

Q3 2017

Quarterly Statement

Constantin Medien AG is an internationally operating media company based in Ismaning near Munich. The business operations include the Segment Sports. Until June 12, 2017, its portfolio also encompassed the Segments Film and Sports- and Event-Marketing, through the majority holding in Highlight Communications AG, Pratteln/Switzerland. Since the deconsolidation of Highlight Communications AG, June 12, 2017, the operative business activities of Constantin Medien AG include the activities of the companies in the Segment Sports with Sport1 GmbH, Sport1 Media GmbH and PLAZAMEDIA GmbH.

- **Group sales** amounted to EUR 25.1 million following EUR 101.7 million in the same quarter last year. The 75 percent drop reflects, on the one hand, the deconsolidation of Highlight Communications AG effective June 12, 2017. From this date on, as already announced, the sales and earnings attributable to shareholders of the Highlight Communications Group with the Segment Film as well as the Segment Sports- and Event-Marketing are no longer attributable to the Constantin Medien Group.
- On the other hand, the **sales from the Sports Segment** in the third quarter 2017 considerably fell by 29.7 percent to EUR 25.1 million compared to EUR 35.7 million in the same period the year before. After PLAZAMEDIA's production framework agreement with Sky expired at the end of June 2017 after a term of 18 years, the new customer business of PLAZAMEDIA was also behind expectations in the third quarter 2017 and could not compensate the loss of its largest customer Sky as announced in 2016. Moreover, the digital business sales of SPORT1 continued, as in the first half-year, to be significantly below expectations in the quarter under review.
- The **result from operations (EBIT)** dropped to EUR -6.3 million in the third quarter 2017 compared to EUR 6.6 million in the prior year's quarter. Besides the loss of earnings due to the deconsolidation of Highlight Communications AG and the lower sales in the Segment Sports, this loss was also due to extraordinary effects for severance payments to former Board Members, expenses for corrections of earlier undertakings and projects as well as legal consultancy costs.
- The **result from the Segment Sports** fell to EUR -2.7 million in the third quarter 2017 due to the aforementioned considerable below-budget development compared to EUR 2.2 million in the third quarter 2016.
- The **earnings attributable to shareholders** stood at EUR -11.9 million in the third quarter versus EUR 1.2 million in the same period last year. This includes a loss of EUR 3.2 million from the settlement of 8 million Highlight Communications shares with the loan from Stella Finanz AG. The already published agenda of the Annual General Meeting of Highlight Communications AG on December 1, 2017, provides for the resolution of a dividend of CHF 0.30 per Highlight Communications AG share. Should the Annual General Meeting approve the proposed resolution, Constantin Medien AG is also entitled to this dividend for the 8 million Highlight Communications AG shares settled. This would largely offset the loss of EUR 3.2 million.

Outlook for the business year 2017 adjusted:

The Management Board of Constantin Medien AG raises its forecast for the net income attributable to shareholders in the financial year 2017, which is now expected to range from EUR 15 million to EUR 18 million (previously: EUR 7 million to EUR 10 million) at unchanged exchange rates.

The reason for the increase in the forecast is the expectation of the Management Board that the majority of the shareholders of Highlight Communications AG will follow the proposal of the Board of Directors at the Annual General Meeting on December 1, 2017, and decide on a dividend of CHF 0.30 per share. The Management Board passed today the relevant resolution for the 20.6 million Highlight Communications AG shares owned by Constantin Medien. If the Annual General Meeting decides to approve the dividend proposal, then Constantin Medien AG is also entitled to this dividend for the 8 million Highlight Communications AG shares settled with the loan from Stella Finanz AG.

The Management Board has maintained the previous forecast for Group sales 2017 of Constantin Medien AG of between EUR 250 million and EUR 280 million.

