



ProSiebenSat.1 Group

Annual Report 2013

Creating Long-Term Growth

PROSIEBENSAT.1 AT A GLANCE

The ProSiebenSat.1 Group was established in 2000. Today, we are one of the leading and most profitable media corporations in Europe, reaching around 42 million TV households with our TV stations in Germany, Austria and Switzerland. Free TV financed by advertising is our core business. Alongside a strong digital and ventures portfolio, the Group also owns an international production network. This means ProSiebenSat.1 has a broad revenue and earnings basis. In the 2013 financial year, we generated revenues of EUR 2.605 billion from continuing operations and recurring EBITDA of EUR 790.3 million. Our headquarters are located in Unterföhring near Munich. ProSiebenSat.1 Media AG is listed in Germany and Luxembourg and employs around 3,500 staff across the Group.

GROUP REVENUES FROM CONTINUING OPERATIONS (I)

EUR m



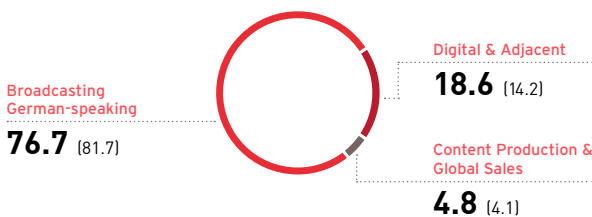
RECURRING EBITDA FROM CONTINUING OPERATIONS (II)

EUR m



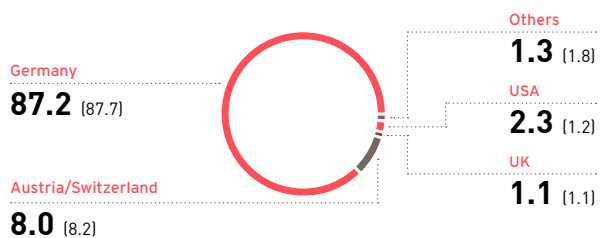
REVENUES BY SEGMENT FROM CONTINUING OPERATIONS (III)

In percent, 2012 figures in parentheses



REVENUES BY REGION FROM CONTINUING OPERATIONS (IV)

In percent, 2012 figures in parentheses



TARGETS 2013

Revenues
Growth by a high single-digit percentage
(2012: EUR 2,356.2 million)

Broadcasting German-speaking
Slight increase by a low single-digit percentage
(2012: EUR 1,926.0 million)

Digital & Adjacent
Significant increase
(2012: EUR 334.8 million)

Content Production & Global Sales
Significant increase
(2012: EUR 95.4 million)

Recurring EBITDA
Increase
(2012: EUR 744.8 million)

Broadcasting German-speaking
Stable development
(2012: EUR 665.1 million)

Digital & Adjacent
Significant increase
(2012: EUR 84.9 million)

Content Production & Global Sales
Significant increase
(2012: EUR 4.3 million)

Underlying net income
Increase
(2012: EUR 355.5 million)

Leverage factor
1.5 - 2.5
(2012: 2.0)²

German
TV audience market
-

ACTUAL FIGURES 2013

+10.6 % Revenues
Growth
to EUR 2,605.3 million

+3.7 % Broadcasting
German-speaking
Increase
to EUR 1,997.8 million

+44.5 % Digital & Adjacent
Increase
to EUR 483.7 million

+29.7 % Content Production & Global Sales
Increase
to EUR 123.8 million

+6.1 % Recurring EBITDA
Increase
to EUR 790.3 million

+2.0 % Broadcasting
German-speaking
Increase
to EUR 678.6 million

+24.2 % Digital & Adjacent
Increase
to EUR 105.4 million

>+100 % Content Production & Global Sales
Increase
to EUR 10.6 million

+6.8 % Underlying net income
Increase
to EUR 379.7 million

1.8³ Leverage factor

German
28.1 % TV audience market
Market leadership⁴

FORECASTS¹ 2014/2015

Revenues
Growth by a mid to high single-digit percentage

Broadcasting
German-speaking
Slight increase

Digital & Adjacent
Significant increase

Content Production & Global Sales
Significant increase

Recurring EBITDA
Mid single-digit increase

Broadcasting
German-speaking
Slight increase

Digital & Adjacent
Significant increase

Content Production & Global Sales
Significant increase

Underlying net income
High single-digit increase

Leverage factor
1.5 - 2.5

German
TV audience market
At least maintain or slightly improve leading position

1 Percentage change vs. previous year; continuing operations.

2 Before reclassification of cash and cash equivalents from the Northern and Eastern European business.

3 After reclassification of cash and cash equivalents from the Eastern European business. Adjusted for LTM recurring EBITDA from the Northern and Eastern European business.

4 Relevant target group of 14 to 49 year olds.

SELECTED KEY FIGURES OF THE PROSIEBENSAT.1 GROUP FOR THE 2013 FINANCIAL YEAR (V)

EUR m	ProSiebenSat.1 including discontinued operations		Discontinued operations		ProSiebenSat.1 continuing operations	
	2013	2012	2013	2012	2013	2012
Revenues	2,818.1	2,969.1	212.8	612.9	2,605.3	2,356.2
Operating costs ¹	2,142.5	2,111.0	306.6	486.4	1,835.8	1,624.6
Total costs	2,311.2	2,389.3	349.3	620.5	1,961.9	1,768.8
Cost of sales	1,680.0	1,607.3	248.2	340.9	1,431.8	1,266.4
Selling expenses	289.3	354.3	45.7	124.4	243.5	229.9
Administrative expenses	331.9	316.0	46.2	72.1	285.7	243.9
Other operating expenses	10.0	111.7	9.2	83.1	0.8	28.6
EBIT	610.0	593.7	-58.9	-7.2	668.9	600.9
Recurring EBITDA ²	696.8	871.7	-93.5	126.9	790.3	744.8
Non-recurring items ³	37.2	-78.3	69.8	-13.9	-32.6	-64.4
EBITDA	734.1	793.4	-23.7	113.0	757.8	680.4
Consolidated net profit attributable to shareholders of ProSiebenSat.1 Media AG	312.1	295.0	-47.3	-29.7	359.5	324.7
Underlying net income ⁴	340.1	415.1	-39.6	59.6	379.7	355.5

EUR m	2013	2012
Broadcasting German-speaking⁵		
External revenues	1,997.8	1,926.0
Recurring EBITDA ²	678.6	665.1
Recurring EBITDA margin (in percent) ⁶	32.7	33.3
EBITDA	649.9	613.2
Digital & Adjacent⁵		
External revenues	483.7	334.8
Recurring EBITDA ²	105.4	84.9
Recurring EBITDA margin (in percent) ⁶	21.6	25.3
EBITDA	100.9	76.6
Content Production & Global Sales⁵		
External revenues	123.8	95.4
Recurring EBITDA ²	10.6	4.3
Recurring EBITDA margin (in percent) ⁶	6.3	3.1
EBITDA	11.5	1.5

1 Total costs excluding depreciation/amortization and non-recurring expenses.

2 EBITDA before non-recurring (exceptional) items.

3 Non-recurring expenses netted against non-recurring income.

4 Consolidated profit for the period after non-controlling interests from continuing operations, before the effects of purchase price allocations and other special items as well as expenses incurred for the antitrust proceedings in 2012.

5 The figures relate to continuing operations.

6 Based on total segment revenues, see Note 35 "Segment reporting".

Explanation of reporting principles in the fourth quarter or the 2013 financial year. The figures for the fourth quarter of 2013 and the year as a whole relate to the key figures from continuing operations in line with IFRS 5, i.e. not including the revenue and earnings contributions of the disposed Northern European activities which were deconsolidated on April 9, 2013, and the Eastern European activities classified as held-for-sale until the closing of the sale transaction. For the income statement and

Reporting for the fourth quarter and full year 2013 is based on the new segment structure. To ensure comparability of the current quarterly figures with those of the

Due to rounding, it is possible that single figures in these Group financial statements do not exactly add to the totals shown and that the percentage figures given do not exactly

cash flow statement, the figures for the previous year are presented on a comparable basis. The income statement items of the entities concerned are grouped as a single line item, 'result from discontinued operations', and reported separately. The result from discontinued operations includes both the net profit generated by the companies sold or held for sale and the gain on disposal of the Northern European subsidiaries and is presented after taxes.

previous year, the figures for the previous year were adjusted to the new segment structure.

reflect the absolute figures they relate to. Change rates are based on a business perspective. Improvements are shown with a plus (+), deterioration with a minus (-).

CREATING LONG-TERM GROWTH

More than any other medium, television has the capability of attracting and retaining a global audience. Also true in a global, digitalized world, television is the basis for our success.

We are moving vigorously into new areas, thus creating a strong and profitable core business of TV, digital and our international program production sales network.

All the areas are interlinked. It is only through this that we realize our vision of becoming a leading **DIGITAL ENTERTAINMENT AND MEDIA POWERHOUSE.**

ProSiebenSat.1
THE POWER OF TELEVISION

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CREATING LONG-TERM GROWTH

The basis for our success is television. Because more than any other medium, television has the capability of attracting emotions. This is also true in a global, digitalized market.

We are moving vigorously into new business areas, thus creating a strong foundation TO GROW STEADILY AND PROFITABLY: In our core business of TV, digital activities and our international program production and sales network.

All the areas are interlinked. It is in this way that we realize our vision of a BROADCASTING, DIGITAL ENTERTAINMENT AND COMMERCE POWERHOUSE.

ProSiebenSat.1

THE POWER OF TELEVISION

PERFECTLY ALIGNED



To conjure up a whole dish on a single spoon: This is the unique challenge of "The Taste".





... as well as in the USA, where „The Taste“ premiered, ...



... and in CHINA, where the contestants cook with woks for the judges.

Four years ago, ProSiebenSat.1 founded an international producer network: The Red Arrow Entertainment Group. Today, it is represented by 14 production companies in nine countries and produces TV hits for the global television market. The US show “The Taste” demonstrates how Red Arrow develops new ideas – and how ProSiebenSat.1 builds a profitable value chain along successful TV formats.

USA, China, Germany. All over the world, amateur and professional chefs have recently been facing up to a unique challenge: To conjure up a whole dish on a single spoon under enormous time pressure. “The Taste” is a cooking and talent show like no other that has come before. Red Arrow developed the idea together with its US subsidiary Kinetic Content – and made it a global TV event. The format has now been sold to more than 80 countries. In Germany, the show ran successfully on SAT.1. It all started, as things so often do, with a good idea.

Development: How an idea comes to life

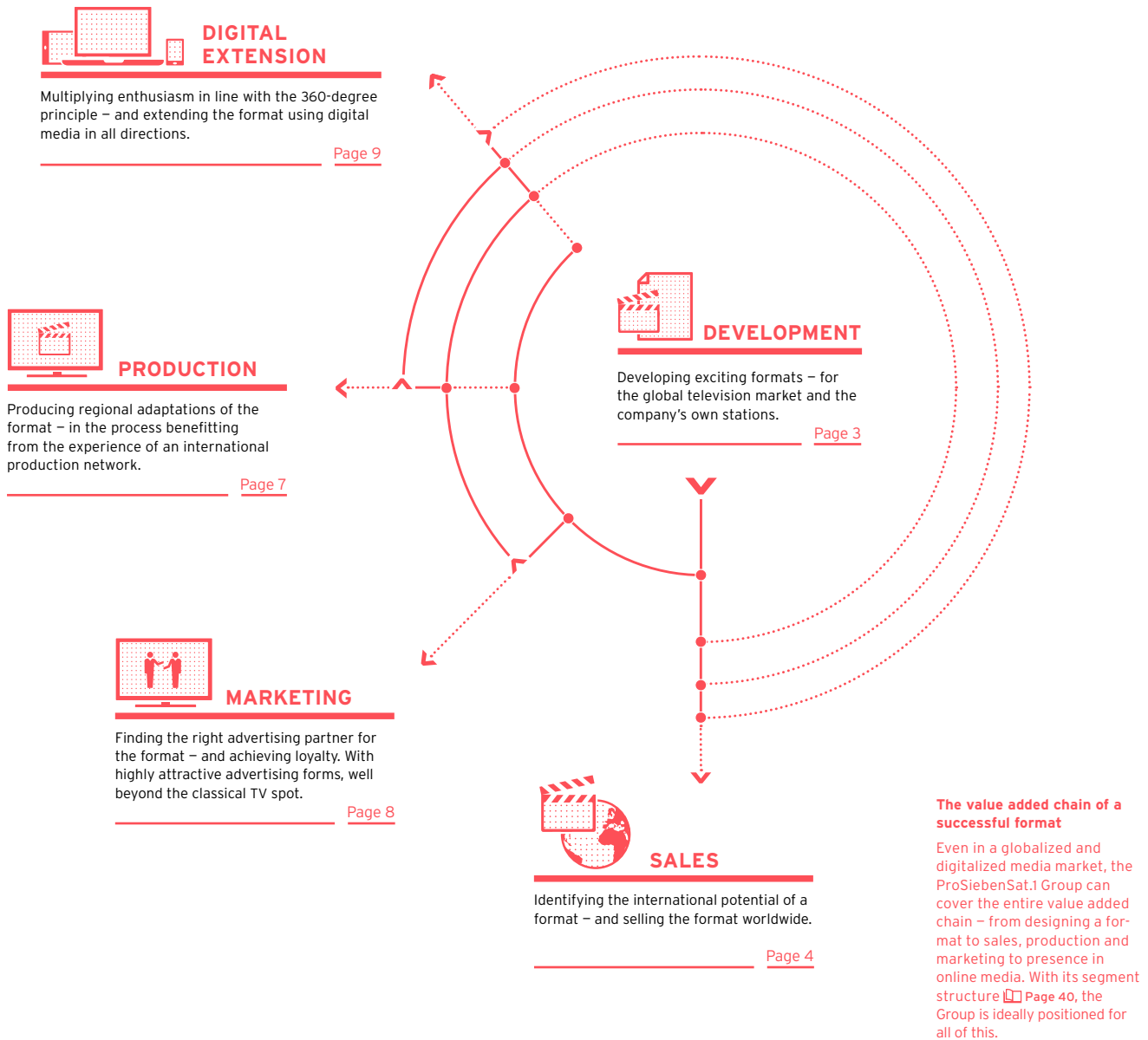
Los Angeles in February 2012. It is early morning when Emma Conway (36) from the US production firm Kinetic Content hits upon the crucial idea. Still before breakfast, she and her boss Chris Coelen call Michael Schmidt (41) in Munich. He heads up the creative division of the international production network Red Arrow Entertainment (page 42-47 as one of its Managing Directors and is immediately convinced by Emma's idea: A cooking and talent show where the professional chefs not only coach the candidates but are also rivals. At the end, they sample the dishes in a blind taste-test – and potentially throw their own protégé out of the show. Tension, emotion, Schmidt knew immediately: “It has potential!”

From now on, a lot happens simultaneously. Emma Conway and her colleague Chris Coelen (45) assemble a development team at Kinetic Content, because they currently have nothing more than an idea on a sheet of paper. Nevertheless, they are already working intensively on a sales strategy with Michael Schmidt. “It quickly became clear to us that the idea was so strong that we could take it directly to a US station,” remembers Schmidt. That is only ever the case for a few concepts. Often, American networks want to see that a show has already proven itself in a smaller market. On the other

hand, the “if you make it here ...” principle also applies to TV formats. If a US network picks up a TV show, it acts like a beacon. At one stroke, you have the world's attention. Schmidt, Conway and Coelen therefore have a clear goal. As soon as the basic idea is set, Coelen approaches top American chefs – and scores a coup: Nigella Lawson and Anthony Bourdain – two star chefs from US television – promptly say yes. “That they both snapped up the offer and were immediately enthusiastic was the first jackpot,” says Schmidt. It is not a long wait for the second. With an innovative idea, the first demo tape and two big names on their side, they go to US broadcaster ABC. “The concept fit, while ABC still lacked a cooking show in its program.” The three TV professionals know how to pick them: ABC orders the first season of “The Taste”. And Kinetic Content is commissioned to produce it.

But Michael Schmidt, Emma Conway and Chris Coelen do not have much time to celebrate. There is still a lot to do. Now the details of the show have to be worked out. They discuss at length how blind tasting could best be implemented. “The broadcaster fell in love with the idea of blindfolding

VALUE ADDED CHAIN OF A TV FORMAT AT PROSIEBENSAT.1 (Fig. 1)



our coaches – like in the Pepsi Challenge. I was not convinced." "A piece of fabric over the face would only have been distracting and hindered communication between the coaches," says Schmidt. So the idea arises to pack a whole dish onto a single spoon, a central visual element – not only for the show. "The spoon is the perfect product for involving an advertising partner," says Schmidt. Together with his development team, he has the entire package in mind from the start: Online, social media, marketing, and of course the possibility of placing the show worldwide – all of this is considered in the concept design. Looking back, Schmidt says: "On 'The Taste', it was clear early on: Everything was right!" He was proved right on January 22, 2013: "The Taste" launched as the most successful ABC show for over two years. The format thus passed the test in the toughest TV market in the world.

Sales: How to market a concept worldwide

While the Red Arrow team drinks to its US success, "The Taste" has been sold over half the world. Nearly a year before, directly following ABC's yes, Michael Schmidt got the sales subsidiary Red Arrow International involved. The company with sales offices in Munich, Los Angeles, and Hong Kong is in the middle of preparing for one of the most important trade fairs: MIP TV in Cannes. The television industry meets here twice a year – always on the lookout for the next big thing. Yan He (48) is head of sales for the Asia Pacific, Middle East and Africa regions at Red Arrow International and can hardly believe what is happening: After the trade fair, not only are the first seven orders placed, but in some countries the broad-

casters have descended into an out-and-out bidding war. In Australia, the two station groups with the highest ratings are fighting over the cooking competition: "Nothing like this has happened for years," says Yan He. In just a few months, "The Taste" has been sold to over 80 countries, including major markets like Great Britain, France, and Latin America. 25 TV stations are developing their own adaptations. Several parties are interested in Germany, too – and it is not a matter of course that SAT.1 will win the bid. "Two aspects count for us in this decision: The offer and the setting," says Schmidt. "We pay very close attention to whether the format and the station are really a good fit, and always look for the ideal combination." Because every single success gives a further boost to international sales. In Germany, the decision is easy. SAT.1 not



“From the word go, we think about the whole package – online, social media, marketing, regional adaptations.”

MICHAEL SCHMIDT
Managing Director, Red Arrow
Entertainment Group



**"We are taking our viewer
on a hero's journey.
This appeals to a big
audience."**

JOBST BENTHUES
Managing Director,
Redseven Entertainment



MARIO KRISTL brought „The Taste“ to Germany – for SAT.1.

only makes the most attractive offer, but also provides the perfect audience and advertising setting for “The Taste” – production can begin.

Production: How “The Taste” comes to Germany

The global production network Red Arrow not only delivers hits for the international TV market, but also provides the ProSiebenSat.1 stations with attractive programs. Mario Kristl’s (33) enthusiasm for “The Taste” is sparked after the first sales pitch when the colleagues from Red Arrow present the new show to him. Michael Schmidt notified him in advance: “Something cool is coming your way.” Kristl is Program Manager and Vice President of Entertainment at ProSiebenSat.1: “As a family station, SAT.1 is obviously interested in cooking shows in general. And with the show’s unusual approach we can reach new target groups – and further hone our brand profile.” For Kristl, ‘The Taste’ comes at exactly the right moment: “We redefined the talent show genre in Germany for the third time. First for singing with ‘The Voice of Germany’, then for dancing with ‘Got to Dance’. And now for cooking.” By now a second man is on board: Jobst Benthues (44). He is Managing Director of Redseven Entertainment GmbH, which is also part of the Red Arrow Entertainment Group’s global network. He adapts the US cooking show for the German television market and produces “The Taste”

for SAT.1. For Benthues, the format is much more than a cooking show: “We take our viewers along on a hero’s journey. Winners, loses, the coaches’ ambition and the rivalry between them: That is television for a large prime-time audience.”

Jobst Benthues has already spoken with Michael Schmidt and the US colleagues and therefore knows that two main challenges await him on “The Taste”: The coaches and the logistics. Benthues takes care of the coaches first: He compiles a list of potential candidates, crosses some out, adds some others – and telephones, e-mails, explains, persuades. After all, necessary qualifications include not only excellent cooking skills but also a distinctive talent for entertainment. Frank Rosin is cast quickly. Then the question: “Can we get Tim Mälzer as a counterpoint? He didn’t actually want to do any more television,” explains Benthues. The strength of the idea, which can now be illustrated by

the first season in the US, shows itself again. Tim Mälzer gives an enthusiastic yes: “They really go on at you. A gigantic studio! Coaches who can make fools of themselves by throwing out food cooked by chefs they trained. Exciting!” Then Lea Linster, the grand dame of European cuisine, is won over – and Alexander Herrmann, a Franconian with a Michelin star. Jobst Benthues starts by going out for a good meal with his “dream jury”: “Then I knew that they were not only true professionals – they all wanted a good show. The trust was there straight away.”

Now Benthues benefits from the fact that the producers of the American original of “The Taste” are also part of the Red Arrow Group. He books a multi-day crash course with his colleagues, flies to the USA and bombards them with questions: What worked particularly well? Where are pitfalls lurking? Above all, however, he asks a lot of very practical questions: “How do you keep the spoons warm? How do you organize the complex food logistics – the purchasing and refrigeration?” This is how to ensure that mistakes on new productions are not made twice. The German studio is huge. When 16 kitchens are in use and filming takes place at the same time, it can get hot. Therefore,

MARKET SHARE IN GERMANY

12.5 percent

When the first episode of the “The Taste” airs on SAT.1 on November 13, 2013, it achieves a market share of 12.5% among viewers aged 14 to 49. This figure is approximately 67% higher than the market share of the show that was previously broadcast in the same slot.

Marketing: How ProSiebenSat.1 obtains new advertising customers with "The Taste"

When a new prime-time show for a ProSiebenSat.1 station is being planned in Munich, Petra Kroop (45), Director of Brand Integration at SevenOne AdFactory, is involved from the start. The ProSiebenSat.1 subsidiary develops 360-degree concepts for advertising customers, which integrate all platforms: TV, online, mobile. When it became clear that "The Taste" was to air on SAT.1, Petra Kroop and her team first analyzed the market: Who are the potential customers? "We quickly hit upon the cookware manufacturer Fissler. The company was particularly interesting for us because it is a new customer for TV." But the opportunity comes at the right moment for Fissler, too: "Fissler wanted to address younger target groups more strongly. This is much easier on television and with a show like "The Taste" than with print media, with which Fissler had advertised exclusively before." From now on, Petra Kroop works closely

with various interfaces at ProSiebenSat.1: She develops components of the online advertising campaign together with colleagues from the digital segment. The licensing department comes up with suggestions for how Fissler can include the "The Taste" logo in its own product line and advertise in that way. And on TV, it is also important to involve Fissler as a product partner in the show in close cooperation with the editors and production, in addition to format sponsoring and traditional advertising spots. The cookware manufacturer is impressed by the comprehensive concept, and chooses the all-round package: Fissler gets involved in the show, providing sponsorship and equipment, and brings out its own "The Taste" collection, which of course

Benthues has a miniature set built in order to simulate the paths of candidates, coaches, technicians, and camera operators with Playmobil figures. Then everything is prepared, the casting starts – in August 2013 the complete season is produced in just three weeks. When the first episode of the "The Taste" airs on SAT.1 on November 13, 2013, it achieves a market share of 12.5% among viewers aged 14 to 49. This figure is approximately 67% higher than the market share of the show that was previously broadcast in the same slot.



PETRA KROOP
won Fissler as
partner and sponsor
for the show.



They extended „The Taste“ into the net:
TINA LILIAN and
MICHAEL LÄMMLÉ.

includes the show's iconic feature: The spoon. Selected products are engraved with the "The Taste" logo, while Fissler advertises with the logo on packaging. In the end, the cooperation is a success for both sides. In the advertising market, the TV company also benefits from the fact that a prime-time cooking show is airing on SAT.1 for the first time: "The Taste" gave us the chance to gain a new partner to whom we were previously unable to offer similar advertising space," explains Petra Kroop.

Digital extension: How to involve the audience

While Jobst Benthues is in the middle of producing "The Taste" and Petra Kroop is honing the advertising concept for Fissler, Michael Lämmle and his people have long been working on bringing the show to the web and social media. Lämmle is head of program strategy for SAT.1.de www.sat1.de/tv/the-taste. He makes sure that the show becomes a multimedia experience, "The Taste" 24/7. To do so, Lämmle not only extends the TV content onto the internet, but also becomes active as a producer: During the entire production phase of the show, someone from the online editorial team is there in the TV studio, gathering stories in front of and behind the camera. "More than 50%

of the video viewed online was exclusive content," says Lämmle. One of the earliest ideas proves particularly successful. "We gave our coaches little cameras so they could film each other." "These 'Coach Cams' were extremely popular." You could say a tasty second helping for the viewers: The teasing between Mälzer and Rosin continues long after the TV episode is over. In the episode, little notes ("inserts") keep popping up: "More of the argument online!" Lämmle: "Afterwards our visitor numbers increased by up to 36%." Little video courses with the master chefs receive a good response.

VIDEO VIEWS OF EXCLUSIVE CLIPS ONLINE

>50
percent

Would you like some more? No problem. More than half of the videos viewed on the website for "The Taste" was additionally produced bonus material.

An authentic look behind the scenes, video tutorials from master chefs – all this and more was available on an exclusive basis on the web – and was extremely popular among viewers and users.

www.sat1.de/tv/the-taste/video

Finally, Tim Mälzer reveals the secret to making the best fried potatoes! Or Alexander Herrmann solves the problem of peeling tomatoes with a Bunsen burner. Tina Lilian, who works with "The Taste" as Senior Editor for SAT.1.de, remembers what ran through her mind when she saw the first US broadcast: "That is an ideal web and social-media format!" Half of the German Facebook community is assembled even before the first broadcast, not least because Lilian and Lämmle skillfully involve the fans of the star chefs. There are also recipes and tips and tricks on the Facebook page from now on: On „Dessert Thursday“ or for "Sunday Roast", for example. "The TV show airs once a week. We provide viewers and users with 'The Taste' news round the clock, whetting appetites for the next episode. This increases loyalty to the show massively," explains Michael Lämmle.

Whether in digital marketing or everyday production, whether with the rules of the game or studio equipment: Experience gained on a show like "The Taste" in the ProSiebenSat.1 network is valuable and gathered together by Michael Schmidt. He regularly holds joint "The Taste" workshops in order "to consolidate international experiences." Colleagues from all over the world then report on countries' different versions – because shows must be adapted to the

WORLDWIDE MARKETING OF "THE TASTE"

>80
countries

The successful recipe of "The Taste" is creating waves the world over – the original version from the USA as well as regional adaptations. The format has already been sold to over 80 countries.

It all started in America. At the US network ABC, the first season of "The Taste" achieved the most successful non-fiction program launch in two years. The in-house marketing specialists Red Arrow International have sold the original version to more than 80 countries, including India, Singapore and New Zealand. In 25 countries broadcasters secured rights to a local adaptation e.g. in Great Britain, China, France, Benelux, Russia, Australia – generally products from a company in the ProSiebenSat.1 Group.

How the story continues – and a success gets even bigger, worldwide

Yan He, Red Arrow International's Asian sales specialist, has an office in Munich – and one in Hong Kong. She has lived in Germany for many years, but has never broken off her connection with her Chinese homeland. Laughing, she admits: "I was in love with 'The Taste' from the start. Food is very important for Chinese people." India, Singapore, Thailand, Vietnam: Yan He has sold the US original with subtitles to all these countries. In China, she is proposing an adaptation: "The market is big enough, and Chinese cooking shows have all been quite ordinary so far. It's time for something new!" Again, several broadcasters are interested; after the broadcasting giant CCTV won the bidding war with its second channel, a version was produced with a character all of its own.

Starting with the title: "The Taste" is joined by the subtitle "Battle of Taste". This may sound a bit warlike in Europe, but it is just right in China. The studio kitchens have to be equipped differently – the contestants obviously work with woks. "Cooking in China is primarily a family affair," explains Yan He, "there is no tradition of high-end gastronomy." This is why the three-person judging panel includes only one chef, Sun Zhaoguo

RED ARROW IS GROWING PROFITABLY

+29.7
percent

In the 2013 financial year, Red Arrow increased revenues to EUR 123.8 million

In 2014, Red Arrow will continue growing and strengthen its presence further in English-speaking markets. At the beginning of the year, the ProSiebenSat.1 subsidiary acquired a majority stake in the US production firm Half Yard – the fourth holding in the USA.

preferences of the local audience even in the global TV business. In Great Britain, for example, there are only three coaches on Channel 4. The UK atmosphere overall is more intimate, the kitchens look more homely than ultra-modern. "What has worked?" Schmidt asks the group. "What shall we incorporate into the 'Bible'?" This detailed online database records all the elements that have proven successful. Jobst Benthues and Mario Kristl contribute some aspects from Germany: The music, the set design, the dramatic composition of the final round. "Our show bible has now been digitized and is available as a wiki-database. It includes all elements from production schedules to video clips, trailers, graphics, etc. Our customers can access it and thus use the knowledge gained by other broadcasters in their productions."

from Shanghai, a pioneer of molecular gastronomy. He is joined by two lovers of good food to advise, taste and decide: Blogger Craig Au Yeung from Hong Kong and the Taiwanese TV presenter and singer Bowie Tsang as the star of the trio. "In China, a lot depends on the story you tell with a particular dish. Is it about love, caring for your children or your parents? Thus, there is a new motto for every episode of 'The Taste' in China."

And how will it continue? In the USA, the second season of "The Taste" has already been a complete success, in Germany Mario Kristl commissioned the continuation for SAT.1 long ago: "No, I have not started cooking myself," laughs the Program Manager. "But 'The Taste' is simply a completely enthralling show." Jobst Benthues says: "When you pursue an idea with so much belief and passion, sometimes it turns into something great. A whole 'The Taste' family!" In a single corporation. This is how it can go on: With refilled spoons, new candidates and more countries.



**"From the very beginning,
I fell in love with this show.
Food is very important for
Chinese people."**

YAN HE
Senior Vice President
Sales, Asia Pacific,
Middle East, Africa,
Red Arrow International

LEVERAGING SYNERGIES AND GROWTH OPPORTUNITIES

We benefit from the fact that our segments complement each other, thus providing more power. As a result of the reach, content and free advertising space on our free-TV channels, we are pushing the expansion of the Digital & Adjacent segment. With the dynamically growing distribution business, we open up new sources of revenues – independent of the TV advertising market. The production and sales activities of the ProSiebenSat.1 Group also contribute to our VIGOROUSLY CONTINUING GROWTH.

**BROADCASTING
GERMAN-SPEAKING**

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**DIGITAL &
ADJACENT**

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**CONTENT PRODUCTION &
GLOBAL SALES**

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REPORTS FROM THE EXECUTIVE AND SUPERVISORY BOARD

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INTERVIEW WITH CEO THOMAS EBELING



Thomas Ebeling (CEO)
CEO
since March 1, 2009

2013 was another record year for the ProSiebenSat.1 Group. The Group grew profitably in all areas and reached important milestones on the way to becoming a digital entertainment and commerce powerhouse. CEO Thomas Ebeling looks back on the 2013 financial year.

Mr. Ebeling, how would you assess the 2013 financial year, looking back?

Thomas Ebeling... 2013 was a very successful year for ProSiebenSat.1, both from a financial and strategic perspective. We grew profitably in all segments and again set new records for revenues and earnings. We founded two new free TV stations, expanded our share of the audience and advertising market, and continued to increase our distribution revenues. In the Digital & Adjacent segment, we grew our revenues by nearly 45%. There were also key strategic milestones. With the sale of the Eastern European portfolio in December 2013, we moved away as planned from all television stations outside the German-speaking region. We will now concen-

2.605

EUR BN

... revenues were generated
by the ProSiebenSat.1 Group
in the financial year 2013.
This is an increase of 10.6%.

trate on expanding our digital business, which is set to experience further dynamic growth in coming years. 2013 has shown once more: ProSiebenSat.1 is right on track, both in terms of its operations and strategy. The capital market also acknowledged this. Between January and December 2013, our share increased by almost 70 % to EUR 36.

+70

PERCENT

The ProSiebenSat.1 share price increased to EUR 36 in the 2013 financial year.

How will you continue this dynamic growth in the years to come?

Thomas Ebeling...In 2013, we presented record earnings for the third time in a row. Our strategy is a strong foundation for sustainable growth. We have a clear growth plan for the future of all segments. We are known for setting ourselves ambitious targets – and achieving them. The fact is, no other European media company uses synergies between the TV and digital businesses as consistently as we do. We reach more than 42 million TV-households every day with 15 TV stations in Germany, Austria, and Switzerland. Reach is capital: We use it to penetrate new markets with strong growth prospects in a targeted fashion. For example, these include the e-commerce business, the market for online video advertising, and digital home entertainment.

How does that work exactly?

Thomas Ebeling...I will give you a specific example from the field of e-commerce. In 2013, we bought the online travel providers weg.de and ferien.de, the experience website mydays, and billiger-mietwagen.de, all investments in the travel sector. Now customers can book the complete package via our travel cluster, from flights and hotels to rental cars at their destination. What is important is that travel is a visually powerful and emotive issue that we can advertise excellently on our TV channels. We use the advertising power of our television stations to accelerate our growth in new business fields. In 2014, we will build up additional digital commerce clusters in the same mold, for example in fashion or home & living.

At 76.7%, TV delivers the largest share of revenues and is simultaneously the basis for further growth. How did the Broadcasting German-speaking segment develop in 2013?

Thomas Ebeling...Very well. We are number one in the German TV advertising market and reached a new top figure with a gross market share of 43.6%. At the same time, we increased our revenues from new customers to EUR 54 million. We also made gains in the audience market, increasing our combined market share to 28.1%. Crucially, however, we have triggered new growth in the core business in recent years with new stations and our distribution segment. Two new free stations went on air successfully in 2013: SAT.1 Gold and ProSieben MAXX. Our women's station, sixx, exceeded the 2% mark in its core target group for the first time. All three are driving our growth in the audience and advertising market. The television industry is currently experiencing a new period of expansion and I am convinced that the market offers us potential for more TV stations.

How did the distribution business perform?

Thomas Ebeling...Revenues from the distribution of our HD and pay TV programs continued to grow sharply at nearly 40%. We also expect dynamic development in the years to come. This means we will be able to further strengthen our independence from the economically sensitive advertising market. Until a few years ago, the distribution of German TV stations was merely a cost issue. The stations paid cable network operators to distribute their programs. In Scandinavia and the USA, it was always the other way around. It is good that we have now flipped this model for HD stations in Germany, too. We take a share in the revenues that providers generate from the distribution of our HD channels. This gives us new prospects for growth, because HD is an extremely attractive product for viewers: The number of ProSiebenSat.1 HD subscribers climbed by more than 50% to 4.2 million in 2013.

44.5

PERCENT

... to EUR 483.7 million was the increase of external revenues in the Digital & Adjacent segment. Thus, it is the strongest growth driver.

Let's move on to the Digital & Adjacent segment: Revenues increased by almost 45% in 2013.

What was the key to this success?

Thomas Ebeling... We established ourselves in pioneering business fields at an early stage, which is now paying off. We operate Germany's biggest video-on-demand portal, maxdome. We are also Germany's leading seller of video content on the internet. Our digital commerce business experienced triple-figure growth again in 2013. We particularly benefited from the expansion of our travel cluster here. This all helped to make our Digital & Adjacent segment not only the strongest growth driver but also highly profitable. We will continue in this direction. We aspire to leading market positions in all areas. Therefore, we purchased the games publisher Area Games Europe at the start of 2014. This now makes us one of the top three players in the European online games business, too.

Last year, ProSiebenSat.1 also grew via start-ups. What's the story with the multi-channel network Studio71?

Thomas Ebeling... People use video media in many ways these days. Television creates a familiar place to relax. I lean back and let myself be entertained. Mobile devices such as smartphones and tablets encourage you to search for content actively, regardless of the time or place. We meet all needs with our offerings and have established strong brands online: For example, these include our advertising-financed platform MyVideo, with which we reach eight million active users every month. We have now also a successful multi-channel network, Studio71, which we launched last year. We not only use it to aggregate and sell our content for the internet, but also to produce considerably more exclusive internet programs. In 2013 alone, we launched more than 100 channels and signed contracts with more than 30 internet stars. These include big names like Gronkh & Sarazar, with whom we now have an exclusive contract. They are real stars online, reaching millions with their shows. We are therefore on track for establishing one of Europe's largest multi-channel networks. In January 2014, Studio71 already generated more than 100 million video views.

ProSiebenSat.1 is active in the production and sale of TV programs with the Content Production & Global Sales segment. How did things go there in 2013?

Thomas Ebeling... In 2013, our program production and distribution subsidiary Red Arrow sold TV formats to more than 180 countries. We continued to strengthen our position in the English-speaking markets: We have sold the cooking show "The Taste", developed by our US subsidiary Kinetic Content, to over 80 countries, including the USA and Great Britain. In these key markets, not only are the highest distribution and production margins achieved, but the English-speaking product is also in the greatest demand in the international TV business. For this reason, in 2013 we also significantly expanded our English-speaking fiction portfolio. In 2014, we will shoot films with international stars like Judi Dench and Dustin Hoffman. At the same time, in 2013 we pushed forward with our production business with platform operators, positioning ourselves early in a growing order market: We produced a pilot episode of the crime series "Harry Bosch" for Amazon. Amazon allowed its customers to vote online on whether the series would continue. The response was overwhelming. There is a very good chance that Amazon will soon commission us to produce a complete season.

