ProSiebenSat.1 Media AG
The power of television

# Q2 2009

**Thomas Ebeling,** CEO

**Axel Salzmann,** CFO

August 6, 2009

**ProSiebenSat.1** Media AG
The power of television

# Overview

**Thomas Ebeling,** CEO




# Q2 2009 at a glance - ProSiebenSat.1 Group delivers robust earnings in challenging market environment

**Group revenues down 9.0% (-EUR 68.8m), to EUR 694.0m***

- Revenues excl. CMore adjustment decreased 13.5% (-EUR 107.9m)

**Recurring EBITDA improved by 6.6%, to EUR 201.1m (+EUR 12.5m)***

- Recurring EBITDA excl. CMore adjustment slightly down by 1.3% (-EUR 2.6m)

**Operating costs decreased 12.2% or EUR 143.6m in H1 2009***

- Savings achieved in Germany as well as in international markets
- Optimized use of programming inventory, Group-wide efficient cost management, improved organizational set-up

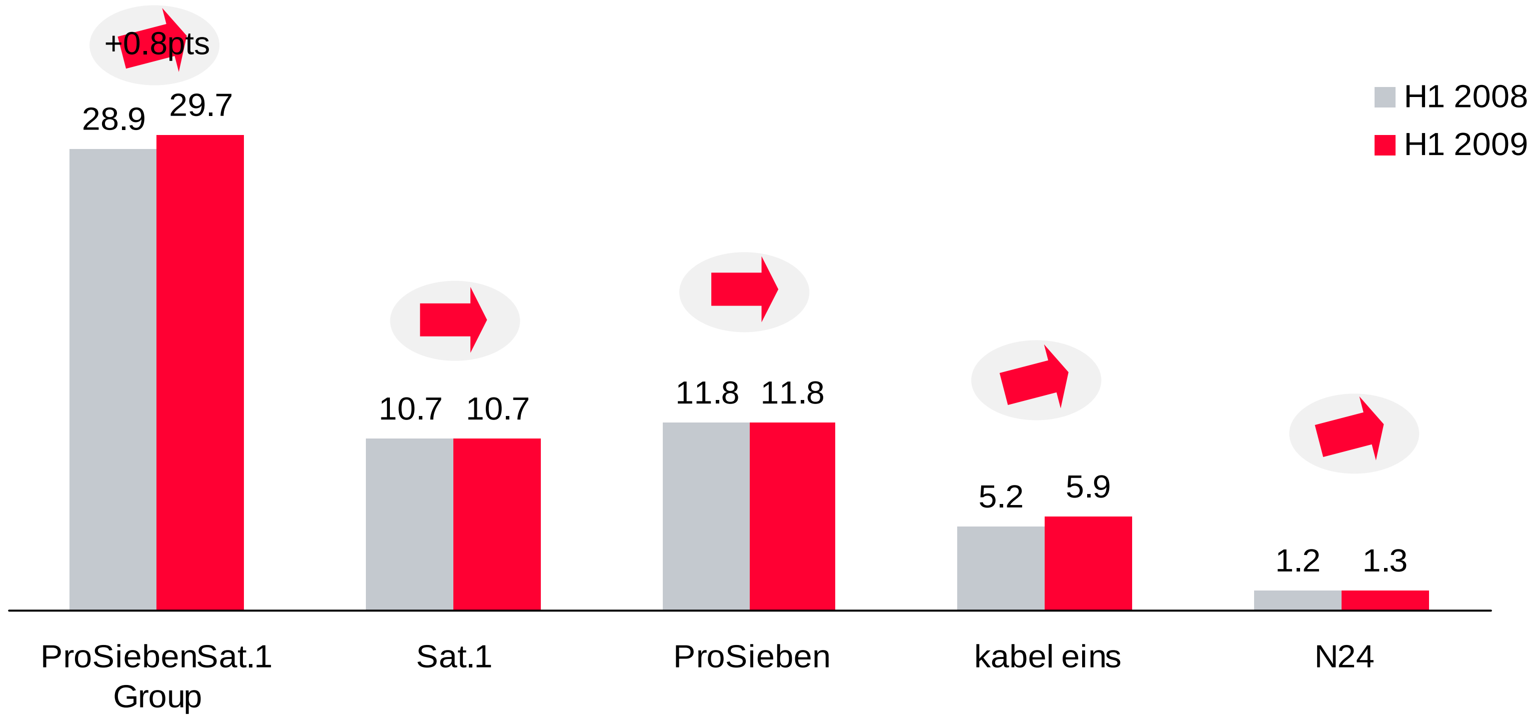
**Investments in top programming**

- Attractive US content pipeline secured in most countries in H1 2009
- Improved content position in German core market

* Adjusted for CMore deconsolidation.

# Good ratings performance in Germany

**TV audience shares in Germany**
In percent




Austria: H1 2009 17.0% (H1 2008: 15.3%) Switzerland: H1 2009 16.4% (H1 2008: 17.2%)

All figures refer to 24-hour (Mon-Sun) audience shares. Germany: Sat.1, ProSieben, kabel eins, N24; target demographic 14-49 years / Austria: ProSieben Austria, Sat.1 Österreich, kabel eins Austria, PULS 4 (from Jan. 28, 2008); target demographic 12-49 years / Switzerland: ProSieben Switzerland, Sat.1 Schweiz, kabel eins Switzerland; target demographic 15-49 years.

# Ratings performance in the international markets in H1 2009

| Country | Audience shares In percent | Channel | Comment |
| --- | --- | --- | --- |
| **The Netherlands** | **27.0** (H1 08: 25.5) | **SBS 6** | 13.5% (+1.0 pts), local formats |
| | | **NET 5** | 7.2% (+0.4 pts), "Grey's Anatomy" and Dutch series |
| | | **Veronica** | 6.3% (+0.1 pts), US series |
| **Belgium** | **15.9** (H1 08: 18.2) | **VT4** | 10.7% (-2.5 pts), fewer local successes |
| | | **vijfTV** | 5.2% (+0.2 pts), "Come dine with Me" |
| **Hungary** | **23.2** (H1 08: 24.4) | **TV2** | Share losses, due to market fragmentation of terrestrial channels, relative performance vs RTL Klub improved |
| **Romania** | **7.6** (H1 08: 6.9) | **Prima TV** | 7.2% (+0.9 pts), continued success of local formats, Disney movies successful |

Figures refer to extended prime time audience shares. The Netherlands: SBS 6, NET 5, Veronica; target demographic 20-49 years (18-24h) / Belgium: VT4, vijfTV; target demographic 15-44 years; Belgian figures refer to the region of Flanders (17-24h) / Hungary: TV2; target demographic 18-49 years (17-24h) / Romania: Prima TV, Kiss TV; target demographic 15-44 years; Romanian figures are based on the urban population (18-24h).

