



# Q3 2009

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## **Q3 2009:** Robust earnings in challenging market environment, operational performance improved

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**Group revenues decreased by 7.9% (-EUR 48.2m), to EUR 559.4m**

### **Profitability improved**

- Recurring EBITDA up by 1.8% (EUR 1.7m), to EUR 94.4m
- Recurring EBITDA margin improved by 1.6 percentage points to of 16.9%

### **Operating costs reduced by 9.6% or EUR 49.6m**

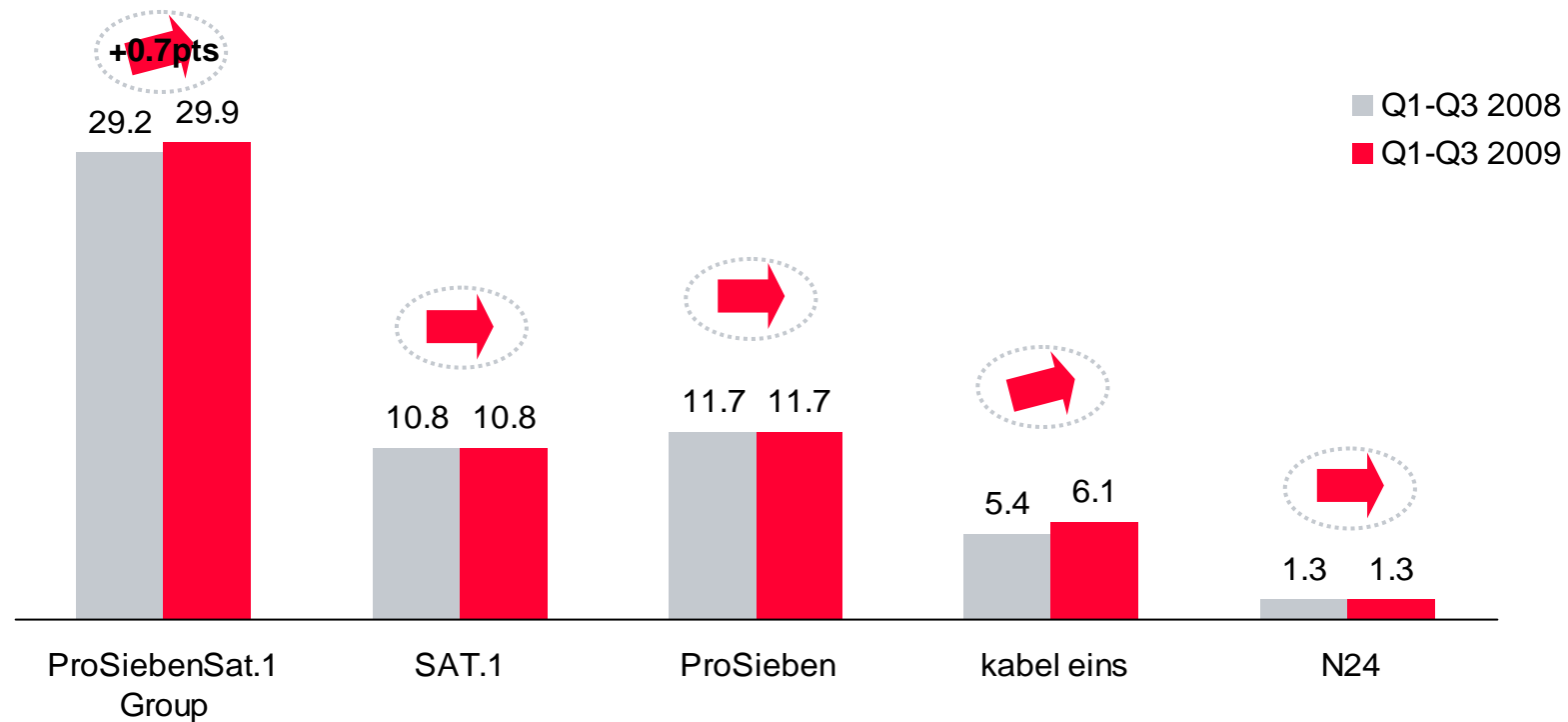
- Continued cost discipline across the Group as well as efficiency gains through process improvements
- Operating costs decreased by 11.4% or EUR 193.2m in Q1-Q3 2009

**Improved ratings performance in most markets, despite cost reductions in TV business**



## Q1-Q3 2009: Ratings performance

### TV audience shares in Germany In percent



**Austria:** Q1-Q3 2009 17.2% (Q1-Q3 2008: 15.6%)    **Switzerland:** Q1-Q3 2009 16.3% (Q1-Q3 2008: 17.7%)

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







## Q1-Q3 2009: Ratings performance

	<b>Audience shares</b> In percent			
<b>The Netherlands</b>	<b>27.6</b> (Q1-Q3 08: 26.7)		<b>SBS 6</b>	14.1% (+1.1 pts), local formats
			<b>NET 5</b>	7.0% (-0.1 pts), "Grey's Anatomy" and local formats
			<b>Veronica</b>	6.5% (-0.1 pts), local formats
<b>Belgium</b>	<b>16.3</b> (Q1-Q3 08: 18.3)		<b>VT4</b>	11.0% (-2.1 pts), fewer local successes, strong market competitors
			<b>vijfTV</b>	5.3% (+0.1 pts), continuous success of local productions and successful establishment of "Wednesday Movie Night"
<b>Hungary</b>	<b>22.7</b> (Q1-Q3 08: 24.6)		<b>TV2</b>	22.7% (-1.9 pts), shift of first-runs to Q4, good performance of US series and Champions League
<b>Romania</b>	<b>7.4</b> (Q1-Q3 08: 6.7)		<b>Prima TV</b>	6.9% (+0.8 pts), continuous success of local formats

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).



## Q1-Q3 2009: Ratings performance

Audience shares In percent		
<b>Sweden</b>	<b>14.9</b> (Q1-Q3 08: 14.9) 	<b>Kanal 5 / Kanal 9</b> shift of bigger events and first-runs to Q4 <b>Kanal 5</b> 12.5% (-0.6 pts), local formats, US series <b>Kanal 9</b> 2.4% (+0.7 pts), US series, football
<b>Denmark</b>	<b>15.4</b> (Q1-Q3 08: 14.5) 	<b>Kanal 4 / Kanal 5</b> stable ratings, local formats performed well, higher market fragmentation <b>6'eren</b> 2.9%, launched in Q1 2009, live football
<b>Norway</b>	<b>12.9</b> (Q1-Q3 08: 13.5) 	<b>TV Norge</b> 10.0% (-1.4 pts) exit from news business, weak start into the year but reversing the year's trend focusing on entertainment, e.g. successful lawsuit shows in Q3 2009 <b>FEM</b> 2.4% (+0.7 pts), e.g. local talk show "Studio FEM"
<b>Finland</b>	<b>2.3</b> (Q1-Q3 08: 1.1) 	<b>TV Viisi</b> 2.3% continuous success of TV Viisi, first in-house produced format

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).



