
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report February 8, 2018

**CENTRAL EUROPEAN MEDIA
ENTERPRISES LTD.**
(Exact name of registrant as specified in its charter)

BERMUDA

0-24796

98-0438382

(State or other jurisdiction of incorporation)

(Commission File Number)

(IRS Employer Identification No.)

O'Hara House, 3 Bermudiana Road, Hamilton, Bermuda

(Address of principal executive offices)

HM 08

(Zip Code)

Registrant's telephone number, including area code: **(441) 296-1431**

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

We issued a press release announcing the results for the year ended December 31, 2017.

The press release is furnished as Exhibit 99.1 and incorporated herein by reference. Such information, including the Exhibits attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

The press release includes financial measures which are not presented in accordance with US GAAP. Management believes that the presentation of the non-GAAP financial measures provides useful information to investors regarding the Company's results of operations because management itself uses the non-GAAP measures for the assessment of operational efficiencies and these measures also form the basis of bonus incentives for executive management and throughout the Company.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

[99.1 Press Release, dated February 8, 2018 \(furnished only\)](#)

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, we have duly caused this report to be signed on our behalf by the undersigned thereunto duly authorized.

Date: February 8, 2018

/s/ David Sturgeon

David Sturgeon

Executive Vice President and Chief Financial Officer
Principal Financial Officer and Principal Accounting Officer



**CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
REPORTS RESULTS FOR THE FULL YEAR AND FOURTH QUARTER ENDED
DECEMBER 31, 2017**

FULL YEAR

- Net revenues increased 9% at actual rates and 6% at constant rates to US\$ 574.2 million -
- Operating income increased 23% at actual rates and 19% at constant rates to US\$ 129.9 million -
- OIBDA increased 21% at actual rates and 17% at constant rates to US\$ 165.5 million -

FOURTH QUARTER

- Net revenues increased 15% at actual rates and 5% at constant rates to US\$ 196.2 million -
- Operating income increased 27% at actual rates and 16% at constant rates to US\$ 57.8 million -
- OIBDA increased 27% at actual rates and 15% at constant rates to US\$ 67.6 million -

HAMILTON, BERMUDA, February 8, 2017 - Central European Media Enterprises Ltd. ("CME" or the "Company") (NASDAQ/Prague Stock Exchange - CETV) today announced financial results for the full year and three months ended December 31, 2017.

Following the previously announced agreement to sell our Croatia and Slovenia operations, these businesses are classified as held for sale and presented as discontinued operations for all periods. The discussion in this release relates to our continuing operations in the four remaining operating segments.

Operational and financial highlights:

- TV advertising revenues increased 8% at actual rates and 5% at constant rates in 2017.
- Carriage fees and subscription revenues increased 17% at actual rates and 15% at constant rates.
- OIBDA increased 21% at actual rates and 17% at constant rates, resulting in OIBDA margin expansion of nearly 300 basis points to 29%.
- Operating income increased 23% at actual rates and 19% at constant rates.
- Unlevered free cash flow in 2017 increased 19% at actual rates, while lower debt service obligations contributed to a 61% increase in net cash generated from continuing operations.
- In 2018, we anticipate using increased cash generated by the business, proceeds from the sale of our operations in Croatia and Slovenia, expected proceeds from warrant exercises, and savings from lower debt service obligations to repay a significant balance of principal on our outstanding long-term debt. Taken together, these actions would result in a net leverage ratio around 3x by the end of the year.
- Upon closing of the sale transaction and repayment of debt, we expect our average borrowing cost to be 4.5%.

Michael Del Nin, co-Chief Executive Officer, commented: "Our 2017 results represent our fourth straight year of both uninterrupted margin expansion and actual OIBDA growth above 20%. We anticipate that revenue growth, combined with our ongoing focus on cost containment, will drive another year of robust growth in profitability and continued margin expansion in 2018. Together with lower debt and reduced borrowing costs, this sets us up for a process of accelerated deleveraging that we think will characterize the year ahead."

Christoph Mainusch, co-Chief Executive Officer, added: "2017 was another outstanding year for CME and the positioning of our operations sets us up for additional success in 2018. We increased our audience share in three out of four countries, driving the gap between us and our closest commercial competition wider, both in prime time and all day. We also made important progress in diversifying our revenues. We expect to continue building on these successes, as we invest and innovate to remain the best partner for advertisers in our countries."