# Ratings performance in the international markets in H1 2009

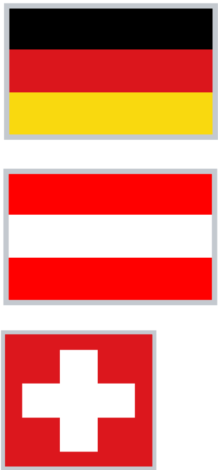
| | Audience shares<br>In percent | | |
|---|---|---|---|
| **Sweden** | **15.4** (H1 08: 15.1) ↑ | **Kanal 5** | 13.0% (-0.4 pts), local formats |
| | | **Kanal 9** | 2.4% (+0.8 pts), US crime series, ice hockey |
| **Denmark** | **15.5** (H1 08: 13.8) ↑ | **Kanal 4** | 4.8% (+0.6 pts), local formats |
| | | **Kanal 5** | 7.1% (+0.0 pts), local formats |
| | | **6'eren** | 3.0%, launched in Q1 2009 |
| **Norway** | **12.2** (H1 08: 13.2) ↓ | **TV Norge** | Share losses (-1.9 pts to 9.5%): share gains of competitor; penetration of niche channels |
| | | **FEM** | 2.3% (+0.9 pts), US series |
| **Finland** | **2.2** (H1 08: 1.1) ↑ | Market share gains through launch of **TV Viisi** (September 2008) | |

Figures refer to extended prime time audience shares. Sweden: Kanal 5, Kanal 9; target demographic 15-44 years (17-24h) / Denmark: Kanal 4, Kanal 5, 6'eren, The Voice; target demographic 15-50 years in commercial universe (17-24h) / Norway: TV Norge, FEM, The Voice; target demographic 12-44 years (17-24h) / Finland: The Voice/TV Viisi; target demographic 15-44 years (18-24h).

# Sales performance in H1 2009

### German-speaking

Ad shares improved, German sales model well accepted



### Benelux

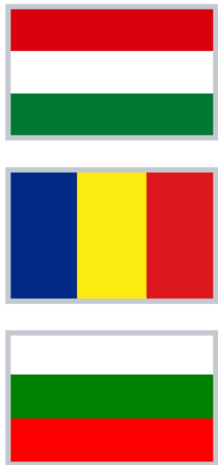
The Netherlands increased ad share, Belgium slightly down

### Nordic

Norway and Sweden slightly improved ad market share, Denmark clearly up

### CEE

Hungary, Romania and Bulgaria with slight increases in ad market share



# Key milestones and events in H1 2009

| | |
|---|---|
| **German TV** | • Integrated channel organization<br>• Improved content position, e.g. soccer show “ran” returns, stars such as Kerner and Pocher contracted |
| **International TV** | • Successful development of newly launched channel 6‘eren in Denmark<br>• Attractive US movies and series secured in most countries |
| **German Sales** | • Integration of SevenOne Media (TV) and SevenOne Interactive (Online)<br>• SevenOne Ad factory founded |
| **Diversification** | • Successful music projects, e.g. Chris de Burgh, a-ha, SellaBand<br>• Sale of solute GmbH (German Web portal billiger.de) closed<br>• Radio operations streamlined, Mix Megapol largest station in Sweden |
| **Production** | • New European Playout Center<br>• As of June 30, 2009, fernsehwerft takes over the services of PSP Berlin |

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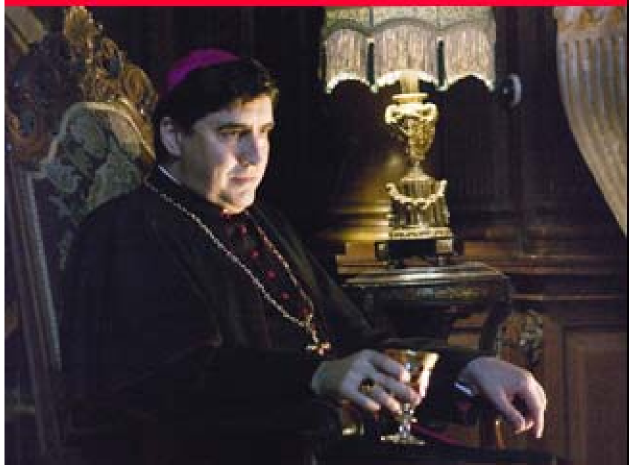
# Financials
# Q2 & H1 2009

