

Tele Columbus AG

Quarterly release for the quarter ended 31 March 2020



**Consolidated Quarterly Statement
as of 31 March 2020**

for

Tele Columbus AG

TELE COLUMBUS AG, BERLIN
CONSOLIDATED QUARTERLY STATEMENT
AS AT 31 March 2020

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Consolidated Quarterly Statement
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I. Consolidated income statement

KEUR	Notes	1 Jan to 31 Mar 2020	1 Jan to 31 Mar 2019
Revenue	D.1	118,477	120,140
Own work capitalised		4,604	5,010
Other income	D.2	1,893	3,814
<i>Total operating income</i>		<i>124,974</i>	<i>128,964</i>
Cost of materials		-38,776	-42,201
Employee benefits		-20,675	-19,998
Other expenses	D.3	-10,025	-19,283
EBITDA		55,498	47,482
Depreciation and amortisation	D.6	-48,458	-41,182
EBIT		7,040	6,300
Interest income and similar income	D.4	51	91
Interest expense and similar expense	D.4	-15,149	-15,601
Other financial income (+) / loss (-)	D.5	2,593	-424
<i>Profit (+) / Loss (-) before tax</i>		<i>-5,465</i>	<i>-9,634</i>
Income taxes	E.3.1	580	-412
Net loss		-4,885	-10,046
attributable to shareholders of Tele Columbus AG		-5,683	-10,692
attributable to non-controlling interests		798	646
Basic earnings per share in EUR		-0.04	-0.08
Diluted earnings per share in EUR		-0.04	-0.08

The following notes are an integral part of the Consolidated Quarterly Statement as at 31 March 2020.

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II. Consolidated statement of comprehensive income

KEUR	1 Jan to 31 Mar 2020	1 Jan to 31 Mar 2019
<i>Net loss</i>	-4,885	-10,046
Other comprehensive income		
Expenses an income that will not be reclassified to profit or loss		
Remeasurement of gains (+)/ losses (-) on defined benefit plans (after deferred of taxes)	-	-416
Total comprehensive income	-4,885	-10,462
of which attributable to:		
Shareholders of Tele Columbus AG	-5,683	-11,108
Non-controlling interests	798	646

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III. Consolidated statement of financial position

Assets

KEUR	Notes	31 March 2020	31 December 2019
Non-current assets			
Property, plant, and equipment	D.6	654,178	669,166
Intangible assets	D.6	1,266,880	1,273,939
Investments accounted for using the equity method		414	414
Trade and other receivables	D.7	11	11
Other assets		6	6
Other financial receivables	D.7	816	688
Accruals and deferrals	D.7	1,828	1,937
Deferred tax assets		3,594	4,096
Derivative financial instruments		4,796	3,262
		1,932,523	1,953,520
Current assets			
Inventories		6,269	5,586
Trade and other receivables	D.7	70,936	61,785
Receivables due from related parties		354	11
Other financial receivables	D.7	1,924	1,976
Other assets		17,994	17,197
Current tax assets		4,430	4,672
Cash and cash equivalents		11,642	10,128
Accruals and deferrals	D.7	4,848	3,549
Assets held for sale		2	2
		118,399	104,906
Total assets		2,050,922	2,058,428

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Equity and liabilities

KEUR	Notes	31 March 2020	31 December 2019
Equity			
Share Capital		127,556	127,556
Capital reserve		620,838	620,838
Other components of equity		-445,008	-439,513
<i>Equity attributable to shareholders of Tele Columbus AG</i>		303,386	308,882
Non-controlling interests		10,492	9,697
		313,878	318,579
Non-current liabilities			
Pensions and other long-term employee benefits		10,471	10,531
Other provisions	D.8	2,070	2,070
Liabilities to banks and from the bond issuance	D.9	1,405,717	1,404,430
Trade and other payables	D.10	46	46
Other financial liabilities	D.10	96,580	106,984
Deferred revenue	D.10	4,156	4,270
Deferred tax liabilities		25,911	27,544
Derivative financial instruments		10,128	11,045
		1,555,079	1,566,920
Current liabilities			
Other provisions	D.8	9,012	8,992
Liabilities to banks and from the bond issuance	D.9	15,086	27,745
Trade and other payables	D.10	81,428	75,878
Payables due to related parties		468	580
Other liabilities	D.10	21,794	23,824
Other financial liabilities	D.10	31,193	27,257
Income tax liabilities		6,840	6,895
Deferred revenue	D.10	16,145	1,759
		181,965	172,929
Total equity and liabilities		2,050,922	2,058,428