In this release we refer to several non-GAAP financial measures, including OIBDA, OIBDA margin, free cash flow, unlevered free cash flow and constant currency percentage movements. Please see "Non-GAAP Financial Measures" below for additional information, including definitions and reconciliations to US GAAP financial measures.

Consolidated results for the years ended December 31, 2017 and 2016 were:

| (US\$ 000's, except per share data) | RESULTS | | | |
|--|--|-------------|-------------------|----------------------------|
| | For the Year Ended December 31, | | | |
| | 2017 | 2016 | % Actual | % Lfl⁽¹⁾ |
| Net revenues | \$ 574,212 | \$ 526,174 | 9.1% | 5.5% |
| Operating income | 129,949 | 105,532 | 23.1% | 18.8% |
| Operating margin | 22.6% | 20.1% | 2.5 p.p. | 2.5 p.p. |
| OIBDA | 165,532 | 136,908 | 20.9% | 16.5% |
| OIBDA margin | 28.8% | 26.0% | 2.8 p.p. | 2.7 p.p. |
| Income / (loss) from continuing operations | 54,053 | (164,425) | NM ⁽²⁾ | NM ⁽²⁾ |
| Income / (loss) from continuing operations per share - basic | 0.17 | (1.18) | NM ⁽²⁾ | NM ⁽²⁾ |
| Income / (loss) from continuing operations per share - diluted | \$ 0.15 | \$ (1.18) | NM ⁽²⁾ | NM ⁽²⁾ |

Consolidated results for the three months ended December 31, 2017 and 2016 were:

| (US\$ 000's, except per share data) | RESULTS | | | |
|---|--|-------------|-----------------|----------------------------|
| | For the Three Months Ended December 31, | | | |
| | 2017 | 2016 | % Actual | % Lfl⁽¹⁾ |
| Net revenues | \$ 196,154 | \$ 170,027 | 15.4% | 4.6% |
| Operating income | 57,750 | 45,461 | 27.0% | 15.7% |
| Operating margin | 29.4% | 26.7% | 2.7 p.p. | 2.8 p.p. |
| OIBDA | 67,639 | 53,456 | 26.5% | 14.8% |
| OIBDA margin | 34.5% | 31.4% | 3.1 p.p. | 3.1 p.p. |
| Income from continuing operations | 36,715 | 21,370 | 71.8% | 52.8% |
| Income from continuing operations per share - basic | 0.13 | 0.07 | 85.7% | 62.5% |
| Income from continuing operations per share - diluted | \$ 0.10 | \$ 0.06 | 66.7% | 63.2% |

⁽¹⁾% Lfl (like-for-like) variance reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

⁽²⁾Number is not meaningful.

Teleconference and Audio Webcast Details

CME will host a teleconference and audio webcast to discuss its full year and fourth quarter results on Thursday, February 8, 2018 at 9:00 a.m. New York time (2:00 p.m. London time and 3:00 p.m. Prague time). The audio webcast and teleconference will refer to presentation slides which will be available on CME's website at www.cme.net prior to the call.

To access the teleconference, U.S. and international callers may dial +1 646-828-8193 ten minutes prior to the start time and reference passcode 9973091. The conference call will be audio webcasted live via www.cme.net. It can be heard on iPads, iPhones and a range of devices supporting Android and Windows operating systems.

A digital audio replay will be available for two weeks following the call at www.cme.net.

Forward-Looking and Cautionary Statements

This press release contains forward-looking statements. For all forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy or are otherwise beyond our control and some of which might not even be anticipated. Forward-looking statements reflect our current views with respect to future events and because our business is subject to such risks and uncertainties, actual results, our strategic plan, our financial position, results of operations and cash flows could differ materially from those described in or contemplated by the forward-looking statements.

Important factors that contribute to such risks include, but are not limited to, those factors set forth under "Risk Factors" in CME's Annual Report on Form 10-K for the period ended December 31, 2017 as well as the following: the effect of changes in global and regional economic conditions and the extent, timing and duration of the recovery in our markets; levels of television advertising spending and the rate of development of the advertising markets in the countries in which we operate; the extent to which our debt service obligations and covenants may restrict our business; our exposure to additional tax liabilities as well as liabilities resulting from regulatory or legal proceedings initiated against us; our ability to refinance our existing indebtedness; our success in continuing our initiatives to diversify and enhance our revenue streams; our ability to make cost-effective investments in our television businesses, including investments in programming; our ability to develop and acquire necessary programming and attract audiences; our ability to consummate the sale of our operations in Croatia and Slovenia; and changes in the political and regulatory environments where we operate and in the application of relevant laws and regulations.