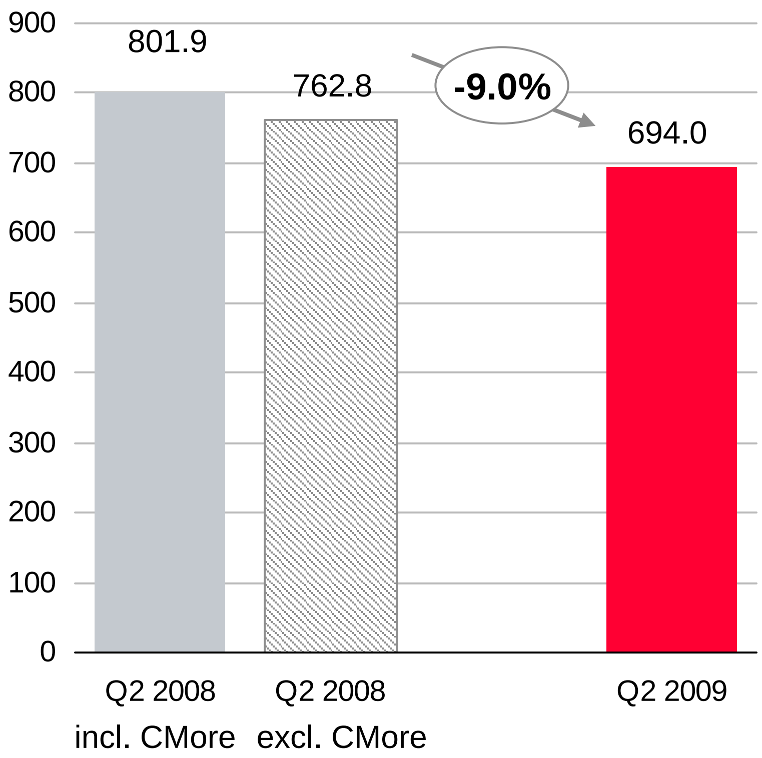
**Axel Salzmann,** CFO



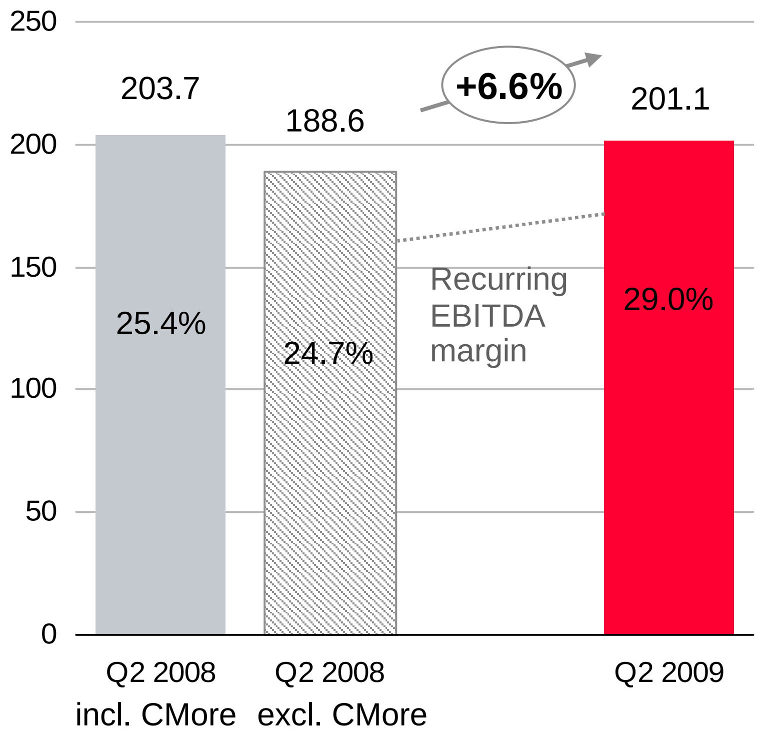

# Consolidated revenues / recurring EBITDA in Q2 2009

- Group revenue decrease resulted primarily from difficult market environment and CMore deconsolidation
- Revenue decrease compensated by efficient cost management, profitability improved

**Consolidated revenues**
In EURm




**Recurring EBITDA**
In EURm

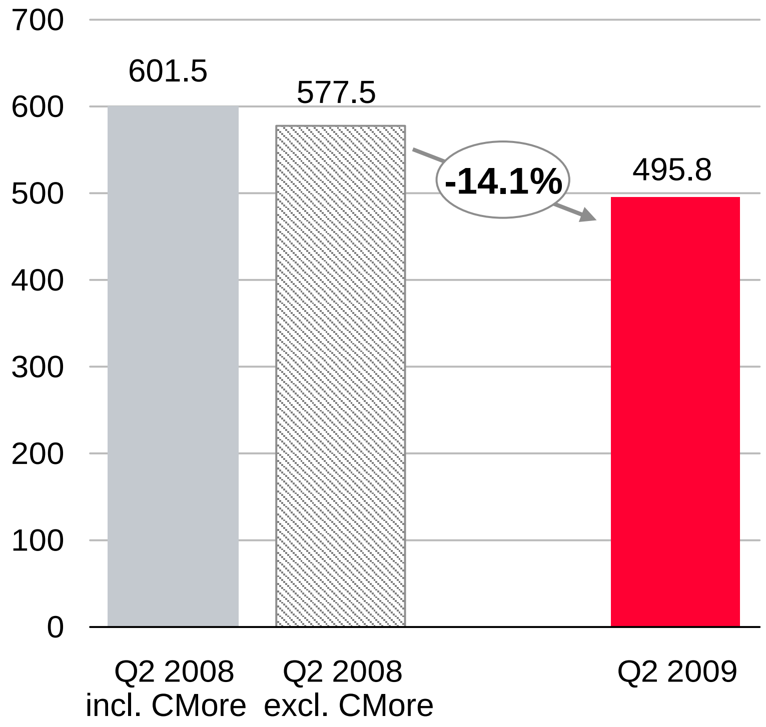



Deconsolidation of CMore in November 2008. Recurring EBITDA: EBITDA before non-recurring (exceptional) items.

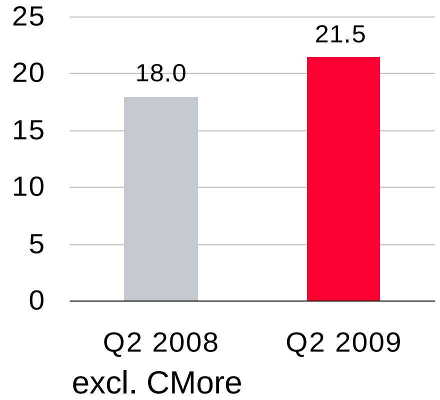
# Group’s operating costs in Q2 2009

- More efficient use of existing programming inventory and Group-wide strict cost management as well as improved set-up lead to cost reductions of EUR 81.7m to EUR 495.8m (adjusted for CMore)
- Consumption of programming assets excl. CMore in Q2 2008 down by EUR 45.1m, to EUR 261.9m*

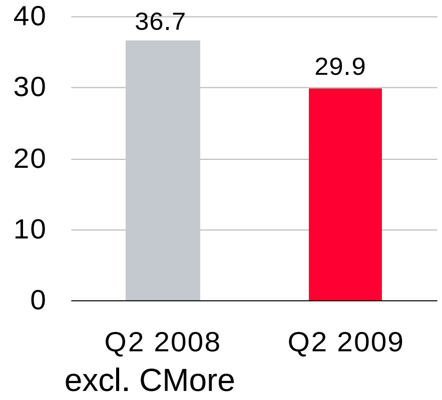
**Recurring costs****
In EURm




**Non-recurring expenses**
In EURm




**Depreciation and amortization*****
In EURm




Deconsolidation of CMore in November 2008. * In total, consumption of programming assets down by EUR 56.5m, thereof CMore in Q2 2008: EUR 11.4m.
** Overall recurring costs excl. D&A. *** Thereof purchase price allocation: EUR 18.5m in Q2 2008, EUR 13.9m in Q2 2009.

