

# CTSeventim.AG

Nine-Month Report 2005 | 01.01.2005 - 30.09.2005

**CTS Eventim Aktiengesellschaft**

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

	01.01.-30.09.2005	01.01.-30.09.2004
	[EUR '000]	[EUR '000]
Revenues	182,952	160,291
Gross profit	39,853	30,330
Personnel expenses	14,716	12,446
Operating income before depreciation (EBITDA)	25,791	18,044
Depreciation	3,411	3,159
Operating profit (EBIT)	22,380	14,885
Result before income tax (EBT)	23,382	15,350
Consolidated net income	10,306	5,261
Cash flow	19,217	13,404
	[EUR]	[EUR]
Net income per share*, undiluted (=diluted)	0.86	0.44
Net income per share after capital increase** (equivalent to a share split)	0.43	0.22
	[Anzahl]	[Anzahl]
Number of employees***	460	390
Of which temporary	(73)	(70)

\* Number of shares: 12 million

\*\* Number of shares: 24 million

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

Dear Sirs/Mesdames,

Three main themes dominate our reporting on the successful 9 month: the persistent and dynamic growth of business operations in both the Live Entertainment and Ticketing segments, the FIFA 2006 World Football Championships in Germany 2006 (2006 World Cup) and the performance of our shares. Allow me to make a few remarks in this regard.

- The core business: the CTS Group has once again improved all its key performance figures, closing the first nine months of 2005 with a 14% hike in sales revenue and substantial earnings growth of more than 50%. These increases stem mainly from the Ticketing segment, which achieved around 68% growth in sales and a 180% improvement in EBIT. In the third quarter alone, our eventim.de and getgo.de portals logged around 20 million visitors, who purchased more than 500,000 tickets online. So far in 2005, around 60 million fans of music, culture and sport have visited our ticketing portals.

- The 2006 World Cup: as the ticketing partner of the World Cup Organisation Committee, we have been responsible for some months already for successfully operating the technical systems for selling the 3.2 million tickets available. In early November, we were also commissioned to organise the resale and transfer platform. On that Internet site, football fans can sell or transfer their tickets to other people – legally and in accordance with the regulations laid down by the Organisation Committee.

We are thus providing a simple and secure method of transferring personalised tickets, and fulfilling the wishes of innumerable fans from all over the world.

- Share performance: To enhance the attractiveness of CTS shares even further, we proposed to the Shareholders' Meeting in August that the share capital be increased using own funds, thus resulting in a 1:2 share split to which all shareholders are automatically entitled. This measure has now been implemented in full, with the new bearer shares being credited to shareholder depots on 30 October 2005. We are confident that the reduced share price and improved liquidity for trading will have positive effects on the future performance of our shares.