The foregoing review of important factors should not be construed as exhaustive. For a more detailed description of these uncertainties and other factors, please see the "Risk Factors" and "Forward-looking Statements" sections in CME's Annual Report on Form 10-K for the period ended December 31, 2017. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise.

This press release should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the Securities and Exchange Commission on February 8, 2018.

We make available free of charge on our website at www.cme.net our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Please note that we may announce material information using SEC filings, press releases, public conference calls, webcasts and posts to our website, www.cme.net. In the future, we will continue to use these channels to communicate important information about CME and our operations. Information that we post on our website could be deemed material. Therefore, we encourage investors, the media, our customers and others interested in CME to review the information we post at www.cme.net.

CME is a media and entertainment company continuing to operate leading businesses in four Central and Eastern European markets with an aggregate population of more than 40 million people. CME's continuing operations broadcast 26 television channels in Bulgaria (bTV, bTV Cinema, bTV Comedy, bTV Action, bTV Lady and Ring), the Czech Republic (Nova, Nova 2, Nova Cinema, Nova Sport 1, Nova Sport 2, Nova International, Nova Action and Nova Gold), Romania (PRO TV, PRO 2, PRO X, PRO GOLD, PRO CINEMA, PRO TV International, MTV Romania and PRO TV Chisinau) and the Slovak Republic (TV Markíza, Markíza International, Doma and Dajto). CME is traded on the NASDAQ Global Select Market and the Prague Stock Exchange under the ticker symbol "CETV".

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For additional information, please visit www.cme.net or contact:

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CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(US\$ 000's, except per share data)

| | For the Year Ended | |
|--|---------------------------|---------------------|
| | December 31, | |
| | 2017 | 2016 |
| Net revenues | 574,212 | 526,174 |
| Operating expenses: | | |
| Content costs | 254,061 | 238,063 |
| Other operating costs | 49,864 | 54,949 |
| Depreciation of property, plant and equipment | 26,991 | 23,106 |
| Amortization of broadcast licenses and other intangibles | 8,592 | 8,270 |
| Cost of revenues | 339,508 | 324,388 |
| Selling, general and administrative expenses | 104,755 | 96,254 |
| Operating income | 129,949 | 105,532 |
| Interest expense | (70,633) | (111,389) |
| Loss on extinguishment of debt | (101) | (150,158) |
| Non-operating income / (expense), net | 16,321 | (2,074) |
| Income / (loss) before tax | 75,536 | (158,089) |
| Provision for income taxes | (21,483) | (6,336) |
| Income / (loss) from continuing operations | 54,053 | (164,425) |
| Loss from discontinued operations, net of tax | (4,626) | (16,172) |
| Net income / (loss) | 49,427 | (180,597) |
| Net loss attributable to noncontrolling interests | 341 | 306 |
| Net income / (loss) attributable to CME Ltd. | \$ 49,768 | \$ (180,291) |

PER SHARE DATA:

Net income / (loss) per share:

| | | |
|--|---------|-----------|
| Continuing operations — basic | \$ 0.17 | \$ (1.18) |
| Continuing operations — diluted | 0.15 | (1.18) |
| Discontinued operations — basic | (0.03) | (0.10) |
| Discontinued operations — diluted | (0.03) | (0.10) |
| Net income / (loss) attributable to CME Ltd. per share - basic | 0.14 | (1.28) |
| Net income / (loss) attributable to CME Ltd. per share - diluted | \$ 0.12 | \$ (1.28) |

Weighted average common shares used in computing per share amounts (000's):

| | | |
|---------|---------|---------|
| Basic | 155,846 | 151,017 |
| Diluted | 236,404 | 151,017 |

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(US\$ 000's, except per share data)
(unaudited)

| | For the Three Months Ended | |
|--|-----------------------------------|-------------------|
| | December 31, | |
| | 2017 | 2016 |
| Net revenues | \$ 196,154 | \$ 170,027 |
| Operating expenses: | | |
| Content costs | 79,847 | 71,125 |
| Other operating costs | 14,117 | 14,176 |
| Depreciation of property, plant and equipment | 7,646 | 5,972 |
| Amortization of broadcast licenses and other intangibles | 2,243 | 2,023 |
| Cost of revenues | 103,853 | 93,296 |
| Selling, general and administrative expenses | 34,551 | 31,270 |
| Operating income | 57,750 | 45,461 |
| Interest expense | (15,860) | (20,749) |
| Non-operating income / (expense), net | 3,538 | (3,712) |
| Income before tax | 45,428 | 21,000 |
| (Provision) / Credit for income taxes | (8,713) | 370 |
| Income from continuing operations | 36,715 | 21,370 |
| Income / (loss) from discontinued operations, net of tax | 4,121 | (201) |
| Net income | 40,836 | 21,169 |
| Income attributable to noncontrolling interests | (193) | (81) |
| Net income attributable to CME Ltd. | \$ 40,643 | \$ 21,088 |

