UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2019

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

For the transition period from __________ to __________

Commission File Number: 0-24796

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.

(Exact name of registrant as specified in its charter)

Bermuda	**98-0438382**
(State or other jurisdiction of incorporation or organization)	(I.R.S. 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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
CLASS A COMMON STOCK, $0.08 PAR VALUE	CETV	NASDAQ Global Select Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether registrant: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for each shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “accelerated filer”, “large accelerated filer” or “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated Filer	☐	Accelerated Filer	☒
Non-accelerated Filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2019 (based on the closing price of US$ 4.36 of the registrant's Class A Common Stock, as reported by the NASDAQ Global Select Market on June 30, 2019) was US$ 383.6 million.

Number of shares of Class A Common Stock outstanding as of February 4, 2020: 253,607,026

DOCUMENTS INCORPORATED BY REFERENCE

Document	Location in 10-K in Which Document is Incorporated
Registrant's Proxy Statement for the 2020 Annual General Meeting of Shareholders	Part III

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.

FORM 10-K

For the year ended December 31, 2019

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Central European Media Enterprises

I. Forward-looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 22E of the Securities Exchange Act of 1934 (the "Exchange Act"), including those relating to our capital needs, business strategy, expectations and intentions. Statements that use the terms "believe", "anticipate", "trend", "expect", "plan", "estimate", "forecast", "should", "intend" and similar expressions of a future or forward-looking nature identify forward-looking statements for purposes of the U.S. federal securities laws or otherwise. In particular, information appearing under the sections entitled "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" includes forward looking-statements. For these statements and all other 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 contained in this report.

Important factors that contribute to such risks include, but are not limited to, those factors set forth under "Risk Factors" as well as the following: the effect of the proposed Merger on our business; the risks that the closing conditions to the proposed Merger may not be satisfied or that necessary governmental approvals are not obtained or are obtained with conditions; the impact of any failure to complete the proposed Merger on our business; the effect of changes in global and regional economic conditions including as a result of the quantitative easing program implemented by the European Central Bank; the economic, political and monetary impacts of Brexit; levels of television advertising spending and the rate of development of the advertising markets in the countries in which we operate; our ability to refinance our existing indebtedness; 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 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; 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 and should be read in conjunction with other cautionary statements that are included in this report. All forward-looking statements speak only as of the date of this report. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law.

Defined Terms

Unless the context otherwise requires, references in this report to the "Company", "CME", "we", "us" or "our" refer to Central European Media Enterprises Ltd. ("CME Ltd.") or CME Ltd. and its consolidated subsidiaries listed in Exhibit 21.01 hereto. Unless otherwise noted, all statistical and financial information presented in this report has been converted into U.S. dollars using period-end exchange rates or average rates where applicable. All references in this report to "US$" or "dollars" are to U.S. dollars, all references to "BGN" are to Bulgarian leva, all references to "CZK" are to Czech koruna, all references to "RON" are to the New Romanian lei and all references to "Euro" or "EUR" are to the European Union Euro. The exchange rates as at December 31, 2019 used in this report are US$/BGN 1.74; US$/CZK 22.62; US$/RON 4.26; and US$/EUR 0.89.

The following defined terms are used in this Annual Report on Form 10-K:

- "2019 Euro Loan" refers to our floating rate senior unsecured term credit facility guaranteed by Warner Media (as defined below), dated as of November 14, 2014, as amended on March 9, 2015, February 19, 2016, June 22, 2017 and February 5, 2018 which was repaid in full on July 31, 2018;
- "2021 Euro Loan" refers to our floating rate senior unsecured term credit facility due November 1, 2021, guaranteed by Warner Media, dated as of September 30, 2015, as amended on February 19, 2016, June 22, 2017 and April 25, 2018;
- "2023 Euro Loan" refers to our floating rate senior unsecured term credit facility due April 26, 2023, entered into by CME BV (as defined below), guaranteed by Warner Media and CME Ltd., dated as of February 19, 2016, as amended on June 22, 2017 and April 25, 2018;
- "Euro Loans" refers collectively to the 2019 Euro Loan (when outstanding), 2021 Euro Loan and 2023 Euro Loan;
- "2023 Revolving Credit Facility" refers to our revolving credit facility due April 26, 2023, dated as of May 2, 2014, as amended and restated as of February 19, 2016, and as further amended and restated on April 25, 2018;
- "Guarantee Fees" refers to amounts accrued and payable to Warner Media as consideration for Warner Media's guarantees of the Euro Loans;
- "Reimbursement Agreement" refers to our reimbursement agreement with Warner Media which provides that we will reimburse Warner Media for any amounts paid by them under any guarantee or through any loan purchase right exercised by Warner Media, dated as of November 14, 2014, as amended and restated on February 19, 2016, and as further amended and restated on April 25, 2018;
- "CME BV" refers to CME Media Enterprises B.V., our 100% owned subsidiary;
- "AT&T" refers to AT&T, Inc.
- "TW Investor" refers to Time Warner Media Holdings B.V., a wholly owned subsidiary of Warner Media;
- "Warner Media" refers to Warner Media, LLC. (formerly Time Warner, Inc.), a wholly owned subsidiary of AT&T.
- "Merger" refers to the merger of Merger Sub (as defined below) with and into the Company pursuant to the Merger Agreement (as defined below);
- "Merger Agreement" refers to the agreement and plan of merger dated October 27, 2019 by and among the Company, Parent (as defined below) and Merger Sub (as defined below);

- "Merger Sub" refers TV Bermuda Ltd., a Bermuda exempted company limited by shares and a wholly-owned subsidiary of Parent (as defined below);
- "Parent" refers TV Bidco B.V., a Netherlands private limited liability company; and
- "PPF" refers PPF Group N.V., a Netherlands public limited liability company.

PART I

ITEM 1. BUSINESS

Central European Media Enterprises Ltd., a Bermuda company limited by shares, is a media and entertainment company operating in Central and Eastern Europe. Our assets are held through a Dutch holding company. We manage our business on a geographical basis, with five operating segments, Bulgaria, the Czech Republic, Romania, the Slovak Republic and Slovenia, which are also our reportable segments and our main operating countries. We own 94% of our Bulgaria operations and 100% of our companies in our remaining countries.

Our main operating countries are members of the European Union (the "EU"). However, as emerging economies, they have adopted Western-style democratic forms of government and have economic structures, political and legal systems, and corporate governance and business practices that continue to evolve. As the economies of our operating countries converge with more developed nations and their economic and commercial infrastructures continue to mature, we believe the business risks of operating in these countries will continue to decline.

Merger

On October 27, 2019, the Company entered into the Merger Agreement with Parent and Merger Sub. Parent and Merger Sub are affiliates of PPF. Pursuant to the Merger Agreement, Merger Sub will merge with and into the Company, with the Company continuing as the surviving company in the Merger as a wholly-owned subsidiary of Parent.

The closing of the proposed Merger is subject to several conditions, including, but not limited to, the requisite vote of the Company's shareholders in favor of the Merger Agreement and the proposed Merger, the receipt of certain competition and other regulatory approvals, compliance with covenants and agreements in the Merger Agreement (subject to certain materiality qualifications), and the absence of any governmental order prohibiting completion of the proposed Merger. A special general meeting of shareholders of the Company will be held on February 27, 2020, where shareholders will be asked to vote on a proposal to approve the Merger Agreement, the related statutory merger agreement and the Merger contemplated under such agreements.

Under the Merger Agreement, at the effective time of the Merger (the "Effective Time"), without any action required by the Company, Parent, Merger Sub or any shareholder of the Company or any other person, each Class A Share issued and outstanding immediately prior to the Effective Time will be canceled and cease to exist automatically and each such Class A Share (other than shares owned by the Company, Parent, Merger Sub or any of their respective direct or indirect wholly-owned subsidiaries, in each case not held on behalf of third parties) will be converted into the right to receive $4.58 in cash.

Under the Merger Agreement, at the Effective Time, without any action required by the Company, Parent, Merger Sub or any shareholder of the Company or any other person, the Series A Preferred Share issued and outstanding immediately prior to the Effective Time will be canceled and cease to exist automatically and will be converted into the right to receive the $32,900,000 in cash, without interest, and each Series B Preferred Share issued and outstanding immediately prior to the Effective Time will be canceled and cease to exist automatically and will be converted into the right to receive the $1,630.875 in cash, without interest; provided that, among other things, any conversion of the Series A Preferred Share or any Series B Preferred Shares into Class A Shares on or after October 27, 2019 will be deemed to be null and void.

For further details on the proposed Merger, refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Operating Strategy

We operate market leading television networks in five countries, broadcasting a total of 30 television channels to approximately 45 million people living in the region. Each segment also develops and produces content for their television channels and digital properties. We generate advertising revenues in our country operations from agreements with advertisers, advertising agencies and sponsors to place advertising on the television channels and websites that we operate. We generate additional revenues by collecting fees from cable, direct-to-home ("DTH") and internet protocol television ("IPTV") operators for carriage of our channels.

Our strategy is to maintain or increase our audience leadership in each of our operating countries and to pursue sales strategies designed to maximize our revenues in order to provide additional financial resources to invest in popular local content. We have built our audience leadership in each of our markets by operating a multi-channel business model with a diversified portfolio of television channels which appeal to a broad audience.

Content that consistently generates high audience shares is crucial to maintaining the success of each of our country operations. While content acquired from the Hollywood studios remains popular, our audiences increasingly demand content that is produced in their local language and reflects their society, attitudes and culture. We believe developing and producing local content is key to being successful and supporting market-leading television channels, particularly in prime time, and that maintaining a regular stream of popular local content at the lowest possible cost is a key strength over the long term.

As the distribution platforms in our region develop and become more diversified, our television channels and digital content will increasingly reach viewers through new distribution offerings and on mobile devices. We offer viewers the choice of watching our television content through a variety of platforms, including Voyo, our subscription video-on-demand service, and advertising supported catch-up services on our websites. Additionally, we operate a portfolio of digital media products that complement our news programming and other television station-related brands.

Sales

We generate advertising revenues primarily through entering into agreements with advertisers, advertising agencies and sponsors to place advertising on our television channels.

Our main unit of inventory is the commercial gross rating point ("GRP"), a measure of the number of people watching television when an advertisement is aired. We generally contract with a client to provide an agreed number of GRPs for an agreed price ("cost per point" or "CPP"). The CPP varies depending on the season and time of day during which the advertisement is aired, the volume of GRPs purchased, requests for special positioning of the advertisement, the demographic group that the advertisement is targeting and other factors. Much less frequently, and usually only for small niche channels, we may sell on a fixed spot basis where an advertisement is placed at an agreed time for a negotiated price that is independent of the number of viewers. Our larger advertising customers generally commit to specified amounts of advertising on an annual basis, which sets the pricing for a minimum volume of GRPs.

We operate our television networks based on a business model of audience leadership, brand strength and popular local content. Our sales strategy is to maximize the monetization of our advertising time by leveraging our high brand power and applying an optimal mix of pricing and sell-out rate. The effectiveness of our sales strategy is measured by our share of the television advertising market, which represents the proportion of our television advertising revenues compared to the total television advertising market.

We also generate a growing proportion of revenues by collecting carriage fees from cable, satellite and IPTV operators for broadcasting our television channels. This fee revenue is generally based on the number of subscribers to offerings from these operators that include our channels.

Programming

Our programming strategy in each country is tailored to match the expectations of key audience demographics by scheduling and marketing an optimal mix of programs in a cost effective manner. The programming that we provide drives our audience shares and ratings (see "Audience Share, Ratings and Competition" below) and consists of locally-produced news, current affairs, fiction, and reality and entertainment shows as well as acquired foreign movies, series and sports programming.

We focus our programming investments on securing leading audience share positions during prime time, where the majority of advertising revenues are derived, and improving our cost efficiency through optimizing the programming mix and limiting the cost of programming scheduled off-prime time while maintaining all day audience shares.

Audience Share, Ratings and Competition

Audience share represents the viewers watching a channel as a proportion of the total audience watching television at that time. Ratings represent the number of people watching a channel in proportion to the total population. Audience share and ratings information are measured in each market by independent agencies using peoplemeters, which measure audiences for different demographics and subgeographies of the population throughout the day. Our channels schedule programming intended to attract audiences within specific target demographics that we believe will be attractive to advertisers and television distributors. The tables below provide a comparison of all day and prime time audience shares for 2019 in the target demographic of each of our leading channels to the primary channels of our main competitors.

Bulgaria

We operate one general entertainment channel, BTV, and five other channels, BTV CINEMA, BTV COMEDY, BTV ACTION, BTV LADY and RING.

Target Demographic	Channel	Ownership	All day audience share		Prime time audience share	
			2019	2018	2019	2018
18-49	**BTV**	**CME**	**27.3%**	**29.7%**	**31.6%**	**32.4%**
	NOVA TV	Advance Media Group	20.8%	17.7%	22.7%	19.3%
	BNT 1	Public television	5.7%	6.6%	7.1%	8.9%

Source: GARB

The combined all day and prime time audience shares of our Bulgaria operations in 2019 were 38.0% and 41.9%, respectively.

Czech Republic

We operate one general entertainment channel, TV NOVA, and seven other channels, NOVA 2, NOVA CINEMA, NOVA SPORT 1, NOVA SPORT 2, NOVA ACTION, NOVA GOLD and NOVA INTERNATIONAL, a general entertainment channel broadcasting in the Slovak Republic.

Target Demographic	Channel	Ownership	All day audience share		Prime time audience share	
			2019	2018	2019	2018
15-54	**TV NOVA**	**CME**	**23.0%**	**22.4%**	**27.0%**	**25.8%**
	Prima	GME	11.1%	10.8%	13.3%	13.1%
	CT 1	Public television	13.3%	12.8%	15.8%	15.5%

Source: ATO - Nielsen Admosphere; Mediaresearch

The combined all day and prime time audience shares of our Czech Republic operations in 2019, excluding NOVA SPORT 1, NOVA SPORT 2 and NOVA INTERNATIONAL, were 34.8% and 36.9%, respectively.

Romania

We operate one general entertainment channel, PRO TV, and six other channels, PRO 2, PRO X, PRO GOLD, PRO CINEMA, PRO TV INTERNATIONAL, as well as PRO TV CHISINAU, a general entertainment channel broadcasting in Moldova.

Target Demographic	Channel	Ownership	All day audience share		Prime time audience share	
			2019	2018	2019	2018
18-49 Urban	**PRO TV**	**CME**	**22.5%**	**22.5%**	**25.5%**	**24.7%**
	Antena 1	Intact group	14.6%	14.5%	15.9%	15.6%
	TVR 1	Public television	1.3%	2.2%	1.3%	2.7%

Source: Kantar Media

The combined all day and prime time audience shares of our Romania operations in 2019, excluding PRO TV INTERNATIONAL and PRO TV CHISINAU, were 26.3% and 29.5%, respectively.

Slovak Republic

We operate one general entertainment channel, TV MARKIZA, and three other channels, DOMA, DAJTO and MARKIZA INTERNATIONAL, a general entertainment channel broadcasting in the Czech Republic.

Target Demographic	Channel	Ownership	All day audience share		Prime time audience share	
			2019	2018	2019	2018
12-54	**TV MARKIZA**	**CME**	**21.2%**	**21.3%**	**22.3%**	**21.8%**
	TV JOJ	J&T Media Enterprises	14.5%	13.9%	18.3%	17.7%
	Jednotka	Public Television	8.2%	8.4%	10.1%	10.2%

Source: PMT/ TNS SK

The combined all day and prime time audience shares of our Slovak Republic operations in 2019, excluding MARKIZA INTERNATIONAL, were 28.4% and 29.7%, respectively.

Slovenia

We operate two general entertainment channels, POP TV and KANAL A, and three other channels, KINO, BRIO and OTO.

Target Demographic	Channel	Ownership	All day audience share		Prime time audience share	
			2019	2018	2019	2018
18-54	**POP TV**	**CME**	**20.6%**	**21.0%**	**31.6%**	**32.8%**
	Planet TV	TSmedia	5.2%	5.4%	6.3%	6.8%
	SLO 1	Public Television	9.2%	9.1%	10.1%	9.9%

Source: AGB Nielsen Media Research

The combined all day and prime time audience shares of our Slovenia operations in 2019 were 39.0% and 49.9%, respectively.

Seasonality

We experience seasonality, with advertising sales tending to be highest during the fourth quarter of each calendar year due to the holiday season, and lowest during the third quarter of each calendar year due to the summer vacation period (typically July and August). Our non-advertising sales are not affected by seasonality.

Regulation of Television Broadcasting

Television broadcasting in each of the countries in which we operate is regulated by a governmental authority or agency. In this report, we refer to such agencies individually as a "Media Council" and collectively as "Media Councils". Media Councils generally supervise broadcasters and their compliance with national broadcasting legislation, as well as control access to the available frequencies through licensing regimes.

Programming and Advertising Regulation

Our main operating countries are member states of the EU, and our broadcast operations in such countries are subject to relevant EU legislation relating to media.

The EU Audiovisual Media Services Directive (the "AVMS Directive"), which came into force in March 2010, provides the legal framework for audiovisual media services generally in the EU. On November 6, 2018, the European Council adopted amendments to the AVMS Directive, which formally entered into force on December 18, 2018. European Member States, including the territories in which CME operates, have until September 19, 2020, to transpose the amendments to the AVMS Directive into national legislation. The original AVMS Directive remains in force until new legislation incorporating the amendments to the AVMS Directive (described below) are implemented in the countries in which we operate. The AVMS Directive covers both linear (i.e., broadcasting) and non-linear (e.g., video-on-demand and catch-up) transmissions of audiovisual media services, with the latter subject to less stringent regulation. Among other things, the AVMS Directive requires broadcasters to comply with rules related to, but not limited to, program content, advertising content and quotas, product placement, sponsorship, teleshopping, the protection of minors, accessibility by persons with a visual or hearing disability, and minimum quotas with respect to "European works" (defined as originating from an EU member state or a signatory to the Council of Europe's Convention on Transfrontier Television as well as being written and produced mainly by residents of the EU or Council of Europe member states or pursuant to co-production agreements between such states and other countries). In addition, the AVMS Directive requires that at least 10% of either broadcast time or programming budget is dedicated to programs made by European producers who are independent of broadcasters. News, sports, games, advertising, teletext services and teleshopping are excluded from the calculation of these quotas. In respect of advertising, the AVMS Directive currently provides that the proportion of television advertising spots and teleshopping spots within any hour of broadcasting shall not exceed 20%. The current AVMS Directive does not otherwise restrict when programming may be interrupted by advertising in linear broadcasting, except in the case of films and news programming (where programming may be interrupted once every thirty minutes or more) and children's programming (where the same restriction applies providing that the program is greater than thirty minutes) and religious programming (where no advertising or teleshopping shall be inserted). Under the current AVMS Directive, there is also a general prohibition on product placement, subject to certain exceptions (for example it is permitted in films and series, sports programs and light entertainment programs) and providing that the use of product placement is not 'unduly' prominent, is not promotional and is appropriately identified to viewers.

The amendments to the AVMS Directive liberalize some of the AVMS Directive requirements and extend some rules that currently apply to broadcasters to video-on-demand services (such as program content, advertising content, and quotas and prominence requirements for European works). The amendments also introduce more stringent rules related to the protection of minors as well as bringing video-sharing platforms that target audiences in the EU (such as YouTube, Facebook, Instagram) within its the scope.

In respect of advertising, the amendments to the AVMS Directive provide greater flexibility to linear broadcasters on the timing of advertising so that the share of television commercials and teleshopping spots between 6am and 6pm and between 6pm and midnight may not exceed 20% of the total broadcasting time in each respective time slot (rather than the 20% hourly limit that currently exists). This means that broadcasters are able to allocate up to 144 minutes of advertising in total during the period between 6am and 6pm, and 72 minutes in total between 6pm and midnight, with no specific restrictions on the amount of advertising between midnight and 6am. The amendments to the AVMS Directive permit product placement in all audiovisual media services except in news and current affairs programs, consumer affairs programs, religious programs and children's programs while maintaining the requirements that the use of product placement is not unduly prominent, is not promotional and is appropriately identified to viewers and imposing restrictions on the type of products which may be placed (e.g., no cigarettes or alcohol). In addition, the amended AVMS Directive imposes a ban on advertising, sponsorship and product placement of electronic cigarettes in any audiovisual service.

In respect of the protection of minors, the amended AVMS Directive imposes a ban on teleshopping during the broadcast of children's programs, provides Member States with the option of banning the sponsorship of children's programs, and limits the uses of personal data of children.

Under the amendments to the AVMS Directive, Member States also have the option of imposing on their audiovisual service providers (including broadcasters and video-on-demand services providers whose operations target their service to an audience within a different Member State) a financial contribution towards the European production of Europeans works). There is also a requirement that broadcasters and other audiovisual service providers ensure that at least 30% of their video-on-demand service catalog is dedicated to European works and that such works are given due prominence.

Please see below for more detailed information on programming and advertising regulations that impact our channels.

Bulgaria: In Bulgaria, privately owned broadcasters are permitted to broadcast advertising for up to 12 minutes per hour. The public broadcaster, BNT, which is financed through a compulsory television license fee and by the government, is restricted to broadcasting advertising for four minutes per hour and no more than 15 minutes per day, of which only five minutes may be in prime time. There are also restrictions on the frequency of advertising breaks (for example, news and children's programs shorter than 30 minutes cannot be interrupted). These restrictions apply to both publicly and privately-owned broadcasters. Further restrictions relate to advertising content, including a ban on tobacco advertising and restrictions on alcohol advertising, regulations on medical products advertising and regulations on advertising targeted at children or during children's programming. In addition, members of the news department of our channels are prohibited from appearing in advertisements. Our channels in Bulgaria are required to comply with several restrictions on programming, including regulations on the origin of programming. These channels must ensure that 50% of a channel's total annual broadcast time consists of EU- or locally-produced programming and 12% of such broadcast time consists of programming produced by independent producers in the EU. News, sports, games and teleshopping programs, as well as advertising and teletext services, are excluded from these restrictions.

Czech Republic: Privately owned broadcasters in the Czech Republic are permitted to broadcast advertising for up to 12 minutes per hour. In September 2011, legislation was implemented in the Czech Republic which restricts the amount of advertising that may be shown on channels of the public broadcaster, CT. Pursuant to the regulation, channels CT 2 and CT 4 may show a limited amount of advertising up to 0.5% of the total daily broadcasting time on each channel, of which only 6 minutes per hour may be in prime time. No advertising may be shown on the other public TV channels, except where broadcasting an advertisement is a necessary condition for the acquisition of rights to broadcast cultural or sport events on such public channels. Where such broadcasting advertisement conditions apply, the same limitations on advertising time applicable to CT 2 and CT 4 shall apply to any advertising on the other public TV channels. Also included in the legislation is the requirement that national private broadcasters must contribute annually to a Czech cinematography fund in an amount equal to 2% of their net advertising revenues. We are entitled to apply for financing from the fund. In the Czech Republic, all broadcasters are restricted with respect to the frequency of advertising breaks during and between programs, as well as being subject to restrictions that relate to advertising content, including a ban on tobacco advertising and limitations on advertisements of alcoholic beverages, pharmaceuticals, firearms and munitions.

Romania: Privately owned broadcasters in Romania are permitted to broadcast advertising and direct sales advertising for up to 12 minutes per hour. There are also restrictions on the frequency of advertising breaks (for example, news and children's programs shorter than 30 minutes cannot be interrupted). Broadcasters are also required that from the total broadcasting time (except for the time allocated to news, sports events, games, advertising and teleshopping) (a) at least 50% must be European-origin audio-visual works and (b) at least 10% (or, alternatively, at least 10% of their programming budget) must be European audio-visual works produced by independent producers. The public broadcaster, TVR, is restricted to broadcasting advertising for eight minutes per hour and only between programs. Further restrictions relate to advertising content, including a ban on tobacco advertising and restrictions on alcohol advertising, and regulations on advertising targeted at children or during children's programming. In addition, news anchors of all channels are prohibited from appearing in advertisements and teleshopping programming.

Slovak Republic: Privately owned broadcasters in the Slovak Republic are permitted to broadcast advertising for up to 12 minutes per hour but not for more than 20% of their total daily broadcast time. Since January 2020, the public broadcaster can broadcast advertising for up to 0.5% of its total broadcast time on a given calendar day (up to 2.5% of total broadcast time including teleshopping programming), but between 7:00 p.m. and 10:00 p.m. may broadcast only eight minutes of advertising per hour. The restriction regarding total broadcast advertising time does not apply to the broadcasting of advertising in direct connection with the broadcasting of a sporting or cultural event, in which the broadcasting of advertising is a necessary condition for the acquisition of rights to broadcast such event. The broadcasting of advertising in direct connection with the broadcasting of a sporting or cultural event cannot exceed 15% of the daily total broadcast time. There are also restrictions on the frequency of advertising breaks during and between programs. The public broadcaster is not permitted to broadcast advertising breaks during programs. There are also restrictions that relate to advertising content, including a ban on tobacco, pharmaceuticals, firearms and munitions advertising and a ban on advertisements of alcoholic beverages (excluding beer and wine) between 6:00 a.m. and 10:00 p.m. Our operations in the Slovak Republic are also required to comply with several restrictions on programming, including regulations on the origin of programming. These include the requirement that 50% of the station's monthly broadcast time must be European-origin audio-visual works and at least 10% of a station's monthly broadcast time must be European audio-visual works produced by independent producers, at least 10% of which must be broadcast within five years of production. National private broadcasters must also contribute annually to an audiovisual fund in the amount equal to 2% of their net advertising revenues and public broadcasters must contribute annually to the audiovisual fund in the amount equal to 5% of its net advertising revenue. Both public and private broadcasters are entitled to apply for financing from the fund.

Slovenia: Privately owned broadcasters in Slovenia are allowed to broadcast advertising for up to 12 minutes in any hour. The public broadcaster, SLO, which is financed through a compulsory television license fee and commercial activities, is allowed to broadcast advertising for up to 10 minutes per hour, but is only permitted up to seven minutes per hour between the hours of 6:00 p.m. and 11:00 p.m. There are also restrictions on the frequency of advertising breaks during programs and restrictions that relate to advertising content, including restrictions on food advertising during children's programming and a ban on tobacco advertising and a prohibition on the advertising of any alcoholic beverages from 7:00 a.m. to 9:30 p.m. and generally for alcoholic beverages with an alcoholic content of more than 15%. Our Slovenian operations are required to comply with several restrictions on programming, including regulations on the origin of programming. These include the requirement that 20% of a station's daily programming consist of locally produced programming, of which at least 60 minutes must be broadcast between 6:00 p.m. and 10:00 p.m. In addition, 50% of our niche channels' annual broadcast time must be European-origin audio-visual works and at least 10% of such stations' annual broadcast time must be European audio-visual works produced by independent producers.

Licensing Regulation

The license granting and renewal process in our operating countries varies by jurisdiction and by type of broadcast permitted by the license (i.e., terrestrial, cable, satellite). Depending on the country, terrestrial licenses may be valid for an unlimited time period, may be renewed automatically upon application or may require a more lengthy renewal procedure, such as a tender process. Generally cable and satellite licenses are granted or renewed upon application. We expect all of our licenses will continue to be renewed or new licenses to be granted as required to continue to operate our business. All of the countries in which we operate have transitioned from analog to digital terrestrial broadcasting and we have obtained digital licenses where requested. In January 2017, we ceased terrestrial distribution of our channels in the Slovak Republic and Slovenia, and channels are now available exclusively on cable, satellite and IPTV platforms. We will apply for additional digital licenses where such applications are prudent and permissible. Please see below for more detailed information on licenses for our channels.

Bulgaria: BTV operates pursuant to a national digital terrestrial license issued by the Council for Electronic Media, the Bulgarian Media Council, that expires in July 2024. BTV ACTION broadcasts pursuant to a national cable and satellite registration that is valid for an indefinite time period and also has a digital terrestrial license that expires in January 2025 which is not currently in use. BTV CINEMA, BTV COMEDY, RING and BTV LADY, as well as BTV, each broadcast pursuant to a national cable and satellite registration that is valid for an indefinite time period.

Czech Republic: Our channels in the Czech Republic operate under a variety of licenses granted by the Czech Republic Media Council, The Council for Radio and Television Broadcasting. TV NOVA broadcasts under a national terrestrial license that expires in January 2025. TV NOVA may also broadcast pursuant to a satellite license that expires in December 2020. NOVA CINEMA broadcasts pursuant to a national terrestrial digital license that expires in September 2023. NOVA CINEMA also broadcasts via satellite pursuant to a license that is valid until October 2031. NOVA SPORT 1 broadcasts pursuant to a license that allows for both satellite and cable transmission that expires in October 2020. NOVA SPORT 2 broadcasts pursuant to a satellite license that expires in August 2027. NOVA ACTION broadcasts pursuant to a satellite license that expires in July 2024, a national terrestrial license that expires in September 2023. NOVA 2 broadcasts pursuant to a national terrestrial license that expires in December 2024 and a satellite license that expires in February 2025. NOVA GOLD broadcasts pursuant to a national terrestrial license and a satellite license that each expire in February 2025. In addition, each channel has a license that permits internet transmission that expires in June 2030, other than NOVA SPORT 1 and NOVA SPORT2 which expires in August 2027. NOVA INTERNATIONAL broadcasts pursuant to a license that permits internet transmission which expires in January 2028.

Romania: PRO TV broadcasts pursuant to a national satellite license granted by the Romanian Media Council, the National Audio-Visual Council, that expires in May 2023. PRO 2 broadcasts pursuant to a national satellite license that expires in January 2025. PRO GOLD broadcasts pursuant to a national satellite license that expires in April 2021. PRO CINEMA broadcasts pursuant to a national satellite license that expires in April 2022. PRO X broadcasts pursuant to a national satellite license that expires in July 2021. PRO TV INTERNATIONAL broadcasts pursuant to a national satellite license that expires in May 2027. PRO TV also broadcasts in high-definition pursuant to a national cable license that expires in September 2024. PRO 2 also broadcasts in high-definition pursuant to a national cable license that expires in October 2028. PRO X also broadcasts in high-definition pursuant to a national cable license that expires in October 2028. PRO TV CHISINAU broadcasts pursuant to a cable license granted by the Audio-Visual Coordinating Council of the Republic of Moldova (the "AVCC") that expires in November 2023.

Slovak Republic: TV MARKIZA, DOMA and DAJTO each broadcast pursuant to a national license for digital broadcasting granted by the Council for Broadcasting and Retransmission, the Media Council of the Slovak Republic, which is valid for an indefinite period. MARKIZA INTERNATIONAL is broadcast pursuant to the license granted to TV MARKIZA.

Slovenia: Our Slovenian channels POP TV, KANAL A, KINO, BRIO and OTO each have licenses granted by the Agency for Communication Networks and Services of the Republic of Slovenia and the Ministry of Culture, that allow for broadcasting on any platform, including digital, cable and satellite. These licenses are valid for an indefinite time period.

OTHER INFORMATION

Employees

As of December 31, 2019, we had a total of approximately 2,550 employees (including contractors).

Corporate Information

CME Ltd. was incorporated in 1994 under the laws of Bermuda. Our registered offices are located at O'Hara House, 3 Bermudiana Road, Hamilton HM 08, Bermuda, and our telephone number is +1-441-296-1431. Communications can also be sent c/o CME Media Services Ltd. at Krizeneckeho nam. 1078/5, 152 00 Praha 5, Czech Republic, telephone number +420-242-465-605. CME's Class A common stock is listed on the NASDAQ Global Select Market and the Prague Stock Exchange under the ticker symbol “CETV”.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Exchange Act are available on our website, free of charge, as soon as reasonably practicable after the reports are electronically filed with or furnished to the SEC. These reports together with press releases, public conference calls, webcasts and posts to the "Investors" section of our website are available at www.cme.net and we encourage investors to use our website. The information contained on our website is not included as a part of, or incorporated by reference into, this Report.

Financial Information by Operating Segment and by Geographical Area

For financial information by operating segment and geographic area, see Part II, Item 8, Note 20, "Segment Data".

ITEM 1A Risk Factors

This report and the following discussion of risk factors contain forward-looking statements as discussed on page 1 of this report. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks and uncertainties described below and elsewhere in this report. These risks and uncertainties are not the only ones we may face. Additional risks and uncertainties of which we are not aware, or that we currently deem immaterial, may also become important factors that affect our financial condition, results of operations and cash flows.

Risks Relating to Our Financial Position

Changes in global or regional economic conditions may adversely affect our financial position and results of operations.

The results of our operations depend heavily on advertising revenue, and demand for advertising is affected by general economic conditions in the region and globally. Our markets have experienced overall growth in real GDP (as adjusted for inflation) and advertising spending over the last several years; however, we cannot predict if the current growth trends will continue in the future. Analyst estimates for 2020 of real GDP in the countries in which we operate forecast a slower rate of growth overall compared to 2019. Recessions or periods of low or negative growth in the region or globally in the future may cause a deterioration of general economic conditions in one or more of our markets, which would have an adverse economic impact on our advertising revenues. The United States has imposed tariffs on certain products from many of its trading partners, including Europe and China, and has previously threatened to impose additional tariffs on cars and auto part exports from Europe. Such tariffs could have a significant adverse impact on the economies of our countries of operation. Additionally, a slowdown in China resulting from existing tariffs on Chinese products may have an adverse impact on the global economy, which may ultimately reduce demand for European exports and the rate of GDP growth in the countries in which we operate. Other factors that may affect general economic conditions in our markets include defaults by sovereigns or systemically important companies, austerity programs, natural disasters, acts of terrorism, civil or military conflicts or general political instability and responses to it, any of which may also reduce advertising spending. In addition, although we believe the advertising spend per capita of the countries in which we operate and advertising intensity (the ratio of total advertising spend per capita to nominal GDP per capita) will eventually converge with developed markets in Europe, such convergence may not occur in the time frame we expect, or at all. Any of these developments would have a significant negative effect on our financial position, results of operations and cash flows.

Changes to the quantitative easing program implemented by the European Central Bank ("ECB") may adversely affect our financial position and results of operations.

The ECB embarked upon quantitative easing in 2015 to address economic softness and a slowdown in growth of consumer prices in the Eurozone. The ECB also created funding and stability mechanisms to provide liquidity and financial assistance to Eurozone member states and financial institutions. Economic growth in recent years in the Eurozone has been helped by the ECB's quantitative easing program which was recalibrated in January 2018. Although the ECB, citing improved economic conditions, ended its original quantitative easing program at the end of December 2018, it resumed its quantitative easing program in November 2019. While the duration of the current quantitative easing program is not known, the cessation of quantitative easing in the future may adversely impact growth in Eurozone countries, including the countries in which we operate, and would negatively impact our business.