Yours sincerely,



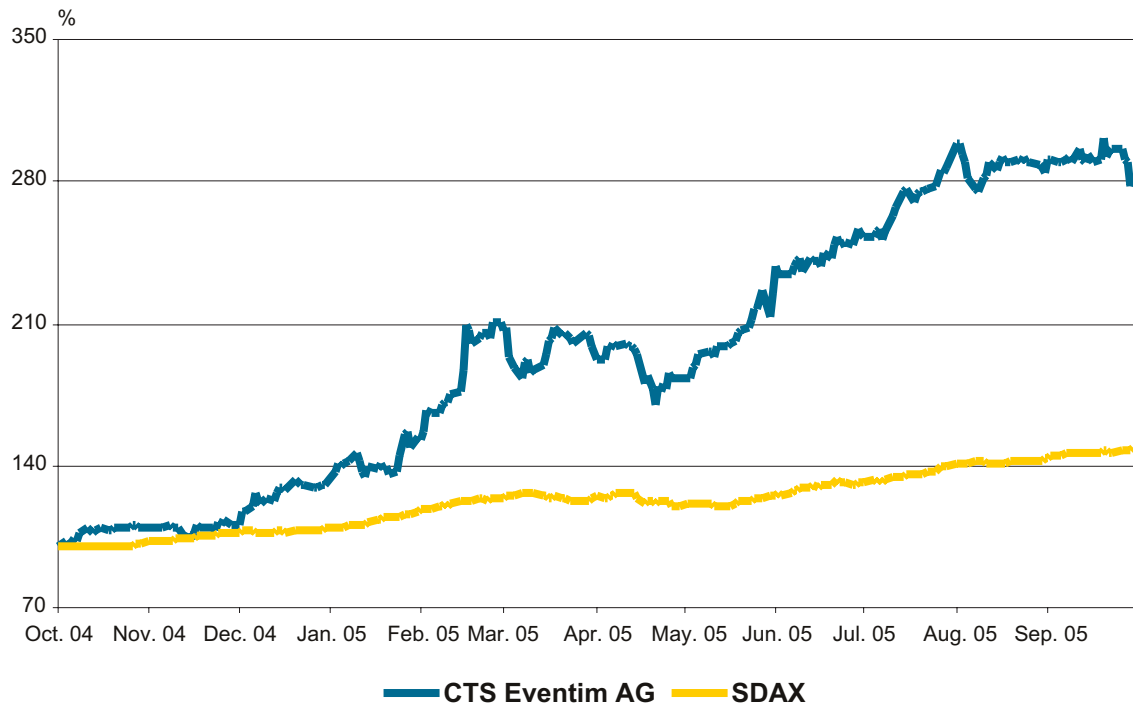
Klaus-Peter Schulenberg

**Shares remain attractive**

CTS EVENTIM has completed the share capital increase adopted on 23 August 2005, by implementing the move on the stock exchange. The registered capital was increased from EUR 12,000,000 to EUR 24,000,000 by converting the respective amount of capital reserves. The 12,000,000 new no-par value bearer shares, each with an arithmetic EUR 1.00 share in the registered capital, were allocated to shareholders on 30 October 2005 in proportion to the number of CTS shares held in each depot. This measure is equivalent in effect to a 1:2 share split. The lower price per share, combined with the resultant improvement in trading

liquidity, are enhancing the attractiveness of the shares. Our shares continued to perform well during the period under review, advancing to a new all-time high of EUR 41.20 (equivalent to 24 million shares: EUR 20.60) on 20 September 2005 and remaining since then at a stable and high level. CTS shares are listed in the SDAX index and enjoy exceptionally broad coverage by analysts and banks, including DZ Bank and Bayerische Landesbank (Designated Sponsors), Morgan Stanley, Berenberg Bank and Nord LB. In October this year, Citigroup also initiated coverage with a target of EUR 25.

**Share price 01.10.04 - 30.10.2005 - indexed**



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

Board of Management:		equivalent after the stock split as at 31.10.2005		Supervisory Board:		equivalent after the stock split as at 31.10.2005	
Klaus-Peter Schulenberg (CEO)	8,000,000	16,000,000	Edmund Hug (Chairman)	1,400	2,800		
Volker Bischoff	0	0	Dr. Peter Haßkamp	0	0		
Alexander Ruoff	1,000	2,000	Jacob Kleefass	597	1,194		

**Financial report**

**Preamble:**

With the adoption in June 2002 of the EU Regulation 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 from 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.

**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 in the first quarter of 2005.

ShowSoft GmbH, Bremen, changed its name to CTS Eventim Solutions GmbH, Bremen. Ticknology B.V., Amsterdam changed its name to CTS Nederland B.V..

CTS Eventim Solutions GmbH, Bremen, increased its shareholdings in CTS Nederland B.V., Amsterdam, by 25% to 100%.