Content

1. Financial performance indicators	3
2. Business performance in the third quarter 2017	3
2.1 Sales and earnings development in the third quarter 2017	3
2.2 Operating and economic development of the Segment Sports	3
2.3 Others	5
2.4 Net debt	5
3. Risks and opportunities report	6
4. Outlook	7
4.1 Priorities	7
4.2 Financial targets	7
5. Events after the reporting period	8

Forward-looking statements

This document is a quarterly statement according to section 51a of the Stock Exchange Regulations of Frankfurt Stock Exchange.

This document contains forward-looking statements that are based on estimates and expectations of the Management Board. Words such as anticipate, intend, expect, can/could, plan, provided, further improvement, target is and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not historical facts. They are subject to risks, uncertainties and factors, of which most are difficult to assess and which in general are beyond the control of the Management Board. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove to be incorrect, the actual results, performance or achievements of the Constantin Medien Group may differ significantly from those described explicitly or implicitly in the forward-looking statements. The Constantin Medien AG does not

intend to continuously update the forward-looking statements contained in this document.

Although every effort has been made to ensure that the provided information and facts are correct, and that the opinions and expectations are reasonable, no liability or warranty as to the completeness, correctness, adequacy and/or accuracy of any forward-looking statements in this document are assumed.

Rounding differences of +/- one unit may occur in the tables for computational reasons and the percentages shown may not precisely reflect the absolute figures that they represent.

Important notice

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

Imprint

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Quarterly Statement

1. Financial performance indicators

For the 2017 financial year, sales and earnings attributable to shareholders are used as key performance indicators. In addition, the key figures profit from operations (EBIT) and net debt (cash and cash equivalents less financial liabilities) are regularly determined for controlling and managing the segment.

2. Business performance in the third quarter 2017

Regarding the deconsolidated segments Film and Sports- and Event-Marketing, please refer to the interim financial report 2017.

2.1 Sales and earnings development in the third quarter 2017

- **Sales, profit from operations (EBIT) and earnings attributable to shareholders** declined significantly compared to the same period of the previous year due to the deconsolidation of Highlight Communications AG as of June 12, 2017 and extraordinary charges for severance payments and legal costs and the negative operating performance of the Segment Sports.
- **Sales** fell 75.3% below Q3 2016, among others, due to the deconsolidation of Highlight Communications AG. In addition, sales in the Segment Sports significantly lower year-on-year due to expiry of the master production agreement between PLAZAMEDIA GmbH and Sky Deutschland Fernsehen GmbH & Co. KG as of June 30, 2017 and new customer business announced in 2016 of PLAZAMEDIA continues to be massively below budget and SPORT1's digital business continues to fall well short of expectations.
- **Operating result (EBIT)** at EUR -6.3 million, following EUR 6.6 million in Q3 2016. Decrease due in particular to the deconsolidation effect, lower sales in the Segment Sports and extraordinary charges from severance payments for former members of the Management Board and legal costs at Constantin Medien AG.
- **Earnings attributable to shareholders** of EUR -11.9 million after EUR 1.2 million in the same quarter of the previous year. This includes a loss of EUR 3.2 million from the settlement of 8 million Highlight Communications shares with the loan from Stella Finanz AG. The already published agenda of the Annual General Meeting of Highlight Communications AG on December 1, 2017, provides for the resolution of a dividend of CHF 0.30 per Highlight Communications AG share. Should the Annual General Meeting approve the proposed resolution, Constantin Medien AG is also entitled to this dividend for the 8 million Highlight Communications AG shares settled. This would largely offset the loss of EUR 3.2 million.

