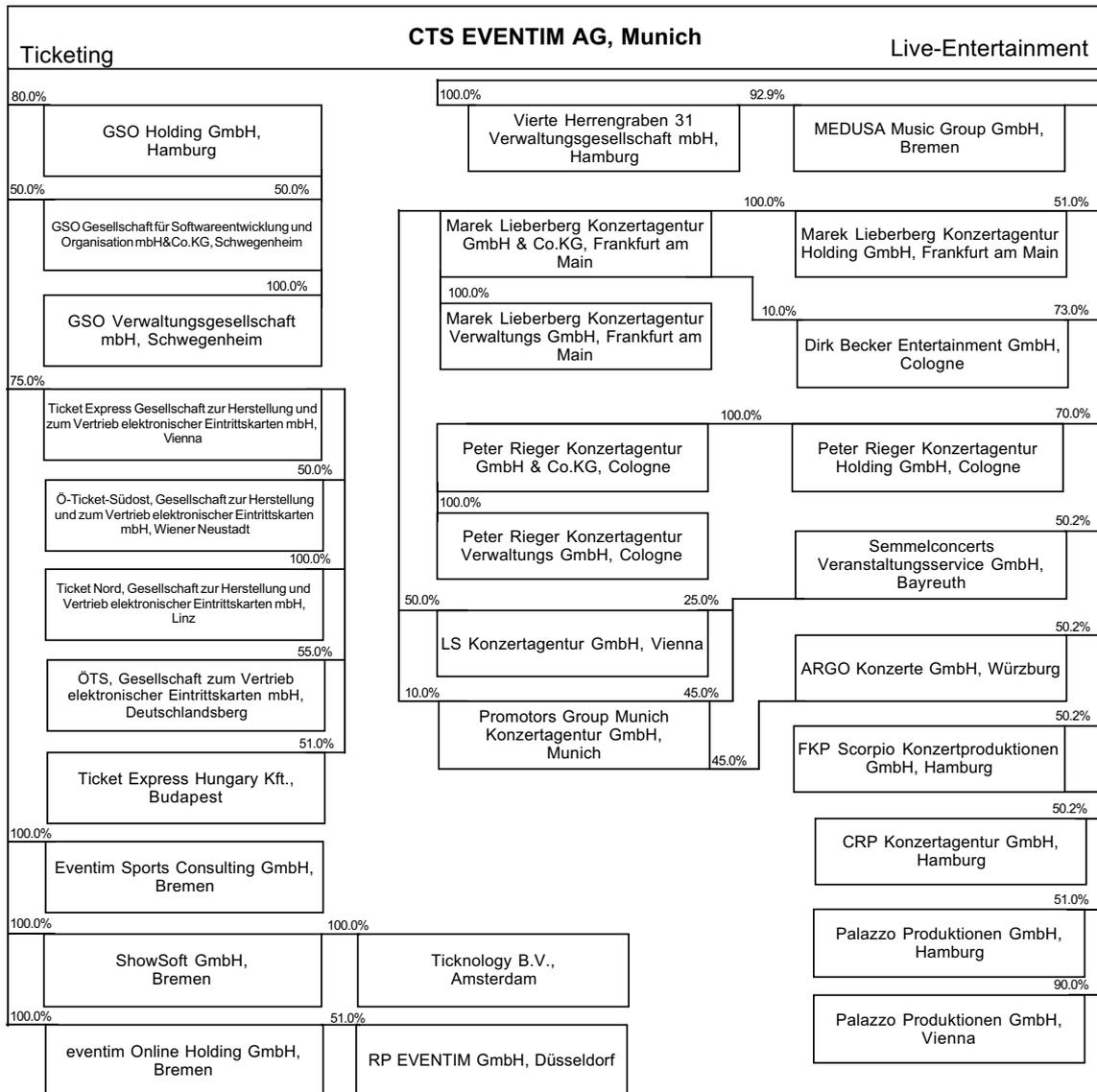
In the IFRS financial statements, currency translation gains and losses are disclosed under other operating income or expenditure. According to US GAAP, translation differences are recognised in the financial result. Earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation and amortisation (EBITDA) and the financial result were adjusted accordingly to IFRS for 30 June 2004.

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

Eventim Sports Consulting GmbH, Bremen was newly consolidated as part of the Ticketing segment with effect from 1 January 2005. ShowSoft GmbH, Bremen increased its holdings as parent company of Ticknology B.V., Amsterdam, from 25% to 100%.