# EBITDA reconciliation for Q2 2009

adjusted for CMore in Q2 2008

| In EURm | Q2 2009 | Q2 2008 |
|---|---|---|
| **Recurring EBITDA** | **201.1** | **188.6** |
| Non-recurring items (net) | 23.9 | 13.6 |
| **EBITDA** | **177.2** | **175.0** |
| Depreciation and amortization | 29.9 | 36.7 |
| **Operating profit** | **147.3** | **138.3** |

**Non-recurring items in Q2 2009**:

- Non-recurring costs in Q2 2009 resulted mainly from steps to improve Group-wide efficiencies

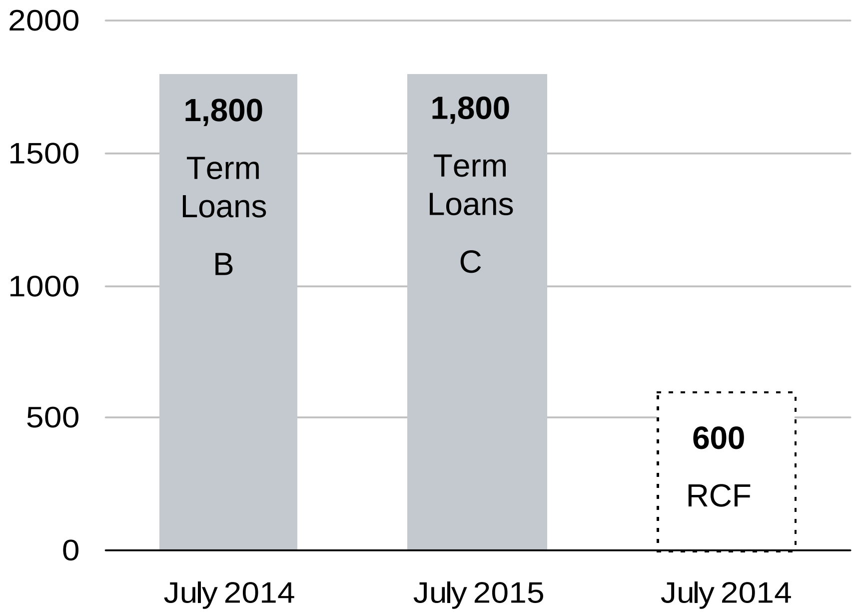
**Depreciation and amortization**:

- Amortization resulting from purchase price allocations (PPA) were down by EUR 4.6m to EUR 13.9m; SBS PPA came to EUR 11.7m, compared to EUR 16.6m in Q2 2008.

Deconsolidation of CMore in November 2008.

# Net debt - good liquidity position with positive impact on net debt

**Debt facilities**
In EURm




**EUR 4.2bn senior secured credit facilities:**

- EUR 3.6bn term loans with bullet repayment in 2014/15
- EUR 600m revolving credit facility (maturity 2014)

**EUR 599.1m of cash on balance sheet**

- EUR 58.4m of additional undrawn liquidity under the RCF
- 2009 dividend cut to EUR 2.1m with positive implications
- EUR 658.0m programming assets capitalized in H1 2009 (H1 2008: EUR 662.9m excl. CMore)

**Net debt as per June 30, 2009 was EUR 3.427m**

- Net debt down by EUR 261.8m vs June 30*, 2008 and EUR 85.1m vs March 30, 2009
- Leverage (net debt/LTM recurring EBITDA) is 5.1x (H1 2008: 5.2x)

*2008 incl. CMore. Deconsolidation of CMore in November 2008.

# German-speaking Free TV segment

| | Q2 2009 EURm | Q2 2008 EURm | Change In percent |
|---|---|---|---|
| External revenues | **424.6** | 452.3 | 6.1 |
| Recurring EBITDA | **127.3** | 115.8 | 9.9 |
| EBITDA | **110.6** | 98.9 | 11.8 |

- **Recessionary environment causes cut in TV advertising investments**
  - Ad share recovery in core market Germany mitigates revenue decline
  - Stable revenue performance in Austria and Switzerland

- **Lower costs due to:**
  - New organizational set-up of German Free TV stations
  - Organizational improvements of German sales activities
  - More efficient use of programming inventory

# International Free TV segment

| | Q2 2009 EURm | Q2 2008 EURm | Change In percent |
|---|---|---|---|
| External revenues | **184.9** | 214.7 | -13.9 |
| Recurring EBITDA | **55.7** | 54.4 | 2.4 |
| EBITDA | **53.7** | 53.6 | 0.2 |

- **Ad revenue decline in international TV markets due to recessionary environments**
- **In addition, revenue performance in Nordic and CEE affected by currency translation effects**
- **Multi-channel development strategy on track:**
  - Denmark reported revenue growth, with the support of the successful launch of the Free TV station 6'eren in Q1 2009

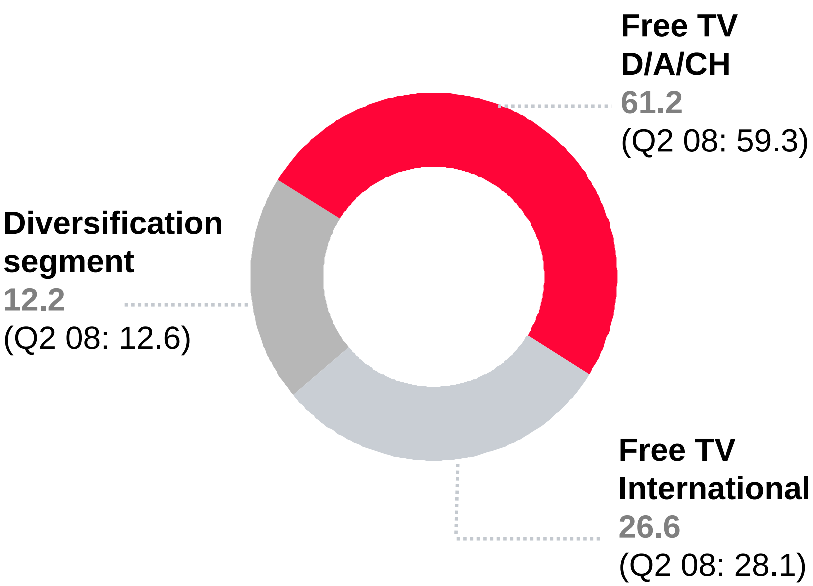
# Diversification segment

- **Revenue decline mainly due to deconsolidation of pay TV business CMore**
  - In addition, lower call TV revenues of 9Live in Germany due to new legal requirements
  - German music business successfully expanded
- **Efficient cost management partly compensated for the revenue decrease**