Constantin Medien Group | Business performance in EUR million

	Q3 2017	Q3 2016	Change	9M 2017	9M 2016	Change
Sales	25.1	101.7	-75.3%	225.4	365.7	-38.4%
Profit from operations (EBIT)	-6.3	6.6	>-100.0%	37.0	17.6	>100.0%
Earnings attributable to shareholders	-11.9	1.2	>-100.0%	22.9	-0.2	>100.0%

2.2 Operating and economic development of the Segment Sports

- Additional attractive sports rights for SPORT1: Cooperation with ADAC for the ADAC GT Masters and the master series ADAC Formula 4 and ADAC TCR Germany extended up to and including 2020.
- New contract concluded with the four regional soccer league bodies Soccer Association of Northern Germany ("Norddeutscher Fußball-Verband"), Soccer Association of Western Germany ("Westdeutscher Fußballverband"), South-Western Regional League ("Regionalliga Südwest GbR") and the Bavarian Soccer Association ("Bayerischer Fußball-Verband") up to and including the 2020/21 season; new broadcasting slot for regional league Monday night matches.
- Rights acquired to the European Volleyball Championships in 2017, 2019 and 2021, the European Beach Volleyball Championships up to and including 2021 and the Womens Bundesliga for the 2017/18 season.
- New eSports broadcasting rights acquired for the 2017 FIFA Interactive World Cup, the 2017 ESL One Hamburg and the final events of the 2017 ESL Summer and Winter Championship in EA SPORTS FIFA 17 and League of Legends. In September, free-TV launch of the six-part "Inside eSports Spezial" documentary on eSports professionals at VfL Wolfsburg with UPS as the exclusive presenter.
- Expanded distribution: Since September, the pay-TV channel SPORT1 US has also been broadcast via Magine TV and SPORT1 HD also via waipu.tv.

- Free-TV market shares during the reporting period remaining slightly below the level of the previous year's quarter particularly due to the start of the new Soccer Bundesliga rights period without live 2nd Bundesliga matches on free-TV.

SPORT1 | Free-TV in %

	Q3 2017	Q3 2016	Change	9M 2017	9M 2016	Change
Market share/Z3+ (Ø/month)	0.7	0.8	-13%	0.9	0.9	+/-0%
Market share/M14-49 (Ø/month)	1.3	1.4	-7%	1.5	1.5	+/-0%

Source: AGF/GfK Fernsehforschung (TV Scope) January 1 to September 30, 2016/17, Ø/reporting period

- Pay-TV distribution continues at a high level: reaching a total of 2.19 million SPORT1+ subscribers excluding those subscribers reached via Sky on September 30, 2017 (end of September 2016: 2.09 million) and 1.47 million SPORT1 US subscribers (end of September 2016: 1.51 million).
- Slight increase in page impressions (PIs) and mobile visits compared to the previous quarter. PIs stable compared to the previous nine-month period; visits slightly regressive.
- Positive development of coverages in the mobile area, particularly due to reporting of the Soccer Bundesliga, UEFA Champions League, UEFA Europa League and DFB Cup
- Also continued further development and optimization of SPORT1 mobile offers.

SPORT1 | Mobile in million

	Q3 2017	Q3 2016	Change	9M 2017	9M 2016	Change
Page Impressions/PIs (Ø/month)	674.2	667.2	1%	697.5	677.2	3%
Visits (Ø/month)	67.3	66.0	2%	65.9	66.5	-1%

Sources: IVW, Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V. (German Information Association for the Ascertainment of Distribution of Advertising Media e.V.) January to September 2016/2017; Ø/reporting period; Mobile: MEW, SPORT1 News App, Manager App until 05/2016, Video App, SPORT1.fm App, Darts App and iM Football App

- In the online area, reduction of PIs and visits compared across quarters and nine-month periods, still due to the ongoing shift in content use from online to mobile and growing use of ad-blocker solutions.

SPORT1 | Online in million

	Q3 2017	Q3 2016	Change	9M 2017	9M 2016	Change
Page Impressions/PIs (Ø/month)	92.7	134.8	-31%	95.4	142.1	-33%
Visits (Ø/month)	16.9	19.1	-12%	17.1	19.1	-10%

Sources: IVW, Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V. (German Information Association for the Ascertainment of Distribution of Advertising Media e.V.) January to September 2016/2017 Ø/reporting period; Online: Since 01/2016, the IVW has listed SPORT1.de; tv.sport1.de; video.sport1.de, bundesligamanager.sport1.de and SPORT1.fm; SPORT1.de and SPORT1.fm under one ID and presented their results together each month.