## Q1-Q3 2009: Sales performance

### German-speaking

Ad shares improved, new sales initiatives (AdFactory, media for revenue / equity)



### Benelux

The Netherlands increased ad share, modest decrease in Belgium



### Nordic

Denmark clearly up, Norway slightly improved ad market share, slight decrease in Sweden



### CEE





Ad shares up in Hungary and Romania, Bulgaria shows high growth rate





## Q1-Q3 2009: Key milestones and events

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<b>German TV</b>		<ul style="list-style-type: none"><li>• Integrated German free TV house started operations in July</li><li>• Optimized programming scheduling</li><li>• Improved content position, e.g. Fox deal</li><li>• Investments in new HD+ technology</li></ul>
<b>International TV</b>		<ul style="list-style-type: none"><li>• Young channels, e.g. 6'eren, PULS 4 with continuous success</li><li>• Attractive content in core markets, license agreements extended, e.g. Sony Pictures, UEFA Champions League</li></ul>
<b>Sales (German TV)</b>		<ul style="list-style-type: none"><li>• Integration of SevenOne Media (TV) and SevenOne Interactive (Online) in June</li><li>• SevenOne AdFactory established</li><li>• Share gains against market trends</li><li>• Better use of unsold "media inventory": media for revenue / equity</li></ul>
<b>Diversification</b>		<ul style="list-style-type: none"><li>• Successful music projects, e.g. a-ha with cross-media comeback at ProSiebenSat.1</li><li>• German online business: highest reach in corporate history*, relaunch of ProSieben.de</li><li>• Extension of e-commerce business, e.g. launch of www.7products.de</li></ul>

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\* Source: AGOF – internet facts 2009-II

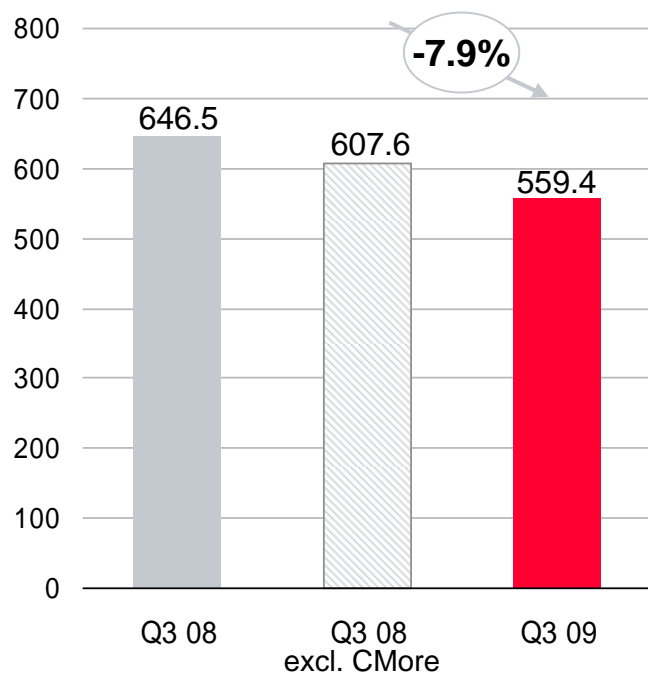




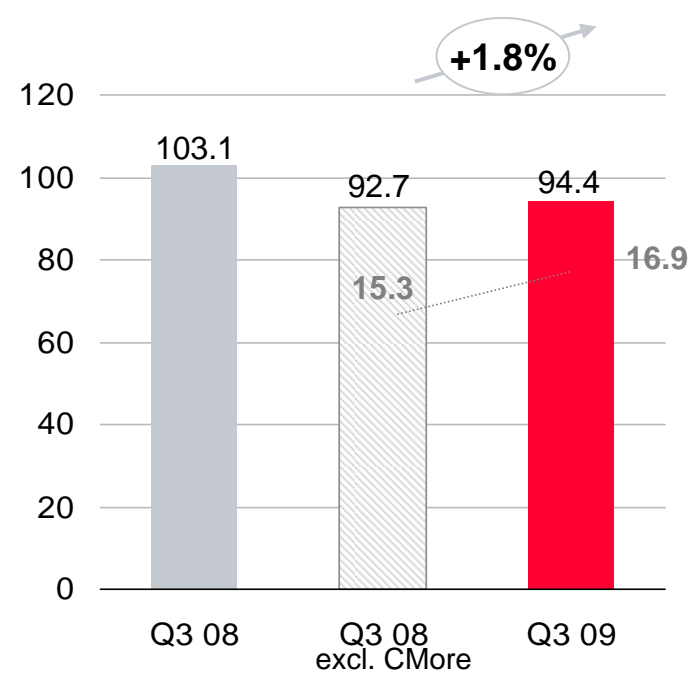
## Q3 2009: Consolidated revenues / recurring EBITDA

- Group revenue decrease mainly resulted from market environment and CMore deconsolidation in November 2008
- Revenue decrease compensated by efficient cost management
- Profitability improved: recurring EBITDA margin of 16.9%

**Revenues**  
In EURm



**Recurring EBITDA \*/ margin**  
In EURm



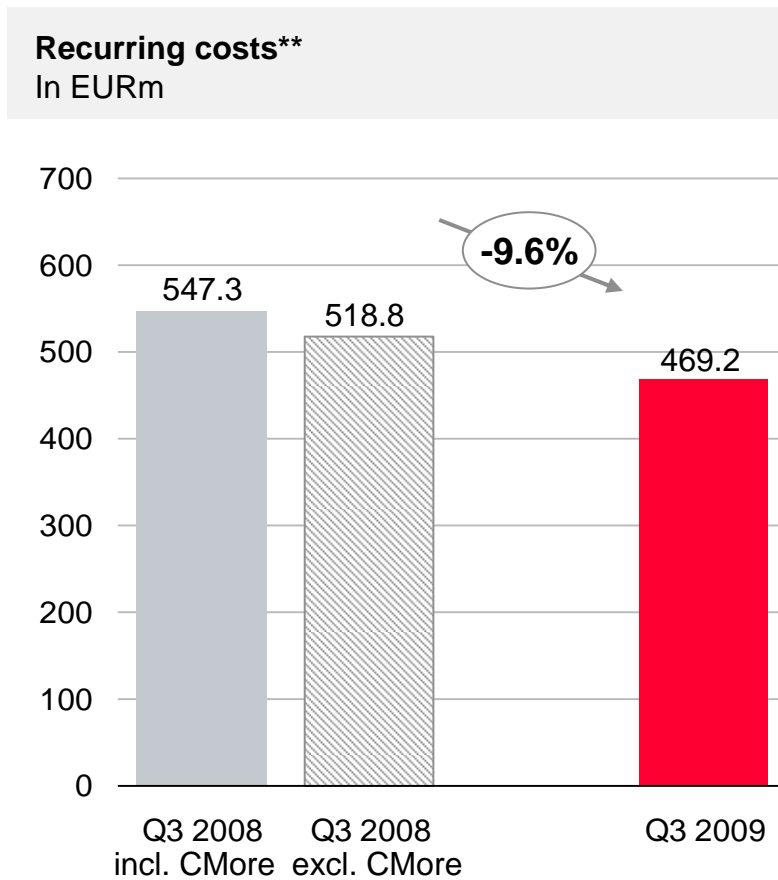
\*Recurring EBITDA: EBITDA before non-recurring (exceptional) items.