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IV. Consolidated cash flow statement

KEUR	Notes	1 Jan to 31 Mar 2020	1 Jan to 31 Mar 2019
Cash flow from operating activities			
Net loss		-4,885	-10,046
Net financial income or expense		12,505	15,934
Income taxes		-580	412
<i>Earnings before interest and taxes (EBIT)</i>		7,040	6,300
Depreciation and amortisation	D.6	48,458	41,182
Equity-settled, share-based employee benefits		186	34
Loss (+) / gain (-) on sale of property, plant, and equipment		-176	-404
Increase (-) / decrease (+) in:			
Inventories		-683	14
Trade and other receivables and other assets not classified as investing or financing activities	D.7	-7,908	-10,662
Accruals and deferrals	D.7	-1,190	-1,652
Increase (+) / decrease (-) in:			
Trade payables and other liabilities not classified as investing or financing activities	D.9	524	11,326
Provisions	D.8	-41	-528
Deferred revenue	D.10	14,272	12,848
Income tax paid		-370	-428
Cash flow from operating activities		60,112	58,030
Cashflow from investing activities			
Proceeds from sale of property, plant and equipment		137	639
Acquisition of property, plant, and equipment	D.6	-15,454	-28,323
Acquisition of intangible assets	D.6	-10,534	-7,101
Interest received		3	5
Acquisition of subsidiaries, net of cash acquired		-	706
Cashflow from investing activities		-25,848	-34,074

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KEUR	Notes	1 Jan to 31 Mar 2020	1 Jan to 31 Mar 2019
Cash flow from financing activities			
Payment of financial lease liabilities		-6,226	-5,615
Dividends paid		-	-141
Proceeds from loans, bonds, and short or long-term borrowings from banks		-	-
Transaction costs with regard to loans and borrowings		-12	-402
Repayment of borrowings		-13,678	-490
Interest paid		-12,725	-12,552
Acquisition of non-controlling interests		-5	-
Cash flow from financing activities		-32,646	-19,200
Cash and cash equivalents for the period			
Net increase (+) / decrease (-) in cash and cash equivalents		1,618	4,756
Cash and cash equivalents at the beginning of the period		10,128	26,288
Cash and cash equivalents at the end of the period		11,746	31,044
Increase (+) / decrease (-) from release of restricted cash and cash equivalents during the period		-104	-1
Free cash and cash equivalents at end of period		11,642	31,043

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V. Consolidated statement of changes in equity

For the first three months ended 31 March 2020

KEUR	Share capital	Capital reserve	Other changes in equity	Retained earnings	Revaluation reserve IAS 19	Equity attributable to shareholders of Tele Columbus AG	Non-controlling interests	Total equity
Balance at 1 January 2020	127,556	620,838	-112,345	-325,274	-1,893	308,882	9,697	318,579
Profit (+) / loss (-)				-5,683		-5,683	798	-4,885
Total comprehensive income	-	-	-	-5,683	-	-5,683	798	-4,885
Change in non-controlling interests						-	-5	-5
Equity settled share-based payments			186			186		186
Balance at 31 March 2020	127,556	620,838	-112,159	-330,956	-1,893	303,386	10,490	313,878

A. General information

Introduction

Tele Columbus Group, headquartered in Kaiserin-Augusta-Allee 108, 10553 Berlin, Germany, has been listed on the Frankfurt Stock Exchange (Prime Standard) since 23 January 2015.

Bases of the quarterly statement

The Consolidated Quarterly Statement of the Tele Columbus Group contains material information for the reporting period from 1 January to 31 March 2020.