- Significant increase in video calls on the SPORT1 YouTube channels by +193% compared to Q3 2016 and +105% compared across nine months thanks to a further optimization of processes and structures on all SPORT1 social media platforms and expansion of video and especially live stream offers on YouTube.
- Video views on the SPORT1 platforms (excluding YouTube) in Q3 2017 influenced especially by changed user behavior and new prioritizations on the product site.

SPORT1 | Video in million

	Q3 2017	Q3 2016	Change	9M 2017	9M 2016	Change
Video Views						
SPORT1 platforms without YouTube (Ø/month)	10.0	10.5	*	10.0	11.5	*
Video Views (SPORT1 YouTube channels) (Ø/month)	12.0	4.1	193%	8.4	4.1	105%

Sources: Video views on SPORT1 platforms excluding YouTube: DoubleClick January to June 2016/2017; Livestream: Akamai January to June 2016; DoubleClick January to June 2017; YouTube Content Management System January to September 2016/2017

*Since November 2016, the video view livestream data are received from DoubleClick; a comparison to previous period is therefore not meaningful.

- PLAZAMEDIA commissioned with extensive production services for the UEFA Champions League, UEFA Europa League and summaries of the 2nd Bundesliga for ZDF and SPORT1 during the reporting period.
- Development, realization and running of augmented reality graphics as part of the ESL One Cologne in the LANXESS Arena for the eSports League ESL.
- Provision of staff and technical infrastructure and extensive production technology services, including highlight production for the Amazon sports radio offer in the context of broadcasting Bundesliga, 2nd Bundesliga and DFB Cup matches.
- Use of augmented and virtual reality elements in the mobile ZDF studio for Soccer Bundesliga and country matches.
- Since the 2017/2018 season, production of highlights for the Soccer Bundesliga and 2nd League, including signal supply, recording and provision of the technical infrastructure for the Perform Group
- **Sales decline** in the Segment Sports in Q3 2017 by 29.7% to EUR 25.1 million (Q3 2016: EUR 35.7 million). After the PLAZA-MEDIA production framework agreement with Sky expired at the end of June 2017, PLAZAMEDIA's new customer business remained below expectations in the third quarter of 2017 and was unable to compensate for the loss of the largest customer Sky as announced in 2016. Sales in the digital business area of SPORT1 also remained well below expectations in the reporting quarter.
- **Segment result** in Q3 2017 at EUR -2.7 million after EUR 2.2 million in the same period of the previous year, above all due to lower sales in the Segment Sports and new customer business below plan in the production area.

Segment Sports | Segment performance in EUR million

	Q3 2017	Q3 2016	Change	9M 2017	9M 2016	Change
Segment sales	25.1	35.7	-29.7%	100.7	111.3	-9.5%
Segment result	-2.7	2.2	>-100.0%	-0.8	5.8	>-100.0%

2.3 Others

- The operating result of the holding company Constantin Medien AG (Others) was at EUR -3.6 million in Q3 2017 after EUR -0.7 million in the same period of the previous year, mainly due to the recognition of expenses for severance payments of former members of the Management Board and legal costs.

2.4 Net debt

- **Net debt** increased by EUR 42.6 million to EUR 50.0 million (December 31, 2016: EUR 7.4 million), mainly due to the deconsolidation of Highlight Communications AG (derecognition of cash and cash equivalents).

Net debt in EUR million

	9/30/2017	12/31/2016	Change	Change in %
Cash and cash equivalents	13.8	104.8	-91.0	-86.8
Current financial liabilities	63.8	48.7	15.1	31.0
Non-current financial liabilities	0	63.5	-63.5	-100.0
Net debt	-50.0	-7.4	-42.6	>-100.0

3. Risks and opportunities report

Detailed description of the risk management system and the risks and opportunities profile in chapters 7.2.1 and 7.3.1 in the combined group management report and management report of the annual report 2016 of Constantin Medien AG.