Deconsolidation of CMore in November 2008. Revenue contribution of CMore in Q3 2008: EUR 38.9m, recurring EBITDA contribution: EUR 10.4m.

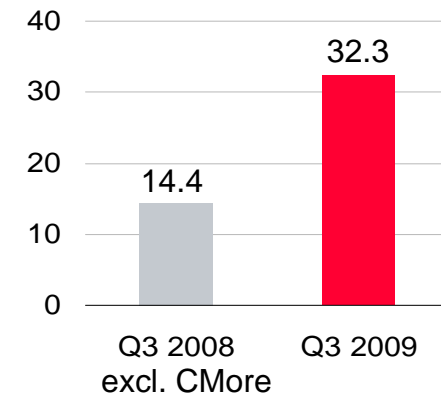


## Q3 2009: Group's operating costs

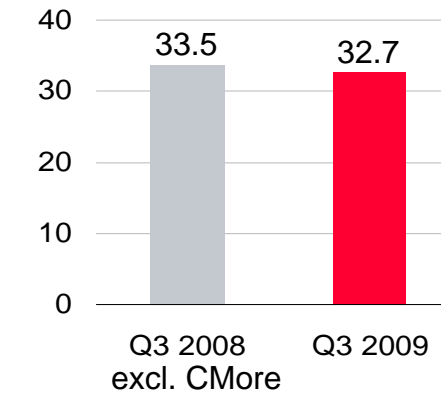
- Significant cost reductions achieved, recurring costs down by EUR 49.6m\*
- Efficiency enhancements through improved processes and organizational set-up, cost of sales down by EUR 31.4m\*



**Non-recurring expenses**  
In EURm



**Depreciation and amortization**  
In EURm



\*Q3 2008 adjusted for CMore. \*\* Total costs excl. D&A and non-recurring expenses. Deconsolidation of CMore in November 2008. Consumption of programming assets up by EUR 5.0m to EUR 238.3m (Q3 2008 adjusted for CMore).



## Q3 2009: EBITDA reconciliation

adjusted for CMore in Q3 2008

In EURm	Q3 2009	Q3 2008
<b>Recurring EBITDA</b>	<b>94.4</b>	<b>92.7</b>
Non-recurring items (net)	-32.0	-10.6
<b>EBITDA</b>	<b>62.4</b>	<b>82.1</b>
Depreciation and amortization	-32.7	-33.5
<b>Operating profit</b>	<b>29.7</b>	<b>48.6</b>

### Depreciation and amortization:

- Amortization resulting from purchase price allocations (PPA) were down by EUR 1.8m to EUR 13.1m; SBS PPA came in at EUR 12.5m

### Non-recurring items:

- One-time charges in Q3 2009 related to additional efficiency measures, HD upgrade and other items



## Q3 2009: Performance in German-speaking Free TV segment

	Q3 2009 EURm	Q3 2008 EURm	Change In percent
External revenues	337.3	344.2	-2.0
Recurring EBITDA	51.8	41.8	+23.9
EBITDA	27.5	27.9	-1.4

- **Revenue decline in German-speaking Free TV segment relatively modest**
  - Share gains in core market: German free TV stations performed better than TV advertising market
  - Stable revenue performance in Switzerland, Austria up due to positive development of PULS4
- **Costs reductions resulting from:**
  - Improved overheads (especially from Sat.1 move)
  - Efficient cost management
  - Optimized use of programming inventory



## Q3 2009: Performance in International Free TV segment

	Q3 2009 EURm	Q3 2008 EURm	Change In percent
External revenues	149.2	174.4	-14.4
Recurring EBITDA	27.0	40.8	-33.8
EBITDA	20.7	45.6	-54.6

- **Revenues: lower advertising revenues due to economic conditions**
  - Strong Q3 2008 comparable (Q3 2008: up by 10.9% vs Q3 2007)
  - In addition, foreign exchange effects continued to impact revenue performance in CEE and Nordic countries
- **Multi-channel development strategy on track:**
  - Denmark reported revenue growth, driven by higher distribution revenues and the successful launch of the free TV station 6'eren in Q1 2009



## Q3 2009: Performance in Diversification segment

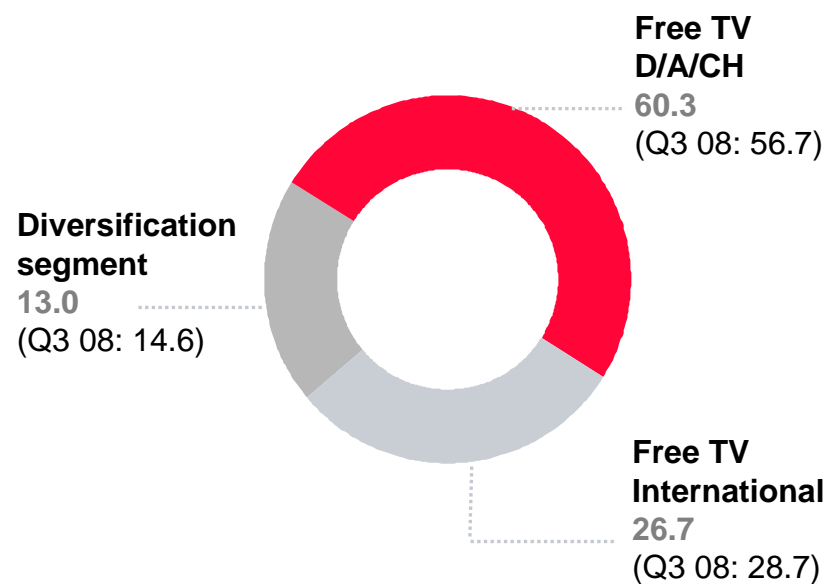
	Q3 2009 EURm	Q3 2008		Change vs Q3 2008 excl. CMore In percent
		Incl. CMore EURm	Excl. CMore EURm	
External revenues	72.9	127.9	89.0	-18.1
Recurring EBITDA	15.5	19.3	9.0	+72.2
EBITDA	14.1	18.9	8.5	+65.9