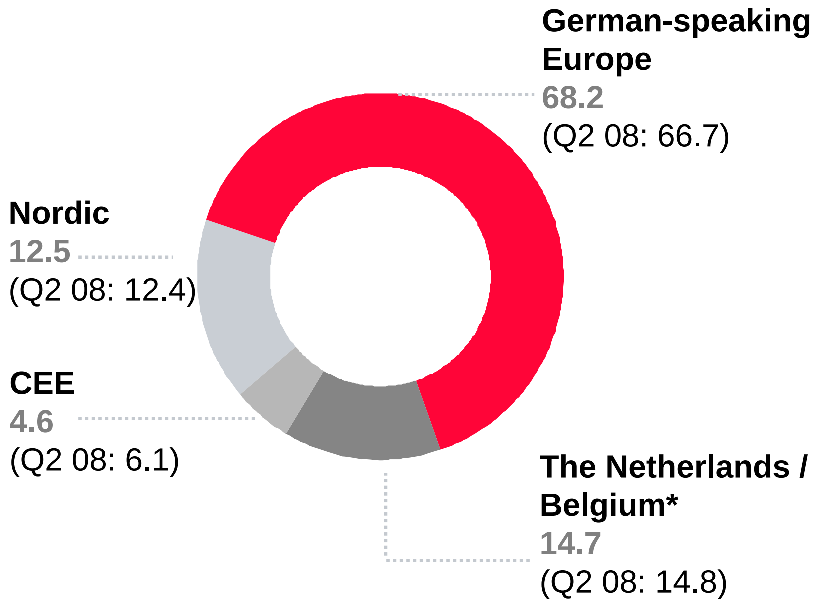
| | **Q2 2009** EURm | **Q2 2008** EURm | **Change** In percent |
|---|---|---|---|
| External revenues | **84.4** | 134.9 | -37.4 |
| thereof CMore | **-/-** | 39.1 | -/- |
| Recurring EBITDA | **18.3** | 32.5 | -43.7 |
| thereof CMore | **-/-** | 15.1 | -/- |
| EBITDA | **14.2** | 35.7 | -60.2 |
| thereof CMore | **-/-** | 14.3 | -/- |

# Revenue split by segment and region

**External revenues by segment**
Q2 2008 excl. CMore, in percent




**External revenues by region**
Q2 2008 excl. CMore, in percent

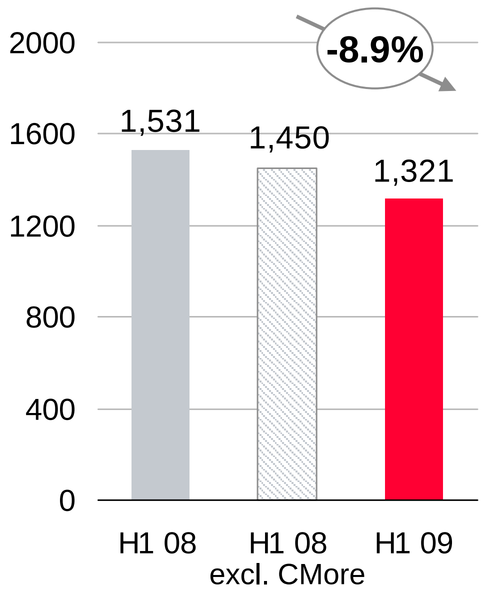



Deconsolidation of CMore in November 2008. *Flanders.

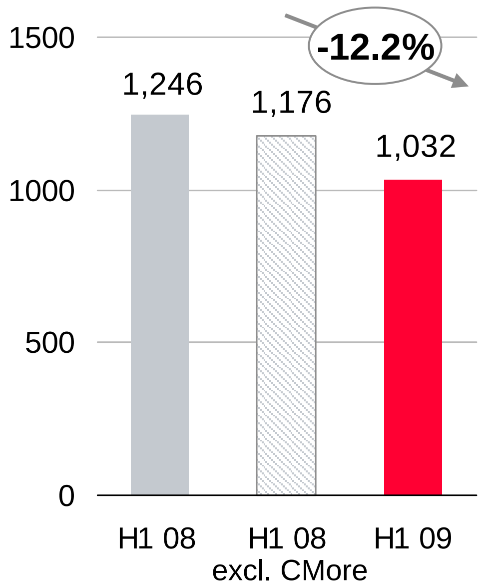
# H1 2009 at a glance - key financials for the Group

- Revenues in German-speaking Free TV down by 6.4% (EUR 56.0m), revenues in international Free TV segment decreased by 13.3% (-EUR 51.8m)
- Operating costs (excl. CMore) were down EUR 143.6 million, or 12.2%

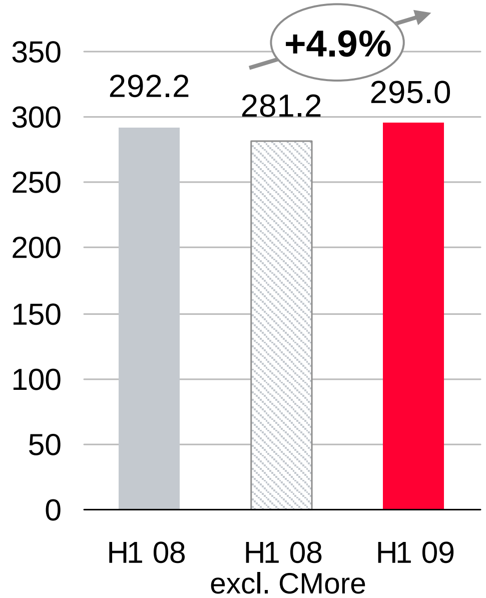
**Revenues**
In EURm




**Recurring costs***
In EURm




**Recurring EBITDA****
In EURm

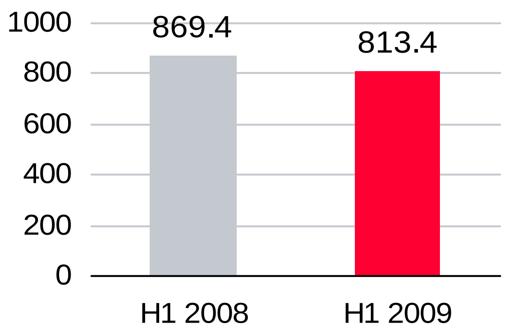



*Overall recurring costs excl. D&A. **Recurring EBITDA: EBITDA before non-recurring (exceptional) items.
Deconsolidation of CMore in November 2008.