Our financial position and results of operations may be adversely affected as a result of the United Kingdom's decision to end its membership in the European Union.

The United Kingdom is in the process of negotiating its exit from the European Union (generally referred to as "Brexit"). On January 31, 2020, the United Kingdom formally left the European Union; however, it will remain in the single market and be subject to the EU's rules and regulations during a transition period ending December 31, 2020. It is expected that economic conditions in the EU will be impacted by Brexit. The impact on our business from a result of Brexit will depend, in part, on the outcome of tariff, trade, regulatory and other negotiations during this transition period and on the ultimate manner and terms of the U.K.'s withdrawal from the EU. Given the ongoing uncertainty over the final terms of Brexit to be negotiated during the transition period, the overall economic impact of Brexit on the EU and the Euro continues to be difficult to estimate as decisions to conserve cash and reduce spending by consumers and businesses in the United Kingdom would have a negative impact on economic growth rates in the United Kingdom and, to a lesser extent, in the EU, in particular those countries that are significant exporters to the United Kingdom. Furthermore, the departure of the United Kingdom from the EU may further affect the budgetary contributions and allocations among the EU member states in the medium term, including the countries in which we operate, which have historically been net recipients of EU funding. Economic uncertainty caused by Brexit or other instability in the EU resulting from Brexit could cause significant volatility in EU markets and reduce economic growth rates in the countries in which we operate, which would negatively impact the demand for advertising and consequently our financial position, results of operations and cash flows.

Our operating results will be adversely affected if we cannot generate strong advertising sales.

We generate the majority of our revenues from the sale of advertising airtime on our television channels. While we have implemented pricing strategies to increase sales and television advertising spending, the success of these strategies has varied from market to market and continues to be challenged by pressure from advertisers and discounting by competitors. In addition to advertising pricing, other factors that may affect our advertising sales include general economic conditions (described above), competition from other broadcasters and operators of other distribution platforms, changes in programming strategy, changes in distribution strategy, our ability to secure distribution on cable, satellite or IPTV operators, our channels' technical reach, technological developments relating to media and broadcasting, seasonal trends in the advertising market, changing audience preferences and in how and when people view content and the accompanying advertising, increased competition for the leisure time of audiences and shifts in population and other demographics. Our advertising revenues also depend on our ability to maintain audience ratings and to generate GRPs. This requires us to have a distribution strategy that reaches a significant audience as well as to maintain investments in programming at a sufficient level to continue to attract audiences. Changes in the distribution of our channels, such as our decision to cease broadcasting on digital terrestrial television ("DTT") in the Slovak Republic and Slovenia in 2017, may reduce the number of people who can view our channels, which may negatively impact our audience share and GRPs generated. Furthermore, significant or sustained reductions in investments in programming or other operating costs in response to reduced advertising revenues had and, if repeated, may have an adverse impact on our television viewing levels. Reductions in advertising spending in our markets and resistance to price increases as well as competition for ratings from broadcasters seeking to attract similar audiences may have an adverse impact on our ability to maintain our advertising sales. A failure to maintain advertising sales could have a material adverse effect on our financial position, results of operations and cash flows.

We may be unable to repay or refinance our existing indebtedness and may not be able to obtain favorable refinancing terms.

We have a substantial amount of indebtedness. In the event the proposed Merger is not completed, we face the risk that we will not be able to renew, repay or refinance our indebtedness when due, or that the terms of any renewal or refinancing will not be on better terms than those of such indebtedness being refinanced. Furthermore, pursuant to the Reimbursement Agreement, the all-in rates on each of the Euro Loans increase to a maximum of 10.0% (or 3.5% above the then-current all-in rate, if lower), on the date that is 365 days following a change of control of CME Ltd. (as defined therein); and pursuant to the 2023 Revolving Credit Facility, all commitments terminate following a change of control (as defined therein) and the interest rate on amounts outstanding increases to 10% plus LIBOR or 9% plus the alternate base rate on the date that is 365 days following such change of control. In the event we are not able to refinance our indebtedness, we might be forced to dispose of assets on disadvantageous terms or reduce or suspend operations, any of which would materially and adversely affect our financial condition, results of operations and cash flows.

Our debt service obligations and covenants may restrict our ability to conduct our operations.

We have debt service obligations under the Euro Loans as well as the 2023 Revolving Credit Facility (when drawn), including the Guarantee Fees to Warner Media as consideration for its guarantees of the Euro Loans (collectively, the "WM Guarantees"). In addition, if our financial performance does not meet our forecasts, we may bear higher average borrowing costs on our senior debt and pay more interest and Guarantee Fees. As a result of our debt service obligations and covenants contained in the related loan agreements, we are restricted under the Reimbursement Agreement and the 2023 Revolving Credit Facility (when drawn) in the manner in which our business is conducted, including but not limited to our ability to obtain additional debt financing to refinance existing indebtedness or to fund future working capital, capital expenditures, business opportunities or other corporate requirements, which may limit our flexibility in planning for, or reacting to, changes in our business, economic conditions or our industry. For additional information regarding the Reimbursement Agreement, the 2023 Revolving Credit Facility and the WM Guarantees, see Part II, Item 8, Note 4, "Long-term Debt and Other Financing Arrangements".

We may be subject to changes in tax rates and exposure to additional tax liabilities.

We are subject to taxes in a number of foreign jurisdictions, including in respect of our operations as well as capital transactions undertaken by us. We are subject to regular review and audit by tax authorities, and in the ordinary course of our business there are transactions and calculations where the ultimate tax determination is unknown. Significant judgment is required in determining our provision for taxes. The final determination of our tax liabilities resulting from tax audits, related proceedings or otherwise could be materially different from our tax provisions. Economic and political pressures to increase receipts in various jurisdictions may make taxation and tax rates subject to significant change and the satisfactory resolution of any tax disputes more difficult. The occurrence of any of these events could have a material adverse effect on our financial position, results of operations and cash flows.

A default by us in connection with our obligations under our outstanding indebtedness could result in our inability to continue to conduct our business.

Pursuant to the Reimbursement Agreement and the 2023 Revolving Credit Facility, we pledged all of the shares of CME BV, which owns all of our interests in our operating subsidiaries, in favor of Warner Media as security for this indebtedness. If we or CME BV were to default under the terms of any of the relevant agreements, Warner Media would have the ability to sell all or a portion of the assets pledged to it in order to pay amounts outstanding under such debt instruments. This could result in our inability to conduct our business.

Fluctuations in exchange rates may continue to adversely affect our results of operations.

Our reporting currency is the dollar and CME Ltd.'s functional currency is the Euro. Our consolidated revenues and costs are divided across a range of European currencies. Any strengthening of the dollar will have a negative impact on our reported revenues. Furthermore, fluctuations in exchange rates may negatively impact programming costs. While local programming is generally purchased in local currencies, a significant portion of our content costs relates to foreign programming purchased pursuant to dollar-denominated agreements. If the dollar appreciates against the functional currencies of our operating segments, the cost of acquiring such content would be adversely affected, which could have a material adverse effect on our results of operations and cash flows.

Our strategies to enhance our carriage fees and diversify our revenues may not be successful.

We are focused on creating additional revenue streams from our broadcast operations as well as increasing revenues generated from television advertising, which is how we generate most of our revenues. Our main efforts with respect to this strategy are on increasing carriage fees from cable, satellite and IPTV operators for carriage of our channels as well as continuing to seek improvements in advertising pricing. Agreements with operators generally have a term of one or more years, at which time agreements must be renewed. There can be no assurance that we will be successful in renewing carriage fee agreements on similar or better terms. During negotiations to implement our carriage fees strategy in prior years, some cable and satellite operators suspended the broadcast of our channels, which negatively affected the reach and audience shares of those operations and, as a result, advertising revenues. There is a risk that operators may refuse to carry our channels while carriage fee negotiations are ongoing, which would temporarily reduce the reach of those channels and may result in clients withdrawing advertising from our channels. The occurrence of any of these events may have an adverse impact on our financial position, results of operations and cash flows. If we are ineffective in negotiations with carriers or in achieving further carriage fee increases, our profitability will continue to be dependent primarily on television advertising revenues, which increases the importance placed on our ability to improve advertising pricing and generate advertising revenues. In addition to carriage fees, we are also working to build-out our offerings of advertising video-on-demand products and other opportunities for advertising online. There can be no assurances that our revenue diversification initiatives will ultimately be successful, and if unsuccessful, this may have an adverse impact on our financial position, results of operations and cash flows.

A downgrading of our corporate credit ratings may adversely affect our ability to raise additional financing.

Moody's Investors Service rates our corporate credit as B1 with a positive outlook. Standard & Poor's rates our corporate credit B+ (on watch with negative implications due to the proposed Merger). Our ratings show each agency's opinion of our financial strength, operating performance and ability to meet our debt obligations as they become due, as well as the proposed Merger. These ratings take into account the particular emphasis the ratings agencies place on metrics such as leverage ratio and cash flow, which they use as measurements of a company's liquidity and financial strength. They also reflect an emphasis placed by the ratings agencies on the historically strong financial support from Warner Media. We may be subject to downgrades if our operating performance deteriorates or we fail to maintain adequate levels of liquidity. In the event our corporate credit ratings are lowered by the rating agencies, we may not be able to refinance our existing indebtedness or raise new indebtedness that may be permitted under the Reimbursement Agreement and the 2023 Revolving Credit Facility (when drawn), and we will have to pay higher interest rates, all of which would have an adverse effect on our financial position, results of operations and cash flows.

If our goodwill, other intangible assets and long-lived assets become impaired, we may be required to record significant charges to earnings.

We review our long-lived assets for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. Goodwill and indefinite-lived intangible assets are required to be assessed for impairment at least annually. Factors that may be considered a change in circumstances indicating that the carrying amount of our goodwill, indefinite-lived intangible assets or long-lived assets may not be recoverable include slower growth rates in our markets, reduced expected future cash flows, increased country risk premium as a result of political uncertainty and a decline in stock price and market capitalization. We consider available current information when calculating our impairment charge. If there are indicators of impairment, our long-term cash flow forecasts for our operations deteriorate or discount rates increase, we may be required to recognize additional impairment charges in later periods. See Part II, Item 8, Note 3, "Goodwill and Intangible Assets" for the carrying amounts of goodwill in each of our reporting units.

Risks Relating to Our Operations

Our operations are vulnerable to significant changes in viewing habits and technology that could adversely affect us.

The television broadcasting industry is affected by rapid innovations in technology. The implementation of these new technologies and the introduction of non-traditional content distribution systems have increased competition for audiences and advertisers. Platforms such as direct-to-home cable and satellite distribution systems, the internet, subscription and advertising video-on-demand, user-generated content sites and the availability of content on portable digital devices have changed consumer behavior by increasing the number of entertainment choices available to audiences and the methods for the distribution, storage and consumption of content. This development has fragmented television audiences in more developed markets and could adversely affect our ability to retain audience share and attract advertisers as such technologies penetrate our markets. As we adapt to changing viewing patterns, it may be necessary to expend substantial financial and managerial resources to ensure necessary access to new technologies or distribution systems. Such initiatives may not develop into profitable business models. Furthermore, technologies that enable viewers to choose when, how, where and what content to watch, as well as to fast-forward or skip advertisements, may cause changes in consumer behavior that could have a negative impact on our advertising revenues. In addition, compression techniques and other technological developments allow for an increase in the number of channels that may be broadcast in our markets and expanded programming offerings that may be offered to highly targeted audiences. Reductions in the cost of launching new channels could lower entry barriers and encourage the development of increasingly targeted niche programming on various distribution platforms. This could increase the competitive demand for popular programming, resulting in an increase in content costs as we compete for audiences and advertising revenues. A failure to successfully adapt to changes in our industry as a result of technological advances may have an adverse effect on our financial position, results of operations and cash flows.

Content may become more expensive to produce or acquire or we may not be able to develop or acquire content that is attractive to our audiences.

Television programming is one of the most significant components of our operating costs. The ability of our programming to generate advertising revenues depends substantially on our ability to develop, produce or acquire programming that matches audience tastes and attracts high audience shares, which is difficult to predict. The commercial success of a program depends on several tangible and intangible factors, including the impact of competing programs, the availability of alternate forms of entertainment and leisure time activities, our ability to anticipate and adapt to changes in consumer tastes and behavior, and general economic conditions. The cost of acquiring content attractive to our viewers, such as feature films and popular television series and formats, is likely to increase in the future. Our expenditures in respect of locally produced programming may also increase due to competition for talent and other resources, wage inflation, changes in audience tastes in our markets or from the implementation of any new laws and regulations mandating the broadcast of a greater number of locally produced programs. In addition, we typically acquire syndicated programming rights under multi-year commitments before knowing how such programming will perform in our markets. In the event any such programming does not attract adequate audience share, it may be necessary to increase our expenditures by investing in additional programming, subject to the availability of adequate financial resources, as well as to write down the value of any underperforming programming. Any material increase in content costs could have a material adverse effect on our financial condition, results of operations or cash flows.

Our operating results are dependent on the importance of television as an advertising medium.

We generate most of our revenues from the sale of our advertising airtime on television channels in our markets. Television competes with various other media, such as print, radio, the internet and outdoor advertising, for advertising spending. In all of the countries in which we operate, television constitutes the single largest component of all advertising spending. There can be no assurance that the television advertising market will maintain its current position among advertising media in our markets. Furthermore, there can be no assurances that changes in the regulatory environment or improvements in technology will not favor other advertising media or other television broadcasters. Increases in competition among advertising media arising from the development of new forms of advertising media and distribution could result in a decline in the appeal of television as an advertising medium generally or of our channels specifically. A decline in television advertising spending as a component of total advertising spending in any period or in specific markets would have an adverse effect on our financial position, results of operations and cash flows.

We are subject to legal compliance risks and the risk of legal or regulatory proceedings being initiated against us.

We are required to comply with a wide variety of laws and other regulatory obligations in the jurisdictions in which we operate and compliance by our businesses is subject to scrutiny by regulators and other government authorities in these jurisdictions. Compliance with foreign as well as applicable U.S. laws and regulations related to our businesses, such as broadcasting content and advertising regulations, competition regulations, tax laws (including the Economic Substance Act in Bermuda which came into force in July 2019), employment laws, data protection requirements including the EU General Data Protection Regulation, and anti-corruption laws, increases the costs and risks of doing business in these jurisdictions. We believe we have implemented appropriate risk management and compliance policies and procedures that are designed to ensure our employees, contractors and agents comply with these laws and regulations; however, a violation of such laws and regulations or the Company's policies and procedures could occur. A failure or alleged failure to comply with applicable laws and regulations, whether inadvertent or otherwise, may result in legal or regulatory proceedings being initiated against us and fines or other penalties being levied against us.

In Slovenia, the competition law authorities launched an investigation in 2017 into whether our Slovenia subsidiary is dominant and abused its dominant position when concluding carriage fee agreements with platform operators in connection with its decision to cease broadcasting on DTT there. To date there has been no determination that a breach of competition law has occurred. If these or other contingencies result in legal or regulatory proceedings being initiated against us, or if developments occur in respect of our compliance with existing laws or regulations, or there are changes in the interpretation or application of such laws or regulations, we may incur substantial costs, be required to change our business practices (including on what terms and conditions we offer our channels under carriage agreements), our reputation may be damaged or we may be exposed to unanticipated civil or criminal liability, including fines and other penalties that may be substantial. This could have a material adverse effect on our business, financial position, results of operations and cash flows.

Our operations are in developing markets where there are additional risks related to political and economic uncertainty, biased treatment and compliance with evolving legal and regulatory systems.

Our revenue-generating operations are located in Central and Eastern Europe and we may be significantly affected by risks that may be different to those posed by investments in more developed markets. These risks include, but are not limited to, social and political instability, changes in local regulatory requirements including restrictions on foreign ownership, inconsistent regulatory or judicial practice, corruption and increased taxes and other costs. The economic and political systems, legal and tax regimes, regulatory practices, standards of corporate governance and business practices of countries in this region continue to develop. Policies and practices may be subject to significant adjustments, including following changes in political leadership, as well as to the influence of commercial and governmental actors. This may result in inconsistent application of tax and legal regulations, arbitrary or biased treatment, and other general business risks as well as social or political instability or disruptions and the potential for political influence on the media. The relative level of development of our markets, the risk of corruption, and the influence of local commercial and governmental actors also present a potential for biased or unfair treatment of us before regulators or courts in the event of disputes. If such a dispute occurs, those regulators or courts may not act with integrity or may favor local interests over our interests. Other potential risks inherent in markets with evolving economic and political environments include exchange controls, higher taxes, tariffs and other levies as well as longer payment cycles. Ultimately, the occurrence of any of these could have a material adverse impact on our business, financial position, results of operations and cash flows.

Piracy of our content may decrease revenues we can earn from our content and adversely impact our business and profitability.

Piracy of our content poses significant challenges in our markets. Technological developments, including digital copying, file compressing, the use of international proxies and the growing penetration of high bandwidth internet connections, have made it easier to create, transmit and distribute high quality unauthorized copies of content in unprotected digital formats. Furthermore, there are a growing number of video streaming sites, increasing the risk of online transmission of our content without consent. The proliferation of such sites broadcasting content pirated from us could result in a reduction of revenues that we receive from the legitimate distribution of our content, including through video-on-demand and other services. Protection of our intellectual property is in large part dependent on the manner in which applicable intellectual property laws in the countries in which we operate are construed and enforced. We seek to limit the threat of content piracy. However, detecting and policing the unauthorized use of our intellectual property is often difficult and remedies may be limited under applicable law. Steps we take may not prevent the infringement by third parties. There can be no assurance that our efforts to enforce our rights and protect our intellectual property will be successful in preventing piracy, which limits our ability to generate revenues from our content.

We rely on network and information systems and other technology that may be subject to disruption, security breaches or misuse, which could harm our business or our reputation.

We make extensive use of network and information systems and other technologies, including those related to our internal network management as well as our broadcasting operations. These systems are central to many of our business activities. Network and information systems-related events, such as computer hackings, computer viruses, worms or other destructive or disruptive software, process breakdowns, malicious activities or other security breaches could result in a disruption or degradation of our services, the loss of information or the improper disclosure of personal data. The occurrence of any of these events could negatively impact our business if we are required to expend resources to remedy such a security breach or if they result in legal claims or proceedings or our reputation is harmed. In addition, improper disclosure of personal data could subject us to liability under laws, including the EU General Data Protection Regulation, that protect personal data in the countries in which we operate. The development and maintenance of systems to prevent these events from occurring requires ongoing monitoring and updating as efforts to overcome security measures become more sophisticated. As technologies evolve, we will need to expend additional resources to protect our technology and information systems, which could have an adverse impact on our results of operations and cash flows.

Our broadcasting licenses may not be renewed and may be subject to revocation.

We require broadcasting and, in some cases, other operating licenses as well as other authorizations from national regulatory authorities in our markets in order to conduct our broadcasting business. While our broadcasting licenses for our operations in the Slovak Republic and Slovenia are valid for indefinite time periods, our other broadcasting licenses expire at various times from October 2020 through 2028. While we expect that our material licenses and authorizations will continue to be renewed or extended as required, we cannot guarantee that this will occur or that they will not be subject to revocation, particularly in markets where there is relatively greater political risk as a result of less developed political and legal institutions. The failure to comply in all material respects with the terms of broadcasting licenses or other authorizations or with applications filed in respect thereto may result in such licenses or other authorizations not being renewed or otherwise being terminated. Furthermore, no assurances can be given that renewals or extensions of existing licenses will be issued on the same terms as existing licenses or that further restrictions or conditions will not be imposed in the future. Any non-renewal or termination of any other broadcasting or operating licenses or other authorizations or material modification of the terms of any renewed licenses may have a material adverse effect on our financial position, results of operations and cash flows.

Our success depends on attracting and retaining key personnel.

Our success depends partly upon the efforts and abilities of our key personnel and our ability to attract and retain key personnel. Our management teams have significant experience in the media industry and have made important contributions to our growth and success. Although we have been successful in attracting and retaining such people in the past, competition for highly skilled individuals is intense. There can be no assurance that we will continue to be successful in attracting and retaining such individuals in the future. In particular, the proposed Merger may adversely impact our ability to attract and retain such individuals. The loss of the services of any of these individuals could have an adverse effect on our businesses, results of operations and cash flows.

Risks Relating to Enforcement Rights

We are a Bermuda company and enforcement of civil liabilities and judgments may be difficult.

We are a Bermuda company. Substantially all of our assets and all of our operations are located, and all of our revenues are derived, outside the United States. In addition, several of our directors and officers are non-residents of the United States, and all or a substantial portion of the assets of such persons are or may be located outside the United States. As a result, investors may be unable to effect service of process within the United States upon such persons, or to enforce against them judgments obtained in the United States courts, including judgments predicated upon the civil liability provisions of the United States federal and state securities laws. There is uncertainty as to whether the courts of Bermuda and the countries in which we operate would enforce (a) judgments of United States courts obtained against us or such persons predicated upon the civil liability provisions of the United States federal and state securities laws or (b) in original actions brought in such countries, liabilities against us or such persons predicated upon the United States federal and state securities laws.

Our Bye-laws restrict shareholders from bringing legal action against our officers and directors.

Our Bye-laws contain a broad waiver by our shareholders of any claim or right of action in Bermuda, both individually and on our behalf, against any of our officers or directors. The waiver applies to any action taken or concurred in by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties, except with respect to any matter involving any fraud or dishonesty on the part of the officer or director. This waiver limits the right of shareholders to assert claims against our officers and directors unless the act or failure to act involves fraud or dishonesty.

Risks Relating to our Common Stock

The interests of AT&T may conflict with the interests of other investors.

Through its wholly owned subsidiaries Warner Media and TW Investor, the aggregate beneficial ownership interest of AT&T in the Company is approximately 75.7%. In connection with the exercise of the warrants by Warner Media and TW Investor in April 2018, each of them issued standing proxies to the independent directors of the Company, pursuant to which it granted the independent directors the right to vote the 100,926,996 shares received on the exercise of those warrants (the “Warrant Shares”) on all matters other than at any meeting where the agenda includes a change in control transaction. In accordance with these proxies, the Warrant Shares will be voted in proportion to votes cast at such a meeting of the Company, excluding such Warrant Shares. Warner Media and TW Investor have undertaken to maintain this proxy arrangement until April 2020 and may extend it for an additional year at their option. After giving effect to its ownership of the Series A Preferred Share, AT&T has a 44.3% voting interest in the Company at any meeting where the Warrant Shares are voted pursuant to the standing proxies. Furthermore, AT&T has the right to appoint one less than the number required to constitute a majority of our board of directors, provided that AT&T continues to own not less than 40% of the voting power of the Company. As such, AT&T is in a position to exercise significant influence over the outcome of corporate actions requiring shareholder approval, such as the proposed Merger, the election of directors, amendments to our Bye-laws, or certain transactions, including transactions resulting in a change of control.

We are also party to an amended investor rights agreement with Warner Media and the other parties thereto under which, among other things, Warner Media was granted a contractual pre-emptive right (subject to certain exclusions) with respect to issuances of the Company’s equity securities, which permits it to maintain its pro rata economic interest as well as a right to top any offer that would result in a change of control of the Company. Under Bermuda law, there is no takeover code or similar legislation requiring an acquirer of a certain percentage of our Class A common stock to tender for the remaining publicly held shares. Warner Media is also our largest secured creditor, as it guarantees 100% of our outstanding senior indebtedness and is the lender under the 2023 Revolving Credit Facility. The 2023 Revolving Credit Facility (when drawn) and the Reimbursement Agreement contain maintenance covenants in respect of interest cover and total leverage ratios and includes covenants in respect of the incurrence of indebtedness (including refinancing indebtedness), the provision of guarantees, acquisitions and disposal and granting security. As such, Warner Media may be in a position to determine whether to permit transactions, waive defaults or accelerate such indebtedness or take other steps in its capacity as a secured creditor in a manner that might not be consistent with the interests of the holders of our Class A common stock. Furthermore, in certain circumstances, the interests of AT&T as our largest beneficial owner could be in conflict with the interests of minority shareholders.

The price of our Class A common stock may be volatile.

The market price of shares of our Class A common stock may be influenced by many factors, some of which are beyond our control, including but not limited to those described under "Risks Relating to Our Operations" and “Risks Relating to the Proposed Merger - The failure to complete the proposed Merger within the expected time frame or at all could adversely affect our business, financial condition, results of operations, liquidity and the price of our Class A common stock” as well as the following: general economic and business trends, variations in quarterly operating results, license renewals, regulatory developments in our operating countries and the European Union, the condition of the media industry in our operating countries, the volume of trading in shares of our Class A common stock, future issuances of shares of our Class A common stock and investors’ and securities analysts’ perception of us and other companies that investors or securities analysts deem comparable in the television broadcasting industry. In addition, stock markets in general have experienced extreme price and volume fluctuations that have often been unrelated to and disproportionate to the operating performance of broadcasting companies. These broad market and industry factors may materially impact the market price of shares of our Class A common stock, regardless of our operating performance.

Risks Relating to the Proposed Merger

The proposed Merger may cause disruption to our business.

The Merger Agreement generally requires CME to operate its business in the ordinary course during the pendency of the proposed Merger and contains customary covenants which restrict CME, without Parent’s consent, from taking certain specified actions until the proposed Merger closes or the Merger Agreement terminates. These restrictions may prevent us from taking actions or making changes with respect to the Company that we may otherwise consider to be advantageous and could result in our inability to respond effectively to competitive pressures, industry developments and future opportunities, which may adversely affect our business, financial condition, results of operations and cash flows.

The proposed Merger could cause disruptions to our business or business relationships. Uncertainty associated with the proposed Merger may cause business partners, customers and other counterparties to delay or defer decisions concerning our business or seek alternative relationships with third parties. Any delay or deferral of those decisions or changes to our business relationships could adversely affect our financial conditions, results of operations and cash flows, regardless of whether the proposed Merger is ultimately completed.

We have allocated, and expect to continue to allocate, significant management and financial resources towards the proposed Merger and its completion. The diversion of management's attention away from day-to-day operations and other opportunities could adversely affect our business and results of operations. In addition, employee retention, recruitment and motivation may be challenging before the completion of the proposed Merger, as employees may experience uncertainty about their future roles following the proposed Merger. If, despite our retention and recruiting efforts, key employees depart because of issues relating to the uncertainty and potential outcome of the proposed Merger or a desire not to remain following the proposed Merger, our business and results of operations could be adversely affected.

Completion of the proposed Merger is subject to conditions, including the receipt of certain competition and other regulatory approvals, and if these conditions are not satisfied or waived or if the required approvals are not granted or are subject to conditions, completion of the proposed Merger may not occur.

Completion of the proposed Merger is subject to several conditions, including, but not limited to, the receipt of certain competition and other regulatory approvals, the requisite vote of the Company's shareholders, compliance with covenants and agreements in the Merger Agreement (subject to certain materiality qualifications), and the absence of any governmental order prohibiting completion of the proposed Merger, some of which are beyond our control. We cannot predict with certainty whether and when any of these conditions will be satisfied or waived, which may prevent, delay or otherwise adversely affect the completion of the proposed Merger in a material way. In addition, Parent's obligation to complete the proposed Merger is subject to the receipt of certain governmental approvals without the requirement that Parent agree to take any action or commit to any condition or restriction necessary to secure such approval that would constitute a "burdensome condition" as defined in the Merger Agreement. There can be no assurance that regulators will not seek to impose conditions, terms, obligations or restrictions that would constitute burdensome conditions or that such conditions, terms, obligations or restrictions would not result in the termination of the Merger Agreement.

The failure to complete the proposed Merger within the expected time frame or at all could adversely affect our business, financial condition, results of operations, liquidity and the price of our Class A common stock.

If the proposed Merger is not completed by October 27, 2020, which date may be extended under certain circumstances to January 27, 2021, CME or Parent may choose not to proceed with the proposed Merger. Each of CME and Parent may also elect to terminate the Merger Agreement in certain other circumstances. If the Merger Agreement is terminated, CME may be required to pay to Parent a termination fee of $50 million. The termination of the Merger Agreement may also result in the share price of our Class A common stock declining. Additionally, we have already incurred, and we expect to continue to incur, significant costs in connection with the proposed Merger for which we will receive little or no benefit if the completion of the proposed Merger does not occur. In the event the proposed Merger is not completed, CME could also be subject to litigation related to any failure to complete the proposed Merger.

Therefore, if the proposed Merger is not completed, our business, financial condition, results of operations and cash flows may be adversely affected, and the share price of our Class A common stock may decline. Moreover, if the Merger Agreement is terminated and we decide to seek another business combination, we may not be able to negotiate or consummate a transaction with another party on terms comparable to, or better than, the terms of the Merger Agreement.

The Merger Agreement contains provisions that could discourage a potential competing acquirer.

The Merger Agreement contains certain provisions that restrict our ability to, among other things, solicit, knowingly encourage, knowingly facilitate, knowingly induce or initiate the submission of, enter into, or participate in any discussions or any negotiations regarding any "competing proposal" as defined in the Merger Agreement or the announcement of a competing proposal. The Merger Agreement also provides that the Board of Directors (or any committee thereof, including the Special Committee) will not make a "change of recommendation" as defined in the Merger Agreement except as permitted by the terms of the Merger Agreement. In addition, CME may be required to pay a termination fee of $50 million to Parent if the proposed Merger is not consummated under specified circumstances.

CME believes these provisions are reasonable, customary and not preclusive of other offers. Nevertheless, these provisions might discourage a third party that has an interest in acquiring all or a significant part of CME from considering or proposing such acquisition, even if such party were prepared to pay consideration with a higher value than the currently proposed aggregate merger consideration. Furthermore, the requirement that CME pay a termination fee under certain circumstances may result in a third party proposing to pay a lower per-share price to acquire CME, than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable by CME in certain circumstances.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own and lease properties in the countries in which we operate. These facilities are fully utilized for current ongoing operations, are in good condition and are adequately equipped for purposes of conducting broadcasting, content production or such other operations as we require. We believe that suitable additional space is available on acceptable terms in the event of an expansion of our businesses. The table below provides a brief description of our significant properties.

Location	Property	Use
Hamilton, Bermuda	Leased office	Registered office, Corporate
Amsterdam, The Netherlands	Leased office	Corporate office, Corporate
Sofia, Bulgaria	Leased buildings	Office and studio space (Bulgaria segment)
Prague, Czech Republic	Owned and leased buildings	Administrative center, Corporate; Office and studio space (Czech Republic segment)
Bucharest, Romania	Owned and leased buildings	Office and studio space (Romania segment)
Bratislava, Slovak Republic	Owned buildings	Office and studio space (Slovak Republic segment)
Ljubljana, Slovenia	Owned and leased buildings	Office and studio space (Slovenia segment)
London, United Kingdom	Leased office	Administrative center, Corporate

For further information on the cash resources that fund these facility-related costs, see Part II, Item 7, III, "Liquidity and Capital Resources".

ITEM 3. LEGAL PROCEEDINGS

See Part II, Item 8, Note 21, "Commitments and Contingencies" for a discussion of ongoing litigation.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Shares of Class A common stock of Central European Media Enterprises Ltd. began trading on the NASDAQ National Market (since renamed the NASDAQ Global Select Market) on October 13, 1994 and began trading on the Prague Stock Exchange on June 27, 2005. On each market, the shares are traded under the ticker symbol "CETV".

On February 4, 2020, the last reported sales price for shares of our Class A common stock was US$ 4.50 and there were approximately 46 holders of record.

Under our 2015 Stock Incentive Plan (the "2015 Plan"), 16,000,000 shares of Class A are authorized for issuance in respect of equity awards. In addition, any shares available under our Amended and Restated Stock Incentive Plan (which expired on June 1, 2015), including in respect of any awards that expire, terminate or are forfeited, will be available for awards under the 2015 Plan (see Item 8, Note 17, "Stock-based Compensation"). See Part III, Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" for further information.

DIVIDEND POLICY

We have not declared or paid and have no present intention to declare or pay in the foreseeable future any cash dividends in respect to any class of our shares of common stock.

PURCHASE OF OWN STOCK

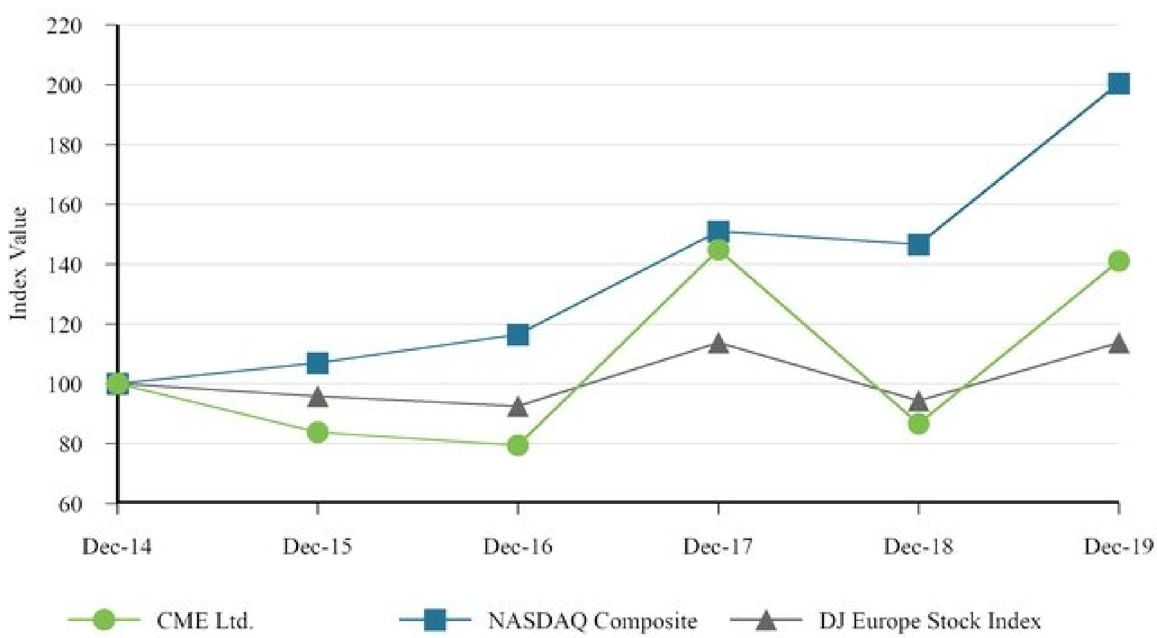
We did not purchase any of our own stock in 2019.

RECENT SALES OF UNREGISTERED SECURITIES

We did not make any sales of any unregistered securities in 2019.