PER SHARE DATA:

Net income per share:

| | | |
|---|---------|---------|
| Continuing operations — basic | \$ 0.13 | \$ 0.07 |
| Continuing operations — diluted | 0.10 | 0.06 |
| Discontinued operations — basic | 0.02 | 0.00 |
| Discontinued operations — diluted | 0.01 | 0.00 |
| Net income attributable to CME Ltd. per share - basic | 0.15 | 0.07 |
| Net income attributable to CME Ltd. per share - diluted | \$ 0.11 | \$ 0.06 |

Weighted average common shares used in computing per share amounts (000's):

| | | |
|---------|---------|---------|
| Basic | 156,637 | 154,349 |
| Diluted | 241,680 | 219,450 |

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(US\$ 000's)

| | <u>December 31, 2017</u> | <u>December 31, 2016</u> |
|--|--------------------------|--------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 54,903 | \$ 40,606 |
| Other current assets | 261,715 | 238,574 |
| Current assets held for sale | 148,156 | 61,240 |
| Total current assets | 464,774 | 340,420 |
| Property, plant and equipment, net | 103,648 | 89,080 |
| Goodwill and other intangible assets, net | 1,042,764 | 879,668 |
| Other non-current assets | 16,869 | 21,273 |
| Non-current assets held for sale | — | 60,276 |
| Total assets | \$ 1,628,055 | \$ 1,390,717 |
| LIABILITIES AND EQUITY | | |
| Accounts payable and accrued liabilities | \$ 143,893 | \$ 134,378 |
| Current portion of long-term debt and other financing arrangements | 2,960 | 1,228 |
| Other current liabilities | 9,280 | 8,467 |
| Current liabilities held for sale | 32,131 | 27,491 |
| Total current liabilities | 188,264 | 171,564 |
| Long-term portion of long-term debt and other financing arrangements | 1,085,714 | 1,001,408 |
| Other non-current liabilities | 95,254 | 67,963 |
| Non-current liabilities held for sale | — | 1,415 |
| Total liabilities | \$ 1,369,232 | \$ 1,242,350 |
| Series B Convertible Redeemable Preferred Stock | 264,593 | 254,899 |
| EQUITY | | |
| Common Stock | 11,639 | 11,476 |
| Additional paid-in capital | 1,905,779 | 1,910,244 |
| Accumulated deficit | (1,735,768) | (1,785,536) |
| Accumulated other comprehensive loss | (187,438) | (243,988) |
| Total CME Ltd. shareholders' deficit | (5,788) | (107,804) |
| Noncontrolling interests | 18 | 1,272 |
| Total deficit | \$ (5,770) | \$ (106,532) |
| Total liabilities and equity | \$ 1,628,055 | \$ 1,390,717 |

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(US\$ 000's)

| | For the Year Ended | |
|--|---------------------------|--------------------|
| | December 31, | |
| | 2017 | 2016 |
| Net cash generated from continuing operating activities | 95,321 | 59,387 |
| Net cash used in continuing investing activities | (24,742) | (22,201) |
| Net cash used in continuing financing activities | (58,154) | (22,472) |
| Net cash used in discontinued operations | (8,573) | (32,108) |
| Impact of exchange rate fluctuations on cash and cash equivalents | 10,445 | (1,120) |
| Net increase / (decrease) in cash and cash equivalents | \$ 14,297 | \$ (18,514) |
| Supplemental disclosure of cash flow information for continuing operations: | | |
| Cash paid for interest (includes mandatory cash-pay guarantee fees) | \$ 40,619 | \$ 50,611 |
| Cash paid for guarantee fees that may be paid in kind | 1,735 | 7,464 |
| Cash paid for income taxes, net of refunds | \$ 14,839 | \$ 290 |
| Supplemental disclosure of non-cash items for continuing operations: | | |
| Interest and related guarantee fees paid in kind | \$ 23,137 | \$ 36,491 |
| Accretion on Series B Convertible Redeemable Preferred Stock | \$ 9,694 | \$ 13,701 |

Segment Data

We manage our business on a geographical basis, with four reporting segments: Bulgaria, the Czech Republic, Romania and the Slovak Republic. These segments reflect how CME Ltd.'s operating performance is evaluated by our chief operating decision makers, who we have identified as our co-Chief Executive Officers, how operations are managed by segment managers, and the structure of our internal financial reporting.

