PRESS RELEASE

Highlight Group records significant growth in consolidated net profit in fiscal 2019

- **Consolidated net profit attributable to shareholders increases by 37% to CHF 25.2 million and exceeds forecast range**
- **Earnings per share up an impressive 38% to CHF 0.44**
- **Consolidated sales of CHF 486.8 million**

Pratteln, March 31, 2020 – The business performance of the Highlight Group in 2019 was positive on the whole.

Group development in fiscal 2019

- At CHF 486.8 million, consolidated sales were down 8.4% on the prior-year figure of CHF 531.6 million. Due to non-recurring effects, a reclassification of sales to "other operating income" of around CHF 22 million and currency effects of around CHF 17 million, sales fell below the forecast of CHF 520-540 million. Adjusted for these non-recurring effects, consolidated sales would have fallen within the forecast range at around CHF 526 million.

- At CHF 594.9 million, consolidated operating expenses were down 11.9% on the figure for fiscal 2018 (CHF 675.3 million).

- EBIT decreased by 7.5% to CHF 29.5 million as a result of currency effects (previous year: CHF 32.0 million).

- At CHF 25.4 million, consolidated net profit was up significantly on the prior-year figure of CHF 18.0 million.

- The share of consolidated net profit attributable to Highlight's shareholders amounted to CHF 25.2 million after CHF 18.4 million in the previous year, thereby comfortably exceeding the forecast range of CHF 20-22 million.

- Based on an average of 56.8 million shares in circulation in the reporting year (previous year: 58.2 million), this resulted in earnings per share of CHF 0.44 (previous year: CHF 0.32).

Development of the operating segments in 2019

- The **Film** segment achieved its targets in fiscal 2019. There were twelve in-house and co-productions in total in theatrical production, including the Bora Dagtekin comedy "Das perfekte Geheimnis" and "Kaiserschmarrndrama", the seventh big-screen adaptation of a Rita Falk novel. Fourteen films were released in German movie theaters in theatrical distribution (thirteen were planned), including the four most successful German features to be released in theaters in 2019. Home entertainment exploitation retained a strong market position thanks to a balanced portfolio, including theatrical successes such as "Der Fall Collini" and "Ostwind – Aris Ankunft". In TV exploitation/license trading, various license sales of in-house and third-party productions again took place in 2019. In free TV, sales were generated in particular by the start of initial licenses. In the pay TV sector, there were also the initial licenses for “Fack Ju Göhte 3” (Sky) and “Dieses bescheuerte Herz” (Sky).

Sales in the Film segment amounted to CHF 303.6 million in the reporting year (previous year: CHF 364.4 million). Other segment income, which is largely influenced by capitalized film production costs, fell as a result of the lower production volume. Segment expenses fell by 20.0% to CHF 415.2 million (previous year: CHF 518.8 million). For this reason, segment earnings improved significantly by 35.0% to CHF 16.4 million (previous year: CHF 12.1 million).

- In the **Sport- and Event-Marketing** segment, the TEAM group successfully completed the development of commercial concepts and rights packages for the 2021/22 to 2023/24 cycle of the UEFA Champions League, the UEFA Europa League, and the new UEFA European Conference League in the reporting year. As a result, TEAM was able to start selling the commercial rights in the second half of the year. TEAM experienced a strong start to its sales operations on both the media and the sponsorship sides, closing several key deals early on.

  At CHF 64.7 million, external sales in the Sports- and Event-Marketing segment were up by 1.5% on the previous year’s level (CHF 63.7 million). The increase was due to the higher agency commission that the TEAM Group generated as a result of the successful marketing of UEFA club competitions. At CHF 29.2 million, segment earnings were down 7.6% on the previous year (CHF 31.5 million).

- In the reporting year, the **Sports** segment continued to focus on optimizing its portfolio of rights, improving existing digital content and creating new digital content for cross-platform exploitation.

  The segment generated sales of CHF 119.0 million and other income of CHF 9.2 million in fiscal 2019. Expenses including consolidation entries resulting from initial consolidation (PPA) amounted to CHF 136.5 million, bringing segment earnings to CHF -8.3 million. Due to the different consolidation periods of the Sports segment in 2018 (nine months) and 2019 (twelve months), it is not currently possible to make informative statements about the development of sales and expenses.

Targets for fiscal 2020

The new coronavirus strain has continued to spread around the world in the first quarter of 2020. Given this development, the Board of Directors is not currently able to issue a forecast for fiscal 2020.

The Board of Directors is monitoring the situation and will take the corresponding action when necessary. The Board of Directors assumes that the spread of coronavirus will affect the Highlight Group.

The Annual General Meeting for fiscal 2019 is scheduled to take place on June 25, 2020.

From today, the annual report for 2019 can be downloaded from www.highlight-communications.ch in German and English.

The Highlight Group at a glance

Group figures in line with IFRS

CHF million	2019	2018	Change in %
Sales	486.8	531.6	-8.4
EBIT	29.5	32.0	-7.5
Consolidated net profit for the period (after taxes)	25.4	18.0	41.2
Consolidated net profit attributable to shareholders	25.2	18.4	36.9
Earnings per share (in CHF)	0.44	0.32	37.5
Segment revenues			
Film	303.6	364.4	-16.7
Sports- and Event-Marketing	64.7	63.7	1.5
Sports	119.0	104.2	14.7
Segment earnings			
Film	16.4	12.1	35.0
Sports- and Event-Marketing	29.2	31.5	-7.6
Sports	-8.2	-4.4	n/a
CHF million	**Dec. 31, 2019**	**Dec. 31, 2018**	**Change in %**
Total assets	673.9	638.6	5.5
Equity	197.7	225.6	-12.4
Equity ratio (%)	29.3	35.3	6 points
Financial liabilities*	187.7	149.9	25.2
Cash and cash equivalents	53.0	52.5	0.8

** The prior-year figures are not comparable due to a new credit agreement, as this was partly classified as non-current for fiscal 2019, whereas in the previous year the entire amount was classified as current. Non-current financial liabilities of TCHF 934 have been added to the prior-year figure.*

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