PERFORMANCE GRAPH

The following performance graph is a line graph comparing the change in the cumulative total shareholder return of the Class A common stock against the cumulative total return of the NASDAQ Composite Index and the Dow Jones Europe Stock Index between December 31, 2014 and December 31, 2019. The graph below assumes the investment of US$ 100 on December 31, 2014 in our Class A common stock, the NASDAQ Composite and the Dow Jones Europe Stock Index, assuming dividends, if any, are reinvested.



Value of US$ 100 invested at December 31, 2014 as of December 31, 2019:

Central European Media Enterprises Ltd.	$	141.12
NASDAQ Composite Total Return Index	$	200.49
Dow Jones Europe Stock Index	$	113.76

ITEM 6. SELECTED FINANCIAL DATA

Our selected consolidated financial data should be read together with our consolidated financial statements and related notes included in Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

The following tables set forth the selected consolidated financial data for each of the years in the five-year period ended December 31, 2019. The selected consolidated financial data is qualified in its entirety and should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data". We have derived the consolidated statements of operations and comprehensive income / loss data for the years ended December 31, 2019, 2018 and 2017 and the consolidated balance sheet data as of December 31, 2019 and 2018 from the audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The consolidated statements of operations and comprehensive income / loss data for the years ended December 31, 2016 and 2015 and the balance sheet data as of December 31, 2017, 2016 and 2015 were derived from consolidated financial statements that are not included in this Annual Report on Form 10-K.

	For The Year Ended December 31, (US$ 000's, except per share data)				
	2019	2018	2017	2016	2015
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME / LOSS DATA:					
Net revenues	$ 694,804	$ 703,906	$ 642,868	$ 583,006	$ 550,337
Operating income	187,336	177,587	139,914	105,748	89,645
Income / (loss) from continuing operations	119,208	97,065	51,063	(179,679)	(83,501)
Income / (loss) from discontinued operations, net of tax	—	60,548	(1,636)	(918)	(32,071)
Net income / (loss) attributable to CME Ltd.	**$ 119,134**	**$ 157,692**	**$ 49,768**	**$ (180,291)**	**$ (114,901)**
PER SHARE DATA:					
Net income / (loss) per common share from:					
Continuing operations — basic	$ 0.32	$ 0.27	$ 0.16	$ (1.28)	$ (0.68)
Continuing operations — diluted	0.32	0.25	0.12	(1.28)	(0.68)
Discontinued operations — basic	—	0.18	(0.01)	0.00	(0.22)
Discontinued operations — diluted	—	0.17	0.00	0.00	(0.22)
Attributable to CME Ltd. — basic	0.32	0.45	0.15	(1.28)	(0.90)
Attributable to CME Ltd. — diluted	0.32	0.42	0.12	(1.28)	(0.90)
Weighted average common shares used in computing per share amounts (000's):					
Basic	264,611	230,562	155,846	151,017	146,866
Diluted	266,198	257,694	236,404	151,017	146,866

	As at December 31, (US$ 000's)				
	2019	2018	2017	2016	2015
CONSOLIDATED BALANCE SHEET DATA:					
Cash and cash equivalents	$ 36,621	$ 62,031	$ 58,748	$ 40,954	$ 59,441
Other current assets [1]	313,359	312,062	362,491	299,466	298,843
Non-current assets	1,097,882	1,114,268	1,206,816	1,050,297	1,082,133
Total assets	**$ 1,447,862**	**$ 1,488,361**	**$ 1,628,055**	**$ 1,390,717**	**$ 1,440,417**
Current liabilities [1]	$ 156,001	$ 139,692	$ 186,946	$ 171,564	$ 146,308
Non-current liabilities	680,273	849,978	1,182,286	1,070,786	974,270
Temporary equity	269,370	269,370	264,593	254,899	241,198
CME Ltd. shareholders' equity / (deficit)	341,705	229,020	(5,788)	(107,804)	77,260
Noncontrolling interests	513	301	18	1,272	1,381
Total liabilities and equity	**$ 1,447,862**	**$ 1,488,361**	**$ 1,628,055**	**$ 1,390,717**	**$ 1,440,417**

[1] Other current assets and current liabilities as at December 31, 2017 include total assets held for sale and total liabilities held for sale of our Croatian operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Please refer to page 1 of this Annual Report on Form 10-K for a list of defined terms used herein.

The following discussion and analysis should be read in conjunction with the other sections in this Annual Report, including Part I, Item 1. Business, Part II, Item 6. Selected Financial Data, and Part II, Item 8. Financial Statements and Supplementary Data. The exchange rates used in this report are as at December 31, 2019, unless otherwise indicated.

I. Overview

Our operations comprise a collection of television networks across Central and Eastern Europe, each of which enjoys a strong competitive position due to audience share leadership, brand strength, popular local content, and the depth and experience of country management. The reach and affinity we provide advertisers supports our model of pricing inventory at a premium to our competition, and we seek to maximize our revenues in order to provide additional financial resources to invest in original local content. We believe these competitive advantages position us to benefit if forecast economic growth leads to continued growth of the television advertising markets in the countries in which we operate.

We are focused on enhancing the performance of our television networks in each country, which we expect will continue improving profitability and cash generation. Our operating and financial priorities are as follows:

- leveraging content popular with our target demographics to maintain or increase our television audience share leadership and advertising market shares;
- increasing carriage fees and subscription revenues as well as expanding our online content offerings to provide more diversified and predictable income;
- maintaining a strict cost discipline while safeguarding our brands and competitive strengths to increase profitability; and
- completing the previously announced Merger with PPF.

As market leaders with experienced management teams in each country, we believe we are well positioned to identify new challenges in a timely manner and adjust our strategy as new opportunities or threats arise.

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

On October 27, 2019, the Company entered into the Merger Agreement with Parent and Merger Sub, pursuant to which Merger Sub will merge with and into the Company, with the Company continuing as the surviving company in the proposed Merger as a wholly-owned subsidiary of Parent. The closing of the proposed Merger is subject to several conditions, including, but not limited to, the requisite vote of the Company's shareholders in favor of the Merger Agreement and the proposed Merger, the receipt of certain competition and other regulatory approvals, compliance with covenants and agreements in the Merger Agreement (subject to certain materiality qualifications), and the absence of any governmental order prohibiting completion of the proposed Merger. We expect the proposed Merger to be completed in the middle of 2020.

Non-GAAP Financial Measures

In this report 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. 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 and April 2018, we pay interest and related Guarantee Fees on our outstanding indebtedness in cash. In addition to this obligation to pay Guarantee Fees in cash, we expect to use cash generated by the business to pay certain Guarantee Fees that were previously paid 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, including a reconciliation of OIBDA to US GAAP financial measures, see Item 8, Note 20, "Segment Data". For a reconciliation of free cash flow and unlevered free cash flow to a US GAAP financial measure, see "Free Cash Flow and Unlevered Free Cash Flow" below.

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 the following analysis is focused on 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 preceding such analysis.

Executive Summary

The following tables provide a summary of our consolidated results for the years ended December 31, 2019, 2018 and 2017:

	For The Year Ended December 31, (US$ 000's)							
			Movement				*Movement*	
	2019	2018	*% Act*	*% Lfl*	2018	2017	*% Act*	*% Lfl*
Net revenues	$ 694,804	$ 703,906	*(1.3)%*	*4.5%*	$ 703,906	$ 642,868	*9.5%*	*5.3%*
Operating income	187,336	177,587	*5.5 %*	*11.4%*	177,587	139,914	*26.9%*	*25.1%*
Operating margin	27.0%	25.2%	*1.8 p.p.*	*1.7 p.p.*	25.2%	21.8%	*3.4 p.p.*	*4.0 p.p.*
OIBDA	$ 247,924	$ 222,674	*11.3 %*	*17.6%*	$ 222,674	$ 179,767	*23.9%*	*20.9%*
OIBDA margin	35.7%	31.6%	*4.1 p.p.*	*4.0 p.p.*	31.6%	28.0%	*3.6 p.p.*	*4.0 p.p.*

Our consolidated net revenues decreased 1% at actual exchange rates in 2019 compared to 2018. At constant rates, net revenues increased 5% due to an increase in both television advertising revenues and carriage fee and subscription revenues. Television advertising spending in the countries in which we operate grew an estimated 3% at constant rates in 2019 compared to 2018. Our consolidated television advertising revenues declined by 3% at actual rates but increased 3% at constant rates due to growth in four of our operating segments and higher average prices in each of the countries in which we operate. Carriage fees and subscription revenues increased 3% at actual rates and 10% at constant rates primarily due to additional carriage fees from overall higher prices in contracts with cable, satellite and internet protocol television ("IPTV") operators as well as higher subscribers overall.

Costs charged in arriving at OIBDA decreased 7% at actual rates and 2% at constant rates in 2019 compared to 2018. Content costs decreased 2% at constant rates due to broadcasting fewer hours and more cost effective foreign content, as well as a planned reduction in the volume of sports rights. There was also a decrease in other costs resulting from lower legal and professional fees as well as lower bad debt charges, which were partially offset by higher personnel costs.

Our focus on controlling costs while improving revenues led to another year of OIBDA margin expansion, which increased to 36% in 2019 from 32% in 2018. This dynamic also drove an increase in operating income, although the operating margin expansion was lower than for OIBDA because costs incurred related to our strategic review announced on March 25, 2019 and the resulting proposed Merger are not included within OIBDA.

We remained audience share leaders during 2019 in all of the countries in which we operate, with higher full year prime time audience shares compared to 2018 in four operating segments. We believe television continues to provide the most efficient medium to reach consumers in our markets, and we believe our audience share makes us the best partner for advertisers in those territories.

Using cash generated by the business, we paid a total of EUR 150.0 million (approximately US$ 168.9 million at transaction date rates) of the 2021 Euro Loan in 2019. Following these payments, there is now EUR 60.3 million (approximately US$ 67.8 million) outstanding on our nearest debt maturity in November 2021. Unlevered free cash flow was US$ 188.0 million in 2019, an increase of 21% compared to 2018.

Together with the increased profitability of our operations, our net leverage ratio was 2.4x at the end of 2019 compared to 3.5x at the end of 2018. Our weighted average cost of borrowing applicable to the Euro Loans and Guarantee Fees was approximately 3.4% at the end of 2019, down 10 basis points during the year, and the annual run-rate of our cash debt service obligations at December 31, 2019 was approximately US$ 21.3 million, a decrease of approximately 26% compared to 2018.

Free Cash Flow and Unlevered Free Cash Flow

	For The Year Ended December 31, (US$ 000's)					
	2019	2018	*Movement*	2018	2017	*Movement*
Net cash generated from continuing operating activities	**$ 179,652**	**$ 109,024**	***64.8 %***	**$ 109,024**	**$ 93,301**	***16.9 %***
Capital expenditures, net	(24,375)	(24,540)	*0.7 %*	(24,540)	(27,947)	*12.2 %*
Other items [(1)]	6,092	—	*NM [(2)]*	—	—	*— %*
Free cash flow	**161,369**	**84,484**	***91.0 %***	**84,484**	**65,354**	***29.3 %***
Cash paid for interest (including Guarantee Fees)	26,651	43,350	*(38.5)%*	43,350	47,197	*(8.2)%*
Cash paid for Guarantee Fees previously paid in kind	—	27,328	*(100.0)%*	27,328	—	*NM [(2)]*
Cash paid for Guarantee Fees that previously could be paid in kind	—	812	*(100.0)%*	812	8,343	*(90.3)%*
Unlevered free cash flow	**$ 188,020**	**$ 155,974**	***20.5 %***	**$ 155,974**	**$ 120,894**	***29.0 %***

(1) Other items during the year ended December 31, 2019 reflects costs relating to the strategic review and resulting proposed Merger.

(2) Number is not meaningful.

	December 31, 2019	December 31, 2018	*Movement*
Cash and cash equivalents	$ 36,621	$ 62,031	(41.0)%

The increase in unlevered free cash flow at actual rates during 2019 was due primarily to lower cash payments for acquired programming and production costs, which was partially offset by higher payments for income taxes. Net cash generated from continuing operating activities also benefited from lower cash paid for interest and Guarantee Fees, which was partially offset by payments related to the strategic review.

We ended 2019 with cash of US$ 36.6 million and we have access to another US$ 75.0 million of liquidity provided by the 2023 Revolving Credit Facility, which remains undrawn.

Market Information

After adjusting for inflation, we estimate that during 2019 GDP grew in each of the countries in which we operate at a rate that exceeded the average growth rate for Western Europe. Overall GDP growth in 2019 was lower than in 2018, as exports weakened slightly in certain countries, which is reported to be connected to a slowdown in the German economy, and uncertainty around the impact of tariffs on global trade as well as the final terms under which the UK will exit the EU (see Part I, Item 1A, "Risk Factors"). Analyst estimates for 2020 of GDP in the countries in which we operate forecast a slower rate of growth overall compared to 2019. However, domestic private consumption remains generally robust, supported by historically low unemployment and higher average wages. We believe the growth in real private consumption forecast for 2020 in the countries where we operate will sustain growth in the television advertising markets.

The following table sets out our estimates of television advertising spending, net of discounts, by country (in US$ millions) for the years set forth below:

Country		**2019**		**2018**		**2017**
Bulgaria	$	109	$	109	$	104
Czech Republic		340		325		315
Romania*		241		241		232
Slovak Republic		157		147		142
Slovenia		69		67		68
Total CME Markets	**$**	**916**	**$**	**889**	**$**	**861**
Growth rate		**3%**		**3%**		**6%**

* Romania market excludes Moldova.
Source: CME estimates, using the 2019 average exchange rate for all periods presented above.

On a constant currency basis, we estimate television advertising spending overall in our markets increased an estimated 3% in 2019 compared to the previous year. In Bulgaria, the market was estimated to be broadly flat as an increase in GRPs sold offset a decline in average market prices, even though our average prices increased. Market growth in the Czech Republic, the Slovak Republic and Slovenia all resulted from higher average prices that more than offset lower demand for GRPs. The market in the Slovak Republic also benefited from higher sponsorship. In Romania, the market was broadly flat as average market prices increased, but this was more than offset by selling fewer GRPs as there was less inventory available to sell. It also reflected reduced spending by advertisers, primarily in the first quarter of 2019, who were directly impacted by new incremental taxes imposed early in 2019 on certain sectors of the economy, including telecommunications and banking. Even though spending from these clients recovered during the course of 2019, overall spending from the affected sectors was lower than in 2018.

In the short-term, we believe that television advertising will continue to hold its share of total advertising spend in our markets because of its greater reach and effective measurement, which makes this medium more appealing to advertisers. We believe television is especially attractive to advertisers because it delivers high reach at lower cost than other forms of media. More recently, internet advertising has grown at the expense of print and outdoor advertising, and we offer additional advertising opportunities when clients seek to complement their television campaigns with campaigns online. While spending for digital advertising has overtaken spending on television in more developed markets, this is not the case in our markets and we believe the strength of television as an advertising medium will continue for the foreseeable future.

There is increased competition for audience share in all our markets. The production of original local content remains a key pillar of our strategy, as it is an important factor in attracting large audiences to both television as well as other non-linear sources of entertainment. While subscription video-on-demand ("SVOD") platforms do not compete with television for spending on advertising, they do compete in terms of the amount of time that viewers spend consuming content, which can negatively impact our ratings. Netflix launched an English-language platform across Central and Eastern Europe in early 2016, primarily with foreign titles in its library. The service was offered with a user interface in local language in Romania in the middle of 2017, along with Romanian subtitles and dubbing of content. In the fourth quarter of 2019 it similarly introduced local language in its user interface in the Czech Republic, which is also available in the Slovak Republic, and expanded its offering to include significantly more local content. We have not yet seen an appreciable impact on viewer behavior resulting from this; however, if this trend of SVOD platforms in local language with local content spreads further and viewership habits change over the medium-term, this could reduce the amount of television advertising inventory we have to sell.

Segment Performance

	NET REVENUES							
	For The Year Ended December 31, (US$ 000's)							
			Movement				*Movement*	
	2019	**2018**	***% Act***	***% Lfl***	**2018**	**2017**	**% Act**	**% Lfl**
Bulgaria	$ 83,406	$ 84,593	*(1.4)%*	*3.9%*	$ 84,593	$ 77,341	*9.4%*	*5.3%*
Czech Republic	237,320	233,991	*1.4 %*	*6.8%*	233,991	209,041	*11.9%*	*5.6%*
Romania	188,251	201,505	*(6.6)%*	*0.3%*	201,505	191,244	*5.4%*	*3.2%*
Slovak Republic	108,003	106,834	*1.1 %*	*6.4%*	106,834	97,721	*9.3%*	*5.5%*
Slovenia	80,809	79,587	*1.5 %*	*6.9%*	79,587	68,696	*15.9%*	*12.0%*
Intersegment revenues	(2,985)	(2,604)	*NM (1)*	*NM (1)*	(2,604)	(1,175)	*NM (1)*	*NM (1)*
Total Net Revenues	**$ 694,804**	**$ 703,906**	***(1.3)%***	***4.5%***	**$ 703,906**	**$ 642,868**	***9.5%***	***5.3%***

(1) Number is not meaningful.

	OIBDA							
	For The Year Ended December 31, (US$ 000's)							
			Movement				*Movement*	
	2019	**2018**	***% Act***	***% Lfl***	**2018**	**2017**	***% Act***	***% Lfl***
Bulgaria	$ 25,720	$ 21,620	*19.0%*	*24.3 %*	$ 21,620	$ 16,241	*33.1%*	*33.0%*
Czech Republic	101,617	94,576	*7.4%*	*12.8 %*	94,576	82,652	*14.4%*	*9.2%*
Romania	87,727	85,737	*2.3%*	*9.8 %*	85,737	73,418	*16.8%*	*14.0%*
Slovak Republic	35,350	27,941	*26.5%*	*31.5 %*	27,941	23,845	*17.2%*	*16.2%*
Slovenia	26,395	22,516	*17.2%*	*22.9 %*	22,516	14,263	*57.9%*	*57.9%*
Eliminations	15	34	*NM (1)*	*NM (1)*	34	(3)	*NM (1)*	*NM (1)*
Total operating segments	**276,824**	**252,424**	***9.7%***	***15.8 %***	**252,424**	**210,416**	***20.0%***	***16.7%***
Corporate	(28,900)	(29,750)	*2.9%*	*(2.4)%*	(29,750)	(30,649)	*2.9%*	*7.8%*
Total OIBDA	**$ 247,924**	**$ 222,674**	***11.3%***	***17.6 %***	**$ 222,674**	**$ 179,767**	***23.9%***	***20.9%***

(1) Number is not meaningful.

Bulgaria

	For the Year Ended December 31, (US$ 000's)							
			Movement				*Movement*	
	2019	**2018**	***% Act***	***% Lfl***	**2018**	**2017**	**% Act**	**% Lfl**
Television advertising	$ 56,276	$ 58,350	*(3.6)%*	*1.6 %*	$ 58,350	$ 53,446	*9.2%*	*5.4 %*
Carriage fees and subscriptions	21,404	20,989	*2.0 %*	*7.5 %*	20,989	19,462	*7.8%*	*3.1 %*
Other	5,726	5,254	*9.0 %*	*14.5 %*	5,254	4,433	*18.5%*	*13.8 %*
Net revenues	**83,406**	**84,593**	***(1.4)%***	***3.9 %***	**84,593**	**77,341**	***9.4%***	***5.3 %***
Costs charged in arriving at OIBDA	57,686	62,973	*(8.4)%*	*(3.3)%*	62,973	61,100	*3.1%*	*(1.7)%*
OIBDA	**$ 25,720**	**$ 21,620**	***19.0 %***	***24.3 %***	**$ 21,620**	**$ 16,241**	***33.1%***	***33.0 %***
OIBDA margin	**30.8%**	**25.6%**	***5.2 p.p.***	***5.0 p.p.***	**25.6%**	**21.0%**	***4.6 p.p.***	***5.4 p.p.***

The television advertising market in Bulgaria was estimated to be broadly flat at constant rates in 2019, after having increased an estimated 5% in 2018.

Our television advertising revenues increased at constant rates in 2019, as an increase in our average prices more than offset selling fewer GRPs. Carriage fees and subscription revenues increased primarily due to price inflation in existing contracts, as well as a slight increase in the overall number of subscribers.

In 2018, our television advertising revenues increased at constant rates due to selling more GRPs at higher average prices, as significant growth in private consumption encouraged advertisers to increase their spending. There was also an increase in revenue from sponsorship and product placement. Carriage fees and subscription revenues increased in 2018 due to an increase in the average cost per subscriber.

On a constant currency basis, costs charged in arriving at OIBDA decreased in 2019 due to lower bad debt charges and a decrease in content costs. We generated savings in local production from replacing last year's successful locally produced telenovela with entertainment formats, and also implemented a reduction in the volume of sports rights in our schedule.

Costs charged in arriving at OIBDA decreased at constant rates in 2018 due to lower bad debt charges as well as decreases in professional fees and personnel costs. These were partially offset by an increase in content costs related to a new telenovela on our main channel in the access-prime time slot in both the spring and fall seasons.

Czech Republic

	For the Year Ended December 31, (US$ 000's)							
			Movement				*Movement*	
	2019	**2018**	*% Act*	*% Lfl*	**2018**	**2017**	**% Act**	**% Lfl**
Television advertising	$ 206,335	$ 206,203	*0.1 %*	*5.4%*	$ 206,203	$ 188,373	*9.5%*	*3.3%*
Carriage fees and subscriptions	17,580	15,962	*10.1 %*	*16.2%*	15,962	12,141	*31.5%*	*23.0%*
Other	13,405	11,826	*13.4 %*	*18.8%*	11,826	8,527	*38.7%*	*31.7%*
Net revenues	**237,320**	**233,991**	***1.4 %***	***6.8%***	**233,991**	**209,041**	***11.9%***	***5.6%***
Costs charged in arriving at OIBDA	135,703	139,415	*(2.7)%*	*2.7%*	139,415	126,389	*10.3%*	*3.3%*
OIBDA	**$ 101,617**	**$ 94,576**	***7.4 %***	***12.8%***	**$ 94,576**	**$ 82,652**	***14.4%***	***9.2%***
OIBDA margin	**42.8%**	**40.4%**	***2.4 p.p.***	***2.3 p.p.***	**40.4%**	**39.5%**	***0.9 p.p.***	***1.3 p.p.***

The television advertising market in the Czech Republic increased an estimated 5% at constant rates in 2019, after having grown an estimated 3% in 2018.

Our television advertising revenues increased at constant rates in 2019 due to significantly higher average prices, which more than offset selling fewer GRPs. Carriage fees and subscription revenues increased on a constant currency basis due to price increases in existing contracts as well as an increase in the number of subscribers.

In 2018, our television advertising revenues increased at constant rates from selling more GRPs, reflecting overall increased demand for advertising in the market, particularly due to more spending being placed when list prices are lower outside the peak seasons of spring and fall. Carriage fees and subscription revenues increased due to an increase in the number of subscribers as well as contracts with higher prices.

Costs charged in arriving at OIBDA increased at constant rates in 2019 due to increased staff-related costs, higher licensing costs, and marketing activities in the first quarter to celebrate the 25th anniversary of TV Nova broadcasting in the Czech Republic.

On a constant currency basis, costs charged in arriving at OIBDA in 2018 increased due to investments in additional local content during the spring and fall seasons on the main channel, with more episodes of returning series as well as an additional local title in the fall season. There were also higher salary and staff costs.

Romania

	For the Year Ended December 31, (US$ 000's)							
			Movement				*Movement*	
	2019	**2018**	*% Act*	*% Lfl*	**2018**	**2017**	**% Act**	**% Lfl**
Television advertising	$ 139,300	$ 150,084	*(7.2)%*	*(0.4)%*	$ 150,084	$ 143,693	*4.4 %*	*2.4 %*
Carriage fees and subscriptions	44,243	46,704	*(5.3)%*	*1.8 %*	46,704	44,032	*6.1 %*	*3.4 %*
Other	4,708	4,717	*(0.2)%*	*6.5 %*	4,717	3,519	*34.0 %*	*30.8 %*
Net revenues	**188,251**	**201,505**	***(6.6)%***	***0.3 %***	**201,505**	**191,244**	***5.4 %***	***3.2 %***
Costs charged in arriving at OIBDA	100,524	115,768	*(13.2)%*	*(6.7)%*	115,768	117,826	*(1.7)%*	*(3.6)%*
OIBDA	**$ 87,727**	**$ 85,737**	***2.3 %***	***9.8 %***	**$ 85,737**	**$ 73,418**	***16.8 %***	***14.0 %***
OIBDA margin	**46.6%**	**42.5%**	***4.1 p.p.***	***4.0 p.p.***	**42.5%**	**38.4%**	***4.1 p.p.***	***4.0 p.p.***

The television advertising market in Romania was estimated to be broadly flat at constant rates 2019, after having increased an estimated 4% in 2018.

Our television advertising revenues were broadly flat at constant rates in 2019 as a significant increase in our average prices was offset by selling fewer GRPs. There was also reduced spending, primarily in the first quarter of 2019, by advertisers who were directly impacted by new incremental taxes imposed early in 2019 on certain sectors of the economy, including telecommunications and banking. Even though spending from these clients recovered during the course of 2019, overall spending from the affected sectors was lower than in 2018. Carriage fees and subscription revenues increased on a constant currency basis due to an increase in the average number of subscribers, even though we ceased broadcasting MTV ROMANIA on March 1, 2019.

In 2018, our television advertising revenues increased at constant rates from higher prices, which were partially offset by selling fewer GRPs due to lower ratings. Carriage fees and subscription revenues increased due to an increase in the number of subscribers.

Costs charged in arriving at OIBDA decreased in 2019 primarily due to a decrease in content costs as we utilized fewer hours and more cost-effective foreign content. We also had decreased costs due to fewer sport rights in the first half of the year since we no longer broadcast UEFA Champions League matches. We also recorded lower bad debt charges stemming from changes in local VAT legislation.

On a constant currency basis, costs charged in arriving at OIBDA in 2018 decreased at constant rates due to savings in production costs for locally produced formats in the spring season when compared to the schedule in 2017. Costs were also lower due to a reversal of a legal accrual and lower professional fees.

Slovak Republic

	For the Year Ended December 31, (US$ 000's)							
			Movement				*Movement*	
	2019	**2018**	***% Act***	***% Lfl***	**2018**	**2017**	**% Act**	**% Lfl**
Television advertising	$ 94,091	$ 94,030	*0.1 %*	*5.3 %*	$ 94,030	$ 85,715	*9.7 %*	*6.0 %*
Carriage fees and subscriptions	8,923	8,550	*4.4 %*	*10.1 %*	8,550	7,597	*12.5 %*	*8.1 %*
Other	4,989	4,254	*17.3 %*	*23.4 %*	4,254	4,409	*(3.5)%*	*(8.5)%*
Net revenues	**108,003**	**106,834**	***1.1 %***	***6.4 %***	**106,834**	**97,721**	***9.3 %***	***5.5 %***
Costs charged in arriving at OIBDA	72,653	78,893	*(7.9)%*	*(2.7)%*	78,893	73,876	*6.8 %*	*2.2 %*
OIBDA	**$ 35,350**	**$ 27,941**	***26.5 %***	***31.5 %***	**$ 27,941**	**$ 23,845**	***17.2 %***	***16.2 %***
OIBDA margin	**32.7%**	**26.2%**	***6.5 p.p.***	***6.2 p.p.***	**26.2%**	**24.4%**	***1.8 p.p.***	***2.4 p.p.***

(1) Number is not meaningful.

The television advertising market in the Slovak Republic increased an estimated 7% at constant rates in 2019, after having grown an estimated 4% in 2018.

Our television advertising revenues increased on a constant currency basis in 2019 as an increase in our average prices more than offset selling fewer GRPs. There was also a higher level of sponsorship reflecting additional spending on government informational campaigns. Carriage fees and subscriptions revenue increased in 2019 from higher prices in new contracts in effect from the start of 2019.

In 2018, our television advertising revenues increased on a constant currency basis due to higher average prices, and we regained market share lost in 2017. There was also higher spending on sponsorship compared to 2017, as sell-out rates remained elevated. Following our exit from digital terrestrial transmission of our channels at the beginning of 2017, carriage fees and subscription revenues increased significantly in 2018 as certain contracts were signed in the first half of 2017.

Costs charged in arriving at OIBDA decreased at constant rates in 2019 due to savings from legal and professional fees and lower transmission costs.

On a constant currency basis, costs charged in arriving at OIBDA in 2018 increased due primarily to an increase in legal and professional fees, which were mostly offset by lower personnel costs and transmission fees.

Slovenia

	For the Year Ended December 31, (US$ 000's)							
			Movement				*Movement*	
	2019	**2018**	***% Act***	***% Lfl***	**2018**	**2017**	**% Act**	**% Lfl**
Television advertising	$ 51,522	$ 53,783	*(4.2)%*	*0.8 %*	$ 53,783	$ 52,289	*2.9%*	*(0.8)%*
Carriage fees and subscriptions	25,502	21,541	*18.4 %*	*24.8 %*	21,541	12,591	*71.1%*	*66.8 %*
Other	3,785	4,263	*(11.2)%*	*(6.8)%*	4,263	3,816	*11.7%*	*8.3 %*
Net revenues	**80,809**	**79,587**	***1.5 %***	***6.9 %***	**79,587**	**68,696**	***15.9%***	***12.0 %***
Costs charged in arriving at OIBDA	54,414	57,071	*(4.7)%*	*0.5 %*	57,071	54,433	*4.8%*	*0.5 %*
OIBDA	**$ 26,395**	**$ 22,516**	***17.2 %***	***22.9 %***	**$ 22,516**	**$ 14,263**	***57.9%***	***57.9 %***
OIBDA margin	**32.7%**	**28.3%**	***4.4 p.p.***	***4.3 p.p.***	**28.3%**	**20.8%**	***7.5 p.p.***	***8.2 p.p.***

The television advertising market in Slovenia increased an estimated 3% at constant rates in 2019, after having decreased an estimated 1% in 2018.

Our television advertising revenues increased on a constant currency basis in 2019 as higher average prices were mostly offset by selling fewer GRPs. The lower spending from larger multinationals and telecommunications operators, which we saw in the first half of 2019, reversed in the second half of the year so spending in certain sectors was higher overall than in 2018. Carriage fees and subscription revenues increased due to price inflation in existing agreements as well as growth in subscribers.

In 2018, our television advertising revenues decreased on a constant currency basis due to selling fewer GRPs, which was mostly offset by higher prices. Carriage fees and subscription revenues increased following our exit from DTT, since prices increased and certain contracts took effect in the second quarter of 2017.

Costs charged in arriving at OIBDA were broadly flat at constant rates in 2019 as savings from fewer hours of local fiction in the fall schedule compared to 2018 was offset by higher personnel costs.

On a constant currency basis, costs charged in arriving at OIBDA in 2018 were broadly flat at constant rates as content costs decreased slightly due to savings from fewer sports rights, which was offset primarily by higher personnel costs.

II. Analysis of the Results of Operations and Financial Position

	For The Year Ended December 31, (US$ 000's)							
			Movement				*Movement*	
	2019	**2018**	***% Act***	***% Lfl***	**2018**	**2017**	***% Act***	***% Lfl***
Revenue:								
Television advertising	$ 547,524	$ 562,450	*(2.7)%*	*3.0 %*	$ 562,450	$ 523,516	*7.4%*	*3.3 %*
Carriage fees and subscriptions	117,652	113,746	*3.4 %*	*9.9 %*	113,746	95,823	*18.7%*	*14.5 %*
Other revenue	29,628	27,710	*6.9 %*	*12.4 %*	27,710	23,529	*17.8%*	*13.1 %*
Net Revenues	**694,804**	**703,906**	***(1.3)%***	***4.5 %***	**703,906**	**642,868**	***9.5%***	***5.3 %***
Operating expenses:								
Content costs	284,715	309,439	*(8.0)%*	*(2.4)%*	309,439	293,728	*5.3%*	*0.8 %*
Other operating costs	54,826	56,731	*(3.4)%*	*2.2 %*	56,731	55,924	*1.4%*	*(3.5)%*
Depreciation of property, plant and equipment	33,536	32,933	*1.8 %*	*7.9 %*	32,933	31,261	*5.3%*	*0.2 %*
Amortization of intangibles	8,457	9,002	*(6.1)%*	*(0.8)%*	9,002	8,592	*4.8%*	*(2.5)%*
Cost of revenues	**381,534**	**408,105**	***(6.5)%***	***(0.9)%***	**408,105**	**389,505**	***4.8%***	***0.1 %***
Selling, general and administrative expenses	125,934	118,214	*6.5 %*	*12.5 %*	118,214	113,449	*4.2%*	*(0.1)%*
Operating income	**$ 187,336**	**$ 177,587**	***5.5 %***	***11.4 %***	**$ 177,587**	**$ 139,914**	***26.9%***	***25.1 %***

Revenue:

Television advertising revenues: On a constant currency basis, television advertising revenues increased by 3% in both 2019 and 2018, in line with the increase in television advertising spending in our markets.

Carriage fees and subscriptions: Carriage fees and subscription revenues increased in 2019, primarily in Slovenia, the Czech Republic and Bulgaria due to higher prices and increases in the number of subscribers. Carriage fees and subscription revenues increased in 2018, primarily in Slovenia, the Czech Republic and Romania due to new contracts with higher prices and higher subscriber counts.

Other revenues: Other revenues include primarily internet advertising revenues and revenues generated through the licensing of our own productions. Other revenues increased in 2019 due to higher online revenues, primarily in the Czech Republic. Other revenues increased during 2018 due to higher online revenues in the Czech Republic and Romania, partly offset by lower production services revenue in the Slovak Republic.

See "Segment Performance" above for additional information on trends in revenues.

Operating Expenses:

Content costs: Content costs (including production costs and amortization of programming rights) decreased in 2019 primarily due to the use of more cost-effective acquired programming and fewer sporting rights in Romania. Content costs increased slightly at constant rates during 2018 primarily due to the inclusion of more hours of local fiction in our broadcast schedules in all segments.

Other operating costs: On a constant currency basis, other operating costs increased during 2019 primarily due to higher salaries and staff related costs, licenses and rights costs in the Czech Republic and software licenses and related support costs in Bulgaria. On a constant currency basis, other operating costs decreased during 2018 primarily due to payroll and related cost savings in the Slovak Republic and Bulgaria and reductions in transmission costs in the Slovak Republic, which were partly offset by higher fees for author's rights in Romania.