We evaluate our consolidated results and the performance of our segments based on net revenues and OIBDA. Stock-based compensation and certain other items are not allocated to our segments for purposes of evaluating their performance and therefore are not included in their respective OIBDA. Intersegment revenues and profits have been eliminated in consolidation.

Below are tables showing our net revenues and OIBDA by segment for the three and twelve months ended December 31, 2017 and 2016:

| (US \$000's) | For the Year Ended December 31, | | | |
|---------------------------|---------------------------------|-------------------|-------------------|---------------------|
| | 2017 | 2016 | %Act | %Lfl ⁽¹⁾ |
| Net revenues | | | | |
| Bulgaria | \$ 77,341 | \$ 72,651 | 6.5% | 3.7% |
| Czech Republic | 209,041 | 190,372 | 9.8% | 3.5% |
| Romania | 191,244 | 172,951 | 10.6% | 9.5% |
| Slovak Republic | 97,721 | 90,549 | 7.9% | 4.7% |
| Intersegment revenues | (1,135) | (349) | NM ⁽²⁾ | NM ⁽²⁾ |
| Total net revenues | \$ 574,212 | \$ 526,174 | 9.1% | 5.5% |

| (US \$000's) | For the Three Months Ended December 31, | | | |
|---------------------------|---|-------------------|-------------------|---------------------|
| | 2017 | 2016 | %Act | %Lfl ⁽¹⁾ |
| Net revenues | | | | |
| Bulgaria | \$ 25,223 | \$ 22,548 | 11.9% | 2.5% |
| Czech Republic | 73,515 | 61,814 | 18.9% | 3.4% |
| Romania | 63,261 | 54,682 | 15.7% | 9.0% |
| Slovak Republic | 34,373 | 31,083 | 10.6% | 1.3% |
| Intersegment revenues | (218) | (100) | NM ⁽²⁾ | NM ⁽²⁾ |
| Total net revenues | \$ 196,154 | \$ 170,027 | 15.4% | 4.6% |

⁽¹⁾ % Lfl (like-for-like) variance reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

⁽²⁾ Number is not meaningful.

| (US \$000's) | For the Year Ended December 31, | | | |
|---------------------------------|---------------------------------|-------------------|-------------------|---------------------|
| | 2017 | 2016 | %Act | %Lfl ⁽¹⁾ |
| OIBDA | | | | |
| Bulgaria | \$ 16,841 | \$ 12,242 | 37.6 % | 34.9 % |
| Czech Republic | 83,600 | 77,018 | 8.5 % | 1.3 % |
| Romania | 74,435 | 62,016 | 20.0 % | 19.7 % |
| Slovak Republic | 24,742 | 15,947 | 55.2 % | 47.4 % |
| Elimination | (8) | 5 | NM ⁽²⁾ | NM ⁽²⁾ |
| Total Operating Segments | \$ 199,610 | \$ 167,228 | 19.4 % | 14.9 % |
| Corporate | (34,078) | (30,320) | (12.4)% | (7.5)% |
| Total OIBDA | \$ 165,532 | \$ 136,908 | 20.9 % | 16.5 % |

| (US \$000's) | For the Three Months Ended December 31, | | | |
|---------------------------------|---|------------------|-------------------|---------------------|
| | 2017 | 2016 | %Act | %Lfl ⁽¹⁾ |
| OIBDA | | | | |
| Bulgaria | \$ 9,868 | \$ 3,276 | 201.2 % | 178.3 % |
| Czech Republic | 34,470 | 30,665 | 12.4 % | (2.0)% |
| Romania | 21,985 | 16,986 | 29.4 % | 23.3 % |
| Slovak Republic | 13,403 | 10,779 | 24.3 % | 14.0 % |
| Elimination | (35) | (4) | NM ⁽²⁾ | NM ⁽²⁾ |
| Total Operating Segments | \$ 79,691 | \$ 61,702 | 29.2 % | 16.9 % |
| Corporate | (12,052) | (8,246) | (46.2)% | (30.7)% |
| Total OIBDA | \$ 67,639 | \$ 53,456 | 26.5 % | 14.8 % |

⁽¹⁾ % Lfl (like-for-like) variance reflects the impact of applying the current period average exchange rates to the prior period revenues and costs.

