

# First Quarter 2020 Earnings Release

**Mexico City, April 16, 2020 - Corporación Interamericana de Entretenimiento, S.A.B. de C.V.** ("CIE," the "Company" or the "Group") (BMV: CIE) announced its financial results for the first quarter of 2020, which were prepared pursuant to International Financial Reporting Standards (IFRS).

- In compliance with the transition measures to face the COVID-19 pandemic as defined by the Federal Government, the Mayor of Mexico City, and governors from various states, the Company suspended activities and events from March 16, 2020 until further notice.
- ➢ In the first quarter of 2020, consolidated sales decreased 6% to Ps.2,339, compared to Ps.2,494 recorded in the same period of the prior year.
- Consolidated EBITDA was Ps. 423, compared to Ps.514 in the same period of the previous year.
- > During the quarter, net income was Ps.343, compared to a net income of Ps.14 reported during the same period of the prior year.



The numbers presented in this document for the first quarter of 2020 and 2019, are stated in millions of nominal Mexican pesos. Numbers may vary due to rounding. EBITDA means Earnings before Other Revenues and Net (Expenses) plus Depreciation and Amortization. N.A. means Not Applicable.



# **Consolidated Key Figures**

	1Q 2020	1Q 2019	% Var.
Revenues	2,339	2,494	-6%
EBITDA	423	514	-18%
EBITDA Margin	18.1%	20.6%	
Operating Income	261	373	-30%
Net Financial Revenues (Expenses)	177	(196)	N.A.
Net Income	343	14	N.A.

**REVENUES 1Q 2020** 

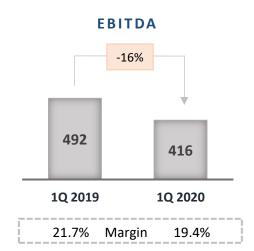


EBITDA 1Q 2020



#### **CIE ENTERTAINMENT**





Revenues at **CIE Entertainment** were Ps.2,143, which is 6% lower than the number reported during the same quarter of the prior year. The decrease in revenues is due to a series of events and festivals being cancelled on March 16<sup>th</sup>, after suspension of activities defined by the Federal Government and other authorities.

These concerts and festivals have been mostly rescheduled and, in some cases, canceled.

During the quarter there were some shows of note by artists and festivals such as:

- Maroon 5
  (Foro Sol. Mexic
- Electric Daisy Carnival
  (Hermanos Rodríguez Racetrack, Mexico City)
- Backstreet Boys
  (Palacio de los Deportes, Mexico City)
- Creedence Clearwater Revisited
  (Palacio de los Deportes, Mexico City

During the period the following concerts and festivals were standouts: 1) Maroon 5 and Billy Joel at Foro Sol in Mexico City; the Backstreet Boys and Creedence Clearwater Revisited at Palacio de los Deportes; 2) the Vive Latino and Electric Daisy Carnival festivals in Mexico City; and 3) concerts of Latin artists such as Alejandro Fernandez, Sebastián Yatra and Los Tigres del Norte, among many others.

EBITDA at CIE Entertainment decreased 16% to Ps.416 during the period, in comparison with Ps.492 recorded during the same period of the previous year. The decrease is a consequence of lower revenues as mentioned above.



## **CIE SPECIAL EVENTS**



20 9 1Q 2019 1Q 2020 10.6% Margin 5.5%

**EBITDA** 

-55%

At **CIE Special Events**, revenues decreased 13% to Ps.167, in comparison with Ps.191 recorded in the same period of the prior year. As with CIE Entertainment, and due to the preventive measures put into place, events were suspended as of March 16, therefore there were fewer events during the quarter in comparison with the same quarter of the prior year. To a lesser extent, the decrease also reflects a reduction in

During the period several major corporate events and shows were held:

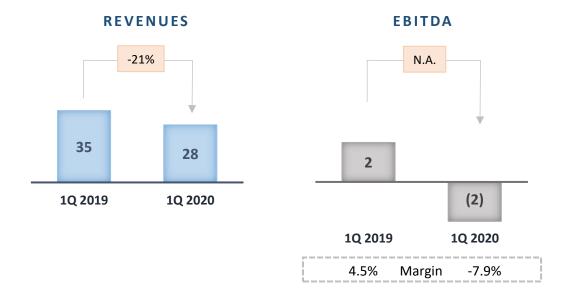
- Sabor es Polanco (Jardines del Campo Marte, Mexico City)
   La Mole
- Zona Maco 2020 (Centro Citibanamex, Mexico City)
   MEM Industrial 2020
- (Centro Citibanamex. Mexico Citv)

government events held for the new administration during the quarter. For the period, Centro Citibanamex organized important events such as Zona Maco 2020, La Mole, Expo Lighting America and MEM Industrial 2020. Among the corporate and special events held were: Sabor es Polanco, SAP Now, BBVA Economic Perspectives. Similarly, the division participated in the staging of events such as the Formula E race, and the Vive Latino and Electric Daisy Carnival festivals.