Detailed information on the individual risks and opportunities of Constantin Medien AG in chapters 7.2.2 and 7.3.2 in the combined group management report and management report of the annual report 2016 and in chapter 3 of the interim financial report 2017. Description of the internal control and risk management system in relation to the group accounting process in chapter 7.5 of the combined group management report and management report of the annual report 2016 of Constantin Medien AG.

Changes compared to the risks and opportunities presented in the combined group and management report of the annual report 2016 and the interim financial report 2017 of Constantin Medien AG in the reporting period:

– Legal risks | Lawsuit against EM.TV share price decline in the years 2000/2001

A lawsuit against Constantin Medien AG as the legal successor of EM.TV & Merchandising AG, which is based on the decline in prices of the EM.TV share in the years 2000/2001, was ongoing with the Higher Regional Court Frankfurt am Main. The competent District Court Frankfurt am Main rejected this lawsuit on December 22, 2015. The plaintiff appealed against this ruling. In its judgment of September 26, 2017, the Higher Regional Court of Frankfurt am Main partially upheld the plaintiff's appeal against the dismissal judgment and partially amended the judgment to the extent that the defendants are ordered jointly and severally to pay the plaintiff EUR 104 thousand plus interest, whereby the plaintiff in the amount of approx. 22 percent lost. The revision was not admitted, and as an appeal for a non-admission complaint is possible. However, due to the very low chances of success, the Management Board decided not to file this appeal. As a result of the conclusion of these legal proceedings, this risk is now eliminated.

– Legal risks | Action for annulment of resolutions of the Annual General Meeting on August 23, 2017

One shareholder of Constantin Medien AG has filed an action for annulment against various resolutions of the Annual General Meeting on August 23, 2017. This affects the resolutions of agenda items 5 and 12 – 16. The main reasons for the action for annulment are allegations alleging a faulty invitation, the refusal of the right of speech and participation as well as violation of information obligations. The possible effect of the action for annulment is that the relevant decisions against which the action is based are ineffective.

Based on the measures taken and the assessment of the Management Board, this new risk is classified as medium.

– Risks from regulation | Impact of the ePrivacy regulation on digital marketing

The so-called ePrivacy regulation, which is intended to regulate, among other things, the use of cookies and similar technologies, the admissibility of creating user profiles (tracking, profiling, retargeting) or measures for the use of personal data, is now available in a quorum version. According to this policy, each Internet user must have an active consent form for each device for each website before data can be collected and data-based advertising can be used. If the user refuses to consent, no data-driven advertising can be displayed; even a frequency cap (regulates the frequency of the advertisement) is no longer possible, since no cookie may be set. This has a significant impact on the way campaigns can be played out in the future and could have a negative impact on sales and earnings development.

Overall, the risks from regulation remain at a significant level.

4. Outlook

4.1 Priorities

- In the 2017 financial year, SPORT1 is focusing on consistent multimedia content use, distribution and capitalization. Its focus continues to be on strengthening its portfolio by acquiring attractive new rights, renewing existing partnerships and developing new content cooperations and business areas, as well as exploiting and implementing established program pillars across platforms. This includes the Bundesliga and 2nd Bundesliga, UEFA Europa League, ice-hockey, motorsports, basketball or darts. Against the background of the massively increasing digital and cross-platform use of media offers, in the 2017 financial year, Sport1 GmbH will further drive the digital diversification of the SPORT1 brand and at the same time create new content and marketing environments, such as with regard to Addressable TV. Priorities include the development of new mobile offers, the further intensification of social media activities and the expansion of the video area via own apps, own video brand channels or the use of new social media video offers, such as Facebook Live. In addition, the activities include own offers and formats in the eSports area, which is also growing rapidly in Germany.
- At PLAZAMEDIA, in 2017, the focus will include the implementation of extensive and complex live sports productions and non live formats, the development and further development of innovative production technologies, content management solutions and production technology content distribution. In the context of expanding the PLAZAMEDIA portfolio, priorities in the 2017 financial year will be on traditional broadcasting activities, particularly the further development and the development of new digital production activities, products and services – with a view on the increasing fragmentation of media distribution channels, e.g. specific OTT or OVP solutions. The distribution partnerships with Tata Communications and Comcast Technology Solutions opened up access to new players and markets. The aim is to expand existing business relationships in the 2017 financial year based on the varied range of services, which has been widened significantly especially in the digital area, to add new business areas and customer groups and to create a much broader basis for the customer portfolio overall.