The consolidated income statement, the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated statement of changes in equity as at 31 March are presented as the primary statements. Gains and losses are presented for the period from 1 January 2020 to 31 March 2020 and the reference period from 1 January 2019 to 31 March 2019. For the asset and financial position as at the balance sheet date 31 March 2020, the comparative balance sheet date is 31 December 2019. Additionally, comments on individual items and a description of the asset, financial and earnings situation are provided.

The functional currency of the Group is the euro. All figures are presented in thousands of euros ("KEUR") unless stated otherwise. Due to the KEUR figure, rounding differences may occur in the report disclosures. In some instances, such rounded figures and percentages might not add up to 100% and, due to rounding according to commercial practice, subtotals in tables might differ slightly from unrounded figures stated elsewhere in the quarterly statement.

With respect to financial information included in the consolidated interim financial statements, a dash ("—") indicates that the position is not applicable and a zero ("0") indicates that the value is zero or has been rounded to zero.

The consolidated financial statements for the three-month period ended on 31 March 2020 has neither been reviewed nor audited by the auditor because this is not mandatory by law.

The Consolidated Quarterly Statement was prepared based on the going concern assumption.

The Consolidated Quarterly Statement was prepared by the Management Board of Tele Columbus Group, Berlin, on 15 May 2020.

B. Changes in consolidated entities

There have been no material changes in the scope of consolidation according to the interim consolidated financial statements as at the reporting date of 31 December 2019.

C. Accounting and valuation principles

The Consolidated Quarterly Statement as at 31 March 2020 was prepared essentially using the same accounting policies as the consolidated financial statements as at 31 December 2019.

D. Disclosures regarding the income statement and statement of financial position

D.1 Sales revenues

KEUR	1 Jan to 31 Mar 2020					1 Jan to 31 Mar 2019
	TV	Internet & Telephony	Business Customers	Other	Total	Total
Revenue from contracts with customers	58,742	38,598	13,624	3,534	114,498	114,639
Analogue	47,127	-	-	-	47,127	49,548
Internet / telephony	-	35,872	3,563	-	39,435	38,483
Additional digital services	7,241	-	-	-	7,241	7,427
Other transmission fees and miscellaneous feed-in charges	3,470	2,239	-	-	5,709	4,646
Construction services	-	-	-	3,485	3,485	5,518
Network capacity	-	-	5,027	-	5,027	3,155
Computing centre	-	-	813	-	813	905
One-off fees for B2B customers	-	-	1,012	-	1,012	1,825
Antenna / maintenance	297	149	-	50	495	529
Hardware sales	18	12	3,154	-	3,184	463
Other	589	327	54	-	970	2,140
Revenue from renting	2,431	1,548	-	-	3,979	5,501
Receiver rent	2,431	1,548	-	-	3,979	3,900
Network infrastructure rent	-	-	-	-	-	1,601
	61,173	40,146	13,624	3,534	118,477	120,140

Sales revenues of the Companies of Tele Columbus Group primarily consist of monthly subscription fees and, to a lesser extent, one-off installation and connection charges for the basic analogue and digital satellite television services, as well as for additional premium services. Furthermore, fees for access to high-speed internet and charges for telephony services are also included. Additional revenues are generated by, among other things, other transmission fees and feed-in charges, which are paid to the companies of Tele Columbus Group as consideration for the distribution of programs, as well as construction services.

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D.2 Other income

KEUR	1 Jan to 31 Mar 2020	1 Jan to 31 Mar 2019
Income from dunning fees	220	292
Gains on disposal of non-current assets	211	475
Income from sale	142	44
Income from marketing subsidies	67	63
Income from the de-recognition of liabilities and reversal of provisions	43	284
Other income from bad debt	-	1,056
Miscellaneous other income	1,210	1,600
	1,893	3,814

Other income includes services rendered and increases in value that are not directly related to the business purpose.

The miscellaneous other income includes income from installations and credit notes, compensation payments, income from the limitation of customer liabilities, income from renting and income from other periods.