123.8

EUR M

In the Content Production & Global Sales segment, external revenues increased by 29.7% to EUR 123.8 million in 2013.

1.47

EURO

... per common share
is the dividend proposal to the
Annual General Meeting.

2013 was not only a successful, but also an eventful year for ProSiebenSat.1. The financial investors KKR and Permira sold their shares in stages and withdrew completely in January 2014. What does this mean for the Group?

Thomas Ebeling... We worked very well together with our former shareholders KKR and Permira for seven years. In this time, ProSiebenSat.1 performed extremely successful. The incremental withdrawal via the stock market, which followed the merger of our share classes in August 2013, is a very good solution for our Group. It has no effect on operations. We are still intensively pursuing our growth targets and the advancement of our digital strategy. That was the basis of our success in 2013, too. Our share price rose from around 70 % to EUR 36, which means we performed considerably better than the MDAX stock market index in which we are listed. Over the past year, we have once again shown that the ProSiebenSat.1 share is a growth stock – with an attractive dividend yield. We will maintain this and involve our shareholders in the success of the Company. In line with our dividend policy, we intend to continue distributing an annual dividend of 80 % to 90 % of underlying net income to our shareholders. We are therefore proposing a dividend of EUR 1.47 per common share to the Annual General Meeting for 2013.

1.0

EUR BN

We want to generate additional
revenues compared to 2012 in line
with our growth targets for 2018.

To conclude, let us take a look at the growth targets. By 2018, you want to generate EUR 1 billion of additional revenues. What will you do in 2014 to move closer to this goal?

Thomas Ebeling... We will continue to grow in all segments. We will expand our Swiss and Austrian portfolio and give the mobile aspect of the distribution business a massive push. In the digital business, we will establish additional strong clusters in the mold of our travel cluster and tap into new business areas by entering into strategic partnerships. On Capital Markets Day in October 2013, we raised our growth targets for 2015, many of which we had already achieved. We are pursuing our targets for 2018 with the same ambition. We want to grow sustainably in the future and further increase our profitability in all business segments. We have attractive content and platforms which allow us to reach millions of people. The combination of the two provides us with opportunities that are available to almost no other company. Strategically, operationally, and in terms of personnel, we are outstandingly positioned to continue the growth story of the ProSiebenSat.1 Group.



Our strategy is a
strong foundation
for sustainable
growth.

MEMBERS OF THE EXECUTIVE BOARD



Conrad Albert

Responsibilities:

Legal, Distribution & Regulatory Affairs,
Public Affairs,
Shareholder & Boards Management and
International free TV CEE
Member of the Executive Board
since October 1, 2011

Heidi Stopper

Responsibilities:

Human Resources,
Compensation and Benefits,
HR People Development,
HR Processes and Controlling,
Labor Law and Freelance Management
Member of the Executive Board
since October 1, 2012

Dr. Christian Wegner

Responsibilities:

Digital & Adjacent, Digital Entertainment
(Online Video, Music Streaming, Online
Games, Screen Management), Digital
Commerce, Adjacent (Music, Live, Events,
Ticketing, Artist-Management, Smart
Channels/Apps)
Member of the Executive Board
since October 1, 2011



Thomas Ebeling (CEO)

Responsibilities:

TV Germany (SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, ProSieben MAXX), Group Content, Group Program Strategy & Development, Content Production & Global Sales, Sales & Marketing and Corporate Communication
CEO since March 1, 2009

Axel Salzmann (CFO)

Responsibilities:

Group Operations and IT, Group Controlling, Group Finance and Investor Relations, Accounting and Taxes, Internal Audit and Administration
Member of the Executive Board, since May 1, 2008,
CFO since July 1, 2008

REPORT OF THE SUPERVISORY BOARD



Johannes Peter Huth

Chairman of the
Supervisory Board:
Partner at
Kohlberg Kravis Roberts & Co. Ltd.

Dear Shareholders,

Once again in 2013, the Supervisory Board of ProSiebenSat.1 Media AG performed the duties incumbent upon it under the law, the articles of incorporation, and its own rules of procedure, also taking into consideration the recommendations of the German Corporate Governance Code. The Supervisory Board supervised the management of the Executive Board and assisted it with advice.

Cooperation between the Executive Board and Supervisory Board

In the last financial year, the Supervisory Board regularly advised the Executive Board on the management of the company in close, trusting cooperation and carefully and continuously supervised its conduct of business. It dealt in depth with the development of the Group's operations and strategy. The Supervisory Board was regularly, promptly and fully informed about all issues relevant to the Company concerning strategy, planning, business performance, the risk situation, risk management and compliance. When trading performance deviated from plans, the Executive Board explained the details to the Supervisory Board and discussed with it. Thus, it was directly involved at an early stage in all decisions of fundamental importance to the Company. Supervisory Board meetings were characterized by intensive and open exchange between the Executive Board and the Supervisory Board. In addition, in the framework of Supervisory Board meetings, so-called "Executive Sessions" took place, in which members of the Supervisory Board have the opportunity to discuss topics without the Executive Board.

Where the law, the articles of incorporation, or the rules of procedure demanded the approval of the Supervisory Board or a committee for individual measures, a corresponding resolution was passed. Members of the Supervisory Board prepared for resolutions on Executive Board measures requiring their consent with the regular aid of documentation provided in advance by the Executive Board. Here, they were supported by the competent committees in each case, if applicable, and discussed plans on which decisions were pending with the Executive Board. All matters requiring its consent were submitted to the Supervisory Board promptly for review.

In addition to reporting in the Supervisory Board meetings, the Executive Board regularly advised the Supervisory Board of the most important financial figures – through written monthly reports – and submitted the interim and annual financial reports to it. The Executive Board also informed the Supervisory Board immediately of particular events between meetings and in objectively justified cases asked it to pass resolutions in writing in consultation with the Chairman of the Supervisory Board. The Chairman of the Supervisory Board also maintained a close personal dialog with the CEO on an ongoing basis even outside meetings.

On the basis of the Executive Board's regular reports, the Supervisory Board was always promptly and thoroughly informed about the Company's condition and pending decisions and was able to perform its tasks in their entirety. There was therefore no need for the Supervisory Board to examine the Company's books and other records for the purposes of Section 111 (2) of the German Stock Corporation Act – apart from the documentation provided to the Supervisory Board in the course of the Executive Board's reporting activities.

Changes in the composition of the Supervisory Board

There were the following changes to the Supervisory Board in the 2013 financial year: Gregory Dyke resigned his position as member of the Supervisory Board with effect from the end of May 11, 2013. In addition, Drs. Fred Th. J. Arp resigned his position as member of the Supervisory Board with effect from the end of October 19, 2013. As of December 31, 2013, no successors had been elected or appointed for the departed members.

Points of emphasis of the Supervisory Board's advisory and monitoring activities

In total, four ordinary meetings of the Supervisory Board took place in 2013 as well as two extraordinary meetings, one of these following the Annual General Meeting. More than half of these meetings were attended by all members of the Supervisory Board. Outside meetings which were personally attended, the Supervisory Board made five decisions by written correspondence.

Once again in the 2013 financial year, the Supervisory Board dealt with the business and financial situation, fundamental questions of corporate policy and strategy, the personnel situation and investment projects. The following topics were points of emphasis of the Supervisory Board's advisory and monitoring activities:

- In a circular resolution on February 5, 2013, the Supervisory Board approved the repurchase of outstanding share options granted as part of the Long Term Incentive Plan in the 2008 and 2009 cycles.
- In its ordinary meeting of March 27, 2013, the Supervisory Board adopted the documents of the annual financial statements, the Corporate Governance Report and the Declaration of Compliance for the financial year 2012. In addition, the Supervisory Board considered the Executive Board's profit allocation proposal and the five-year plan for the ProSiebenSat.1 Group. The meeting also dealt with the annual review of Executive Board compensation. In this respect, the Supervisory Board addressed the appropriateness of Executive Board compensation in detail and approved the bonus payments for the 2012 financial year and the target agreements for members of the Executive Board for the 2013 financial year. The Supervisory Board also approved the acquisition of a majority interest in billiger-mietwagen.de (SilverTours GmbH) by SevenVentures GmbH in order to strengthen the ProSiebenSat.1 Group's portfolio in the travel sector.
- In a circular resolution on April 8, 2013, the Supervisory Board approved the acquisition of a majority interest in mydays Holding GmbH, a provider of event presents, by SevenVentures GmbH.
- In a circular resolution on June 5, 2013, the Supervisory Board approved the proposed resolutions on the agenda of the 2013 Annual General Meeting as well as the proposed resolutions on the agenda of the special meeting of the preference shareholders.
- In its ordinary meeting of June 18, 2013, the Supervisory Board approved the foundation of the new station "ProSieben MAXX", which is targeted at male audiences. The Supervisory Board also considered a refined five-year plan and was informed about the development of strategic business activities. In the Executive Board's absence, the Supervisory Board carried out a review of the efficiency of its working procedures in terms of Item 5.6 of the German Corporate Governance Code.
- On July 23, 2013, following the Annual General Meeting and the special meeting of preference shareholders, the Supervisory Board concerned itself with its constitution. Mr. Johannes

Huth was elected as Supervisory Board Chairman, Dr. Jörg Rockenhäuser as Vice Chairman. The Supervisory Board also discussed target achievement in 2012 in the context of the Group Share Plan and approved granting performance shares for 2013 to the Executive Board. In addition, the Supervisory Board approved the acquisition of a majority interest in MMP Veranstaltungs- und Vermarktungs GmbH, a company that designs, markets and implements media events in the area of sports, art, and culture.

- › In another circular resolution on August 26, 2013, the Supervisory Board approved the adjustment of the conditions of the 2013 Group Share Plan with regard to the conversion of the non-voting bearer preference shares into voting registered common shares on the basis of the resolution of the Annual General Meeting of July 23, 2013. Until then, the conditions allowed participants to be granted only non-voting preference shares.
- › In a circular resolution on September 5, 2013, the Supervisory Board approved the acquisition of a minority interest in Tejado GmbH (www.brille24.de) by SevenVentures GmbH.
- › In its ordinary meeting of September 25, 2013, the Supervisory Board dealt with various operating and strategic issues, especially the financial performance of individual business units and the development of audience shares for the German TV stations.
- › At its last ordinary meeting of the 2013 financial year on November 27, 2013, the Supervisory Board considered the budget for the 2014 financial year in depth. Other issues dealt with in the meeting were the financial performance of the most important business units and the reporting on the process of selling the business activities in Hungary and Romania. The Supervisory Board also approved the acquisition of all shares in Comvel GmbH, which operates the travel websites weg.de and ferien.de. In addition, the Supervisory Board received a detailed report on the development of the Company's HR strategy.
- › In an extraordinary meeting held by teleconference on December 19, 2013, the Supervisory Board approved the sale of the Eastern European TV and radio stations.

Report on the committees' work

The work of the ProSiebenSat.1 Media AG Supervisory Board is supported by the committees it has set up. Once again in 2013, the Supervisory Board had three committees at its disposal so as to conduct its work efficiently – the Presiding Committee, the Compensation Committee and the Audit and Finance Committee:

- › The **Presiding Committee** prepares meetings of the Supervisory Board and approves matters of particular business significance such as the purchase of programming rights. This committee furthermore acts as a nominating committee under the German Corporate Governance Code, suggesting suitable Supervisory Board candidates to the full Supervisory Board for nomination at the Annual General Meeting. In 2013, the Presiding Committee adopted two circular resolutions; there were two meetings in person.
- › The **Compensation Committee** makes preparations for various resolutions for plenary sessions of the Supervisory Board on personnel-related Executive Board issues. For example, this includes the annual review of the Executive Board members' compensation by the full Supervisory Board. In 2013, the Compensation Committee held four ordinary meetings. One resolution was passed by correspondence.
- › In accordance with Section 107 (3) Sentence 2 of the German Stock Corporation Act and Item 5.3.2 of the German Corporate Governance Code, the **Audit and Finance Committee** is

concerned with monitoring the financial reporting process and the effectiveness of the internal control system, the risk management system, compliance and the internal audit system. In particular, the Audit and Finance Committee prepares the Supervisory Board's resolutions on the annual and consolidated financial statements and agreements with the auditor (specifically the audit assignment, determination of the focal points of the audit and the fee agreement); it also takes appropriate steps to verify and monitor the auditor's independence. Finally, it prepares the Supervisory Board's decision for the Supervisory Board's proposal to the Annual General Meeting on the selection of the auditor and submits a recommendation on this issue to the Supervisory Board. The Audit and Finance Committee also decides in place of the Supervisory Board on certain measures requiring approval referred to the Committee. The Audit and Finance Committee met five times in 2013.

At its plenary sessions the Supervisory Board was informed about the Committees' work regularly and in full.

Audit of the annual and consolidated financial statements 2013

The 2013 financial statements of ProSiebenSat.1 Media AG and the consolidated financial statements of the Group, together with the management reports for ProSiebenSat.1 Media AG and the Group, were audited in accordance with the regulations by the Munich office of KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), which issued an unqualified audit opinion in both cases. The audit paid particular attention to impairment testing of goodwill and other intangible assets under IAS 36, impairment of assets, measurement of programming assets, recognition and measurement of deferred taxes for the Group in compliance with IAS 12, income taxes, determination of revenues in conformity with the requirements of IAS 18, revenues, recognition and measurement of financial instruments, presentation of discontinued operations in the consolidated financial statements in accordance with IFRS 5, determination of entities to be included in consolidation, plausibility of the forward-looking statements in the Group management report, and changes to management report disclosures as a result of the first-time application of German Accounting Standard (GAS) 20.

The Supervisory Board extensively reviewed these documents. All documents relating to the financial statements, as well as the KPMG audit reports, were made available to the members of the Supervisory Board in good time. These documents were discussed in detail, in the presence of the auditors, first within the Audit and Finance Committee and then at the review meeting of the full Supervisory Board. Here, the auditor reported on the material results of the audit. No weaknesses were identified in the internal control and risk management systems in relation to the reporting process. There were no circumstances that could cause partiality on the part of the auditors. The auditors performed services in addition to the auditing services amounting to EUR 1.2 million. The Notes to the consolidated financial statements include details of the services by the auditors and the level of compensation, reproduced on page 271 of this Annual Report.

The Supervisory Board noted with approval the results of the auditor's examination of the financial statements, and for its own part, following its own examination, also found no cause for objection. The Supervisory Board approved the parent company financial statements and the consolidated financial statements prepared by the Executive Board and audited by the auditor, as well as the management reports for both the parent company and the consolidated Group. The annual financial statements are thereby adopted. Finally, the Supervisory Board also reviewed the Executive Board's proposal for the allocation of profits, and concurred in that proposal.

In its capacity as auditor of the financial statements, KPMG also reviewed the report of the Executive Board on relationships with affiliated enterprises. The auditor's examination revealed no cause for objection. The auditor issued the following unqualified opinion: "Based on the results of our audit, performed in accordance with our professional duties, we confirm that

1. the factual information in the report is accurate,
2. in the legal transactions mentioned in the report, the consideration paid by the Company was not disproportionately high, or else any disadvantage was compensated."

The Supervisory Board's own review of the report on relationships with affiliated companies likewise revealed no cause for objection. The Supervisory Board therefore concurred in the results of the auditor's review. In accordance with the final results of its own examination, the Supervisory Board had no objections to the declaration of the Executive Board at the conclusion of the report on relationships with affiliated businesses.

Conflicts of interest

No conflicts of interest occurred in the Supervisory Board in the year under review.

Corporate governance

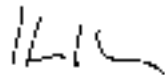
The Executive Board and Supervisory Board have compiled a separate report on corporate governance. This and the Management Declaration in accordance with Section 289a of the German Commercial Code can be found online at <http://en.prosiebensat1.com/en/company/corporate-governance/management-declaration> and in the Annual Report on page 27.

Thank you from the Supervisory Board

On behalf of the Supervisory Board, I would like to formally thank the members of the Executive Board as well as all employees for their great commitment and successful work in the 2013 financial year. Because of the particular dedication of the Executive Board members and the employees, the ProSiebenSat.1 Group again closed the 2013 financial year with success. I also thank the resigned members of the Supervisory Board Mr. Dyke and Mr. Arp for their activity in the ProSiebenSat.1 Supervisory Board.

Unterföhring, March 2014

On behalf of the Supervisory Board



Johannes Peter Huth,
Chairman

Members of the Supervisory Board of ProSiebenSat.1 Media AG as of December 31, 2013 (Fig. 2)

Johannes Peter Huth, Chairman	Kohlberg Kravis Roberts & Co. Ltd. (Partner and Member of the Investment Committee)	Member of the Supervisory Board since: March 7, 2007
Dr. Jörg Rockenhäuser Vice Chairman	Permira Beteiligungsberatung GmbH (Managing Partner)	Member of the Supervisory Board since: June 4, 2009
Stefan Dziarski	Permira Beteiligungsberatung GmbH (Principal)	Member of the Supervisory Board since: May 15, 2012
Philipp Freise	Kohlberg Kravis Roberts & Co. Ltd. (Partner)	Member of the Supervisory Board since: March 7, 2007
Lord Clive Hollick	G.P. Bullhound, LLP (Partner)	Member of the Supervisory Board since: March 7, 2007
Götz Mäuser	Permira Beteiligungsberatung GmbH (Partner)	Member of the Supervisory Board since: March 7, 2007
Prof. Dr. Harald Wiedmann	Gl Weiss Lutz Hootz Hirsch Partnerschafts- gesellschaft von Rechtsanwälten und Steuer- beratern (German Certified Public Accountant, Tax Adviser, Attorney at Law)	Member of the Supervisory Board since: March 7, 2007

Proposed Allocation of Profits

The ProSiebenSat.1 Media AG Executive Board intends to propose to the Annual General Meeting the payment of EUR 1.47 per dividend entitled registered common share. This equates to an expected total payout of EUR 313.2 million. This results in a dividend yield of 4.1% of the price of the registered common share, EUR 36.00, as of December 30, 2013.



Further information
on the share class merger,
The ProSiebenSat.1 share,
page 105.

Following the conversion of non-voting bearer preference shares into voting registered common shares, the share capital of ProSiebenSat.1 Media AG is divided into 218,797,200 registered common shares since August 2013. Until that date, the share capital of ProSiebenSat.1 Media AG comprised 109,398,600 non-voting bearer preference shares and 109,398,600 voting registered common shares. For the 2012 financial year, a dividend of EUR 5.65 was paid per dividend entitled bearer preference share and EUR 5.63 per dividend entitled registered common share. In total, the dividend therefore amounted to EUR 1.201 billion.

Management Declaration and Corporate Governance Report

Management Declaration

The Executive Board and Supervisory Board report on management in the Management Declaration pursuant to Section 289a of the German Commercial Code. Alongside the annual Declaration of Compliance under Section 161 of the German Stock Corporation Act, it also provides relevant information about management practices and other aspects of management such as in particular a description of the working procedures of the Executive Board and Supervisory Board.

Declaration of Compliance by the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG in accordance with section 161 of the German Stock Corporation Act (AktG) regarding the "German Corporate Governance Code"

The Executive Board and Supervisory Board of ProSiebenSat.1 Media AG declare that the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on May 13, 2013 and published in the official part of the Federal Gazette on June 10, 2013, have in principle been complied with since their publication. Only the following recommendations of the Code have not been and will not be applied:

- › The Executive Board of the Company has not appointed a proxy to exercise the shareholders' voting rights at the Annual General Meeting in accordance with instructions (item 2.3.2 of the German Corporate Governance Code). There was no need for such a proxy because of the previous shareholder structure and the limited number of shareholders entitled to vote at the Annual General Meeting. For the separate meeting of preference shareholders on July 23, 2013, however, the Company appointed a proxy for the exercise of the preference shareholders' voting rights in accordance with instructions. Due to the changed shareholder structure, beginning with and including the fiscal year 2014, proxies of the Company will be appointed for Annual General Meetings.
- › The D&O insurance policies the Company has taken out for the members of the Executive Board and the Supervisory Board provide for a deductible for insured members of the Executive Board in compliance with the framework provided for by law (section 93 (2) Sentence 3 of the German Stock Corporation Act in conjunction with section 23 (1) of the Introductory Act to the German Stock Corporation Act) and by the employment contracts. However, neither the Executive Board nor the Supervisory Board regards a deductible as an effective way of enhancing board members' motivation or sense of responsibility. Therefore, contrary to the recommendation in item 3.8 of the German Corporate Governance Code, currently no deductible is agreed for Supervisory Board members.
- › The stock option plan ("Long Term Incentive Plan") first approved by the Annual General Meeting in May 2005, as part of the authorization to acquire treasury stock, and lastly renewed by resolution of the Annual General Meeting in June 2010, provides only for performance targets relating to the stock price of the Company. Additional comparison parameters relating to corporate key figures (item 4.2.3 of the German Corporate Governance Code) were not included, since, due to the particular conditions of the German TV advertising market, no comparable German or foreign companies can be identified at present. On the basis of the Long Term Incentive Plan, stock options were issued to members of the Executive Board lastly in 2009. As of the end of December 31, 2013, all stock options vested. The long-term compensation program ("Group Share Plan") which was newly launched in 2012 and which shall replace the Long Term Incentive Plan, now also provides for performance targets relating to corporate key figures.
- › In contrast to item 4.2.3 para. 2 of the German Corporate Governance Code, the compensation of the Executive Board does not provide for a predefined cap amount with respect to fringe benefits and, therefore, does also not provide for a predefined cap amount for the overall compensation of the Executive Board. The employment contract of Dr. Wegner, however, which was amended at the end of 2013, already provides for such a cap amount.

The aforementioned recommendation has only been applicable since the Code as amended on May 13, 2013 came into effect upon its publication in the Federal Gazette on June 10, 2013. The current employment contract of the Executive Board members, with the exception of Dr. Wegner, were concluded or amended, respectively, already before the aforementioned recommendation came into effect. The Supervisory Board, however, will follow this recommendation in the future when concluding new or amending existing employment contracts of the Executive Board members.

- › The Supervisory Board of the Company has abstained from complying with the recommendations of item 5.4.1 para. 2 and 3 of the German Corporate Governance Code. Pursuant to item 5.4.1 para. 2 and 3 of the German Corporate Governance Code, the Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of item 5.4.2 of the German Corporate Governance Code, an age limit to be specified for members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation. Proposals by the Supervisory Board to the competent election bodies shall take these objectives into account. The concrete objectives of the Supervisory Board and the status of implementation shall be published in the Corporate Governance Report.

The Supervisory Board is of the opinion that such formalized targets regarding its composition are not necessary, in particular not in order to ensure compliance with the criteria with respect to the composition of the Supervisory Board as set out by the German Corporate Governance Code. In fact, the Supervisory Board is of the opinion that also absent such formalized targets, the composition of the Supervisory Board will be implemented in a way that is in the best interest of the Company.

Subject to the exceptions stated above, ProSiebenSat.1 Media AG intends to continue complying with the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on May 13, 2013 and published in the official part of the Federal Gazette on June 10, 2013 also in the future.

The Executive Board and Supervisory Board of ProSiebenSat.1 Media AG further declare that, with respect to the time period since the last Declaration of Compliance of March 2013 until the publication of the recommendations of the "Government Commission on the German Corporate Governance Code", as amended on May 13, 2013, in the Federal Gazette on June 10, 2013, the Company complied with the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on May 15, 2012 and published in the Federal Gazette on June 15, 2012, also subject to the above mentioned exceptions.

March 2014
The Executive Board and Supervisory Board
of ProSiebenSat.1 Media AG

Significant Disclosures about Management Practices

The ProSiebenSat.1 Group ensures compliance with rules of conduct, laws and guidelines with a code of conduct that applies throughout the Group. This Code of Compliance lays down fundamental principles and the most important guidelines and courses of action for conduct in business life. It is intended to provide valuable assistance to employees and executives of the ProSiebenSat.1 Group, especially in situations of business, legal or ethical conflict. Adherence to the Code of Compliance is carefully monitored. The Group-wide implementation of the Code of Compliance is monitored by the Compliance Officer in close cooperation with the Human Resources, Group Controlling, and Legal Affairs departments. The Code of Compliance can be downloaded at www.prosiebensat1.com/en/company/corporate-governance/declaration-of-compliance.

Composition of the Executive Board and Supervisory Board

According to the provisions of the articles of incorporation, the Executive Board has one or more members. The number of Executive Board members is determined by the Supervisory Board. As of December 31, 2013, the ProSiebenSat.1 Media AG Executive Board consisted of five members. The Supervisory Board has nine members in accordance with the articles of incorporation, which must all be elected by the Annual General Meeting. As of December 31, 2013, the Supervisory Board had seven members due to the above-mentioned resignations of Mr. Dyke and Mr. Drs. Arp. As a company that primarily serves purposes of reporting or expressing opinions (so called "Tendenzunternehmen"), the company is not subject to co-determination.

Working Procedures of the Executive Board and Supervisory Board

Each member is responsible for his own area of responsibility and keeps his colleagues on the Board continuously up-to-date on events in that area. The cooperation and areas of authority of the Executive Board members are governed by established rules of procedure, which the Supervisory Board enacted for the Executive Board. As a rule, the full Executive Board meets weekly. The meetings are chaired by the CEO. These meetings discuss such matters as resolutions about measures and transactions that require the consent of the full Board under the Board's rules of procedure. For resolutions to be valid, at least half of the members of the Executive Board must participate in the vote. Resolutions of the full Executive Board are adopted by simple majority vote. In the event of a tie, the vote of the CEO decides. When important events occur, any member of the Executive Board may call an extraordinary meeting of the full Executive Board; the Supervisory Board may likewise call such meetings. The Executive Board may also adopt resolutions outside meetings, via an oral, telephone or written vote and by vote in text form. Written minutes are prepared of every meeting of the full Executive Board and of every resolution adopted outside a meeting. The minutes are presented to the full Executive Board for approval at the next meeting and signed by the CEO. In addition to the regular Executive Board meetings, a strategy workshop is held at least once a year. At workshops of this kind, strategic objectives are prioritized for the whole Group and the strategy for the current financial year is developed in cooperation with managing executives from various business units.

Further details on the working procedures of the Executive Board are governed by the rules of procedure for the Executive Board defined by the Supervisory Board, which also govern the schedule of responsibilities and the matters reserved for the full Executive Board.

The Executive Board promptly and fully informs the Supervisory Board in writing, and also at the Supervisory Board's quarterly meetings, about planning, business performance and the condition of the Company including risk management and about compliance issues. Where indicated, an extraordinary meeting of the Supervisory Board is called to address important events. The Supervisory Board is involved by the Executive Board in the Company's strategy and planning, as well

as in all matters of fundamental importance to the Company. For significant business decisions, the rules of procedure for the Executive Board involve requirements to obtain the consent of the Supervisory Board. For example, adopting the annual budget, major acquisitions or divestments, or investments in programming licenses require the consent of the Supervisory Board. More detailed information on the cooperation between the Executive Board and the Supervisory Board and important issues discussed in the 2013 financial year can be found in the Supervisory Board's report on pages 20 to 24.

The Supervisory Board holds at least two meetings per half of the calendar year. The Supervisory Board has adopted rules of procedure in addition to the provisions of the articles of incorporation to govern its work. These rules stipulate that the Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings, and also represents the Board's concerns to outside parties. As a rule, the Supervisory Board adopts its resolutions at meetings. However, by decision of the Chairman of the Supervisory Board, resolutions may also be adopted in conference calls or in videoconferencing sessions, or outside a meeting. Equally permissible is the adoption of resolutions by a combination of voting at meetings and voting via other forms.

Resolutions of the Supervisory Board are valid if at least half of its members participate in the vote. Resolutions by the Supervisory Board are normally adopted by simple majority of the votes cast, except where a different majority is prescribed by law. In the event of a tie, the vote of the Chairman of the Supervisory Board decides. If the Chairman does not participate, the vote of the Vice Chairman decides.

Minutes are kept of the meetings of the Supervisory Board, and are signed by its Chairman. Resolutions adopted outside meetings are also recorded in writing. A copy of the minutes, or of resolutions adopted outside a meeting, is promptly sent to all members of the Supervisory Board. The Board members who participated at the meeting or in the resolution may file written objections against the minutes with the Chairman of the Supervisory Board within one month after the minutes are sent out. Otherwise the minutes, or the resolution, are deemed approved.

Prof. Dr. Harald Wiedmann, who is also Chairman of the Audit and Finance Committee, meets the requirements of Sections 100 (5), 107 (4) of the German Stock Corporation Act and Item 5.3.2 Sentences 2 and 3 of the German Corporate Governance Code as an independent and expert member.

Every Supervisory Board member must report conflicts of interest immediately to the Supervisory Board's Presiding Committee, particularly those that could arise from an advisory or executive function for customers, suppliers, creditors or other business partners.

In keeping with the recommendation of Item 5.6 of the German Corporate Governance Code, the Supervisory Board conducts regular efficiency reviews. The major points of examination include the Supervisory Board's view of its own mission, the organization of its activities, the independence of its members, the handling of potential conflicts of interest, and the composition of its committees. The Supervisory Board arrived at a positive conclusion.

Committees' Composition and Working Procedures

The Executive Board did not set up any committees, while the Supervisory Board appointed three in the 2013 financial year. Members of the Supervisory Board Committees are assigned by the Supervisory Board. In choosing committee members, Board members' potential conflicts of interest are taken into account, as are their professional qualifications. The following shows more detailed information on the members of the Supervisory Board Committees.

Information on Committee Members (Fig. 3)

Johannes P. Huth	is Partner at Kohlberg Kravis Roberts & Co. Ltd. (KKR) and is responsible for the operating business in Europe, the Middle East and Africa. Before joining KKR, he was a member of the Investcorp Group Management Committee. From 1986 to 1991, he was Vice President in the M&A departments of Salomon Brothers in London and New York. Johannes P. Huth accompanied various transactions, including Wincor Nixdorf, MTU Aero Engines, Kion Group and ProSiebenSat.1. He completed his bachelor studies at the London School of Economics with honors and attained a Master of Business Administration at the University of Chicago.
Dr. Jörg Rockenhäuser	heads the German office of Permira Beteiligungsberatung GmbH in Frankfurt, where he is a member of the international Board and the Investment Committee. Jörg Rockenhäuser studied business administration at the University of Munster and holds a PhD from the University of Bochum. Before joining Permira in 2001, he was a Principal at A.T. Kearney. He is also a member of the Netafim Board of Directors, the Board of the American Chamber of Commerce in Germany e.V. and the Advisory Board of the Off Road Kids Foundation.
Stefan Dziarski	has worked at Permira Beteiligungsberatung GmbH in Frankfurt since 2007 and concentrates on the Industrials and TMT sectors. Stefan Dziarski previously worked for four years in investment banking for Salomon Smith Barney/Citigroup in New York and Hong Kong. There, he was involved in many M&A and capital market transactions in the TMT sector. Stefan Dziarski holds the German business degree of Diplom-Kaufmann from the European Business School, Oestrich-Winkel. He also spent terms abroad at the Thunderbird School of Global Management, Arizona/USA and at the National University of Singapore, Singapore.
Philipp Freise	leads the pan-European media business of KKR, where he has worked since 2001, as Partner. He began his career as a consultant at McKinsey & Co. in Frankfurt am Main and New York. Philipp Freise completed his studies at the WHU, Otto Beisheim School of Management in Koblenz. He holds the degree of Diplom-Kaufmann as well as a Master of Business Administration from the McCombs School of Business at the University of Texas.
Lord Clive Hollick	has been a member of the House of Lords since 1991 and is the founder of the Institute for Public Policy Research. He has performed various management duties, including heading operations at United Business Media as CEO from 1996 to 2005. From 2005 to 2010, he worked at KKR, most recently as Senior Advisor. Lord Clive Hollick has also held positions on the Supervisory Boards of various companies, including as Chairman at SBS Broadcasting Group and the South Bank Centre. He is currently a member of the Advisory Board at BMG Music Rights Management GmbH (Non-Executive Director) and Jefferies & Co. Inc. and holds offices at Honeywell International Inc. (Non-Executive Director), GP Bullhound LLP (Partner) and Gogo Inc. (Non-Executive Director). He holds a doctorate from Nottingham University in England.
Götz Mäuser	was a Partner at Permira Beteiligungsberatung GmbH (Permira) from 1997 to the end of 2013. During his work at Permira, his activities included establishing the Media Team and accompanying various transactions including Cognis, debitel, Jet Aviation and ProSiebenSat.1. Götz Mäuser began his career as a consultant at McKinsey & Co., working in Germany and Brazil for six years. Götz Mäuser holds the German business degree of Diplom-Kaufmann. He studied business administration in Hamburg and Cologne, and attained a Master of Business Administration at New York University, Stern School of Business in addition to his German degree.
Prof. Dr. Harald Wiedmann	is of counsel at the law and tax advisory firm Gleiss Lutz Hootz Hirsch Partnergesellschaft von Rechtsanwälten, Steuerberatern. He is also Honorary Professor of International Accounting and Auditing at Berlin Technical University and at Johann Wolfgang Goethe University in Frankfurt am Main. Formerly Chairman of KPMG AG Wirtschaftsprüfungsgesellschaft and KPMG Europe; until 2007 he was President of the Accounting Standards Committee of Germany. Prof. Dr. Harald Wiedmann studied law at the Universities of Tübingen and Munich, and holds official certifications as an attorney, tax advisor and German certified public accountant.

The committees of the Supervisory Board normally meet quarterly. To the extent permitted by law, the committees have been entrusted with making resolutions concerning various tasks of the Supervisory Board, especially approving certain management measures. A committee's resolutions are valid if at least half – and in no case less than three – of its members participate in the vote. Committee resolutions are normally adopted by a simple majority vote; in the event of a tie, the vote of the committee Chairman decides. Written minutes are prepared of each committee meeting and are signed by the committee Chairman. Resolutions outside meetings are also recorded in writing. Minutes and resolutions are sent to all members of the committee concerned. They are deemed approved if no committee member who was present at the meeting, or who took part in the resolution, objects to the content within one week after delivery. The committee Chairmen report to the meetings of the Supervisory Board on the committees' work.

The CFO and the independent auditor regularly participate in the meetings of the Audit and Finance Committee. Additionally, the Chairman of the Audit and Finance Committee invites in particular executives from finance and reporting units to provide information at meetings if required. The Audit and Finance Committee meets without the presence of Executive Board members at least once a year. The Supervisory Board has adopted rules of procedure to govern the work of the Audit and Finance Committee.



Further information
on the tasks of the
individual committees,
page 23.

Committee Members as of December 31, 2013 (Fig. 4)

Presiding Committee	Johannes P. Huth (Co-Chairman), Dr. Jörg Rockenhäuser (Co-Chairman) ¹ , Stefan Dziarski, Philipp Freise, Lord Clive Hollick, Götz Mäuser ²
Audit and Finance Committee	Prof. Dr. Harald Wiedmann (Chairman and independent financial expert according to Sections 100 (5), 107 (4) of the German Stock Corporation Act and Item 5.3.2 Sentences 2 and 3 of the German Corporate Governance Code), Johannes P. Huth, Stefan Dziarski, Philipp Freise, Götz Mäuser
Compensation Committee	Johannes P. Huth (Chairman) ³ , Dr. Jörg Rockenhäuser ⁴

1 Dr. Jörg Rockenhäuser became Co-Chairman of the Presiding Committee on his election as Vice Chairman of the Supervisory Board on July 23, 2013.

2 Mr. Götz Mäuser was Co-Chairman of the Presiding Committee until Dr. Jörg Rockenhäuser was elected Vice Chairman of the Supervisory Board on July 23, 2013.

3 Mr. Johannes P. Huth became Chairman of the Compensation Committee on his election as Chairman of the Supervisory Board on July 23, 2013; until that date, it was the then Chairman of the Supervisory Board, Mr. Götz Mäuser.

4 Dr. Jörg Rockenhäuser became a member of the Compensation Committee on his election as Vice Chairman of the Supervisory Board on July 23, 2013.

Corporate Governance Report

The Executive Board and Supervisory Board see good corporate governance as an essential component of responsible, transparent management and control oriented to long-term value creation.

The German Corporate Governance Code establishes a standard for transparent control and management of companies, which is particularly aligned to the interests of the shareholders. Many of the principles contained in the German Corporate Governance Code have already been practiced at ProSiebenSat.1 for a long time. Individual topics relating to corporate governance at ProSiebenSat.1 Media AG are described in more detail in the Management Declaration pursuant to Section 289a of the German Commercial Code; this includes in particular the annual Declaration of Compliance, relevant information on management practices and a description of the working procedures of the Executive Board and Supervisory Board. Additional details can be found in the following Corporate Governance Report in accordance with Item 3.10 of the German Corporate Governance Code.

Fundamentals Relating to Corporate Governance

ProSiebenSat.1 Media AG is a listed stock corporation, with its registered office located in Germany. As well as from the German Corporate Governance Code, the formal structure for Corporate Governance is therefore derived from German law, in particular the law governing stock corporations and the capital market, as well as from the articles of incorporation of ProSiebenSat.1 Media AG.

The compliance officer of ProSiebenSat.1 Media AG is in charge of implementing the principles of corporate governance, monitoring compliance with the requirements of law and documenting these processes. The officer's duties also include keeping up to date on changes in the laws, and tracking the relevant public discussions.

The Company's Governing Bodies

As a German stock corporation, ProSiebenSat.1 Media AG has three governing bodies: the Annual General Meeting, the Supervisory Board and the Executive Board. Their tasks and powers emerge from the German Stock Corporation Act and the articles of incorporation of ProSiebenSat.1 Media AG.