Depreciation of property, plant and equipment: Depreciation of property, plant and equipment increased in 2019 due to depreciation of studio facilities and related equipment placed in service during 2018 and 2019 primarily in Romania and Bulgaria, respectively. Depreciation of property, plant and equipment increased in 2018 primarily due to depreciation of machinery and equipment placed in service during 2017.

Amortization of intangibles: On a constant currency basis, total amortization of broadcast licenses and other intangibles decreased slightly in 2019 primarily due to certain of our customer relationships in the Czech Republic becoming fully amortized in 2019. On a constant currency basis, total amortization of broadcast licenses and other intangibles decreased during 2018 primarily due to certain of our trademarks in the Czech Republic and customer relationships in Romania becoming fully amortized in 2017. For additional information, see Item 8, Note 3, "Goodwill and Intangible Assets".

Selling, general and administrative expenses: Selling, general and administrative expenses increased during 2019 primarily due to costs related to the strategic review and the resulting proposed Merger as well as higher salaries and staff-related costs in the Slovak Republic and the Czech Republic. The increase was partly offset by a decrease in professional fees related to the promissory notes litigation in the Slovak Republic (see Item 8, Note 21, "Commitments and Contingencies") and the release of bed debt charges in Bulgaria due to the collection of overdue amounts and in Romania due to changes in local VAT legislation.

On a constant currency basis, selling, general and administrative expenses decreased slightly during 2018 primarily due to lower bad debt charges in Bulgaria and the revision of a legal provision in Romania due to a change in our estimated exposure, partly offset by higher charges in respect of non-cash stock-based compensation and higher legal fees in the Slovak Republic.

Non-cash stock-based compensation charges for the years ended December 31, 2019, 2018 and 2017 were US$ 4.2 million, US$ 7.1 million and US$ 4.4 million, respectively. Stock-based compensation expense recognized during 2018 includes US$ 2.9 million related to the accelerated vesting of RSUs with performance conditions in accordance with the terms of the corresponding award agreement following the completion of sale of the Company's Croatian operations on July 31, 2018.

Operating income: Operating income increased from 2017 through 2019 due to increased television advertising and carriage fee revenues and effective cost control efforts. Our operating margin, which is determined as operating income divided by net revenues, was 27.0% in 2019, compared to 25.2% in 2018 and 21.8% in 2017.

Other income / expense items for the years ended December 31, 2019, 2018 and 2017:

	For The Year Ended December 31, (US$ 000's)					
	2019	**2018**	***% Act***	**2018**	**2017**	***% Act***
Interest expense	$ (30,694)	$ (49,106)	*37.5 %*	$ (49,106)	$ (83,188)	*41.0 %*
Other non-operating income / (expense), net:						
Interest income	467	725	*(35.6)%*	725	536	*35.3 %*
Foreign currency exchange (loss) / gain, net	(2,376)	(2,691)	*11.7 %*	(2,691)	17,761	*NM* [(1)]
Change in fair value of derivatives	(201)	(1,715)	*88.3 %*	(1,715)	(1,783)	*3.8 %*
Loss on extinguishment of debt	(340)	(415)	*18.1 %*	(415)	(101)	*(310.9)%*
Other income, net	242	508	*(52.4)%*	508	428	*18.7 %*
Provision for income taxes	(35,226)	(27,828)	*(26.6)%*	(27,828)	(22,504)	*(23.7)%*
Income / (loss) from discontinued operations, net of tax	—	60,548	*NM* [(1)]	60,548	(1,636)	*NM* [(1)]
Net (income) / loss attributable to noncontrolling interests	(74)	79	*(193.7)%*	79	341	*(76.8)%*

(1) Number is not meaningful.

Interest expense: Interest expense decreased in 2018 and 2019. This reflects the repricing of our Guarantee Fees in April 2018, the repayment of the 2019 Euro Loan and the partial repayment of the 2021 Euro Loan, as well as reduced borrowing costs following reductions in our net leverage ratio as defined within the Reimbursement Agreement. See Item 8, Note 4, "Long-term Debt and Other Financing Arrangements" and Note 15, "Interest Expense".

Interest income: Interest income primarily reflects earnings on our cash balances and was not material in any year presented.

Foreign currency exchange (loss) / gain, net: We are exposed to fluctuations in foreign exchange rates on the revaluation of monetary assets and liabilities denominated in currencies other than the local functional currency of the relevant subsidiary. This includes third party receivables and payables, as well as certain of our intercompany loans which are not considered to be of a long-term investment nature. Our subsidiaries generally receive funding via loans that are denominated in currencies other than the functional currency of the lender, therefore any change in the relevant exchange rate will require us to recognize a transaction gain or loss on revaluation. Certain of our intercompany loans are classified as long-term in nature, and therefore gains or losses on revaluation of those loans are not recorded through the statement of operations and comprehensive income / loss. See the discussion under "Currency translation adjustment, net" below.

In 2019, we recognized a net loss of US$ 2.4 million, comprised of transaction gains of US$ 0.8 million relating to the revaluation of intercompany loans, transaction losses of approximately US$ 0.8 million on our long-term debt and other financing arrangements and transaction losses of US$ 2.4 million relating to the revaluation of monetary assets and liabilities denominated in currencies other than the local functional currency of the relevant subsidiary.

In 2018, we recognized a net loss of US$ 2.7 million, comprised of transaction losses of US$ 0.3 million relating to the revaluation of intercompany loans, transaction losses of approximately US$ 3.2 million on our long-term debt and other financing arrangements and transaction gains of US$ 0.8 million relating to the revaluation of monetary assets and liabilities denominated in currencies other than the local functional currency of the relevant subsidiary.

In 2017, we recognized a net gain of US$ 17.8 million, comprised of transaction gains of US$ 3.5 million relating to the revaluation of intercompany loans, transaction gains of approximately US$ 8.8 million on our long-term debt and other financing arrangements and transaction gains of US$ 5.5 million relating to the revaluation of monetary assets and liabilities denominated in currencies other than the local functional currency of the relevant subsidiary.

Change in fair value of derivatives: During 2019, we recognized losses as a result of the partial settlement of our interest rate swaps in connection with the repayment of debt. See Item 8, Note 12, "Financial Instruments and Fair Value Measurements".

During 2018, we recognized a loss as a result of the change in the fair value of our interest rate swaps that were not designated as hedging instruments.

During 2017, we recognized losses as a result of the change in fair value of our USD/EUR foreign currency forward contracts entered into on January 31, 2017, May 16, 2017 and July 21, 2017 as well as the interest rate swaps we use as hedging instruments for interest payments on the 2019 Euro Loan.

Loss on extinguishment of debt: In 2019, we recognized losses on extinguishment of debt related to our partial repayments of the 2021 Euro Loan. In 2018, we recognized losses on extinguishment of debt related to our full repayment of the 2019 Euro Loan and partial repayment of the 2021 Euro Loan.

Other income, net: Our other income / expense, net was not material in any year presented.

Provision for income taxes: The provision for income taxes during 2019 reflects income tax charges on profits in each of our operating segments and the impact of losses on which no tax benefit has been received.

The provision for income taxes during 2018 reflects income tax charges on profits in the Czech Republic, Romania and the Slovak Republic and the impact of tax losses on which no tax benefit has been recognized offset by the release of a valuation allowance in Slovenia.

The provision for income taxes during 2017 is principally comprised of tax charges on profits in the Czech Republic, Romania and the Slovak Republic.

Our operating subsidiaries are subject to income taxes at statutory rates of 10% in Bulgaria, 16% in Romania, 19% in the Czech Republic and Slovenia and 21% in the Slovak Republic (see Item 8, Note 18, "Income Taxes").

Income / (loss) from discontinued operations, net of tax: Income from discontinued operations, net of tax for 2018 is comprised of the gain on sale of our Croatian operations, the results of the Croatian operations through the date of sale and the allocation of interest expense and Guarantee Fees and transaction costs. Loss from discontinued operations, net of tax for 2017 is primarily comprised of the results of the Croatia segment including the allocation of interest expense and Guarantee Fees from the 2019 Euro Loan and transaction costs.

Net (income) / loss attributable to noncontrolling interests: The results attributable to noncontrolling interests relate to the noncontrolling interest share of the comprehensive profits and losses in our Bulgaria operations.

Other comprehensive income / loss:

	For The Year Ended December 31, (US$ 000's)					
	2019	2018	% Act	2018	2017	% Act
Currency translation adjustment, net	$ (6,149)	$ (23,050)	*73.3%*	$ (23,050)	$ 54,368	*NM [(1)]*
Unrealized (loss) / gain on derivative instruments	(3,979)	(5,800)	*31.4%*	(5,800)	1,269	*NM [(1)]*

(1) Number is not meaningful.

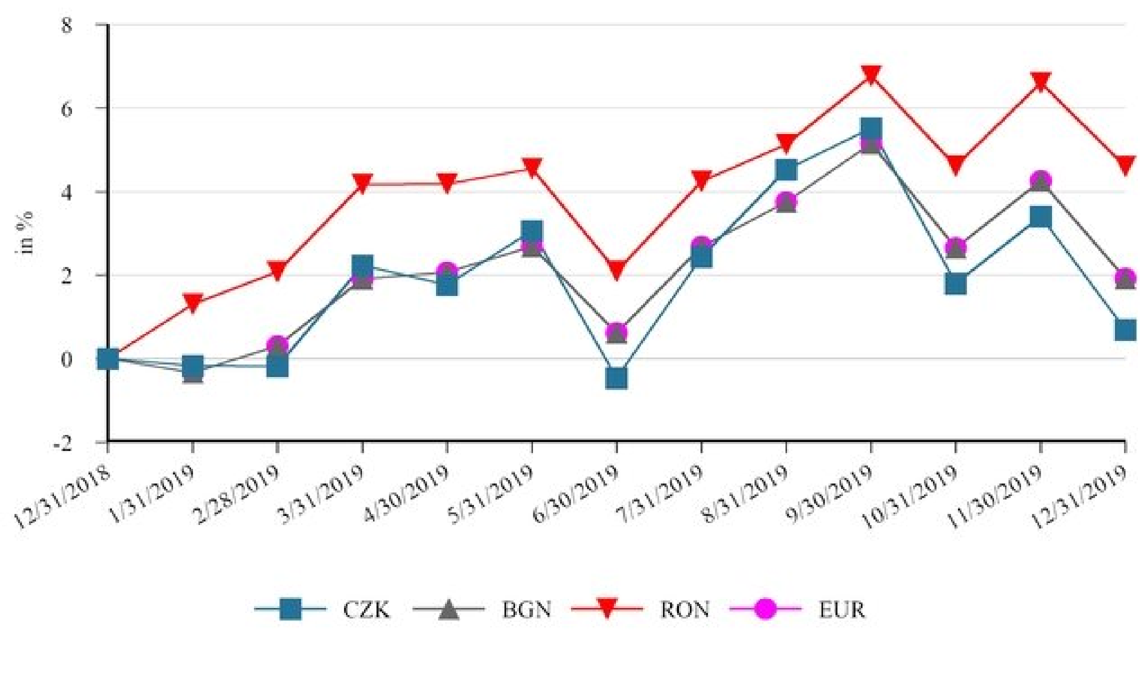
Currency translation adjustment, net: The underlying equity value of our investments (which are denominated in the functional currency of the relevant entity) are converted into dollars at each balance sheet date, with any change in value of the underlying assets and liabilities being recorded as a currency translation adjustment to the balance sheet rather than net income / loss. Certain of our intercompany loans are denominated in currencies other than the functional currency of the lender and are considered to be of a long-term investment nature as the repayment of these loans is neither planned nor anticipated for the foreseeable future. The foreign exchange (loss) / gain on the remeasurement of these intercompany loans to the lender's functional currency are treated in the same manner as currency translation adjustments. Other comprehensive income / loss due to currency translation adjustment, net comprised the following for the years ended December 31, 2019, 2018 and 2017:

	For The Year Ended December 31, (US$ 000's)					
	2019	2018	% Act	2018	2017	% Act
Foreign exchange gain / (loss) on intercompany transactions	$ 2,519	$ (1,061)	*NM [(1)]*	$ (1,061)	$ 11,326	*NM [(1)]*
Foreign exchange (loss) / gain on the Series B Preferred Shares	(5,129)	(12,527)	*59.1%*	(12,527)	33,444	*NM [(1)]*
Currency translation adjustment	(3,539)	(9,462)	*62.6%*	(9,462)	9,598	*NM [(1)]*
Currency translation adjustment, net	**$ (6,149)**	**$ (23,050)**	***73.3%***	**$ (23,050)**	**$ 54,368**	***NM [(1)]***

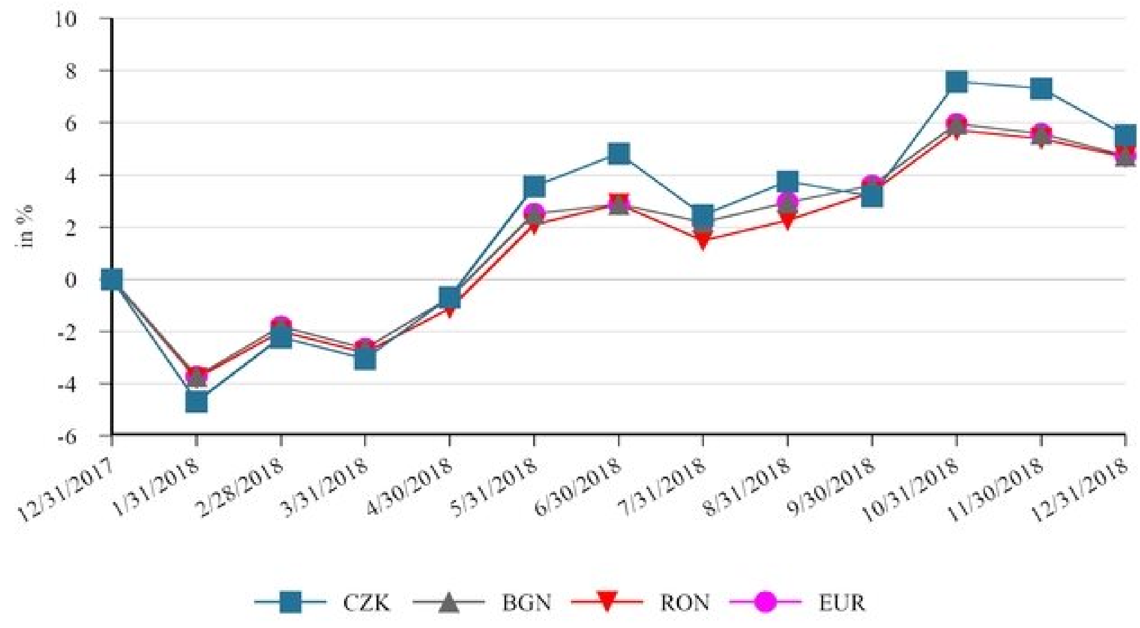
(1) Number is not meaningful.

The following charts depict the movement of the dollar versus the functional currencies of our operations, based on monthly closing rates, during 2019, 2018 and 2017.

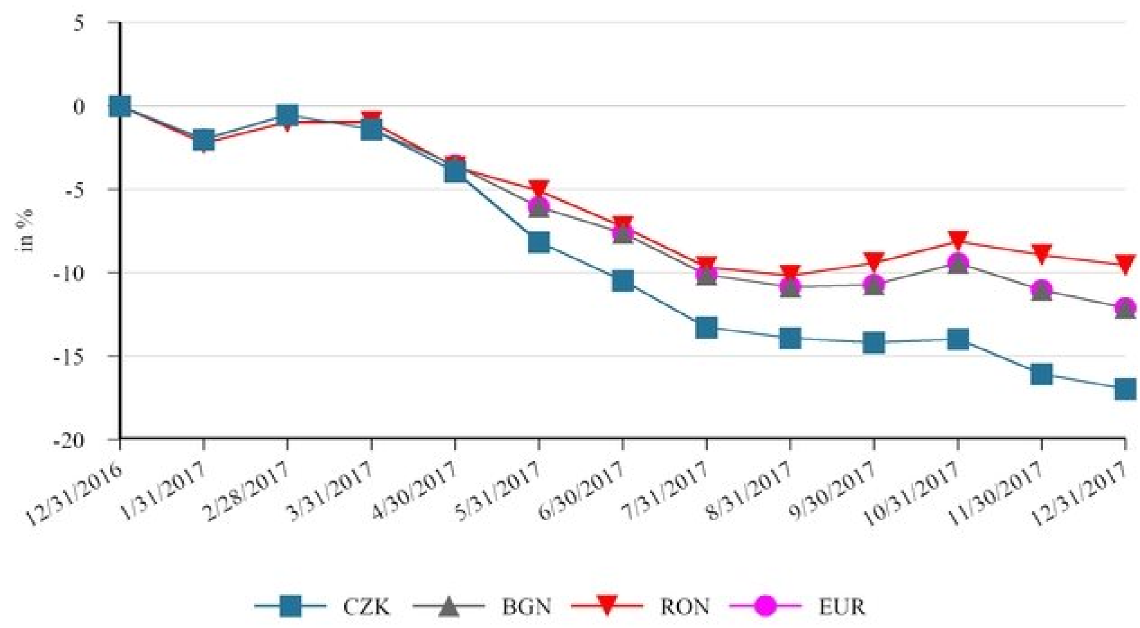
Percent Change During the Year Ended December 31, 2019



Percent Change During the Year Ended December 31, 2018



Percent Change During the Year Ended December 31, 2017



Unrealized (loss) / gain on derivative instruments: The unrealized (loss) / gain on derivatives is due to the portion of changes in the fair value of our interest rate swaps designated as cash flow hedges and recognized in accumulated other comprehensive income / loss. See Item 8, Note 12, "Financial Instruments and Fair Value Measurements".

Summarized consolidated balance sheets as at December 31, 2019 and December 31, 2018:

	December 31, 2019	December 31, 2018	% Act	% Lfl
Current assets	$ 349,980	$ 374,093	*(6.4)%*	*(4.2)%*
Non-current assets	1,097,882	1,114,268	*(1.5)%*	*0.1 %*
Current liabilities	156,001	139,692	*11.7 %*	*14.0 %*
Non-current liabilities	680,273	849,978	*(20.0)%*	*(18.5)%*
Temporary equity	269,370	269,370	*— %*	*— %*
CME Ltd. shareholders' equity	341,705	229,020	*NM (1)*	*NM (1)*
Noncontrolling interests in consolidated subsidiaries	513	301	*NM (1)*	*(16.9)%*

(1) Number is not meaningful.

Note: The analysis below is intended to highlight the key factors that led to the movements from December 31, 2018, excluding the impact of foreign currency translation.

Current assets: Current assets decreased primarily due to the use of cash generated by our operations to pay down amounts owed in respect of the 2021 Euro Loan.

Non-current assets: Non-current assets remained in line with 2018, as a reduction in acquired program rights and the amortization of our broadcast license in the Czech Republic was partly offset by increased production of local content and the recognition of operating lease right-of-use assets following the adoption of a new accounting standard.

Current liabilities: Current liabilities increased, primarily due to accruals for the costs related to the proposed Merger and the recognition of operating lease liabilities following the adoption of a new accounting standard.

Non-current liabilities: Non-current liabilities decreased, primarily due to the partial repayment of amounts outstanding under the 2021 Euro Loan, partly offset by the recognition of operating lease liabilities following the adoption of a new accounting standard.

Temporary equity: Temporary equity at December 31, 2019 and 2018 represents the accreted value of the Series B Preferred Shares.

CME Ltd. shareholders' equity: The increase in shareholders' equity reflects net income attributable to CME Ltd., partially offset by the impact of currency translation adjustments recognized in accumulated other comprehensive loss.

Noncontrolling interests in consolidated subsidiaries: The noncontrolling interests in consolidated subsidiaries represent the noncontrolling interest in our Bulgaria operations.

III. Liquidity and Capital Resources

III(a) Summary of Cash Flows

Cash and cash equivalents decreased by US$ 25.4 million during 2019. The change in cash and cash equivalents for the periods presented below is summarized as follows:

	For The Year Ended December 31, (US$ 000's)		
	2019	2018	2017
Net cash generated from continuing operating activities	$ 179,652	$ 109,024	$ 93,301
Net cash used in continuing investing activities	(24,375)	(24,540)	(27,947)
Net cash used in continuing financing activities	(178,089)	(182,362)	(58,439)
Net cash provided by / (used in) discontinued operations	—	102,566	(141)
Impact of exchange rate fluctuations on cash	(2,598)	(1,405)	11,020
Net (decrease) / increase in cash and cash equivalents	**$ (25,410)**	**$ 3,283**	**$ 17,794**

Operating Activities

The increases in cash generated from continuing operations during 2019 was due primarily to lower cash payments for acquired programming and production costs and for interest and Guarantee Fees, which were partially offset by higher payments for income taxes.

The increase in cash generated from continuing operations during 2018 reflected higher cash collections from revenue growth and a decrease in cash paid for interest, offset by an increase in cash paid for accrued Guarantee Fees which were previously paid in-kind as well as taxes paid as a direct result of our improved operating performance.

We paid cash interest and Guarantee Fees of US$ 26.7 million, US$ 71.5 million (including US$ 27.3 million that was previously paid in kind) and US$ 55.5 million on our long-term debt and credit facilities in 2019, 2018 and 2017, respectively. The decreases in cash paid for interest and Guarantee Fees are due to the repricing of our Guarantee Fees, payments on the 2019 Euro Loan and 2021 Euro Loan, and reductions in our net leverage ratio due to improved performance.

We paid cash for taxes of US$ 36.0 million, US$ 28.4 million and US$ 15.1 million in 2019, 2018 and 2017, respectively.

Investing Activities

Net cash used in continuing investing activities consists of capital expenditures for property, plant and equipment, primarily in the Czech Republic and Bulgaria.

Financing Activities

The net cash used in continuing financing activities in 2019, 2018 and 2017, primarily reflects principal repayments made on our obligations under the 2019 and 2021 Euro Loans, offset by proceeds from the issuance of warrants in 2018.

Discontinued Operations

The net cash provided by discontinued operations during 2018 primarily reflected the cash received from the sale of our Croatian operations, offset by the payment of Guarantee Fees and interest related to the 2019 Euro Loan. The net cash used in discontinued operations during 2017 primarily reflected the results of our Croatian operations, including the payment of Guarantee Fees and interest related to the 2019 Euro Loan.

III(b) Sources and Uses of Cash

Our ongoing source of cash is primarily the receipt of payments from advertisers, advertising agencies and distributors of our television channels. As at December 31, 2019, we also had available the aggregate principal amount under the 2023 Revolving Credit Facility of US$ 75.0 million (see Item 8, Note 4, "Long-term Debt and Other Financing Arrangements"). Surplus cash, after funding ongoing operations, may be remitted to us, where appropriate, by our subsidiaries in the form of debt interest payments, principal repayments, dividends, and other distributions and loans from our subsidiaries.

Corporate law in the Central and Eastern European countries in which we operate stipulates generally that dividends may be declared by the partners or shareholders out of yearly profits subject to the maintenance of registered capital, required reserves (if applicable) and after the recovery of accumulated losses. The reserve requirement restriction generally provides that before dividends may be distributed, a portion of annual net profits (typically at least 5%) be allocated to a reserve, which is capped at a proportion of the registered capital of a company (ranging from 5% to 20%). There are no third-party restrictions that limit our subsidiaries' ability to transfer amounts to us in the form of loans or advances.

III(c) Contractual Obligations, Commitments and Off-Balance Sheet Arrangements

Our future contractual obligations as at December 31, 2019 were as follows:

	Payments due by period (US$ 000's)				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt – principal	$ 594,431	$ —	$ 67,781	$ 526,650	$ —
Long-term debt – interest	105,418	21,899	40,412	43,107	—
Unconditional purchase obligations	103,506	36,932	47,993	17,129	1,452
Operating leases	13,136	3,659	5,263	2,355	1,859
Finance lease obligations	16,805	7,109	8,559	1,137	—
Other long-term obligations	30,120	12,740	11,480	5,900	—
Total contractual obligations	**$ 863,416**	**$ 82,339**	**$ 181,488**	**$ 596,278**	**$ 3,311**

Long-Term Debt

For more information on our long-term debt, see Item 8, Note 4, "Long-term Debt and Other Financing Arrangements". Interest payable on our long-term debt is calculated using interest rates and exchange rates as at December 31, 2019.

Unconditional Purchase Obligations

Unconditional purchase obligations primarily comprise future programming commitments. At December 31, 2019, we had commitments in respect of future programming of US$ 103.5 million. This includes contracts signed with license periods starting after December 31, 2019.

Operating and Finance Leases

For more information on our operating and finance lease commitments see Item 8, Note 11, "Leases".

Other Long-Term Obligations

Other long-term obligations are primarily comprised of digital transmission commitments.

Other

Top Tone Media Holdings Limited has exercised its right to acquire additional equity in CME Bulgaria B.V. However, the closing of this transaction has not yet occurred because purchaser financing is still pending. If consummated, we would own 90.0% of our Bulgaria broadcast operations. The option strike price is the fair value of the equity in CME Bulgaria, as determined by an independent valuation.

III(d) Cash Outlook

For the year ending December 31, 2019, net cash generated from continuing operations and unlevered free cash flow were US$ 179.7 million and US$ 188.0 million, respectively, compared to US$ 109.0 million and US$ 156.0 million for the year ended December 31, 2018 (see Section I, "Overview"). As at December 31, 2019, we had US$ 36.6 million in cash and cash equivalents and our nearest debt maturity is November 1, 2021.

In 2019, we repaid US$ 168.9 million of debt exclusively from cash generated by our operations. Following these payments, the principal amount of EUR 60.3 million (US$ 67.8 million) is outstanding on our nearest debt maturity in November 2021. We expect cash paid for interest and Guarantee Fees to decline in 2020 compared to 2019 due to the reduction in our overall indebtedness and a lower weighted average all-in rate.

We expect our unlevered free cash flow to grow due to further improvement in our operating results. We anticipate the amounts of cash paid for income taxes to continue to increase in 2020 and to further converge with local statutory tax rates as our operating companies in each jurisdiction have returned to generating profits and previous tax losses were utilized.

As at December 31, 2019, the weighted average all-in rate applicable to the Euro Loans and Guarantee Fees was approximately 3.4%. As at December 31, 2019, our net leverage ratio improved to 2.4x from 3.5x at December 31, 2018.

Credit ratings and future debt issuances

Our corporate credit is rated B1 by Moody's Investors Service with a positive outlook and B+ by Standard & Poor's, on watch with negative implications due to the proposed Merger. Our ratings show each agency's opinion of our financial strength, operating performance and ability to meet our debt obligations as they become due, as well as the proposed Merger. These ratings take into account the particular emphasis the ratings agencies place on metrics such as leverage ratio and cash flow, which they use as measurements of a company's liquidity and financial strength. They also reflect an emphasis by the ratings agencies on the track record of strong financial support from Warner Media. We may be subject to downgrades if our operating performance deteriorates or we fail to maintain adequate levels of liquidity. In addition, our ratings may be downgraded if the agencies form a view that material support from Warner Media is not as strong, or the strategic importance of CME to Warner Media is not as significant as it has been in the past.

Credit risk of financial counterparties

We have entered into a number of significant contracts with financial counterparties as follows:

Interest Rate Swap

We are party to interest rate swap agreements to mitigate our exposure to interest rate fluctuations on our Euro Loans. These interest rate swaps, certain of which are designated as cash flow hedges, provide the Company with variable-rate cash receipts in exchange for fixed-rate payments over the lives of the agreements, with no exchange of the underlying notional amount.

Foreign Exchange Forwards

We are exposed to movements in the USD to EUR exchange rates related to contractual payments under dollar-denominated agreements. To reduce this exposure, from time to time we may enter into pay-Euro receive-dollar forward foreign exchange contracts. We had no such agreements outstanding at December 31, 2019.

Cash Deposits

We may deposit cash in the global money markets with a range of bank counterparties and review the counterparties we choose regularly. The maximum period of deposit is three months but we have more recently held amounts on deposit for shorter periods, mainly overnight. The credit rating of a bank is a critical factor in determining the size of cash deposits and we will only deposit cash with banks of investment grade rating. In addition, we also closely monitor the credit default swap spreads and other market information for each of the banks with which we consider depositing or have deposited funds.

III(e) Off-Balance Sheet Arrangements

None.

IV. Critical Accounting Policies and Estimates

Our accounting policies affecting our financial condition and results of operations are more fully described in Item 8, Note 2, "Basis of Presentation and Summary of Significant Accounting Policies". The preparation of these financial statements requires us to make judgments in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable. Using these estimates we make judgments about the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Program Rights

Program rights consist of programming (film and television) acquired from third parties and produced locally, which together form an important component of our station broadcasting schedules. Acquired program rights and the related liabilities are recorded at their gross value when the license period begins and the programs are available for use. Where the initial airing of content allowed by a license is expected to provide more value than subsequent airings, program rights are amortized over their expected useful lives in a manner which reflects the pattern we expect to use and benefit from the programming. These films and series are amortized with the amortization charged in respect of each airing calculated in accordance with a schedule that reflects our estimate of the relative economic value of each run. We review our programming amortization policy when events occur or circumstances change that would so require.

The program library is evaluated at least quarterly to determine if expected revenues are sufficient to cover the unamortized portion of each program. To the extent that the revenues we expect to earn from broadcasting a program are lower than the book value, the program rights are written down to their net realizable value by recording an impairment charge. Accordingly, our estimates of future advertising and other revenues, and our future broadcasting schedules have a significant impact on the value of our program rights on the consolidated balance sheet and the annual programming amortization charge recorded in the consolidated statements of operations and comprehensive income / loss.

Produced Program Rights

We also produce and license a variety of filmed content. The majority of this is television series and movies which are predominantly expected to be utilized by transmission on our broadcast stations. Produced program rights, which include direct costs, production overhead and development costs, are stated at the lower of cost, net of accumulated amortization, or net realizable value.

When we recognize revenue on a title, we also recognize a proportion of the capitalized film costs in the respective statements of operations using the individual film forecast model. The proportion of costs recognized is equal to the proportion of the revenue recognized compared to the total revenue expected to be generated throughout the title's life cycle (the "ultimate revenues").

The process of evaluating a title's ultimate revenues requires management judgment and is inherently subjective. The calculation of ultimate revenue can be a complex one, however, the level of complexity and subjectivity is correlated to the number of revenue streams that management believes will be earned. Our process for evaluating ultimate revenues is tailored to the potential we believe a title has for generating multiple types of revenues. As already mentioned, the majority of our production is intended primarily for exploitation by our own broadcasters and we have few supportable expectations of generating revenue from other sources. In such cases, we consider mainly the free television window in our calculation of the ultimate revenue. Changes in estimates of ultimate revenues from period to period affect the amount of film costs amortized in a given period and, therefore, could have an impact on our results for that period.

When the estimated ultimate revenues, less additional costs to be incurred (including exploitation costs), are less than the carrying amount of the film costs, the value of a film is deemed to be not recoverable and thus, an immediate write-off of unrecoverable film costs is recorded in the consolidated statements of operations and comprehensive income / loss.

Impairment of goodwill, indefinite-lived intangible assets and long-lived assets

We assess the carrying amount of goodwill and other intangible assets with indefinite lives on an annual basis, or more frequently if events or changes in circumstances indicate that such carrying amount may not be recoverable. Other than our annual review, factors we consider important which could trigger an impairment review include: under-performance of reporting units or changes in projected results, changes in the manner of utilization of the asset, a severe and sustained decline in the price of our shares that is not attributable to factors other than the underlying value of our assets, negative market conditions or economic trends or specific events such as new legislation, new market entrants, changes in technology, as well as adverse legal judgments that we believe could have a negative impact on our business. Therefore, our judgment as to the future prospects of each business has a significant impact on our results and financial condition. We believe that our assumptions are appropriate. If future cash flows do not materialize as expected or there is a future adverse change in market conditions, we may be unable to recover the carrying amount of an asset, resulting in future impairment losses.

Impairment tests of our goodwill are performed at the reporting unit level. The fair value of the reporting unit is compared to its carrying value, including goodwill. An impairment loss is recognized for any excess of the carrying amount of the reporting unit over its fair value. If goodwill and another asset or asset group are tested for impairment at the same time, the other assets are tested for impairment before goodwill. If the other asset or asset group is impaired, this impairment loss is recognized prior to goodwill being tested for impairment. Impairment tests of other intangible assets with indefinite lives are performed at the asset level. An impairment loss is recognized for any excess of the carrying amount of the intangible asset over the fair value.

The fair value of each reporting unit is determined using an income methodology estimating projected future cash flows related to each reporting unit. These projected future cash flows are discounted back to the valuation date. Significant assumptions inherent in the methodology used include estimates of discount rates, future revenue growth rates, operating margins and a number of other factors, all of which are based on our assessment of the future prospects and the risks inherent at the respective reporting units. We have identified five reporting units which consist of our five geographic operating segments: Bulgaria, the Czech Republic, Romania, the Slovak Republic and Slovenia.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the respective asset. The same estimates are also used in planning for our long- and short-range business planning and forecasting. We assess the reasonableness of the inputs and outcomes of our undiscounted cash flow analysis against available comparable market data. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount exceeds the fair value of the respective asset.

The table below shows the key measurements involved and the valuation methods applied:

Measurement	**Valuation Method**
Recoverability of carrying amounts	Undiscounted future cash flows
Fair value of broadcast licenses	Build-out method
Fair value of indefinite-lived trademarks	Relief from royalty method
Fair value of reporting units	Discounted cash flow model

Our estimate of the cash flows our operations will generate in future periods forms the basis for most of the significant assumptions inherent in our impairment reviews. Our expectations of these cash flows are developed during our long- and short-range business planning processes, which are designed to address the uncertainties inherent in the forecasting process by capturing a range of possible views about key trends which govern future cash flow growth.