D.3 Other expenses

Other expenses incurred in particular for the following items:

KEUR	1 Jan to 31 Mar 2020	1 Jan to 31 Mar 2019
Advertising	-2,354	-3,732
IT costs	-2,213	-1,631
Legal and advisory fees	-1,421	-6,232
Occupancy costs	-1,015	-1,726
Vehicle costs	-772	-658
Communication costs	-741	-704
Insurance, fees and contributions	-404	-581
Travel expenses	-311	-427
Office supplies and miscellaneous administrative expenses	-250	-250
Incidental bank charges	-212	-255
Maintenance	-191	-105
Losses on disposal of non-current assets	-35	-71
Impairment on receivables	-9	-2,502
Miscellaneous other expenses	-97	-409
	-10,025	-13,920

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D.4 Interest income and expenses

KEUR	1 Jan to 31 Mar 2020	1 Jan to 31 Mar 2019
Interest and similar income from third parties	51	91
Income resulting from compounding of interest caps	-	-
Interest and similar income	51	91
Interest paid to third parties	-13,467	-13,961
Expenses resulting from compounding of loans and bond under the effective interest rate method	-1,682	-1,582
Expenses resulting from revaluation of interest caps	-	-58
Interest and similar expenses	-15,149	-15,601
	-15,098	-15,510

Interest paid to third parties mainly relates to liabilities to banks and from the bond (loans and borrowings).

For more details, please refer to D.9 “Liabilities to banks and from the bond”.

D.5 Other financial result

The increase in other financial result is mainly due to the value adjustment on embedded derivatives in the amount of KEUR 2,451 (reference period 2019: KEUR -617).

D.6 Fixed assets

Property, plant and equipment decreased by KEUR 14,988 to KEUR 654,178 compared to 31 December 2019. This is decisively due to straight line depreciation in the amount of TEUR 30,892. This effect was largely compensated by additions of technical equipment and assets under construction. Additions to fixed assets include an amount of KEUR 3,525 in connection with leases.

D.7 Trade receivables, other financial receivables and other assets, deferred items

The following table shows the development of impairment losses on trade receivables at Group level:

KEUR	31 March 2020	31 December 2019
Trade and other receivables - gross	87,867	79,113
Impairment losses	-16,920	-17,317
Trade and other receivables - net	70,947	61,796

Trade and other receivables mainly consist of receivables from subscriber fees as well as receivables from signal delivery, transmission and feed-in fees, receivables from feed-in tariffs, and deferred income and receivables from construction services.

Short and long-term other financial receivables of KEUR 2,740 (31 December 2019: KEUR 2,664) consist mainly of claims from reinsurance policies for pensions that do not qualify as plan assets as well as rental deposits and rental guarantees.

Short and long-term other assets in the amount of KEUR 18,000 (31 December 2019: KEUR 17,203) mostly include prepayments made on account of orders and suppliers with debit balances.

Short and long-term accruals and deferrals of KEUR 6,676 (31 December 2019: KEUR 5,486) primarily consist of payments relating to insurance, maintenance agreements, licences, rental payments and marketing costs.

D.8 Other provisions

Other provisions as at 31 March 2020 can be separated in current liabilities in the amount of KEUR 9,012 (31 December 2019: KEUR 8,992) and non-current liabilities in the amount of KEUR 2,070 (31 December 2019: KEUR 2,070). Other provisions mainly include provisions for potential requirements for subsequent contributions to compensate future burdens resulting from tax audits, dismantling obligations and litigation risks.

The provisions for reinstatement obligations in the amount of KEUR 1,611 were mainly recognised in connection with the company's headquarters in Berlin.

As at 31 March 2020, provisions for litigation amounted to KEUR 577 and primarily consist of various, smaller legal disputes.

Short-term provisions are expected to be used within one year. It is considered likely that the amount of the actual drawdown will be equal to the amounts entered as provisions as at the reporting date.

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D.9 Liabilities to banks and from the bond

KEUR	31 March 2020	31 December 2019
Liabilities to banks and from the bond issuance - nominal values	1,434,881	1,435,028
Transaction costs	-43,044	-43,044
Accrued interest	11,136	9,560
Liabilities in connection with embedded derivatives	2,744	2,886
Long-term liabilities to banks and from the bond issuance	1,405,717	1,404,430
Liabilities to banks and from the bond issuance - nominal values	15,449	28,213
Accrued interest	782	676
Transaction costs	-1,144	-1,144
Short-term liabilities to banks and from the bond issuance	15,086	27,745
	1,420,803	1,432,175

Long and short-term liabilities consist of the credit facilities concluded by Tele Columbus Group under the Senior Facilities Agreement, Senior Secured Notes (Bond) and Basket Facility 75m in the amount of KEUR 1,417,523 (2019: KEUR 1,428,489) and for other services in the amount of EUR 3,280 (2019: KEUR 3,686).