German corporate law provides for a clear separation of personnel between management and controlling bodies. The managing body is the Executive Board, which is overseen and advised by the Supervisory Board with regard to management. All transactions and decisions that are of fundamental importance to the Corporation are handled in close coordination between the Executive Board and the Supervisory Board. As such, open communication and close cooperation between bodies is of particular importance. The Management Declaration in accordance with Section 289a of the German Commercial Code reports on the working procedures of the Executive Board and Supervisory Board and their cooperation. It can be accessed online at <http://en.prosiebensat1.com/en/company/corporate-governance/management-declaration> and is reproduced in the Annual Report on page 27. The compensation of members of the Executive and Supervisory Boards is explained in the Compensation Report, which is part of the Group management report (see page 52 in the Annual Report).

The shareholders exercise their rights of joint administration and oversight at the Annual General Meeting. Each share of common stock confers one vote at the Annual General Meeting. The former non-voting preference shares were converted into voting registered common shares by resolution of the Annual General Meeting on July 23, 2013; the conversion took effect when a

corresponding change to the articles of incorporation was entered in the company's commercial register on August 16, 2013. The invitation to the Annual General Meeting notifies the Company's shareholders in a timely manner about the various agenda items and the resolution proposals that the Executive Board and Supervisory Board will be submitting for approval.

Communication with the Capital Market and Reporting Principles

› **Transparency:** We aim to strengthen trust among shareholders and capital providers, as well as the interested public, through openness and transparency. For that reason, ProSiebenSat.1 Media AG reports regularly on important business developments and changes in the Group. In general, the company provides this information simultaneously to all shareholders, media representatives and the interested public. The information is also published in English, considering the international nature of the interested groups.

To ensure fair communication and prompt disclosure both in Germany and in other countries, the Company particularly makes use of the internet as a channel for communication. All relevant corporate information is published on our website, <http://en.prosiebensat1.com/en/home>. Annual reports, interim reports, current stock price charts, and company presentations are available for download there any time. The group provides information about organizational and legal matters concerning all aspects of the Annual General Meeting on special pages for the event. As well as the agenda itself, the speech of the CEO and the results of votes can also be downloaded from the site following the meeting. Under the Corporate Governance heading, ProSiebenSat.1 Media AG also publishes the current Management Declaration according to Section 289a of the German Commercial Code, the annual Corporate Governance Report, the Declaration of Compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act, including an archive with previous Declarations of Compliance and the company's articles of incorporation.

- › **Regular reporting and ad hoc disclosures:** Four times a year, as part of the Company's annual and interim financial reporting, the ProSiebenSat.1 Group's business performance, its financial position and its current results of operations are explained. In keeping with the requirements of law, matters that could significantly influence the stock market price are promptly publicized also outside of scheduled reporting in ad hoc disclosures, and are made available immediately on the internet.
- › **Financial Calendar:** The financial calendar publishes the release dates of financial reports well in advance, along with other important dates, such as the date of the Annual General Meeting. The calendar is available at the ProSiebenSat.1 website, and is also reproduced in this Annual Report.
- › **Reports of equity holdings and directors' dealings disclosures:** Reports of equity holdings under Sections 21 et seq. of Germany's Securities Trading Act (WpHG) are released as soon as they are received. Recent information is available at www.prosiebensat1.com/en/investor-relations/publications.

Directors' dealings disclosures under Section 15a of the German Securities Trading Act are also published on the internet immediately after receipt. During the financial year 2013, the following transactions in Company stock and/or financial instruments relating to Company stock were reported to ProSiebenSat.1 by management personnel or parties related to them, in compliance with Section 15a of the German Securities Trading Act.

Directors' Dealings disclosures (Fig. 5)

Last name, first name	Reason for notification	Name of financial instrument	Purchase/ Sale	Date/place	Shares	Price in EUR	Total amount of transaction in EUR
Ebeling, Thomas	Own management duties	ProSiebenSat.1 preference share	Sale	January 30, 2013/ Xetra, Frankfurt	300,000	25.12	7,536,960.00
Albert, Conrad	Own management duties	ProSiebenSat.1 preference share	Sale	January 31, 2013/ Xetra, Frankfurt	4,180	25.27	105,628.60
Prof. Harald Wiedmann	Own management duties	ProSiebenSat.1 common share	Sale	December 3, 2013/ Xetra, Frankfurt	7,500	33.91	254,336.00
Huth, Johannes	Own management duties	ProSiebenSat.1 common share	Sale	January 20, 2014/ Xetra, Frankfurt	75,000	35.02	2,626,399.65
Freise, Philipp	Own management duties	ProSiebenSat.1 common share	Sale	January 20, 2014/ Xetra, Frankfurt	10,000	34.68	346,758.14

- > **Shareholdings of the Executive Board and Supervisory Board:** As of December 31, 2013, members of the Executive Board held a total of 152,000 common shares of ProSiebenSat.1 Media AG, and a total of 165,000 options under the ProSiebenSat.1 Media AG stock option plan. Stock options from the Long-Term Incentive Plan (LTIP) confer the right to purchase one common share of ProSiebenSat.1 Media AG if the exercise conditions are satisfied. As of December, 31, 2013, members of the Supervisory Board held 85,000 common shares in ProSiebenSat.1 Media AG.
- > **Reporting principles:** The ProSiebenSat.1 Group's financial reporting conforms to IFRS (International Financial Reporting Standards) as adopted by the European Union. The annual financial statements of ProSiebenSat.1 Media AG, as the Group's parent company, are prepared under the accounting principles of the German Commercial Code (HGB). Both sets of financial statements are audited and certified by an independent accounting and auditing firm. The single-entity financial statements of ProSiebenSat.1 Media AG are available – separate from the Consolidated Financial Statements – at www.prosiebensat1.com.
- > **Information on stock option plans and similar securities-based incentive schemes:** Information about the ProSiebenSat.1 Media AG new share-based compensation plan (Group Share Plan) and the former stock option plan (Long Term Incentive Plan) can be found on page 253 of the Notes to the consolidated financial statements and in the Compensation Report on page 52.

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BROADCASTING GERMAN-SPEAKING

ProSiebenSat.1 is **NUMBER ONE IN THE GERMAN ADVERTISING MARKET** and further increased its audience share in the 2013 financial year. We reach new audiences and advertising customers with new stations. We have also triggered additional growth in the core business via our distribution segment.

28.1
%

AUDIENCE MARKET

The free TV stations ProSieben, SAT.1, kabel eins, sixx, SAT.1 Gold, and ProSieben MAXX increased their audience share to 28.1% in 2013 (2012: 27.8%).

43.6
%

ADVERTISING MARKET

ProSiebenSat.1 is number one in the German advertising market: The Group increased its gross advertising market share to a record of 43.6% in 2013 (2012: 42.8%).

CLAUDIA LUDOWIG, DIRECTOR STRATEGY & OPERATIONS, SEVENONE MEDIA

Within seven years, ProSiebenSat.1 has successfully launched six new free TV stations in the German-speaking market. SevenOne Media's marketing specialists were involved from day one. Claudia Ludwig (33) is responsible for Strategy & Operations and the strategic focus of new customer business: "Gaining new advertising customers with new stations – it's never routine!"

What does station development contribute – with regard to the competitive TV advertising market?

CLAUDIA LUDOWIG: A lot! With new stations, we reach new target groups. With sixx, for example, we address younger women, and with ProSieben MAXX mature men who are young at heart, with high revenues in both cases. SAT.1 Gold is addressed to women in the prime of life. In this way, we consistently gain new territory on the map of the advertising market.

So is TV advertising not just something for corporations with well-known brands and big budgets?

CLAUDIA LUDOWIG: It is worthwhile advertising on sixx, SAT.1 Gold or ProSieben MAXX for smaller brands especially: Advertising spots here are cheaper because of the lower reach, while the target group can be addressed in a very focused manner. fashionette.de, an online store for designer bags, purposefully attuned its campaign on sixx to its female target group, thus doubling its brand awareness and driving up the number of hits on their website exponentially. A great success!

How do you convince customers who have so far avoided TV?

CLAUDIA LUDOWIG: Primarily with the full-service support that we can offer in the Group: from intensive media consulting and planning, through the development and implementation of effective ideas, to performance measurement. For smaller brands in particular, special advertising formats like product placement are very attractive – for which SevenOne AdFactory is an ideal partner. And if a spot is desired, our internal creative agency can take care of it in a well-directed way. So everything is tailored to the customer's requirements.

Is ProSiebenSat.1 not cannibalizing itself on the advertising market with new TV stations?

CLAUDIA LUDOWIG: On the contrary. In 2013, 120 new customers were acquired for all stations in total. For example, we gained the luxury watch brand Omega – previously a traditional print customer. But we inspired Omega with our magazine show "Golf total" on SAT.1 Gold, it was simply a very good fit.

Have you discovered an exciting new brand yourself through your work?

CLAUDIA LUDOWIG: The baking ingredients manufacturer Günthart, which sponsors the sixx show "Sweet & Easy – Enie backt". The format was truly a recipe for success for Günthart: greater awareness and increased presence in supermarkets. And for me: I don't bake myself, but I have benefited from a friend who is now enthusiastically testing Günthart's cake decorations – and letting me try them.





“Gaining new advertising customers with new stations – it’s never routine!”

CLAUDIA LUDOWIG
Director Strategy & Operations, SevenOne Media GmbH

In the 2013 financial year, the ProSiebenSat.1 Group invested consistently in growth and developed successfully in all areas. This is a summary of the most important events.

THE YEAR 2013 AT A GLANCE

JULY...Annual General Meeting decides on share conversion and dividend of EUR 1.201 billion. At the Annual General Meeting of ProSiebenSat.1 Media AG and the separate meeting of the preference shareholders on July 23, 2013, the shareholders voted in favor of the conversion of the non-voting bearer preference shares into voting registered common shares. In addition, the payment of a dividend of EUR 5.65 per entitled bearer preference share and EUR 5.63 per entitled registered common share for the 2012 financial year was resolved.

COMPANY

AUGUST...All ProSiebenSat.1 common shares can be traded on the stock exchange. Since August 19, all ProSiebenSat.1 shares have been tradable on the stock exchange – both the previous registered common shares and the registered common shares resulting from the conversion of bearer preference shares. Over the course of 2013, Lavena Holding 1 GmbH sold the majority of its shares in ProSiebenSat.1 Media AG via various placements. Telegraaf Media Groep N.V. (TMG) sold its entire shareholding in September 2013. In January 2014, Lavena sold the rest of its stake. Since then, 97.4% of the ProSiebenSat.1 shares are held in free float.



AUGUST...ProSiebenSat.1 Annual Report is again the winner in the MDAX. (a) In the competition "The Best Annual Report," the ProSiebenSat.1 Group won first place among all MDAX companies. In the overall ranking of all stock market indices, the Group achieved second place. The award is evidence of the high quality of the ProSiebenSat.1 Annual Report in terms of content and the company's transparent financial communication. The ranking is compiled each year under the academic leadership of Prof. Dr. Dr. h.c. Jörg Baetge.

DECEMBER...Eastern European stations sold successfully. By selling its portfolio in Hungary and Romania, the ProSiebenSat.1 Group disposed of all its TV and radio stations outside of the German-speaking region. The Group had already announced that it would fully divest its international station holdings when it sold its Northern European investments in December 2012. Now the corporate strategy centers on developing the ProSiebenSat.1 Group into a broadcasting, digital entertainment and commerce powerhouse.



DECEMBER. ProSiebenSat.1 share achieves significant price growth. (b) Over the course of the year, the share price increased by 69.0% and closed at EUR 36.00, the highest value for 12 years. The price gains reflect the Group's good business performance and the successful implementation of the growth strategy.

JANUARY...Successful launch of SAT.1 Gold.

The new free TV station SAT.1 Gold went on air on January 17. Its core target group is women aged 40 to 64. As well as German TV series and shows, SAT.1 Gold shows magazines such as "Süddeutsche TV Thema." In its core target group, the station achieved daily market shares of up to 1.3%, with an annual average of 0.5%.

BROADCASTING GERMAN-SPEAKING

**JULY...New blockbuster shows established.** (c)

In 2013, SAT.1 and ProSieben established two new hit shows on the German TV market. The music show "The Voice Kids" generated strong market shares averaging at 19.8% on SAT.1. The winner of the 2013 German Television Award, the dance show "Got to Dance," earned ProSieben and SAT.1 ratings averaging 15.8% in the summer.

SEPTEMBER...ProSieben MAXX airs with high market shares. At the start of September, ProSieben MAXX achieved the best station launch on the German TV market for 13 years. In the fourth quarter, the station could already boast an average market share of 0.7% among men aged 30 to 59. With new TV stations, ProSiebenSat.1 increases its audience shares and gains new advertising customers.

NOVEMBER...ProSiebenSat.1 acquires attractive feature film rights. In 2013, the ProSiebenSat.1 Group secured valuable license rights from the Hollywood studio DreamWorks. Thanks to a master agreement with Constantin Film, all DreamWorks films that begin shooting by the end of 2016 will be aired on the Group's stations. ProSiebenSat.1 had extended its contract with Constantin Film in June and thus also secured exclusive free TV rights to German hit films like "Fack Ju Göhte."

FEBRUARY...Launch of incubator EPIC Companies. ProSiebenSat.1 has launched its own incubator program, EPIC Companies, which the Group uses to support start-ups. Each year, between ten and 15 founders from the European e-commerce scene receive substantial start-up funding and extensive media and consultancy services from the Group. In 2013, the incubator spawned several companies, including Petobel, an online store for pet food and accessories.

DIGITAL & ADJACENT

JUNE...AMPYA music-streaming service launched. In June, the ProSiebenSat.1 Group introduced its own music-streaming platform AMPYA. AMPYA offers more than 20 million songs, videos, and music news. By the end of 2013, AMPYA had 300,000 registered users. In February, ProSiebenSat.1 launched the online ticketing platform TICKETHALL. Together with its record label Starwatch Entertainment, the Group now offers all services relevant to digital music and live entertainment.

SEPTEMBER...ProSiebenSat.1 founds its own multi-channel network. ProSiebenSat.1 has founded Studio71, its own multi-channel network. It bundles the Group's range of formats produced exclusively for the web. As well as on the proprietary internet platform MyVideo, hit shows like the gaming event "Last Man Standing" with over four million views are also broadcast via YouTube and other third-party platforms.

SEPTEMBER...maxdome launched in Austria. The video-on-demand platform maxdome started up in Austria. It is possible to access the online video library not only via the web, but also with an app on Samsung smart TVs. maxdome offers around 60,000 titles.



DECEMBER...Group expands travel portfolio. (d) At the end of 2013, the Group expanded its ventures portfolio further with weg.de and ferien.de. In the months before, the Group had acquired several strategic holdings in the travel market, including Germany's largest car rental website billiger-mietwagen.de. The Group now offers all services relevant to booking a trip.

JANUARY... "The Taste" celebrates international success. (e) The cooking show "The Taste," developed by Red Arrow, launched on the US station ABC in January 2013 as the most successful format of the last two years. The show is now on air worldwide: Red Arrow International has sold "The Taste" in over 80 countries, including Great Britain and China.

CONTENT PRODUCTION & GLOBAL SALES



OCTOBER...Red arrow produces for Amazon. Red Arrow has shot a pilot for the crime series "Bosch", which has a top-class cast, for Amazon. The decision on whether the pilot will go to series will be made in early 2014. "Bosch" is based on Michael Connelly's series of novels of the same name, which has been sold over 55 million times worldwide.

NOVEMBER...Red Arrow films its first series for Sky. The Red Arrow subsidiary Fabrik Entertainment is shooting "100 Code," the first series for Sky. The crime series is expected to air in early 2015. Oscar winner Bobby Moresco is writing and producing "100 Code."

DECEMBER...Joint venture with successful US producer Mark Burnett. Red Arrow Entertainment founded a production company in London with five-time Emmy-winner Mark Burnett ("The Voice", "Survivor") and his company One Three Media. The goal of the joint venture is to develop TV formats and to establish Burnett's US formats in the British TV market.

Basic Principles of the Group

The ProSiebenSat.1 Group is leading in the German market for TV and online advertising and with ProSieben and SAT.1 has two of the furthest reaching TV stations in the German-speaking region. Alongside a successful digital and ventures portfolio, the Group also has an international production network. This means, ProSiebenSat.1 has a broad and stable revenue and profit basis. Our goal is to continue growing profitably in the future and to increase earnings in a sustainable manner.

Corporate Structure and Business Areas

The ProSiebenSat.1 Group is one of the largest independent media corporations in Europe. Free TV financed by advertising is our core business. We reach around 42 million TV households with our TV stations in Germany, Austria, and Switzerland. We have tapped into a dynamically growing business area with the distribution of our HD free TV stations. We are also Germany's leading online seller of video content on the internet. Our digital portfolio includes the biggest German video-on-demand portal, maxdome. We are active in the online games business and operate an attractive, rapidly growing e-commerce portfolio. We also own Starwatch Entertainment, an independent music label. With the Red Arrow Entertainment Group, we produce international TV programs and sell them to TV stations worldwide.

Organization and Legal Group Structure



Events after the Reporting Period, page 124.

In December 2013, the ProSiebenSat.1 Group sold its Eastern European TV and radio stations. The sale of the Hungarian activities is expected to be concluded on February 25. The closing of the sale of the Romanian activities and the corresponding deconsolidation are expected in the second quarter of 2014. The Group had already sold its Northern European TV and radio activities at the end of 2012. This sale was completed in April 2013. Since then, the ProSiebenSat.1 Group has focused on the strategic expansion of its high-growth Digital & Adjacent business.



Major Events and Changes in the Scope of Consolidation in 2013, page 76, Notes, page 170.

The enterprise is managed centrally by the holding company ProSiebenSat.1 Media AG. The organizational structure of the ProSiebenSat.1 Group did not change materially in 2013. We report in detail about changes to the scope of consolidation in the corresponding chapter of the Group management report and the Notes.

Management and Control



Basic Legal Principles, page 58.

ProSiebenSat.1 Media AG is the parent company of the ProSiebenSat.1 Group and headquartered in Unterföhring near Munich. It is listed in Germany at the stock exchange in Frankfurt am Main and since August also at the stock exchange in Luxembourg (Bourse de Luxembourg). A stock corporation under German law has three principal governing bodies: the Annual General Meeting, the Executive Board, and the Supervisory Board. The governing bodies' decision-making powers are strictly demarcated from each other:

The shareholders of ProSiebenSat.1 Media AG exercise their rights of joint administration and oversight at the **Annual General Meeting**. In August 2013, all non-voting preference shares were converted into voting common shares in a ratio of 1:1. This did not affect the amount of the share capital. Since the merger of the share classes, each share grants the same legal rights and obligations and one vote in the Annual General Meeting.



The ProSiebenSat.1 Share, page 105.

The **Executive Board** is responsible for the ProSiebenSat.1 Group's overall performance, and has both professional and disciplinary authority over the managers of the various business segments and holding company units. The **Supervisory Board** monitors and advises the Executive Board in its conduct of business, and is thus directly involved in all corporate decisions of major importance.

The basic rules for this dual management system are defined in ProSiebenSat.1 Media AG's articles of incorporation and in the rules of procedure for the Executive Board and Supervisory Board. The articles of incorporation also define the corporate objective. According to Section 179 of the German Stock Corporation Act (AktG), they may only be amended by a majority resolution of the Annual General Meeting. We report on personnel changes in the boards in the "Reports from the Executive and Supervisory Board" section of the Annual Report.



Reports from the Executive and Supervisory Board, from page 13 on.

Group Structure and Investments

The present consolidated financial statements include ProSiebenSat.1 Media AG and all significant subsidiaries – meaning entities in which ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights, or over whose activities it can otherwise exercise a controlling influence.

One of the most important direct subsidiaries of ProSiebenSat.1 Media AG is ProSiebenSat.1 TV Deutschland GmbH. Under its umbrella, all German TV stations of the ProSiebenSat.1 Group work together in a cross-function matrix organization. In terms of structure, ProSiebenSat.1 Media AG differs considerably from other German TV companies. Not only does the company indirectly own all shares in the TV stations SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, and ProSieben MAXX, it also indirectly holds a 100% stake in the sales companies SevenOne Media GmbH and SevenOne AdFactory GmbH. This results in advantages with regard to the stations' programming and the sale of advertising time. The companies in the online, games, travel and ventures areas are also affiliated indirectly with ProSiebenSat.1 Media AG via subsidiaries consolidated under the ProSiebenSat.1 Digital & Adjacent GmbH. The subsidiaries for the Content Production & Global Sales segment operate as the Red Arrow Entertainment Group, also a 100% holding of ProSiebenSat.1 Media AG.



A detailed overview of the shareholding structure in the ProSiebenSat.1 Group can be found in the Notes from page 276 on. In addition to this list of investments, the legal Group structure and the international locations are shown on the back cover.



Other Non-Financial Performance Indicators, page 110.

Strategy, Business Operations and Segments

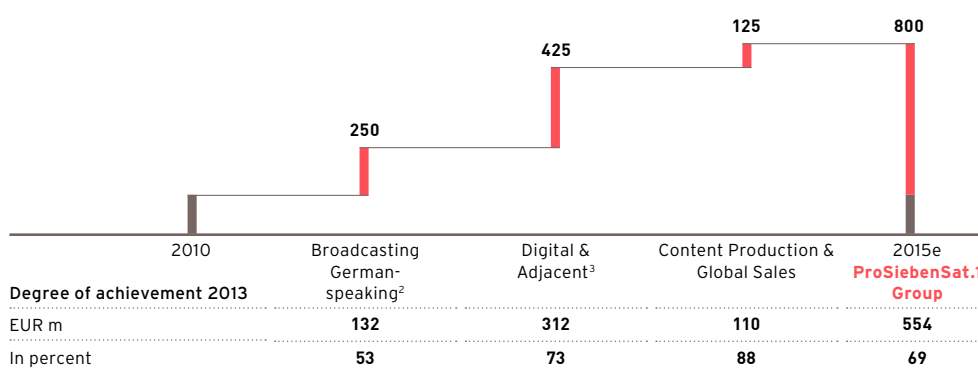
By integrating the TV and digital fields, we want to open up pioneering business areas, and in recent years have systematically gained access to new markets with strong long-term growth prospects. Our vision is to develop the ProSiebenSat.1 Group into a broadcasting, digital entertainment and commerce powerhouse and simultaneously consolidate the strong position in the TV business. Our objective is to open up additional sources of revenues outside the core business, free TV financed by advertising, and to further increase their share in total revenues.

The expansion of the Digital & Adjacent activities is the particular strategic focus of the ProSiebenSat.1 Group. The 2013 financial year was therefore characterized by launches and acquisitions. Here, the Group primarily benefits from the reach and the content of its strong free TV stations and the possibility of using free advertising space to market digital services. For example, the Group sees attractive opportunities for synergy and growth in in the e-commerce business as well as the market for digital entertainment. In the Ventures unit, ProSiebenSat.1 invests exclusively in holdings that target a dynamically growing mass market and that can be marketed synergistically via its TV stations. New revenue models for the Group also arise from the fast growing HD distribution business. The ProSiebenSat.1 Group's strategy is topped off with its program production and distribution activities. These operations are bundled under the Red Arrow Entertainment Group, which produces programs for its own TV stations and for independent third parties.

We measure the success of our strategy on the basis of 2010 by the achievement of our revenue targets for 2015. The ProSiebenSat.1 Group increased these targets in October 2013 due to the positive business performance. At Group level and on the basis of continuing operations, we had already achieved 69% of our 2015 growth target by the end of 2013 thanks to targeted management.

Revenue growth targets 2015 and degree of achievement (Fig. 6)

EUR m¹



e = estimate

¹ Growth of external revenues vs. 2010 from continuing operations.

² External revenues including pay TV.

³ External revenues not including 9Live or pay TV.

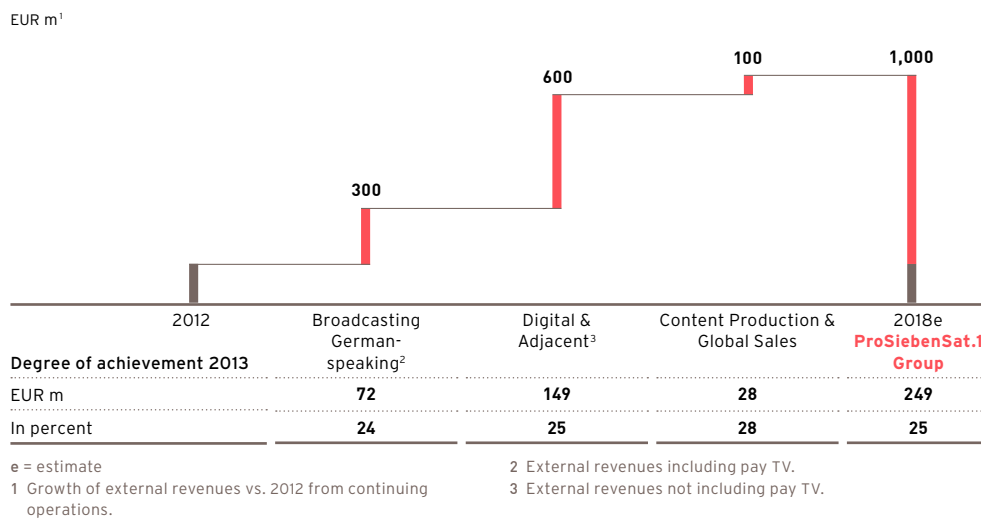


Glossary,
page 290.

 **Company Outlook,**
 page 151.

The ProSiebenSat.1 Group also presented new financial targets for 2018 at its Capital Markets Day in October 2013: The Group wants to increase its revenues from continuing operations by EUR 1 billion compared with 2012. All three segments – Broadcasting German-speaking, Digital & Adjacent and Content Production & Global Sales – are to contribute to the positive revenue performance. The largest growth driver, Digital & Adjacent, is to contribute around 25 % to 30 % of consolidated revenue in 2018. At the same time, the Company is seeking to generate a significant earnings contribution from the additional revenues and thus to continue on its profitable growth course.

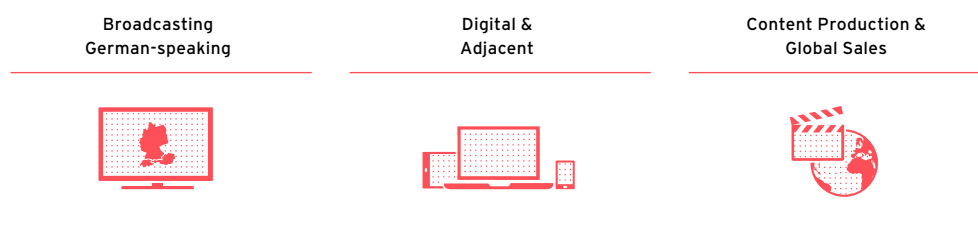
Revenue growth targets 2018 and degree of achievement (Fig. 7)



 **Segment Reporting,**
 page 95.

The operating units are responsible for the implementation of the strategy and are divided into three reporting segments. They are strategically, economically and technically inter-related and are managed by ProSiebenSat.1 Media AG. In its function as the Group holding company, ProSiebenSat.1 Media AG has no operational role. Its tasks include central financing, Group risk management and the ongoing development of the corporate strategy. The economic development of the ProSiebenSat.1 Group is determined primarily by the subsidiaries, held both directly and indirectly.

Segments of the ProSiebenSat.1 Group (Fig. 8)





Development of the TV
and Online Advertising
Market, page 67.

Development of the Audience
Market, page 68.

- **Broadcasting German-speaking segment:** The TV activities in Germany, Austria and Switzerland are allocated to the Broadcasting German-speaking segment. With a population of over 80 million, Germany is Europe's largest TV market. ProSiebenSat.1 is no. 1 in the advertising market here with its sales subsidiaries SevenOne Media and SevenOne AdFactory. Alongside innovative and customized sales concepts, the high reach of the ProSiebenSat.1 stations is key to the success of the Group. In Germany, Austria and Switzerland, the ProSiebenSat.1 Group operates 15 TV stations in total. The portfolios of the individual countries feature complementary, coordinated television stations, which cover a broad range of target groups in the audience and advertising market.

In recent years, the ProSiebenSat.1 Group has also initiated new growth initiatives within its core business of TV. Since 2007, the Group has founded six new TV stations in the three German-speaking markets, with which the Group is further consolidating its strong position in the audience and advertising market. In 2013, ProSiebenSat.1 launched the women's station SAT.1 Gold and the men's station ProSieben MAXX. SAT.1 Gold is aimed mainly at women between 40 and 64; ProSieben MAXX is focused on male viewers between 30 and 59. The existing station portfolio of SAT.1, ProSieben, kabel eins and sixx is thus augmented by new key demographics. While SAT.1 offers TV programming for the whole family, ProSieben is primarily aimed at young viewers between 14 and 39. The core target group of kabel eins is viewers between 14 and 49; sixx focuses on young women aged between 14 and 39. By the channels launched in 2013, we were able to attract new advertisers for TV and expand our business with new customers.

In addition to the traditional free TV business, the ProSiebenSat.1 Group's HD and basic pay TV stations are also reported in the Broadcasting German-speaking segment. The Group operates three pay TV channels: SAT.1 emotions, ProSieben FUN and kabel eins CLASSICS. The Group also participates in the technical fees that cable network, satellite, and IPTV operators generate from the distribution of ProSiebenSat.1 HD stations. The ProSiebenSat.1 Group has thus established a business area with recurring revenues in the long term and further strengthened its independence from the economically sensitive advertising market. In 2013, the number of ProSiebenSat.1 HD subscribers rose by 51% to 4.2 million.

- **Digital & Adjacent segment:** The Digital & Adjacent segment is the strongest growth driver of the ProSiebenSat.1 Group. It bundles the business units Digital Entertainment, Digital Commerce and Adjacent. The Group leverages the advertising power and reach of its TV stations to develop products from these areas into successful brands.

Digital Entertainment: The ProSiebenSat.1 Group markets over 50 proprietary online and mobile platforms as well as offerings from third parties. With a market share of 48% and around two billion video views in 2013, the Group is also Germany's leading seller of video content on the internet. In addition, the ProSiebenSat.1 Group operates Germany's biggest video-on-demand portal, maxdome. maxdome offers nearly 60,000 on-demand titles and achieved a market share of 36% in 2013. In the last financial year, the Group also founded a multi-channel network (MCN), Studio71, with which the media group produces, aggregates and distributes web content. In 2013, Studio71 launched more than 100 channels and signed exclusive contracts with more than 30 internet stars. Around six months after it started, the MCN already reached 100 million video views in January 2014. In addition, AMPYA was launched in 2013, ProSiebenSat.1's own music streaming service.



The Year 2013 at a Glance,
page 40.

Digital Commerce: The ProSiebenSat.1 Group bundles its ventures activities in the Digital Commerce unit. The Group expands its e-commerce portfolio both through traditional investments in strategic majority interests and through its media-for-equity and media-for-revenue-share model. In doing so, the Group provides media services to promising start-up companies and receives a revenue and/or equity participation in return. In terms of traditional majority interests, the ProSiebenSat.1 Group mainly expanded its existing travel portfolio with several strategic acquisitions in 2013. The Group acquired majorities in the websites billiger-mietwagen.de, mydays.de and weg.de, among others. Therefore, ProSiebenSat.1 now covers the entire travel cycle, from booking a flight, accommodation and rental cars, events and local climate data. The Group plans to build up other thematic e-commerce portfolios in accordance with this model, for example in fashion or home & living. The ProSiebenSat.1 Group expanded its Digital Commerce portfolio to already over 40 holdings in the 2013 financial year.

Adjacent: The Adjacent unit predominantly contains the ProSiebenSat.1 Group's music and live entertainment activities. In 2013, the Group sold around 3.5 million records and marketed 60% of the top 20 albums via its record label Starwatch Entertainment. The music activities were complemented by a proprietary ticketing platform and the event agency MMP, so that ProSiebenSat.1 now covers the entire value chain with its music business, from a record label to tickets, artist management and live events/concerts.

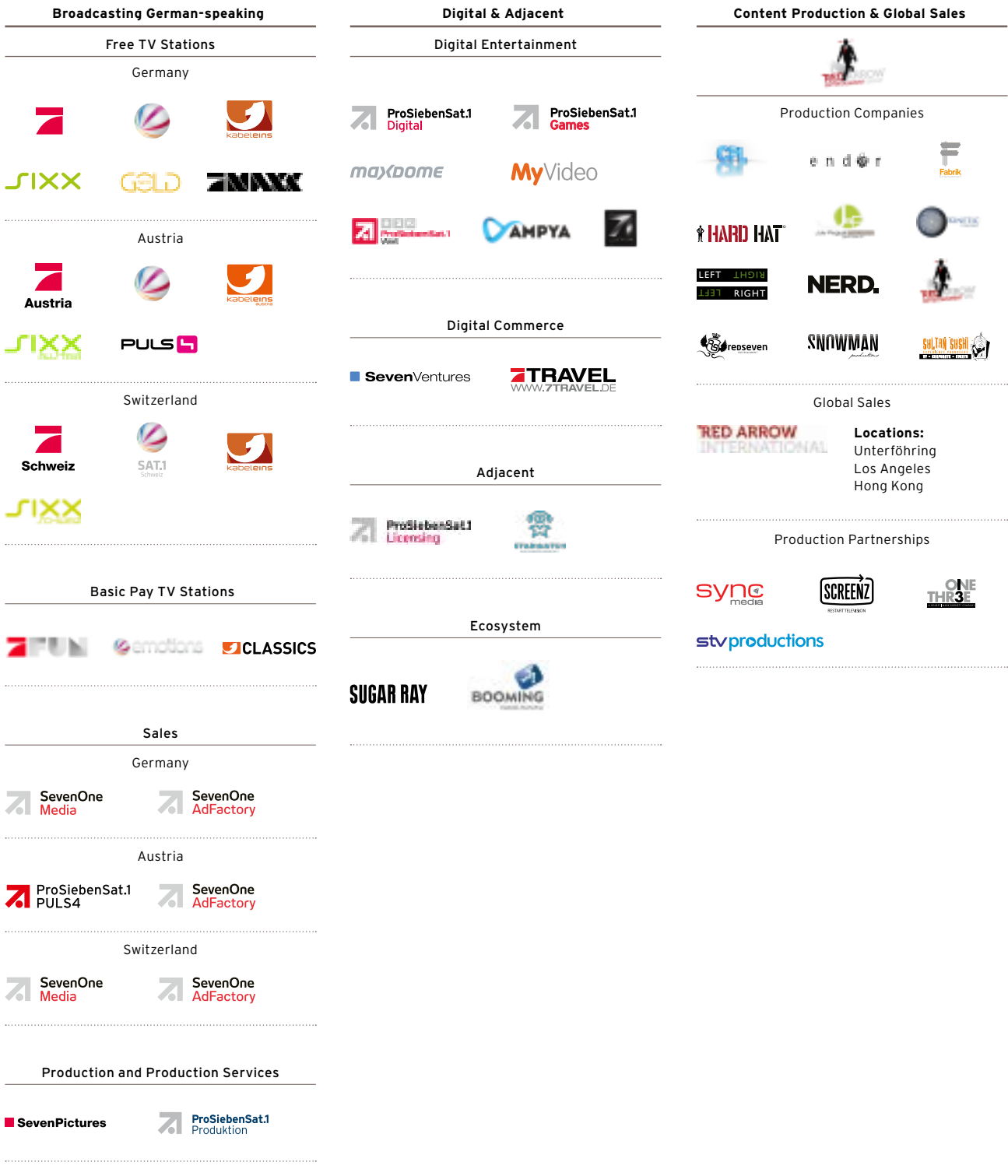
- > **Content Production & Global Sales segment:** The Content Production & Global Sales segment covers the ProSiebenSat.1 Group's international program production and distribution business. The two units are bundled under the Red Arrow Entertainment Group. In 2013, Red Arrow produced more than 170 TV formats and sold them to more than 180 countries. 80% of the production volume was attributable to external customers (2012: 69%); 20% of the productions were produced for ProSiebenSat.1 stations. In the years to come, the proportion of external production orders is likely to increase. The Red Arrow Entertainment Group is represented in nine countries with 14 production companies and maintains its own sales offices in Los Angeles and Hong Kong.



The Year 2013 at a Glance,
page 40.

Red Arrow strengthened its network with new partnerships in the past financial year, including via a joint venture with the US producer and five-time Emmy-winner Mark Burnett. Red Arrow also significantly expanded its English-language fiction portfolio and launched promising productions: In 2014, Red Arrow will shoot films with international stars like Judi Dench and Dustin Hoffman. At the same time, the Red Arrow Entertainment Group expanded its production business for internet platform operators, gaining access to a growing order market: At the end of 2013, Red Arrow produced "Harry Bosch," a crime pilot for the online retailer Amazon, and the third season of the hit series "Lilyhammer" for the US video-on-demand portal Netflix.

Segment structure of the ProSiebenSat.1 Group (Fig. 9)



Intragroup Management System



Strategy, Business Operations and Segments, page 44.

The corporate management of the ProSiebenSat.1 Group is carried out centrally by the Group's Executive Board. The overriding goal is to consistently implement the corporate strategy and to expand the Group from a traditional TV company to a broadcasting, digital entertainment, and commerce powerhouse.

Management System Based on Key Performance Indicators

The ProSiebenSat.1 Executive Board manages the Group with a number of financial and non-financial performance indicators. These key performance indicators (KPIs) are derived from the described strategic objectives of the ProSiebenSat.1 Group and broken down for its individual segments and operating units. The parameters we use enable us to measure the success of our business operations. The defined financial performance indicators are oriented toward the overriding goal of increasing profitability and growth and to the interests and requirements of the ProSiebenSat.1 Group's equity providers and lenders:



Group Earnings, page 80, Segment Reporting, page 95.