Each method noted above involves a number of significant assumptions over an extended period of time which could materially change our decision as to whether assets are impaired. The most significant of these assumptions include: the discount rate applied, the total advertising market size, achievable levels of market share, forecast OIBDA and capital expenditure and the rate of growth into perpetuity, each described in more detail below:

- Cost of capital: The cost of capital reflects the return a hypothetical market participant would require for a long-term investment in an asset and can be viewed as a proxy for the risk of that asset. We calculate the cost of capital according to the Capital Asset Pricing Model using a number of assumptions, the most significant of which is a Country Risk Premium ("CRP"). The CRP reflects the excess risk to an investor of investing in markets other than the United States and generally fluctuates with expectations of changes in a country's macro-economic environment. The costs of capital that we have applied to cash flows for our 2019 annual impairment test are generally lower than those we had used in the 2018 impairment test due to a decrease in long term yields of US government bonds.
- Total advertising market: The size of the television advertising market effectively places an upper limit on the advertising revenue we can expect to earn in each country. Our estimate of the total advertising market is developed from a number of external sources, in combination with a process of on-going consultation with our segment management teams. In our 2019 annual impairment review, we decreased our medium- and long-term view of the size of most of our individual television advertising markets compared to the estimates used in the 2018 annual impairment review based on our estimate of the macro-economic outlook of each of our operating markets.
- Market share: This is a function of the audience share we expect our stations to generate, and the relative price at which we can sell advertising. Our estimate of the total advertising market is developed from a number of external sources, in combination with a process of on-going consultation with our segment management teams. Our estimates for our market share in our 2019 annual impairment review remained consistent when compared with those in our 2018 impairment review.
- Forecast OIBDA: The level of cash flow generated by each operation is ultimately governed by the extent to which we manage the relationship between revenues and costs. We forecast the level of operating costs by reference to (a) the historical absolute and relative levels of costs we have incurred in generating revenue in each reporting unit, (b) the operating strategy of each business and (c) specific forecast costs to be incurred. Our annual impairment review includes assumptions to reflect benefits of cost control measures taken to date and anticipated future cost control efforts.
- Forecast capital expenditure: The size and phasing of capital expenditure, both recurring expenditure to replace retired assets and investments in new projects, has a significant impact on cash flows. We forecast the level of future capital expenditure based on current strategies and specific forecast costs to be incurred. The absolute levels of capital expenditure forecast for our segments have either increased or decreased since the prior year impairment review due to shifting strategies for the replacement of end of life production equipment.

- Growth rate into perpetuity: This reflects the level of economic growth in each of our markets from the final year in our discrete forecast period into perpetuity and is the sum of an estimated real growth rate, which reflects our belief that macro-economic growth in our markets will ultimately converge to Western European markets, and long-term expectations for inflation. Our estimates of these rates are based on observable market data and, in most operating countries, have slightly decreased since the prior year impairment review due to stabilizing economic outlooks.

Assessing goodwill and indefinite-lived intangible assets for impairment is a complex process that requires significant judgment and involves a great deal of detailed quantitative and qualitative business-specific analysis and many individual assumptions which fluctuate with the passage of time. We have observed over many years a strong positive correlation between the macro-economic performance of our markets and the size of the television advertising market and the cash flows we generate. With this in mind, we have considered macro-economic trends in determining our cash flow forecasts. If our cash flow forecasts for our operations deteriorate, or if costs of capital increase, we may be required to recognize impairment charges in later periods.

Upon conclusion of our 2019 annual review, we determined that the fair values of our reporting units and indefinite-lived intangible assets were substantially in excess of their respective carrying values. We concluded that the total estimated fair values used for purposes of the test are reasonable by comparing our market capitalization to the results of the discounted cash flow analysis of our reporting units, as adjusted for unallocated corporate assets and liabilities. Upon announcement of the Merger Agreement, we assessed the impact by allocating the Merger Agreement consideration to each reporting unit in proportion to the value determined in the discounted cash flow analysis in the annual review. Under these assumptions, the fair values of our reporting units were substantially in excess of their respective carrying values. The balance of goodwill allocated to each reporting unit is presented in Item 8, Note 3, "Goodwill and Intangible Assets".

Revenue Recognition

Net revenues predominantly comprise revenues from the sale of advertising time less discounts and agency commissions, and fees charged to cable and satellite operators for carriage of our channels. Revenues are recognized upon satisfaction of our performance obligations to our customers, in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services, net of taxes assessed by a government authority that are both imposed on and concurrent with the specific revenue-producing transaction and collected from the customer.

We defer the recognition of revenues when cash payments are received or due in advance of our performance, including amounts which are refundable. We record a receivable when revenue is recognized prior to invoicing, or deferred revenue when revenue is recognized subsequent to invoicing. Invoicing typically occurs on a monthly basis and customers are obliged to pay within 30 to 60 days of issuance. For certain services and customer types, we require payment before the services are provided.

In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to receive financing from our customers or to provide customers with financing.

We maintain a bad debt provision for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, additional allowances may be required in future periods. We review the accounts receivable balances periodically and our historical bad debt, customer concentrations and customer creditworthiness when evaluating the adequacy of our provision. In the event we recover amounts previously written off, we release the specific allowance to bad debt expense.

Income Taxes

The provision for income taxes includes local and foreign taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences of temporary differences between the financial statement carrying amounts and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be recovered or settled. We evaluate the realizability of our deferred tax assets and establish a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset will not be realized.

In evaluating the realizability of our deferred tax assets, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. Any reduction in estimated forecasted results may require that we record additional valuation allowances against our deferred tax assets. Once a valuation allowance has been established, it will be maintained until there is sufficient positive evidence to conclude that it is more likely than not that such assets will be realized. An ongoing pattern of sustained profitability will generally be considered as sufficient positive evidence. If the allowance is reversed in a future period, our income tax provision will be reduced to the extent of the reversal. Accordingly, the establishment and reversal of valuation allowances has had and could continue to have a significant negative or positive impact on our future earnings.

We measure deferred tax assets and liabilities using enacted tax rates that, if changed, would result in either an increase or decrease in the provision for income taxes in the period of change except where the deferred tax assets are covered by a valuation allowance which gives rise to an offsetting adjustment.

From time to time, we engage in transactions, such as business combinations and dispositions, in which the tax consequences may be subject to uncertainty. Significant judgment is required in assessing and estimating the tax consequences of these transactions. We prepare and file tax returns based on the interpretation of tax laws and regulations. In the normal course of business, our tax returns are subject to examination by various taxing authorities. Such examinations may result in future tax and interest assessments by these taxing authorities. We only recognize tax benefits taken on tax returns when we believe they are "more likely than not" of being sustained upon examination based on their technical merits. There is considerable judgment involved in determining whether positions taken on the tax return are "more likely than not" of being sustained.

We recognize, when applicable, both accrued interest and penalties related to unrecognized benefits in income tax expense in the accompanying consolidated statements of operations and comprehensive income / loss.

Foreign exchange

Our reporting currency is the dollar but a significant portion of our consolidated revenues and costs are in other currencies, including programming rights expenses and interest on all of our long-term debt. CME Ltd.'s income, expenses and cash flows are primarily denominated in Euro. Our other operations have functional currencies other than the dollar.

We record assets and liabilities denominated in a currency other than our functional currency using the exchange rate prevailing at each balance sheet date, with any change in value between reporting periods being recognized as a transaction gain or loss in our consolidated statements of operations and comprehensive income / loss. We are exposed to foreign currency on the revaluation of monetary assets and liabilities denominated in currencies other than the local functional currency of the relevant subsidiary. This includes third party receivables and payables, as well as certain intercompany loans, which are generally provided in currencies other than the dollar.

Certain of our intercompany loans are considered to be of a long-term investment nature as the repayment of these loans is neither planned nor anticipated for the foreseeable future. For the years ended December 31, 2019, 2018 and 2017, we recorded a gain of US$ 2.5 million, a loss of US$ 1.1 million and a gain of US$ 11.3 million, respectively, on the retranslation of these intercompany loans as an adjustment to accumulated other comprehensive income / loss, a component of shareholders' equity.

The financial statements of our operations are translated to dollars at the exchange rates in effect at the balance sheet date for assets and liabilities, and at weighted average rates for the period for revenues and expenses, including gains and losses. Translational gains and losses are charged or credited to accumulated other comprehensive income / loss.

Determination of the functional currency of an entity requires considerable management judgment. This includes our assessment of a series of indicators, such as the currency in which a majority of sales transactions are negotiated, expense incurred or financing secured. If the nature of our business operations changes, such as by changing the currency in which sales transactions are denominated or by incurring significantly more expenditure in a different currency, we may be required to change the functional currency of some of our operations, potentially changing the amounts we report as transaction gains and losses in the consolidated statements of operations and comprehensive income / loss as well as the translational gains and losses charged or credited to accumulated other comprehensive income / loss. In establishing functional currency, specific facts and circumstances are considered carefully, and judgment is exercised as to what types of information might be most useful to investors.

Contingencies

We are, from time to time, involved in certain legal proceedings and, as required, accrue our estimate of the probable costs for the resolution for these claims. These estimates are developed in consultation with legal counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in our assumptions or the effectiveness of our strategies related to these proceedings. See Item 8, Note 21, "Commitments and Contingencies" for more detailed information on our litigation and other contingencies.

Recent Accounting Pronouncements

See Item 8, Note 2, "Basis of Presentation and Summary of Significant Accounting Policies" for a discussion of accounting standards adopted and recently issued accounting standards not yet adopted.

V. Related Party Matters

We consider our related parties to be our officers, directors and shareholders who have direct control and/or influence over the Company as well as other parties that can significantly influence management. As stated in Financial Accounting Standards Board Accounting Standards Codification Topic 850, "Related Party Disclosures", transactions involving related parties cannot necessarily be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist. We have entered into related party transactions in all of our markets, mainly for the purchase of program rights. In addition, Warner Media guarantees 100% of our outstanding senior indebtedness and is the lender under the 2023 Revolving Credit Facility. For a detailed discussion of all such transactions, see Item 8, Note 22, "Related Party Transactions" and Part III, Item 13, "Certain Relationships and Related Transactions, and Director Independence".

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We engage in activities that expose us to various market risks, including the effect of changes in foreign currency exchange rates and interest rates. We do not engage in speculative transactions, nor do we hold or issue financial instruments for trading purposes. The table below sets forth our market risk sensitive instruments as at the following dates:

December 31, 2019:

Expected Maturity Dates	**2020**	**2021**	**2022**	**2023**	**2024**	**Thereafter**
Long-term Debt (000's):						
Variable rate (EUR)	—	60,335	—	468,800	—	—
Average interest rate (1)	—	1.28%	—	1.28%	—	—
Interest Rate Swaps (000's):						
Variable to fixed (EUR)	—	529,135	—	468,800 (2)	—	—
Average pay rate	—	0.30%	—	0.97%	—	—
Average receive rate	—	—%	—	—%	—	—

(1) As discussed in Item 8, Note 4, "Long-term Debt and Other Financing Arrangements", as consideration for Warner Media's guarantee of the Euro Loans, we pay Guarantee Fees to Warner Media based on the amounts outstanding on the Euro Loans, each calculated such that the all-in borrowing rate on the 2021 Euro Loan was 3.25% per annum and the all-in borrowing rate on the 2023 Euro Loan was 3.50% per annum as of December 31, 2019.

(2) The interest rate swaps related to the 2023 Euro Loan maturing in 2023 are forward starting to coincide with the maturity date of the interest rate swaps maturing in 2021. See Item 8, Note 12, "Financial Instruments and Fair Value Measurements".

December 31, 2018:

Expected Maturity Dates	**2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**
Long-term Debt (000's):						
Variable rate (EUR)	—	—	210,335	—	468,800	—
Average interest rate (1)	—	—	1.28%	—	1.28%	—
Interest Rate Swaps (000's):						
Variable to fixed (EUR)	210,335	—	679,135 (2)	—	468,800 (3)	—
Average pay rate	0.31%	—	0.33%	—	0.97%	—
Average receive rate	—%	—	—%	—	—%	—

(1) As discussed in Item 8, Note 4, "Long-term Debt and Other Financing Arrangements", as consideration for Warner Media's guarantee of the Euro Loans, we pay Guarantee Fees to Warner Media based on the amounts outstanding on the Euro Loans, each calculated such that the all-in borrowing rate on the 2021 Euro Loan was 3.25% per annum and the all-in borrowing rate on the 2023 Euro Loan was 3.75% per annum as of December 31, 2018.

(2) The interest rate swaps related to the 2021 Euro Loan maturing in 2021 were forward starting to coincide with the maturity date of the interest rate swaps which matured in 2019. See Item 8, Note 12, "Financial Instruments and Fair Value Measurements".

(3) The interest rate swaps related to the 2023 Euro Loan maturing in 2023 are forward starting to coincide with the maturity date of the interest rate swaps maturing in 2021. See Item 8, Note 12, "Financial Instruments and Fair Value Measurements".

Foreign Currency Exchange Risk Management

We conduct business in a number of currencies other than our functional currencies. As a result, we are subject to foreign currency exchange rate risk due to the effects that foreign exchange rate movements of these currencies have on our costs and on the cash flows we receive from our subsidiaries. In limited instances, we enter into forward foreign exchange contracts to minimize foreign currency exchange rate risk (see Item 8, Note 12, "Financial Instruments and Fair Value Measurements").

Interest Rate Risk Management

The Euro Loans each bear interest at a variable rate based on EURIBOR plus an applicable margin. We are party to a number of interest rate swap agreements intended to reduce our exposure to interest rate movements (see Item 8, Note 12, "Financial Instruments and Fair Value Measurements").

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial Statements and Supplementary data begin on the following page and end on the page immediately preceding Item 9.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and the Shareholders of Central European Media Enterprises Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Central European Media Enterprises Ltd. (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations and comprehensive income / loss, equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and the financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2019 and 2018, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 6, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2016.

London, United Kingdom

February 6, 2020

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONSOLIDATED BALANCE SHEETS
(US$ 000's, except share and per share data)

	December 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 36,621	$ 62,031
Accounts receivable, net (Note 6)	188,618	193,371
Program rights, net (Note 5)	75,909	77,624
Other current assets (Note 7)	48,832	41,067
Total current assets	**349,980**	**374,093**
Non-current assets		
Property, plant and equipment, net (Note 8)	113,901	117,604
Program rights, net (Note 5)	166,237	171,871
Goodwill (Note 3)	667,988	676,333
Other intangible assets, net (Note 3)	127,589	136,052
Other non-current assets (Note 7)	22,167	12,408
Total non-current assets	**1,097,882**	**1,114,268**
Total assets	**$ 1,447,862**	**$ 1,488,361**
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	$ 135,650	$ 120,468
Current portion of long-term debt and other financing arrangements (Note 4)	6,836	5,545
Other current liabilities (Note 10)	13,515	13,679
Total current liabilities	**156,001**	**139,692**
Non-current liabilities		
Long-term debt and other financing arrangements (Note 4)	600,273	782,685
Other non-current liabilities (Note 10)	80,000	67,293
Total non-current liabilities	**680,273**	**849,978**
Commitments and contingencies (Note 21)		
TEMPORARY EQUITY		
200,000 shares of Series B Convertible Redeemable Preferred Stock of $0.08 each (December 31, 2018 - 200,000) (Note 13)	269,370	269,370
EQUITY		
CME Ltd. shareholders' equity (Note 14):		
One share of Series A Convertible Preferred Stock of $0.08 each (December 31, 2018 – one)	—	—
253,607,026 shares of Class A Common Stock of $0.08 each (December 31, 2018 – 252,853,554)	20,288	20,228
Nil shares of Class B Common Stock of $0.08 each (December 31, 2018 – nil)	—	—
Additional paid-in capital	2,007,275	2,003,518
Accumulated deficit	(1,458,942)	(1,578,076)
Accumulated other comprehensive loss	(226,916)	(216,650)
Total CME Ltd. shareholders' equity	**341,705**	**229,020**
Noncontrolling interests	513	301
Total equity	**342,218**	**229,321**
Total liabilities and equity	**$ 1,447,862**	**$ 1,488,361**

The accompanying notes are an integral part of these consolidated financial statements.

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME / LOSS
(US$ 000's, except share and per share data)

	For The Year Ended December 31,		
	2019	**2018**	**2017**
Net revenues	$ **694,804**	$ **703,906**	$ **642,868**
Operating expenses:			
Content costs	284,715	309,439	293,728
Other operating costs	54,826	56,731	55,924
Depreciation of property, plant and equipment	33,536	32,933	31,261
Amortization of intangibles	8,457	9,002	8,592
Cost of revenues	**381,534**	**408,105**	**389,505**
Selling, general and administrative expenses	125,934	118,214	113,449
Operating income	**187,336**	**177,587**	**139,914**
Interest expense (Note 15)	(30,694)	(49,106)	(83,188)
Other non-operating (expense) / income, net (Note 16)	(2,208)	(3,588)	16,841
Income before tax	**154,434**	**124,893**	**73,567**
Provision for income taxes	(35,226)	(27,828)	(22,504)
Income from continuing operations	**119,208**	**97,065**	**51,063**
Income / (loss) from discontinued operations, net of tax	—	60,548	(1,636)
Net income	**119,208**	**157,613**	**49,427**
Net (income) / loss attributable to noncontrolling interests	(74)	79	341
Net income attributable to CME Ltd.	$ **119,134**	$ **157,692**	$ **49,768**
Net income	$ **119,208**	$ **157,613**	$ **49,427**
Other comprehensive (loss) / income			
Currency translation adjustment (Note 14)	(6,149)	(23,050)	54,368
Unrealized (loss) / gain on derivative instruments (Note 14)	(3,979)	(5,800)	1,269
Total other comprehensive (loss) / income	**(10,128)**	**(28,850)**	**55,637**
Comprehensive income	**109,080**	**128,763**	**105,064**
Comprehensive (income) / loss attributable to noncontrolling interests	(212)	(283)	1,254
Comprehensive income attributable to CME Ltd.	$ **108,868**	$ **128,480**	$ **106,318**

PER SHARE DATA (Note 19):			
Net income / (loss) per share:			
Continuing operations — basic	$ 0.32	$ 0.27	$ 0.16
Continuing operations — diluted	0.32	0.25	0.12
Discontinued operations — basic	—	0.18	(0.01)
Discontinued operations — diluted	—	0.17	0.00
Attributable to CME Ltd. — basic	0.32	0.45	0.15
Attributable to CME Ltd. — diluted	0.32	0.42	0.12
Weighted average common shares used in computing per share amounts (000's):			
Basic	264,611	230,562	155,846
Diluted	266,198	257,694	236,404

The accompanying notes are an integral part of these consolidated financial statements.

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

	CME Ltd.										
	Series A Convertible Preferred Stock		Class A Common Stock		Class B Common Stock						
	Number of shares	Par value	Number of shares	Par value	Number of shares	Par value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total (Deficit) / Equity
BALANCE December 31, 2016	**1**	**$ —**	**143,449,913**	**$ 11,476**	**—**	**$ —**	**$ 1,910,244**	**$ (1,785,536)**	**$ (243,988)**	**$ 1,272**	**$ (106,532)**
Stock-based compensation	—	—	—	—	—	—	4,412	—	—	—	4,412
Exercise of warrants	—	—	1,148,469	92	—	—	1,056	—	—	—	1,148
Share issuance, stock based compensation	—	—	888,115	71	—	—	(71)	—	—	—	—
Withholding tax on net share settlement of stock-based compensation	—	—	—	—	—	—	(168)	—	—	—	(168)
Preferred dividend paid in kind	—	—	—	—	—	—	(9,694)	—	—	—	(9,694)
Net income / (loss)	—	—	—	—	—	—	—	49,768	—	(341)	49,427
Unrealized gain on derivative instruments	—	—	—	—	—	—	—	—	1,269	—	1,269
Currency translation adjustment	—	—	—	—	—	—	—	—	55,281	(913)	54,368
BALANCE December 31, 2017	**1**	**$ —**	**145,486,497**	**$ 11,639**	**—**	**$ —**	**$ 1,905,779**	**$ (1,735,768)**	**$ (187,438)**	**$ 18**	**$ (5,770)**
Stock-based compensation	—	—	—	—	—	—	7,083	—	—	—	7,083
Exercise of warrants	—	—	105,652,401	8,452	—	—	97,200	—	—	—	105,652
Share issuance, stock based compensation	—	—	1,714,656	137	—	—	(137)	—	—	—	—
Withholding tax on net share settlement of stock-based compensation	—	—	—	—	—	—	(1,630)	—	—	—	(1,630)
Preferred dividend paid in kind	—	—	—	—	—	—	(4,777)	—	—	—	(4,777)
Net income / (loss)	—	—	—	—	—	—	—	157,692	—	(79)	157,613
Unrealized loss on derivative instruments	—	—	—	—	—	—	—	—	(5,800)	—	(5,800)
Currency translation adjustment	—	—	—	—	—	—	—	—	(23,412)	362	(23,050)
BALANCE December 31, 2018	**1**	**$ —**	**252,853,554**	**$ 20,228**	**—**	**$ —**	**$ 2,003,518**	**$ (1,578,076)**	**$ (216,650)**	**$ 301**	**$ 229,321**
Stock-based compensation	—	—	—	—	—	—	4,184	—	—	—	4,184
Share issuance, stock-based compensation	—	—	753,472	60	—	—	(60)	—	—	—	—
Withholding tax on net share settlement of stock-based compensation	—	—	—	—	—	—	(367)	—	—	—	(367)
Net income	—	—	—	—	—	—	—	119,134	—	74	119,208
Unrealized loss on derivative instruments	—	—	—	—	—	—	—	—	(3,979)	—	(3,979)
Currency translation adjustment	—	—	—	—	—	—	—	—	(6,287)	138	(6,149)
BALANCE December 31, 2019	**1**	**$ —**	**253,607,026**	**$ 20,288**	**—**	**$ —**	**$ 2,007,275**	**$ (1,458,942)**	**$ (226,916)**	**$ 513**	**$ 342,218**

The accompanying notes are an integral part of these consolidated financial statements.

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

	For The Year Ended December 31,		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	**$ 119,208**	**$ 157,613**	**$ 49,427**
Adjustments to reconcile net income to net cash generated from continuing operating activities:			
(Income) / loss from discontinued operations, net of tax	—	(60,548)	1,636
Amortization of program rights	284,715	309,439	293,728
Depreciation and other amortization	45,379	46,437	45,871
Interest and related Guarantee Fees paid in kind	—	3,783	23,331
Loss on extinguishment of debt	340	415	101
Gain on disposal of fixed assets	(84)	(90)	(108)
Deferred income taxes	(742)	2,734	(483)
Stock-based compensation (Note 17)	4,184	7,083	4,412
Change in fair value of derivatives	201	1,322	231
Foreign currency exchange loss / (gain), net	661	2,376	(13,773)
Changes in assets and liabilities:			
Accounts receivable, net	2,356	(16,461)	(325)
Accounts payable and accrued liabilities	11,892	(8,597)	(1,588)
Program rights	(278,453)	(307,490)	(310,798)
Other assets and liabilities	(4,107)	587	3,385
Accrued interest	(768)	(31,338)	(3,727)
Income taxes payable	(7)	(2,878)	7,554
Deferred revenue	476	6,293	(2,272)
VAT and other taxes payable	(5,599)	(1,656)	(3,301)
Net cash generated from continuing operating activities	**$ 179,652**	**$ 109,024**	**$ 93,301**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	$ (24,423)	$ (24,583)	$ (28,115)
Proceeds from disposal of property, plant and equipment	48	43	168
Net cash used in continuing investing activities	**$ (24,375)**	**$ (24,540)**	**$ (27,947)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of debt	$ (168,913)	$ (270,780)	$ (59,060)
Debt transactions costs	—	(10,746)	(106)
Settlement of derivative instruments	(1,712)	—	—
Payment of credit facilities and capital leases	(7,097)	(4,858)	(2,999)
Proceeds from exercise of warrants	—	105,652	1,148
Proceeds from sale-leaseback transactions	—	—	2,746
Payments of withholding tax on net share settlement of stock-based compensation	(367)	(1,630)	(168)
Net cash used in continuing financing activities	**$ (178,089)**	**$ (182,362)**	**$ (58,439)**
Net cash provided by discontinued operations - operating activities	—	1,842	736
Net cash provided by / (used in) discontinued operations - investing activities	—	100,724	(877)
Impact of exchange rate fluctuations on cash	(2,598)	(1,405)	11,020
Net (decrease) / increase in cash and cash equivalents	$ (25,410)	$ 3,283	$ 17,794
CASH AND CASH EQUIVALENTS, beginning of year	**62,031**	**58,748**	**40,954**
CASH AND CASH EQUIVALENTS, end of year	**$ 36,621**	**$ 62,031**	**$ 58,748**

The accompanying notes are an integral part of these consolidated financial statements.

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

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:						
Cash paid for interest (including Guarantee Fees)	$	26,651	$	43,350	$	47,197
Cash paid for Guarantee Fees previously paid in kind		—		27,328		—
Cash paid for Guarantee Fees that previously could be paid in kind		—		812		8,343
Cash paid for income taxes, net of refunds		35,998		28,365		15,143
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:						
Accretion on Series B Convertible Redeemable Preferred Stock	$	—	$	4,777	$	9,694
Acquisition of property, plant and equipment under finance lease		5,753		13,419		8,811

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION AND BUSINESS

Central European Media Enterprises Ltd., a Bermuda company limited by shares, is a media and entertainment company operating in Central and Eastern Europe. Our assets are held through a Dutch holding company. We manage our business on a geographical basis, with five operating segments; Bulgaria, the Czech Republic, Romania, the Slovak Republic and Slovenia, which are also our reportable segments and our main operating countries. See Note 20, "Segment Data" for financial information by segment. Our previously held Croatian operations, which were sold during 2018, are classified as discontinued operations in our consolidated statements of operations for the years ended December 31, 2018 and December 31, 2017.

We are the market-leading broadcasters in each of our five operating countries with a combined portfolio of 30 television channels. Each country develops and produces content for their television channels. We generate advertising revenues primarily through entering into agreements with advertisers, advertising agencies and sponsors to place advertising on the television channels that we operate. We generate additional revenues by collecting fees from cable, direct-to-home and internet protocol television ("IPTV") operators for carriage of our channels as well as from advertising related to our digital initiatives. Unless otherwise indicated, we own 100% of our broadcast operating and license companies in each country.

Bulgaria

We operate one general entertainment channel, BTV, and five other channels, BTV CINEMA, BTV COMEDY, BTV ACTION, BTV LADY and RING. We own 94% of CME Bulgaria B.V., the subsidiary that owns our Bulgaria operations.

Czech Republic

We operate one general entertainment channel, TV NOVA, and seven other channels, NOVA 2, NOVA CINEMA, NOVA SPORT 1, NOVA SPORT 2, NOVA ACTION, NOVA GOLD and NOVA INTERNATIONAL, a general entertainment channel broadcasting in the Slovak Republic.

Romania

We operate one general entertainment channel, PRO TV, and six other channels, PRO 2, PRO X, PRO GOLD, PRO CINEMA, PRO TV INTERNATIONAL, as well as PRO TV CHISINAU, a general entertainment channel broadcasting in Moldova.

Slovak Republic

We operate one general entertainment channel, TV MARKIZA, and three other channels, DOMA, DAJTO, and MARKIZA INTERNATIONAL, a general entertainment channel broadcasting in the Czech Republic.

Slovenia

We operate two general entertainment channels, POP TV and KANAL A, and three other channels, KINO, BRIO and OTO.

Merger

On October 27, 2019, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with TV Bidco B.V. ("Parent") and TV Bermuda Ltd. ("Merger Sub"). Parent and Merger Sub are affiliates of PPF Group N.V. Pursuant to the Merger Agreement, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving company in the proposed Merger as a wholly-owned subsidiary of Parent.

The closing of the proposed Merger is subject to several conditions, including, but not limited to, the requisite vote of the Company's shareholders in favor of the Merger Agreement and the proposed Merger, the receipt of certain competition and other regulatory approvals, compliance with covenants and agreements in the Merger Agreement (subject to certain materiality qualifications), and the absence of any governmental order prohibiting completion of the proposed Merger. A special general meeting of shareholders of the Company will be held on February 27, 2020, where shareholders will be asked to vote on a proposal to approve the Merger Agreement, the related statutory merger agreement and the Merger contemplated under such agreements.

Under the Merger Agreement, at the effective time of the proposed Merger (the "Effective Time"), without any action required by the Company, Parent, Merger Sub or any shareholder of the Company or any other person, each Class A Share issued and outstanding immediately prior to the Effective Time will be canceled and cease to exist automatically and each such Class A Share (other than shares owned by the Company, Parent, Merger Sub or any of their respective direct or indirect wholly-owned subsidiaries, in each case not held on behalf of third parties) will be converted into the right to receive $4.58 in cash.

Under the Merger Agreement, at the Effective Time, without any action required by the Company, Parent, Merger Sub or any shareholder of the Company or any other person, the Series A Preferred Share issued and outstanding immediately prior to the Effective Time will be canceled and cease to exist automatically and will be converted into the right to receive the $32,900,000 in cash, without interest and each Series B Preferred Share issued and outstanding immediately prior to the Effective Time will be canceled and cease to exist automatically and will be converted into the right to receive the $1,630.875 in cash, without interest; provided that, among other things, any conversion of the Series A Preferred Share or any Series B Preferred Shares into Class A Shares on or after October 27, 2019 will be deemed to be null and void.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The terms the "Company", "we", "us", and "our" are used in this Form 10-K to refer collectively to the parent company, Central European Media Enterprises Ltd. ("CME Ltd."), and the subsidiaries through which our various businesses are conducted. Unless otherwise noted, all statistical and financial information presented in this report has been converted into U.S. dollars using period-end exchange rates. All references to "US$", "USD" or "dollars" are to U.S. dollars, all references to "BGN" are to the Bulgarian leva, all references to "CZK" are to the Czech koruna, all references to "RON" are to the New Romanian lei, and all references to "Euro" or "EUR" are to the European Union Euro. Where applicable, prior period presentation has been modified to conform to current year presentation.

Basis of Consolidation

The consolidated financial statements include the accounts of CME Ltd. and our subsidiaries, after the elimination of intercompany accounts and transactions. Entities in which we hold less than a majority voting interest but over which we have the ability to exercise significant influence are accounted for using the equity method. Other investments are accounted for using the cost method.

Use of Estimates

The preparation of financial statements in conformity with US Generally Accepted Accounting Principles ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates and assumptions.

Summary of Critical and Significant Accounting Policies

The following is a discussion of each of the Company's critical accounting policies, including information and analysis of estimates and assumptions involved in their application, and other significant accounting policies.

Revenue Recognition

Revenue Recognition

Revenues are recognized upon satisfaction of our performance obligations to our customers, in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services, net of taxes assessed by a government authority that are both imposed on and concurrent with the specific revenue-producing transaction and collected from the customer.

The timing of revenue recognition may differ from the timing of invoicing to customers. We defer the recognition of revenues when cash payments are received or due in advance of our performance, including amounts which are refundable. We record a receivable when revenue is recognized prior to invoicing, or deferred revenue when revenue is recognized subsequent to invoicing. Invoicing typically occurs on a monthly basis and customers are obliged to pay within 30 to 60 days of issuance. For certain services and customer types, we require payment before the services are provided.

We maintain a bad debt provision for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, additional allowances may be required in future periods. We review the accounts receivable balances periodically and our historical bad debt, customer concentrations and customer creditworthiness when evaluating the adequacy of our provision. In the event we recover amounts previously written off, we release the specific allowance to bad debt expense.

In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to receive financing from or to provide financing to our customers.

Our principal revenue streams and their respective accounting treatments are discussed below:

Television advertising revenues primarily result from the sale of advertising time. Television advertising revenues are earned as the commercials are aired. In many countries, we commit to provide advertisers with certain rating levels in connection with their advertising. Revenue is recorded based on a charge per Gross Rating Point ("GRP") ordered during the month, net of estimated shortfalls. Discounts and agency commissions on television advertising revenue are recognized on a monthly basis and are reflected as a reduction to gross revenue.

Carriage fees and subscription revenues include revenues from cable operators and direct-to-home broadcasters and fees from subscriptions to our streaming services. Revenues from cable operators and direct-to-home broadcasters are recognized as revenue over the period for which the channels are provided and to which the fees relate. This fee revenue is generally based on the number of subscribers to offerings from these operators and broadcasters that include our channels. The impacts of future changes in subscriber levels are recognized when they occur as estimates of future subscribers are constrained. Revenues from subscriptions to our streaming services are recognized over the period of the subscription.

Other revenues primarily include revenues from our internet display advertising, as well as revenues from the licensing of our content. Internet display advertising revenues are recognized on a cost-per-impression basis based on the number of times a customer's advertisement is displayed on our websites. Revenues from the licensing of our content are recognized upon delivery or reasonable access to the content.

Our revenue streams involve significant judgment with respect to the discounts and agency commissions we provide to certain customers based on the amount of advertising purchased. Such discounts are based on estimates of the total amount expected to be earned and reduce revenue based on a systematic and rational allocation of the cost of honoring the discounts earned and claimed to each of the underlying revenue transactions that result in progress by the customer towards earning the discount. Due to the timing of the information provided by the rating agencies, significant judgment may be necessary to estimate the total volume of GRPs delivered within the contract period.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and marketable securities, if applicable, with original maturities of three months or less. Cash that is subject to restrictions is classified as restricted cash, if applicable.

Program Rights

Purchased program rights

Purchased program rights and the related liabilities are recorded at their gross value when the license period begins and the programs are available for broadcast.

Purchased program rights are classified as current or non-current assets based on anticipated usage, while the related program rights liability is classified as current or non-current according to the payment terms of the license agreement.

Program rights are evaluated to determine if expected revenues are sufficient to cover the unamortized portion of the program. To the extent that expected revenues are insufficient, the program rights are written down to their expected net realizable value. These programming impairment charges, along with programming impairment charges related to own-produced content, are presented as a component of content costs in our consolidated statements of operations and comprehensive income / loss.

The costs incurred to acquire program rights are capitalized and amortized over their expected useful lives in a manner which reflects the pattern we expect to use and benefit from the programming. If the initial airing of content allowed by a license is expected to provide more value than subsequent airings, we apply an accelerated method of amortization. These accelerated methods of amortization depend on the estimated number of runs the content is expected to receive, and are determined based on a study of historical results for similar programming. For programming that is not advertising supported, each program's costs are amortized on a straight-line basis over the license period. For content that is expected to be aired only once, the entire cost is expensed on the first run.

Produced program rights

Program rights that are produced by us consist of deferred film and television costs including direct costs, production overhead and development costs. The costs are stated at the lower of cost, net of accumulated amortization, or net realizable value. The amount of capitalized production costs recognized as cost of revenues for a given production as it is exhibited in various markets is determined using the individual film forecast method. The proportion of costs recognized is equal to the proportion of the revenue recognized compared to the total revenue expected to be generated throughout the product's life cycle (the "ultimate revenues"). Our process for evaluating ultimate revenues is tailored to the potential we believe a title has for generating multiple revenues. The majority of our production is intended primarily for exploitation by our own broadcasters. In such cases, we consider mainly the free television window in our calculation of the ultimate revenues. Changes in estimates of ultimate revenues from period to period affect the amount of film costs amortized in a given period and, therefore, could have an impact on our results for that period.