- **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 regulations
- **German music and online video-ad business successfully expanded**
- **Efficient cost management could partly offset the revenue decrease**

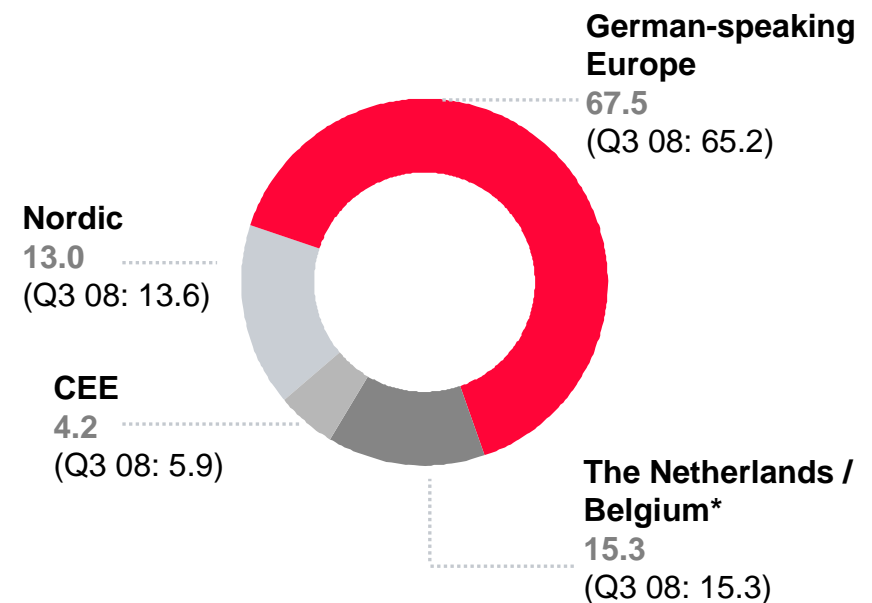


## Q3 2009: Revenue split by segment and region

**External revenues by segment**  
Q3 2008 excl. CMore, in percent



**External revenues by region**  
Q3 2008 excl. CMore, in percent

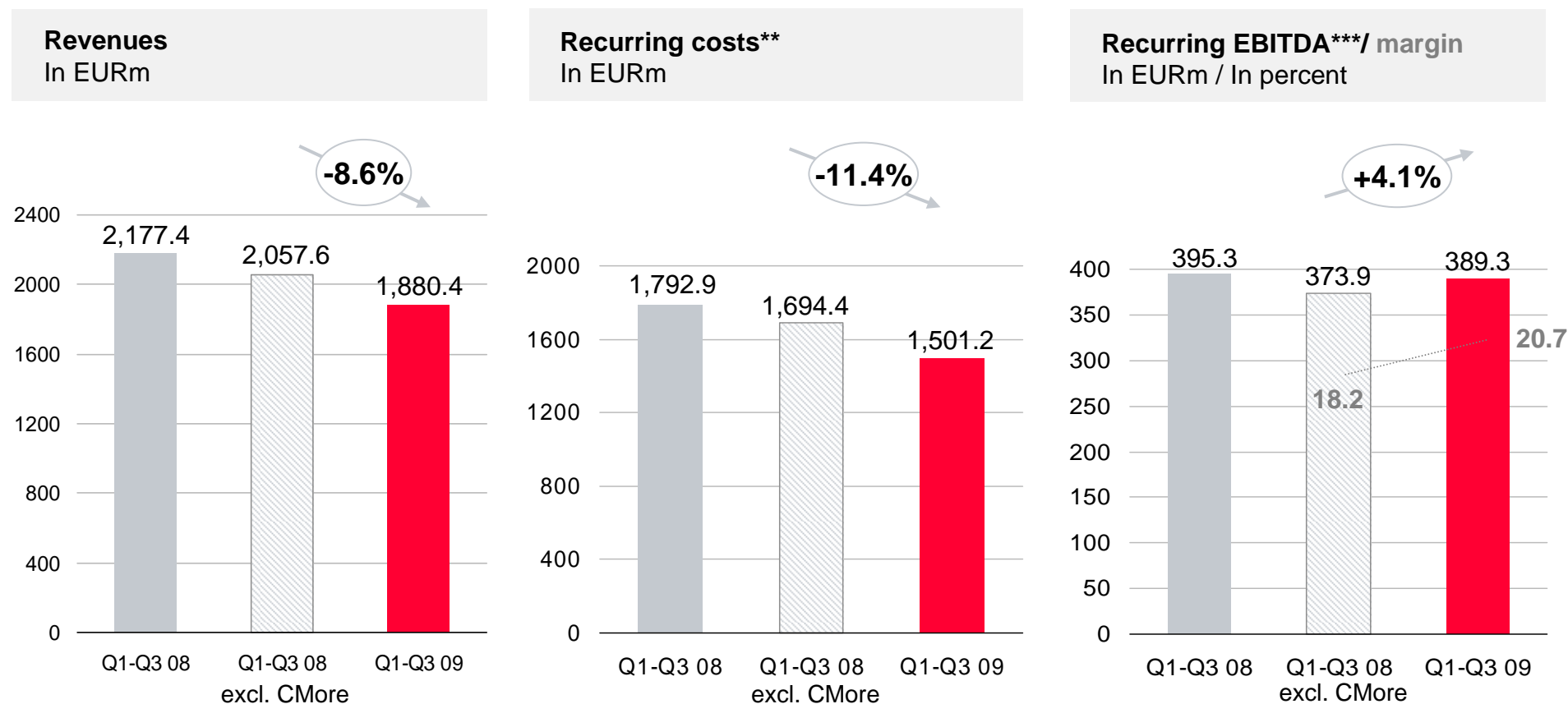


\*Flanders.



## Q1-Q3 2009 - Group: Key financials at a glance

- Consolidated revenues down by 8.6% or EUR 177.2m\*
- Operating costs were down by 11.4%, or EUR 193.2m\*



\*Q3 2008 adjusted for CMore. \*\*Overall recurring costs excl. D&A. \*\*\*Recurring EBITDA: EBITDA before non-recurring (exceptional) items.  
Deconsolidation of CMore in November 2008. Revenue contribution of CMore in Q1-Q3 2008: EUR 119.8m, recurring EBITDA contribution: EUR 21.3m.