› **Revenue and earnings management:** Revenues and recurring EBITDA are used for profitability management at Group and segment level and for the individual subsidiaries respectively. Recurring EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted for non-recurring items, reflects the Group's profitability. Since it eliminates the influence of taxes and depreciation, as well as the structure of the Company's financing, recurring EBITDA also allows a meaningful assessment of operating profitability internationally. Another parameter is the underlying net income – i.e. the consolidated profit for the period after non-controlling interests from continuing operations, before the effects of purchase price allocations and other special items. Related to the underlying net income the basic earnings per common share is calculated.



Group Financial Position and Performance, page 85.

› **Financial planning:** Financial leverage (leverage ratio) is an important parameter used in financial planning at Group level. It indicates the level of net debt in relation to LTM recurring EBITDA – i.e. the adjusted EBITDA that the ProSiebenSat.1 Group has generated in the last twelve months.

The company operates in an industry environment characterized by a very dynamic change process. It is therefore particularly important that the different operating units act flexibly and can quickly take advantage of market opportunities that arise. For this reason, while the individual subsidiaries operate on the basis of central objectives, they are also autonomous with full responsibility for revenues and earnings.



Other Non-Financial Performance Indicators, page 110.

Our management system has a clear focus on achieving financial targets. Alongside the financial key performance indicators mentioned above, non-financial parameters also serve the ongoing control of our customer, market and service-related achievement of targets. They contribute indirectly to achieving profitability and growth targets. An important parameter for TV that cannot be directly measured in financial terms is audience shares. They indicate the popularity of programs and are therefore an important means of documenting the operating performance of our free TV stations for the advertising industry. Deviations in current ratings from anticipated planning figures are assessed as part of early risk detection. Data on television consumption is collected exclusively by GfK Fernsehforschung in Germany on behalf of the Arbeitsgemeinschaft Fernsehforschung (AGF).



Glossary, page 290.

Overview of important key performance indicators (Fig. 10)

Financial parameters	<ul style="list-style-type: none"> > Revenues > Recurring EBITDA > Underlying net income > Leverage ratio
Non-financial parameter	<ul style="list-style-type: none"> > Audience shares



Economic Environment,
page 66.

In addition to these internal performance indicators, the Group-wide management and planning process includes external indicators. Current economic data, such as the trend in private consumption, incoming orders, retail sales, and gross domestic product, serve, for example, as relevant indicators of advertising companies' willingness to invest.



Employees,
page 98.

In addition to the formal process of corporate management, performance factors such as cost awareness and efficient process management are central requirements for the continued strengthening of the ProSiebenSat.1 Group's leading position. The establishment of a "best practice organization" therefore remains an important strategic task for us. Central requirements for this are uniform process management and a successful internal controlling and risk management system. With the PRIME program, the ProSiebenSat.1 Group has systematically mapped all processes in the Group including risks, and thus has an efficient and transparent control instrument in process management. At the same time, the company provides the required conditions for a culture of top performance. High-performing and motivated employees, guided by a common sense of mission, are the heart of our best practice organization. A key requirement for this is clear objectives for employees at all company levels (management by objectives).

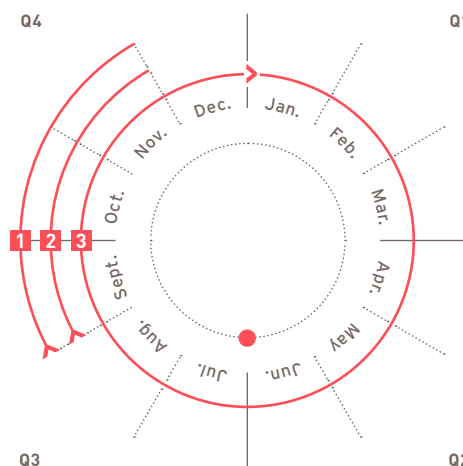
Integrated Budgeting and Planning System

The **strategy** is debated at an annual meeting and, if necessary, individual targets are re-defined or prioritized. SWOT analyses are an important strategy development tool. To this end, market conditions and current performance indicators for relevant competitors are compared, threats and opportunities presented by the market are evaluated and the strengths of the ProSiebenSat.1 Group put into focus.

Taking the strategic targets as a starting point, the **operating plan for the year** (budget) is compiled at the end of each financial year. This is done on the basis of "mixed planning": The Executive Board decides the corporate strategy, and as a consequence the planning targets for the Group and its segments, centrally ("top-down"). The detailed planning, and in particular the determination of the measures for achieving the budgeted targets, is performed as a second step at the operational level ("bottom-up"). To this end, company-specific data from the income statements or statements of financial position and cash flow statements of individual subsidiaries are aggregated at segment and Group level. These data primarily relate to volumes and prices, human resources, program planning, costing, and capital budgeting. In turn, the budget forms the basis for the long-term **multi-year planning**. Key factors are quantified for the parameters described above, with the target values calculated on a quarterly basis for the next five years.

The anticipated short and long-term target attainment is analyzed throughout the year by means of monthly **trend projections**, so that any deviations from planning can be detected promptly and countermeasures can be implemented at short notice. The expected development of revenue, earnings and cash flows for the current year is calculated and compared to the budgeted figures on the basis of target attainment so far, i.e. actual figures. The individual steps of the planning process – budget preparation, multi-year planning, and monthly reporting – are shown in the planning calendar diagram below:

Planning calendar (Fig. 11)



<p>1 Budget (Operating plan for the year on a monthly basis)</p>	<p>The company prepares the budget at the end of a financial year for the following year. It reports target figures on a monthly basis and is passed by the Executive Board and the Supervisory Board.</p>
<p>2 Multi-year plan (Long-term corporate plan on a quarterly basis)</p>	<p>The budget is the foundation of the multi-year plan: Planning figures are set on a quarterly basis for the financial and non-financial management indicators. Like the budget, these target figures for the next five years are calculated from the bottom up.</p>
<p>3 Monthly reporting (Trend projections)</p>	<p>Monthly reporting is an element of short-term control. Apart from this monthly reporting to the Executive Board and the Supervisory Board, potential risks are reported to the Group Risk and Compliance Officer as part of the quarterly reporting process. In particular, any changes to the early warning risk indicators over time are analyzed here.</p>
<p>● Strategy meeting</p>	<p>Strategic objectives are determined in the strategy meeting.</p>

Compensation Report

The Compensation Report describes the main features of the compensation system for the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG and explains the structure and level of compensation of the individual members of the Executive Board and Supervisory Board. It is part of the audited Group Management Report and complies with the relevant legal regulations; it also takes into account the recommendations of the German Corporate Governance Code in the version of May 13, 2013.

Compensation Paid to the Executive Board

In addition to their functions as directors and officers of the Company, the members of the Executive Board of ProSiebenSat.1 Media AG also have contractual relationships with the Company. The ProSiebenSat.1 Media AG Supervisory Board is responsible for making the employment agreements with the members of the Executive Board. The Executive Board employment agreements have a maximum term of five years and also regulate the compensation. After a proposal by the Compensation Committee, the structure and amount of the Executive Board compensation are defined by the Supervisory Board and regularly reviewed. The criteria for appropriate compensation are, on the one hand, the individual Board members' personal performance and areas of work and responsibility and, on the other hand, the amount and structure of executive board compensation in comparable companies, the Company's business situation and the ProSiebenSat.1 Media AG compensation structure.



Compensation
Committee,
page 23 and 33.

Compensation system for the Executive Board

The compensation system for the Executive Board of ProSiebenSat.1 Media AG aims to create an incentive for sustainable company performance. It is composed of fixed and results-based components. In the 2013 financial year, Executive Board compensation comprised the following components:

- All Executive Board members each received a **fixed base salary**, paid monthly, that was determined with reference to the individual Executive Board member's areas of work and responsibility.
- In addition to this fixed base salary, the Executive Board members also received **performance-based variable annual compensation** in the form of an annual bonus. The terms of this annual bonus are essentially uniform among the contracts of the Executive Board members. The amount depends on the achievement of predefined performance targets, which arise on the basis of Group EBITDA and net debt, as well as personal target agreements. The bonus cannot exceed 200% of the contractually determined target amount. In the event that targets are missed, it is possible that there is no variable compensation at all.



Glossary,
page 289.

For Executive Board members, the Supervisory Board can convert portions of the annual performance-based variable compensation into **multi-year performance-based variable compensation**: The level of payment then no longer depends exclusively on the achievement of one year's performance targets, but rather on the average achievement of targets over three years.

In addition, Executive Board members receive a long-term share-based compensation component. The stock option plan (Long Term Incentive Plan) first introduced in 2005 was replaced in 2012 by a new share-based compensation plan (Group Share Plan). The Group

Share Plan is organized as a share bonus program and is served by the Company's own common shares following the conversion of all non-voting preference shares of ProSiebenSat.1 Media AG into common shares, which took effect on August 16, 2013. Participants are issued with performance share units (PSUs), entitling them from the beginning of the year of grant to receive common shares after the expiry of a four-year holding period. The conversion factor by which the PSUs are exchanged for ProSiebenSat.1 common shares after the end of the holding period depends on the achievement of predefined annual targets during the holding period. These relate to the development of Group EBITDA. The conversion factor can vary between 0% and 150%. In the event of exceptional developments, the Supervisory Board can also raise or lower the conversion factor by 25% age points under consideration of the individual performance of the Executive Board members. If the share price when the conversion factor is defined exceeds the share price when the PSUs were issued by more than 200%, the conversion factor is further reduced so that a price increase above the threshold of 200% does not result in a further increased value of the PSUs (price-related cap). After the end of each year of the four-year holding period, a quarter of the PSUs awarded become vested; a requirement for this is that Group net income is generated in the year in question and the ProSiebenSat.1 Group's EBITDA does not fall below a defined minimum.

Stock options were last issued to Executive Board members under the expired stock option plan (Long Term Incentive Plan) in 2009. Thomas Ebeling and Axel Salzmann still own stock options from this plan that were granted to them as Executive Board members. Each option entitles the holder to acquire one ProSiebenSat.1 common share if certain exercise conditions are met. As well as an already expired two-year holding period, the exercise conditions include the achievement of a performance target linked to the price performance of the ProSiebenSat.1 common share and the advent of a vesting period staggered over five years. One fifth of the stock options issued becomes vested at the end of each financial year following the issue. As of the end of December 31, 2013, all stock options from 2009 are therefore vested. The Company repurchased the stock options of the Long Term Incentive Plan from the 2008 and 2009 cycles still outstanding in 2013 from the corresponding Executive Board members.

Further information on the Group Share Plan 2013 and the remaining stock options under the Long Term Incentive Plan can be found in the [notes](#) to the consolidated financial statements.



Notes,
Note 36, "Share-based
payments", page 253.

- > **Pension agreements** were signed for all members of the Executive Board. For the period of the employment relationship, the Company pays a monthly contribution into the personal pension account managed by the Company. The contribution made by the Company is equivalent to 20% of the respective fixed monthly gross salary. Each member of the Executive Board has the right to pay any additional amount into the pension account in the context of deferred compensation. There are no further payments after the end of the employment relationship. The Company guarantees the paid-in capital and annual interest of 2%. The amounts paid in are invested on the money and capital markets. A retirement pension is paid if the Executive Board member attains the age of 60, or 62 in the case of Heidi Stopper, who was appointed to the Executive Board on October 1, 2012, and was a member for at least a full three years. This entitlement also arises in the case of permanent disability. The monthly retirement pension is derived from the actuarially calculated life-long pension as of the time of the entitlement to benefits. Instead of a life-long pension, Executive Board members can demand the payment of the guaranteed capital when the entitlement occurs.

- In addition, the Executive Board members receive other **non-performance-based fringe benefits** in the form of non-cash benefits through being granted company cars and taking part in group accident insurance.
- In the case of the premature termination of the employment relationship by the Company without good cause, the Executive Board agreements include a severance payment commitment amounting to two years' total compensation according to Section 4.2.3 of the German Corporate Governance Code up to a maximum of the compensation that would have been paid up to the end of the agreement period.
- A post-contractual non-competition clause was agreed for all Executive Board members covering one year following the termination of the employment contract. If this is applied, the Executive Board members receive a monthly waiting allowance for the duration of the post-contractual non-competition clause amounting to half of the contractual benefits most recently received, for Dr. Wegner amounting to the contractual annual compensation most recently received (fixed compensation and annual bonus). Sections 74 ff. of the German Commercial Code also apply.

Compensation of Executive Board members for the 2013 financial year

The following total compensation was determined for the Executive Board members appointed by the Company as of the close of the 2013 financial year:

Compensation of Executive Board Members (Fig. 12)

EUR k

		Annual salary			Total	Expenses from share-based compensation in the financial year		Total	Pensions	
		Fixed base salary	Variable annual compensation	Fixed fringe benefits ²					Current service cost ³	Defined Benefit Obligation
Thomas Ebeling	2013	1,000.0	1,550.0	9.5	2,559.5	733.8	3,293.3	185.1	874.4	
	2012	1,000.0	1,100.0	10.9	2,110.9	570.2	2,681.1	175.5	653.7	
Conrad Albert	2013	500.0	375.0	8.8	883.8	554.0	1,437.8	72.5	157.4	
	2012	500.0	383.4	8.8	892.2	377.1	1,269.3	66.2	79.4	
Axel Salzmann	2013	675.0	676.3	19.4	1,370.7	577.6	1,948.3	117.3	623.4	
	2012	675.0	488.8	19.2	1,183.0	435.9	1,618.9	109.4	473.6	
Heidi Stopper	2013	500.0	383.8	8.7	892.5	457.7	1,350.1	66.5	80.1	
	2012 ¹	125.0	93.8	2.2	220.9	188.5	409.4	60.1	14.4	
Dr. Christian Wegner	2013	500.0	450.0	19.0	969.0	554.0	1,523.0	61.3	132.9	
	2012	500.0	383.4	17.4	900.8	377.1	1,277.9	54.8	65.8	
Total	2013	3,175.0	3,435.1	65.4	6,675.5	2,877.0	9,552.5	502.7	1,868.2	
	2012	2,800.0	2,449.4	58.5	5,307.9	1,948.8	7,256.6	466.0	1,286.9	

1 Three-months basis: Member of the Executive Board since October 1, 2012.

2 Includes lease payments for use of company car and insurance premiums (excluding D&O).

3 Service costs in line with IFRS for the pension entitlement acquired in the respective financial year. Not including entitlements from the individual's own payments (as of December 31, 2012 and December 31, 2013).

Additional disclosures on share-based compensation instruments (stock option plan)

The stock options held by active members of the Executive Board developed as follows in the 2013 financial year:

Development of stock options held by active members of the Executive Board in the 2013 financial year (Fig. 13)

		As of January 1		Exercised/repurchased in the financial year			As of December 31			Weighted average of remaining contract duration
		Number	Weighted average of strike prices	Number	Weighted average share price	Weighted average of strike prices	Number	Weighted average of strike prices	Range of strike prices	
Thomas Ebeling	2013	210,000	1.58 €	105,000	26.19 €	1.58 €	105,000	0.00 € ¹	0.00 € ¹	2.00
	2012	315,000	1.58 €	105,000	19.35 €	1.58 €	210,000	1.58 €	1.58 €	3.00
Axel Salzmann	2013	180,000	6.39 €	120,000	26.19 €	8.79 €	60,000	0.00 € ¹	0.00 € ¹	2.00
	2012	240,000	5.19 €	60,000	19.35 €	1.58 €	180,000	6.39 €	1.58 € - 16.00 €	2.67

¹ Strike price after application of the dilution protection clause due to the dividend payment on July 24, 2013 (previously: EUR 1.58).

Since the 2010 financial year, no stock options have been granted to members of the Executive Board.

The Company reacquired the 225,000 stock options of the Long Term Incentive Plan from the 2008 and 2009 cycles still outstanding in 2013 from the corresponding Executive Board members on the basis of a Supervisory Board resolution. The weighted average strike price was EUR 5.43 per option; the weighted average share price amounted to EUR 26.19 per option.

Other compensation components

The Company has granted neither loans nor provided guaranties or warranties to the members of the Executive Board.

Total compensation of former Executive Board members

In the 2013 financial year, total compensation (pensions) was paid to former Executive Board members amounting to EUR 0.3 million (previous year: EUR 0.3 million). As of December 31, 2013, pension provisions for former members of the Executive Board according to IFRS amounted to EUR 10.0 million (previous year: EUR 8.7 million).

In the 2013 financial year, 167,000 stock options were bought back or exercised by former members of the Executive Board. The weighted average strike price was EUR 11.25 per option; the weighted average exercise price amounted to EUR 26.08 per option.

Andreas Bartl, who left the Executive Board in 2012, received the following compensation in the 2012 financial year:

Compensation of Andreas Bartl, who left the Executive Board in 2012, for the 2012 financial year (Fig. 14)

EUR k

	2012 ¹	Annual salary			Total	Expenses from share-based compensation in the financial year	Pensions	
		Fixed base salary	Variable annual compensation	Fixed fringe benefits ²			Current service cost ³	Defined Benefit Obligation
Andreas Bartl		650.0	120.0	16.7	786.7	54.2	103.7	448.3

1 Andreas Bartl was appointed to the Executive Board as of February 29, 2012. His contract of employment ended as of December 31, 2012. The compensation shown relates to the entire 2012 financial year.

2 Includes lease payments for use of company car and insurance premiums (excluding D&O).

3 Service costs in line with IFRS for the pension entitlement earned in the financial year. Not including entitlements from the individual's own payments (as of December 31, 2012).

Pension provisions

In the 2013 financial year, there were additions to pension provisions for active and former Executive Board members in line with IFRS totaling EUR 3.1 million (previous year: EUR 2.9 million). EUR 1.7 million of this related to service cost (previous year: EUR 1.4 million), EUR 0.5 million to interest expenses (previous year: EUR 0.5 million) and EUR 0.9 million to actuarial losses (previous year: EUR 1.0 million). As of December 31, 2013, pension provisions for active and former Executive Board members totaled EUR 15.5 million (previous year: EUR 12.8 million).

D&O insurance

The Executive Board members are involved in group liability insurance (D&O insurance). This D&O insurance covers the personal liability risk should Executive Board members be made liable for financial losses when exercising their professional functions for the Company. The insurance includes a deductible according to which an Executive Board member against whom a claim is made pays a total of 10% of the claim in each insured event, but not more than 150% of the respective fixed annual compensation for all insurance events in one insurance year. The relevant figure for calculating the deductible is the fixed remuneration in the calendar year in which the infringement of duty occurred.

**Compensation Paid to the Supervisory Board
Compensation system for the Supervisory Board**

The compensation of the Supervisory Board is set in the articles of incorporation of ProSiebenSat.1 Media AG. Members of the Supervisory Board receive **fixed annual compensation**. It amounts to EUR 50,000 for the ordinary Supervisory Board members and EUR 100,000 each for the Chairman and the Vice Chairman. In addition, **meeting honoraria** are paid for contributing to the committees. This amounts to EUR 3,000 per meeting attended for ordinary members of the Audit and Finance Committee, and EUR 1,500 per meeting attended for ordinary members of any other Committee. Committee Chairmen receive twice the standard meeting honorarium. No performance-based variable compensation is granted.

Compensation of Supervisory Board members for the 2013 financial year

Supervisory Board members received the following compensation for the 2013 financial year:

Compensation of Supervisory Board Members for the 2013 financial year (Fig. 15)

EUR k

		Fixed base compensation	Meeting honoraria Presiding Committee	Meeting honoraria Audit and Finance Committee	Meeting honoraria Compensation Committee	Total
Götz Mäuser ¹	2013	78.0	6.0	15.0	6.0	105.0
	2012	100.0	3.0	15.0	15.0	133.0
Johannes Peter Huth ²	2013	100.0	4.5	12.0	9.0	125.5
	2012	100.0	-	12.0	6.0	118.0
Drs. Fred Th. J. Arp ³	2013	37.5	-	-	4.5	42.0
	2012	31.3	-	-	3.0	34.3
Robin Bell-Jones ⁴	2013	-	-	-	-	-
	2012	25.0	-	9.0	-	34.0
Herman M.P. van Campenhout ⁵	2013	-	-	-	-	-
	2012	25.0	-	-	3.0	28.0
Gregory Dyke ⁶	2013	12.5	-	-	1.5	14.0
	2012	50.0	-	-	4.5	54.5
Stefan Dziarski	2013	50.0	3.0	15.0	-	68.0
	2012	31.3	1.5	6.0	-	38.8
Philip Freise	2013	50.0	3.0	15.0	-	68.0
	2012	50.0	1.5	15.0	-	66.5
Lord Clive Hollick	2013	50.0	-	-	-	50.0
	2012	50.0	1.5	-	-	51.5
Dr. Jörg Rockenhäuser ⁷	2013	71.9	3.0	-	3.0	77.9
	2012	50.0	1.5	-	-	51.5
Prof. Dr. Harald Wiedmann	2013	50.0	-	30.0	-	80.0
	2012	50.0	-	30.0	-	80.0
Summe	2013	499.9	19.5	87.0	24.0	630.4
	2012	562.6	9.0	87.0	31.5	690.1

1 Chairman of the Supervisory Board until July 23, 2013

2 Vice Chairman of the Supervisory Board until July 23, 2013, Chairman of the Supervisory Board from July 23, 2013

3 Member of the Supervisory Board until October 13, 2013

4 Member of the Supervisory Board until May 15, 2012

5 Member of the Supervisory Board until May 15, 2012

6 Member of the Supervisory Board until May 11, 2013

7 Vice Chairman of the Supervisory Board since July 23, 2013


In addition to this fixed annual compensation or meeting honoraria, the members of the Supervisory Board were reimbursed for all out-of-pocket expenses and received compensation for the sales tax levied on their compensation and out-of-pocket expenses.


D&O insurance covers the personal liability risk should Board members be made liable for financial losses when exercising their functions. No deductible has been agreed for members of the Supervisory Board.


Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during the 2013 financial year. Members of the Supervisory Board do not receive loans from the Company.

Basic Legal Principles

ProSiebenSat.1 Media AG has to comply with a large number of stock exchange and legal regulations. As a stock corporation listed in Germany, it is in particular subject to German laws that govern corporations, co-determination, and the capital markets, and it must observe the recommendations of the German Corporate Governance Code. Important reporting obligations that result from the legal requirements for this management report are shown below.

- 
Takeover-Related Disclosures in accordance with Sections 289 (4) and 315 (4) of the German Commercial Code, page 156.

> Takeover-related disclosures in accordance with Section 315 (4) of the German Commercial Code (HGB) and their explanations under Sections 124 a Sentence 1 No. 3 and 176 (1) Sentence 1 of the German Stock Corporation Act (AktG): The registered common shares (with no par value) of ProSiebenSat.1 Media AG are traded at the stock exchange in Frankfurt am Main with simultaneous admission to the sub-segment with post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange and in the regulated market at the stock exchange in Luxembourg (Bourse de Luxembourg). As a publicly traded company whose voting shares are listed in an organized market within the meaning of Section 2 (7) of the German Securities Acquisitions and Takeover Act (WpÜG), ProSiebenSat.1 Media AG is obliged to record the information stipulated in Sections 289 (4) and 315 (4) HGB in the management report and Group management report.
- > Report on relations with affiliated companies and closing statement by the Executive Board under Section 312 (3) AktG:** In compliance with Section 312 AktG, the Executive Board of ProSiebenSat.1 Media AG has prepared a report on relations with affiliated companies, which contains the following closing statement: "For every legal transaction carried out in the reporting period between ProSiebenSat.1 Media AG and Lavena 1 S.à r.l. and its affiliated companies, ProSiebenSat.1 Media AG agreed appropriate compensation in accordance with Section 312 AktG and received performance in return for such compensation in so far as performance was due during the year under review."
- 
www.prosiebensat1.com/en/company/corporate-governance/management-declaration

> Management Declaration according to Section 289a HGB and the Corporate Governance Report according to Item 3.10 of the German Corporate Governance Code: The company's Management Declaration according to Section 289a HGB and the Corporate Governance Report according to Item 3.10 of the German Corporate Governance Code are published on the company's homepage. In addition, the Management Declaration and the Corporate Governance Report are included in the Annual Report. The Group auditor has critically reviewed the Corporate Governance Report in accordance with the IDW auditing standard. The Management Declaration and the annual Declaration of Compliance under Section 161 AktG were also part of the auditor's review.
- 
Risk Report, page 125.

> Description of the key features of the internal control and risk management system in regard to the reporting process pursuant to Section 315 (2) No. 5 HGB: The Risk Report includes information about the internal controlling and risk management system – according to Section 315 (2) No. 5 HGB – in regard to the consolidated reporting process.

Basic Principles of Media Policy

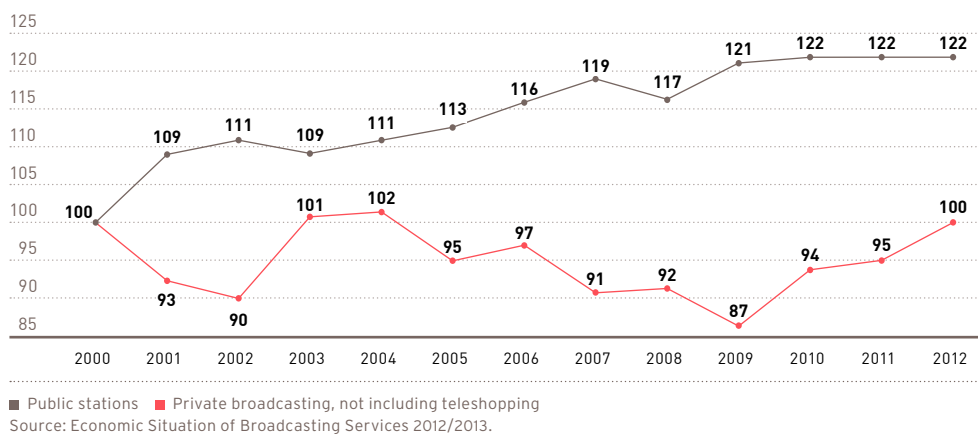
Broadcasting System and Regulatory Conditions

The German TV market is distinguished by a dual broadcasting system. Alongside well-funded public broadcasting, which operates 21 TV stations and around 70 radio stations with a budget of EUR 8.6 billion, there are also private broadcasters. The latter finance more than 280 TV stations and nearly 260 radio stations with EUR 7.1 billion (2012). The private television market is dominated by two families of stations: The ProSiebenSat.1 Group, the market leader in the German TV advertising market, and the RTL Group. While the private providers operate as independent commercial enterprises, funding of public broadcasting is guaranteed by law and its mandate for basic broadcasting is ensured by the license fee. In addition to this income, the public broadcasters also generate revenues via advertising.

Income from license fees has further increased in recent years. In 2012, the monthly fee was EUR 17.98 per TV. In 2000, it was DM 28.25 or EUR 14.44. In view of this, the funding of the dual system has become unbalanced, even though the revenues of the private commercial broadcasters have returned to the level of 2000 after years of recession in the industry.

Change in total revenues in broadcasting in comparison (Fig. 16)

In percent; 2000 = 100



After the changeover to a new license fee model in January 2013, revenues from fees are likely to rise slightly again in the years to come. Faced with the increasing convergence of devices capable of receiving broadcasts, the former device-based fee was replaced by a new model. The fee is now raised per household – regardless of ownership, type, or number of devices. Due to the expected greater number of fee-paying households, the study “German Entertainment and Media Outlook: 2013-2017” by PricewaterhouseCoopers (PwC) forecasts that fee income will increase by around 0.3% in 2013.

Fees for public stations (Fig. 17)

EUR m	2013	2014	2015	2016	2017
Fee income for public TV stations	4,694.0	4,747.0	4,771.0	4,793.0	4,946.0
Change	0.3 %	1.1 %	0.5 %	0.5 %	3.2 %
Income per TV household	122.4	123.8	124.4	125.0	129.1
Change	0.3 %	1.1 %	0.5 %	0.5 %	3.2 %

Source: PricewaterhouseCoopers (PwC):
German Entertainment and Media Outlook: 2013-2017.



Opportunity Report,
page 143.

Another legal change came into force in 2013 with a sponsorship ban in public television after 8 p.m. and on Sundays and public holidays. The change in the law is in line with private broadcasting companies' demand that public broadcasters stop being funded by advertising. In no European country do the public broadcasters have similarly high budgets to those in Germany. However, market analyses show that the broadcasting agencies are reaching ever fewer young people with their main channels, ARD and ZDF. In order to counteract this trend, the public broadcasters are expanding with specialist digital channels and online offerings. Their plans include a new youth station that will be complemented by online offerings. The expansion plans are being critically discussed by politics and society, as they exceed the originally public mandate to provide basic services. Fees are now used to finance – in addition to the main stations – three public news channels, four culture channels and an entertainment and service channel. Politicians are therefore calling for a restriction to the public broadcasters' digital and online offerings. In 2014, a working group of the federal states will submit a report on potential savings at the public broadcasters. This report will form a basis for a discussion about the public broadcasters' functional mandate.

The increasing market penetration of convergent devices such as tablets and smartphones means that television is increasingly consumed via the internet and competes with new media services. Besides, more and more international rivals are entering the German media market. However, US internet companies like Google and Facebook are not subject to the same regulations, for example, in relation to copyright law that applies to German companies or legal requirements for the protection of young people. At the same time, television is more strictly regulated in Germany compared to other types of media and is subject to numerous quantitative and qualitative restrictions. For example, time for German TV advertising is restricted to a maximum of twelve minutes per hour, while opportunities to place advertising in certain programs are limited. Moreover, private broadcasting is regulated by media concentration legislation and programming restrictions. To ensure plurality of opinion, SAT.1 is legally required to finance regional programs for a total of five broadcast areas and to broadcast these parallel to prime time. In accordance with the requirements of the Interstate Broadcasting Treaty, SAT.1 also funds formats produced independently by third-party companies and for the content of which the latter are responsible.

Against this backdrop, ProSiebenSat.1 believes that new media structures are required that create equal regulation criteria on the German market, ensure fair competition for all providers of audiovisual content and take account of the digitalization. The ProSiebenSat.1 Group therefore participates actively in various political discussions such as the "Media Policy Round Table" in Bavaria and the "Media Dialog" in Hamburg. The objective of these initiatives by representatives of internet and media policy in state and federal governments, leading German media and internet companies, and the public broadcasters is to analyze the problem together and formulate recommendations for a redesign of media structures. The communication will continue in 2014 in the working group of the federal government and states, which was arranged in the coalition agreement.

Distribution of TV Programs and Technological Conditions

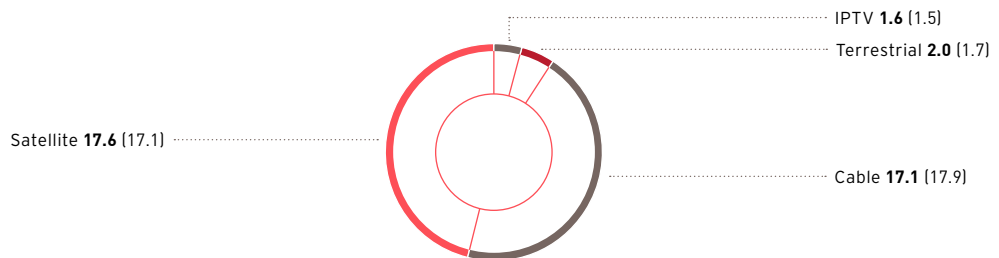
The number of TV households continues to grow, while increasing numbers of consumers in Germany are receiving their television signals via satellite and IPTV. In 2012, the number of households receiving TV programs via satellite rose to 17.6 million and was thus higher than the number of cable-TV households for the first time. An important growth driver of this shift is the increasing popularity of high-definition (HD) television. This is the finding of the study "German Entertainment and Media Outlook: 2013-2017" by PricewaterhouseCoopers (PwC). At the same time, growing numbers of people are willing to pay for attractive content. For example, the number of paying HD customers move to above a million for the first time in 2013, growth of 134% year-on-year. In the second quarter of 2013, it was nearly 1.2 million.



Opportunity Report,
page 143.

TV households by delivery technology 2012 (Fig. 18)

in million households, 2011 figures in parentheses



Source: PricewaterhouseCoopers (PwC);
German Entertainment and Media Outlook: 2013-2017.

Development of Media Usage

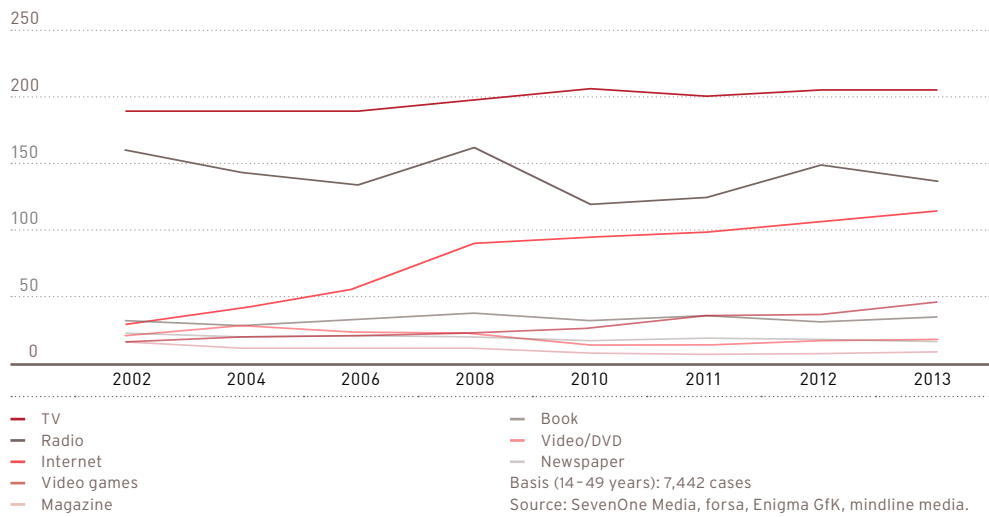


Opportunity Report,
 page 143.

Media consumption has grown steadily in recent years. People in Germany use media and media transmission channels for 594 minutes, i.e. nearly 10 hours, every day. Although a large number of media offerings are available to them, for years they have consistently spent around three quarters of their media-consumption time with three media types: TV, radio, and the internet. While radio use has declined considerably in recent years, television is maintaining its high level. Germans devote more than a third of their daily media time (205 minutes) to television. Private stations reach the most viewers with a market share of nearly 70%. The internet – main driver of the increasing overall consumption time – is used for 115 minutes a day. Newspapers and magazines have been declining continuously for years and have now fallen to 28 minutes. In 2002, it was 41 minutes.

Media and media transmission channels (Fig. 19)

average usage per day, figures in minutes



For most users today, digital media are a fixed part of their daily life. In nearly every household, one or more second-screen devices can already be found alongside the television, with a growing pervasion of tablets and smartphones in particular. The increase of internet consumption – according to the ARD/ZDF Online Study 2013 – has not yet resulted in major shifts in media usage time. However, the growing significance of the internet as a separate mass medium is making lasting changes to consumption behavior: Different media are frequently

used in parallel. Among the young in particular, the simultaneous use of TV and the internet is already very widespread. At the same time, demand for multimedia offerings from a single source is increasing. TV sets that can connect to the internet, known as smart TVs, now make up the majority of new TV sets sold.

TV remains Germany's most popular medium. For advertisers, television is not only very attractive for its reach and use time, but also for its high advertising impact. Investments in TV advertising are essential for the success of a brand and pay off equally in the short and long term. SevenOne Media demonstrated this in a joint study with GfK Fernsehforschung and the GfK Verein. The study evaluated the effects of TV advertising on all purchases in 30,000 German households over a whole year.



[www.sevenonemedia.de/
web/sevenone/
research-news](http://www.sevenonemedia.de/web/sevenone/research-news)

In 2013, the ProSiebenSat.1 stations were successful with exciting shows, successful own formats, blockbuster TV and thrilling sport events.

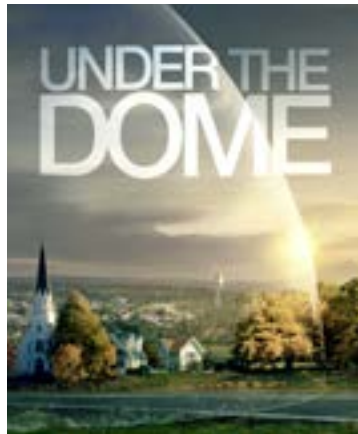
TV HIGHLIGHTS 2013



...a

SHOW TIME... (a) With **"Got to Dance"** SAT.1 and ProSieben established a new dance show in Germany in 2013. The format achieved market shares of up to 17.5% among 14 to 49 year olds. Moreover, "Got to Dance" won the German Television Award in the category "Best Entertainment Show." SAT.1 and ProSieben are asking you to the dance again in 2014: The auditions for season two are already underway.

PURE EXCITEMENT... (b) The blockbuster shows on ProSieben gained two more titles in 2013: The US mystery series **"Under the Dome"** provided the best 8.15 p.m. series launch of the millennium on ProSieben with a market share of 23.7% among viewers aged 14 to 49. The free-TV premiere of the box office smash **"Die Tribute von Panem – The Hunger Games"** earned the highest ratings of the year. 35.7% of viewers aged 14 to 49 watched the action spectacular on ProSieben.



...b



...c

POLITICS WITH A WINK... (c) With the political satire **"Der Minister,"** SAT.1 showed how current political issues can enthuse audiences: 18.3% of 14 to 49 year olds watched the TV highlight about the rise and fall of an aristocratic politician named von und zu Donnersberg. The main characters were played by stars such as Kai Schumann, Alexandra Neldel, and Katharina Thalbach.