4.2 Financial targets

- Due to the deconsolidation of Highlight Communications AG effective June 12, 2017, the sales as well as the earnings attributable to shareholders of the Highlight Communications group no longer apply from this date. The deconsolidation of Highlight Communications AG resulted in an unscheduled, non-cash, non-recurring income of EUR 37.3 million.
- An opposite effect was provided by unplanned costs, in particular for severance pay for former Board Members, special expenses for legal advice as well as for the upcoming special audits agreed by the Annual General Meeting and for the special audit on Formula 1.
- In addition, due to the negative development of the TV and digital advertising business of the SPORT1 platforms since summer 2017 and the development of business in the PLAZAMEDIA Group, the Management Board continues to expect in the Segment Sports a significant decline in sales and a negative EBIT compared to expectations.
- The Management Board expects that the shareholders at the Annual General Meeting of Highlight Communications AG on December 1, 2017 will approve the dividend of CHF 0.30 proposed by the Board of Directors.
- Due to the now expected dividend from Highlight Communications AG and the deconsolidation of Highlight Communications AG already taken into account in the forecast change as of September 29, 2017 and the below-target developments in the Segment Sports as well as the above-mentioned unplanned costs, the Management Board is currently assuming that, taking into account holding costs as well as financial expenses and taxes, net income attributable to shareholders will increase to EUR 15.0 million to EUR 18.0 million (previously EUR 7.0 million to EUR 10.0 million).
- The Management Board continues to maintain its previous forecast for Constantin Medien AG's Group sales for 2017 of between Euro 250 million and Euro 280 million.

5. Events after the reporting period

- On October 17, 2017 completion of a three-year exclusive cooperation between Sport1 GmbH and Team Sauerland. The agreement includes exclusive platform-neutral media rights to top-class boxing events from 2018 up to and including 2020 for Germany, Austria and Switzerland with at least 20 boxing events (totaling around 100 fights) per year – including World Cup title fights by major international associations or fights by German top stars. These are broadcasted on Saturday night live on free-TV and on the digital platforms of SPORT1.
- On November 27, 2017 SPORT1 announced the promotion of the content offensive and is finalizing the integration of its TV and Digital segments with a new setup: Daniel von Busse, previously Director Program & Licensing, and Pascal Damm, previously Senior Vice President Digital, will join the company's management board as Chief Operating Officer TV and Chief Operating Officer Digital with immediate effect. Robin Seckler, Managing Director Digital Products of Sport1 GmbH and PLAZAMEDIA GmbH, will leave the Constantin Medien group, effective December 31, 2017.
- The business operations of the agency LEITMOTIF, which was founded in mid-2015, will be focused from 2018 on the consulting area, which started in February 2017. The creative area will be discontinued from next year after a critical review due to non-fulfillment of sales and earnings expectations and insufficient revenue prospects.
- On November 27, 2017, Highlight Communications AG and Studhalter Investment AG decided to offer the shareholders of Constantin Medien AG a voluntary public takeover offer with a liberating effect for Mr Bernhard Burgener, Mrs Rosmarie Burgener, Highlight Event and Entertainment AG and Mr Alexander Studhalter, to acquire its bearer shares in Constantin Medien AG in exchange for a cash payment of EUR 2.30 per Constantin Medien AG share.

Ismaning, November 29, 2017

Constantin Medien AG

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