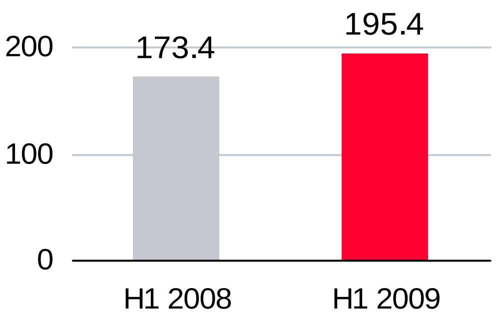
# H1 2009 at a glance - key financials by segment (2008 excl. CMore)

## German-speaking Free TV

External revenues

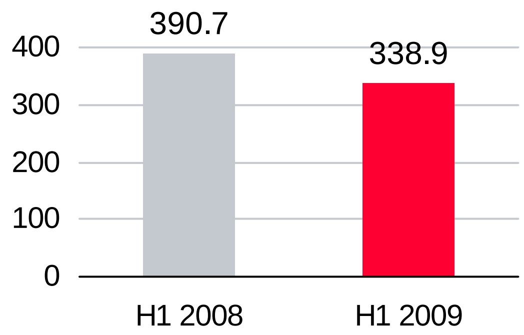



Recurring EBITDA

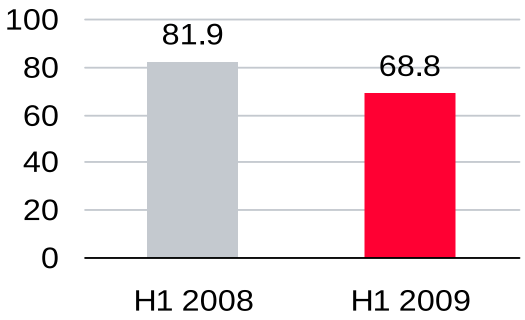



## International Free TV

External revenues

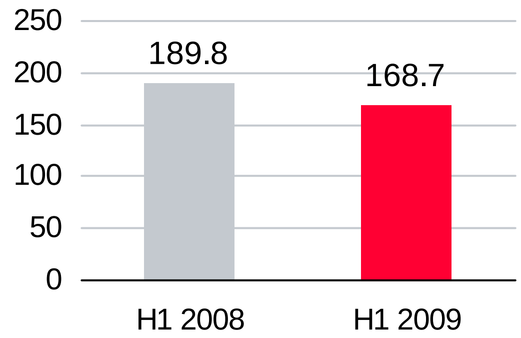



Recurring EBITDA

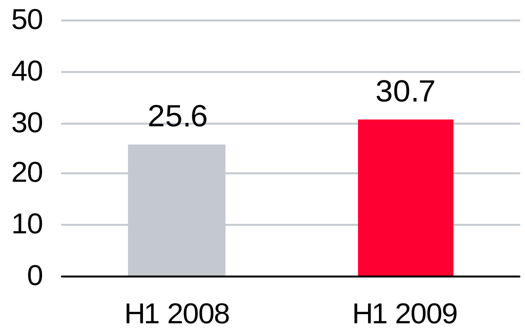



## Diversification

External revenues




Recurring EBITDA




Recurring EBITDA: EBITDA before non-recurring (exceptional) items. Deconsolidation of CMore in November 2008: Diversification figures for H1 2008 excl. CMore. Revenue contribution of CMore in H1 2008: EUR 81.0m, recurring EBITDA contribution: EUR 11.0m.

# Financial performance – key messages

**1.**

**Solid performance in Q2 and H1 2009 in an overall challenging environment**

- Continued competitive revenue performance with market share gains in Germany
- Steps to ensure profitability took effect
- Good liquidity, EUR 599m of cash on balance sheet

**2.**

**Original cost target of EUR 100m already exceeded**

- Additional cost savings implemented
- Measures initiated in 2008 will mainly bring savings in H2 2009
- Continued optimization of programming investments with more efficient use of programming inventory

**3.**

**We expect market to remain tough also in the coming months**

- We will continue with proactive cost and cash flow management
- Q4 is the most important period of the year (~30% revenues / ~40% recurring EBITDA)

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# Strategy & Outlook

**Thomas Ebeling,** CEO

# Our short-term strategic priorities

**1.**

**Increase value of company and achieve financial targets**
- Proactive cost management in all areas
- Cash flow management efficiency
- Leverage disposals to reduce net debt