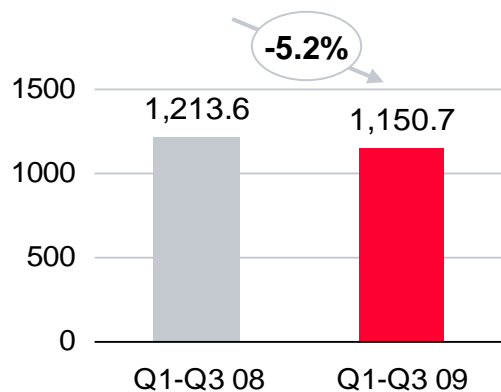


## Q1-Q3 2009 - Segments: Key financials at a glance

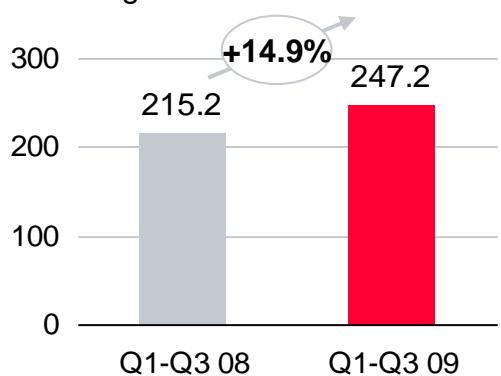
- Revenues in German-speaking Free TV segment down by 5.2% (EUR 62.9m)
- Revenues in International Free TV segment decreased by 13.6% (EUR 77.0m)

### German-speaking Free TV

External revenues

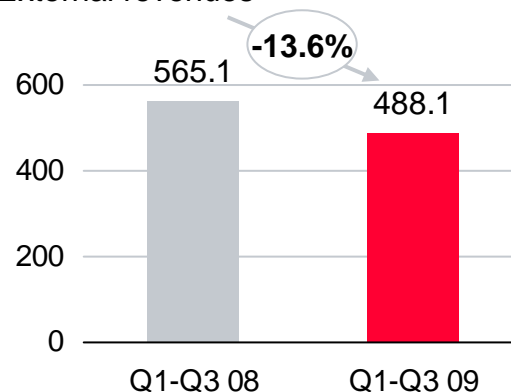


Recurring EBITDA

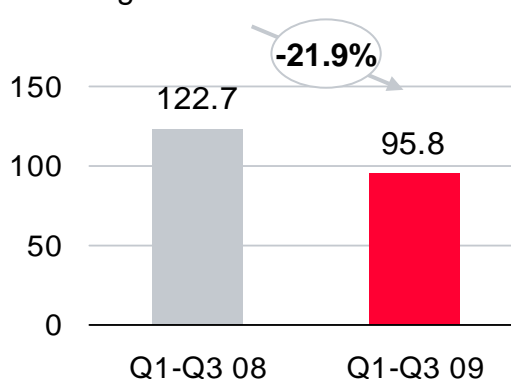


### International Free TV

External revenues

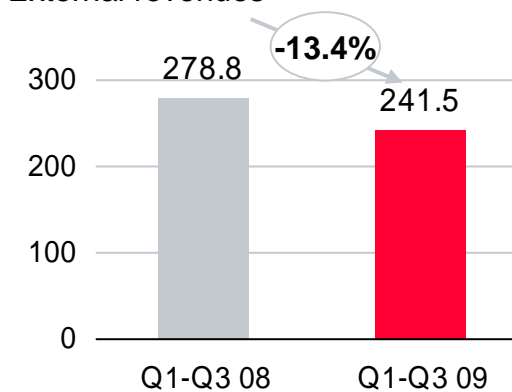


Recurring EBITDA

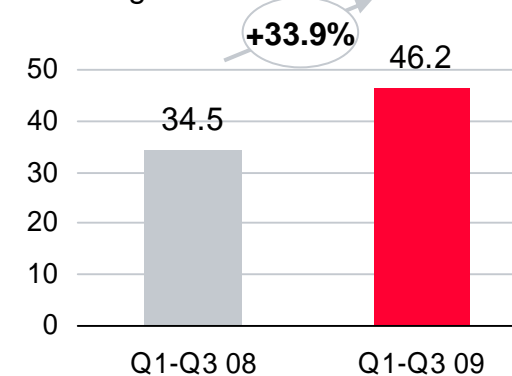


### Diversification\*

External revenues



Recurring EBITDA

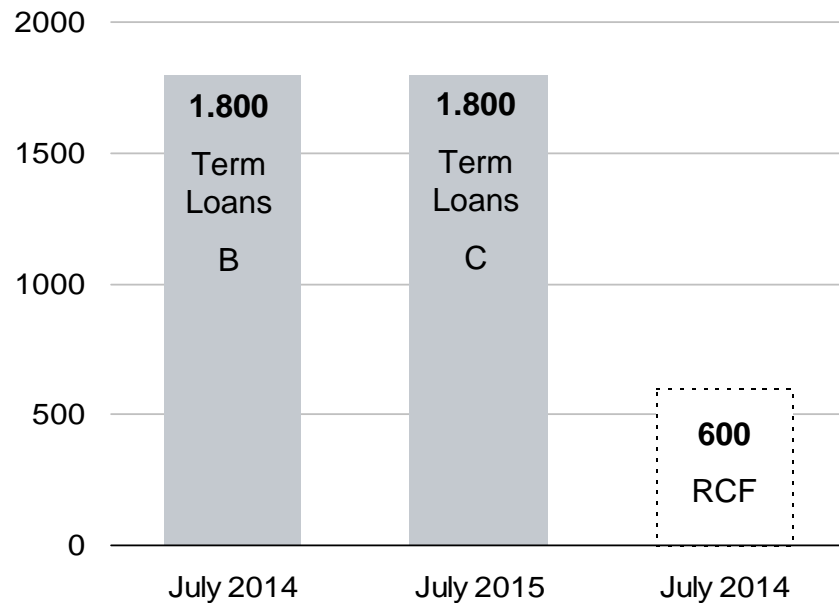


\*Adjusted for CMore in Q1-Q3 2009, in EURm. Deconsolidation of CMore in November 2008. Diversification figures for Q1-Q3 2008 excl. CMore. Revenue contribution of CMore in Q1-Q3 2008: EUR 119.8m, recurring EBITDA contribution: EUR 21.3m.