Produced program rights are amortized on an individual production basis using the ratio of the current period's gross revenues to estimated remaining total ultimate revenues from such programs. Produced program rights are evaluated to determine if expected revenues, less additional costs to be incurred (including exploitation costs) are sufficient to cover the unamortized portion of the program. To the extent that expected revenues are insufficient, the program rights are written down to their net realizable value.

Property, Plant and Equipment

Property, plant and equipment is carried at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives assigned to each major asset category as below:

Asset category	Estimated useful life
Land	Indefinite
Buildings	25 years
Machinery, fixtures and equipment	4 - 8 years
Other equipment	3 - 8 years
Software	3 - 5 years

Construction-in-progress is not depreciated until put into use. Assets under finance leases are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. Leasehold improvements are depreciated over the shorter of the related lease term or the life of the asset. Assets to be disposed of are reported at the lower of carrying amount or fair value, less expected costs of disposal.

Long-Lived Assets Including Intangible Assets with Finite Lives

Long-lived assets include property, plant, equipment and intangible assets with finite lives. We evaluate the remaining useful life of intangible assets with finite lives each reporting period. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets are evaluated at the asset group level when there is an indication that they may be impaired. The carrying amounts of long-lived assets are considered impaired when the anticipated undiscounted cash flows from such assets are less than their carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair value.

Goodwill and Indefinite-Lived Intangible Assets

We evaluate goodwill and indefinite-lived intangible assets for impairment annually as of October 1, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Such events and changes in circumstances include:

- under-performance of operating segments or changes in projected results;
- changes in the manner of utilization of an asset;
- severe and sustained declines in the trading price of shares of our Class A common stock that are not attributable to factors other than the underlying value of our assets;
- negative market conditions or economic trends; and
- specific events, such as new legislation, new market entrants, changes in technology or adverse legal judgments that we believe could have a negative impact on our business.

Goodwill is evaluated at the reporting unit level, which we have determined is each of our five operating segments. We elected to bypass the qualitative assessment for all of our reporting units in 2019 and proceeded directly to performing the quantitative goodwill impairment test. The fair values of our reporting units were determined based on the present value of expected future cash flows, including terminal value, discounted at appropriate rates, determined separately for each reporting unit, and on publicly available information, where appropriate. The determination of fair value involves the use of significant estimates and assumptions, including: revenue growth rates, operating margins, capital expenditures, working capital requirements, tax rates, terminal growth rates, management's long-term plan and a discount rate selected with reference to the relevant cost of capital. An impairment exists when the carrying amount of a reporting unit (including its goodwill), exceeds its fair value.

We evaluate whether the useful life of each indefinite-lived intangible asset remains indefinite. Each indefinite-lived intangible asset is evaluated for impairment individually. The fair values of our indefinite-lived intangible assets are determined using the relief from royalty method. An impairment loss is recognized if the carrying amount of an indefinite-lived intangible asset exceeds its fair value.

Income Taxes

We account for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to amounts which are more likely than not to be realized. In evaluating the realizability of our deferred tax assets, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations.

We recognize in the consolidated financial statements those tax positions determined to be "more likely than not" of being sustained upon examination, based on the technical merits of the positions and we recognize, when applicable, both accrued interest and penalties related to uncertain tax positions in income tax expense in the accompanying consolidated statements of operations and comprehensive income / loss.

Foreign Currency

Translation of financial statements

Our reporting currency is the dollar. The financial statements of our operations whose functional currency is other than the dollar are translated from such functional currency to dollars at the exchange rates in effect at the balance sheet date for assets and liabilities, and at weighted average rates for the period for revenues and expenses, including gains and losses. Translational gains and losses are charged or credited to accumulated other comprehensive income / loss, a component of equity.

Certain of our intercompany loans to our subsidiaries are of a long-term investment nature. We recorded the results of the retranslation of these intercompany loans as an adjustment to accumulated other comprehensive income / loss, a component of shareholders' equity, as settlement of these loans is not planned or anticipated in the foreseeable future.

Transactions in foreign currencies

Gains and losses from foreign currency transactions are included in foreign currency exchange gain / loss, net in the consolidated statements of operations and comprehensive income / loss in the period during which they arise.

Leases

We determine if an arrangement includes a lease at inception. A right-of-use asset ("ROU") represents our right to use an underlying asset for the lease term and the corresponding lease liability represents our obligation to make periodic payments arising from that lease. ROUs and liabilities are recognized at their commencement date based on the present value of the lease payments over the lease term. As most of our leases do not provide an implicit rate, we use an incremental borrowing rate based on the information available at the commencement date of a lease in determining the present value of the lease payments. An ROU also includes any lease payments made prior to commencement and excludes any lease incentives received or to be received under the agreement. Our determination of the lease term may include options to extend or terminate the lease when it is reasonably certain that we will exercise such option.

Where lease agreements include both lease and non-lease components, we generally account for each separately. For certain equipment leases, such as vehicles, we account for the lease and non-lease components as a single lease component. We consider operating leases that are for a period less than 12 months, inclusive of options to extend that we are reasonably certain to exercise, as short-term. Short-term leases are not recognized on the balance sheet. Short-term lease cost is recognized on a straight-line basis over the lease term.

ROUs and related operating lease liabilities are included in other non-current assets, other current liabilities and other non-current liabilities, respectively on our consolidated balance sheets. Operating lease costs are recognized on a straight-line basis over the lease term within content costs, other operating costs or sales, general and administrative expenses based on the use of the related ROU. ROUs and related finance lease liabilities are included in property and equipment, and long-term debt and other financing arrangements, respectively, on our consolidated balance sheets. Depreciation of an asset held under a finance lease is recognized in depreciation of property, plant and equipment.

See below "Recent Accounting Pronouncements" for information on the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 842, "Leases" as at January 1, 2019.

Financial Instruments

Fair value of financial instruments

The carrying amount of financial instruments, including cash, accounts receivable, and accounts payable and accrued liabilities, approximate their fair value due to the short-term nature of these items. The fair value of our long-term debt (as defined hereinafter) is included in Note 4, "Long-term Debt and Other Financing Arrangements".

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. US GAAP requires significant management estimates in determining fair value. The extent of management's judgments is highly dependent on the valuation model employed and the observability of inputs to the fair value model. The level of management judgment required in establishing fair value of financial instruments is more significant where there is no active market in which the instrument is traded. For financial instruments that are not remeasured through net income, we estimate fair value at issuance and account for the instrument at amortized cost. For financial instruments that are remeasured through net income, we assess the fair value of the instrument at each period end or earlier when events occur or circumstances change that would so require (see Note 12, "Financial Instruments and Fair Value Measurements").

Derivative financial instruments

We use derivative financial instruments for the purpose of mitigating currency and interest rate risks, which exist as part of ongoing business operations and financing activities. As a policy, we do not engage in speculative or leveraged transactions, nor do we hold or issue derivative financial instruments for trading purposes.

Forward exchange contracts and currency swaps are used to mitigate exposures to currency fluctuations on certain short-term transactions generally denominated in currencies other than our functional currency. These contracts are marked to market at the balance sheet date, and the resultant unrealized gains and losses are recorded in the consolidated statements of operations and comprehensive income / loss, together with realized gains and losses arising on settlement of these contracts.

Interest rate swaps and other instruments may be used to mitigate exposures to interest rate fluctuations on certain of our long-term debt instruments with variable interest rates. These contracts are marked to market at the balance sheet date, and the resultant unrealized gains and losses are recorded in the consolidated statements of operations and comprehensive income / loss, together with realized gains and losses arising on settlement of these contracts. From time to time, we may designate certain of these instruments as hedges and apply hedge accounting as discussed in Note 12, "Financial Instruments and Fair Value Measurements".

Stock-Based Compensation

Stock-based compensation is recognized at fair value using the Black-Scholes option pricing model calculated as the closing price of our Class A common stock on the date of grant. The fair value of stock awards is recognized on a straight-line basis over the vesting period of the award as a component of selling, general and administrative expenses.

For awards with performance conditions, recognition of compensation expense over the vesting period depends on our assessment of the probability that the performance targets will be met. We update our assessments of the probability of achieving performance targets at each reporting period. Changes in our assessments of such probability may result in recording additional expense or reversing previously recorded expense in the current period reported.

Upon vesting of shares or exercise of options, shares of Class A common stock are issued from authorized but unissued shares. Stock-based compensation awards are accounted for as equity-settled transactions. Forfeitures of awards are recognized as they occur.

Contingencies

The estimated loss from a loss contingency such as a legal proceeding or other claim is recorded in the consolidated statements of operations and comprehensive income / loss if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. Disclosure of a loss contingency is made if there is at least a reasonable possibility that a loss has been incurred.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense incurred for the years ended December 31, 2019, 2018 and 2017 totaled US$ 6.4 million, US$ 6.2 million and US$ 5.4 million, respectively.

Earnings Per Share

Basic and diluted net income / loss per share is calculated using the two-class method. Under the two-class method, basic net income / loss per common share is computed by dividing the net income available to common shareholders after deducting contractual amounts of accretion on our Series B Preferred Shares, as well as income allocated to these shares, by the weighted-average number of common shares outstanding during the period including the common stock underlying the Series A Preferred Shares. Diluted net income / loss per share is computed by dividing the adjusted net income by the weighted-average number of dilutive shares outstanding during the period after adjusting for the impact of those dilutive shares on the allocation of income to the Series B Preferred Shares. For further information on how to calculate basic and diluted earnings per share for continuing operations and discontinued operations, see Note 19, "Earnings per-share".

Recent Accounting Pronouncements

Accounting Pronouncements Adopted

In February 2016, the FASB issued guidance to increase transparency and comparability among organizations by recognizing leasing assets and liabilities on the balance sheet and requiring additional disclosures about an entity's leasing arrangements. The guidance requires that a lessee recognize a liability to make lease payments and an ROU, with an available exception for leases with an initial term shorter than twelve months. Adoption of the guidance changed our accounting for operating leases while the accounting for our finance leases (previously called capital leases) remained substantially unchanged.

We adopted this guidance as of the transition date of January 1, 2019, using the modified retrospective approach and have elected the transition option which allows us to continue to apply the legacy guidance for comparative periods, including disclosure requirements, in the year of adoption. We have elected to use the package of practical expedients available to us, including the short-term lease exception, however we have not elected the use of hindsight and have not elected to combine lease and non-lease components for our main classes of assets.

On transition, we recorded US$ 11.9 million in operating lease liabilities and related ROUs.

Recent Accounting Pronouncements Issued

In June 2016, the FASB issued new guidance to provide financial statement users with more information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments replace the incurred loss impairment methodology in the current guidance with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance is effective for our fiscal year beginning January 1, 2020. Based on our assessment, the guidance primarily applies to our accounts receivable and is not expected to substantially change our procedures for estimating our bad debt expense or the anticipated results of those procedures. We adopted this guidance on January 1, 2020.

In March 2019, the FASB issued new guidance that aligns the accounting for production costs of an episodic television series with the accounting for production costs of films. The guidance further requires that an entity test a film or license agreement or program material for impairment at a film group level and under a fair value model when the film or license agreement is predominantly monetized with other films and/or license agreements. Further, content acquired under a license agreement is not required to be separately presented on the balance sheet based on the estimated time of usage. Additional disclosures are required. We adopted this guidance on January 1, 2020. Based on our assessment of the guidance, each operating segment predominantly monetizes its content as a film group and we anticipate classifying all our acquired content as non-current on our consolidated balance sheets. We do not anticipate that this guidance will significantly impact the impairment we recognize in the consolidated statement of operations.

(Tabular amounts in US$ 000's, except share and per share data)

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill:

Goodwill by reporting unit as at December 31, 2019 and December 31, 2018 was as follows:

	Bulgaria	Czech Republic	Romania	Slovak Republic	Slovenia	Total
Gross Balance, December 31, 2017	**$ 175,071**	**$ 837,732**	**$ 90,305**	**$ 52,463**	**$ 19,400**	**$ 1,174,971**
Accumulated impairment losses	(144,639)	(287,545)	(11,028)	—	(19,400)	(462,612)
Balance, December 31, 2017	**30,432**	**550,187**	**79,277**	**52,463**	**—**	**712,359**
Foreign currency	(1,377)	(28,762)	(3,505)	(2,382)	—	(36,026)
Balance, December 31, 2018	**29,055**	**521,425**	**75,772**	**50,081**	**—**	**676,333**
Accumulated impairment losses	(144,639)	(287,545)	(11,028)	—	(19,400)	(462,612)
Gross Balance, December 31, 2018	**$ 173,694**	**$ 808,970**	**$ 86,800**	**$ 50,081**	**$ 19,400**	**$ 1,138,945**

	Bulgaria	Czech Republic	Romania	Slovak Republic	Slovenia	Total
Gross Balance, December 31, 2018	**$ 173,694**	**$ 808,970**	**$ 86,800**	**$ 50,081**	**$ 19,400**	**$ 1,138,945**
Accumulated impairment losses	(144,639)	(287,545)	(11,028)	—	(19,400)	(462,612)
Balance, December 31, 2018	**29,055**	**521,425**	**75,772**	**50,081**	**—**	**676,333**
Foreign currency	(548)	(3,574)	(3,279)	(944)	—	(8,345)
Balance, December 31, 2019	**28,507**	**517,851**	**72,493**	**49,137**	**—**	**667,988**
Accumulated impairment losses	(144,639)	(287,545)	(11,028)	—	(19,400)	(462,612)
Gross Balance, December 31, 2019	**$ 173,146**	**$ 805,396**	**$ 83,521**	**$ 49,137**	**$ 19,400**	**$ 1,130,600**

Other intangible assets:

The net book values of our other intangible assets as at December 31, 2019 and December 31, 2018 were as follows:

	December 31, 2019			December 31, 2018		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Indefinite-lived:						
Trademarks	$ 85,484	$ —	$ 85,484	$ 87,356	$ —	$ 87,356
Amortized:						
Broadcast licenses	208,669	(169,239)	$ 39,430	210,447	(162,936)	47,511
Trademarks	609	(609)	—	631	(631)	—
Customer relationships	54,807	(54,288)	$ 519	56,024	(55,158)	866
Other	4,033	(1,877)	2,156	1,868	(1,549)	319
Total	**$ 353,602**	**$ (226,013)**	**$ 127,589**	**$ 356,326**	**$ (220,274)**	**$ 136,052**

Net broadcast licenses consist solely of our TV NOVA license in the Czech Republic, which is amortized on a straight-line basis through its expiration date in 2025. Our customer relationships are deemed to have an economic useful life of, and are amortized on a straight-line basis, over five years to fifteen years. Other intangibles primarily consist of non-cloud based software licenses which are typically amortized on a straight-line basis over the shorter of the contractual term or a period of up to five years.

The estimated amortization expense for the succeeding five years for our intangible assets with finite lives as of December 31, 2019 is as follows:

2020	$ 8,638
2021	8,622
2022	8,313
2023	7,912
2024	7,855

Impairment of goodwill and other intangible assets:

Our annual assessment of impairment includes the allocation of corporate debt to individual reporting units based on their relative fair values. For the purpose of the impairment assessment, this allocation resulted in a negative carrying value for the Slovak Republic and Slovenia segments, however, these segments were not determined to be impaired.

(Tabular amounts in US$ 000's, except share and per share data)

Upon conclusion of our annual impairment assessment, we determined that the fair value of our reporting units and other intangible assets were substantially in excess of their respective carrying values. We did not recognize any impairment charges in respect of goodwill and other intangible assets during the years ended December 31, 2019, 2018 or 2017. See Note 2, "Basis of Presentation and Summary of Significant Accounting Policies" for further information.

4. LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

Summary

	December 31, 2019	December 31, 2018
Long-term debt	$ 590,777	$ 772,339
Other credit facilities and finance leases[1]	16,332	15,891
Total long-term debt and other financing arrangements	**607,109**	**788,230**
Less: current maturities[1]	(6,836)	(5,545)
Total non-current long-term debt and other financing arrangements	**$ 600,273**	**$ 782,685**

[1] Balance consists entirely of finance leases. For more information on finance leases, see Note 11, "Leases".

Overview

Total long-term debt and credit facilities comprised the following at December 31, 2019:

	Principal Amount of Liability Component	Debt Issuance Costs [1]	Net Carrying Amount
2021 Euro Loan	$ 67,781	$ (98)	$ 67,683
2023 Euro Loan	526,650	(3,556)	523,094
2023 Revolving Credit Facility	—	—	—
Total long-term debt and credit facilities	**$ 594,431**	**$ (3,654)**	**$ 590,777**

[1] Debt issuance costs related to the 2021 Euro Loan, the 2023 Euro Loan and the 2023 Revolving Credit Facility (each as defined below) are being amortized on a straight-line basis, which approximates the effective interest method, over the life of the respective instruments. Debt issuance costs related to the 2023 Revolving Credit Facility are classified as non-current assets in our consolidated balance sheet.

On January 31, 2019, June 14, 2019 and September 23, 2019, we paid EUR 60.0 million (approximately US$ 68.9 million at January 31, 2019 rates), EUR 40.0 million (approximately US$ 45.1 million at June 14, 2019 rates) and EUR 50.0 million (approximately US$ 54.9 million at September 23, 2019 rates), respectively, of the outstanding principal balance of the 2021 Euro Loan.

At December 31, 2019, the maturity of our long-term debt and credit facilities was as follows:

2020	—
2021	67,781
2022	—
2023	526,650
2024	—
2025 and thereafter	—
Total long-term debt and credit facilities	**594,431**
Debt issuance costs	(3,654)
Carrying amount of long-term debt and credit facilities	**$ 590,777**

Long-term Debt

Our long-term debt comprised the following at December 31, 2019 and December 31, 2018:

	Carrying Amount		Fair Value	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
2021 Euro Loan	$ 67,683	$ 240,296	$ 68,120	$ 233,058
2023 Euro Loan	523,094	532,043	529,303	502,617
	$ 590,777	**$ 772,339**	**$ 597,423**	**$ 735,675**

The estimated fair values of the Euro Loans (as defined below) as at December 31, 2019 and December 31, 2018 were determined using the average yield curve of comparable bonds with equivalent credit ratings which is a Level 2 input as described in Note 12, "Financial Instruments and Fair Value Measurements". Certain derivative instruments, including contingent event of default and change of control put options, have been identified as being embedded in each of the Euro Loans. The embedded derivatives are considered clearly and closely related to their respective Euro Loan, and as such are not required to be accounted for separately.

(Tabular amounts in US$ 000's, except share and per share data)

2021 Euro Loan

As at December 31, 2019, the principal amount of our floating rate senior unsecured term credit facility (the "2021 Euro Loan") outstanding was EUR 60.3 million (approximately US$ 67.8 million). The 2021 Euro Loan bears interest at three-month EURIBOR (fixed pursuant to customary hedging arrangements (see Note 12, "Financial Instruments and Fair Value Measurements")) plus a margin of between 1.1% and 1.9% depending on the credit rating of Warner Media. As at December 31, 2019, the all-in borrowing rate on amounts outstanding under the 2021 Euro Loan was 3.25% (the components of which are shown in the table below under the heading "Interest Rate Summary").

Interest on the 2021 Euro Loan is payable quarterly in arrears on each February 13, May 13, August 13 and November 13. The 2021 Euro Loan matures on November 1, 2021 and may be prepaid at our option, in whole or in part, without premium or penalty from cash generated from our operations. From April 26, 2020, the 2021 Euro Loan may be refinanced at our option. The 2021 Euro Loan is a senior unsecured obligation of CME Ltd. and is unconditionally guaranteed by CME Media Enterprises B.V. ("CME BV") and by Warner Media, LLC ("Warner Media") and certain of its subsidiaries.

2023 Euro Loan

As at December 31, 2019, the principal amount of our floating rate senior unsecured term credit facility (the "2023 Euro Loan") outstanding was EUR 468.8 million (approximately US$ 526.7 million). The 2023 Euro Loan bears interest at three-month EURIBOR (fixed pursuant to customary hedging arrangements (see Note 12, "Financial Instruments and Fair Value Measurements")) plus a margin of between 1.1% and 1.9% depending on the credit rating of Warner Media. As at December 31, 2019, the all-in borrowing rate on amounts outstanding under the 2023 Euro Loan was 3.50% (the components of which are shown in the table below under the heading "Interest Rate Summary").

Interest on the 2023 Euro Loan is payable quarterly in arrears on each January 7, April 7, July 7 and October 7. The 2023 Euro Loan matures on April 26, 2023 and may be prepaid at our option, in whole or in part, without premium or penalty from cash generated from our operations. From April 26, 2020, the 2023 Euro Loan may be refinanced at our option. The 2023 Euro Loan is a senior unsecured obligation of CME BV and is unconditionally guaranteed by CME Ltd. and by Warner Media and certain of its subsidiaries.

Reimbursement Agreement and Guarantee Fees

In connection with Warner Media's guarantees of the 2021 Euro Loan and 2023 Euro Loan (collectively, the "Euro Loans"), we entered into a reimbursement agreement (as amended, the "Reimbursement Agreement") with Warner Media. The Reimbursement Agreement provides for the payment of guarantee fees (collectively, the "Guarantee Fees") to Warner Media as consideration for those guarantees, and the reimbursement to Warner Media of any amounts paid by them under any guarantee or through any loan purchase right exercised by it. The loan purchase right allows Warner Media to purchase any amount outstanding under the Euro Loans from the lenders following an event of default under the Euro Loans or the Reimbursement Agreement. The Reimbursement Agreement is guaranteed by our wholly owned subsidiary CME BV and is secured by a pledge over 100% of the outstanding shares of CME BV. The covenants and events of default under the Reimbursement Agreement are substantially the same as under the 2023 Revolving Credit Facility (described below).

We pay Guarantee Fees to Warner Media based on the amounts outstanding on the Euro Loans calculated on a per annum basis and on our consolidated net leverage (as defined in the Reimbursement Agreement) as shown in the tables below:

All-in Rate

Consolidated Net Leverage	**2021 Euro Loan**	**2023 Euro Loan**
≥ 7.0x	6.00%	6.50%
< 7.0x - 6.0x	5.00%	5.50%
< 6.0x - 5.0x	4.25%	4.75%
< 5.0x - 4.0x	3.75%	4.25%
< 4.0x - 3.0x	3.25%	3.75%
< 3.0x	3.25%	3.50%

Our consolidated net leverage as at December 31, 2019 and December 31, 2018 was 2.4x and 3.5x, respectively. For the years ended December 31, 2019, 2018 and 2017, we recognized US$ 13.4 million, US$ 26.7 million; and US$ 55.7 million, respectively, of Guarantee Fees as interest expense in our consolidated statements of operations and comprehensive income / loss.

The Guarantee Fees relating to the 2021 Euro Loan are payable semi-annually in arrears on each May 1 and November 1. The Guarantee Fees relating to the 2023 Euro Loan are payable semi-annually in arrears on each June 1 and December 1.

The Guarantee Fees on the 2023 Euro Loan that were previously paid in kind are presented as a component of other non-current liabilities (see Note 10, "Other Liabilities") and bear interest per annum at the applicable Guarantee Fee rate (as set forth in the table below). Guarantee Fees are included in cash flows from operating activities in our consolidated statements of cash flows.

(Tabular amounts in US$ 000's, except share and per share data)

Interest Rate Summary

	Base Rate	Rate Fixed Pursuant to Interest Rate Hedges	Guarantee Fee Rate	All-in Borrowing Rate
2021 Euro Loan	1.28%	0.47%	1.50%	3.25%
2023 Euro Loan	1.28%	0.28% (1)	1.94%	3.50%
2023 Revolving Credit Facility (if drawn)	5.16% (2)	—	—	5.16%

(1) Effective until February 19, 2021. From February 19, 2021 through maturity on April 26, 2023, the rate fixed pursuant to interest rate hedges will increase to 0.97%, with a corresponding decrease in the Guarantee Fee rate, such that the all-in borrowing rate remains 3.50% if our net leverage ratio remains unchanged.

(2) Based on the three month LIBOR of 1.91% as at December 31, 2019.

2023 Revolving Credit Facility

We had no balance outstanding under the US$ 75.0 million revolving credit facility (the "2023 Revolving Credit Facility") as at December 31, 2019.

The 2023 Revolving Credit Facility bears interest at a rate per annum based on, at our option, an alternate base rate ("ABR Loans" as defined in the 2023 Revolving Credit Facility Agreement) plus the spread applicable to ABR Loans based on our consolidated net leverage or an amount equal to the greater of (i) an adjusted LIBO rate and (ii) 1.0%, plus the spread applicable to the Eurodollar Loans (as defined in the 2023 Revolving Credit Facility Agreement) based on our consolidated net leverage ratio (as defined in the Reimbursement Agreement), with all amounts payable in cash. The maturity date of the 2023 Revolving Credit Facility is April 26, 2023. When drawn, the 2023 Revolving Credit Facility permits prepayment at our option in whole or in part without penalty.

As at December 31, 2019, the following spreads were applicable:

Consolidated Net Leverage	Alternate Base Rate Loans	Eurodollar Loans
≥ 7.0x	5.25%	6.25%
< 7.0x - 6.0x	4.25%	5.25%
< 6.0x - 5.0x	3.50%	4.50%
< 5.0x - 4.0x	3.00%	4.00%
< 4.0x - 3.0x	2.50%	3.50%
< 3.0x	2.25%	3.25%

The 2023 Revolving Credit Facility is guaranteed by CME BV and is secured by a pledge over 100% of the outstanding shares of CME BV. The 2023 Revolving Credit Facility agreement contains limitations on CME's ability to incur indebtedness, incur guarantees, grant liens, pay dividends or make other distributions, enter into certain affiliate transactions, consolidate, merge or effect a corporate reconstruction, make certain investments acquisitions and loans, and conduct certain asset sales. The agreement also contains maintenance covenants in respect of interest cover and total leverage ratios, and has covenants in respect of incurring indebtedness, the provision of guarantees, making investments and disposals, granting security and certain events of defaults.

Other Credit Facilities and Finance Lease Obligations

Cash Pooling

We have a cash pooling arrangement with Bank Mendes Gans ("BMG"), a subsidiary of ING Bank N.V. ("ING"), which enables us to receive credit throughout the group in respect of cash balances which our subsidiaries deposit with BMG. Cash deposited by our subsidiaries with BMG is pledged as security against the drawings of other subsidiaries up to the amount deposited.

As at December 31, 2019, we had deposits of US$ 11.6 million in and no drawings on the BMG cash pool. Interest is earned on deposits at the relevant money market rate. As at December 31, 2018, we had deposits of US$ 36.8 million in and no drawings on the BMG cash pool.

Factoring Arrangements

Under a factoring framework agreement with Factoring Česka spořitelna, a.s., up to CZK 475.0 million (approximately US$ 21.0 million) of receivables from certain customers in the Czech Republic may be factored on a recourse or non-recourse basis. The facility has a factoring fee of 0.19% of any factored receivable and bears interest at one-month PRIBOR plus 0.95% per annum for the period that receivables are factored and outstanding.

Under a factoring framework agreement with Factoring KB, a.s., certain receivables in the Czech Republic may be factored on a non-recourse basis. The facility has a factoring fee of 0.11% of any factored receivable and bears interest at one-month PRIBOR plus 0.95% per annum for the period that receivables are factored and outstanding up to a maximum of 60 days from the due date.

Under a factoring framework agreement with Global Funds IFN S.A., receivables from certain customers in Romania may be factored on a non-recourse basis. The facility has a factoring fee of 4.0% of any factored receivable and bears interest at 6.0% per annum from the date the receivables are factored to the due date of the factored receivable.

As at December 31, 2019, and December 31, 2018, we had no outstanding liability balances on any of our factoring arrangements.

Finance Leases

For additional information on finance leases, see Note 11, "Leases"

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in US$ 000's, except share and per share data)

5. PROGRAM RIGHTS

Program rights comprised the following at December 31, 2019 and December 31, 2018:

		December 31, 2019		December 31, 2018
Program rights:				
Acquired program rights, net of amortization	$	135,352	$	153,761
Less: current portion of acquired program rights		(75,909)		(77,624)
Total non-current acquired program rights		**59,443**		**76,137**
Produced program rights – Feature Films:				
Released, net of amortization		504		653
Produced program rights – Television Programs:				
Released, net of amortization		57,190		55,220
Completed and not released		16,578		8,347
In production		32,248		30,904
Development and pre-production		274		610
Total produced program rights		**106,794**		**95,734**
Total non-current acquired program rights and produced program rights	**$**	**166,237**	**$**	**171,871**

6. ACCOUNTS RECEIVABLE

Accounts receivable comprised the following at December 31, 2019 and December 31, 2018:

		December 31, 2019		December 31, 2018
Third-party customers	$	197,166	$	203,068
Less: allowance for bad debts and credit notes		(8,548)		(9,697)
Total accounts receivable	**$**	**188,618**	**$**	**193,371**

Bad debt (release) / expense for the years ended December 31, 2019, 2018 and 2017 was US$ (2.5) million, US$ 0.8 million, and US$ 1.9 million, respectively.

7. OTHER ASSETS

Other current and non-current assets comprised the following at December 31, 2019 and December 31, 2018:

		December 31, 2019		December 31, 2018
Current:				
Prepaid acquired programming	$	27,237	$	29,918
Other prepaid expenses		12,775		9,119
VAT recoverable		7,775		1,702
Other		1,045		328
Total other current assets	**$**	**48,832**	**$**	**41,067**

		December 31, 2019		December 31, 2018
Non-current:				
Capitalized debt costs (Note 4)	$	7,277	$	9,660
Deferred tax		2,261		2,411
Operating lease - right-of-use assets (Note 11)		11,682		—
Other		947		337
Total other non-current assets	**$**	**22,167**	**$**	**12,408**

Capitalized debt costs are being amortized over the term of the 2023 Revolving Credit Facility using the straight-line method, which approximates the effective interest method.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprised the following at December 31, 2019 and December 31, 2018:

		December 31, 2019		December 31, 2018
Land and buildings	$	100,502	$	100,574

Machinery, fixtures and equipment		212,810		206,491
Other equipment		36,007		35,022
Software		70,294		68,239
Construction in progress		4,774		4,663
Total cost		**424,387**		**414,989**
Less: accumulated depreciation		(310,486)		(297,385)
Total net book value	**$**	**113,901**	**$**	**117,604**

Assets held under finance leases (included in the above)				
Land and buildings	$	3,914	$	3,989
Machinery, fixtures and equipment		31,961		25,414
Total cost		**35,875**		**29,403**
Less: accumulated depreciation		(15,799)		(10,705)
Total net book value	**$**	**20,076**	**$**	**18,698**

Depreciation expense for the years ended December 31, 2019, 2018 and 2017 was US$ 33.5 million, US$ 32.9 million and US$ 31.3 million, respectively.

The movement in the net book value of property, plant and equipment during the years ended December 31, 2019 and 2018 was comprised of:

	For The Year Ended December 31,			
		2019		**2018**
Opening balance	**$**	**117,604**	**$**	**119,349**
Additions [(1)]		32,348		36,737
Disposals		(29)		(42)
Depreciation		(33,536)		(32,933)
Foreign currency movements		(2,486)		(5,507)
Ending balance	**$**	**113,901**	**$**	**117,604**

[(1)] Includes assets acquired under finance leases. For additional information, see Note 11, "Leases"

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprised the following at December 31, 2019 and December 31, 2018:

		December 31, 2019		**December 31, 2018**
Accounts payable and accrued expenses	$	56,343	$	48,708
Related party accounts payable		267		292
Programming liabilities		17,293		16,072
Related party programming liabilities		10,553		12,171
Duties and other taxes payable		9,426		9,014
Accrued staff costs[(1)]		24,027		17,425
Accrued interest payable		2,104		2,456
Related party accrued interest payable (including Guarantee Fees)		1,103		1,749
Income taxes payable		10,304		10,415
Other accrued liabilities		4,230		2,166
Total accounts payable and accrued liabilities	**$**	**135,650**	**$**	**120,468**

[(1)] Includes certain retention bonuses related to the proposed Merger agreed in 2019.

10. OTHER LIABILITIES

Other current and non-current liabilities comprised the following at December 31, 2019 and December 31, 2018:

		December 31, 2019		**December 31, 2018**
Current:				
Deferred revenue	$	9,451	$	9,906
Legal provisions		635		1,978
Operating lease liabilities (Note 11)		3,203		—
Other		226		1,795
Total other current liabilities	**$**	**13,515**	**$**	**13,679**

	December 31, 2019	December 31, 2018
Non-current:		
Deferred tax	$ 21,294	$ 22,545
Derivative instruments (Note 12)	12,670	9,817
Related party Guarantee Fee payable (Note 4)	33,465	33,465
Operating lease liabilities (Note 11)	8,434	—
Other	4,137	1,466
Total other non-current liabilities	**$ 80,000**	**$ 67,293**

During the years ended December 31, 2019, 2018 and 2017, we recognized revenue of US$ 9.7 million, US$ 5.4 million and US$ 4.9 million which we had deferred as at December 31, 2018, 2017 and 2016, respectively.

(Tabular amounts in US$ 000's, except share and per share data)

11. LEASES

We enter into operating and finance leases for offices, production and related facilities, cars and certain equipment. Our leases have remaining lease terms up to ten years.

The components of lease cost for the year ended December 31, 2019 were as follows:

Operating lease cost:		
Short-term operating lease cost	$	6,046
Long-term operating lease cost		4,600
Total operating lease cost	**$**	**10,646**

Finance lease cost:		
Amortization of right-of-use asset	$	5,894
Interest on lease liabilities		355
Total finance lease cost	**$**	**6,249**

The classification of cash flows related to our leases for the year ended December 31, 2019 was as follows:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	4,432
Operating cash flows from finance leases		362
Financing cash flows from finance leases		7,097

Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$	3,802
Finance leases		5,753

(Tabular amounts in US$ 000's, except share and per share data)

Our current and non-current assets and liabilities related to our leasing arrangements comprised the following at December 31, 2019:

Operating Leases		
Operating lease right-of-use-assets, gross	$	15,396
Accumulated amortization		(3,714)
Operating lease right-of-use-assets, net	**$**	**11,682**
Other current liabilities	$	3,203
Other non-current liabilities		8,434
Total operating lease liabilities	**$**	**11,637**
Finance Leases		
Property, plant and equipment, gross	$	35,875
Accumulated depreciation		(15,799)
Property, plant and equipment, net	**$**	**20,076**
Current portion of long-term debt and other financing arrangements	$	6,836
Long-term debt and other financing arrangements		9,496
Total finance lease liabilities	**$**	**16,332**
Weighted Average Remaining Lease Term		**Years**
Operating leases		4.9
Finance leases		2.7
Weighted Average Discount Rate		**Discount Rate**
Operating leases		4.7%
Finance leases		2.1%

Our lease liabilities had the following maturities at December 31, 2019:

		Operating Leases		Finance Leases
2020	$	3,659	$	7,109
2021		3,015		5,645
2022		2,248		2,914
2023		1,467		1,137
2024		888		—
2025 and thereafter		1,859		—
Total undiscounted payments		**13,136**		**16,805**
Less: amount representing interest		(1,499)		(473)
Present value of net minimum lease payments	**$**	**11,637**	**$**	**16,332**

12. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

ASC 820, "Fair Value Measurements and Disclosure", establishes a hierarchy that prioritizes the inputs to those valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are:

Basis of Fair Value Measurement

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted instruments.
Level 2	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

We evaluate the position of each financial instrument measured at fair value in the hierarchy individually based on the valuation methodology we apply. The carrying amount of financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, approximate their fair value due to the short-term nature of these items. The fair value of our long-term debt is included in Note 4, "Long-term Debt and Other Financing Arrangements".