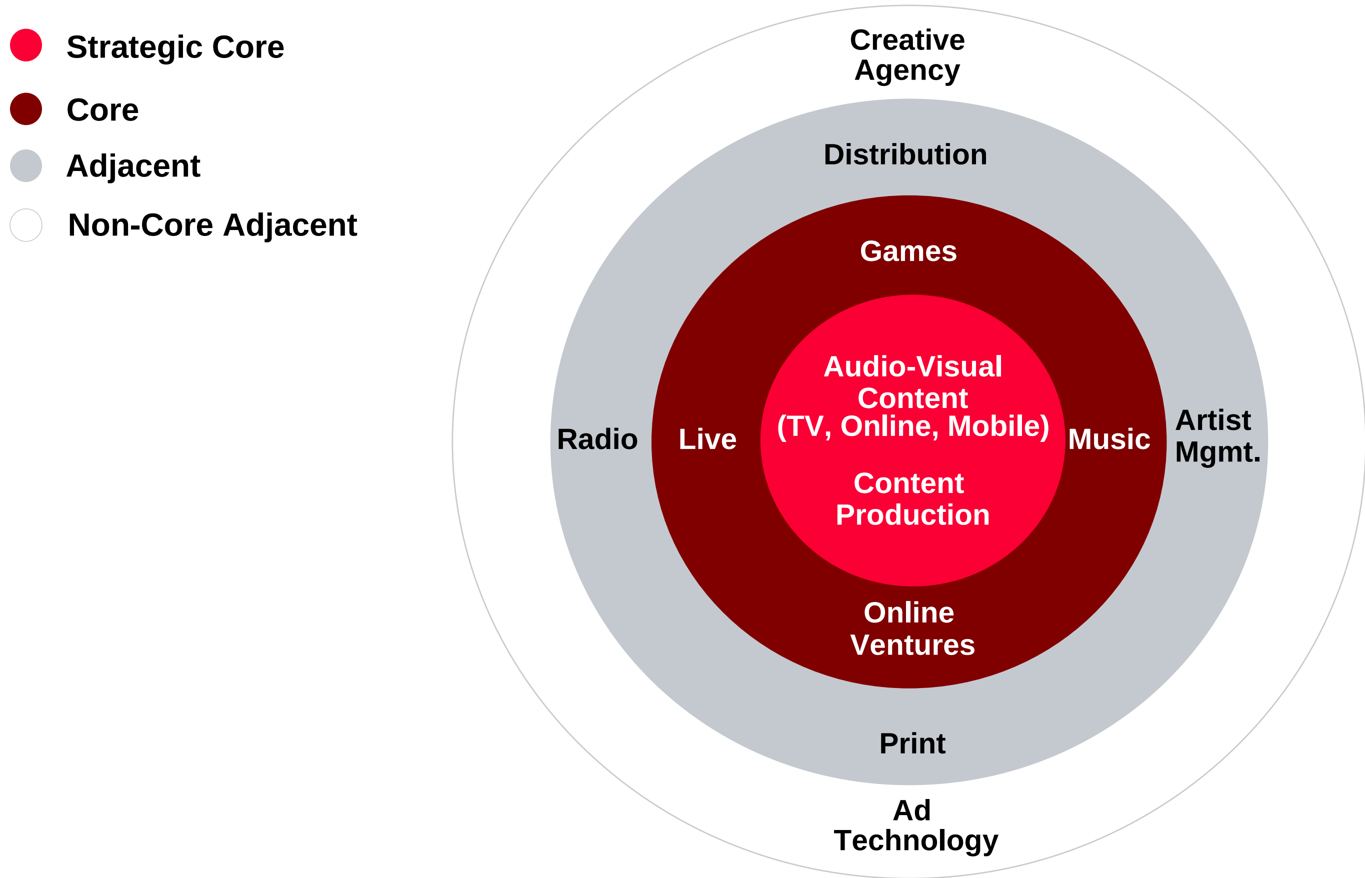
**2.**

**Strengthen performance of core TV business**
- Better content output at lower investments, increase viewer market share
- Synergies and operational excellence to further reduce costs
- Optimize multi-channel strategy/launch new channels
- Improve sales force excellence/ad net price management

**3.**

**Identify new growth opportunities and reduce dependency on ad income**
- Drive new platforms (Online, VoD, Pay)
- Expand into growing/profitable adjacent businesses, e.g. artist management and live events
- Increase own content production/selling
- Create more distribution income
- Create value from excess ad inventory / improve non-spot sales
- Leverage program library better
- Improve Online sales excellence

# ProSiebenSat.1:
## the power to entertain with audio-visual content at its core



# ProSiebenSat.1: 360° leverage of content

Content production / Artist Integration

TV

Online / Online Games

Artist Management / Music

VoD Broadband

Merchandising

Premium Rate Call-In Services

Mobile / Podcast

# WE LOVE MUSIC – One example for successful synergies

WE LOVE MUSIC

**a-ha**
"Foot of the mountain"

**TV**

- Performance at finale of "Germany's Next topmodel"
- Video broadcast on German TV stations one day before official release

**Online**

Video shown on all TV-online-platforms and on MyVideo.de

ProSieben.de N24.de SAT.1 Online MyVideo

**Merchandising**

Exclusive master rights for album "Foot of the mountain"*


*Europe excl. Norway.

# Redseven – One example for innovative revenue diversification

### Content Production

- Redseven: shows like “Mascerade”, “Galileo Big Picture”, “All about sex”, “Austria’s Next topmodel, “Gina Lisa in Action” or ”talk talk talk”
- Multiple use of material on different platforms, e.g. “Broken Comedy” (Online, Free and Pay TV)