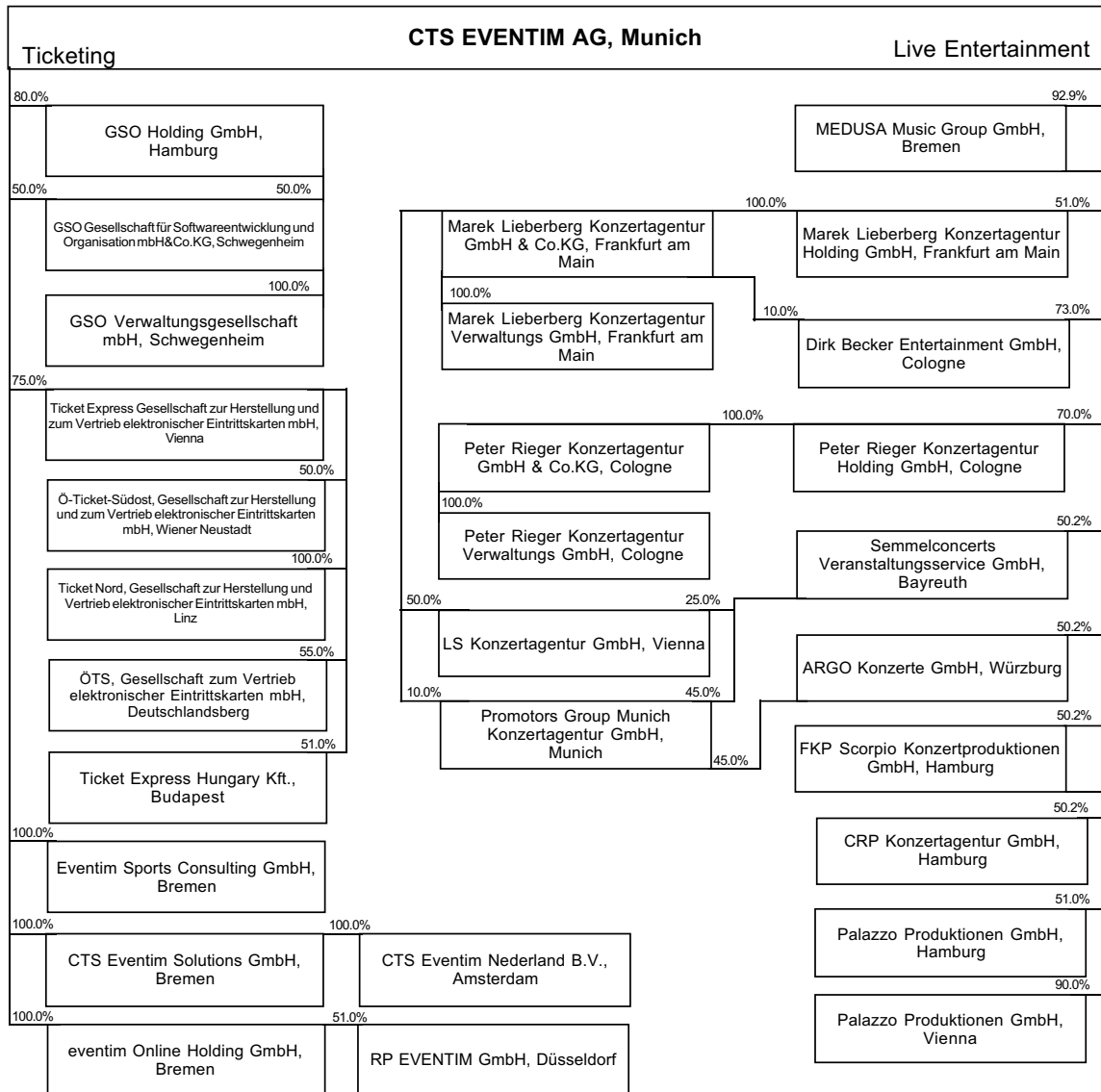
No significant changes in the financial situation and financial performance of the company resulted from the transition in accounting to IFRS.

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 accordingly adjusted to IFRS for 30 September 2004.

In the Live Entertainment segment, Vierte Herrengraben 31 Verwaltungsgesellschaft mbH, Hamburg, was merged into CTS EVENTIM AG with effect from 1 January 2005, on the basis of a notarial contract dated 4 July 2005. The merger obtained legal effect on 25 August 2005, when the relevant entry was made in the Commercial Register.

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

Status: 30 September 2005



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

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

The scope of consolidation changed in relation to Q1-3/2004 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, Ticket Express Hungary Kft., Budapest, and Eventim Sports Consulting GmbH, Bremen were included in consolidation for the first time.

CTS Eventim Solutions GmbH, Bremen, increased its shareholdings in CTS Nederland B.V., Amsterdam, by 25% to 100%.