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

Status: 30 June 2005



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

The comparative figures from the preceding year relate to the consolidated financial statements according to IFRS as at 30 June 2004.

The scope of consolidation changed in relation to HY1/2004 as follows.

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 (hereinafter: Palazzo 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.

Eventim Sports Consulting GmbH was included in consolidation as from 1 January 2005.

**Revenues:**

In the period under review (1 January to 30 June 2005), CTS EVENTIM increased its Group revenues by 18.5% to EUR 144.3 million (HY1/2004: EUR 121.8 million).

In the Live Entertainment segment, the first two quarters of 2005 were characterised by a high frequency of events, including tours and concerts by U2, Queen, Joe Cocker, Anastacia, R.E.M and Ronan Keating. Sales revenues in this segment improved to reach EUR 112.9 million (HY1/2004: EUR 106.6 million).

The Internet was again the predominant factor for CTS EVENTIM in the first half of 2005. Around 40 million music and event fans (HY1/2004: 24 million) visited the Internet ticketing platforms [www.eventim.de](http://www.eventim.de) and [www.getgo.de](http://www.getgo.de), buying more than 1.5 million tickets (HY1/2004: 0.9 million). This equates to a percentage increase of around 68%.

Sales revenues in the Ticketing segment rose to EUR 33.3 million (HY1/2004: EUR 17.4 million). The revenues generated by CTS EVENTIM AG as a standalone company increased to EUR 27.9 million, compared to EUR 13.6 million in HY1/2004. The ConfedCup und 2006 World Cup projects accounted for EUR 8.6 million of the revenue growth achieved by CTS EVENTIM AG.

**Earnings situation:**

The consolidated gross margin in the first half-year increased once again on a year-on-year basis to reach 22.7% (HY1/2004: 19.8%). This increase is mainly attributable to the Ticketing segment, which achieved a significantly higher gross margin of 53.1% (HY1/2004: 50.9%). In the Live Entertainment segment, the gross margin was 13.3% (HY1/2004: 14.3%).

As at 30 June 2005, the Group EBIT had improved by 50.6% to EUR 20.7 million (HY1/2004: EUR 13.7 million). The consolidated EBIT margin, at 14.3%, was also higher than for the same period of 2004 (11.3%).

The first half of the year was characterised by a high frequency of events with highly successful performers, including sold-out tours by Phil Collins, Metallica, Sting and Shania Twain. Successful events with artists like Anastacia, R.E.M., Joe Cocker, Queen and U2, and the sold-out Hurricane Festival, brought the HY1/2005 EBIT figure for the Live Entertainment division to EUR 10.2 million (HY1/2004: EUR 10.8 million).

In the Ticketing segment, CTS EVENTIM more than trebled the EBIT figure – from EUR 3.1 million the year before to EUR 10.5 million. Besides better figures from normal ticketing operations, it was above all the profitable growth in Internet ticketing that brought about this leap, with a considerable increase in ticket volumes and concomitant growth in revenue. Successful handling of the 2005 ConfedCup and the first ticket sales for the 2006 World Cup also contributed to these excellent results.

Group EBITDA (EBIT before depreciation and amortisation) increased to EUR 22.9 million as at 30 June 2005 (30.06.2004: EUR 15.8 million). EUR 10.4 million of that total was produced in the Live Entertainment segment (HY1/2004: EUR 10.9 million), while the Ticketing segment generated a further EUR 12.6 million, a great improvement on the EUR 4.9 million in HY1/2004.

Earnings before tax (EBT) amounted to EUR 21.4 million (HY1/2004: EUR 14.0 million). This outstanding earnings growth in the Ticketing segment led to a further boost in consolidated net income from EUR 5.3 million in HY1/2004 to EUR 9.2 million this year. As a consequence, EPS is significantly higher at EUR 0.77 (HY1/2004: EUR 0.44).

**Investments:**

In the first half of 2005, the Group invested EUR 1.5 million in other tangible and intangible assets, compared to EUR 0.7 million in the HY1/2004. These investments involved improvements to ticketing software, Internet applications and hardware equipment.

**Personnel development:**

As at 30 June 2005, the Group had 436 employees on its payroll, including 69 part-timers (30.06.2004: 379 employees, including 71 part-timers). Of that total, 303 are employed in the Ticketing segment (HY1/2004: 236 employees) and 133 in the Live Entertainment segment (HY1/2004: 143 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 8.7 million to EUR 9.9 million, of which EUR 5.8 million is attributable to the Ticketing segment and EUR 4.1 million to the Live Entertainment segment.