...d

ALL-ROUND SUCCESS... (d) The **UEFA Europa League matches** involving German teams continued to bring in high ratings for kabel eins in 2013. When Hannover 96 met Anshi Machatschkala, kabel eins achieved a market share of 12.4% among viewers aged 14 to 49. And there was even more successful soccer: In June, kabel eins showed the charity match **"ran Helden – Nowitzki All Stars vs. Neuer & Friends"** and achieved an average market share of 10.3%.



...e

A SHOW WITH BITE... (e) The mystery series **"Vampire Diaries"** ensured goose bumps for fans and good ratings for sixx again in 2013: The bloodsuckers helped the women's station to market shares of up to 4.5% among 14 to 49 year olds. In the relevant target group of women aged 14 to 39, the share was as high as 9.7%.



...f

GOLDEN HIT SINGERS... (f) When a constant stream of hit singers like Heino, Nino de Angelo and Die Amigos appear, it must be hit singer time again on SAT.1 Gold. The golden fall for hit songs with new shows such as **"Goldschlager 2013 – Die Hits der Stars"** (up to 2.6%, women aged 40 to 64) and **"Das Beste aus der Goldenen Schlagerparade"** (up to 1.7%, women aged 40 to 64) increased the station's daily market shares. SAT.1 Gold closed its first year of broadcasting with 0.4% (14 to 49 years old) and 0.5% in the relevant target group (women aged 40 to 64).

TOP START... (g) At the start of September, ProSieben MAXX provided the most successful station launch on the German TV market since 2000. In its first four months, the station achieved an average market share of 0.6% – both among 14 to 49 year olds and in its relevant target group (men aged between 30 and 59). Particularly popular with audiences were blockbusters like the free-TV premiere of **"Captain America: The First Avenger"** (2.8%, 14 to 49 year olds) and **"Cowboys & Aliens"** (3.2%, 14 to 49 year olds).



...g

BEHIND THE SCENES... (h) The styling show **"FACES Studio"** on ProSieben Schweiz gave viewers an exclusive look behind the scenes of the fashion world. In each episode, a candidate was selected in a street audition and styled for a professional fashion photo shoot. This went down well: An average of 6.2% of 15 to 49 year olds tuned in and gathered useful tips for their own style. The hit format will be continued in 2014.



...h

INNOVATIVE IDEAS WANTED... (i) ... and found: In the show **"2 Minuten 2 Millionen – Die PULS 4 Start-Up-Show,"** young companies presented their projects to five investors. The start-ups had exactly two minutes to convince the business angels of their business idea. Then the investors had to decide whether to buy shares. With 4.7% (12 to 49 year olds), the show was not only a success with viewers: A total of more than EUR 3 million was awarded to the best young entrepreneurs. There was originally only a budget for EUR 2 million.



...i

Report on Economic Position

In 2013, the ProSiebenSat.1 Group benefited from the generally positive economic climate and increased its revenue and earnings figures to a record level. Especially in the Digital & Adjacent segment, the Company achieved important interim goals on its way to becoming a broadcasting, digital entertainment and commerce powerhouse. With the successful launch of new television stations, the Group simultaneously expanded its customer base and asserted its lead in the TV advertising market.

Business and Industry Environment

Economic Environment

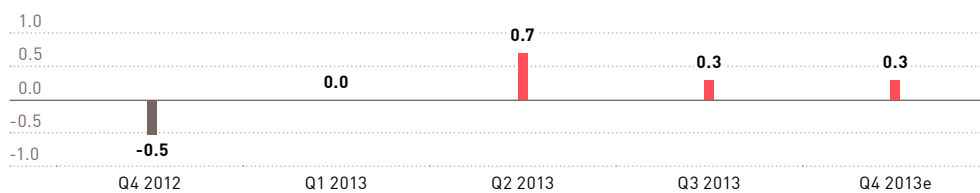
According to the International Monetary Fund (IMF), real economic growth in 2013 was 3.0% (previous year: 3.1%). After a moderate start, growth slowly sped up over the course of the year. Supported by a strongly expansionary monetary policy, industrialized nations like the USA in particular increased their gross domestic product. In contrast, important emerging countries fell short of the dynamic growth of the previous years.

In the euro zone, economic development in the past year continued to be negatively affected by consolidation measures in national budgets, accompanying structural reforms and high unemployment. In the fourth quarter, a slight upturn of 0.2% is expected after a somewhat weaker previous quarter (-0.1% vs. previous quarter). Although the outlook brightened toward the end of the year, the IMF estimates that the euro zone's economic output shrank by 0.4% in 2013 (previous year: -0.7%). Some European countries are still in recession.

According to the latest calculations of the Federal Office of Statistics (Destatis), the German economy grew by 0.4% in 2013, which is somewhat more moderate than in the previous year (+0.7%). After a weak start to the year, in the second quarter economic growth, however, increased considerably by 0.7% compared to the previous quarter. The upward trend continued in the second half of the year. Private consumption (+0.9%) had the greatest positive effect on economic performance alongside stable labor market data, growing household incomes and moderate inflation. This was counteracted by a less dynamic development of exports in Germany (net exports: -0.3 percentage points), triggered by the ongoing crisis among major European trading partners and lower growth in emerging economies.

Development of gross domestic product in Germany (Fig. 20)

In percent, change vs. previous quarter



Price, season and calendar adjusted; e = estimate
 source: Destatis (Q4 2012 - Q3 2013), Ifo Institute (Q4 2013e);



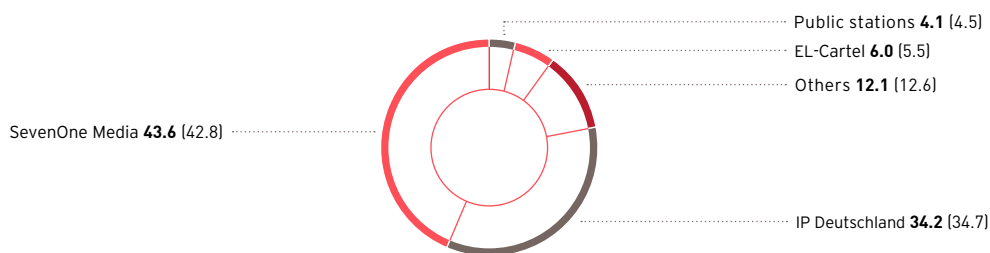
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Development of the TV and Online Advertising Market

According to Nielsen Media Research, gross investments in TV advertising in Germany increased by 6.9% to EUR 12.12 billion in 2013 (previous year: EUR 11.34 billion). After an unusually strong third quarter (+9.7% vs. the previous year), the German TV advertising market continued to grow dynamically in the final quarter of 2013. Compared to the previous year, gross investments grew by 9.4% in the fourth quarter, rising to EUR 4.04 billion (previous year: EUR 3.69 billion). In this positive market environment, the ProSiebenSat.1 advertising sales house SevenOne Media again increased its gross TV advertising revenues significantly: In the year as a whole, gross revenues increased by 8.9% to EUR 5.28 billion (previous year: EUR 4.85 billion) and thereby above market level. Due to the strong growth in gross advertising revenues, SevenOne Media extended its lead over other sales companies by 0.8 percentage points to a record level of 43.6% in 2013 (previous year: 42.8%). In the same period, the competitor IP Deutschland lost 0.4 percentage points and achieved a market share of 34.2% (previous year: 34.7%).

Shares German gross TV advertising market (Fig. 21)

In percent, 2012 figures in parentheses



Source: Nielsen Media Research.

Gross advertising expenditure allows only limited conclusions to be drawn on actual advertising revenues, as it does not take into account discounts, self-promotional advertising and agency commissions. Moreover, the gross figures from Nielsen

Media Research also include TV spots from media-for-revenue-share and media-for-equity deals, which ProSiebenSat.1 does not attribute to the Broadcasting German-speaking segment but to the Digital & Adjacent segment.

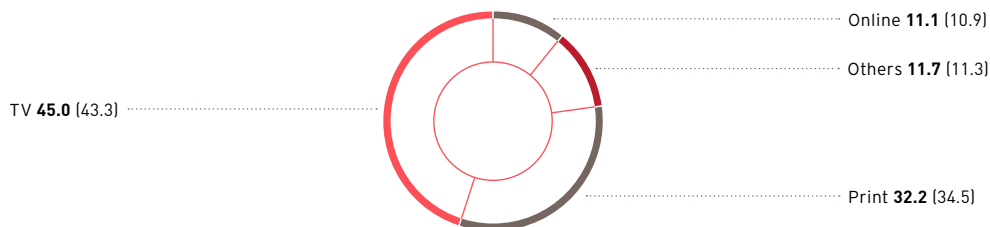
In 2013, the continuous growth of the gross TV advertising market was particularly attributable to a higher level of bookings from customers from the health and pharmaceutical, tele-communications, and business services industries. Nine of the top ten industries increased their gross TV advertising expenditure, four of which in double-digit percentage range. At the same time, the relevance of TV as an advertising medium continued to grow. In 2013, television gained 1.7 percentage points to 45.0% in the media mix on a gross basis. Online media's share increased by 0.2 percentage points to 11.1%. The main loser was print media, which dropped 2.3 percentage points in the same period and reached a gross market share of 32.2%.



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Media mix German gross advertising market (Fig. 22)

In percent, 2012 figures in parentheses



Source: Nielsen Media Research.

The TV advertising markets in Austria and Switzerland developed in a mixed fashion in 2013. In Austria, ProSiebenSat.1 increased its gross advertising market share considerably to 34.8% (previous year: 31.5%).

Development of the relevant TV advertising markets for the ProSiebenSat.1 Group (Fig. 23)

In percent	Change from previous year
	2013
Germany	6.9
Austria	9.4
Switzerland	-3.0

The data presented are based on gross figures and therefore only provide a limited view of what the associated net figures will prove to be.

Germany: gross, Nielsen Media Research. Austria: gross, Media Focus. Switzerland: gross, Media Focus.

The advertising market of in-stream video ads (i.e. all video advertising shown before, during, or after a video stream), which is particularly important for ProSiebenSat.1, continued to grow in 2013. The market grew by 45.4% to a volume of EUR 308.7 million (previous year: EUR 212.3 million). By selling in-stream video ads, SevenOne Media generated gross revenues of EUR 146.7 million after EUR 104.1 million in the previous year. With a market share of 47.5% (IP Deutschland: 32.5%), SevenOne Media asserted its market leadership. In 2013, gross revenues of EUR 3.00 billion (previous year: EUR 2.86 billion) were generated in the German online advertising market, which also includes traditional banners and buttons. This is an increase of 4.8%.

Development of the Audience Market

The ProSiebenSat.1 Group continued to expand its audience share in 2013. The six free TV stations ProSieben, SAT.1, kabel eins, sixx, SAT.1 Gold, and ProSieben MAXX achieved a combined market share of 28.1% among viewers aged between 14 and 49 (previous year: 27.8%). This means the station group has once again achieved its goal of being the leader in the German TV market. The RTL Group's stations (RTL, VOX, SUPER RTL, RTL Nitro, n-tv) closed 2013 with a market share of 26.1% and were thus 1.2 percentage points down on the previous year (2012: 27.3%).

The ProSieben station generated a market share of 11.4 % of viewers aged 14 to 49 in 2013 (previous year: 11.3%). In the relevant target group of 14 to 39 year olds, ProSieben is market leader again with an audience share of 16.0% (previous year: 15.7%), achieving its highest share for 15 years. Ratings highlights included the US series "Under the Dome" (up to 23.7%, 14-49 year olds) and the Hollywood blockbuster "Die Tribute von Panem – The Hunger Games" (35.7%, 14-49 year olds).

SAT.1 closed 2013 with an audience share of 9.4% among 14 to 49 year olds (previous year: 9.9%). In the second half of 2013, SAT.1 developed positively and increased its market share by 0.2 percentage points to 9.5%. The station's growth trend in the second half of the year was primarily due to the successful optimization of the afternoon (1 p.m. to 5 p.m.) with new shows like "Im Namen der Gerechtigkeit" (up to 15.7%, 14-49 year olds) and "Anwälte im Einsatz" (up to 16.5%, 14-49 year olds). In the fourth quarter of 2013, the afternoon market share increased to 10.9% and was thus 1.5 percentage points higher than in the same quarter of the previous year. Prime time performance was just as good: With "The Voice Kids" (average of 19.8%, 14-49 year olds) and "Got to Dance" (average of 15.1%, 14-49 year olds), SAT.1 established two new hit

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shows on German television. In its relevant target group (14-59 year olds), the station achieved a market share of 9.5% in 2013 after 10.1% in the previous year. In the months to come, SAT.1 will focus on developing new formats for the early evening (5 p.m. to 8.15 p.m.). This time slot is particularly relevant for the overall daily market share due to the prime time period that starts straight afterwards.

In 2013, kabel eins achieved a stable audience share of 5.6% among viewers aged between 14 and 49 (previous year: 5.6%). Particularly popular formats were "Rosins Restaurants" (up to 10.0%, 14-49 year olds) and the "ran UEFA Europa League" (up to 12.4%, 14-49 year olds). The two women's stations, sixx and SAT.1 Gold, performed extremely well in 2013: sixx crossed the one-percent threshold with an annual market share of 1.2% in the target group of 14 to 49 year olds (previous year: 1.0%). In the relevant target group of women aged between 14 and 39, sixx grew by 0.6 percentage points to 2.1% (previous year: 1.6%). Ratings highlights were the baking show "Sweet & Easy – Enie backt" (up to 2.9%, 14-49 year olds) and the US hit series "Hart of Dixie" (up to 4.1%, 14-49 year olds) and "Vampire Diaries" (up to 4.5%, 14-49 year olds). SAT.1 Gold closed its first year of broadcasting with 0.4% (14-49 year olds) and 0.5% in the relevant target group (women aged 40-64). SAT.1 Gold launched in January and continually increased its market shares over the course of the year. Viewers' favorites included the telenovela "Verliebt in Berlin" (up to 2.0%, 14-49 year olds) and the magazine "ServiceAKTE" (up to 1.0%, 14-49 year olds).



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On September 3, 2013, the new free TV station ProSieben MAXX launched successfully. In its first four months, the station achieved an average market share of 0.6% both among 14 to 49 year olds and in its relevant target group (men aged 30 - 59). Ratings highlights were blockbuster movies like "Cowboys & Aliens" (3.2%, 14-49 year olds) and "Captain America: The First Avenger" (2.8%, 14-49 year olds). In 2013, the ProSiebenSat.1 Group continued to expand its complementary station portfolio with ProSieben MAXX and SAT.1 Gold, gaining access to new target groups in the audience and TV advertising market.

The Austrian station group ProSiebenSat.1 PULS 4 with SAT.1 Österreich, ProSieben Austria, kabel eins austria, sixx Austria, and PULS 4 increased its group market share by 0.3 percentage points to 21.2% in 2013 (previous year: 20.9%). The station family thus remains no. 1 in the private TV market. Particularly PULS 4 grew in comparison with the same period of the previous year (+0.3 percentage points) and achieved an annual market share of 4.0% among 12 to 49 year olds. Among viewers over 12, PULS 4 asserted itself as the most successful private Austrian station. The ratings highlights included the UEFA Champions League semi-final (FC Bayern Munich vs. FC Barcelona) with an average market share of 33.6% among 12 to 49 year olds. The women's station sixx also performed very well in Austria: Year-on-year, sixx Austria gained 0.6 percentage points among 12 to 49 year olds, reaching 1.1% (previous year: 0.5%).

The Swiss station group, comprising the stations SAT.1 Schweiz, ProSieben Schweiz, kabel eins Schweiz, and sixx Schweiz, achieved a market share of 17.6% in 2013. The styling show "FACES Studio" (average of 6.2%, 15-49 year olds) and the cooking show "Flavorites" (average of 4.9%, 15-49 year olds) on ProSieben Schweiz were particularly popular. sixx Schweiz went on air in January 2013 and achieved an average market share of 0.9% among 15 to 49 year olds over the year.

Audience shares of the ProSiebenSat.1 Group (Fig. 24)

In percent	Q4 2013	Q4 2012	2013	2012
Germany	29.3	28.0	28.1	27.8
Austria	21.1	20.7	21.2	20.9
Switzerland	17.7	-	17.6	-

Figures are based on 24 hours (Mon-Sun). Germany: SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold (from January 17, 2013), ProSieben MAXX (from September 3, 2013); 14-49 year olds; D+EU; source: AGF in cooperation with GfK/TV Scope/SevenOne Media Committees Representation. Austria: SAT.1 Österreich, ProSieben Austria, kabel eins austria, sixx Austria (since July 2012), PULS 4; 12-49 years old; source: AGTT/GfK

Fernsehforschung/Evogenius Reporting. Switzerland: SAT.1 Schweiz, ProSieben Schweiz, kabel eins Schweiz, sixx Schweiz; 15-49 years old; D-CH; source: Mediapulse TV Panel. Disclosure of previous years' figures and previous-year comparison is omitted due to methodological differences in the TV panel.

Development of User Numbers

ProSiebenSat.1 Networkld is one of the leading online networks in Germany. The portfolio includes strong brands like the websites of the TV stations, games portals and the Internet platform MyVideo. With a monthly average of 28.0 million unique users, SevenOne Media, the ProSiebenSat.1 Group's online sales company in Germany, is one of the sales companies with the highest reach. On the basis of the data collected by the Arbeitsgemeinschaft Online-Forschung (AGOF), SevenOne Media is ahead of its direct competitor IP Deutschland (26.8 million unique users). MyVideo, the first web TV station in Germany, remains the market leader among online video platforms for premium content and is number two in the market in terms of unique users. In 2013, MyVideo registered around seven million active users a month. Video views of premium content rose by more than 15% year-on-year. The Group operates Germany's biggest video-on-demand portal, maxdome. Since September 2013, the Group has also offered its online video library in Austria, providing users with around 60,000 titles. maxdome increased its numbers of monthly subscribers and video views by more than 50% in 2013.



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Overall Assessment of the Business Performance – Management View

We closed 2013 with new record figures, at the same time achieving crucial interim targets in our growth plan. The German economy grew moderately in 2013. Against this backdrop, advertising investments in Germany developed positively. The ProSiebenSat.1 Group benefited from this and again grew more strongly than its competitors in the market for TV advertising. At the same time, the company made decisive progress on the way to becoming an integrated broadcasting, digital entertainment and commerce powerhouse by expanding its digital business. The sale of the international holdings in Northern and Eastern Europe was likewise an important interim goal in the attainment of our strategic targets. The integration of our high-reach TV stations in the German-speaking region with the dynamically growing digital services offers us the greatest revenue and synergy potential in the long term. This is the basis of our profitable and sustainable value creation.

Against this backdrop, consolidated revenues increased by 10.6% to EUR 2.605 billion in 2013. Recurring EBITDA grew by 6.1% and also reached a new record of EUR 790.3 million. Underlying net income rose by 6.8% or EUR 24.2 million to EUR 379.7 million. All segments contributed to this, with the Digital & Adjacent and Content Production & Global Sales segments performing particularly dynamically. But we did not just increase our profitability in 2013 – we also reduced the net financial debt to less than EUR 1.5 billion. A significantly higher free cash flow, in spite of various corporate acquisitions, of EUR 330.1 million has also contributed to this. Alongside the high operating cash flow, the Group received net cash inflow of EUR 1.312 billion due to closing the sale of the Northern European portfolio. We used part of the proceeds for the prepayment of financial liabilities and consequently extended the remaining portion of our loans to 2018. The Group thus has a solid financing structure and a sound financial position with an equity ratio of 16.4%. As of the end of the year, the leverage factor amounted to 1.8, remaining within the target range (1.5 to 2.5). We thus achieved all relevant financial targets for 2013. At the time the Group management report was compiled, the ProSiebenSat.1 Group stood on a stable foundation. We remain on course for growth and started well in the new 2014 financial year.

Comparison of Actual and Expected Business Performance



Further information on the applied parameters can be found in the section "Intragroup Management System", page 49.

The ProSiebenSat.1 Group announces its targets for relevant financial and non-financial performance indicators in the Annual Report. If necessary, they can be adjusted during the year. In view of the good business performance, the Group raised its revenue growth targets for 2015 in the third quarter of 2013 and specified the Group's revenue forecast for 2013.

In the reporting for the third quarter of 2013, the Group announced an increase in consolidated revenues in the range of a high-single-digit percentage. Previously, the Company had only forecast growth by a mid- or mid- to high-single-digit percentage for 2013. The Group's revenues actually achieved a 10.6% increase to EUR 2.605 billion.

The fourth quarter of 2012 was one of the strongest quarters in the history of ProSiebenSat.1. Nevertheless, the German free TV family also succeeded in increasing its advertising revenues and exceeding market growth in the final quarter of 2013. Over the year as a whole, the Broadcasting German-speaking segment increased its revenues by a low-single-digit percentage as expected. In the Digital & Adjacent and Content Production & Global Sales segments, revenues continued to rise dynamically. The Group thus achieved or even slightly exceeded its revenue targets for 2013. This is also true for the earnings forecasts. Here, the Group expected further growth of recurring EBITDA and underlying net income as a result of the positive revenue performance. At the end of the year, both recurring EBITDA at EUR 790.3 million (previous year: EUR 744.8 million) and underlying net income at EUR 379.7 million (previous year: EUR 355.5 million) reached new record levels. All segments made a contribution here. Due to investments in growth areas, costs were higher than in the previous year as expected, especially in the fourth quarter of 2013. Despite greater investments, the Group's yield strength is above the industry average. With a recurring EBITDA margin of 30.3% (previous year: 31.6%), ProSiebenSat.1 is one of the most profitable media corporations in Europe.

Net financial debt also continued to improve in the past financial year. As of the end of the year, it had fallen below EUR 1.5 billion to EUR 1.446 billion (previous year: EUR 1.780 billion). A significantly higher free cash flow, in spite of various corporate acquisitions, of EUR 330.1 million (previous year: EUR 256.3 million) has also contributed to this. The leverage factor decreased to 1.8 (previous year: 2.0) and was thus likewise within the target range (1.5 to 2.5). The Group therefore achieved all the financial targets announced for 2013. This also applies to the development of viewer ratings – the Group's central non-financial parameter. In 2013, the German station family had a combined market share of 28.1% (previous year: 27.8%) and remained the market leader among viewers.

Comparison of the actual and forecast business performance for the Group (Fig. 25)

EUR m	Actual figures 2012	Actual figures 2013	Change	Forecast 2013
Revenues	2,356.2	2,605.3	+10.6%	Growth by a high-single-digit percentage
Operating costs	1,624.6	1,835.8	-13.0%	Increase
Recurring EBITDA	744.8	790.3	+6.1%	Increase
Underlying net income	355.5	379.7	+6.8%	Increase
Net financial debt (as of December 31)	1,780.4 ¹	1,446.3 ²	-18.8%	<EUR 1.5 billion
Leverage factor	2.0	1.8		1.5 - 2.5

1 Before reclassification of cash and cash equivalents from the Northern and Eastern European business. The key figure is calculated as financial liabilities (EUR 2,573.1 million) netted against cash and cash equivalents including the Northern and Eastern European operations (EUR 792.7 million).

2 After reclassification of cash and cash equivalents from the Eastern European business. The key figure is calculated as financial liabilities (EUR 1,842.0 million) netted against cash and cash equivalents from continuing operations (EUR 395.7 million).

Comparison of the actual and forecast business performance for the segments¹ (Fig. 26)

In percent	Revenues		Recurring EBITDA	
	Forecast	Actual 2013	Forecast	Actual 2013
Broadcasting German-speaking	Slight increase by a low single-digit percentage	+3.7%	Stable development	+2.0%
Digital & Adjacent ²	Significant increase	+44.5%	Significant increase	+24.2%
Content Production & Global Sales ²	Significant increase	+29.7%	Significant increase	>+100%

1 The figures relate to continuing operations.

2 As of the end of the 2011 financial year, the activities were still shown in the Diversification segment. This was the basis for the forecast "significant increase."



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Segments, page 44.

The Group continued its profitable growth in 2013 and achieved new highs in revenues and earnings. The expansion of the growth areas was advanced more quickly than planned. In the Digital & Adjacent and Content Production & Global Sales segments, revenues and recurring EBITDA rose rapidly. Against this backdrop, the Group will achieve the majority of its 2015 growth targets early. For consolidated revenues, the Company originally expected growth totaling EUR 600 million compared with 2010 and now assumes a revenue potential of at least EUR 800 million up to 2015. By 2018, Group revenues are expected to increase by EUR 1 billion compared with 2012 to more than EUR 3.356 billion. In 2013, the Group had already achieved 25% of this target and is also on track with regard to recurring EBITDA. The latter climbed 6.1% year-on-year. By 2018, the Group expects an annual growth rate in operating earnings by a mid single-digit percentage.

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disposals", page 171.

Reporting on the basis of continuing operations. The ProSiebenSat.1 Group sold its Northern European TV and radio portfolio (Norway, Sweden, Finland, Denmark) to Discovery Communications at the end of 2012. On April 9, 2013, the transaction was completed and the corresponding companies were deconsolidated. Following the disposal of the Northern European business, the Group also put its Eastern European TV and radio portfolio up for sale. The activities in Hungary were sold on December 20, 2013 and the subsidiaries in Romania on December 19 and 23, 2013. The closing of the sale of the Hungarian activities is expected to take place on February 25. The closing of the sale of the Romanian activities and the corresponding deconsolidation is expected in the second quarter of 2014. In accordance with IFRS 5, the Eastern European activities are classified as discontinued operations.

The following analysis of revenue and earnings performance for the Group and its segments is based on continuing operations, i.e. excluding the disposed Northern European activities and the Eastern European portfolio that is held-for-sale until the transaction is completed. As a result of the requirements of IFRS 5, the Northern European companies disposed of and the Eastern European companies held-for-sale in the reporting year are posted separately as "discontinued operations" both in the income statement and in the cash flow statement for the 2013 financial year. Consequently, earnings contributions and cash flows of these activities are not contained in the individual items of the income statement and the cash flow statement but are recognized as "Results from discontinued operations" and "Cash flow from discontinued operations." Discontinued operations for the fourth quarter of 2013 only include the revenue and earnings contributions of the held-for-sale activities in Eastern Europe. In contrast, discontinued operations for the year as a whole include not only the ongoing earnings contribution from the Eastern European companies but also the Northern European business up to its deconsolidation on April 9, 2013, and its deconsolidation result.

In the Group balance sheet, the assets and the liabilities of the held-for-sale operations in Eastern Europe are reported as "Assets held for sale" and "Liabilities in connection with assets held for sale" respectively. An adjustment of the previous year's figures is not provided according to IFRS 5. Therefore, the comparative figures as of December 31, 2012, additionally include the assets and liabilities of the sold and deconsolidated Northern European operations in the aforementioned balance sheet items.

Adjustment of the segment structure as of January 1, 2013. On the basis of continuing operations, the Group has reported since January 1, 2013 in the Broadcasting German-speaking, Digital & Adjacent and Content Production & Global Sales segments. The Group's basic pay TV activities are reported in the Broadcasting German-speaking segment in line with the adjusted internal management and reporting structure. Previously, the basic pay TV activities were recognized in the Digital & Adjacent segment. The prior year figures have been adjusted accordingly.

Explanatory notes on reporting figures. For the ProSiebenSat.1 Group, recurring EBITDA, underlying net income, i.e. consolidated profit after non-controlling interests from continuing activities, before the effects of purchase price allocations and other special items, and the leverage factor are key financial indicators. Recurring EBITDA is defined as earnings before interest, taxes, depreciation and amortization adjusted for non-recurring effects. Therefore, the development of these key financial indicators is also described in the following presentation of the Group's financial position and performance and in the outlook report.



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Due to rounding, it is possible that single figures in these Group financial statements do not exactly add to the totals shown and that the percentage figures given do not exactly reflect the absolute figures they relate to. Change rates are based on a business perspective. Improvements are shown with a plus (+), deterioration with a minus (-).

ProSiebenSat.1 does not report on the basis of order volumes. Free TV financed by advertising is our core business. There are framework agreements on volumes to be taken and the conditions underlying these with a large number of our advertising customers. In so-called program screenings, the ProSiebenSat.1 Group informs its customers about the direction of the station planning. Advertising customers use this preview as an important basis for making decisions about their advertising investments for the subsequent year. The price level is primarily based on the factors of audience shares, reach, broadcast time, demand and number of available advertising inventory. As is customary in this business, the final budgets are confirmed on a month-by-month basis – sometimes, however, only in the short term. Only then is the revenue level transparent. Furthermore, additional advertising budgets are granted at short time notice towards the end of the year. In the Content Production & Global Sales segment, the development and production of programming content as well as the worldwide distribution through new or re-commissioning is made, as it is customary in the industry, in the short term and continuously throughout the year. Therefore, ProSiebenSat.1 does not report on the basis of order volumes.



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Major Influencing Factors on Financial Position and Performance

Impact of General Conditions on Business Performance

At 70.5% (previous year: 75.7%), the ProSiebenSat.1 Group generated the largest portion of its revenues in 2013 from the traditional sale of TV advertising. 89.4% (previous year: 89.7%) of the revenues from TV advertising were attributable to the German TV advertising market, the Group's most important market in terms of revenues. The ProSiebenSat.1 Group further extended its leading position in the TV advertising market and benefited from the continuing positive price development. The Group also expanded its business with new customers, gaining around 60 new customers with its three youngest stations sixx, SAT.1 Gold and ProSieben MAXX. The Group also



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consolidated its position in the German audience market and stayed ahead of its competitors. The ProSiebenSat.1 Group's free TV stations increased their combined market share to 28.1% among viewers aged between 14 and 49 (previous year: 27.8%).



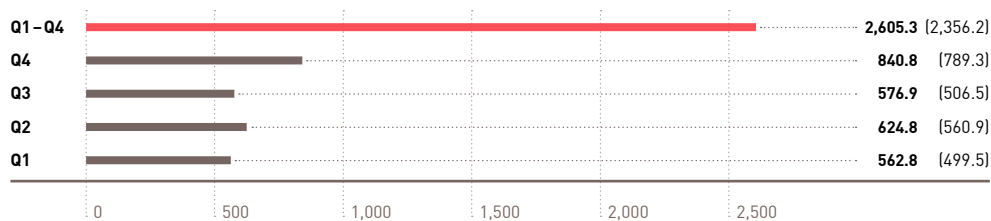
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The performance of the advertising markets closely correlates to macroeconomic conditions. In 2013, the most important indicators showed that the German economy remained robust. Against this backdrop, the advertising industry also developed positively. Frequently, the advertising market reacts pro-cyclically to macroeconomic developments. For this reason, advertising industry budgets are often allocated at very short notice. In recent years, ProSiebenSat.1 has therefore systematically secured itself access to new markets with strong, long-term growth prospects. The Group has thus established new revenue sources, which strengthen the independence from advertising markets that are sensitive to the development of the general economy. In 2013, the ProSiebenSat.1 Group already generated 29.5% of its revenues (previous year: 24.3%) outside the traditional TV advertising business. The growth segment Digital & Adjacent contributed 59.8% to the Group's revenue growth and is expected to contribute around 25 to 30% of consolidated revenues by 2018.

In addition to the comparatively low market visibility, the advertising business is subject to strong seasonal fluctuation like virtually no other industry: The ProSiebenSat.1 Group generates a disproportionately high share of its annual advertising revenues from the TV business in the fourth quarter, because both television use and propensity to spend rise significantly during the Christmas season. Generally, as in 2013, approximately one third (2013: 32.3%) of annual revenues and approximately 40% (2013: 38.2%) of annual recurring EBITDA are generated in the final quarter.

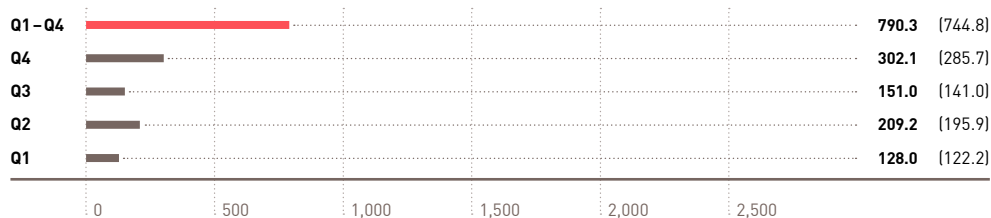
Revenues by quarter from continuing operations (Fig. 27)

EUR m, 2012 figures in parentheses



Recurring EBITDA by quarter from continuing operations (Fig. 28)

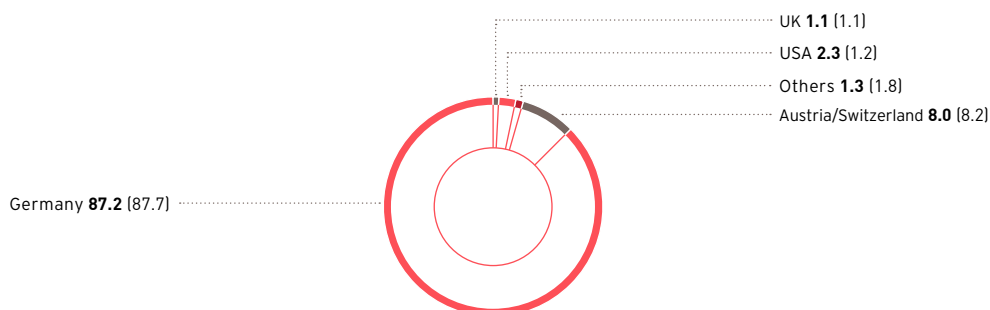
EUR m, 2012 figures in parentheses



The majority of the ProSiebenSat.1 Group's revenues are realized in the German-speaking regions. The chart below shows the regional distribution of revenues in the past financial year:

Revenues by region from continuing operations (Fig. 29)

In percent, 2012 figures in parentheses



With its subsidiary Red Arrow Entertainment, the ProSiebenSat.1 Group is one of the world's leading program production and distribution companies. However, the Group generates the majority of its revenues (92.3%) in the euro zone (previous year: 92.9%). Therefore, currency fluctuations have only a limited influence on revenue and earnings performance. Furthermore, ProSiebenSat.1 limits exchange rate fluctuations, which could arise in particular from the purchase of licensed programs in the USA, by using derivative financial instruments. As well as currency-related effects, changing interest rates could impact the earnings situation. However, the majority of non-current loans and borrowings are secured against risks from the change of variable interest rates with various hedging instruments in the form of interest rate swaps. As of the end of 2013, the hedge ratio increased to approximately 86% (December 31, 2012: almost 68%). Due to the high hedge ratio, the development of the Euribor money market conditions in the reporting period had no major impact on the interest result.

Major Events and Changes in the Scope of Consolidation in 2013

Disposal of operations in Northern and Eastern Europe. Linking the core business of TV in the German-speaking area with digital activities offers the ProSiebenSat.1 Group the biggest growth and synergy potential in the long term. For this reason, we disposed our international TV and radio stations in Northern Europe (Norway, Sweden, Finland, Denmark) to Discovery Communications at the end of 2012. The sale was completed on April 9, 2013, and the respective companies were deconsolidated. Underlying the transaction was an enterprise value of EUR 1.325 billion. As part of the completion of the disposal, the ProSiebenSat.1 Group received a net cash inflow of EUR 1.312 billion. The Group reinvested a significant portion of the proceeds from the sale in the Group's operating business, including in programming assets and strategic initiatives. At the same time, financial liabilities of EUR 500.0 million were repaid. As a result, the cash flow from operating business was largely available for other purposes, such as the dividend payment.

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 Group Financial Position and Performance, page 85.

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Notes, Note 3,
"Acquisitions and
disposals", page 171.



Analysis of Assets and
Capital Structure, page 92.

With the sale of the Northern European portfolio, the Group had also put its Eastern European TV and radio portfolio up for sale in December 2012. The subsidiaries in Hungary were sold on December 20 and the subsidiaries in Romania on December 19 and 23, 2013. The closing of the sale of the Hungarian activities is expected to take place on February 25. The closing of the sale of the Romanian activities and the corresponding deconsolidation are expected in the second quarter of 2014.

Dividend payment of EUR 1.201 billion. The payment of a dividend of EUR 5.65 per dividend entitled bearer preference share and EUR 5.63 per dividend entitled registered common share for the 2012 financial year was resolved at the Annual General Meeting of ProSiebenSat.1 Media AG on July 23, 2013. The dividend of EUR 1.201 billion was paid on July 24, 2013. Accordingly, the equity base decreased by the end of the year.

Acquisition of majority interests in the websites billiger-mietwagen.de and mydays.de. On March 28, 2013, the ProSiebenSat.1 Group acquired a majority interest in SilverTours GmbH, operator of the website billiger-mietwagen.de, via its subsidiary SevenVentures. The transaction was closed on May 13, 2013. The platform is the largest portal for car rental price comparisons in Germany. The company was fully consolidated in June 2013. ProSiebenSat.1 also acquired a majority interest in mydays, one of the leading providers of event presents in Germany. The transaction was closed on May 28, 2013. The company has been fully consolidated from July 2013. With these acquisitions, the Group has significantly strengthened its digital commerce portfolio.

Beyond that, there were no events in the 2013 financial year that had a significant impact on the scope of consolidation or the earnings, financial position and performance of the ProSiebenSat.1 Group and its segments. However, the ProSiebenSat.1 Group augmented its portfolio, among other things, with additional digital commerce investments. This includes not only strategic acquisitions, but also venture investments in the form of media services. On December 4, 2013, the Group took over another online travel provider when it acquired COMVEL GmbH, which operates the travel sites weg.de and ferien.de. The transaction was closed on January 7, 2014. As one of the largest e-commerce markets, the internet travel market is an attractive growth area for the ProSiebenSat.1 Group and benefits greatly from TV advertising. The Group's travel portfolio already includes the online tour operator Tropo GmbH and online travel agency reise.com. The objective is to establish a so-called "house of travel" that reflects the entire travel cycle.