D.9.1 Liabilities to banks from the Senior Facilities Agreement and from the bond (Senior Secured Notes)

The following credit facilities are available to the companies of Tele Columbus Group under the Senior Facilities Agreement: KEUR 707,463 (Term Loan Facility A2), KEUR 75,000 (Term Loan 75m) and a facility of KEUR 50,000 for working capital financing (Revolving Facility).

The margin amounts to 3.00% p.a. plus EURIBOR for Facility A2, 4.25% p.a. for Term Loan 75m and 3.75% p.a. for the Revolving Facility. Furthermore, the Loan Agreements contain a EURIBOR floor of 0% for all Facilities. For amounts of the Revolving Facility not drawn down, a commitment fee of 35% of the applicable margin is charged, which is payable quarterly.

The credit facility was not drawn down as at the reporting date.

There is an option of 1-month, 3-month or 6-month EURIBOR for the loans. The Term Loan Facility A2 was based on the 6-month EURIBOR as at the reporting date and the Term Loan 75m on the 3-month EURIBOR.

In addition, the companies of Tele Columbus Group have KEUR 650,000 available from a senior secured note issued in May 2018 with an interest coupon of 3.875% p.a. at their disposal.

The floors with regard to EURIBOR and the repayment options are embedded derivatives (hybrid) and are subject to separation in disclosure and measurement in accordance with IFRS 9.

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At the balance sheet dates, the following portfolios of credit facilities and bonds (including outstanding interest) were outstanding:

KEUR	31 March 2020	31 December 2019
Term Loan Facility A2 (term ending on 15 October 2024) ¹⁾	694,612	699,276
Senior Secured Notes - Bond (term ending on 2 May 2025) ²⁾	650,478	643,740
Term Loan Facility 75m (term ending on 18 October 2023) ³⁾	72,667	72,502
Senior Revolving Facility (term ending on 02.January 2021) ⁴⁾	-233	12,972
	1,417,523	1,428,489

¹⁾ Contains transaction costs not compounded yet for the term loans in the amount of KEUR -17,845 (2019: KEUR -18,737) and embedded derivatives in the amount of KEUR 1,456 (2019: KEUR 1,530) that result from agreed floors and repayment options in the term loans.

²⁾ Contains any transaction costs not compounded yet for the Bond in the amount of KEUR -10.766 (2019: KEUR -11.241) and embedded derivatives in the amount of KEUR 749 (2019: KEUR 782), which result due repayment options in bond terms.

³⁾ Contains any transaction costs not compounded yet for the term loans 75m in the amount of KEUR -3.297 (2019: KEUR -3.506) and the embedded derivatives in the amount of KEUR 538 (2019: KEUR 573), which result due repayment options in bond terms.

⁴⁾ Contains any transaction costs not compounded yet for Revolving Facility in the amount of KEUR -362 (2019: KEUR -468).

According to the Share and Interest Pledge Agreement of 3 May 2018, shares in associated companies and joint ventures were pledged to secure liabilities toward banks. Additionally, loans of the companies the Tele Columbus Group are collateralised by trade receivables.

Value of the loan collateral pledged as at the respective reporting dates:

KEUR	31 March 2020	31 December 2019
Shares in affiliates	1,565,840	1,563,942
Trade receivables	2,268	2,268
	1,568,108	1,566,210

D.9.2 Other liabilities to banks

Further loan agreements exist under individual contracts and liabilities between subsidiaries of Tele Columbus Group and banks. These resulted in financial liabilities of KEUR 3,280 (2019: KEUR 3,686) as of the balance sheet date. The remaining terms of these loan agreements and liabilities respectively are between two to 68 months. Fixed interest rates between 0.63% p.a. and 4.22% p.a. were agreed for the loans.