**Outlook: Internet ticketing ensures growth**

The business model applied by CTS EVENTIM will secure the market leader its exceptional position on the European market for the future as well. The combination of live entertainment and ticketing operations, has already produced a strong position in Germany and Austria. In the live entertainment field, CTS EVENTIM is superbly positioned with its subsidiaries and holdings, and will profit both from expansion and from its strong position as a leading ticket marketer when future tours and events are acquired. Internet ticketing will remain the key driver of growth for the Group as a whole, and CTS EVENTIM will continue in the medium term to expand its European network in this field. In addition to the business already conducted through its subsidiaries in Austria, the Netherlands and eastern Europe, it is now planned to enter the respective markets in Belgium, Switzerland, Spain, Italy and additional eastern European countries.

Today, CTS EVENTIM already provides the most attractive range of events – more than 70,000 in number – that can be searched for and booked easily and conveniently over the Internet.

In the first half of 2005 alone, the [www.eventim.de](http://www.eventim.de) and [www.getgo.de](http://www.getgo.de) portals logged around 40 million visitors, including many subscribers to the weekly Eventim Newsletters that not only provide details of events, but also draw attention to exclusive advance booking opportunities before tickets officially go on sale – a service that is making the portals increasingly popular. Additional services like mobile ticketing and print-at-home tickets will further enhance the attractiveness of the Internet ticketing platform CTS EVENTIM in the future.

The Management Board expects the company to continue its strong growth as planned, and will focus especially on achieving further improvements in earnings.

**Consolidated balance sheet (IFRS) as at 30.06.2005**

Assets	30.06.2005	31.12.2004
	[EUR]	[EUR]
<b>Current assets</b>		
Cash and cash equivalents	122,974,866	84,609,382
Marketable securities	0	16,836
Trade receivables	14,785,062	13,456,129
Receivables from affiliated companies	1,210,221	678,035
Inventories	5,018,304	8,058,109
Prepaid expenses, accrued income and other assets	8,647,415	6,443,811
<b>Total current assets</b>	<b>152,635,868</b>	<b>113,262,302</b>
<b>Non-current assets</b>		
Tangible assets	3,636,475	3,073,106
Intangible assets	6,521,368	7,804,973
Financial assets	948,004	947,896
Investments stated at equity	11,689	29,186
Loans	2,190,252	1,883,965
Long-term investments	30,359	30,359
Trade receivables	50,235	74,648
Receivables from affiliated companies	49,913	49,069
Other assets	759,868	689,994
Goodwill	39,170,871	39,141,544
Deferred tax assets	3,721,000	4,913,239
<b>Total non-current assets</b>	<b>57,090,034</b>	<b>58,637,979</b>
<b>Total assets</b>	<b>209,725,902</b>	<b>171,900,281</b>

**Consolidated balance sheet (IFRS) as at 30.06.2005**

Equity and liabilities	30.06.2005	31.12.2004
	[EUR]	[EUR]
<b>Current liabilities</b>		
Short-term loans and current portion of long-term loans	2,314,873	2,575,362
Trade payables	19,844,701	17,054,644
Payables to affiliated companies	263,500	308,775
Downpayments received	30,891,528	32,053,043
Provisions	1,602,917	949,266
Deferred income	1,770,695	979,576
Income tax liabilities	9,575,360	8,431,848
Other liabilities	62,931,341	37,690,434
<b>Total current liabilities</b>	<b>129,194,915</b>	<b>100,042,948</b>
<b>Non-current liabilities</b>		
Medium- and long-term loans	2,892,585	3,568,418
Downpayments received	0	101,733
Accrual for pensions	1,946,726	1,858,122
<b>Total non-current liabilities</b>	<b>4,839,311</b>	<b>5,528,273</b>
<b>Minority interest</b>	<b>6,592,798</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	21,772,753	12,549,864
Currency differences	3,478	4,676
<b>Total equity</b>	<b>69,098,878</b>	<b>59,877,187</b>
<b>Total equity and liabilities</b>	<b>209,725,902</b>	<b>171,900,281</b>