(Tabular amounts in US$ 000's, except share and per share data)

Hedging Activities

Cash Flow Hedges of Interest Rate Risk

We are party to interest rate swap agreements to mitigate our exposure to interest rate fluctuations on the outstanding principal amount of the Euro Loans. These interest rate swaps provide us with variable-rate cash receipts in exchange for fixed-rate payments over the lives of the agreements, with no exchange of the underlying notional amount. These instruments are carried at fair value on our consolidated balance sheets as other current and other non-current liabilities based on their maturity.

We value the interest rate swap agreements using a valuation model which calculates the fair value on the basis of the net present value of the estimated future cash flows. The most significant input used in the valuation model is the expected EURIBOR-based yield curve. These instruments were allocated to Level 2 of the fair value hierarchy because the critical inputs to this model, including current interest rates, relevant yield curves and the known contractual terms of the instruments, were readily observable.

As at December 31, 2019, each instrument is fully designated as a cash flow hedge. All changes in the fair value of these instruments are recorded in accumulated other comprehensive income / loss and subsequently reclassified to interest expense when the hedged item affects earnings.

Information relating to financial instruments is as follows:

Trade Date	Number of Contracts	Aggregate Notional Amount		Maturity Date	Objective	Fair Value as at December 31, 2019	
April 26, 2018	3	EUR	60,335	November 1, 2021	Interest rate hedge underlying 2021 Euro Loan	$	(585)
April 5, 2016	5	EUR	468,800	February 19, 2021	Interest rate hedge underlying 2023 Euro Loan	$	(1,672)
April 26, 2018	4	EUR	468,800	April 26, 2023	Interest rate hedge underlying 2023 Euro Loan, forward starting on February 19, 2021	$	(10,413)

Foreign Currency Risk

From time to time, we have entered into forward foreign exchange contracts to reduce our exposure to movements in foreign exchange rates related to contractual payments under certain dollar-denominated agreements. We had no such agreements outstanding during the year ended December 31, 2019.

Fair Value of Derivatives

The change in fair value of derivatives not recognized within accumulated other comprehensive income / loss comprised the following for the years ended December 31, 2019, 2018 and 2017:

	For The Year Ended December 31,					
		2019		2018		2017
Loss on currency swaps	$	—	$	—	$	(1,380)
Loss on interest rate swaps		(201)		(1,715)		(403)
Change in fair value of derivatives	**$**	**(201)**	**$**	**(1,715)**	**$**	**(1,783)**

13. CONVERTIBLE REDEEMABLE PREFERRED SHARES

200,000 shares of our Series B Convertible Redeemable Preferred Stock, par value US$ 0.08 per share (the "Series B Preferred Shares") were issued and outstanding as at December 31, 2019 and 2018. The Series B Preferred Shares are held by Time Warner Media Holdings B.V. ("TW Investor"), a wholly owned subsidiary of AT&T. As at December 31, 2019 and 2018, the accreted value of the Series B Preferred Shares was US$ 269.4 million. The Series B Preferred Shares have a stated value of US$ 1,000 per share and no longer accrete subsequent to June 24, 2018. As of December 31, 2019, the 200,000 shares of Series B preferred stock were convertible into approximately 111.1 million shares of Class A common stock.

Pursuant to the Certificate of Designation of the Series B Preferred Shares, each Series B Preferred Share may, at the holder's option, be converted into the number of shares of our Class A common stock determined by dividing (i) the accreted stated value plus accrued but unpaid dividends, if any, in each case as of the conversion date, by (ii) the conversion price, which was approximately US$ 2.42 at December 31, 2019, but is subject to adjustment from time to time pursuant to customary weighted-average anti-dilution provisions with respect to our issuances of equity or equity-linked securities at a price below the then-applicable conversion price (excluding any securities issued under our benefit plans at or above fair market value). We have the right to redeem the Series B Preferred Shares in whole or in part upon 30 days' written notice. The redemption price of each outstanding Series B Preferred Share is equal to its accreted stated value plus accrued but unpaid dividends, if any, in each case as of the redemption date specified in the redemption notice. After receipt of a redemption notice, each holder of Series B Preferred Shares will have the right to convert, prior to the date of redemption, all or part of such Series B Preferred Shares to be redeemed by us into shares of our Class A common stock in accordance with the terms of conversion described above.

Holders of the Series B Preferred Shares have no voting rights on any matter presented to holders of any class of our capital stock, with the exception that they may vote with holders of shares of our Class A common stock (i) with respect to a change of control event or (ii) as provided by our Bye-laws or applicable Bermuda law. Holders of Series B Preferred Shares will participate in any dividends declared or paid on our Class A common stock on an as-converted basis. The Series B Preferred Shares will rank pari passu with our Series A Convertible Preferred Stock and senior to all other equity securities of the Company in respect of payment of dividends and distribution of assets upon liquidation. The Series B Preferred Shares have such other rights, powers and preferences as are set forth in the Certificate of Designation for the Series B Preferred Shares.

The Series B Preferred Shares are not considered a liability and the embedded conversion feature does not require bifurcation. The Series B Preferred Shares are classified outside of permanent equity at redemption value. For the years ended December 31, 2018 and 2017, we recognized accretion on the Series B Preferred Shares of US$ 4.8 million and US$ 9.7 million, respectively, with corresponding decreases in additional paid-in capital.

(Tabular amounts in US$ 000's, except share and per share data)

14. EQUITY

Preferred Stock

5,000,000 shares of Preferred Stock were authorized as at December 31, 2019 and 2018.

One share of Series A Convertible Preferred Stock (the "Series A Preferred Share") was issued and outstanding as at December 31, 2019 and 2018. Pursuant to the Certificate of Designation, the Series A Preferred Share is convertible into 11,211,449 shares of Class A common stock on the date that is 61 days after the date on which the ownership of our outstanding shares of Class A common stock by a group that includes TW Investor and its affiliates would not be greater than 49.9%. The Series A Preferred Share is entitled to one vote per each share of Class A common stock into which it is convertible and has such other rights, powers and preferences, including potential adjustments to the number of shares of Class A common stock to be issued upon conversion, as are set forth in the Certificate of Designation for the Series A Preferred Share.

200,000 shares of Series B Preferred Shares were issued and outstanding as at December 31, 2019 and 2018 (see Note 13, "Convertible Redeemable Preferred Shares"). As of December 31, 2019, the 200,000 Series B Preferred Shares were convertible into approximately 111.1 million shares of Class A common stock.

Class A and Class B Common Stock

440,000,000 shares of Class A common stock and 15,000,000 shares of Class B common stock were authorized as at December 31, 2019 and 2018. The rights of the holders of Class A common stock and Class B common stock are identical except for voting rights. The shares of Class A common stock are entitled to one vote per share and the shares of Class B common stock are entitled to ten votes per share. Shares of Class B common stock are convertible into shares of Class A common stock on a one-for-one basis for no additional consideration and automatically convert into shares of Class A common stock on a one-for-one basis when the number of shares of Class B common stock is less than 10% of the total number of shares of common stock outstanding. Holders of each class of shares are entitled to receive dividends and upon liquidation or dissolution are entitled to receive all assets available for distribution to holders of our common stock. Under our Bye-laws, the holders of each class have no pre-emptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares.

There were 253.6 million and 252.9 million shares of Class A common stock outstanding at December 31, 2019 and 2018, respectively, and no shares of Class B common stock outstanding at December 31, 2019 or 2018.

As at December 31, 2019, TW Investor owns 64% of the outstanding shares of Class A common stock. In connection with the exercise of warrants (described below) by Warner Media and TW Investor in April 2018, each of them issued standing proxies to the independent directors of the Company, pursuant to which they granted the independent directors the right to vote the approximately 100.9 million shares of Class A common stock received on the exercise of those warrants (the "Warrant Shares") on all matters other than at any general meeting where the agenda includes a change in control transaction. In accordance with these proxies, the Warrant Shares will be voted in proportion to votes cast at such a general meeting of the Company, excluding such Warrant Shares. Warner Media and TW Investor have undertaken to maintain this proxy arrangement in effect until April 2020 and may at their option extend it for an additional year from that date. After giving effect to its ownership of the Series A Preferred Share, Warner Media has a 44.3% voting interest in the Company at any meeting where the Warrant Shares are voted pursuant to the standing proxies.

Accumulated Other Comprehensive Loss

The movement in accumulated other comprehensive loss during the years ended December 31, 2019, 2018 and 2017 comprised the following:

	For The Year Ended December 31,		
	2019	2018	2017
BALANCE, beginning of year	**$ (216,650)**	**$ (187,438)**	**$ (243,988)**
Currency translation adjustment, net			
Balance, beginning of year	$ (207,668)	$ (184,256)	$ (239,537)
Foreign exchange gain / (loss) on intercompany loans [1]	2,519	(1,061)	11,326
Foreign exchange (loss) / gain on the Series B Preferred Shares	(5,129)	(12,527)	33,444
Currency translation adjustments	(3,677)	(9,824)	10,511
Balance, end of year	$ (213,955)	$ (207,668)	$ (184,256)
Unrealized loss on derivative instruments designated as hedging instruments			
Balance, beginning of year	$ (8,982)	$ (3,182)	$ (4,451)
Change in the fair value of hedging instruments	(5,870)	(9,455)	(1,942)
Amounts reclassified from accumulated other comprehensive loss:			
Changes in fair value of hedging instruments reclassified to interest expense	1,726	2,220	2,764
Changes in fair value of hedging instruments reclassified to other non-operating expense, net	165	1,435	447
Balance, end of year	$ (12,961)	$ (8,982)	$ (3,182)
BALANCE, end of year	**$ (226,916)**	**$ (216,650)**	**$ (187,438)**

(1) Represents foreign exchange gains and losses on intercompany loans that are of a long-term investment nature which are reported in the same manner as translation adjustments.

(Tabular amounts in US$ 000's, except share and per share data)

15. INTEREST EXPENSE

Interest expense comprised the following for the years ended December 31, 2019, 2018 and 2017:

	For The Year Ended December 31,		
	2019	2018	2017
Interest on long-term debt and other financing arrangements	$ 27,308	$ 44,604	$ 77,170
Amortization of capitalized debt issuance costs	3,386	4,502	6,018
Total interest expense	**$ 30,694**	**$ 49,106**	**$ 83,188**

We paid cash interest (including mandatory cash-pay Guarantee Fees) of US$ 26.7 million, US$ 43.4 million and US$ 47.2 million during the years ended December 31, 2019, 2018 and 2017, respectively.

16. OTHER NON-OPERATING INCOME / EXPENSE, NET

Other non-operating income / expense, net comprised the following for the years ended December 31, 2019, 2018 and 2017:

	For The Year Ended December 31,		
	2019	2018	2017
Interest income	$ 467	$ 725	$ 536
Foreign currency exchange (loss) / gain, net	(2,376)	(2,691)	17,761
Change in fair value of derivatives (Note 12)	(201)	(1,715)	(1,783)
Loss on extinguishment of debt	(340)	(415)	(101)
Other income, net	242	508	428
Total other non-operating (expense) / income, net	**$ (2,208)**	**$ (3,588)**	**$ 16,841**

17. STOCK-BASED COMPENSATION

Subsequent to the amendment approved at our Annual General Meeting on May 20, 2019, our 2015 Stock Incentive Plan (the "2015 Plan") has 16,000,000 shares of Class A common stock authorized for grants of stock options, restricted stock units ("RSU"), restricted stock and stock appreciation rights to employees and non-employee directors. Under the 2015 Plan, awards are made to employees and directors at the discretion of the Compensation Committee.

For the years ended December 31, 2019, 2018 and 2017, we recognized charges for stock-based compensation of US$ 4.2 million, US$ 7.1 million and US$ 4.4 million, respectively, presented as a component of selling, general and administrative expenses in our consolidated statements of operations and comprehensive income / loss. Stock-based compensation expense recognized during the year ended December 31, 2018 includes US$ 2.9 million related to the accelerated vesting of RSUs with performance conditions in accordance with the terms of the corresponding award agreement following the completion of sale of the Company's Croatian operations on July 31, 2018.

Stock Options

Grants of options allow the holders to purchase shares of Class A common stock at an exercise price, which is generally the market price prevailing at the date of the grant, with vesting between one and four years after the awards are granted. There was no option activity during the years ended December 31, 2019, 2018 and 2017. The summary of stock options outstanding as at December 31, 2019 and December 31, 2018 is presented below:

	Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2018	**2,011,392**	**$ 2.32**	**6.58**	**$ 916**
Outstanding at December 31, 2019	**2,011,392**	**$ 2.32**	**5.58**	**$ 4,436**
Vested or expected to vest at December 31, 2019	2,011,392	$ 2.32	5.58	$ 4,436
Exercisable at December 31, 2019	1,908,544	$ 2.32	5.55	$ 4,223

When options are vested, holders may exercise them at any time up to the maximum contractual life of the instrument which is specified in the option agreement. At December 31, 2019, the maximum life of options that were issued under the 2015 Plan was ten years. Upon providing the appropriate written notification, holders pay the exercise price and receive shares. Shares delivered in respect of stock options are newly issued shares.

The aggregate intrinsic value (the difference between the stock price on the last day of trading of the fourth quarter of 2019 and the exercise prices multiplied by the number of in-the-money options) represents the total intrinsic value that would have been received by the option holders had they exercised all in-the-money options as at December 31, 2019. This amount changes based on the fair value of our Class A common stock. All unvested stock options at December 31, 2019 will vest in March 2020.

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Restricted Stock Units with Time-Based Vesting

Each RSU represents a right to receive one share of Class A common stock of the Company for each RSU that vests in accordance with a time-based vesting schedule, generally between one to four years from the date of grant. Holders of RSU awards are not entitled to receive cash dividend equivalents prior to the vesting of awards and are not entitled to vote shares underlying awards.

The following table summarizes information about unvested RSUs as at December 31, 2019:

	Number of Shares / Units		Weighted-Average Grant Date Fair Value
Unvested at December 31, 2018	**1,996,355**	**$**	**3.68**
Granted	1,191,586		3.57
Vested	(855,260)		3.49
Unvested at December 31, 2019	**2,332,681**	**$**	**3.69**

The intrinsic value of unvested RSUs was US$ 10.6 million as at December 31, 2019. Total unrecognized compensation cost related to unvested RSUs as at December 31, 2019 was US$ 5.9 million and is expected to be recognized over a weighted-average period of 2.2 years.

Restricted Stock Units with Performance Conditions

Each RSU with performance conditions ("PRSU") represents a right to receive one share of Class A common stock of the Company for each PRSU that vests in accordance with a performance-based vesting schedule. The performance-based vesting schedule sets forth specified objectives for unlevered free cash flow and OIBDA over defined periods and by defined dates. Holders of PRSU awards are not entitled to receive cash dividend equivalents prior to the vesting of awards and are not entitled to vote shares underlying awards.

On December 4, 2018, the 2018 PRSU Award was granted with unlevered free cash flow and OIBDA targets corresponding to two, three and four-year performance periods ended December 31, 2020, 2021 and 2022, respectively. The maximum achievement under the 2018 PRSU Award is 200% of the shares allotted to the corresponding target. At December 31, 2019 and 2018, there were 501,572 unvested shares with a weighted-average grant date fair value of US$ 3.19. There were no new awards granted or vested and we recognized US$ 0.2 million of related compensation cost during the year ended December 31, 2019 in respect of performance targets considered probable of being achieved.

The intrinsic value of unvested PRSUs was US$ 2.3 million as at December 31, 2019. Total unrecognized compensation cost related to unvested PRSUs as at December 31, 2019 was US$ 1.4 million of which US$ 0.2 million is related to performance targets currently considered probable of being achieved and will be recognized over a period of 1.2 years.

18. INCOME TAXES

As our investments are predominantly owned by Dutch holding companies, the components of the provision for income taxes and of the income / (loss) before tax have been analyzed between their Netherlands and non-Netherlands components. Similarly, the Dutch corporate income tax rates have been used in the reconciliation of income taxes.

Income from continuing operations before income taxes

The Netherlands and non-Netherlands components of income from continuing operations before income taxes are:

	For The Year Ended December 31,					
		2019		2018		2017
Domestic	$	(19,557)	$	(38,434)	$	(50,344)
Foreign		173,991		163,327		123,911
Total	**$**	**154,434**	**$**	**124,893**	**$**	**73,567**

Total tax provision for the years ended December 31, 2019, 2018 and 2017 was allocated as follows:

	For The Year Ended December 31,					
		2019		2018		2017
Income tax provision from continuing operations	$	(35,226)	$	(27,828)	$	(22,504)
Income tax provision from discontinued operations		—		(1,423)		(1,226)
Total tax provision	**$**	**(35,226)**	**$**	**(29,251)**	**$**	**(23,730)**

(Tabular amounts in US$ 000's, except share and per share data)

Provision for Income Taxes

The Netherlands and non-Netherlands components of the provision for income taxes from continuing operations consist of:

	For The Year Ended December 31,		
	2019	2018	2017
Current income tax provision:			
Domestic	$ —	$ —	$ —
Foreign	(35,973)	(25,308)	(22,273)
	(35,973)	**(25,308)**	**(22,273)**
Deferred tax provision:			
Domestic	—	—	—
Foreign	747	(2,520)	(231)
	747	**(2,520)**	**(231)**
Provision for income taxes	**$ (35,226)**	**$ (27,828)**	**$ (22,504)**

Reconciliation of Effective Income Tax Rate

The following is a reconciliation of income taxes, calculated at statutory Netherlands rates, to the provision for income taxes included in the accompanying consolidated statements of operations and comprehensive income / loss for the years ended December 31, 2019, 2018 and 2017:

	For The Year Ended December 31,		
	2019	2018	2017
Income taxes at Netherlands rates (25%)	$ (38,596)	$ (31,206)	$ (18,378)
Jurisdictional differences in tax rates	7,863	10,384	7,303
Non-deductible interest	—	(2,455)	(248)
Losses expired	(12,196)	(7,111)	(7,583)
Change in valuation allowance [1]	3,139	26,042	(6,242)
Unrecognized tax benefits	—	1,077	—
Effect of change in tax rate [1]	5,000	(21,982)	—
Non-deductible expenses	(872)	(879)	207
Other	436	(1,698)	2,437
Provision for income taxes	**$ (35,226)**	**$ (27,828)**	**$ (22,504)**

(1) The effect of change in tax rate in 2019 and 2018 is the impact of tax rates enacted in the Netherlands on the tax benefit of loss carry-forwards.

In 2017, the net provision for income taxes was more than the provision computed at statutory tax rates primarily due to losses on which no tax benefit has been received.

(Tabular amounts in US$ 000's, except share and per share data)

Components of Deferred Tax Assets and Liabilities

The following table shows the significant components included in deferred income taxes as at December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
Assets:		
Tax benefit of loss carry-forwards and other tax credits	$ 92,895	$ 103,468
Programming rights	2,510	2,211
Property, plant and equipment	2,989	3,088
Accrued expenses	4,607	3,922
Other	7,101	2,997
Gross deferred tax assets	**110,102**	**115,686**
Valuation allowance	(98,915)	(103,126)
Net deferred tax assets	**$ 11,187**	**$ 12,560**
Liabilities:		
Broadcast licenses, trademarks and customer relationships	$ (20,156)	$ (21,979)
Property, plant and equipment	(542)	(293)
Programming rights	(4,491)	(5,123)
Tax payable on potential distribution of reserves	(5,031)	(4,379)
Other	—	(920)
Total deferred tax liabilities	**(30,220)**	**(32,694)**
Net deferred income tax liability	**$ (19,033)**	**$ (20,134)**

Deferred tax is recognized on the consolidated balance sheet as follows:

	December 31, 2019	December 31, 2018
Net non-current deferred tax assets	$ 2,261	$ 2,411
Net non-current deferred tax liabilities	(21,294)	(22,545)
Net deferred income tax liability	**$ (19,033)**	**$ (20,134)**

We provided a valuation allowance against potential deferred tax assets of US$ 98.9 million and US$ 103.1 million as at December 31, 2019 and 2018, respectively, since it has been determined by management, based on the weight of all available evidence, that it is more likely than not that the benefits associated with these assets will not be realized.

During 2019 and 2018, we had the following movements on valuation allowances:

Balance at December 31, 2017	**$ 133,477**
Created during the period	100
Utilized	(26,142)
Foreign exchange	(5,569)
Other	1,260
Balance at December 31, 2018	**103,126**
Created during the period	3,773
Utilized	(6,912)
Foreign exchange	(1,936)
Other	864
Balance at December 31, 2019	**$ 98,915**

As of December 31, 2019 we had operating loss carry-forwards that will expire in the following periods:

	2020	2021	2022	2023	2024-27	Indefinite
The Netherlands	$ 47,688	$ 50,014	$ 53,674	$ 57,042	$ 209,378	$ —
Slovenia	—	—	—	—	—	9,810
United Kingdom	—	—	—	—	—	1,960
Total	**$ 47,688**	**$ 50,014**	**$ 53,674**	**$ 57,042**	**$ 209,378**	**$ 11,770**

The losses are subject to examination by the tax authorities and to restriction on their utilization. In particular, the losses can only be utilized against profits arising in the legal entity in which they arose. The utilization of the losses may also be restricted following a change of business activity.

(Tabular amounts in US$ 000's, except share and per share data)

We have provided valuation allowances against substantially all of the above loss carry-forwards.

As at December 31, 2019 and 2018, we had no permanently reinvested earnings in subsidiaries giving rise to a temporary difference.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance at December 31, 2017	**$**	**1,052**
Settlement		(1,077)
Foreign exchange		25
Balance at December 31, 2018	**$**	—

We do not have any unrecognized tax benefits activity during the year ended December 31, 2019 and do not anticipate a material increase or decrease in unrecognized tax benefits within the next 12 months.

Our subsidiaries file income tax returns in the Netherlands and various other tax jurisdictions. As at December 31, 2019, our subsidiaries are generally no longer subject to income tax examinations for years before:

Tax Jurisdiction	Year
Bulgaria	2015
Czech Republic	2012
The Netherlands	2018
Romania	2014
Slovak Republic	2012
Slovenia	2014
United Kingdom	2018

We recognize, when applicable, both accrued interest and penalties related to unrecognized tax benefits in income tax expense in the accompanying consolidated statements of operations and comprehensive income / loss. There were no significant interest or penalties accrued in the years ended December 31, 2019, 2018 and 2017.

(Tabular amounts in US$ 000's, except share and per share data)

19. EARNINGS PER SHARE

We determined that the Series B Preferred Shares are a participating security, and accordingly, our basic and diluted net income / loss per share is calculated using the two-class method. Under the two-class method, basic net income / loss per common share is computed by dividing the net income available to common shareholders after deducting contractual amounts of accretion on the Series B Preferred Shares and the income allocated to these shares by the weighted-average number of common shares outstanding during the period. Diluted net income / loss per share is computed by dividing the adjusted net income by the weighted-average number of dilutive shares outstanding during the period after adjusting for the impact of those dilutive shares on the allocation of income to the Series B Preferred Shares.

The components of basic and diluted earnings per share are as follows:

	For The Year Ended December 31,		
	2019	2018	2017
Income from continuing operations	**$ 119,208**	**$ 97,065**	**$ 51,063**
Net (income) / loss attributable to noncontrolling interests	(74)	79	341
Less: preferred share accretion paid in kind (Note 13)	—	(4,777)	(9,694)
Less: income allocated to Series B Preferred Shares	(35,237)	(29,956)	(16,994)
Income / (loss) from continuing operations available to common shareholders, net of noncontrolling interest	**83,897**	**62,411**	**24,716**
Income / (loss) from discontinued operations, net of tax	—	60,548	(1,636)
Less: (income) / loss allocated to Series B Preferred Shares	—	(19,637)	667
Net income attributable to CME Ltd. available to common shareholders — basic	**83,897**	**103,322**	**23,747**
Effect of dilutive securities			
Dilutive effect of employee stock options, RSUs and common stock warrants	148	3,653	3,829
Net income attributable to CME Ltd. available to common shareholders — diluted	**$ 84,045**	**$ 106,975**	**$ 27,576**
Weighted average outstanding shares of common stock — basic [(1)]	264,611	230,562	155,846
Dilutive effect of employee stock awards and common stock warrants	1,587	27,132	80,558
Weighted average outstanding shares of common stock — diluted	**266,198**	**257,694**	**236,404**
Net income / (loss) per share:			
Continuing operations — basic	$ 0.32	$ 0.27	$ 0.16
Continuing operations — diluted	0.32	0.25	0.12
Discontinued operations — basic	—	0.18	(0.01)
Discontinued operations — diluted	—	0.17	0.00
Attributable to CME Ltd. — basic	0.32	0.45	0.15
Attributable to CME Ltd. — diluted	0.32	0.42	0.12

(1) For the purpose of computing basic earnings per share, the 11,211,449 shares of Class A common stock underlying the Series A Preferred Share are included in the weighted average outstanding shares of common stock - basic, because the rights of the Series A Preferred Share are considered substantially similar to that of our Class A common stock.

Weighted-average, equity awards and convertible shares are excluded from the calculation of diluted earnings per share if their effect would be anti-dilutive. The following instruments were anti-dilutive for the periods presented, but may be dilutive in future periods:

	For The Year Ended December 31,		
	2019	2018	2017
RSUs	376	1,506	144
Total	**376**	**1,506**	**144**

These instruments may become dilutive in the future. As set forth in the Certificate of Designation for the Series B Preferred Shares, the holders of our Series B Preferred Shares are not contractually obligated to share in our losses.

(Tabular amounts in US$ 000's, except share and per share data)

20. SEGMENT DATA

We manage our business on a geographical basis, with five operating segments: Bulgaria, the Czech Republic, Romania, the Slovak Republic and Slovenia, which are also our reportable segments and our main operating countries. 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.

Our segments generate revenues primarily from the sale of advertising and sponsorship on our channels and digital properties. This is supplemented by revenues from cable and satellite television service providers that carry our channels on their platforms and from revenues through the sale of distribution rights to third parties. We do not rely on any single major customer or group of major customers. Intersegment revenues and profits have been eliminated in consolidation.

We evaluate our consolidated results and the performance of our segments based on net revenues and OIBDA (as defined below). We believe OIBDA is useful to investors because it provides a meaningful representation of our performance as it excludes certain items that either do not impact our cash flows or do not impact the operating results of our operations. OIBDA is also used as a component 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, impairments of assets and certain unusual or infrequent items that are not considered by our chief operating decision makers when evaluating our performance.

Below are tables showing our net revenues, OIBDA, total assets, capital expenditures and long-lived assets for our continuing operations by segment for the years ended December 31, 2019, 2018 and 2017 for consolidated statements of operations and comprehensive income / loss data and consolidated statements of cash flow data; and as at December 31, 2019 and 2018 for consolidated balance sheet data.

Net revenues:	**For The Year Ended December 31,**		
	2019	**2018**	**2017**
Bulgaria	$ 83,406	$ 84,593	$ 77,341
Czech Republic	237,320	233,991	209,041
Romania	188,251	201,505	191,244
Slovak Republic	108,003	106,834	97,721
Slovenia	80,809	79,587	68,696
Intersegment revenues (1)	(2,985)	(2,604)	(1,175)
Total net revenues	**$ 694,804**	**$ 703,906**	**$ 642,868**

(1) Reflects revenues earned from the sale of content to other country segments in CME Ltd. All other revenues are third party revenues.

OIBDA:	**For The Year Ended December 31,**		
	2019	**2018**	**2017**
Bulgaria	$ 25,720	$ 21,620	$ 16,241
Czech Republic	101,617	94,576	82,652
Romania	87,727	85,737	73,418
Slovak Republic	35,350	27,941	23,845
Slovenia	26,395	22,516	14,263
Elimination	15	34	(3)
Total operating segments	**276,824**	**252,424**	**210,416**
Corporate	(28,900)	(29,750)	(30,649)
Total OIBDA	**247,924**	**222,674**	**179,767**
Depreciation of property, plant and equipment	(33,536)	(32,933)	(31,261)
Amortization of broadcast licenses and other intangibles	(8,457)	(9,002)	(8,592)
Other items (1)	(18,595)	(3,152)	—
Operating income	**187,336**	**177,587**	**139,914**
Interest expense (Note 15)	(30,694)	(49,106)	(83,188)
Other non-operating (expense) / income, net (Note 16)	(2,208)	(3,588)	16,841
Income before tax	**$ 154,434**	**$ 124,893**	**$ 73,567**

(1) Other items during the year ended December 31, 2019 reflects costs relating to the strategic review and resulting proposed Merger, primarily the full recognition of executive employee retention agreements and financial and professional fees and is reflected in selling, general and administrative expenses in our consolidated statements of operations. Other items during the year ended December 31, 2018 consists solely of expense related to the accelerated vesting of RSUs with performance conditions in accordance with the terms of the corresponding award agreement following the completion of sale of the Company's Croatian operations on July 31, 2018.

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Total assets: [1]		**December 31, 2019**		**December 31, 2018**
Bulgaria	$	135,593	$	142,165
Czech Republic		758,479		771,286
Romania		289,968		297,937
Slovak Republic		150,806		146,252
Slovenia		92,144		89,440
Total operating segments		**1,426,990**		**1,447,080**
Corporate		20,872		41,281
Total assets	**$**	**1,447,862**	**$**	**1,488,361**

(1) Segment assets exclude any intercompany balances.

Capital expenditures:	**For The Year Ended December 31,**					
		2019		**2018**		**2017**
Bulgaria	$	6,023	$	4,222	$	4,584
Czech Republic		8,212		9,012		10,449
Romania		4,628		4,767		6,639
Slovak Republic		1,754		1,601		1,963
Slovenia		3,496		4,200		3,171
Total operating segments		**24,113**		**23,802**		**26,806**
Corporate		310		781		1,309
Total capital expenditures	**$**	**24,423**	**$**	**24,583**	**$**	**28,115**

Long-lived assets: [1]		**December 31, 2019**		**December 31, 2018**
Bulgaria	$	13,538	$	10,627
Czech Republic		36,760		39,314
Romania		31,115		33,368
Slovak Republic		16,201		16,376
Slovenia		15,207		15,955
Total operating segments		**112,821**		**115,640**
Corporate		1,080		1,964
Total long-lived assets	**$**	**113,901**	**$**	**117,604**

(1) Reflects property, plant and equipment, net.

Revenues from contracts with customers comprised the following:

Consolidated revenue by type:	**For The Year Ended December 31,**					
		2019		**2018**		**2017**
Television advertising	$	547,524	$	562,450	$	523,516
Carriage fees and subscriptions		117,652		113,746		95,823
Other		29,628		27,710		23,529
Total net revenues	**$**	**694,804**	**$**	**703,906**	**$**	**642,868**

Management reviews the performance of our operations based on the above revenue types as well as on a geographic basis as described above. Management does not review other disaggregations of revenues from contracts with customers.

(Tabular amounts in US$ 000's, except share and per share data)

21. COMMITMENTS AND CONTINGENCIES

Commitments

a) Programming Rights Agreements and Other Commitments

At December 31, 2019, we had total commitments of US$ 103.5 million (December 31, 2018: US$ 62.8 million) in respect of future programming, including contracts signed with license periods starting after the balance sheet date. In addition, we have digital transmission obligations and other commitments as follows:

	Programming purchase obligations	Other commitments
2020	$ 36,932	$ 12,740
2021	24,944	5,705
2022	23,049	5,775
2023	11,601	5,900
2024	5,528	—
2025 and thereafter	1,452	—
Total	**$ 103,506**	**$ 30,120**

Contingencies

Litigation

We are from time to time party to legal proceedings, arbitrations and regulatory proceedings arising in the normal course of our business operations, including the proceeding described below. We evaluate, on a quarterly basis, developments in such matters and provide accruals for such matters, as appropriate. In making such decisions, we consider the degree of probability of an unfavorable outcome and our ability to make a reasonable estimate of the amount of a loss. An unfavorable outcome in any such proceedings, if material, could have an adverse effect on our business or consolidated financial statements.

In the fourth quarter of 2016, our Slovak subsidiary MARKIZA-SLOVAKIA, spol. s.r.o. ("Markiza") was notified of claims that were filed in June 2016 in a court of first instance in Bratislava, the Slovak Republic to collect amounts allegedly owing under four promissory notes that have a collective face value of approximately EUR 69.0 million. These four promissory notes were purportedly issued in June 2000 by Pavol Rusko in his personal capacity and were purportedly guaranteed by Markiza under the signature of Mr. Rusko, who was an executive director of Markiza at that time as well as one of its shareholders. Two of the notes purport to be issued in favor of Marian Kocner, a controversial Slovak businessman, and the other two to a long-time associate of Mr. Kocner. All four notes were supposedly assigned several times, for no apparent consideration, to companies owned by or associated with Mr. Kocner and ultimately to Sprava a inkaso zmeniek, s.r.o., a company owned by Mr. Kocner that initiated the claims for payment in these proceedings.

Two of the notes, each of which purportedly has a face value of approximately EUR 8.3 million, allegedly matured in 2015. The other two notes, which were purportedly issued in blank, had the amount of approximately EUR 26.2 million inserted on each of them by Mr. Kocner or someone associated with him in mid-2016, shortly before their alleged maturity. The four notes accrue interest from their purported maturity dates. Although Mr. Rusko has asserted in testimony in the civil proceedings that he signed the notes in June 2000, we do not believe that the notes were signed in June 2000 or that any of the notes are authentic.

Despite a random case assignment system in the Slovak Republic, claims in respect of three of the notes were initially assigned to the same judge. One of those claims, concerning one of the promissory notes having a face value of approximately EUR 8.3 million (the "First PN Case"), was subsequently reassigned. Proceedings on the claim in respect of the fourth promissory note (in the amount of approximately EUR 26.2 million) (the "Fourth PN Case") were initially terminated in January 2017 by the presiding judge because the plaintiff failed to pay court fees and were terminated a second time by a different presiding judge in September 2017 after the plaintiff refiled but failed to pay court fees a second time.