⁽²⁾ Number is not meaningful.

Non-GAAP Financial Measures

In this release we refer to several non-GAAP financial measures, including OIBDA, OIBDA margin, free cash flow and unlevered free cash flow. We believe that each of these metrics is useful to investors for the reasons outlined below. Non-GAAP financial measures may not be comparable to similar measures reported by other companies. Non-GAAP financial measures should be evaluated in conjunction with, and are not a substitute for, US GAAP financial measures.

We evaluate our consolidated results and the performance of our segments based on net revenues and OIBDA. We believe OIBDA is useful to investors because it provides a meaningful representation of our performance, as it excludes certain items that do not impact either our cash flows or the operating results of our operations. OIBDA and unlevered free cash flow are also used as components in determining management bonuses.

OIBDA includes amortization and impairment of program rights and is calculated as operating income / loss before depreciation, amortization of intangible assets and impairments of assets and certain unusual or infrequent items that are not considered by our co-Chief Executive Officers when evaluating our performance. Stock-based compensation and certain other items are not allocated to our segments for purposes of evaluating their performance and therefore are not included in their respective OIBDA. Our key performance measure of the efficiency of our consolidated operations and our segments is OIBDA margin. We define OIBDA margin as the ratio of OIBDA to net revenues.

Following a repricing of our Guarantee Fees in March 2017, the proportion of interest and related Guarantee Fees on our outstanding indebtedness that must be paid in cash has increased. In addition to this obligation to pay more Guarantee Fees in cash, we expect to use cash generated by the business to pay certain Guarantee Fees that are payable in kind. These cash payments are all reflected in free cash flow; accordingly we believe unlevered free cash flow, defined as free cash flow before cash payments for interest and Guarantee Fees, best illustrates the cash generated by our operations when comparing periods. We define free cash flow as net cash generated from continuing operating activities less purchases of property, plant and equipment, net of disposals of property, plant and equipment and excluding the cash impact of certain unusual or infrequent items that are not included in costs charged in arriving at OIBDA because they are not considered by our co-Chief Executive Officers when evaluating performance.

For additional information regarding our business segments, see Part II, Item 8, Note 20, "Segment Data" in our Form 10-K.

While our reporting currency is the dollar, our consolidated revenues and costs are divided across a range of European currencies and CME Ltd.'s functional currency is the Euro. Given the significant movement of the currencies in the markets in which we operate against the dollar, we believe that it is useful to provide percentage movements based on actual ("Act") percentage movements, which includes the effect of foreign exchange, as well as like-for-like percentage movements ("Lfl"). The like-for-like percentage movement references reflect the impact of applying the current period average exchange rates to the prior period revenues and costs. Since the difference between like-for-like and actual percentage movements is solely the impact of movements in foreign exchange rates, our discussion in this release includes constant currency percentage movements in order to highlight those factors influencing operational performance. The incremental impact of foreign exchange rates is presented in the tables accompanying such analysis.

| (US \$000's) (unaudited) | For the Year | | For the Three Months | |
|---|--------------------|-------------------|----------------------|------------------|
| | Ended December 31, | | Ended December 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| Operating income | \$ 129,949 | \$ 105,532 | \$ 57,750 | \$ 45,461 |
| Depreciation of property, plant and equipment | 26,991 | 23,106 | 7,646 | 5,972 |
| Amortization of intangible assets | 8,592 | 8,270 | 2,243 | 2,023 |
| Total OIBDA | \$ 165,532 | \$ 136,908 | \$ 67,639 | \$ 53,456 |

| | For the Year Ended December 31, | |
|---|---------------------------------|------------------|
| | 2017 | 2016 |
| Net cash generated from continuing operating activities | \$ 95,321 | \$ 59,387 |
| Capital expenditure, net of proceeds from disposals | (24,742) | (22,201) |
| Free cash flow | 70,579 | 37,186 |
| Cash paid for interest (includes mandatory cash-pay guarantee fees) | 40,619 | 50,611 |
| Cash paid for guarantee fees that may be paid in kind | 1,735 | 7,464 |
| Unlevered free cash flow from continuing operations | \$ 112,933 | \$ 95,261 |