**Revenues:**

In the period under review (1 January – 30 September 2005), Group revenues improved by 14.1% to EUR 183.0 million (Q1-3/2004: EUR 160.3 million).

In the Live Entertainment segment, well-attended concerts and a large number of events (including U2, Queen, Joe Cocker, R.E.M, Ronan Keating and Elton John) led to improved sales of EUR 141.8 million (Q1-3/2004: EUR 136.2 million).

The first nine months of 2005 were characterised in the Ticketing segment by continued strong growth in Internet sales, despite some seasonal weakness in the third quarter. Around 60 million music and event fans (Q1-3/2004: 36.2 million) visited the [www.eventim.de](http://www.eventim.de) and [www.getgo.de](http://www.getgo.de) Internet ticketing portals and bought around 2.1 million tickets in total (Q1-3/2004: 1.3 million). This equates to an increase of around 60%.

Sales revenues in the Ticketing segment rose to EUR 43.6 million (Q1-3/2004: EUR 26.0 million). The revenues generated by CTS Eventim AG improved to EUR 36.1 million, compared to EUR 19.4 million in Q1-3/2004.

**Earnings situation:**

Due to the strong growth in Internet ticketing, the consolidated gross margin for the first nine months of the current business year was increased again year-on-year to 21.8% (Q1-3/2004: 18.9%).

The gross margin in the Ticketing segment was 52.7% (Q1-3/2004: 52.2%) and 11.9% in the Live Entertainment segment (Q1-3/2004: 12.3%).

As at 30 September 2005, Group EBITDA had risen to EUR 25.8 million (Q1-3/2004: EUR 18.0 million). Of that total, EUR 10.7 million were generated by the Live Entertainment segment (Q1-3/2004: EUR 10.8 million), while the Ticketing segment produced a further EUR 15.1 million, compared to EUR 7.2 million in Q1-3/2004.

Group EBIT as at 30 September 2005 had improved year-on-year by 50.4% to EUR 22.4 million (Q1-3/2004: EUR 14.9 million). The consolidated EBIT margin, at 12.2%, was higher than a year before (9.3%).

The comparative prior-year period was characterised by a high density of events featuring highly successful performers, including sold-out tours by Phil Collins, Metallica, Sting and Shania Twain. Nevertheless, a series of successful events in 2005, with artists like R.E.M., Joe Cocker, Queen and U2, as well as successful festivals in the Live Entertainment segment meant that the EBIT figure, at EUR 10.4 million, was almost as high as the prior-year figure (Q1-3/2004: EUR 10.5 million).

The EBIT produced by the Ticketing segment rose from EUR 4.3 million in Q1-3/2004 to EUR 12.0 million. This improvement in earnings is especially due to the much greater number of tickets sold via the Internet. In addition to further growth in the ticket numbers sold through stationary box offices, successful handling of the 2005 ConfedCup and the first phases of ticketing for the 2006 World Cup led to corresponding earnings during the period under review.

Group earnings climbed further from EUR 5.3 million in Q1-3/2004 to a current figure of EUR 10.3 million and leads to a substantial improvement in earnings per share of EUR 0.43, compared to EUR 0.22 a year ago (based in each case on 24 million shares after the capital increase from own funds effected on 31.10.2005 – equivalent to a share split).

**Investments:**

During the nine-month reporting period, the Group invested a total of EUR 2.0 million in other tangible and intangible assets, compared to EUR 1.5 million in the same period of 2004. These investments involved improvements to ticketing software, Internet applications and hardware equipment.

**Personnel development:**

As at the reference date, the Group had a total of 460 employees on its payroll, including 73 part-time workers (30.09.2004: 390 employees, including 70 part-timers). Of that total, 320 are employed in the Ticketing segment (prior year: 256 employees) and 140 in the Live Entertainment segment (prior year: 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 12.4 million to EUR 14.7 million, of which EUR 8.7 million are attributable to the Ticketing segment and EUR 6.0 million to the Live Entertainment segment.



