Press Release

- Consolidated sales increased by 2.4% to CHF 163.6 million
- Consolidated net profit at CHF 11.2 million due to end of period effects
- Consolidated equity rises to CHF 101.1 million
- Forecast for 2012 confirmed once again

Q2 2012: Highlight Group with solid business development

Pratteln, August 15, 2012

In the first half of 2012, the Highlight Group met its sales and earnings targets in a still difficult environment.

Consolidated sales rose by 2.4% year-on-year from CHF 159.7 million to CHF 163.6 million. Including capitalized film production costs and other own work capitalized, Group total output amounted to CHF 189.3 million (previous year's period: CHF 176.7 million). Other operating income rose by CHF 2.0 million to CHF 14.9 million. Consolidated operating expenses increased by 11.3% to CHF 188.6 million (previous year's period: CHF 169.5 million), resulting in a profit from operations of CHF 15.6 million (previous year's period: CHF 20.1 million).

Consolidated net profit for the period was CHF 11.2 million. The decrease as against the previous year's figure (CHF 16.2 million) is due to temporal delimitation and results from the Film segment. CHF 11.3 million of this profit (previous year's period: CHF 14.9 million) relates to Highlight shareholders, equating to earnings per share of CHF 0.25 (previous year's period: CHF 0.32).

With external sales of CHF 119.0 million, the Film segment exceeded the comparative figure for the previous year (CHF 113.8 million) by 4.6%. This increase is largely attributable to the theatrical hit comedy “Türkisch für Anfänger” and strong sales figures in the home entertainment business area. Segment expenses rose by 14.8% to CHF 158.4 million, primarily due to higher cost of materials and licenses. Segment earnings were down on the first half of 2011 (CHF 5.6 million) at CHF 0.2 million. This development is due to temporal delimitation, as less TV license income compared to the previous year was generated as of June 30, 2012. In the meantime, this income was realized, so that the Film segment as a whole is in line with planning.

The Sports- and Event-Marketing segment continued to develop very well. Here, a significant reduction in segment expenses more than compensated for a largely exchange rate-related decrease in external sales from CHF 45.9 million to CHF 42.9 million. Consequently, segment earnings improved by 15.2% to CHF 19.7 million.

The Other Business Activities segment generated external sales of CHF 1.8 million and segment earnings of CHF -1.4 million. As this segment only came into existence on July 1, 2011, no prior-year comparison is possible at present.

Cash and cash equivalents increased by CHF 11.1 million to CHF 151.8 million in the first half of 2012 (December 31, 2011: CHF 140.7 million). As of June 30, financial liabilities stood at CHF 235.9 million – up by CHF 31.7 million as against the end of 2011 (CHF 204.2 million). This resulted in an increase in net debt from CHF 63.5 million to CHF 84.1 million.

Consolidated equity (including non-controlling interests) rose by CHF 5.1 million to CHF 101.1 million as against the end of 2011 (CHF 96.0 million). The increase was due mainly to the consolidated net profit of CHF 11.2 million. As a result of the increase in total assets, the notional equity ratio remained almost unchanged at 19.3% as at June 30, 2012 (December 31, 2011: 19.2%).

Based on the sound operational prospects for the second half of the year, particularly with regard to the forthcoming 3-D releases ("Step Up Revolution" and "Resident Evil: Retribution"), the Highlight Group expects to generate consolidated sales of CHF 370 million to CHF 390 million and earnings per share of EUR 0.42 to EUR 0.44 for 2012 as a whole, assuming that exchange rates remain roughly stable.

The interim report as of June 30, 2012 is available for downloading from the company's website www.highlight-communications.ch as of today.

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