The following table gives an overview of selected portfolio measures. You will find further information relating to events in the 2013 financial year on pages 40 to 41. The impact on reporting is described on page 73.



Events after the
Reporting Period,
page 124.



A detailed explanation of the Group structure can be found on pages 42 to 48.

For more information on current changes in the scope of consolidation, refer to the Notes from page 76 onwards.

A detailed commentary on reporting in line with IFRS 5 can be found in the chapter Explanatory Notes on Reporting Principles, page 73.



Events after the Reporting Period, page 124.

Portfolio measures and changes in the scope of consolidation in 2013 (Fig. 30)

Broadcasting German-speaking segment	Launch of the new free TV station SAT.1 Gold in January 2013
	Launch of the new free TV station ProSieben MAXX in September 2013
Broadcasting International segment	Completion of the sale of the TV and radio activities in Norway, Sweden, Finland and Denmark in April 2013 > Deconsolidation in April 2013
Digital & Adjacent segment	Majority interest in SilverTours GmbH, operator of the price comparison website billiger-mietwagen.de, in May 2013 > Fully consolidated since June 2013
	Majority interest in mydays Holding GmbH, operator of the event present website mydays.de, in May 2013 > Fully consolidated since July 2013
	Establishment of the music platform AMPYA in June 2013
	Majority interest in MMP Veranstaltungs- und Vermarktungs-GmbH in August 2013 > Fully consolidated since September 2013
	Founding of the multi-channel network Studio71 in September 2013
	Majority interest in COMVEL GmbH, operator of the travel websites weg.de and ferien.de > Purchase agreements signed on December 4, 2013, legal completion of the transaction on January 7, 2014
Content Production & Global Sales segment	Sale of the shares in the British production company Mob Film Holdings Ltd. > Deconsolidation in September 2013

Portfolio measures and changes in the scope of consolidation in 2012 (Fig. 31)

Broadcasting German-speaking segment	<p>Acquisition of the private Austrian station Austria 9 TV in March 2012 (relaunch as sixx Austria on July 3, 2012) > Fully consolidated since April 2012</p>
Broadcasting International segment	<p>Launch of the new free TV station VOX in Norway in January 2012</p> <p>Acquisition of three new radio stations (Radioselskabet af 1/7 2007 ApS, Newradio ApS and Radio Klassisk ApS) by the Danish SBS radio group in June 2012 > Fully consolidated since August 2012</p> <p>Launch of the new free TV station Kutonen in Finland in September 2012</p> <p>Launch of the new free TV station Super TV2 in Hungary in November 2012</p> <p>Disposal of the TV and radio activities in Norway, Sweden, Finland and Denmark. > Purchase agreements signed on December 14, 2012</p>
Digital & Adjacent segment	<p>Foundation of the SugarRay GmbH creative agency (wholly owned subsidiary) > Fully consolidated since February 2012</p> <p>Majority interest in the Munich-based search engine marketing company Booming GmbH in May 2012 > Fully consolidated since May 2012</p> <p>Launch of the new basic pay TV station ProSieben FUN in June 2012</p> <p>Majority interest in the online travel business Tropo GmbH in August 2012 > Fully consolidated since September 2012</p> <p>Majority interest in the price comparison site preis24.de GmbH in September 2012 > Fully consolidated since September 2012</p> <p>Majority interest in Covus Ventures GmbH, a company jointly owned by SevenVentures and the Covus Group > Fully consolidated since October 2012</p>
Content Production & Global Sales segment	<p>Majority interest in British production company CPL Productions Ltd. in February 2012 > Fully consolidated since March 2012</p> <p>Majority interest in the British TV and film production company Endor Productions Ltd. in March 2012 > Fully consolidated since April 2012</p> <p>Majority interest in the British production company New Entertainment Research and Design Ltd. (NERD TV) in May 2012 > Fully consolidated since June 2012</p> <p>Majority interest in the Israeli production company July August Communications and Productions Ltd. in May 2012 > Fully consolidated since June 2012</p> <p>Majority interest in the US production company Left/Right Holdings LLC in August 2012 > Fully consolidated since August 2012</p> <p>Red Arrow International opens branch in Hong Kong > Fully consolidated since December 2012</p>

Group Earnings

The following analysis of the revenue and earnings performance in 2013 relates to the continuing operations of the ProSiebenSat.1 Group, unless otherwise indicated.



Explanatory Notes on Reporting Principles, page 73, Major Events and Changes in the Scope of Consolidation in 2013, page 76.

The reconciliation below gives an overview of selected key figures in the income statement, taking into account the disposed Northern European operations which were deconsolidated on April 9, 2013, and the held-for-sale Eastern European activities.

Key figures of the ProSiebenSat.1 Group for 2013 (Fig. 32)

EUR m	ProSiebenSat.1 including discontinued operations		Discontinued operations		ProSiebenSat.1 continuing operations	
	2013	2012	2013	2012	2013	2012
Revenues	2,818.1	2,969.1	212.8	612.9	2,605.3	2,356.2
Operating costs ¹	2,142.5	2,111.0	306.6	486.4	1,835.8	1,624.6
Total costs	2,311.2	2,389.3	349.3	620.5	1,961.9	1,768.8
Cost of sales	1,680.0	1,607.3	248.2	340.9	1,431.8	1,266.4
Selling expenses	289.3	354.3	45.7	124.4	243.5	229.9
Administrative expenses	331.9	316.0	46.2	72.1	285.7	243.9
Other operating expenses	10.0	111.7	9.2	83.1	0.8	28.6
EBIT	610.0	593.7	-58.9	-7.2	668.9	600.9
Recurring EBITDA ²	696.8	871.7	-93.5	126.9	790.3	744.8
Non-recurring items ³	37.2	-78.3	69.8	-13.9	-32.6	-64.4
EBITDA	734.1	793.4	-23.7	113.0	757.8	680.4
Consolidated net profit attributable to shareholders of ProSiebenSat.1 Media AG	312.1	295.0	-47.3	-29.7	359.5	324.7
Underlying net income ⁴	340.1	415.1	-39.6	59.6	379.7	355.5

1 Total costs excluding depreciation/amortization and non-recurring expenses.

2 EBITDA before non-recurring (exceptional) items.

3 Non-recurring expenses netted against non-recurring income.

4 Consolidated profit for the period after non-controlling interests from continuing operations, before the effects of purchase price allocations and other special items as well as expenses incurred for the antitrust proceedings in 2012.

Explanation of reporting principles in the fourth quarter or the 2013 financial year. The figures for the fourth quarter of 2013 and the year as a whole relate to the key figures from continuing operations in line with IFRS 5, i.e. not including the revenue and earnings contributions of the disposed Northern European activities which were deconsolidated on April 9, 2013, and the Eastern European activities classified as held-for-sale until the closing of the sale transaction. For the income statement and cash flow

statement, the figures for the previous year are presented on a comparable basis. The income statement items of the entities concerned are grouped as a single line item, 'result from discontinued operations', and reported separately. The result from discontinued operations includes both the net profit generated by the companies sold or held for sale and the gain on disposal of the Northern European subsidiaries and is presented after taxes.

Key figures of the ProSiebenSat.1 Group for the fourth quarter of 2013 (Fig. 33)

EUR m	ProSiebenSat.1 including discontinued operations		Discontinued operations		ProSiebenSat.1 continuing operations	
	Q4 2013	Q4 2012	Q4 2013	Q4 2012	Q4 2013	Q4 2012
Revenues	865.0	970.4	24.2	181.0	840.8	789.3
Operating costs ¹	647.7	657.0	100.3	147.5	547.3	509.5
Total costs	715.9	791.6	128.0	237.5	587.9	554.1
Cost of sales	520.2	492.7	97.9	105.3	422.3	387.4
Selling expenses	89.4	108.1	5.2	32.2	84.2	76.0
Administrative expenses	102.8	116.1	21.9	25.4	80.9	90.7
Other operating expenses	3.5	74.8	3.0	74.7	0.5	0.1
EBIT	158.8	185.0	-103.3	-56.4	262.1	241.3
Recurring EBITDA ²	226.2	319.4	-75.9	33.7	302.1	285.7
Non-recurring items ³	-18.5	-25.0	-5.1	-8.5	-13.4	-16.5
EBITDA	207.7	294.4	-81.0	25.2	288.7	269.3
Consolidated net profit attributable to shareholders of ProSiebenSat.1 Media AG	59.4	99.0	-95.6	-63.6	155.0	162.6
Underlying net income ⁴	65.7	174.0	-93.1	10.1	158.9	163.8

1 Total costs excluding depreciation/amortization and non-recurring expenses.

2 EBITDA before non-recurring (exceptional) items.

3 Non-recurring expenses netted against non-recurring income.

4 Consolidated profit for the period after non-controlling interests from continuing operations, before the effects of purchase price allocations and other special items.

Explanation of reporting principles in the fourth quarter or the 2013 financial year. The figures for the fourth quarter of 2013 and the year as a whole relate to the key figures from continuing operations in line with IFRS 5, i.e. not including the revenues and earnings contributions of the disposed Northern European activities which were deconsolidated on April 9, 2013, and the Eastern European activities classified as held-for-sale until the closing of the sale transaction. For the income statement and cash flow

statement, the figures for the previous year are presented on a comparable basis. The income statement items of the entities concerned are grouped as a single line item, 'result from discontinued operations', and reported separately. The result from discontinued operations includes both the net profit generated by the companies sold or held for sale and the gain on disposal of the Northern European subsidiaries and is presented after taxes.

Revenue and Earnings Performance on the Basis of Continuing Operations

In 2013, the ProSiebenSat.1 Group continued on its successful course and increased its **consolidated revenues** by EUR 249.1 million to EUR 2.605 billion. This is a considerable growth in revenues by 10.6%. In the fourth quarter, which is seasonally the most important, the Group generated 32.3% of its annual revenues (previous year: 33.5%) and 38.2% of its recurring EBITDA (previous year: 38.4%). All segments contributed to the profitable growth.



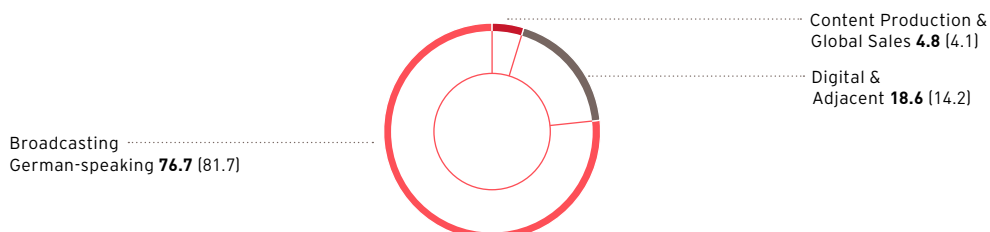
Segmenting Report,
page 95.

In 2013, the Digital & Adjacent activities again made the biggest contribution to the increase of consolidated revenues. Once again, the strongest growth driver was SevenVentures' Digital Commerce business. In addition to the existing holdings, the companies acquired and fully consolidated for the first time in the reporting year made major contributions to revenues. The Digital Entertainment business also showed very positive revenue performance, which is particularly attributable to the Group's online offerings, the VoD portal maxdome and the Adjacent-business Music. The Digital & Adjacent segment's share in consolidated revenues thus rose to 18.6% or EUR 483.7 million (previous year: 14.2% or EUR 334.8 million). The Content Production & Global Sales segment also posted double-digit growth rates in 2013. In the core business of TV, the ProSiebenSat.1 Group generated total revenues of EUR 1.998 billion (previous year: EUR 1.926 billion). This corresponds to a share of 76.7% (previous year: 81.7%) of consolidated annual revenues.

Additional revenue shares have thus shifted to the Digital & Adjacent and Content Production & Global Sales segments. The Group's target is to expand new revenue models that are independent of the traditional TV advertising business.

Group revenue share by segment from continuing operations (Fig. 34)

In percent, previous-year figures 2012 in parentheses



Notes, Note 13
"Other operating
income", page 208.

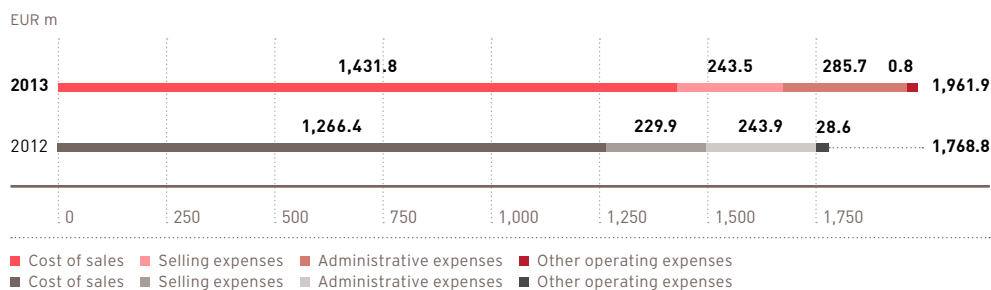
Other operating income amounted to EUR 25.4 million after EUR 13.4 million in the comparative period (+89.2%). In addition to income from value-added tax refunds for previous years and recharges, a positive effect resulted mainly from deconsolidation gains and higher earnings from the disposal of fixed assets.

The ProSiebenSat.1 Group consistently invests in its growth areas such as the expansion of its Digital & Adjacent activities, new TV stations, and the program production and distribution business. As a result, costs increased as expected in the reporting period. **Total costs** of the Group, comprising cost of sales, selling expenses and administrative expenses, as well as other operating expenses, increased to EUR 1.962 billion in 2013. This equates to an increase of 10.9% or EUR 193.1 million. The major part of the cost increase can be attributed to higher **cost of sales**, which increased by 13.1% or EUR 165.4 million to EUR 1.432 billion, primarily due to growth. The main reasons for this were the investments and acquisitions made in the Digital & Adjacent segment both in 2013 and 2012. The consumption of programming assets, which is included in cost of sales and is usually the Group's largest cost item, increased by 2.4% to EUR 858.7 million year-on-year (previous year: EUR 838.7 million). Programming assets are usually amortized depending on the number of broadcasts permitted or planned. In addition, cost of sales includes an increase in the provision for additional payments to bestseller authors from EUR 6.1 million to EUR 13.8 million. **Administrative expenses** increased by 17.2% or EUR 41.8 million to EUR 285.7 million, primarily due to the expansion of business activities and the companies fully consolidated for the first time in the reporting period and the 2012 financial year. Consequently, **selling expenses** increased by 6.0% to EUR 243.5 million (previous year: EUR 229.9 million). By contrast, **other operating expenses** decreased to EUR 0.8 million (previous year: EUR 28.6 million). The comparatively high figure from the previous year includes one-off expenses of EUR 27.7 million relating to the antitrust proceedings concluded at the end of 2012.



Risk Report,
page 125.

Total costs from continuing operations (Fig. 35)



Operating costs amounted to EUR 1.836 billion (previous year: EUR 1.625 billion), adjusted for non-recurring expenses of EUR 37.1 million (previous year: EUR 64.7 million) and depreciation and amortization of EUR 88.9 million (previous year: EUR 79.5 million). This equates to an increase of 13.0 %.

Reconciliation of operating costs from continuing operations (Fig. 36)

EUR m	2013	2012
Total costs	1,961.9	1,768.8
Non-recurring expenses	-37.1	-64.7
Depreciation and amortization ¹	-88.9	-79.5
Operating costs	1,835.8	1,624.6

¹ Depreciation/amortization and impairment of intangible assets and property, plant and equipment.



Glossary,
page 288.

EBITDA increased by 11.4 % to EUR 757.8 million year-on-year (previous year: EUR 680.4 million). It includes non-recurring expenses of EUR 37.1 million (previous year: EUR 64.7 million), which primarily resulted from measures to increase efficiency, acquisitions in the Group's growth areas and from the increase of the provision for additional payments to bestseller authors. The comparatively high figure from the previous year is dominated by non-recurring expenses resulting from the antitrust proceedings concluded at the end of 2012. **Recurring EBITDA** adjusted for the non-recurring effects grew by 6.1% or EUR 45.5 million to EUR 790.3 million in 2013. The recurring EBITDA margin was 30.3 % (previous year: 31.6 %).



Glossary,
page 288.

The following table shows a reconciliation of EBITDA before and after non-recurring effects:

Reconciliation of recurring EBITDA from continuing operations (Fig. 37)

EUR m	2013	2012
Profit before income taxes	526.9	456.5
Financial result	-142.0	-144.4
EBIT	668.9	600.9
Depreciation and amortization ¹	88.9	79.5
Thereof from purchase price allocations	8.0	4.4
EBITDA	757.8	680.4
Non-recurring items ²	32.6	64.4
Recurring EBITDA	790.3	744.8

¹ Depreciation/amortization and impairment of intangible assets and property, plant and equipment.

² Non-recurring expenses of EUR 37.1 million (previous year: EUR 64.7 million) less non-recurring income of EUR 4.5 million (previous year: EUR 0.2 million).



Notes, Note 14
„Interest result“,
page 208.

The **financial result** amounted to minus EUR 142.0 million after minus EUR 144.4 million in the previous year (+1.7 %). The slight improvement of the financial result is due to contrary effects: Lower interest expenses of EUR 135.0 million (+13.6 % year-on-year) due to the lower average level of Group debt and lower interest rates overall had a positive effect on the interest result. It improved by 16.1% or EUR 24.7 million to minus EUR 128.5 million. By contrast, the other financial result fell to minus EUR 18.6 million (previous year: minus EUR 1.5 million). This is mainly due to impairments on financial investments, particularly on the shares in ZeniMax Media Inc. of EUR 12.4 million, and other financing expenses. By contrast, the fair-value measurement of earn-out provisions and put options on the reporting date had a positive effect on the other financial result. Earnings from investments accounted for using the equity method decreased to EUR 5.1 million (previous year: EUR 10.3 million).

The developments described caused **earnings before taxes** to rise by 15.4 % or EUR 70.4 million to EUR 526.9 million. After income taxes of EUR 162.2 million (previous year: EUR 127.4 million), the **Group generated net income** from continuing operations of EUR 364.6 million (previous year: EUR 329.1 million). The tax rate was 30.8 % (previous year: 27.9 %). The higher tax rate is primarily due to lower tax income relating to other periods year-on-year that was generated in the fourth quarter of 2012. The **net profit after taxes and non-controlling interests from continuing operations** reached EUR 359.5 million and thus exceeded the previous year figure by 10.7 % or EUR 34.7 million.



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page 289.

Underlying net income from continuing operations before the effects of purchase price allocations and other special items increased by 6.8 % or EUR 24.2 million year-on-year to EUR 379.7 million. Underlying net income from continuing operations results in basic earnings per common share of EUR 1.78 (previous year: EUR 1.68).

Reconciliation of underlying net income from continuing operations (Fig. 38)

EUR m	2013	2012
Consolidated net profit (after non-controlling interests)	359.5	324.7
Amortization from purchase price allocations (after tax) ¹	5.4	3.1
Impairment of shares in ZeniMax	12.4	-/-
Impairments on non-controlling interests	2.4	-/-
Expenses from the concluded antitrust proceedings	-/-	27.7
Underlying net income	379.7	355.5

¹ Amortization of purchase price allocations before tax:
EUR 8.0 million (previous year: EUR 4.4 million).

Earnings after taxes from discontinued operations amounted to minus EUR 47.6 million (previous year: minus EUR 30.2 million). In addition to the earnings contribution from the Eastern European business, this also includes the earnings contribution from the Northern European operations until their deconsolidation on April 9, 2013, and the tax-free gain on disposal of EUR 77.0 million from the sale of the Northern European portfolio. In addition, the earnings from discontinued operations after taxes include impairments of EUR 77.1 million in Hungary and EUR 51.9 million in Romania. As well as the earnings contribution from the Eastern European operations, the prior-year figure also includes the earnings contribution from the Northern European business.

Group Financial Position and Performance

Principles and Objectives of Financial Management

Risk control and centralized management are key principles of the ProSiebenSat.1 Group's financial management. Financial management is centrally managed by the Group Finance & Treasury department at ProSiebenSat.1 Media AG. This department manages the Group's financing activities and is the contact for all managing directors and employees in the Group responsible for finance. The prevailing objectives of our financial management are:

- › to ensure that the entire ProSiebenSat.1 Group remains solvent by managing its liquidity efficiently across the organization,
- › to secure its financial flexibility and stability, in other words, maintaining and optimizing its funding ability,
- › to manage its financial risks by using derivative financial instruments.



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page 288.

The Group financial management covers the capital structure management and Group-wide funding, cash and liquidity management, and the management of market price risks, counterparty risks and credit default risks.

- › The aim of **capital structure management** is to optimize the way in which the Group's capital structure and funding are organized by employing a range of financial instruments. These include equity or equity-like instruments as well as debt instruments. In its choice of suitable instruments, the Company takes into account factors such as the level of market receptivity, funding terms and conditions, flexibility or restrictions, diversification of the investor base and maturity profiles. The ProSiebenSat.1 Group raises and manages its debt funding on a centralized basis. This enables the Group to obtain economies of scale and optimize its cost of capital. In connection with the capital management structure at the ProSiebenSat.1 Group, managing financial leverage is given particular priority.



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page 289.

- › As part of its **cash and liquidity management**, the Group optimizes and centralizes cash flows and secures liquidity across the Group. Cash pooling is an important tool here. Using rolling, Group-wide liquidity planning the ProSiebenSat.1 Group captures and forecasts both operating cash flows and cash flows from non-operating activities, thus deriving liquidity surpluses or requirements. Liquidity requirements are covered either by existing cash positions or the revolving credit facility (RCF).

- › The **management of market price risks** comprises centrally managed interest rate and currency management. The objective is to limit the effects of interest and currency volatility to Group profit and cash flow. Cash instruments as well as derivatives such as conditional and unconditional forward transactions are deployed. These instruments are used exclusively for hedging purposes.



Financial Risks,
page 134.

- › The **management of counterparty and credit default risks** centers on trading relationships and creditor exposure to financial institutions. When entering into trading transactions, the ProSiebenSat.1 Group pays attention to ensuring that business is widely diversified involving counterparties of sufficiently high credit quality. For this purpose, the Group draws on external ratings supplied by international agencies. The Group's risk with respect to financial institutions primarily arises from its investment of cash and cash equivalents and from its use of derivatives as part of its interest-rate and currency management activities.

Borrowings and Financing Structure

As of December 31, 2013, 62.0 % or EUR 1.842 billion of the financial debt of the ProSiebenSat.1 Group (according to IFRS) comprised non-current loans and borrowings (December 31, 2012: 59.9 %). As of the reporting date in December, there were no current loans and borrowings (December 31, 2012: 5.9 %).

In April and June 2013, the ProSiebenSat.1 Group prepaid loans and borrowings and at the same time extended the remaining term loans expiring in July 2015 and July 2016 respectively (Term Loan C and D) to July 2018. Due to the repayment totaling EUR 500.0 million, Term Loan B was repaid in full, and Term Loans C and D were repaid and/or extended. The Group used a part of the proceeds from the disposal of the Northern European TV and radio activities for the repayment.



Explanatory Notes on Reporting Principles, page 73.

Group-wide corporate financing. As of December 31, 2013, the ProSiebenSat.1 Group's secured syndicated facilities agreement includes a term loan (**Term Loan D**) and a revolving credit facility (**RCF**). The RCF was extended to July 2018 in November 2013 and now has a facility amount of EUR 600.0 million. It replaces the two previous revolving credit facilities (RCF 1 and RCF 2) with maturities in July 2014 and July 2016 respectively.

- After repayment and extension of the loans, the nominal amount of Term Loan D amounts to EUR 1.860 billion on December 31, 2013. On December 31, 2012, the Group's then Term Loans B, C, and D totaled EUR 2.360 billion.
- As of December 31, 2013, the revolving credit facility (RCF) amounts to EUR 600.0 million. No cash drawings were made. On December 31, 2012, the Group had total available facilities of EUR 359.4 million.



Rating of the ProSiebenSat.1 Group: Credit ratings represent an independent assessment of a company's creditworthiness. The rating agencies do not take the ProSiebenSat.1 Group's term loans into account in their credit ratings. Consequently there are no official ratings at present.

Debt financing and maturities as of December 31, 2013 (Fig. 39)



Financial result, page 84, Notes, Note 14 "Interest result", page 208.

The interest rates payable on the term loans and the amounts drawn under the available revolving credit facility are variable and are based on Euribor money market rates plus an additional credit margin:



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- Risks from the change of variable interest rates are hedged with various hedging instruments in the form of interest rate swaps. Due to the repayment of term loans amounting to EUR 500.0 million, the hedge ratio for all non-current loans and borrowings increased to approximately 86 % as of December 31, 2013 (December 31, 2012: almost 68 %). On December 31, 2013, the average fixed-interest swap rate was around 3.9 % per annum (previous year: around 3.9 % per annum). In August 2013, to cover the interest rate risk in the period between 2016 and 2018, the ProSiebenSat.1 Group entered into further interest rate hedging transactions amounting to EUR 1.350 billion. Besides interest rate swaps of EUR 850.0 million, this figure also includes swaptions in the amount of EUR 500.0 million.

- As of December 31, 2013, the credit margin for Term Loan D was 2.75 % per annum. The credit margin for the revolving credit facility depends on the leverage factor. As of December 31, 2013, it amounted to 1.5 % per annum for the RCF.



Notes, Note 20
"Property, plant and
equipment", page 220.

Furthermore, the ProSiebenSat.1 Group has concluded lease contracts for property at the Unterföhring site. In line with IFRS, these are largely classified as finance leases. This real estate is capitalized as property, plant and equipment and the respective leasing obligations are recognized as other financial liabilities. The real estate leases end in 2019 at the earliest. There are also smaller-scale leases for technical equipment. The ProSiebenSat.1 Group reported liabilities under finance leases totaling EUR 91.7 million as of December 31, 2013 (previous year: EUR 98.8 million). There were no other significant off-balance sheet financing instruments.



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Group-wide corporate financing (Fig. 40)

The ProSiebenSat.1 Group entered into the loans with an original facilities amount of EUR 4.2 billion in the course of the acquisition of the SBS Broadcasting Group in 2007. In 2011, the ProSiebenSat.1 Group prepaid loans amounting to EUR 1.2 billion with the proceeds from the disposal of the Belgian and Dutch activities and agreed an extension of maturities in the amount of EUR 2.1 billion until July 2016 for the majority of the remaining loans (EUR 2.4 billion). In May 2013, the Group agreed with its lenders various amendments to the syndicated facilities agreement in connection with the prepayment totaling EUR 500.0 million (Term Loan B repaid, Term Loans C and D repaid and/or extended) and the maturity extension for EUR 1.860 billion (Term Loan D) until July 2018. The amendments provide the Group with more flexibility in its operating business and for future financing. The revolving credit facility (RCF) was extended in November 2013 and has a volume of EUR 600.0 million maturing in 2018. The RCF replaces the two previous revolving credit facilities (RCF 1 and RCF 2).

The syndicated facilities agreement for Term Loan D and the revolving credit facility (RCF) requires the ProSiebenSat.1 Group to comply with certain key financial ratios. Thus the ProSiebenSat.1 Group has to maintain a specific ratio of net financial debt to EBITDA. The ratio of consolidated EBITDA to the consolidated net interest result is also defined in the agreement. Compliance with the key financial covenants is reviewed quarterly for the respective previous twelve-month period.

The ProSiebenSat.1 Group complied with the contractual requirements in the reporting period. Non-compliance with the contractual financial ratios would give cause for early termination.

In the case of impending or incurred breaches of the key financial covenants, the ProSiebenSat.1 Group's facilities agreement also allows the contribution of equity or equity-like funds in the form of subordinated loans within certain periods. Such an addition of equity or equity-like funds – a so-called equity cure – is treated as an increase in consolidated EBITDA for the purposes of calculating compliance with the financial covenants.

In the event that ownership control of the ProSiebenSat.1 Media AG changes (change of control), the lenders may demand a termination of the facilities agreement and repayment of all outstanding amounts within a certain period after the change of control takes place. In addition, the facilities agreement includes a number of standard market obligations which, subject to extensive exceptions and among other elements, limit ProSiebenSat.1 Group's ability to provide other security interests in its present or future assets, to assume further financial liabilities, to sell assets, to acquire business operations in whole or in part, or to provide guarantees, declarations of indemnification, or liability declarations outside the normal course of business. The facilities agreement also contains a number of customary default clauses. The default clauses provide that the lenders may demand immediate repayment of all amounts outstanding under the facilities agreement if breaches of contract defined in more detail under the agreement occur and if those breaches (assuming they are curable) are not remedied within a specified period.



Explanatory Notes on Reporting Principles, page 73.



Glossary, page 289.

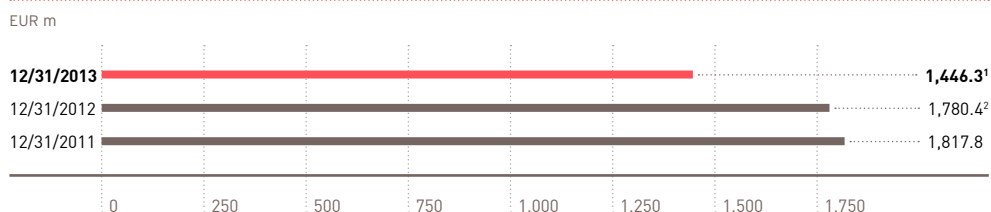
Financing Analysis

As of December 31, 2013, **net financial debt from continuing operations** posted a significant decline of 18.8% or EUR 334.1 million to EUR 1.446 billion (December 31, 2012: EUR 1.780 billion). The previous year's figure includes cash and cash equivalents of the Northern and Eastern European operations of EUR 90.4 million.

The reduction in net financial debt is the result of significantly higher free cash flow from continuing operations amounting to EUR 330.1 million (December 31, 2012: EUR 256.3 million) and reflects the Group's earnings power.

Alongside the good operating performance, the ProSiebenSat.1 Group received net cash inflow of EUR 1.312 billion due to the closing of the sale of the Northern European operations in April 2013. The Group reinvested a significant portion of the proceeds from the sale in the Group's operating business, including in investments in programming assets and strategic initiatives. At the same time, financial liabilities of EUR 500.0 million were repaid. As a result, the cash flow from operating business was largely available for other purposes, such as the dividend payment. Cash and cash equivalents amounting to EUR 1.201 billion were used to pay the dividend in July 2013.

Group net financial debt (Fig. 41)



1 After reclassification of cash and cash equivalents from the Eastern European business. The key figure is calculated as financial liabilities (EUR 1,842.0 million) netted against cash and cash equivalents from continuing operations (EUR 395.7 million).

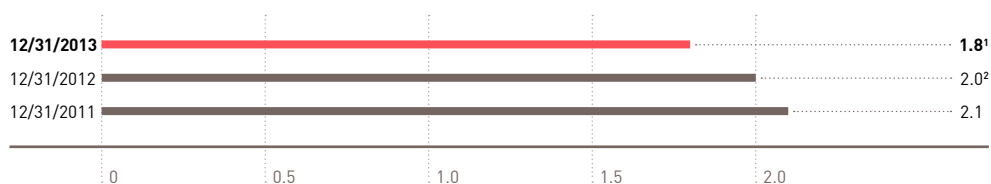
2 Before reclassification of cash and cash equivalents from the Northern and Eastern European business. The key figure is calculated as financial liabilities (EUR 2,573.1 million) netted against cash and cash equivalents including the Northern and Eastern European operations (EUR 792.6 million).



Glossary, page 289.

The **leverage factor** remains within the defined target range of 1.5 to 2.5 times, with the ratio having slightly improved compared to the previous year. Thus the ratio of net financial debt to recurring EBITDA of the last twelve months (LTM recurring EBITDA) was 1.8 times on the reporting date (December 31, 2012: 2.0 times). In addition to the lower net financial debt, the year-on-year increase in earnings also resulted in an improvement of the leverage factor.

Ratio net financial debt to LTM recurring EBITDA (Fig. 42)



1 After reclassification of cash and cash equivalents from the Eastern European business. Adjusted for LTM recurring EBITDA contribution from the Northern and Eastern European business. The key figure is calculated as the ratio of net financial debt from continuing operations (EUR 1,446.3 million) to recurring EBITDA from continuing operations (EUR 790.3 million).

2 Before reclassification of cash and cash equivalents from the Northern and Eastern European business. The key figure is

calculated as the ratio of net financial debt including the Northern and Eastern European operations (EUR 1,780.4 million) to recurring EBITDA including the Northern and Eastern European operations (EUR 871.7 million).

Liabilities from finance leases are not included when calculating the leverage factor.



Glossary,
page 288.

Analysis of Liquidity and Capital Expenditure

The ProSiebenSat.1 Group's cash flow statement shows the generation and use of cash flows. It is broken down into cash flow from operating activities, cash flow from investing activities and cash flow from financing activities. Cash and cash equivalents shown in the cash flow statement correspond to the cash and cash equivalents reported in the statement of financial position as of December 31, 2013, and December 31, 2012 respectively.

Unless otherwise stated, the following textual analysis of liquidity and capital expenditure relates to cash flow from continuing operations of the ProSiebenSat.1 Group. The reconciliation below provides an overview of selected key figures in the cash flow statement, taking into account the discontinued television and radio activities in Northern and Eastern Europe.

Cash flow statement (Fig. 43)

EUR m	Q4 2013	Q4 2012	2013	2012
Profit from continuing operations	156.7	162.8	364.6	329.1
Profit from discontinued operations (net of income taxes)	-95.6	-63.7	-47.6	-30.2
Cash flow	542.9	593.9	1,734.3	1,863.2
Change in working capital	62.9	51.0	-14.8	-32.8
Dividends received	0.0	0.0	5.9	5.5
Income tax paid	-32.2	-38.5	-135.6	-129.1
Interest paid	-33.6	-34.5	-137.0	-160.0
Interest received	3.0	0.5	3.8	1.6
Cash flow from operating activities of continuing operations	529.8	470.3	1,348.3	1,202.1
Cash flow from operating activities of discontinued operations	9.3	124.1	58.4	363.1
Cash flow from investing activities of continuing operations	-223.4	-207.5	-1,018.3	-945.8
Cash flow from investing activities of discontinued operations	-17.0	-100.6	1,181.9	-317.9
Free cash flow from continuing operations	306.4	262.8	330.1	256.3
Free cash flow from discontinued operations	-7.6	23.5	1,240.3	45.2
Free cash flow (total)	298.8	286.3	1,570.4	301.5
Cash flow from financing activities of continuing operations	-105.0	1.2	-1,953.2	-30.9
Cash flow from financing activities of discontinued operations	0.0	-0.4	-2.3	-0.8
Effect of foreign exchange rate changes of continuing operations on cash and cash equivalents	0.5	-0.7	-0.9	2.5
Effect of foreign exchange rate changes of discontinued operations on cash and cash equivalents	0.0	0.1	-2.2	2.4
Change in cash and cash equivalents total	194.3	286.4	-388.2	274.8
Cash and cash equivalents at beginning of reporting period	210.2 ¹	506.3	792.6 ¹	517.9
Cash and cash equivalents classified under assets held for sale at end of reporting period	-8.8	-90.4	-8.8	-90.4
Cash and cash equivalents at end of reporting period	395.7	702.3	395.7	702.3

¹ Includes the cash and cash equivalents of the companies held for sale.

Cash flow from operating activities: In the 2013 financial year, operating cash flow from the ProSiebenSat.1 Group's continuing operations was EUR 1.348 billion after EUR 1.202 billion in the previous year and equates to growth of 12.2%. This was due to higher consolidated net profit, which had a positive effect on cash flow from operating activities. In addition to the good ear-

nings performance, the lower interest payments and the positive changes in working capital were crucial for the increase. The decrease in interest payments to EUR 137.0 million (previous year: EUR 160.0 million) is attributable to the reduction of loans and borrowings in the second quarter in connection with the sale of the Northern European activities and lower interest rates overall. The change in working capital amounted to minus EUR 14.8 million (previous year: minus EUR 32.8 million). Higher tax payments of EUR 135.6 million counteracted this positive development slightly (previous year: EUR 129.1 million).



Glossary,
page 289.



For detailed information
on off-balance sheet
investment obligations
refer to Note 33
„Other financial obligations“,
page 239.



Group Earnings,
page 80.

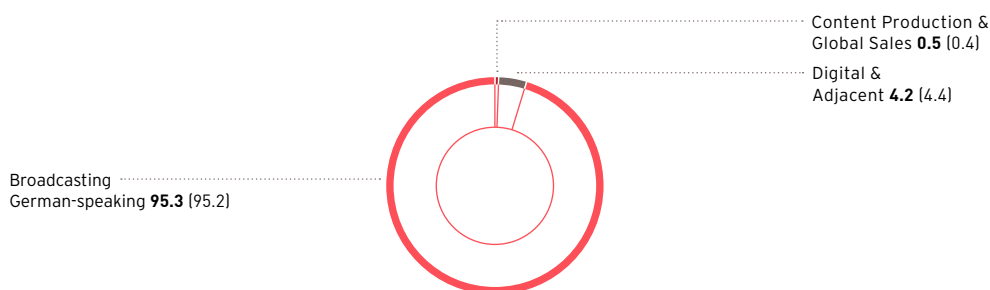
Cash flow from investing activities: Investing activities of continued operations resulted in outflows of EUR 1.018 billion, an increase of 7.7 % or EUR 72.4 million compared to 2012. The core area of investing activities within the ProSiebenSat.1 Group is the acquisition of programming rights. The Group secures attractive programs through three different channels: by purchasing licensed formats, through commissioned productions and through in-house formats that are based on the development and implementation of own ideas. In contrast to commissioned productions, in-house formats are primarily produced with a view to being broadcast in the near future. For this reason, they are recognized immediately as an expense in the cost of sales and do not constitute investments. Commissioned and in-house productions sharpen the station profile and contribute to improving Group-wide cost efficiency and using synergies effectively. For this reason, the expansion of the Red Arrow Entertainment Group, which after acquisitions in the USA and the UK in particular in recent years is now focusing more on organic growth in the core markets, is an important step. In the reporting period, cash outflow for the acquisition of programming rights amounted to EUR 860.2 million, up 2.0 % or EUR 16.9 million (previous year: EUR 843.3 million). Programming investments were made predominantly for the acquisition of licensed programming and were almost exclusively attributable to the Broadcasting German-speaking segment at EUR 857.5 million or 99.7 % (previous year: EUR 842.7 million or 99.9 %).