**Outlook: Pilot phase of the print-at-home ticketing function**

CTS anticipates a year-end spurt in the fourth quarter, with Internet ticketing again generating an above-average contribution to revenues and earnings. By the end of the year, around 100 million music and event fans will have visited the eventim.de and getgo.de portals. The tours by Xavier Naidoo and Bon Jovi will be among the big sellers. CTS customers profit from exclusive presales before tickets normally going on sale – a service that plays a strong role in attracting new customers. CTS will continue to gain market shares by implementing innovative features and options, and in this way will profit from the boom in eCommerce. From December onwards, the CTS portals will be first in Germany to offer an exhaustive print-at-home solution for internet tickets. With ticketdirect, for example, CTS customers can print out their own tickets easily, quickly and conveniently using their own PC. The new tickets have a special barcode that loses its validity once it has been used and the holder has been admitted to the venue in question. CTS expects demand to be huge. After a successful pilot phase, all 85,000 events in our portfolio will be successively included in this system.

CTS will also be scoring points in the second ticketing phase for the FIFA 2006 World Football Championships – as organiser of the resale and transfer platform with which holders of World Cup tickets can resell or transfer them to other persons. CTS will ensure the system works smoothly.

The Management Board is optimistic for the 2006 business year and expects the company's progress to continue as planned. The main focus will be on further improvements in earnings.

**Consolidated balance sheet (IFRS) as at 30.09.2005**

Assets	30.09.2005	31.12.2004
	[EUR]	[EUR]
<b>Current assets</b>		
Cash and cash equivalents	112,186,772	84,609,382
Marketable securities	0	16,836
Trade receivables	8,949,562	13,456,129
Receivables from affiliated companies	905,241	678,035
Inventories	5,025,137	8,058,109
Prepaid expenses, accrued income and other assets	9,645,982	6,443,811
<b>Total current assets</b>	<b>136,712,694</b>	<b>113,262,302</b>
<b>Non-current assets</b>		
Tangible assets	3,626,707	3,073,106
Intangible assets	5,792,733	7,804,973
Financial assets	948,004	947,896
Investments stated at equity	20,774	29,186
Loans	2,216,185	1,883,965
Long-term investments	30,359	30,359
Trade receivables	3,848	74,648
Receivables from affiliated companies	50,744	49,069
Other assets	774,583	689,994
Goodwill	39,170,871	39,141,544
Deferred tax assets	3,288,879	4,913,239
<b>Total non-current assets</b>	<b>55,923,687</b>	<b>58,637,979</b>
<b>Total assets</b>	<b>192,636,381</b>	<b>171,900,281</b>

**Consolidated balance sheet (IFRS) as at 30.09.2005**

Equity and liabilities	30.09.2005	31.12.2004
	[EUR]	[EUR]
<b>Current liabilities</b>		
Short-term loans and current portion of long-term loans	2,463,718	2,575,362
Trade payables	13,728,438	17,054,644
Payables to affiliated companies	292,503	308,775
Downpayments received	36,463,741	32,053,043
Provisions	1,435,069	949,266
Deferred income	1,765,148	979,576
Income tax liabilities	6,297,391	8,431,848
Other liabilities	49,367,996	37,690,434
<b>Total current liabilities</b>	<b>111,814,004</b>	<b>100,042,948</b>
<b>Non-current liabilities</b>		
Medium- and long-term loans	2,368,418	3,568,418
Downpayments received	0	101,733
Accrual for pensions	1,979,722	1,858,122
<b>Total non-current liabilities</b>	<b>4,348,140</b>	<b>5,528,273</b>
<b>Minority interest</b>	<b>6,293,869</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	22,856,040	12,549,864
Currency differences	1,681	4,676
<b>Total equity</b>	<b>70,180,368</b>	<b>59,877,187</b>
<b>Total equity and liabilities</b>	<b>192,636,381</b>	<b>171,900,281</b>