**Consolidated statement of income (IFRS)**

	6- Month Report 01.01.- 30.06.2005 [EUR]	6- Month Report 01.01.- 30.06.2004 [EUR]
Revenues	144,291,922	121,763,875
Cost of sales	-111,574,493	-97,697,441
Gross profit	32,717,429	24,066,434
Selling expenses	-6,801,976	-5,981,022
General and administration expenses	-5,075,847	-4,544,060
Other operating income / expenses	-136,581	204,589
Operating (EBIT)	20,703,025	13,745,941
Interest income	648,857	266,326
Income / Expense from investments and participations	25,260	19,393
Expense / Income from investments accounted for by the equity method	1,306	0
Other expenses / income	-4,723	-6,266
Result before income tax (and minority interest) / (EBT)	21,373,725	14,025,394
Income tax (incl. deferred tax)	-8,354,941	-5,481,850
Result before minority interest	13,018,784	8,543,544
Minority interest	-3,795,897	-3,251,792
Consolidated net income	9,222,887	5,291,752
Net income per share undiluted (=diluted)	0.77	0.44
Weighted average shares outstanding undiluted (=diluted) [Qty.]	12,000,000	12,000,000

**Consolidated statement of income (IFRS)**

	Interim Report 2/2005 01.04.- 30.06.2005 [EUR]	Interim Report 2/2004 01.04.- 30.06.2004 [EUR]
Revenues	91,283,010	80,115,952
Cost of sales	-71,740,357	-65,500,156
Gross profit	19,542,653	14,615,796
Selling expenses	-3,512,533	-3,387,353
General and administration expenses	-2,735,709	-2,436,036
Other operating income / expenses	715,960	208,537
Operating profit (EBIT)	12,578,451	9,000,944
Interest income	353,085	130,997
Income / Expense from investments and participations	25,260	20,247
Expense / income from investments accounted for by the equity method	3,099	0
Other expenses / income	-3,589	-5,307
Result before income tax (and minority interest) / (EBT)	12,956,306	9,146,881
Income tax (incl. deferred tax)	-4,976,630	-3,367,789
Result before minority interest	7,979,676	5,779,092
Minority interest	-2,171,411	-2,393,720
Consolidated net income	5,808,264	3,385,372
Net income per share undiluted (=diluted)	0.48	0.28
Weighted average shares outstanding undiluted (=diluted) [Qty.]	12,000,000	12,000,000

**Consolidated cash flow statement**

	01.01.- 30.06.2005	01.01.- 30.06.2004
	[EUR]	[EUR]
Consolidated net income	9,222,887	5,291,752
Minority interest	3,795,897	3,006,507
Depreciation on assets	2,226,456	2,043,107
Addition to pension accruals	88,604	64,142
Expenses / Income from tax deferrals	1,192,238	1,239,954
Cash flow	16,526,082	11,645,462
Decrease / Increase in cash flow from operating activities	44,541,306	2,094,062
Decrease / Increase in cash flow from investing activities	-1,874,470	-2,758,995
Decrease / Increase in cash flow from financing activities	-4,313,983	-1,871,237
Increase / Decrease in cash and cash equivalents	38,352,853	-2,536,170
Cash and cash equivalents as at 1 January	84,609,382	66,603,699
Change in cash and cash equivalents due to consolidation	12,631	0
Funds as at 30 June	122,974,866	64,067,529

**Development of Shareholders' Equity**

	Status at 31.12.2003	Status at 30.06.2004	Status at 31.12.2004	Changes	Status at 30.06.2005
	[EUR]	[EUR]	[EUR]	[EUR]	[EUR]
Share capital	12,000,000	12,000,000	12,000,000	0	12,000,000
Additional paid-in capital	36,401,753	36,401,753	35,322,647	0	35,322,647
Accumulated retained earnings	2,347,578	8,701,383	12,549,864	9,222,887	21,772,753
Foreign currency translation reserve	0	0	4,676	-1,198	3,478
Total equity	50,749,331	57,103,136	59,877,187	9,221,689	69,098,878

**Business Segment Report**

	01.01.- 30.06.2005 [EUR'000]	01.01.- 30.06.2004 [EUR'000]
<b>Segment Ticketing</b>		
Revenues	33,285	17,371
EBITDA	12,558	4,919
EBIT	10,525	3,050
Employees [Qty.] as at 30.06.	303	236
<b>Segment Live Entertainment</b>		
Revenues	112,940	106,553
EBITDA	10,372	10,928
EBIT	10,178	10,754
Employees [Qty.] as at 30.06.	133	143
<b>Consolidation</b>		
Revenues	-1,934	-2,160
EBITDA	0	-58
EBIT	0	-58
<b>Group</b>		
Revenues	144,292	121,764
EBITDA	22,929	15,789
EBIT	20,703	13,746
Employees [Qty.] as at 30.06.	436	379