In addition, in the 2013 financial year, ProSiebenSat.1 made investments of EUR 61.8 million in intangible assets (+3.3 % year-on-year) and EUR 32.0 million in property, plant and equipment (+12.1 % year-on-year). With a share of 59.2 %, the majority of investments in intangible assets were made in the Digital & Adjacent segment (previous year: 65.7 %). They mainly went into the acquisition of marketing licenses in the context of mandate business, software, and IT, and on-line games licenses. With a share of 88.6 %, investments made in property, plant and equipment predominantly were in the Broadcasting German-speaking segment (previous year: 91.1 %). They mainly related to improvements to the building structure at ProSiebenSat.1 Media AG and the extension of the playout center.

The stated cash flows from investing activities had the following breakdown by segment: 95.3 % (previous year: 95.2 %) of investments in programming assets, intangible assets and property, plant and equipment were made in the Broadcasting German-speaking segment, the largest segment of the Group in terms of revenues. The Digital & Adjacent and Content Production & Global Sales segments had a share of 4.2 % (previous year: 4.4 %) and 0.5 % (previous year: 0.4 %) of the investments respectively.

Investments by segment from continuing operations (Fig. 44)

In percent, 2012 figures in parentheses



Major Events and Changes in the Scope of Consolidation in 2013, page 76.

Assets resulting from first-time consolidations are not reported as segment-specific investments. Funds used for the acquisition of the first-time consolidated companies are shown as cash outflow from additions to the scope of consolidation.

Cash outflow from additions to the scope of consolidation more than doubled in 2013 and increased to EUR 56.6 million (previous year: EUR 27.1 million). The cash outflow is mainly related to the acquisition of the majority interests in SilverTours GmbH as well as mydays Holding GmbH and their first-time consolidation. The ProSiebenSat.1 Group strategically strengthened the ventures activities of the Digital & Adjacent segment in particular. Acquisitions in the program production and ventures businesses, which contributed to the good development of operating cash flow in 2013, had been the focus in the previous year. In particular, there was the acquisition of majority interests in the American production company Left/Right and in the British production firms CPL Productions, Endor Productions and NERD TV by the Red Arrow Entertainment Group, which thus strengthened its presence in the key markets of the USA and UK. Besides, the ProSiebenSat.1 Group expanded its ventures business in 2012 with the search engine marketing company Booming, the price comparison platform preis24.de and the travel agency tropo. In addition to strategic investments, ProSiebenSat.1 secures access to new markets through participations in the form of media-for-equity deals. By this, the Group provides media services without making any larger cash investments.



Strategy, Business Operations and Segments, page 44.

The ProSiebenSat.1 Group generated a cash inflow of EUR 1.312 billion from the disposal of the Northern European activities in April 2013. The net cash inflow is presented as cash flow from investing activities of discontinued operations.



Note 3 "Acquisitions and disposals", page 171.



Glossary, page 288.

Free cash flow: Free cash flow as the surplus cash generated is a key figure for assessing the financial strength of the ProSiebenSat.1 Group. In the 2013 financial year, on the basis of continuing operations this figure increased by 28.8% to EUR 330.1 million (previous year: EUR 256.3 million). The increase reflects the significant rise in cash inflow from operating activities.



The ProSiebenSat.1 Share, page 105.



Major Events and Changes in the Scope of Consolidation in 2013, page 76.



Liquidity is managed centrally at the holding on the basis of cash pooling. For this reason no segment-specific information is provided on this point. The principles and objectives of financial management are described on pages 85f.



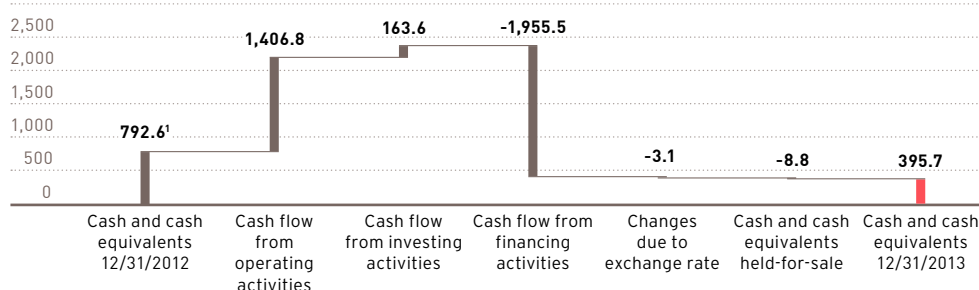
Borrowings and Financing Structure, page 86.

Cash flow from financing activities: In the last financial year, cash outflow from financing activities was EUR 1.953 billion after EUR 30.9 million in the previous year. The high cash outflow was due to the payment of the dividend for the 2012 financial year amounting to EUR 1.201 billion in July 2013. In addition, the partial prepayment of the syndicated term loan of EUR 500.0 million in the second quarter of 2013 in connection with the disposal of the Northern European activities had a significant effect. Furthermore, the cash drawings of the revolving credit facilities were fully repaid in the fourth quarter.

Cash and cash equivalents: In the 2013 financial year, the overall cash flows described resulted in a decrease of cash and cash equivalents compared to the previous year's reporting date. At EUR 395.7 million (previous year: EUR 702.3 million), cash and cash equivalents were 43.7 % or EUR 306.5 million below the previous year's figure. In the fourth quarter, the Group generated cash and cash equivalents totaling EUR 194.3 million (previous year: EUR 286.4 million). Thus, the ProSiebenSat.1 Group still has a comfortable level of liquidity. Furthermore, a revolving credit facility (RCF) amounting to EUR 600.0 million is available for the Group.

Change in cash and cash equivalents (Fig. 45)

EUR m



¹ Includes the cash and cash equivalents of the companies held for sale.



Major Events and Changes in the Scope of Consolidation in 2013, page 76.

Explanatory Notes on Reporting Principles, page 73.



Major Events and Changes in the Scope of Consolidation in 2013, page 76.

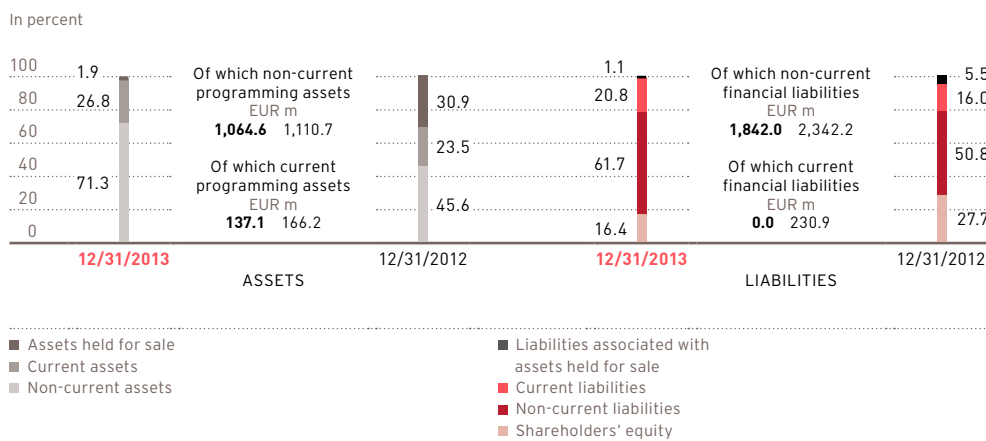
Explanatory Notes on Reporting Principles, page 73.

Analysis of Assets and Capital Structure

As of December 31, 2013, total assets amounted to EUR 3.556 billion (December 31, 2012: EUR 5.413 billion). This equates to a decline of 34.3% or EUR 1.857 billion compared to the previous year's reporting date. The main reasons for this are the deconsolidation of the Northern European operations, the loan repayment of EUR 500.0 million in the second quarter, and the high dividend payment of EUR 1.201 billion in the third quarter of 2013. The aforementioned effects resulted in structural changes in the Group's balance sheet. An increase in intangible assets due to acquisitions had an opposite effect.

The assets and liabilities of the held-for-sale operations in Eastern Europe are reported in the corresponding current balance sheet items as of December 31, 2013. The assets and liabilities of these business activities were reclassified to the respective "Assets held for sale" and "Liabilities associated with assets held for sale" items. The comparative figures as of December 31, 2012, additionally include the assets and liabilities of the sold Northern European operations. The Northern European subsidiaries were deconsolidated with the completion of the sale in April 2013.

Balance sheet structure (Fig. 46)



Significant individual value changes to balance sheet items compared to December 31, 2012, are described below.

Non-current and current assets: Compared to the previous year's reporting date, intangible assets increased by 9.6% to EUR 1.165 billion (December 31, 2012: EUR 1.063 billion). This was primarily due to the first-time consolidations of SilverTours GmbH (operator of the website billiger-mietwagen.de) and mydays. The share of intangible assets in total assets thus increased to 32.7% (December 31, 2012: 19.6%). Alongside intangible assets, programming assets are the most important assets of the ProSiebenSat.1 Group with a 33.8% share of total assets (December 31, 2012: 23.6%). Current and non-current programming assets decreased to EUR 1,202 billion compared to EUR 1.277 billion on the previous year's reporting date (-5.9%).

Trade receivables: Trade receivables increased by 21.4% to EUR 326.3 million (December 31, 2012: EUR 268.7 million). The increase primarily arose from the Broadcasting German-speaking segment. **Current other financial and non-financial assets** fell by 57.1% or EUR 56.2 million to EUR 42.2 million. The decline is mainly due to the lower market values of derivative financial instruments.

Cash and cash equivalents decreased to EUR 395.7 million. The EUR 306.5 million or 43.7% decline was due to early repayment of loans amounting to EUR 500.0 million, the payment of the dividend of EUR 1.201 billion and the full repayment of the cash drawings on the revolving credit facilities. In contrast, higher cash flow from operating activities and the net cash inflow from the sale of the Northern European operations of EUR 1.312 billion had a positive effect.

Shareholders' equity: Compared to December 31, 2012, shareholders' equity decreased by 61.1% or EUR 916.7 million to EUR 584.1 million (December 31, 2012: EUR 1.501 billion). On the one hand, this is due firstly to the EUR 1.201 billion dividend payment in the reporting year. Moreover, foreign exchange rate effects connected to the sold Northern European and held-for-sale Eastern

 [Glossary, page 289.](#)

 [Cash and cash equivalents, page 92.](#)

 [Revolving credit facilities, page 85.](#)

European operations caused shareholders' equity to decline. This was countered by the improved earnings situation and positive effects from the measurement of interest rate hedges. Accordingly, the equity ratio declined to 16.4% (December 31, 2012: 27.7%). Even in view of the described equity effects, the Group maintains a solid financial position.

Non-current and current liabilities and provisions: As a result of lower non-current and current loans and borrowings, the non-current and current liabilities and provisions decreased by 24.0% or EUR 939.8 million to EUR 2.972 billion. A portion of the proceeds from the disposal of the Northern European activities was used to repay loans and borrowings amounting to EUR 500.0 million. In addition, cash drawings on the revolving credit facilities were repaid in full. Moreover, in the course of the deconsolidation of the Northern European operations, liabilities and provisions associated with assets held for sale decreased by around EUR 270 million. Non-current and current other financial liabilities also declined by 11.8% or EUR 41.6 million to EUR 311.4 million (December 31, 2012: EUR 353.1 million). The decline is primarily due to positive effects from the measurement of interest rate hedges and the revaluation of put options. This was countered by effects from the measurement of foreign currency transactions. Compared to December 31, 2012, non-current and current other liabilities posted an increase by 9.9% or EUR 20.6 million to EUR 227.6 million. This development is attributable to higher personnel-related liabilities, advance payments received and other tax liabilities.

Non-current and current trade payables increased by 15.8% or EUR 50.9 million to EUR 373.1 million. The increase is largely attributable to the Content Production & Global Sales segment.

Non-current and current provisions amounted to EUR 96.1 million and were thus 5.5% higher than in the previous year (December 31, 2012: EUR 91.1 million). The largest provisions item remains the EUR 55.4 million for other current provisions compared with EUR 52.2 million on December 31, 2012 (+6.1%). The main reason for the growth is an increase in the provision in connection with additional payments to bestseller authors to EUR 13.8 million (December 31, 2012: EUR 6.1 million).



Risk Report,
page 125.

As of December 31, 2013, there were no other major structural or quantitative balance sheet changes year-on-year.

Accounting assumptions and estimates (Fig. 47)

When applying accounting principles, recognizing income and expenses and preparing balance sheet reports, assumptions and estimates need to be made to a certain extent. Detailed information on the use of assumptions and estimates are shown in Note 6 of the consolidated financial statements.

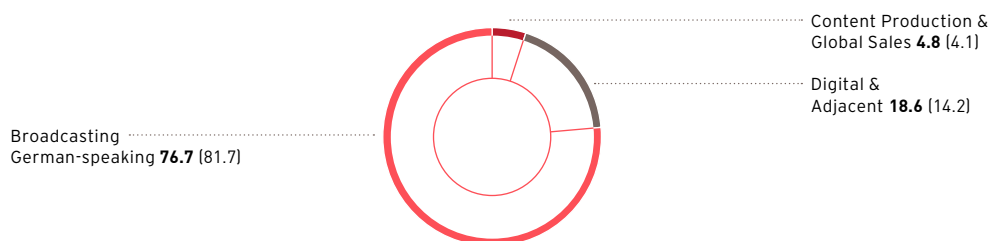
Segment Reporting



For detailed information on the segment structure, refer to the section "Explanatory Notes on Reporting Principles", page 73.

Revenue share by segment from continuing operations¹ (Fig. 48)

In percent, 2012 figures in parentheses²



¹ Based on external revenues.

² As of the beginning of the 2013 financial year, the pay TV business, which was previously allocated to the Digital &

Adjacent segment, is shown in the Broadcasting German-speaking segment. The previous-year figures have therefore been adjusted accordingly.



Business and Industry Environment, page 66.

Broadcasting German-speaking Segment

In 2013, **external revenues** in the Broadcasting German-speaking segment grew by 3.7 % to EUR 1.998 billion after EUR 1.926 billion in the previous year. The Group again generated the highest revenue share with increased TV advertising revenues in Germany and Austria. In this context, the ProSiebenSat.1 Group could also further expand its market leadership in the German **gross TV advertising market**. The Group increased both its gross and net revenues above market level. At the same time, the positive development of new customers business had an impact on the segment's growth: The advertising sales subsidiary SevenOne Media increased the number of new TV customers across all stations. Moreover, the ProSiebenSat.1 Group benefited from the increasing relevance of television as an advertising medium. In 2013, TV accounted for the largest share of gross advertising spending again.

In addition to higher revenues from the traditional TV advertising business, the persistently dynamic growth rate in the distribution business also contributed to the growth of segment revenues, particularly in Germany. This was primarily driven by growing **technical reach** and the corresponding increase in the number of HD subscribers. Cable, satellite and IPTV providers in Germany and Austria broadcast the ProSiebenSat.1 Group's TV stations not only in standard definition (SD) but also in high definition (HD). The ProSiebenSat.1 Group receives a share in the technical activation fees which end customers pay to the providers. In addition to the HD stations, the distribution business also covers the distribution of ProSiebenSat.1's basic pay TV stations.



Basic Principles of Media Policy, page 59.

The segment closed the 2013 financial year with **recurring EBITDA** of EUR 678.6 million after EUR 665.1 million in the previous year (+2.0 %) despite higher costs in relation to the expansion of the station portfolio. The **recurring EBITDA margin** was at 32.7 % (previous year: 33.3 %). EBITDA showed an increase of 6.0 % or EUR 36.7 million to EUR 649.9 million due to higher revenues and lower non-recurring effects compared to the previous year.

Key figures Broadcasting German-speaking segment¹ (Fig. 49)

EUR m	2013	2012
Segment revenues	2,074.4	2,000.3
External revenues	1,997.8	1,926.0
Internal revenues	76.6	74.3
Recurring EBITDA	678.6	665.1
Recurring EBITDA margin ² (in percent)	32.7	33.3

1 As of the beginning of the 2013 financial year, the pay TV business, which was previously allocated to the Digital & Adjacent segment, is shown in the Broadcasting German-speaking segment. The previous-year figures have therefore been adjusted accordingly.

2 Based on segment revenues.

Digital & Adjacent Segment

In the Digital & Adjacent segment, the Group continued its course of growth in terms of revenues and earnings in the 2013 financial year. **External revenues** increased by 44.5% or EUR 148.9 million to EUR 483.7 million, thus surpassing the previous year's figure considerably. The high growth rate is attributable to the continuing expansion of existing and new business activities. The ProSiebenSat.1 Group's Digital Commerce business made a significant contribution to the sustained positive development. Major contributions to revenues came primarily from the travel cluster with the online tour operating site Tropo and the majority holdings SilverTours (billiger-mietwagen.de) and mydays, which were fully consolidated for the first time in 2013. In the Digital Entertainment unit, the online advertising revenues of ProSiebenSat.1 Digital's online network, the video-on-demand portal maxdome, and the music business contributed to the increase in revenues with double-digit percent growth rates.

Despite costs rising due to expansion, the dynamic revenue growth led to an increase of operating earnings adjusted for non-recurring items (**recurring EBITDA**) by 24.2% to EUR 105.4 million (previous year: EUR 84.9 million). The **recurring EBITDA margin** was 21.6% (previous year: 25.3%). EBITDA increased to EUR 100.9 million (previous year: EUR 76.6 million).

Key figures Digital & Adjacent segment¹ (Fig. 50)

EUR m	2013	2012
Segment revenues	487.2	336.1
External revenues	483.7	334.8
Internal revenues	3.5	1.3
Recurring EBITDA	105.4	84.9
Recurring EBITDA margin ² (in percent)	21.6	25.3

1 As of the beginning of the 2013 financial year, the pay TV business, which was previously allocated to the Digital & Adjacent segment, is shown in the Broadcasting German-speaking segment. The previous-year figures have therefore been adjusted accordingly.

2 Based on segment revenues.



Major Events and Changes in the Scope of Consolidation in 2013, page 76.

Content Production & Global Sales Segment

The Content Production & Global Sales segment also contributed to the growth in the Group's revenues and earnings in the 2013 financial year: The segment achieved a significant increase of its **external revenues** to EUR 123.8 million (previous year: EUR 95.4 million). The program production and sales subsidiary Red Arrow Entertainment Group has continuously invested in the expansion of its international portfolio since 2010 and made numerous acquisitions, particularly in the USA and Great Britain. In the past financial year, the consolidation of business activities and organic growth was the primary focus. The US production company Left/Right, in which a majority was acquired in 2012, made the strongest contribution to revenue growth.

The much higher revenues were also reflected in the segment's positive earnings performance. **Recurring EBITDA** increased by EUR 6.3 million to EUR 10.6 million (previous year: EUR 4.3 million) in 2013. Accordingly, the **recurring EBITDA margin** was 6.3% after 3.1% in the previous year. EBITDA rose to EUR 11.5 million (previous year: EUR 1.5 million).

Key figures Content Production & Global Sales segment (Fig. 51)

EUR m	2013	2012
Segment revenues	167.5	137.5
External revenues	123.8	95.4
Internal revenues	43.8	42.0
Recurring EBITDA	10.6	4.3
Recurring EBITDA margin ¹ (in percent)	6.3	3.1

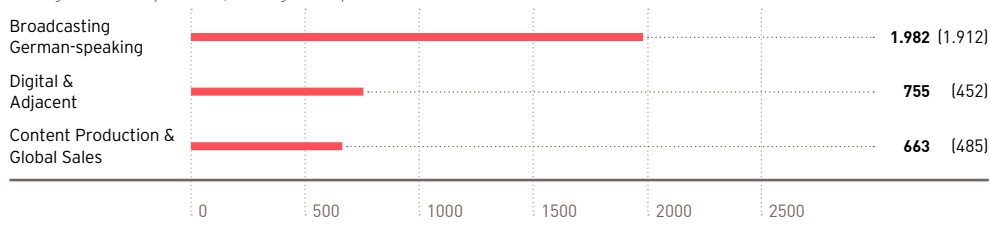
¹ Based on segment revenues.

Employees

As of December 31, 2013, the ProSiebenSat.1 Group had 3,590 employees calculated on the basis of full-time equivalents (previous year: 3,026). The average number of full-time equivalents in the year under review was 3,400 (previous year: 2,849). The increase of 551 full-time equivalents or 19.3% reflects the successful expansion of the Group in the Digital & Adjacent segment in particular. Here, the average staffing level rose by 67.1% to 755 employees (previous year: 452). Major factors were the majority interests acquired in the websites billiger-mietwagen.de and mydays.de in the 2013 financial year. In addition, the organic growth of the Digital & Adjacent business contributed to the increase of personnel: In the Online Games and SevenVentures units, a total of 77 full-time-equivalent posts were created.

Employees by segment (Fig. 52)

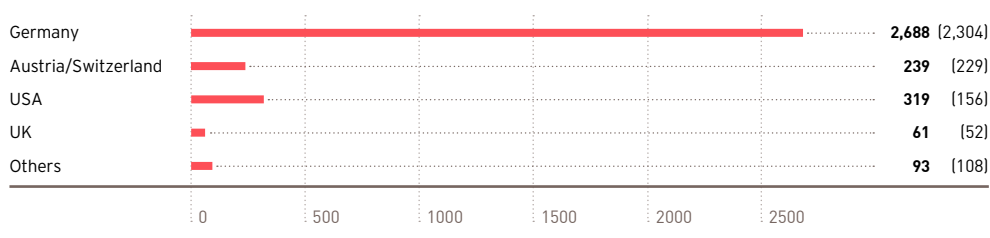
Average full-time equivalents, 2012 figures in parentheses



In the reporting year, ProSiebenSat.1 had an average of 2,927 employees in Germany, Austria, and Switzerland (previous year: an average of 2,533 full-time equivalents). This equates to growth of 15.6% year-on-year and an 86.1% share of the Group's total employees (previous year: 88.9%).

Employees by region (Fig. 53)

Average full-time equivalents, 2012 figures in parentheses



In the wake of successful corporate expansion and the resulting personnel growth, personnel expenses increased to EUR 321.0 million in the 2013 financial year (previous year: EUR 266.8 million).

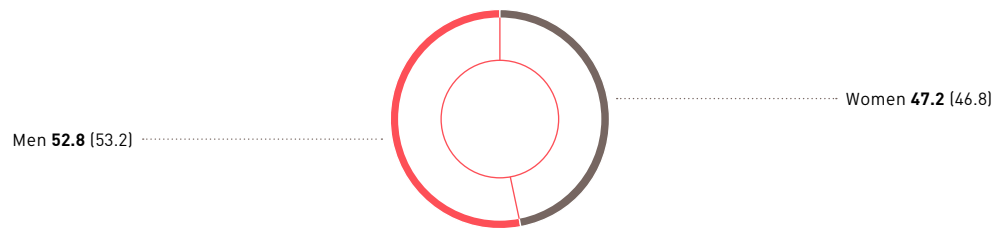
Diversity Management at ProSiebenSat.1

We value the diversity that our employees bring to the company in terms of personal characteristics, talents and abilities. Our way into the future is determined significantly by the way we promote and use this diversity. Therefore, we base the recruitment of employees on a holistic diversity concept, in which we consider criteria such as age, ethnic background/nationality, gender or sexual orientation. An important issue is thereby the proportion of men and women within the company and in management positions. There is already a very balanced ratio of men and

women in the ProSiebenSat.1 Group: In 2013, 47.2% of ProSiebenSat.1 employees were female (previous year: 46.8%) and 52.8% were male (previous year: 53.2%).

Proportion of women and men in the whole Group (Fig. 54)

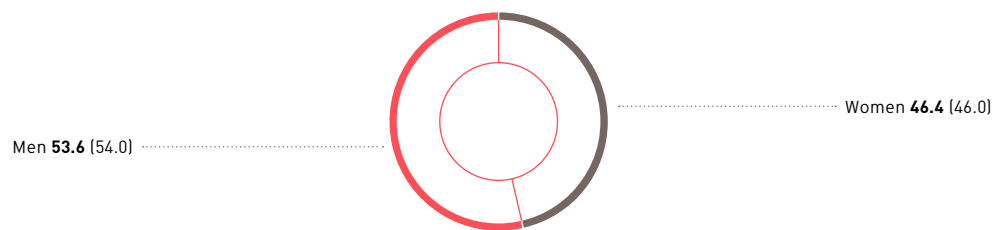
In percent, 2012 figures in parentheses



In the core market of Germany, the proportion of women increased to 46.4% (previous year: 46.0%). This matches the average proportion of women in German commercial enterprises, which was according to the Federal Office of Statistics likewise 46.4% in 2013.

Proportion of women and men in the German core market (Fig. 55)

In percent, 2012 figures in parentheses



At the management level, the ProSiebenSat.1 Group considerably increased the proportion of women both in the Group as a whole and in the German core market: At Group level, the proportion of women in management positions increased to 33.7% (previous year: 28.4%). In Germany, the proportion of women at the management level was 33.0% (previous year: 26.9%) and thus above the national average. According to the Federal Office of Statistics, the proportion of women in management positions in German companies averages 28.6% in 2013.

Women in management positions (Fig. 56)

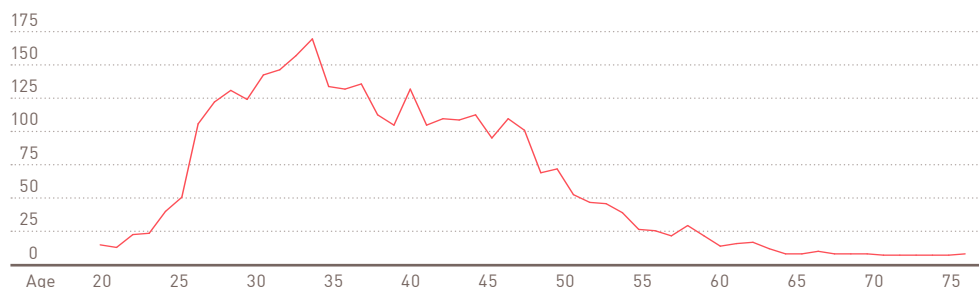
In percent



The average age in Germany was 38.2 in the 2013 financial year (previous year: 37.9 years).

Age pyramid (Fig. 57)

Number of employees



Average age: 38,2 years

Human Resources Work Anchored in Strategy at ProSiebenSat.1

The ProSiebenSat.1 Group has expanded its core business in recent years and invested heavily in new growth areas. Digitalization and the accompanying transformation of the industry offer the Company numerous opportunities for growth. The objective is to develop the Group from a traditional TV provider into a digital entertainment & e-commerce powerhouse. The Group supports this process with targeted HR measures derived from the Group's strategy that strengthen the Company's innovative power. Against this backdrop, strategic human resources work has become increasingly relevant for ProSiebenSat.1 in recent years. At the same time, as a media company, the ProSiebenSat.1 Group is a classic "people business": Every day, our employees help ensure that the Group remains one of Europe's largest media companies with their talent, creativity and dedication. For the successful development of the ProSiebenSat.1 Group, it is of central importance to retain qualified employees in the Group and gain new talented individuals. For this reason, we offer our employees attractive career opportunities, numerous possibilities for development, performance-based remuneration models, great working conditions for families, a comprehensive work-life package and a wide range of social benefits.



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Personnel Development in the ProSiebenSat.1 Group

In 2013, the ProSiebenSat.1 Group invested EUR 2.3 million in training and education programs (previous year: EUR 2.5 million). The slight decline is primarily due to the fact that, three years since the Academy started, numerous education targets have been achieved, and obligatory courses for certain employees, such as management training, have already been completed by a majority of these target groups. For this reason, the number of attendees and courses also declined slightly in 2013: In Germany, Austria, and Switzerland, 469 events took place (previous year: 495); a total of 4,764 participants took up the offer of training (previous year: 4,992).

Qualified, high-performing and motivated employees are the ProSiebenSat.1 Group's most important asset. At the ProSiebenSat.1 Academy, the Group offers its employees an extensive specialist training portfolio, which is derived from the corporate strategy. The Academy offers seminars and lectures on specialist and personal development, which are aligned specifically to the qualification requirements of ProSiebenSat.1 employees. The central platform provides events such as

“Lunch & Learn” or “Guest Speaker”, which regularly offer employees analyses of trends and developments in the media and entertainment industry. The Academy’s offerings promote openness to change, networking, and the origination of new business ideas in the ProSiebenSat.1 Group.

- **Executive Development:** The ProSiebenSat.1 Group wants to offer its employees a motivating working environment. For this reason, all managers at the ProSiebenSat.1 Group go through a development program with the modules “New Leader”, “Performance”, “Team”, “Change” and “Self Management”. The modules are attuned to the ProSiebenSat.1 Group’s corporate culture and the management tools used in the Group. In 2013, 265 managers took part in the “TOP 5 manager development program”.
- **Cross-Mentoring:** The ProSiebenSat.1 Group has had a mentoring program since 2012. Throughout the Group, it promotes the professional development of employees with high potential, who are supported from within the Group by experienced employee mentors over a period of twelve months. The focus is on open exchange across hierarchical and departmental boundaries. The cross-mentoring program not only supports the participants in their professional and personal development. The mentor/mentee partners generally come from different business areas. In this way, the ProSiebenSat.1 Group is encouraging the development of a cross-divisional network in the Group and promoting understanding between the various business units. In 2013, 18 tandems took part in the cross-mentoring program.
- **Learning Expedition:** Since 2011, the ProSiebenSat.1 Group has regularly carried out “learning expeditions”. During the one-week trips to international business regions, employees from various departments meet with representatives of large business enterprises, researchers, and academics to discuss trends and future issues in the media and entertainment industry. In recent years, the learning expeditions resulted in several business ideas such as the development of the internet platform MyVideo into an online TV station and the launch of a proprietary accelerator program. In September 2013, the Group carried out another learning expedition to Austin, Texas, and Los Angeles, California, in the USA. It focused on engaging with the issues of entrepreneurship and start-up mentality, which are becoming increasingly important for the Group in connection with the expansion of the digital and ventures business. Overall, 137 employees have taken part in a ProSiebenSat.1 Group learning expedition so far.
- **Innovation Camp:** In connection with the successful learning expeditions, the ProSiebenSat.1 Group launched another HR tool in 2013 that promotes the Group’s capacity for innovation. The Group organized an Innovation Camp for the first time in March 2013; the second followed in June. Interdisciplinary teams from different parts of the Group met at these camps. Together, they worked for a total of seven days on business solutions to a problem set by management. More than ten business concepts were developed during the two Innovation Camps.

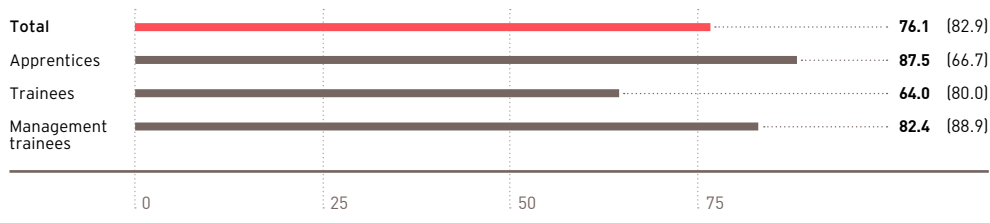
The ProSiebenSat.1 Group considers both its learning expeditions and Innovation Camps efficient tools for sustainably strengthening the Group’s power of innovation. Both initiatives will continue in 2014: In March 2014, another learning expedition will travel to Israel, one of the world’s most innovative TV markets.

Training in the ProSiebenSat.1 Group

The ProSiebenSat.1 Group also systematically employs a cross-media approach to training, providing its interns with interdisciplinary training in TV, online and PR. At the same time, ProSiebenSat.1 gains qualified junior staff for the Company with training courses for various career groups, thus counteracting a shortage of specialist staff. In 2013, the ProSiebenSat.1 Group employed 175 apprentices on average in Germany (previous year: 168). This includes trainees, management trainees and apprentices in the career groups of audiovisual media, events, office management, video and sound media design and digital and print media design. In 2013, the Group further expanded its offer of dual courses in media and communications business and also added a new course in accounting and controlling. The chart below shows the number of apprentices, trainees and management trainees the ProSiebenSat.1 Group took into full employment after their training:

Retention rate of apprentices and trainees in Germany in 2013 (Fig. 58)

In percent, 2012 figures in parentheses



ProSiebenSat.1 as an Attractive Employer

Positive evaluations in the major surveys of the trendence and Universum institutes on employer appeal regularly show that the ProSiebenSat.1 Group is one of the most popular employers in the media industry in Germany. As in the previous year, ProSiebenSat.1 took second place in the "trendence Schülerbarometer 2013". Moreover, the ProSiebenSat.1 Group 2013 again ranked among the top 100 employees in the "Universum Student Survey" (18th place). This is also reflected in the number of applications. Last year, the number of applicants increased again. In 2013, the ProSiebenSat.1 Group received around 28,314 applications in Germany, around 31.5% more than in the previous year (21,532). At the same time, the turnover rate fell to 10.6% (2012: 11.4%), the average duration of employment stayed stable at 7.3 years (previous year: 7.5 years).

Due to the Company's dynamic growth, it is of particular importance to the ProSiebenSat.1 Group to find talented employees and to position itself as an attractive employer to relevant target groups. For this reason, the Group continued to develop its recruitment models in the past financial year:

- **"Employees campaign for employees" platform launched:** Since 2013, ProSiebenSat.1 employees can register on a new social recruiting platform on which they receive a regular summary of vacant positions in the Group. Through various social media functions, they can share interesting job postings with contacts from their own network via XING, Facebook, and Twitter or by e-mail. At the same time, the portal suggests suitable candidates from ProSiebenSat.1 employees' personal XING networks using an algorithm. ProSiebenSat.1 employees receive a commission if a vacancy is successfully filled in this way.
- **Social media activities expanded:** In 2013, the ProSiebenSat.1 Group again considerably increased its involvement on social media platforms and is now present as an employer on Twitter and YouTube. The Group already had its own profiles on XING and Facebook. In the

past financial year, the number of ProSiebenSat.1 fans on the Facebook careers page has doubled. In addition, the Group climbed from 70th to 15th place in the renowned S-Com social media ranking by Potentialpark.

- **“ProSiebenSat.1 Talent Community” launched:** In 2013, the Group launched a talent relationship management portal, which will establish a talent community. Students and graduates can set up a personal profile there and communicate with each other. Users can also access current information about careers at ProSiebenSat.1.

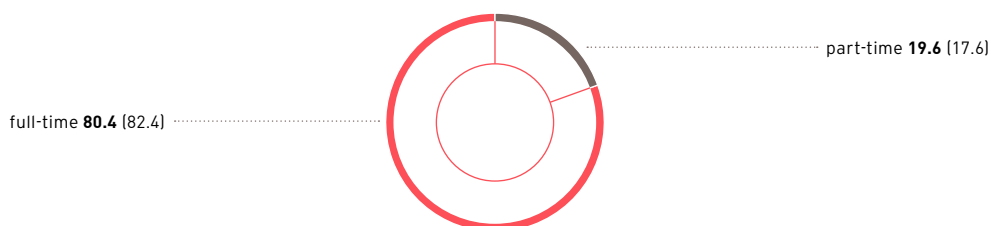
In addition, the ProSiebenSat.1 Group strengthened its appeal as an employer in 2013 by expanding the work-life package:

- **Work-life package expanded:** The ProSiebenSat.1 Group supports its employees in the areas of family, sport, health and service with a work-life package. Since 2012, the Group has cooperated with an external partner that brokers concierge services and provides childcare, coaching in difficult life circumstances and support in caring for family members. The ProSiebenSat.1 Group has worked with the Technische Universität München since 2012 on the issues of health and sport. In 2013, the ProSiebenSat.1 Group also set up its own sports room on the Company campus. The program of courses includes individual sport and nutrition consulting as well as fitness tests. The Group thus offers its employees the opportunity to integrate sport and movement into everyday working life. The health program is rounded off by masseurs who are present several days a week and the opportunity of a healthy and balanced diet in the canteen.
- **Sabbatical models introduced:** Since 1 January 2013, the ProSiebenSat.1 Group has offered employees the opportunity to integrate their career and personal life plans more flexibly. Employees can now take time out with short or long sabbaticals. A short sabbatical lasts up to three months, a long sabbatical 12 to 24 months.
- **Social Days take place for the first time:** In a globalized world with a continuing trend towards individualism, it is important to many people to get involved in society. Therefore, the ProSiebenSat.1 Group offered Social Days for the first time in 2013. On these days, employees can contribute to society during their working hours. In total, 100 colleagues worked in seven Munich institutions, including a center for children and young people, an adventure playground and a center for disabled people.