During the period, EBITDA at CIE Special Events was Ps.9, compared to Ps.20 reported in the same quarter of the prior year. The decrease is a direct consequence of the drop in number of events held during the period.



# OTHER BUSINESS (El Salitre Park, in Bogotá, Colombia)



During the quarter, revenues at the **El Salitre** park were Ps.28, which is 21% lower than revenues during the same quarter of the prior year. As with Mexico, the government of Colombia has taken similar measures to combat COVID-19, thus the park suspended activities, decreasing the number of visitors during the period in comparison with the prior year.

EBITDA for the park was (Ps.2), compared to Ps.2 recorded during the same quarter of the prior year.

Net Financial Revenues (Expenses)	1Q	1Q	%
	2020	2019	Var.
Net interest earned (paid)	(15)	(26)	+41%
Interest on right-of-use assets	(56)	(24)	N.A.
Net exchange rate gain (loss)	150	(142)	N.A.
Gain (Loss) in financial instrument valuation	99	(4)	N.A.
Net Financial Revenues (Expenses)	177	(196)	N.A.

## **NET FINANCIAL REVENUES (EXPENSES)**



During the quarter, net financial revenues were Ps.177, in comparison with a net financial expense of Ps.196 recorded during the same quarter of the previous year. This variation was mainly due to the following: 1) net exchange rate gain in the quarter of Ps.150, in comparison with a net exchange rate loss in same period of the prior year of Ps.142; 2) a Ps.99 gain in the valuation of financial instruments, compared to a loss of Ps.4 in the same quarter of the prior year; and 3) a decrease in net interest paid in the period.

### **INCOME TAX**

Income tax	1Q 2020	1Q 2019	% Var.
Taxes incurred	152	217	-30%
Deferred taxes	(71)	(43)	-66%
Income tax	81	174	-54%

During the period provisions for income tax incurred and deferred were Ps.81, in comparison with Ps.174 in the first quarter of 2019.

## **NET INCOME**

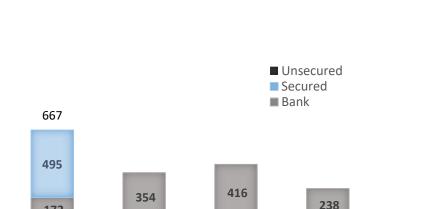
Net income of Ps.343 was recorded during the quarter, compared to a net income of Ps.14 during the same period of the prior year. This increase is mainly due to higher net financial revenues during the period, as well as the lower tax provision mentioned above.

## **TOTAL INTEREST-BEARING DEBT**

As of March 31, 2020, the Company's total bank and securitized debt was Ps.2,625, compared to Ps.2,179 recorded at the close of 2019. As a preventive measure in light of the COVID-19 pandemic, the Company contracted debt for \$450 from the lines of credit it maintains with several banks; all of those funds are liquid and available at the Company's treasury. The Group's debt is denominated in Mexican pesos, except debt of Ps.2, which is denominated in Colombian pesos. The following graph shows the maturity profile of the debt at the close of the first quarter 2020:

172

2021



2023

2024

Total: Ps.2,625

2022

#### **SIGNIFICANT EVENT**

950

450

498

2020

On March 17, 2020, CIE informed that in compliance with the transition measures to Phase 2 to fight the COVID-19, defined by the Federal Government, the Mayor of Mexico City, and governors of several states, its Entertainment division and the artistic community announced the suspension of all joint national events as of that date through April 19. That suspension, however, has been extended to May 30 of this year, reflecting the new measures reported by the authority.

Due to this decision, CIE Entertainment has initiated conversations with artists, agents, venues and sponsors to assess the viability of postponing events to a later date, or in the extreme case that events cannot be rescheduled, to cancel them. The status of each event will be reported by OCESA through its different communication channels. The Company will continue to work closely with federal and local authorities to support institutional decisions made within the framework of the national effort to fight the coronavirus pandemic.