**Consolidated statement of income (IFRS)**

	9- Month Report 01.01.- 30.09.2005	9- Month Report 01.01.- 30.09.2004
	[EUR]	[EUR]
Revenues	182,951,601	160,290,910
Cost of sales	-143,098,254	-129,960,955
Gross profit	39,853,347	30,329,955
Selling expenses	-10,341,194	-8,693,076
General and administration expenses	-7,598,753	-6,571,935
Other operating income / expenses	466,651	-179,649
Operating profit (EBIT)	22,380,051	14,885,295
Interest income	975,618	432,134
Income / Expense from investments and participations	25,261	24,548
Expense / Income from investments accounted for by the equity method	19,518	1,816
Other expenses / income	-18,002	6,425
Result before income tax (and minority interest) / (EBT)	23,382,446	15,350,218
Income tax (incl. deferred tax)	-9,322,983	-6,561,978
Result before minority interest	14,059,463	8,788,240
Minority interest	-3,753,287	-3,527,080
Consolidated net income	10,306,176	5,261,160
Net income per share undiluted (=diluted)	0.86	0.44
Weighted average shares outstanding undiluted (=diluted) [Qty.]	12,000,000	12,000,000

**Consolidated statement of income (IFRS)**

	Interim Report 3/2005 01.07.- 30.09.2005 [EUR]	Interim Report 3/2004 01.07.- 30.09.2004 [EUR]
Revenues	38,659,680	38,527,035
Cost of sales	-31,523,761	-32,263,514
Gross profit	7,135,919	6,263,521
Selling expenses	-3,539,218	-2,712,054
General and administration expenses	-2,522,906	-2,027,876
Other operating income / expenses	603,235	-384,237
Operating profit (EBIT)	1,677,030	1,139,354
Interest income	326,761	165,808
Income / Expense from investments and participations	-1,306	12,400
Expense / income from investments accounted for by the equity method	19,518	-5,429
Other expenses / income	-13,280	12,691
Result before income tax (and minority interest) / (EBT)	2,008,723	1,324,824
Income tax (incl. deferred tax)	-968,042	-1,080,128
Result before minority interest	1,040,681	244,696
Minority interest	42,609	-275,288
Consolidated net income	1,083,290	-30,592
Net income per share undiluted (=diluted)	0.09	0.00
Weighted average shares outstanding undiluted (=diluted) [Qty.]	12,000,000	12,000,000

**Consolidated cash flow statement**

	01.01.- 30.09.2005	01.01.- 30.09.2004
	[EUR]	[EUR]
Consolidated net income	10,306,176	5,261,160
Minority interest	3,753,287	3,391,882
Depreciation on assets	3,411,351	3,158,913
Addition to pension accruals	121,600	96,212
Expenses / Income from tax deferrals	1,624,359	1,496,196
Cash flow	19,216,773	13,404,363
Decrease / Increase in cash flow from operating activities	34,813,295	-4,369,094
Decrease / Increase in cash flow from investing activities	-2,367,527	-3,418,773
Decrease / Increase in cash flow from financing activities	-4,897,845	-4,104,120
Increase / Decrease in cash and cash equivalents	27,547,923	-11,891,987
Cash and cash equivalents as at 1 January	84,626,218	66,603,699
Change in cash and cash equivalents due to consolidation	12,631	2,630,197
Funds as at 30 September	112,186,772	57,341,909

**Development of Shareholders' Equity**

	Status at 31.12.2003	Status at 30.09.2004	Status at 31.12.2004	Changes	Status at 30.09.2005
	[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	7,678,479	12,549,864	10,306,176	22,856,040
Foreign currency translation reserve	0	0	4,676	-2,995	1,681
Total equity	50,749,331	56,080,232	59,877,187	10,303,181	70,180,368

**Business Segment Report**

	01.01.- 30.09.2005 [EUR '000]	01.01.- 30.09.2004 [EUR '000]
<b>Segment Ticketing</b>		
Revenues	43,648	26,007
EBITDA	15,101	7,175
EBIT	11,976	4,278
Employees [Qty.] as at 30.09.	320	256
<b>Segment Live Entertainment</b>		
Revenues	141,771	136,237
EBITDA	10,690	10,812
EBIT	10,404	10,549
Employees [Qty.] as at 30.09.	140	134
<b>Consolidation</b>		
Revenues	-2,467	-1,953
EBITDA	0	57
EBIT	0	58
<b>Group</b>		
Revenues	182,952	160,291
EBITDA	25,791	18,044
EBIT	22,380	14,885
Employees [Qty.] as at 30.09.	460	390