## Net debt and liquidity position

### 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 508.4m of cash on balance sheet

- EUR 59.9m of additional undrawn liquidity under the RCF
- EUR 959.4m programming assets capitalized in Q1-Q3 2009 (Q1-Q3 2008: EUR 963.4m excl. CMore)
- Free cash flow in Q1-Q3 2009 is minus EUR 120.5m (Q1-Q3 2008: minus EUR 206.7m)

### Net debt as per September 30, 2009 was EUR 3,534.4m

- Net debt down by EUR 282.3m vs. Sep 30, 2008
- Net debt up EUR 107.1m vs. June 30, 2009 due to cash flow seasonality
- Leverage (net debt/LTM recurring EBITDA\*) is 5.3x (Q1-Q3 2008: 5.5x)

Deconsolidation of CMore in November 2008. \*LTM recurring EBITDA excl. CMore is EUR 672.2m



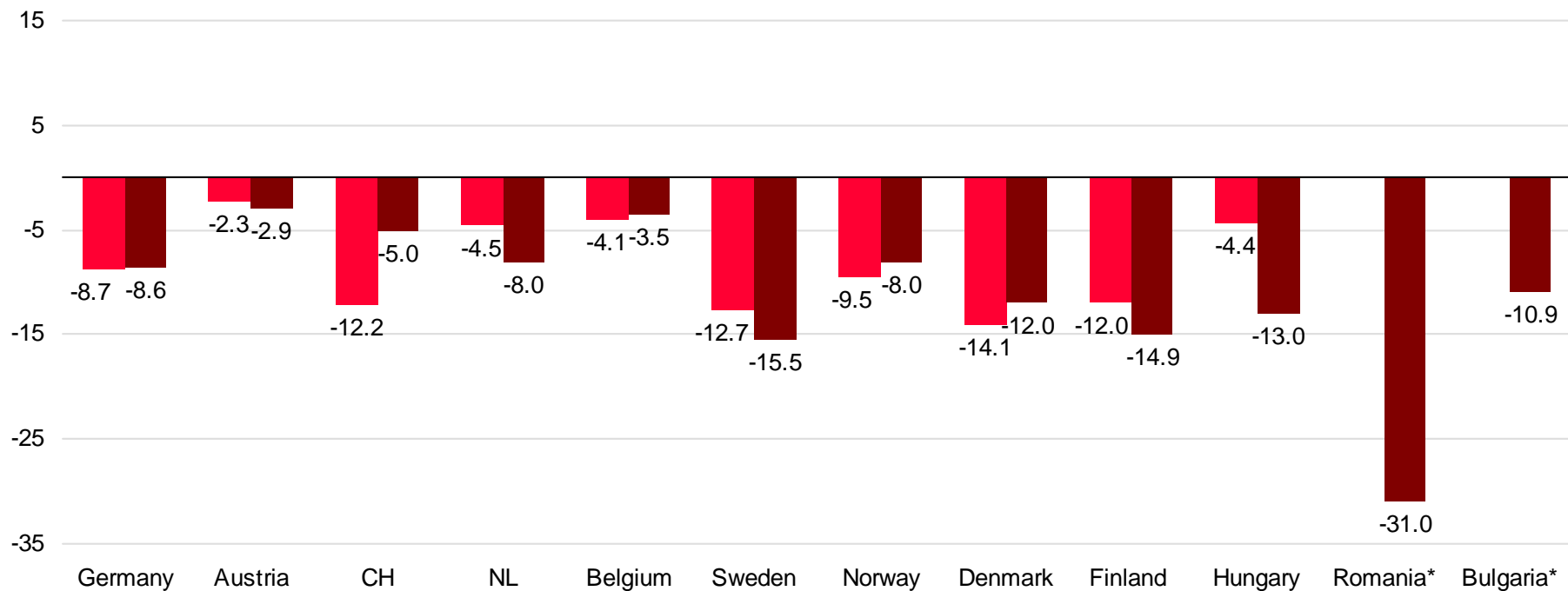


## Research institutes' forecasts for TV ad markets in 2009 - challenging market environment

### TV ad investments (net)

Change 09 vs 08 in percent, at current prices

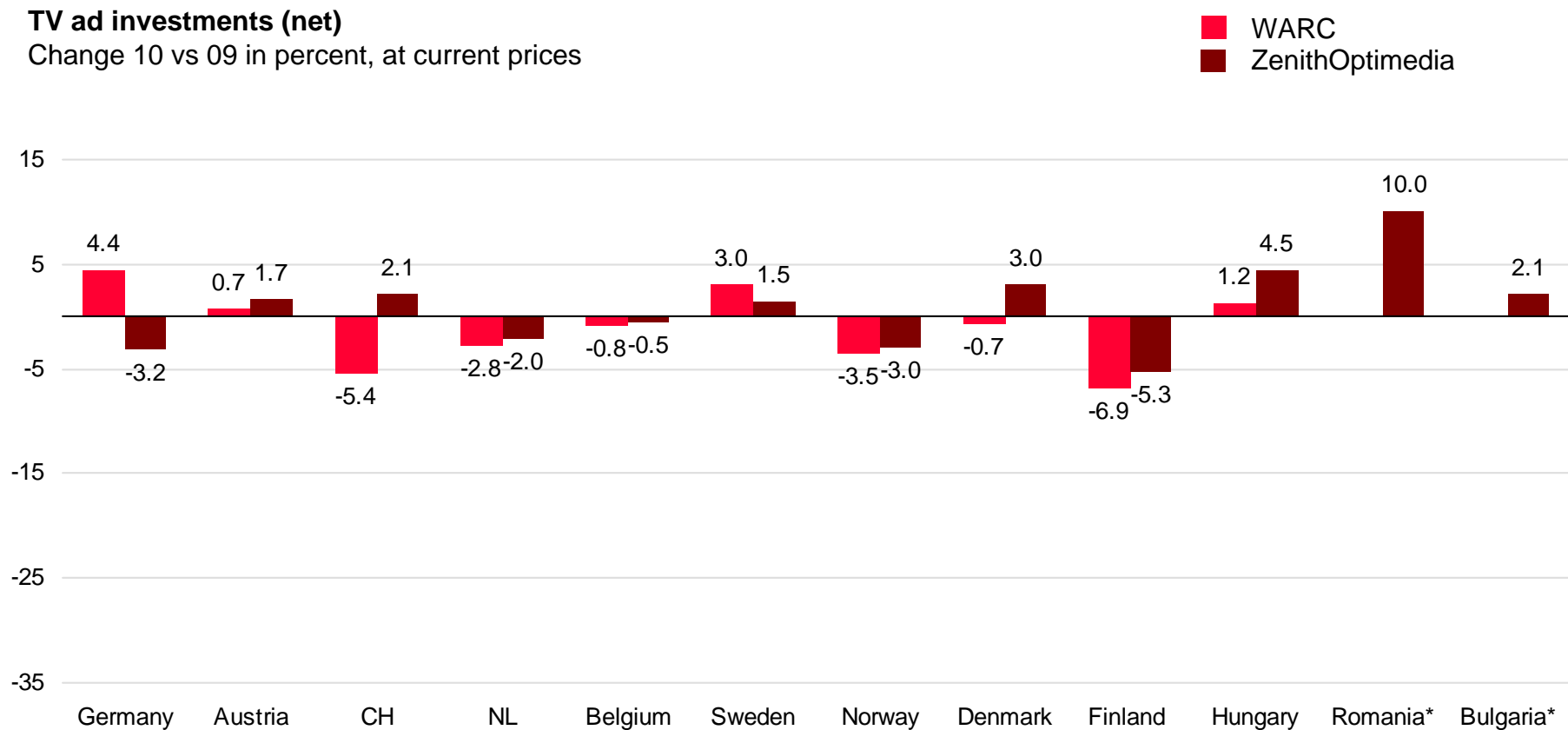
■ WARC  
■ ZenithOptimedia



Sources: WARC: European Advertising & Media Forecast September 2009, ZenithOptimedia: Advertising Expenditure Forecast October 2009, figures extensively harmonized on a net base, but still several methodical differences between countries and sources. WARC and ZenithOptimedia figures relate to EUR figures. \*WARC forecast not available for Romania and Bulgaria.