### **ABOUT CIE**

Established in 1990, the Company is one of the most important companies in the out-ofhome entertainment market in Latin America and worldwide.

It offers a wide gamut of entertainment options to a variety of audiences and budgets in large- and medium-sized cities with high economic potential and population growth in the Mexican market, as well as in Colombia. That gamut of options includes concerts, theatrical



productions, sporting events, family events and cultural events, among others. The Company also operates an amusement park, El Salitre, in Bogotá, Colombia.

The Company operates the Citibanamex Center in Mexico City, which is one of the largest and most important international exposition and convention centers. It is also the bestknown producer and organizer of special and corporate events in the Mexican market. CIE also promotes and markets the Formula One Mexico City Grand Prix.

Corporación Interamericana de Entretenimiento is a publicly traded company whose shares have been listed on the Mexican Stock Exchange since 1995 under the ticker symbol "CIE."

## LEGAL DISCLAIMER

As a precautionary note to the investing public, except for the historical information provided herein, certain matters discussed in this document constitute forward-looking statements. These statements assume there are risks and uncertainties, including the economic conditions in Mexico and other countries where CIE operates, as well as fluctuations in the value of the Mexican peso against the United States dollar.

The use of registered trademarks or commercial trademarks in this document is exclusively for illustrative purposes and is not intended to violate copyrights and/or intellectual property laws applicable in the countries where CIE, its subsidiaries, and those companies with which CIE maintains commercial or business relationships, operate.

### CONTACT

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## **CONSOLIDATED INCOME STATEMENT**

	1Q	10	%
	2020	2019	Var.
Sales	2,339	2,494	-6%
Cost of sales	1,844	1,837	+0%
Gross Income	495	657	-25%
Operating expenses	234	283	-18%
Operating Income	261	373	-30%
Net Financial Revenues (Expenses)			
Net interest earned (paid)	(15)	(26)	+41%
Interest on right-of-use assets	(56)	(24)	-133%
Net exchange rate gain (loss)	150	(142)	N.A.
Gain (loss) in financial instrument valuation	99	(4)	N.A.
Net Financial Revenues (Expenses)	177	(196)	N.A.
Stake in the results of associated companies	(15)	11	N.A.
Earnings (Loss) before Taxes	423	188	<b>N.A.</b>
Income tax	81	174	-54%
Earnings after Taxes	343	14	N.A.
Net Income (Loss)	343	14	N.A.
Non-parent company stake	285	140	+104
Parent Company Stake	58	(126)	<b>N.A.</b>
Depreciation and amortization	162	141	+15%
EBITDA	423	514	-18%



# **BALANCE SHEET**

	March 31	Dec. 31	%
	2020	2019	Var.
Current Assets	8,548	6,640	+29%
Cash	3,872	3,052	+27%
Clients receivable, net	1,491	1,151	+30%
Other accounts receivable, net	146	164	-11%
Inventory	26	22	+15%
Other current assets	3,013	2,250	+34%
Non-Current Assets	5,042	5,009	+1%
Investments in associated companies and joint ventures	1,051	1,096	-4%
Property, plant and equipment, net	1,269	1,305	-3%
Right-of-use assets, net	1,755	1,681	+4%
Intangible assets	83	99	-16%
Assets from deferred taxes	838	763	+10%
Other non-current assets	45	65	-30%
Total Assets	13,590	11,649	+17%
Current Liabilities	6,707	5,004	+34%
Suppliers	1,451	786	+85%
Short-term leases	503	370	+36%
Short-term interest-bearing debt	949	500	+90%
Other current liabilities	3,804	3 <i>,</i> 348	+14%
Non-Current Liabilities	3,534	3,560	-1%
Long-term interest-bearing debt	1,676	1,679	-0%
Long-term leases	1,404	1,425	-2%
Deferred tax liabilities	23	27	-12%
Other non-current liabilities	431	430	+0%
Total Liabilities	10,241	8,564	+20%
Shareholders' Equity	3,349	3,084	+9%
Non-parent company stake	745	544	+37%
Parent Company Stake	2,603	2,540	+2%
Paid-in capital	3,399	3 <i>,</i> 399	N.A.
Capital gains (losses)	(795)	(859)	-7%
	13,590	11,649	+17%