D.10 Trade accounts payable and other liabilities, other financial liabilities and other liabilities, deferred items

Trade payables and other liabilities in the amount of KEUR 81,474 (31 December 2019: KEUR 75,924) mainly consist of liabilities in connection with goods and services rendered but not invoiced yet by the balance sheet date, and signal supply contracts.

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Other financial liabilities mainly relate to lease obligations for the use of infrastructure facilities and buildings as well as the infrastructure project Plön totalling KEUR 127,773 (31 December 2019: KEUR 134,241).

Other liabilities in the amount of KEUR 21,794 (31 December 2019: KEUR 23,824) mostly comprise of liabilities relating to personnel, customer credits and accruals.

Short-term deferred items in the amount of KEUR 20,301 (31 December 2019: KEUR 6,029) largely consist of the prepayments yearly received from customers.

E. Other disclosures

E.1 Other financial obligations

E.1.1 Other financial obligations

Future minimum lease payments resulting from lease agreements have the following maturities:

KEUR	31 March 2020	31. Dezember 2019
Less than one year	23,752	24,342
Between one and five years	15,300	18,215
More than five years	24,869	643
	63,921	43,200

E.2 Risk management

E.2.1 Risk management of financial instruments and interest risks

In the company's risk management objectives and methods or in the kind and scope of the risks from financial instruments, there were no significant changes in the three-month period ending on 31 March 2020 compared to the consolidated financial statements as at 31 December 2019.

E.2.2 Liquidity risk

Liquidity risk represents the risk that the Group will not be able to meet its financial obligations with existing liquidity reserves within the time frame required. Liquidity risks can furthermore arise when cash outflows become required due to the operative business activity or the investment activity. The control of liquidity at Tele Columbus Group aims to ensure that – wherever possible – sufficient liquid funds are available at all times to be able to fulfil payment obligations on their due date, both under normal as well as under stress conditions, without suffering unsustainable losses or damaging the Group's reputation. Liquidity risks from financing activity result, for example, if cash outflows are needed in the short term to settle liabilities but no sufficient cash inflows can be generated from the operating activity and if no other sufficient liquid funds are available for making repayment at the same time.

A liquidity projection that is oriented on a specific planning horizon and a revolving credit facility that is available within the Tele Columbus Group in the amount of KEUR 50,000 for general costs (term ending on 2 January 2021) should ensure the liquidity supply for the operative business activity on a continual basis.

The revolving credit facility was not drawn down as at the reporting date.

Cash and cash equivalents amounted to KEUR 11,642 as at 31 March 2020 (2019: KEUR 10,128).

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The following overview shows the agreed maturity dates for the existing liabilities to banks and from the bond. These amounts are gross undiscounted amounts:

KEUR	31 March 2020	31 December 2019
Less than one year - not derivative	862	14,419
Less than one year - derivative	-	-
Less than one year- interest liabilities (before effects from derivatives)	50,483	64,531
Between one and five years - not derivative	784,548	784,569
Between one and five years - derivative	-	-
Between one and five years- interest liabilities (before effects from derivatives)	185,417	191,535
More than five years- non-derivative	650,333	1,358,421
More than five years - derivative	-	-
More than five years- interest liabilities (before effects from derivatives)	4,199	16,990

The Credit Facility Financing Agreement of 3 May 2018 contains various covenants, which grant the creditor the opportunity to call these loans for repayment in the event that these covenants are not fulfilled. Fulfilment of these covenants and the capital risk that Tele Columbus, being a stock company, is exposed to are monitored by the Management on a continuous basis.

As at the reporting date, liquidity risk in the event that these covenants are not fulfilled amounted to KEUR 1,447,050 (31 December 2019: KEUR 1,459,555). The risk that these covenants are not fulfilled and the associated financial regulations can have a negative impact on the availability of credit to the companies of Tele Columbus Group and their going concern assumption.

In order to fulfil existing covenants and payment obligations, strategic measures have been initiated to ensure the liquidity of Tele Columbus Group over the long term. For example, the Management was able to expand the Group-wide cash pooling to all companies.