## Research institutes' forecasts for TV ad markets in 2010 - stabilization expected but visibility remains low

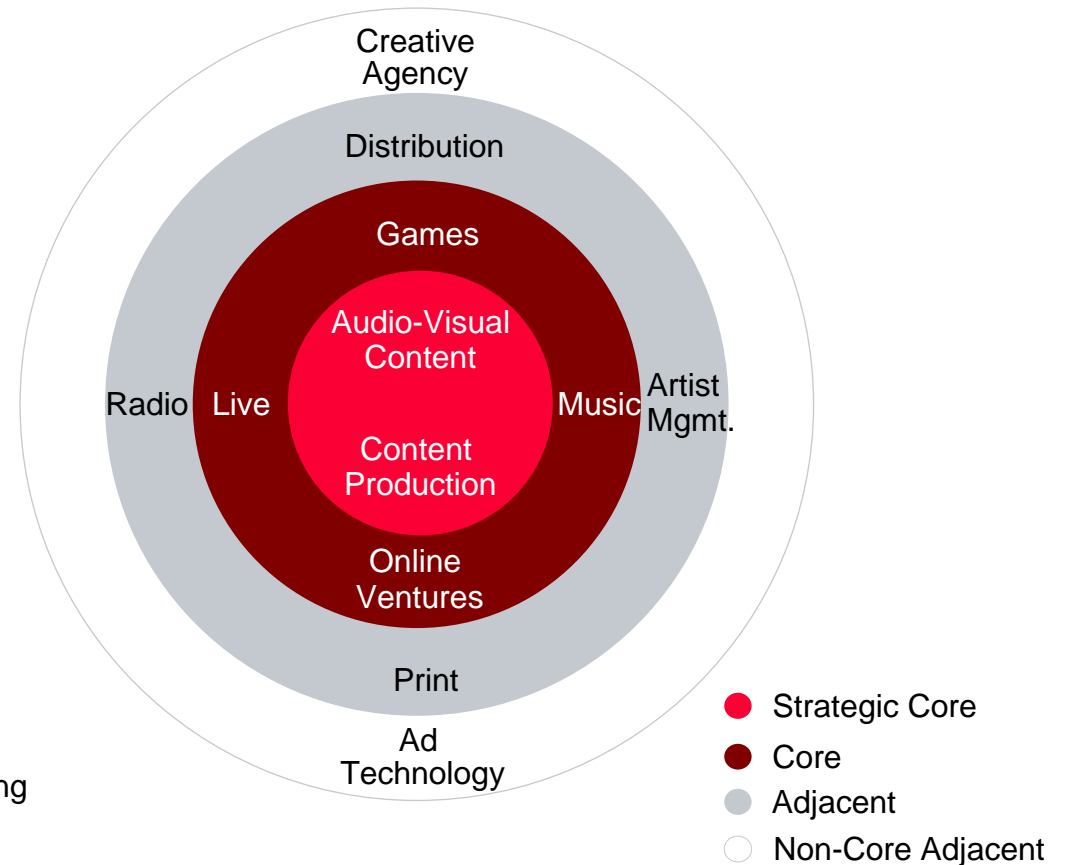


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## Strategic priorities for the Group

- 1. Achieve financial aims**
  - Optimize operational performance
  - Improve cost structure
- 2. Strengthen core business free TV**
  - “Smart investments”
  - Build a strong content division
  - Improve channel portfolio
  - Create selected “lighthouses”
  - Sales excellence
- 3. Identify new revenue streams**
  - Grow online business
  - Expand into adjacent businesses
  - Create additional income streams to advertising





# Sales excellence: 360° advertising campaigns

## - selected cases of SevenOne AdFactory

### Windows 7

### good hair day

#### Task

- Build awareness for Microsoft Windows 7 in the young male target group
- Pick up the creative idea of the traditional media campaign and extend it to special ad formats

- First-time TV ad customer
- Build brand awareness within young females target group
- Emphasize the brands assets lifestyle, design, culture

#### Solution

- Program sponsoring of male-focused comedy series “Stromberg” on ProSieben and ProSieben.de
- Use a character of the “Stromberg” cast in promotional stories for ideal viewer involvement



- Cross-linked campaign including a sponsoring of talent show “POPSTARS” on TV and online
- Promotional stories based on consumer insights demonstrated the products benefits





## Identify additional revenue streams - capitalize unsold media inventory

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### Media for revenue share

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#### What?

- Using revenue share deals to translate unsold media into revenue
- Optional long term equity participation

#### Why?

- Return on investment: Minimum 25% of gross value
- Short term revenue/EBITDA optimization

### Media for equity











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- Use media as venture capital to invest in promising targets
- ProSiebenSat.1 is in direct control of investment

- Return on investment: Minimum 25% of gross value
- Secure investment opportunities