During the first quarter of 2018, the court of first instance began to schedule hearings in respect of the First PN Case in respect of the claims relating to the second promissory note having a face value of approximately EUR 8.3 million (the "Second PN Case") and one of the promissory notes having a face value of approximately EUR 26.2 million (the "Third PN Case").

On April 26, 2018, the judge in the First PN Case ruled in favor of the plaintiff. Markiza appealed that decision.

On May 14, 2018, Markiza filed a criminal complaint with the Special Prosecutor's Office of the Slovak Republic (the "Special Prosecutor's Office") alleging that Mr. Kocner and Mr. Rusko committed the offenses of (1) counterfeiting, falsification, and illegal production of money and securities and (2) obstruction or perversion of justice. The Special Prosecutor's Office opened criminal proceedings in the matter at that time.

On June 20, 2018, the Special Prosecutor's Office issued a decision to formally charge Mr. Kocner and Mr. Rusko with counterfeiting, falsification, and illegal production of money and securities and with obstruction or perversion of justice. Following this decision, Mr. Kocner has been taken into pre-trial custody by the Slovak authorities, where he has remained. Subsequently, the Special Prosecutor's Office has charged Mr. Kocner's long-time associate, who received two of the alleged promissory notes as the original beneficial owner and purported to endorse those notes to a company controlled by Mr. Kocner, with counterfeiting, falsification, and illegal production of money and securities.

On October 12, 2018, the court of first instance terminated proceedings in respect of the Second PN Case because the plaintiff failed to pursue the claim, which the plaintiff appealed.

On December 14, 2018, the appellate court suspended proceedings in respect of the First PN Case until a final and enforceable decision has been rendered in the criminal proceedings.

On December 21, 2018, the appellate court reversed the decision of the court of first instance to terminate the Second PN Case and directed the case be tried on the merits.

CENTRAL EUROPEAN MEDIA ENTERPRISES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in US$ 000's, except share and per share data)

On March 19, 2019, following the conclusion of the pre-trial investigation, the Special Prosecutor's Office formally indicted Mr. Kocner and Mr. Rusko with counterfeiting, falsification, and illegal production of money and securities and with obstruction or perversion of justice and filed the indictment with the Special Criminal Court of the Slovak Republic.

On March 25, 2019, Markiza filed a complaint with the Slovak Constitutional Court in respect of the appellate court decision in the Second PN Case, which was accepted on October 2, 2019.

On May 14, 2019, the court of first instance decided to suspend proceedings in respect of the Second PN Case until a final and enforceable decision has been rendered in the criminal proceedings.

There have been no hearings held in respect of the Third PN Case since the initiation of the criminal proceedings. On May 14, 2019, the court of first instance decided to suspend proceedings in respect of the Third PN Case until a final and enforceable decision has been rendered in the criminal proceedings.

The plaintiff re-filed its claim with respect to the Fourth PN Case, which purportedly has a face value of approximately EUR 26.2 million, on May 13, 2019 and subsequently paid the requisite court fees. On June 6, 2019, the court of first instance decided to suspend proceedings in respect of the Fourth PN Case until a final and enforceable decision has been rendered in the criminal proceedings.

Accordingly, civil proceedings in respect of all four promissory notes have now been suspended until a final and enforceable decision is rendered in the criminal proceedings. Criminal proceedings commenced in July 2019 and are ongoing. The Special Criminal Court overseeing the criminal proceedings has scheduled hearing dates into mid-February 2020.

In the event any of the civil proceedings are not dismissed as a result of the successful conclusion of the criminal proceedings, Markiza will continue to vigorously defend the claims.

Based on the facts and circumstances of these cases, we have not accrued any amounts in respect of these claims.

22. RELATED PARTY TRANSACTIONS

We consider our related parties to be our officers, directors and shareholders who have direct control and/or influence over the Company as well as other parties that can significantly influence management. We have identified transactions with individuals or entities associated with AT&T, which is represented on our Board of Directors and holds a 44.3% voting interest in CME Ltd. (see Note 14, "Equity") as at December 31, 2019, as material related party transactions.

AT&T

	For The Year Ended December 31, 2019	2018	2017
Cost of revenues	$ 20,666	$ 22,609	$ 22,373
Interest expense	17,380	31,867	62,501

	December 31, 2019	December 31, 2018
Programming liabilities	$ 10,553	$ 12,171
Other accounts payable and accrued liabilities	267	292
Accrued interest payable [(1)]	1,103	1,749
Other non-current liabilities [(2)]	33,465	33,465

(1) Amount represents accrued Guarantee Fees for which we have not yet paid. See Note 4, "Long-term Debt and Other Financing Arrangements".

(2) Amount represents Guarantee Fees for which we had previously made an election to pay in kind. See Note 4, "Long-term Debt and Other Financing Arrangements".

23. QUARTERLY FINANCIAL DATA

Selected quarterly financial data for the years ended December 31, 2019 and 2018 is as follows:

	For the Year Ended December 31, 2019			
	First Quarter (Unaudited)	Second Quarter (Unaudited)	Third Quarter (Unaudited)	Fourth Quarter (Unaudited)
Consolidated Statements of Operations and Comprehensive Income / Loss Data:				
Net revenues	$ 146,559	$ 183,599	$ 138,851	$ 225,795
Cost of revenues	94,028	94,429	82,510	110,567
Operating income	27,637	60,462	30,783	68,454
Income from continuing operations	11,751	44,078	13,522	49,857
Net income	11,751	44,078	13,522	49,857
Net income attributable to CME Ltd.	11,758	43,959	13,745	49,672
Net income per share:				
Continuing operations — basic	$ 0.03	$ 0.12	$ 0.04	$ 0.13
Continuing operations — diluted	0.03	0.12	0.04	0.13
Attributable to CME Ltd. — basic	0.03	0.12	0.04	0.13
Attributable to CME Ltd. — diluted	0.03	0.12	0.04	0.13

For the Year Ended December 31, 2018

	First Quarter (Unaudited)	Second Quarter (Unaudited)	Third Quarter (Unaudited)	Fourth Quarter (Unaudited)
Consolidated Statements of Operations and Comprehensive Income / Loss Data:				
Net revenues	$ 156,709	$ 181,908	$ 137,038	$ 228,251
Cost of revenues	103,670	104,997	84,588	114,850
Operating income	24,581	50,017	22,197	80,792
Income from continuing operations	6,756	23,675	10,609	56,025
Income from discontinued operations, net of tax	316	2,350	57,882	—
Net income	7,072	26,025	68,491	56,025
Net income attributable to CME Ltd.	7,250	26,041	68,571	55,830
Net (loss) / income per share (as adjusted):				
Continuing operations — basic	$ 0.02	$ 0.06	$ 0.03	$ 0.15
Continuing operations — diluted	0.01	0.06	0.03	0.15
Discontinued operations — basic	0.00	0.01	0.15	—
Discontinued operations — diluted	0.00	0.00	0.15	—
Attributable to CME Ltd. — basic	0.02	0.07	0.18	0.15
Attributable to CME Ltd. — diluted	0.01	0.06	0.18	0.15

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures designed to ensure that information required to be disclosed in our Annual Report on Form 10-K is recorded, processed, summarized and reported within the specified time periods and is designed to ensure that information required to be disclosed is accumulated and communicated to management, including the co-Chief Executive Officers and the Chief Financial Officer to allow timely decisions regarding required disclosure.

Our co-Chief Executive Officers and our Chief Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of December 31, 2019 and concluded that our disclosure controls and procedures were effective as of that date.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. We have performed an assessment of the design and operating effectiveness of our internal control over financial reporting as of December 31, 2019. This assessment was performed under the direction and supervision of our co-Chief Executive Officers and our Chief Financial Officer, and utilized the framework established in "Internal Control - Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on that evaluation, we concluded that as of December 31, 2019, our internal control over financial reporting was effective. Our independent registered public accounting firm, Ernst & Young LLP, has audited our financial statements and issued a report on the effectiveness of internal control over financial reporting, which is included herein.

Changes in Internal Controls

There were no changes in our internal controls over financial reporting during the three month period ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and the Shareholders of Central European Media Enterprises Ltd.

Opinion on Internal Control over Financial Reporting

We have audited Central European Media Enterprises Ltd.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Central European Media Enterprises Ltd.'s (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Central European Media Enterprises Ltd. as of December 31, 2019 and 2018, the related consolidated statements of operations and comprehensive income / loss, equity and cash flows for each of the three years in the period ended December 31, 2019, of the Company and our report dated February 6, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Annual Report on Form 10-K. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

London, United Kingdom

February 6, 2020

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 is incorporated herein by reference to the sections entitled “Election of Directors,” “Executive Officers,” “Corporate Governance and Board of Director Matters” and “Delinquent Section 16(a) Reports” in our Proxy Statement for the 2020 Annual General Meeting of Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to the sections entitled “Compensation Discussion and Analysis”, “Summary Compensation Table”, “Compensation Committee Report” and “Compensation Committee Interlocks and Insider Participation” in our Proxy Statement for the 2020 Annual General Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 relating to the security ownership of certain beneficial owners and management is incorporated herein by reference to the section entitled “Security Ownership of Certain Beneficial Owners and Management" in our Proxy Statement for the 2020 Annual General Meeting of Shareholders.

Equity Compensation Plan Information

The following table provides information as of December 31, 2019 about common stock that may be issued upon the exercise of options, warrants and rights under all of our existing equity compensation plans.

Equity Compensation Plan Information

	(a)	(b)	(c)
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders:			
Stock options	2,011,392	$2.32	[1]
Restricted stock units	2,834,253	n/a	[1]
Equity compensation plans not approved by security holders	—	—	—
Total	**4,845,645**	**$2.32**	**10,078,617**

[1] There were 10,078,617 shares available for issuance under CME’s 2015 Stock Incentive Plan at December 31, 2019 after reflecting both stock options and restricted stock units in column (a).

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated herein by reference to the sections entitled “Certain Relationships and Related Party Transactions” and “Corporate Governance and Board of Director Matters” in our Proxy Statement for the 2020 Annual General Meeting of Shareholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is incorporated herein by reference to the section entitled “Selection of Auditors” in our Proxy Statement for the 2020 Annual General Meeting of Shareholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) The following financial statements of Central European Media Enterprises Ltd. are included in Part II, Item 8 of this Report:

- Report of Independent Registered Public Accounting Firm;
- Consolidated Balance Sheets as of December 31, 2019 and 2018;
- Consolidated Statements of Operations and Comprehensive Income / Loss for the years ended December 31, 2019, 2018 and 2017;
- Consolidated Statements of Equity for the years ended December 31, 2019, 2018 and 2017;
- Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017; and
- Notes to Consolidated Financial Statements.

(a)(2) Financial Statement Schedule (included at page S-1 of this Annual Report on Form 10-K).

(a)(3) The following exhibits are included in this report:

EXHIBIT INDEX

Exhibit Number	Description
3.01*	Memorandum of Association (incorporated by reference to Exhibit 3.01 to the Company's Registration Statement No. 3380344 on Form S-1 filed June 17, 1994).
3.02*	Memorandum of Increase of Share Capital (incorporated by reference Exhibit 3.03 to Amendment No. 1 to the Company's Registration Statement No. 33-80344 on Form S-1, filed August 19, 1994).
3.03*	Memorandum of Reduction of Share Capital (incorporated by reference to Exhibit 3.04 to Amendment No. 2 to the Company's Registration Statement No. 33-80344 on Form S-1, filed September 14, 1994).
3.04*	Certificate of Deposit of Memorandum of Increase of Share Capital executed by the Registrar of Companies on May 20, 1997 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1997).
3.05*	Certificate of Deposit of Memorandum of Increase of Share Capital executed by the Registrar of Companies on July 11, 2012 (incorporated by reference to Exhibit 3.05 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012).
3.06*	Certificate of Deposit of Memorandum of Increase of Share Capital executed by the Registrar of Companies on July 3, 2013 (incorporated by reference to Exhibit 3.02 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013).
3.07*	Certificate of Deposit of Memorandum of Increase of Share Capital executed by the Registrar of Companies on April 28, 2014 (incorporated by reference to Exhibit 3.02 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014).
3.08*+	Bye-Laws of Central European Media Enterprises Ltd., as amended on May 20, 2019 (incorporated by reference to Exhibit 3.01 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019).
4.01*	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.01 to Amendment No. 1 to the Company's Registration Statement No. 33-80344 on Form S-1, filed August 19, 1994).
4.02*	Registration Rights Agreement between the Company and Time Warner Holdings B.V., dated May 18, 2009 (incorporated by reference to Exhibit 4.11 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009).
4.03*	Certificate of Designation of the Series A Convertible Preferred Stock of Central European Media Enterprises Ltd., dated July 2, 2012 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 3, 2012).
4.04*	Certificate of Designation of the Series B Convertible Redeemable Preferred Stock of Central European Media Enterprises Ltd., issued on June 25, 2013 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 25, 2013).
4.05	Description of Securities.
10.01*+	Central European Media Enterprises Ltd. 2015 Stock Incentive Plan, as amended on May 20, 2019 (incorporated by reference to Exhibit 10.01 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019).
10.02*+	Form of Restricted Stock Unit Award Agreement (Directors’ Version) (for use from June 2015) (incorporated by reference to Exhibit 10.02 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015).
10.03*+	Form of Employee Non-Qualified Stock Option Agreement (for use from June 2015) (incorporated by reference to Exhibit 10.03 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015).
10.04*+	Form of Restricted Stock Unit Award Agreement (time-based vesting) (2015 Plan, for use from March 2016) (incorporated by reference to Exhibit 10.11 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016).
10.05*+	Form of Employee Non-Qualified Stock Option Agreement (co-Chief Executive Officers version, 2015 Plan, for use from June 2015) (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal period ended December 31, 2016).
10.06*+	Form of Restricted Stock Unit Award Agreement (time-based vesting) (co-Chief Executive Officers version, 2015 Plan, for use from March 2016). (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal period ended December 31, 2016).
10.07*+	Form of Employee Performance-based Restricted Stock Unit Award Agreement (for use from December 2018) (incorporated by reference to Exhibit 10.11 to the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018).
10.08*+	Form of co-Chief Executive Officer Performance-based Restricted Stock Unit Award Agreement (for use from December 2018) (incorporated by reference to Exhibit 10.12 to the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018).

Exhibit Number	Description
10.09*+	Form of Employee Restricted Stock Unit Award Agreement (time-based vesting) (incorporated by reference to Exhibit 10.01 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019).
10.10*+	Form of co-Chief Executive Officer Restricted Stock Unit Award Agreement (time-based vesting) (incorporated by reference to Exhibit 10.02 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019).
10.11*+	Form of Retention Award Agreement of CME Media Services Limited (incorporated by reference to Exhibit 10.3 to the Company's Current Report in Form 8-K filed on October 28, 2019).
10.12*+	Form of Cash Award Agreement (Executive Officers) (incorporated by reference to Exhibit 10.1 to the Company's Current Report in Form 8-K filed on December 6, 2019).
10.13*	Investment Agreement between CME Media Enterprises B.V. and Top Tone Media Holdings Limited, dated April 22, 2010 (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010).
10.14*	Subscription Agreement, by and between Central European Media Enterprises Ltd. and TW Media Holdings LLC, dated March 22, 2009 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009).
10.15*	Subscription and Equity Commitment Agreement, by and between Time Warner Media Holdings B.V. and the Company, dated as of April 30, 2012 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 30, 2012).
10.16*	Letter Agreement, by and among Time Warner Media Holdings B.V., the Company, RSL Savannah LLC, RSL Capital LLC, RSL Investments Corporation and Ronald S. Lauder, dated as of April 30, 2012 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on April 30, 2012).
10.17*	Investor Rights Agreement among the Company, Ronald S. Lauder, RSL Savannah LLC, RSL Investment LLC, RSL Investments Corporation and Time Warner Media Holdings B.V., dated May 18, 2009 (incorporated by reference to Exhibit 10.71 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009).
10.18*	First Amendment to the Investor Rights Agreement, by and among the Company, Ronald S. Lauder, RSL Savannah LLC, RSL Capital LLC, RSL Investments Corporation and Time Warner Media Holdings B.V., dated as of April 30, 2012 (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on April 30, 2012).
10.19*	Subscription Agreement, dated as of April 29, 2013, by and between Central European Media Enterprises Ltd. and Time Warner Media Holdings B.V. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 29, 2013).
10.20*	Letter Agreement, dated as of April 29, 2013, by and between RSL Savannah LLC, RSL Capital LLC, RSL Investments Corporation, Ronald S. Lauder and Time Warner Media Holdings B.V. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 29, 2013).
10.21*	Framework Agreement, dated as of February 28, 2014, among Central European Media Enterprises Ltd., Time Warner Inc. and Time Warner Media Holdings B.V. (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-3 filed February 28, 2014).
10.22*	Deed of Pledge of Shares (CME Media Enterprises B.V.), dated May 2, 2014, among Central European Media Enterprises N.V. (as Pledgor), Time Warner Inc. (as Pledgee) and CME Media Enterprises B.V. (as the Company), with respect to the Time Warner Revolving Credit Facility (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on May 5, 2014).
10.23*	Credit Agreement dated as of September 30, 2015 among Central European Media Enterprises Ltd., BNP Paribas, as administrative agent, Time Warner Inc., as guarantor, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 1, 2015).
10.24*	Credit Agreement dated as of February 19, 2016 among CME Media Enterprises B.V., as borrower, Central European Media Enterprises Ltd., as guarantor, BNP Paribas, as administrative agent, Time Warner Inc., as guarantor, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 22, 2016).
10.25*	Amendment dated as of February 19, 2016 to the Credit Agreement dated as of September 30, 2015, among Central European Media Enterprises Ltd., as borrower, BNP Paribas, as administrative agent, Time Warner Inc., as guarantor, and the lenders party thereto (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on February 22, 2016).
10.26*	Pledge Agreement on Shares in Central European Media Enterprises N.V. dated February 19, 2016 among Central European Media Enterprises Ltd., as pledgor, Time Warner Inc., as pledgee, and Central European Media Enterprises N.V. (incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed on February 22, 2016).

Exhibit Number	Description
10.27*	Deed of Amendment dated February 19, 2016 to the Intercreditor Agreement dated July 21, 2006, as amended and restated, among Central European Media Enterprises Ltd., Central European Media Enterprises N.V., CME Media Enterprises B.V., and the other parties thereto (incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K filed on February 22, 2016).
10.28*	Intercreditor Agreement dated July 21, 2006, as amended and restated, among Central European Media Enterprises Ltd., Central European Media Enterprises N.V., CME Media Enterprises B.V., and the other parties thereto (incorporated by reference to Exhibit 10.13 to the Company's Current Report on Form 8-K filed on February 22, 2016).
10.29*	Framework Agreement dated July 9, 2017 between CME Media Enterprises B.V. and Slovenia Broadband S.à r.l. (incorporated by reference to Exhibit 10.1 to the Company's Current Report in Form 8-K filed on July 10, 2017).
10.30*	Amendment No. 1 to Framework Agreement, dated April 10, 2018, between CME Media Enterprises B.V. and Slovenia Broadband S.à r.l. (incorporated by reference to Exhibit 10.1 to the Company's Current Report in Form 8-K filed on April 12, 2018).
10.31*	Amended & Restated Framework Agreement, dated July 5, 2018, between CME Media Enterprises B.V. and Slovenia Broadband S.à r.l. (incorporated by reference to Exhibit 10.1 to the Company's Current Form 8-K filed on July 11, 2018).
10.32*	Amendment No. 1 to Amended & Restated Framework Agreement, dated September 13, 2018, between CME Media Enterprises B.V. and Slovenia Broadband S.à r.l. (incorporated by reference to Exhibit 10.1 to the Company's Current Form 8-K filed on September 14, 2018).
10.33*	Amendment No. 2 to Amended & Restated Framework Agreement, dated as of October 31, 2018, between CME Media Enterprises B.V. and Slovenia Broadband S.á.r.l. (incorporated by reference to Exhibit 10.1 to the Company's Current Form 8-K filed on November 1, 2018).
10.34*	Amendment No. 3 to Amended & Restated Framework Agreement, dated as of December 6, 2018, between CME Media Enterprises B.V. and Slovenia Broadband S.á.r.l. (incorporated by reference to Exhibit 10.1 to the Company's Current Form 8-K filed on December 6, 2018).
10.35*	Consent, Waiver and Second Amendment as of June 22, 2017 to the Credit Agreement dated as of September 30, 2015, as amended, among Central European Media Enterprises Ltd., as borrower, BNP Paribas, as administrative agent, Time Warner Inc., as guarantor, and the lenders party thereto (incorporated by reference to Exhibit 10.02 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017).
10.36*	Consent, Waiver and First Amendment as of June 22, 2017 to the Credit Agreement dated as of February 19, 2016 among CME Media Enterprises B.V., as borrower, Central European Media Enterprises Ltd., as guarantor, BNP Paribas, as administrative agent, Time Warner Inc., as guarantor, and the lenders party thereto (incorporated by reference to Exhibit 10.03 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017).
10.37*	Third Amendment, dated as of April 25, 2018, to the Credit Agreement dated as of September 30, 2015, among Central European Media Enterprises Ltd., as borrower, Time Warner Inc., as guarantor, BNP Paribas, as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report in Form 8-K filed on April 26, 2018).
10.38*	Second Amendment, dated as of April 25, 2018, to the Credit Agreement dated as of February 19, 2016, among CME Media Enterprises B.V., as borrower, Central European Media Enterprises Ltd., as guarantor, Time Warner Inc., as guarantor, BNP Paribas, as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.2 to the Company's Current Report in Form 8-K filed on April 26, 2018).
10.39*	Amendment and Restatement Agreement, dated April 25, 2018, in respect of the Amended and Restated Reimbursement Agreement, dated as of November 14, 2014, as amended and restated as of February 19, 2016, as amended, among Central European Media Enterprises Ltd., CME Media Enterprises B.V., and Time Warner Inc., as credit guarantor (incorporated by reference to Exhibit 10.3 to the Company's Current Report in Form 8-K filed on April 26, 2018).
10.40*	Second Amended and Restated Reimbursement Agreement, dated as of November 14, 2014, as amended and restated as of February 19, 2016, and as further amended and restated as of April 26, 2018, among Central European Media Enterprises Ltd., CME Media Enterprises B.V., and Time Warner Inc., as credit guarantor (incorporated by reference to Exhibit 10.4 to the Company's Current Report in Form 8-K filed on April 26, 2018).
10.41*	Amendment and Restatement Agreement, dated April 25, 2018, in respect of the Amended and Restated Revolving Loan Facility Credit Agreement, dated as of May 2, 2014, as amended and restated as of February 19, 2016, as amended, among Central European Media Enterprises Ltd., as borrower, Time Warner Inc., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.5 to the Company's Current Report in Form 8-K filed on April 26, 2018).
10.42*	Second Amended and Restated Revolving Loan Facility Credit Agreement, dated as of May 2, 2014, as amended and restated as of February 19, 2016, and as further amended and restated as of April 26, 2018, among Central European Media Enterprises Ltd., as borrower, Time Warner Inc., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.6 to the Company's Current Report in Form 8-K filed on April 26, 2018).
10.43*	Agreement and Plan of Merger, dated as of October 27, 2019, among TV Bidco B.V., TV Bermuda Ltd. and Central European Media Enterprises Ltd. (incorporated by reference to Exhibit 10.1 to the Company's Current Report in Form 8-K filed on October 28, 2019).

Exhibit Number	Description
10.44*	Voting Agreement, dated as of October 27, 2019, among TV Bidco B.V., Warner Media, LLC, Time Warner Media Holdings B.V. and Central European Media Enterprises Ltd. (incorporated by reference to Exhibit 10.2 to the Company's Current Report in Form 8-K filed on October 28, 2019).
10.45*+	Amended and Restated Contract of Employment between CME Media Services Limited and Michael Del Nin, dated December 21, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Current Report in Form 8-K filed on December 22, 2017).
10.46*+	Amended and Restated Contract of Employment between CME Media Services Limited and Christoph Mainusch, dated December 21, 2017 (incorporated by reference to Exhibit 10.2 to the Company's Current Report in Form 8-K filed on December 22, 2017).
10.47*+	Amended and Restated Contract of Employment between CME Media Services Limited and Daniel Penn, dated December 21, 2017 (incorporated by reference to Exhibit 10.3 to the Company's Current Report in Form 8-K filed on December 22, 2017).
10.48*+	Amended and Restated Contract of Employment between CME Media Services Limited and David Sturgeon, dated December 21, 2017 (incorporated by reference to Exhibit 10.4 to the Company's Current Report in Form 8-K filed on December 22, 2017).
21.01	List of subsidiaries.
23.01	Consent of Ernst & Young LLP.
24.01	Power of Attorney, dated as of February 6, 2020.
31.01	Certification of co-Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02	Certification of co-Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.03	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01	Certifications of co-Principal Executive Officers and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished only).
99.01*	Letter Agreement among Time Warner Inc., Time Warner Media Holdings B.V. and Central European Media Enterprises Ltd. dated April 25, 2018 (incorporated by reference to Exhibit 99.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018).
99.02*	Standing Proxy/Authorization issued by Time Warner Inc. on April 25, 2018 (incorporated by reference to Exhibit 99.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018).
99.03*	Standing Proxy/Authorization issued by Time Warner Media Holdings B.V. on April 25, 2018 (incorporated by reference to Exhibit 99.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

* Previously filed exhibits.

+ Exhibit is a management contract or compensatory plan.

b) Exhibits: See (a)(3) above for a listing of the exhibits included as part of this report.

c) Report of Independent Registered Public Accountants on Schedule II - Schedule of Valuation Allowances. (See page S-1 of this Annual Report on Form 10-K).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Central European Media Enterprises Ltd.

Date: February 6, 2020

/s/ David Sturgeon
David Sturgeon
Executive Vice President and Chief Financial Officer
Principal Financial Officer and Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
* John K. Billock	Chairman of the Board of Directors	February 6, 2020
/s/ Michael Del Nin Michael Del Nin	co-Chief Executive Officer (co-Principal Executive Officer)	February 6, 2020
/s/ Christoph Mainusch Christoph Mainusch	co-Chief Executive Officer (co-Principal Executive Officer)	February 6, 2020
/s/ David Sturgeon David Sturgeon	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 6, 2020
* Peter Knag	Director	February 6, 2020
* Alfred W. Langer	Director	February 6, 2020
* Parm Sandhu	Director	February 6, 2020
* Kelli Turner	Director	February 6, 2020
* Trey Turner	Director	February 6, 2020

* By: /s/ David Sturgeon
David Sturgeon
Attorney-in-fact **

** By authority of the power of attorney filed herewith

INDEX TO SCHEDULES

Schedule II

Schedule of Valuation Allowances

(US$ 000's)

	Bad debt and credit note provision	Deferred tax allowance
BALANCE December 31, 2016	**$ 9,229**	**$ 110,920**
Charged to costs and expenses	1,913	6,242
Deductions [1]	(1,886)	471
Foreign exchange	1,180	15,844
BALANCE December 31, 2017	**10,436**	**133,477**
Charged to costs and expenses	811	(26,042)
Deductions [1]	(1,079)	1,260
Foreign exchange	(471)	(5,569)
BALANCE December 31, 2018	**9,697**	**103,126**
Charged to costs and expenses	(2,514)	(3,139)
Deductions [1]	1,592	864
Foreign exchange	(227)	(1,936)
BALANCE December 31, 2019	**$ 8,548**	**$ 98,915**

(1) Charged to other accounts for the bad debt and credit note provision consist primarily of accounts receivable written off.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES
EXCHANGE ACT OF 1934**

Central European Media Enterprises Ltd. has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): Class A common stock, $0.08 par value per share (the "Class A Common Stock).

The following statements are summaries of certain provisions of our memorandum of association, bye-laws and the Companies Act 1981, as amended, of Bermuda (the "Companies Act"). These summaries do not purport to be complete and are qualified in their entirety by reference to all of the provisions of our memorandum of association and bye-laws as well as the certificates of designation of issued and outstanding preferred stock, each of which have been filed as exhibits to this Annual Report on Form 10-K. We encourage you to read these documents and the applicable portion of the Companies Act carefully for additional information. Throughout this exhibit, references to the "Company," "we," "our," and "us" refer to Central European Media Enterprises Ltd.

As of December 31, 2019, our authorized share capital was: (a) 440,000,000 shares of Class A Common Stock, par value $.08 per share, (b) 15,000,000 shares of Class B common stock, par value $.08 per share (the "Class B Common Stock"), and (c) 5,000,000 shares of preferred stock, par value $.08 per share

As of December 31, 2019, there were 253.6 million shares of Class A Common Stock issued and outstanding. In addition, there is one share of preferred stock designated the "Series A Convertible Preferred Stock and 200,000 shares of preferred stock designated "Series B Convertible Redeemable Preferred Stock" issued and outstanding. All outstanding shares are fully paid and non-assessable.

Class A Common Stock
The holders of shares of Class A Common Stock are entitled to one vote per share on all matters subject to shareholder approval, except with respect to any matter requiring class voting by the Companies Act (such as the variation of rights described below). The holders of shares of Class A Common Stock have no cumulative voting rights and no rights to convert their shares of Class A Common Stock into any other securities. The holders of issued and outstanding shares of Class A Common Stock are entitled to receive dividends out of funds legally available for such purpose, as and when declared by our board of directors, subject to any preferred right to dividends of the holders of any preferred stock and meeting any relevant test under the Companies Act for the payment of dividends. In the event of our dissolution or winding up, the holders of shares of Class A Common Stock are entitled to receive and share rateably and equally in our remaining assets, if any, after the payment of all of our debts and liabilities and subject to any liquidation preference on any issued and outstanding shares of preferred stock.

Variation of Rights
If at any time we have more than one class of shares outstanding, the rights attaching to any class, unless otherwise provided for by the terms of issue of the relevant class, may be varied either: (i) with the consent in writing of the holders of at least 75% of the issued shares of that class; or (ii) with the sanction of a resolution passed by at least 75% of the votes cast at a separate general meeting of the relevant class of shareholders at which a quorum is present. Our bye-laws specify that the creation or issue of shares ranking equally with existing shares will not, unless expressly provided by the terms of issue of existing shares, vary the rights attached to existing shares.

Listing

Our Class A Common Stock is listed on listed on the NASDAQ Global Select Market and the Prague Stock Exchange under the ticker symbol "CETV".

A register of holders of shares of Class A Common Stock is maintained by Citco (Bermuda) Limited in Bermuda, and a branch register is maintained in the United States by our transfer agent, American Stock Transfer and Trust Company, LLC.

Exhibit 21.01

Our principal subsidiaries as at February 6, 2020 were:

Company Name	Voting Interest	Jurisdiction of Organization
CME Bulgaria B.V.	94%	Netherlands
BTV Media Group EAD	94%	Bulgaria
Radiocompany C.J. OOD	69.56%	Bulgaria
TV NOVA s.r.o.	100%	Czech Republic
Pro TV S.R.L.	100%	Romania
CME Slovak Holdings B.V.	100%	Netherlands
MARKÍZA-SLOVAKIA, spol. s r.o.	100%	Slovak Republic
PRO PLUS d.o.o.	100%	Slovenia
POP TV d.o.o.	100%	Slovenia
Kanal A d.o.o.	100%	Slovenia
Pro Digital S.R.L.	100%	Moldova
Central European Media Enterprises N.V. (in liquidation)	100%	Curacao
CME Media Enterprises B.V.	100%	Netherlands
CME Programming B.V.	100%	Netherlands
CME Investments B.V.	100%	Netherlands
CME Media Services Limited	100%	United Kingdom
CME Services s.r.o.	100%	Czech Republic
CME Media Enterprises Limited	100%	Bermuda

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-232328, 333-204667, 333-184038, 333-160444, 333-130405, 333-110959 and 333-60295 of Central European Media Enterprises Ltd. on Form S-8 of our reports dated February 6, 2020, with respect to the consolidated financial statements and schedule of Central European Media Enterprises Ltd. and the effectiveness of internal control over financial reporting of Central European Media Enterprises Ltd. included in this Annual Report (Form 10-K) of Central European Media Enterprises Ltd. for the year ended December 31, 2019.

ERNST & YOUNG LLP

London, United Kingdom
February 6, 2020

Exhibit 24.01

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Michael Del Nin, Christoph Mainusch and David Sturgeon, and each of them, with full power to act without the other, such person's true and lawful attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K for the fiscal year 2019 of Central European Media Enterprises Ltd., a Bermuda company limited by shares, and any and all amendments to such Annual Report on Form 10-K and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, thereby ratifying and confirming all that said attorneys-in-fact, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signatures appear on following page

February 6, 2020

/s/ John K. Billock /s/ Alfred Langer
John K. Billock Alfred Langer

/s/ Parm Sandhu /s/ Kelli Turner
Parm Sandhu Kelli Turner

/s/ Trey Turner /s/ Peter Knag
Trey Turner Peter Knag

CERTIFICATION OF CO-PRINCIPAL EXECUTIVE OFFICER

I, Michael Del Nin, certify that:

1. I have reviewed this annual report on Form 10-K of Central European Media Enterprises Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael Del Nin
Michael Del Nin
co-Chief Executive Officer
(co-Principal Executive Officer)
February 6, 2020

CERTIFICATION OF CO-PRINCIPAL EXECUTIVE OFFICER

I, Christoph Mainusch, certify that:

1. I have reviewed this annual report on Form 10-K of Central European Media Enterprises Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Christoph Mainusch
Christoph Mainusch
co-Chief Executive Officer
(co-Principal Executive Officer)
February 6, 2020

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David Sturgeon, certify that:

1. I have reviewed this annual report on Form 10-K of Central European Media Enterprises Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report), that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David Sturgeon
David Sturgeon
Chief Financial Officer
(Principal Financial Officer)
February 6, 2020

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Central European Media Enterprises Ltd. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Michael Del Nin and Christoph Mainusch, co-Chief Executive Officers of the Company, and David Sturgeon, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1 the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of the dates and for the periods explained in the Report.

/s/ Michael Del Nin	/s/ Christoph Mainusch	/s/ David Sturgeon
Michael Del Nin	Christoph Mainusch	David Sturgeon
co-Chief Executive Officer	co-Chief Executive Officer	Chief Financial Officer
(co-Principal Executive Officer)	(co-Principal Executive Officer)	(Principal Financial Officer)
February 6, 2020	February 6, 2020	February 6, 2020