Furthermore, as part of the Group financing, it is planned to successively repay financial liabilities from the operatively earned liquidity of the companies of Tele Columbus Group.

As at 31 March 2020, no relevant changes in the interest rate risk have arisen for the first three months.

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E.3 Further information on the Consolidated Quarterly Statement

The further information on the Consolidated Quarterly Statement summarised below refers to the Tele Columbus Group as at 31 March 2020 and represents the asset, financial and earnings position for the three-month period of the financial year 2020.

E.3.1 Earnings position

The table below provides an overview of the development of the earnings position:

KEUR	1 Jan to 31 Mar 2020	1 Jan to 31 Mar 2019
Revenue	118,477	120,140
Own work capitalised	4,604	5,010
Other income	1,893	3,814
Total operating income	124,974	128,964
Cost of materials	-38,776	-42,201
Employee benefits	-20,675	-19,998
Other expenses	-10,025	-19,283
EBITDA	55,498	47,482
Non recurring expenses (+) / income (-)	1,597	9,333
Normalised EBIT	57,095	56,815
EBITDA	55,498	47,482
Net financial income and expenses	-12,505	-15,934
Depreciation and amortisation	-48,458	-41,182
Income taxes	580	-412
Loss	-4,885	-10,046

Sales in the three-month period of 2020 decreased by KEUR 1,663 to KEUR 118,477 compared to the first three months of the fiscal year 2019.

Decisive effects resulted from the declining sales of analogue TV services and lower sales in construction services. Sales in the internet/telephony segment as well as one-off fees from business customers moved in the opposite direction and developed positively.

Other earnings reduced by KEUR 1,921 compared to the reference period. This reduction is foremost due to lower income resulting from impairment adjustments, income from sales of fixed assets, and the reduction of income from reversal of provisions.

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Other expenses have substantially reduced by 48.0% to KEUR 10,025 compared to the reference period. The reduction of expenses was driven in particular by the lower legal and consulting costs (KEUR -4,811), advertising costs (KEUR -1,378) and impairments of receivables (KEUR -2,493).

Cost of materials as at 31 March 2020 reduced by 8.1% compared to the same period in the previous year by KEUR 3,425 to KEUR 38,776 (reference period 2019: KEUR 42,201).

The EBITDA in the three-month period of the financial year 2020 amounted to KEUR 55,498 and rose by KEUR 8,016 compared to the reference period (reference period 2019: KEUR 47,482).

The “normalised EBITDA” stayed at the same level as in the same period in the previous year and modestly increased by 0.5% to KEUR 57,095 (reference period 2019: KEUR 56,815).

The operative margin, which is defined as the quotient of the normalised EBITDA to sales revenues, thus increased to 48.2% (reference period 2019: 47.3%).

The negative financial result compared to the previous year improved by KEUR 3,429 to KEUR -12,505 primarily due to mark-to market valuation adjustments from our embedded derivatives.

The tax expenses for the previous financial year largely result from prepayments for the trade and corporation tax of group affiliates with which no profit transfer agreement with Tele Columbus AG is established. In addition, provisions for risks arising from audits were created in the previous financial year and tax payments for previous years were also made. The income from taxes, in contrast, results in particular from the reversal of deferred tax liabilities due to the write-off of silent reserves from company mergers.

E.3.2 Asset position

Property, plant and equipment reduced by KEUR 14,988 to KEUR 654,178 compared to 31 December 2019. This is decisively due to scheduled depreciations in the amount of TEUR 30,892. This effect was largely compensated by additions of technical equipment and assets under construction. Additions to fixed assets include an amount of KEUR 3,525 in connection with leases.

Intangible assets and goodwill reduced by KEUR 7,059 to KEUR 1,266,880 compared to 31 December 2019. The change results from capitalisations of customer commissions made in the previous year and their scheduled depreciation. A further major effect is the scheduled amortisation of the customer bases and software. A counteracting effect is represented in the rise of prepayments made and assets under construction, which include essentially the capitalisation of acquired software such as the “Smart Client” (CRM) and the website redesign.

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Derivative financial instruments in the amount of KEUR 4,796 (2019: KEUR 3,262) include exclusively embedded derivatives in Senior Secured Notes (call), which were created in connection with the issued bond and which have a positive fair value.