## Media for revenue deals - selected cases

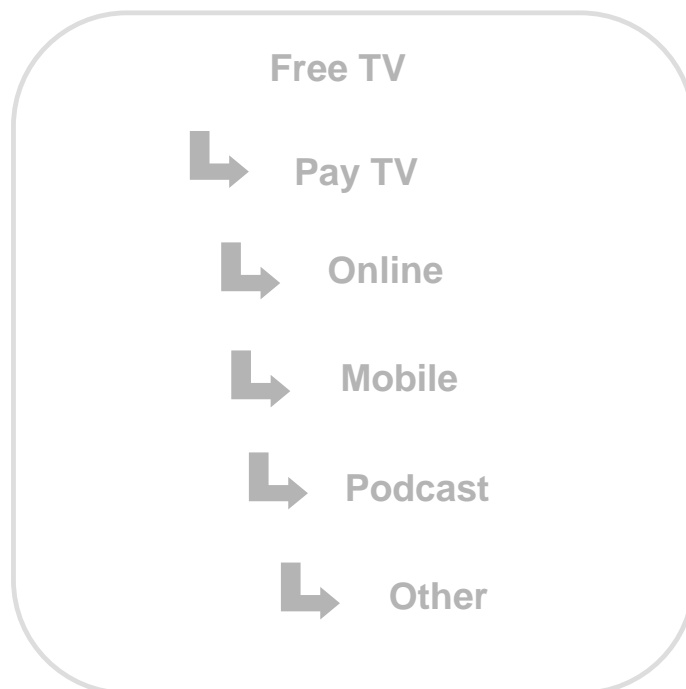
	<b>CHABESO</b> (Lemonade)		<b>Soft-drink classic comeback</b> <ul style="list-style-type: none"><li>• Self-produced TV spots, integration of music artists from the ProSiebenSat.1 label “WE LOVE MUSIC”</li><li>• Advertising presence in successful program, e.g. “POPSTARS”</li></ul>
	<b>HANHART</b> (Watches)		<b>Classic watch maker first time on TV</b> <ul style="list-style-type: none"><li>• In-house production of TV spots, establish TV presence</li><li>• Spots shown on N24, ideal balance of target group and product</li></ul>
	<b>KIJIMEA</b> (Pharma)		<b>Pharmaceutical TV campaign: therapy to stimulate the immune system</b> <ul style="list-style-type: none"><li>• In-house production of TV spots shown on all ProSiebenSat.1 channels</li></ul>
	<b>SNEAKERLOFT</b> (E-commerce)		<b>Cross-media campaign: shopping platform for sneakers</b> <ul style="list-style-type: none"><li>• Self-produced TV spots, integration of music artists from the ProSiebenSat.1 label “Columbia SevenOne Music”</li><li>• Spots shown on all ProSiebenSat.1 channels and the Internet (lokalisten, MyVideo) as well as ads in print media, e.g. “Germany’s Next Topmodel” magazine</li></ul>
	<b>ZONZOO</b> (Recycling project)		<b>Cross-media campaign: “recycle your mobile”</b> <ul style="list-style-type: none"><li>• Self-produced TV spots</li><li>• Spots shown on all ProSiebenSat.1 channels and online platforms like MyVideo</li></ul>



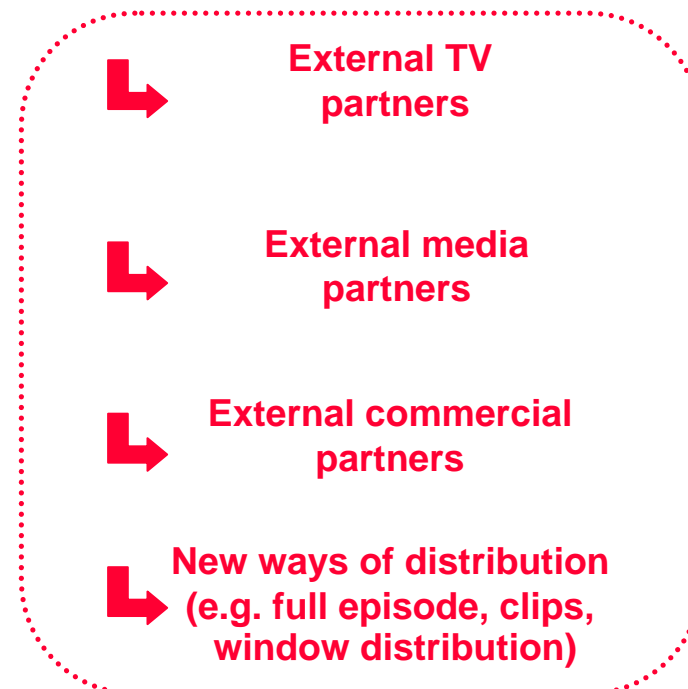
## Identify additional revenue streams

- capitalization of our content inventory

Status quo of our value chain:  
360° leverage of content



Additional revenue streams

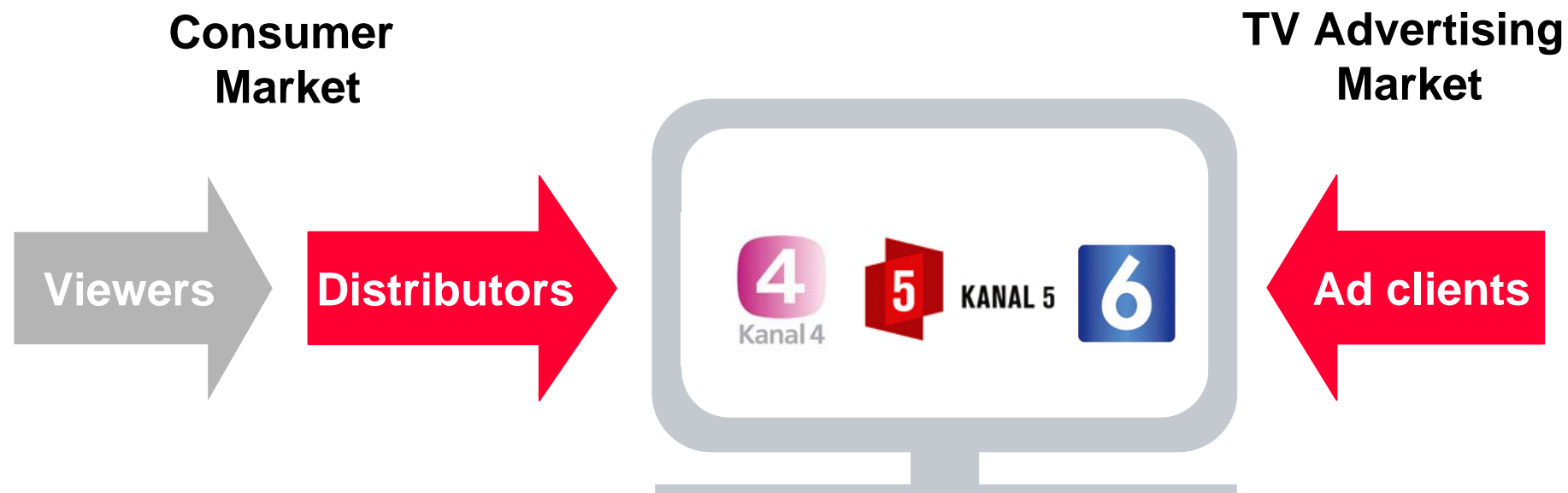




# Hybrid TV

- Example: Denmark

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

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- > Share gains in German TV ad market ✓
- > Initiatives for new revenue sources and improved sales excellence ✓
- > Good ratings in our core markets, optimized scheduling ✓
- > Improved content position and smart program investments ✓
- > Good liquidity position ✓
- > Leaner and more integrated organizational set-up ✓
- > Cost savings ahead of original plan ✓

## Disclaimer



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