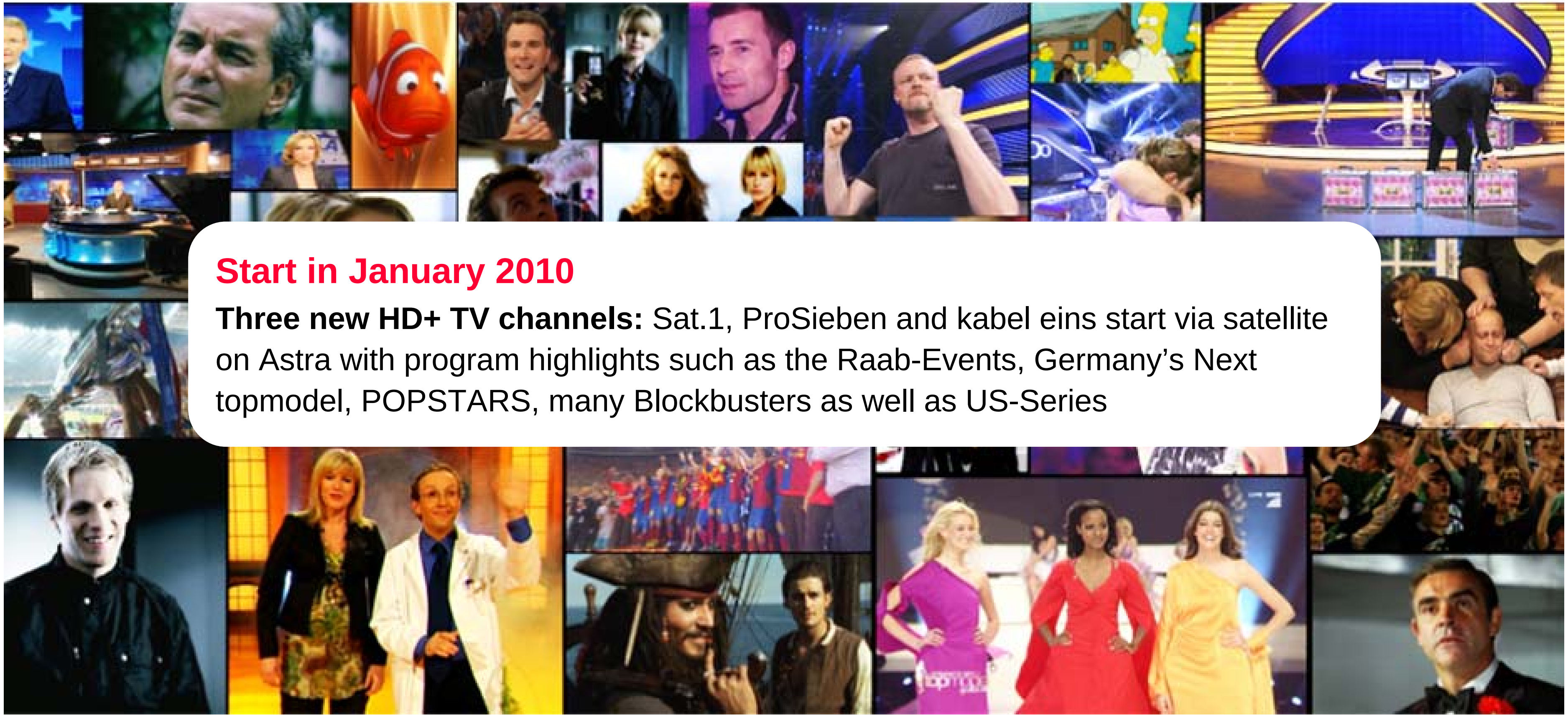
### Artist Management

- Creation of artist brands by raising, developing and pushing new stars related to the Group’s premium programs
- Increasing relevance and market profile of artists by integrating them in Redseven productions, e.g. “Austria’s Next topmodel” presented by Lena Gercke

### Full-service Advertising in co-operation with SevenOne Media

- NIKE campaign “The Human Race 2008”, production of nine commercials for NIKE with integration of “Germany’s Next topmodel” participants
- Milford brand re-launch "Hier zählt das Wir.",  production of three commercials and one sweep stake trailer

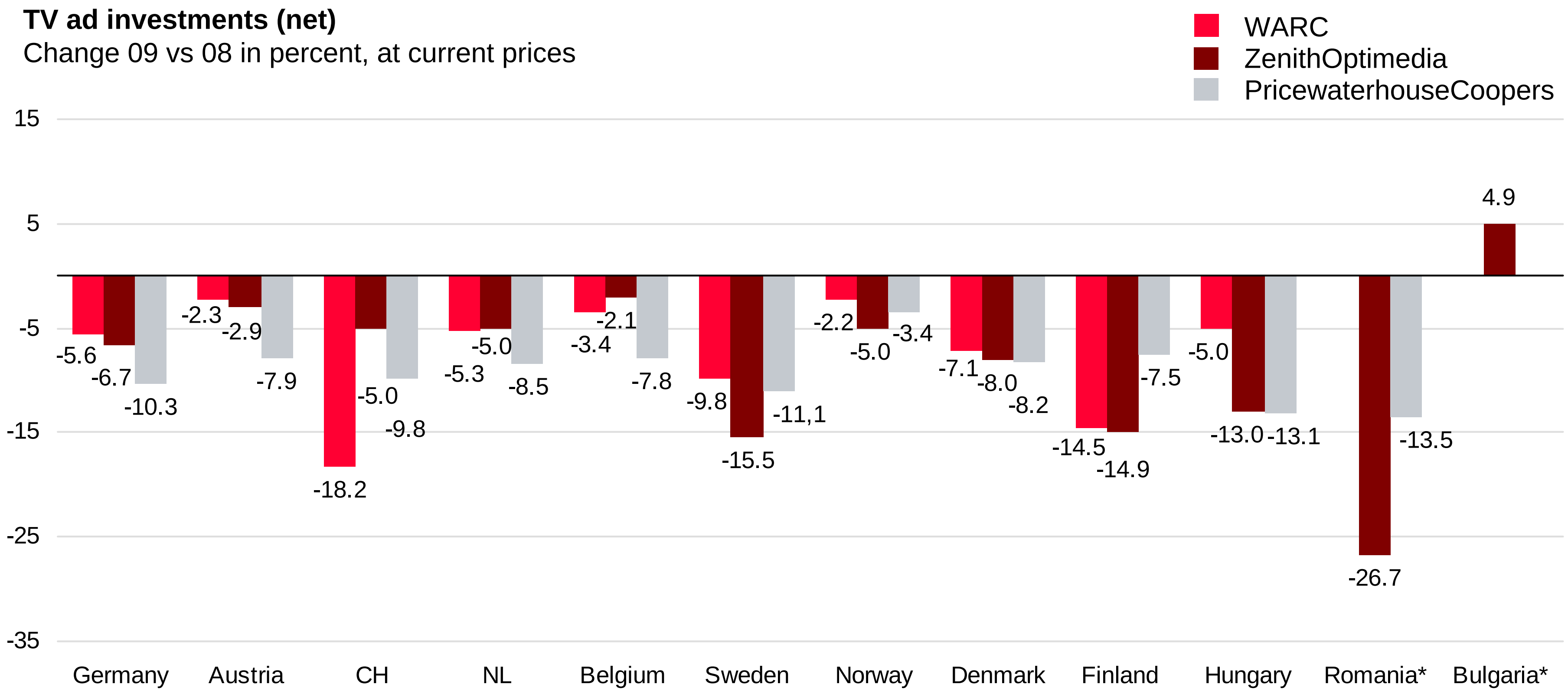
# Germany will launch HD+



**Start in January 2010**

**Three new HD+ TV channels:** Sat.1, ProSieben and kabel eins start via satellite on Astra with program highlights such as the Raab-Events, Germany's Next topmodel, POPSTARS, many Blockbusters as well as US-Series

# Research institutes' forecasts for TV ad markets in 2009 –
## Q4 visibility still low




Sources: WARC: European Advertising & Media Forecast July 2009, ZenithOptimedia: Advertising Expenditure Forecast July 2009, figures extensively harmonized on a net base, but still several methodical differences between countries and sources. PricewaterhouseCoopers Global entertainment and media outlook 2009-2013 (dated 06/2009). WARC and ZenithOptimedia figures relate to EUR figures, while PWC data is in USD. *WARC forecast not available for Romania and Bulgaria PWC data is not available for Bulgaria.

# Despite the challenging macroeconomic environment, we believe that we are on track

- > Our sales model is accepted, share gains in Germany ✓
- > Leaner and more integrated organizational set-up ✓
- > Good ratings in our core markets ✓
- > Improved content position and good investments ✓
- > Cost savings ahead of plan ✓
- > Good liquidity position ✓

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