Short-term trade receivables and other receivables rose by KEUR 9,151 to KEUR 70,936 compared to 31 December 2019. The increase of receivables is primarily due to the higher trade receivables from core operating activities.

The Group's short and long debt under interest-bearing loans and bonds amounted to KEUR 1,420,803 as at 31 March 2020 (2019: KEUR 1,432,175). This equals a percentage of 68.8% (2019: 69.6%) of the balance sheet total. For more detailed explanations, reference is made to Section E.3.3 "Financing structure" and to Section D.9 "Liabilities to banks and from the bond".

Long-term financial liabilities essentially contain leasing liabilities and liabilities for the use of infrastructure facilities.

As at 31 March 2020, other short-term liabilities fell by KEUR 2,030 to KEUR 21,794. The reduction foremost results from lower value added tax liabilities. Reference is made to Section D.10 "Trade payables and other payables, other financial obligations, other liabilities and deferred and accrued items" for further information.

Long and short-term deferred income reported an increase by KEUR 14,272 to KEUR 20,301. Reference is made to Section D.10 "Trade payables and other payables, other financial obligations, other liabilities and deferred and accrued items" for further information.

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E.3.3 Financing structure

Lender	Borrower	Total in KEUR as of 31 Mar 2020	Share	Total in KEUR as of 31 Dec 2019	Share
New Facility A	TC AG	694,612	48.9%	699,276	48.8%
Senior Secured Notes - Bond	TC AG	650,478	45.8%	643,740	44.9%
Facility 75m	TC AG	72,667	5.1%	72,502	5.1%
Other	diverse	3,280	0.2%	3,686	0.3%
Revolving Facility	TC AG	-233	0.0%	12,972	0.9%
Total		1,420,804	100.0%	1,432,175	100.0%

E.3.4 Forecast report

With regard to the forecast report of Tele Columbus Group, reference is made to the comments in the “Forecast Report” of the combined management report for the financial year 2019. The forecasts described there regarding the key financial and non-financial performance indicators for the financial year 2020 are believed to still be accurate from the perspective of the Consolidated Statement as at 31 March 2020.

E.3.5 Risk and opportunities report

Regarding the risk report of the companies of Tele Columbus AG, please see the comments in Section 6 “Risk report” of the Group Management Report for the financial year 2019.

The risks presented in the business report that have resulted from the COVID-19 pandemic so far had only minor effects on the business situation of Tele Columbus.

Although the PYUR shops have been closed nationwide since the middle of March, which has led to a reduction of direct sales, this also resulted in an increase of sales through the digital sales channels and fewer terminations. With the relaxations of the lock-down, all shops could be opened again in the meantime.

The networks also proved their resilience to the increased load regarding the heightened utilisation because of COVID-19.

We believe the risk situation with regard to the COVID-19 pandemic has eased somewhat in reference to the coming months given the relaxations that are now effective. However, a long-term risk assessment is tied to insecurities, as a precise estimate of the duration and effect of the COVID-19 crisis is currently not possible.

A number of opportunities are presented to the companies of Tele Columbus Group for the future, which result especially from the competitive strengths of the Group. In this regard, it is referred to the comments in Section 7 “Report on opportunities” in the Group Management Report for the financial year 2019.

E.4 Subsequent events

There were no other significant events after the balance sheet date.

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Berlin, May 2020

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Note

Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.). This Interim Statement is available in German and English. Both versions can also be downloaded from www.telecolumbus.com/investor-relations/. In all cases of doubt, the German version shall prevail.

Disclaimer

This Interim Statement contains certain forward-looking statements which reflect the current views of Tele Columbus AG's management with regard to future events. These forward looking statements are based on our currently valid plans, estimates and expectations. The forward-looking statements made in this Interim Statement are only based on those facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which Tele Columbus often cannot influence but which might cause our actual results to be materially different from any future results expressed or implied by these statements. Such risks, uncertainties and other factors are described in detail in the Risk Report section of the Annual Reports of Tele Columbus AG. Tele Columbus does not intend to revise or update any forward-looking statements set out in this Interim Statement.