A family-friendly environment is a crucial criterion for many employees and applicants. The ProSiebenSat.1 Group has offered its employees attractive conditions for over ten years. Many ProSiebenSat.1 Group employees have families. As early as 2002, the company founded an in-house day-care center in Germany which currently has 74 places. In 2013, the Group spent EUR 890,200 on childcare (previous year: EUR 713,000). EUR 200,200 went to the company nursery, EUR 690,000 to care subsidies, which are paid to all employees whose pre-school age children receive care outside the home. Teleworking jobs as well as flexitime models and part-time work simplify balancing family and career. In 2013, the proportion of part-time employees in the ProSiebenSat.1 Group in Germany increased to 19.6% (previous year: 17.6%). In German companies, the proportion of part-time workers averaged 25.5% according to the Federal Office of Statistics.

Part-time and full-time employees in the German core market (Fig. 59)

In percent, 2012 figures in parentheses

**Careers at the ProSiebenSat.1 Group**

- › **Performance Development:** For managers, the Company introduced the “Performance Development” program back in 2010. Key factors include specialist performance, behavior as manager and business activity. The program is linked to a bonus system, in an ideal case making employees eligible to receive a one-time payment of up to 200% of the individual target bonus. A further incentive system was first initiated in 2005 – a stock option plan (Long Term Incentive Plan) in which selected managers participate. The stock option plan was replaced in 2012 by a new share-based compensation plan (Group Share Plan).
- › **Long-term prospects for success and sound successor planning:** The ProSiebenSat.1 Group uses the Organization & Talent Review (OTR) to ensure it has an up-to-date overview of talented and high-potential employees in the Company. The OTR helps to identify the next useful development steps and to support the employees in a targeted manner. At the same time, it also ensures long-term appointments to business-critical roles and functions. The process was introduced in 2010 and is carried out for employees of upper, middle and lower management in a staggered two-year cycle. In 2013, 193 employees of upper and middle management took part in the OTR (previous year: 134 participants of lower management).
- › **Management by Objectives:** ProSiebenSat.1 Group staff are managed on the principle of “Management by Objectives”, drawing on a system of goals that puts higher-level corporate objectives into more specific terms for both staff and management by breaking targets down systematically into segment, departmental and individual goals. At annual assessment interviews, employees and their supervisors define personal targets for the financial year. These are intended not only to provide clear goals but also to encourage motivation. The system of goals is tied to a performance-based bonus plan that recognizes individuals’ accomplishment of their goals. The maximum amount of the bonus is partly based on recurring EBITDA. In 2013, the bonus share based on recurring EBITDA was again 100% (previous year: 100%).



Compensation
Report, page 52.

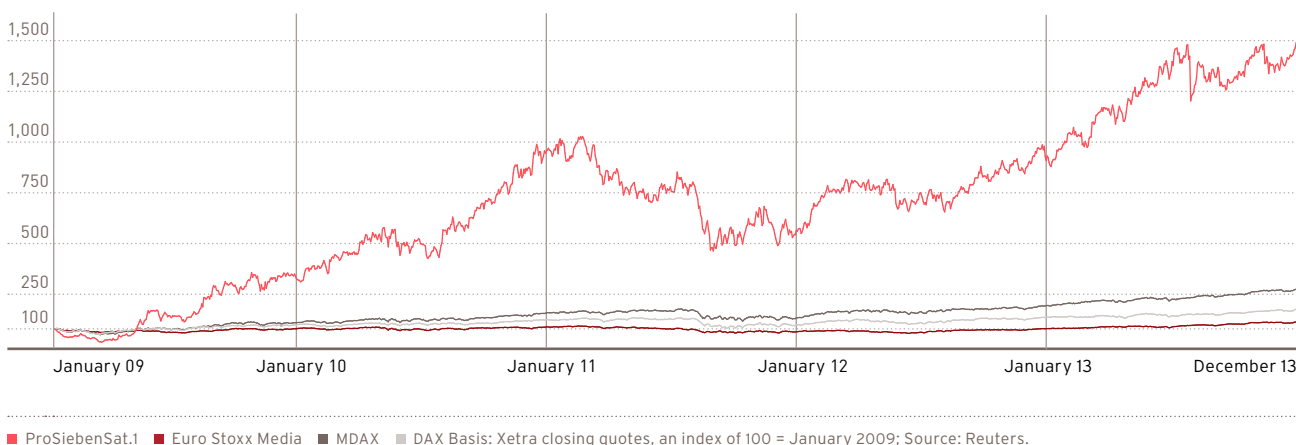
The ProSiebenSat.1 Share

In August 2013, the ProSiebenSat.1 Group converted its previously non-voting bearer preference shares into voting registered common shares. Since then, all ProSiebenSat.1 shares have been eligible to vote and tradable on the stock exchange – both the previous common shares and the common shares resulting from the conversion of the preference shares. The Group therefore has a single share class with one voting right per share for the first time since it has been listed on the stock exchange. This makes the share even more attractive for the capital market. In the reporting year, the share price increased by 69.0% in a generally positive stock market environment. Most analysts recommend the share as a buy. The free float, which is relevant for the MDAX, and therefore the weighting of the share in the MDAX, increased considerably over the course of the year.

The ProSiebenSat.1 share on the capital market. In a favorable stock market environment overall, the important share indices reached new highs in 2013. The considerable price gains were due to the Federal Reserve's expansionary monetary policy and positive economic data overall. Prices also benefited from signs of recovery in the euro zone. At the beginning of the year, the parliamentary elections in Italy and the debt and banking crisis in Cyprus initially subdued stock market performance. Factors such as the situation in Syria, the US budget debate and the government crisis in Italy again had only a short-term impact on the stock markets in the second half of the year. After signs of a trend reversal in the US monetary policy again triggered uncertainty among market participants in the course of the year, the indications of economic recovery and the accompanying reduction of the US bond-purchase program were seen as a positive signal at the end of the year while base rates remained low. This development provided a positive stimulus to the stock markets again.

In this market environment, the German stock indices reached their all-time high towards the end of the year and closed the year almost on this level: The DAX reached 9,552 points on the last trading day, an increase of 25.5% compared to the end of the previous year. The MDAX closed the year at its all-time high of 16,574 points. This equates to an increase of 39.1% compared to the end of 2012. The relevant sector index for European media stocks, the Euro Stoxx Media, also gained considerably and listed at 202 points on the last trading day of 2013 (+33.0%).

Price performance of the ProSiebenSat.1 share (Fig. 60)



The ProSiebenSat.1 share benefited from the generally positive stock market environment and closed the reporting period at EUR 36.00 (previous year: EUR 21.30). This is a price gain of 69.0%. The share thus marked its annual high and its highest value for more than 12 years. The ProSiebenSat.1 share therefore again performed considerably better than the above mentioned comparative indices.

The significant stock price gains primarily reflect the good business performance and the resulting positive analyst recommendations. In the second half of the year, the ProSiebenSat.1 share price also increased due to the announcement of the conversion of non-voting preference shares into voting common shares and an attractive dividend for the 2012 financial year. After the increase of the 2015 revenue growth target and the announcement of the financial targets for 2018, at the end of October already the share returned to the price level it was at before the dividend payment of EUR 5.65 per preference share. In the last two months of the year, the share was affected by slight price fluctuations, but benefited at the end of the year from the general upward trend on the stock markets and the projected growth of the advertising market.

A total of 170.0 million shares (previous year: 134.1 million shares) were traded over the XETRA trading system in the reporting period. This corresponds to an average daily trading volume of 671,740 shares (previous year: 527,835 shares).



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Operations and
Segments, page 44.

ProSiebenSat.1 share: key data¹ (Fig. 61)

		2013	2012	2011	2010	2009
Share capital at reporting date	EUR	218,797,200	218,797,200	218,797,200	218,797,200	218,797,200
Number of common shares at reporting date	Units	218,797,200	109,398,600	109,398,600	109,398,600	109,398,600
Number of preference shares at reporting date ²	Units	-/-	109,398,600	109,398,600	109,398,600	109,398,600
Free float market capitalization at end of financial year (according to Deutsche Börse)	EUR m	6,024	4,660	3,089	4,923	1,764
Close at end of financial year (XETRA)	EUR	36.00	21.30	14.12	22.50	8.06
High (XETRA)	EUR	36.00	23.83	24.80	23.88	8.98
Low (XETRA)	EUR	21.85	14.19	11.49	8.13	0.90
Dividend per dividend-entitled common share	EUR	-/- ³	5.63	1.15	1.12	0.00
Dividend per dividend-entitled preference share	EUR	-/-	5.65	1.17	1.14	0.02
Total dividend	EUR m	-/- ³	1,201.4	245.7	241.2	2.07
Underlying earnings per share ⁴	EUR	1.60	1.97	3.23	1.69	0.88
Dividend yield per preference share on basis of closing price	%	-/- ³	26.5	8.3	5.1	0.25
Total XETRA trading volume	Units	170.0	134.1	233.4	196.5	278.7
XETRA trading volume (average daily trading volume)	Units	671,740	527,835	908,214	767,439	1,097,195

¹ The share capital of ProSiebenSat.1 Media AG amounts to EUR 218,797,200.00 and since August 2013 is divided into 218,797,200 registered common shares with a nominal share in the share capital of EUR 1.00 each. As a result of the conversion of the 109,398,600 non-voting bearer preference shares into 109,398,600 voting registered common shares, all (218,797,200) of the company's registered common shares are now tradable, i.e. both the formerly unlisted registered common shares and the registered common shares resulting from the conversion of the bearer preference shares. Until August 16, 2013, only the bearer preference shares of ProSiebenSat.1 Media AG were publicly traded.

² Incl. treasury shares.

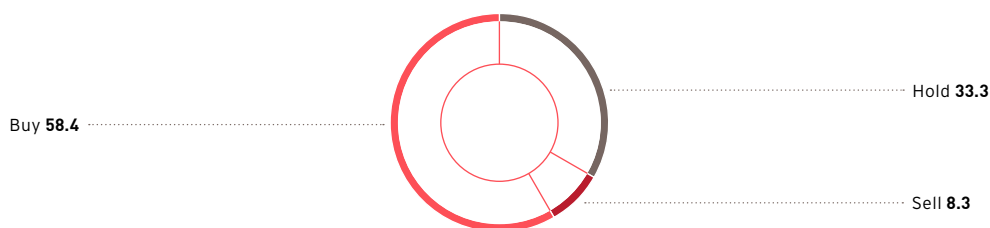
³ Dividend proposal, see page 27.

⁴ For the financial years 2009 to 2012, the basic earnings per bearer preference share are shown. After the merger of the share classes in August 2013, the basic earnings per registered common share are shown. The calculation is based on underlying net income.

The majority of analysts (58.4%) recommended the ProSiebenSat.1 share as a buy at the end of 2013; the analysts' median price target at the end of the year was EUR 34.00. In the year under review, a total of 24 brokerage firms and financial institutions actively covered the ProSiebenSat.1 share and published research reports. For investors, recommendations by financial analysts are an important basis for decision making.

Analysts' recommendations (Fig.62)

In percent



As of: December 31, 2013.

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Share class merger. The conversion of the formerly non-voting bearer preference shares into voting registered common shares was resolved at the Annual General Meeting of ProSiebenSat.1 Media AG and the separate meeting of the company's preference shareholders on July 23, 2013. All preference shares were converted into common shares by way of a corresponding change to the articles of association, which took effect on August 16, 2013, when entered in the commercial register. ProSiebenSat.1 Media AG therefore has a single share class for the first time since it has been listed on the stock exchange: Each share has one voting right. This has further increased the attractiveness of the ProSiebenSat.1 share. The conversion ratio was 1:1, so the ratio of participation in the share capital remained the same for all shareholders. All registered common shares of ProSiebenSat.1 Media AG, i.e. both the existing registered common shares and the registered common shares resulting from the conversion of the bearer preference shares, have since been tradable on the Frankfurt stock exchange in the regulated market (Prime Standard) and on the Luxembourg stock exchange in the regulated market.

ProSiebenSat.1 share: basic data (Fig. 63)

Name	ProSiebenSat.1 Media AG
Type of share	Registered common share
Stock exchange listing	Frankfurt Stock Exchange: Prime Standard/regulated market Luxembourg Stock Exchange: Regulated market
Sector	Media
ISIN	DE000PSM7770
WKN	PSM777

In addition to the share class merger, the payment of a dividend of EUR 5.65 per dividend entitled bearer preference share and EUR 5.63 per dividend entitled registered common share for the 2012 financial year was resolved at the Annual General Meeting. In total, the dividend amounted to EUR 1.201 billion. The dividend was paid out on July 24, 2013. All other proposed resolutions put to a vote at the Annual General Meeting were also approved unanimously. 100.0% of the common shareholders were represented at the Annual General Meeting. In total, attendance corresponded to around 73% of the share capital. Around 300 shareholders, shareholder representatives, and guests took part in the event at the Event Arena in Munich.

Shareholder structure of ProSiebenSat.1 Media AG. The share capital amounts to EUR 218,797,200 and since the conversion consists entirely of registered common shares. As of December 31, 2013, the largest shareholder remained Lavena Holding 1 GmbH, which is controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungsberatung GmbH (Permira). Over the course of 2013, Lavena Holding 1 GmbH sold a large part of its stake in ProSiebenSat.1 Media AG via various placements: On February 13, Lavena Holding 1 GmbH sold

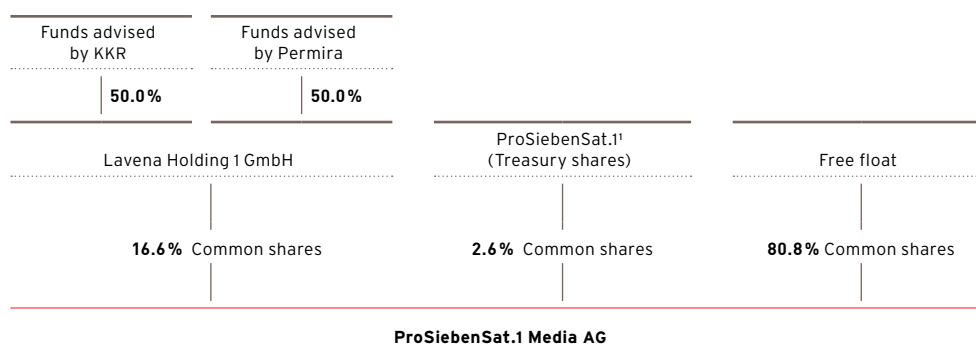
all its preference shares (19.7 million shares). Another 25 million common shares were sold on the stock exchange on September 6. An additional 35 million common shares followed on November 15. As of December 31, 2013, Lavena Holding 1 GmbH still held around 36.3 million (16.6% of the share capital) of the common shares (December 31, 2012: 53.0% of the share capital including preference shares). Telegraaf Media Groep N.V. (TMG) sold its entire shareholding of 13.1 million shares on September 10, 2013. The proportion of ProSiebenSat.1 Media AG treasury shares also decreased, amounting to 2.6% of the common shares at the end of the year (December 31, 2012: 3.0% of the share capital). Against this backdrop, the free float nearly doubled, amounting to 80.8% of the common shares at the end of the year (December 31, 2012: 41.0% of the share capital). Due to the increase of the free float, the weighting of the ProSiebenSat.1 share in the MDAX has increased considerably.



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At the end of 2013, the majority of ProSiebenSat.1 shares were held by institutional investors in the USA, UK and Germany.

Shareholder structure of ProSiebenSat.1 Media AG as of December 31, 2013 (Fig. 64)



¹ Including 5,707,400 common shares held in treasury as of December 31, 2013 (December 31, 2012: 6,505,750 preference shares held in treasury). This corresponds to 2.6% of the common shares (December 31, 2012: 3.0% of the share capital). Under Section 71b of the German Stock Corporation

Act, ProSiebenSat.1 Media AG has no rights from the ownership of these common shares held in treasury; shares that the Company holds either directly or indirectly are not entitled to receive dividends.

After the end of the reporting period, on January 21, 2014, Lavena Holding 1 GmbH sold another 36.3 million common shares and thus its entire remaining shareholding. Following this transaction, 97.4% of the shares of ProSiebenSat.1 Media AG are held in free float.

Intensive dialogue with the Capital Market. We provide all interested parties and capital market participants with timely and regular information about all important events and developments at the company. The objective is transparent communication of business figures and growth prospects. For this reason, ProSiebenSat.1 held its Capital Markets Day again on October 15, 2013. At this event, the Executive Board and business unit heads provided a detailed insight into current business and announced new growth targets for 2018. Around 60 analysts, investors, and bank representatives attended the event at headquarters in Munich/Unterföhring. In addition, the Executive Board and the Investor Relations team held numerous individual and group meetings with over 600 one-on-ones, including analysts, investors and bank representatives. In 2013, the company presented itself at a total of 14 roadshows in Europe and the USA and at 6 reverse roadshows (previous year: 10 roadshows and 2 reverse roadshows) and attended 16 investor conferences in Europe and the USA (previous year: 12). The Investor Relations activities were complemented by the ProSiebenSat.1 investor hotline.

The quality of our capital market communication was again rewarded in 2013: In the competition "The Best Annual Report," the ProSiebenSat.1 Group won first place among MDAX companies for the second time in a row. In the overall ranking of the different stock market indices, our company took second place again. Once again, in terms of the quality of the content, the report was deemed particularly worthy of recognition – in this category, ProSiebenSat.1 emerged as the overall winner of all stock market indices. In total, around 160 annual reports were evaluated based on the criteria of content and design. The competition "The Best Annual Report" is held every year under the academic leadership of Prof. Dr. Dr. h.c. Jörg Baetge of the University of Münster. In the "German Investor Relations Award 2013," the ProSiebenSat.1 Group climbed to 2nd place in the MDAX (previous year: 3rd place). The prize is awarded by Thomson Reuters Extel, WirtschaftsWoche and the German Investor Relations Association (DIRK). Capital market experts from more than 11,000 buy-side and 2,500 sell-side firms in over 60 countries participated in the survey.

Other Non-Financial Performance Indicators

Long-term profitable growth is our key target. Responsible conduct, strong brands, enduring customer relationships, public engagement, and ecological efficiency are inextricably linked with the long-term success of our Group.



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page 98.

Organizational advantages, own brands, stable customer relations and creativity are important success factors. For the most part, they are not assessed financially. Human resources potential is another important intangible value that is not recognized in the statement of financial position. On the other hand, we capitalize certain internally generated intangible assets at a low level. For further information on internally generated intangible assets, see Note 19 "Intangible Assets" in the Notes to the consolidated financial statements.



Intragroup Management
System, page 49.

Non-financial performance indicators, which management uses as parameters for achieving profitability and growth targets, are described under "Intragroup Management System" and included in the analysis of business performance and the position of the Group in the "Report on Economic Position".

Competitive Advantages through Integrated Organization with Established Brands

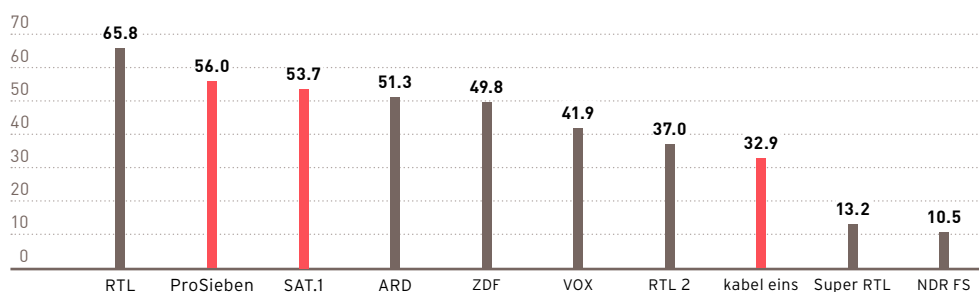
The ProSiebenSat.1 Group manages the majority of its companies as 100 % subsidiaries, including its complementary coordinated station portfolio. This distinguishes the Group from its competitors and opens up advantages in selling advertising time or licensing programming rights. At the same time, the Group creates synergies through its integrated organizational form and raises its efficiency. Moreover, the German TV stations are organized in a matrix structure. Thus, the TV pillar has shorter communication channels and avoids the build-up of fixed costs.

In a media market that is undergoing advancing fragmentation, the popularity of brands is an important success factor. With a quantitative analysis conducted in 2013, ProSiebenSat.1 TV Deutschland GmbH again investigated the correlation between station diversity and utilization on the German media market. At the same time, it was examined how many and which TV stations German viewers used.

The results show that audiences in Germany mostly use established brands, despite an extremely extensive range averaging 79 freely available TV stations per household. Occupying the second and third positions in the so-called "relevant set," ProSieben and SAT.1 remain among the most viewed TV channels in Germany. kabel eins was again ranked no. 8. sixx has already made it to 15th place. The women's station SAT.1 Gold, which launched in January 2013, ranked among the top 40 within just a few months.

Top ten stations in the relevant set (Fig. 65)

In percent (adults aged 14 - 49)



"Relevant set" definition: Stations that account for at least 80% of an individual's television consumption.

Basis: all German TV households (D+EU)

Source: AGF/GfK Fernsehforschung/TV Scope and SPSS/GfK and ProSiebenSat.1 TV Deutschland GmbH.

Image of the major ProSiebenSat.1 stations. The ProSiebenSat.1 Group regularly examines the image, popularity and relevance of the major free TV stations in Germany. In the study representing the general population in 2013, the ProSiebenSat.1 stations achieved the following results:

- **ProSieben** is the most popular and appealing free TV station, to which the target group relevant for advertising of 14 to 49 year olds has the greatest emotional attachment. 52% of those surveyed like or very much like to watch ProSieben. The TV channel is thus ahead of the public stations (ZDF: 50%; ARD: 46%) and the private market leader RTL (39%). In the so-called "desert island question", the participants were asked which station they would select if only one were possible. ProSieben performed best, at 21%, and was thus ahead of RTL (15%) and ARD (14%). In addition, viewers credited ProSieben with the highest competence in the genres movies, evening series and shows, mystery series, American and British comedy series, entertainment, comedy shows, and science magazines.
- **SAT.1** is rated as a modern, entertaining family station with emotion. The viewers' emotional attachment to the station remains high – SAT.1 is one of the top 5 most popular TV channels. Viewers see the station as a leader in the genres breakfast television and investigative documentaries. The station is ranked second for American crime series and dating shows behind RTL. SAT.1 also achieved the best results among all private stations for self-produced television films.
- **kabel eins**, among the second-generation stations, is viewed as the most family-friendly but also most exciting TV channel. The younger generation in particular ranks the station highly. This also honors the fact that the range of programming has grown in the past year. The majority of those surveyed described kabel eins as an entertainment station for the whole family with good mystery series and the best movie classics.

As well as the results of regular studies, another indicator of the popularity and quality of our formats is numerous awards. In 2013, SAT.1 and ProSieben again won numerous awards for their programs and artists. The winners included the dancing show "Got to Dance" (SAT.1 and ProSieben) and the comedy format "Pastewka" (SAT.1).

ProSiebenSat.1 program awards 2013 (Fig. 66)

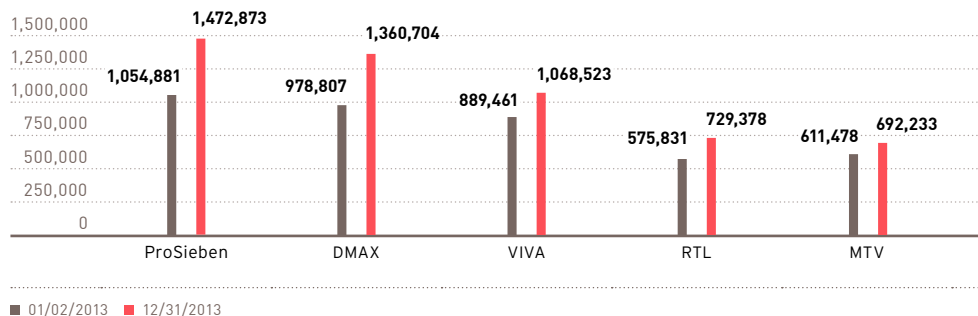
ProSieben		SAT.1	
German Television Award	"Got to Dance" (Best Entertainment Show)	German Television Award	"Got to Dance" (Best Entertainment Show)
Grimme Award	"switch reloaded – Das große 'Wetten, dass..?' Spezial"	Bavarian Television Award	Rola Bauer for "Die Tore der Welt" (Best Producer)
German Comedy Award	"Circus HalliGalli" (Best Comedy Show)	Bavarian Television Award	Jochen Alexander for "Und weg bist Du" (Best Director)
German Comedy Award	"Die Große TV Total Prunksitzung"(Best Comedy Event)	German Comedy Award	"Pastewka" (Best Comedy Series)
		German Comedy Award	Bastian Pastewka (Best Actor)
		German Comedy Award	"Ladykracher" (Best Sketch Comedy)
		German Comedy Award	Martina Hill (Best Actress)

The ProSiebenSat.1 Group also has a portfolio of well-known brands in the digital sphere. These include the video-on-demand portal maxdome, the internet platform MyVideo, and the social TV applications "ProSieben Connect" and "SAT.1 Connect". Here, the close integration of TV and digital activities plays an important role. Alongside TV ratings and click rates, response in social networks is an increasingly important non-financial performance indicator.

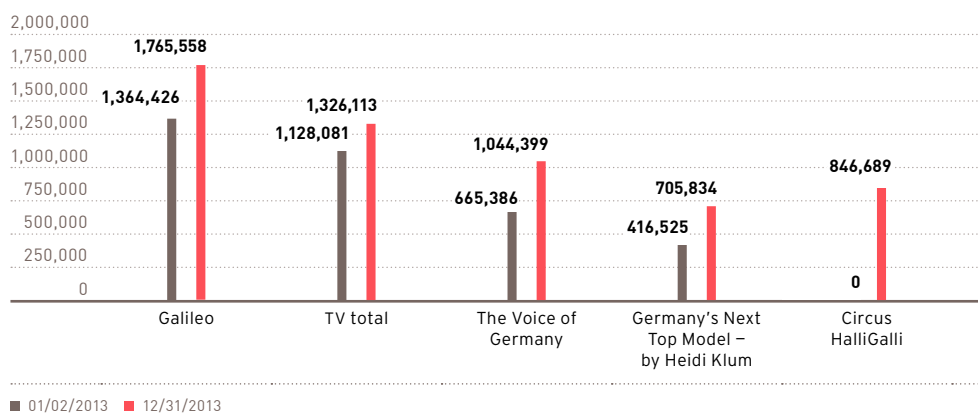
Combined, all ProSiebenSat.1 Facebook pages have 16 million fans and thus remain well ahead of its private competitors. The most successful are the station and show pages of ProSieben and the science program "Galileo". The ProSieben show "Circus HalliGalli" that started in 2013 gained around 850,000 Facebook fans before the end of the year. In terms of Facebook posts, the new TV show ranked fourth in a ranking published by MediaCom with 136,061 posts, ahead of "Wetten, dass..?". This is evidence that the ProSieben brand has great appeal for the young target group, even outside of traditional television. In the same analysis by MediaCom, six ProSieben shows featured in the top 20 of the social TV ranking in 2013. ProSieben is thus the most successful German TV station in direct dialog with the target group, reaching most people via Twitter, where it has 650,000 followers. For comparison, RTL has 305,000 followers.

Top 5 station websites in Germany on Facebook (Fig. 67)

Number of fans

**Top 5 formats of the ProSiebenSat.1 Group on Facebook** (Fig. 68)

Number of fans



Notes, Note 19
"Intangible assets",
page 215.

Thanks to its strategic brand leadership, ProSiebenSat.1 is one of Europe's most successful media corporations. Strong brands constitute an important value creation factor for the ProSiebenSat.1 Group. The Group makes selective use of the popularity and reach of its TV stations in order to expand in related areas and develop new brands. In 2013, the marketing expenses amounted to EUR 58.7 million (previous year: EUR 44.8 million). These include all expenses in relation to program and image communication of the ProSiebenSat.1 Group with the exception of market research and PR activities. Key investment areas were online marketing measures, print advertisements as well as events and fairs. The increase in marketing expenses in 2013 is primarily attributable to the further expansion of the Digital & Adjacent activities. The Company works continuously on increasing the success of its media offerings. For this reason, it will continue to invest in high-reach marketing campaigns.

Long-Standing Supplier Relationships

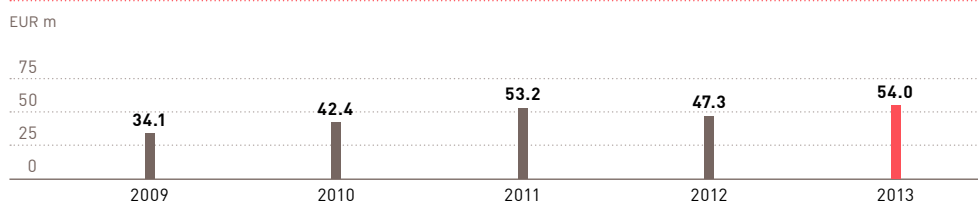
Attractive programming is one of the most important requirements for the ProSiebenSat.1 stations' success with viewers. For this reason the Group maintains close dialogue with domestic and international film studios, as well as film and TV producers, which ensures a long-term supply of programming for the Group. The Group has agreements with virtually every major Hollywood studio. The most important include Warner Brothers, CBS, Disney, Paramount, and Sony Pictures International. In 2013, the contract with Constantin Film for all own-productions and co-productions was extended. In addition, ProSiebenSat.1 concluded a multi-year contract with the Hollywood studio DreamWorks SKG Studios via Constantin Film. It secures the TV Group all the Hollywood giant's feature films that begin shooting by the end of 2016. Moreover, the ProSiebenSat.1 Group also secured attractive licenses for the video-on-demand portal maxdome thanks to its good supplier relationships. In 2013, the Group concluded contracts for maxdome with Sony Pictures International, Twentieth Century Fox, the Tele München Group, and Warner, among others. ProSiebenSat.1 also works with local TV producers and creative partners such as John de Mol from the Netherlands, who has developed formats such as "The Voice of Germany" and licensed them to the TV Group.

Solid Customer Relationships

Advertising budgets are often granted on a very short-term basis. For that reason, the Group sets great store on retaining customer loyalty. In the core German market, the regional sales offices of the sales subsidiary SevenOne Media have principal responsibility for this. Here, intensive and tailored consultation and marketing and research services are the essential pillars.

As well as maintaining the existing customer base, the new customer business is vital for the sustainable financial success of the ProSiebenSat.1 Group. The advertising sales company SevenOne Media and the ProSiebenSat.1 subsidiary SevenOne AdFactory succeeded in growing the new customer business again in 2013. Gross revenues from new customers amounted EUR 54.0 million (previous year: EUR 47.3 million). SevenOne AdFactory offers its advertising customers individual and cross-media marketing concepts, in which all of the Group's advertising forms and media platforms are integrated – from traditional sponsorship to product placement and online, mobile, and applications such as HbbTV and social TV.

Revenues from new customers in the TV advertising market (Fig. 69)



To strengthen audience loyalty, the ProSiebenSat.1 Group offers an extensive information service. The viewer service departments take viewers' questions and suggestions. In Germany, the centralized viewer services for the ProSiebenSat.1 Group's free stations logged almost 116,000 contacts in 2013 (previous year: 110,000). Each contact was dealt with individually. Viewers most often had questions about the program. In the viewer service departments, a clear shift away from traditional means of communication (letter, fax, telephone) towards social networks could be seen in 2013. 28.3% of all written communication was received on Facebook (previous year: 11.6%). As a result, the number of enquiries by e-mail also fell (-11.6%). Comments and suggestions constitute important feedback for editors and those responsible for programming at the ProSiebenSat.1 Group, because they contribute to the optimization of programming.

Research and Development

The ProSiebenSat.1 Group conducts intensive market research in every area relevant to its business activities and in every area in which it foresees growth potential. However, market research activities do not fulfill the definition of research and development in a narrower sense, so more detailed figures according to IAS 38.8 are omitted from the management report.

Intensive market research and creativity are competitive advantages. Market analyses are used as a guiding parameter in the process of planning operations and strategy. At the same time, market data and analyses are an important basis for capably advising our advertising clients. In 2013, expenses for Group-wide market research activities in continuing operations totaled EUR 7.2 million (previous year: EUR 6.0 million).

At ProSiebenSat.1, 35 employees work in various research units. They prepare investigations and analyses on advertising impact, on trends in the advertising market and media use and also assess economic and advertising market projections. In 2013, SevenOne Media examined the financial impact of TV advertising for 84 brands with the analytical tool "ROI-Analyzer". An average long-term ROI of 2.2 (i.e. the additional revenues generated by net TV advertising investments over longer periods) shows that advertising investments in the medium of TV pay off in the long term. With its studies, the Company provides advertisers with valuable knowledge for marketing and advertising planning, which constitute an important basis for investment decisions.

It is enormously important for the ProSiebenSat.1 Group to bring new promising formats quickly to air. For this reason, program research is assigned a decisive role – as early as in the format development phase. The team provides quantitative and qualitative studies and analyses of the ProSiebenSat.1 stations' programming. Furthermore, the unit tests new formats with the aid of surveys and audience screenings and relays the results back to the editorial teams. With the market research results, we can adjust formats in the development phase and thus increase the number of successful programs.

Sustainability as a Factor for Success

As a company from the TV industry, ProSiebenSat.1 does not count among the traditional manufacturing industries with high consumption of fossil fuels, raw materials and complex international supply chains. Nevertheless, the ProSiebenSat.1 Group also operates in a market environment where resources are growing scarcer and cost pressure is continually rising. For this reason, doing business on a sustainable basis and using resources sparingly is an important guarantor of future corporate success.

At ProSiebenSat.1, the largest energy requirement results from the production of TV content and the transmission of the TV stations. The Company therefore converted its power supply at the Munich/Unterföhring location to use renewable energy sources on January 1, 2012. Since then, the Group has borne additional costs of around EUR 40,000 per year for green energy. The TV group has thus reduced its CO₂ emissions considerably. Compared to the reference value from 2011, CO₂ emissions are around 8,000 tons less in 2012 and 2013. In both years, radioactive waste fell by 11 kilograms compared to the reference value from 2011. ProSiebenSat.1 thus makes a valuable ecological contribution. Under the motto "Green World", the Group also informs its employees via the intranet about ways in which they can protect the environment in the office, by being aware of their use of energy and paper, for example.

Media company with a high social responsibility. The ProSiebenSat.1 Group reaches around 42 million TV households in Germany, Austria and Switzerland every day with its TV stations. The content distributed via TV stations, internet platforms and mobile services has a direct impact on shaping the opinions of viewers and users. The ProSiebenSat.1 Group faces up to this responsibility both in its reporting and its extensive social engagement. We see the reach and popularity of our media as an opportunity to get young people in particular excited about important topics like environmental protection, tolerance, and politics, and to impart relevant values to them. In this way, we use our media offerings to make an active contribution to strengthening Germany's democratic society.

Engagement increased continuously. Since the ProSiebenSat.1 Group was founded, social engagement has become continuously more relevant, and the Group has launched numerous projects. For example, ProSiebenSat.1 founded the initiative "startsocial – Hilfe für Helfer" together with other companies in 2001; the fund-raising campaign "RED NOSE DAY" followed in 2003. Since sustainable action and commitment to society also have an increasing impact on the success of the ProSiebenSat.1 Group, in 2011 the Group established an Advisory Board and thus placed its corporate social responsibility activities in a larger social context. Since then, an interdisciplinary body chaired by Bavaria's former Minister-President Dr. Edmund Stoiber has supported the media group in the implementation of relevant socio-political and ethical issues. The Advisory Board also provides suggestions on the media offerings of the Group. The focus is on areas that will be of crucial importance to the ProSiebenSat.1 Group and society in the future: research, ecology and sustainability, politics, young people and social issues, art, culture, and sport. Alongside Dr. Edmund Stoiber, the Advisory Board is made up of the following members:

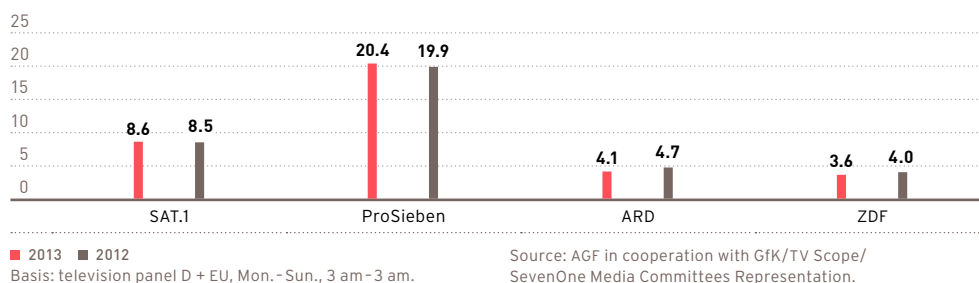
- › Minu Barati-Fischer, producer and author
- › Prof. Dr. Dr. h.c. mult. Wolfgang A. Herrmann, President of the Technische Universität München
- › Dr. Heike Kahl, Managing Director of the German Children and Youth Foundation
- › Prof. Dr. Dieter Kronzucker, journalist
- › Prof. Markus Lüpertz, painter
- › Dr. Christine Theiss, doctor, world champion in kick boxing
- › Prof. Dr. Dr. h.c. mult. Klaus Töpfer, Executive Director IASS, Institute for Advanced Sustainability Studies e. V., former Federal Minister
- › Bodo Hombach, former publishing house manager and politician

Bodo Hombach has been a member of the Board since December 3, 2013.

In the 2013 financial year, the Advisory Board met four times. The members of the Executive Board and other decision-makers in the ProSiebenSat.1 Group participated in these events. The main topic of the Advisory Board meetings was the station group's political engagement in the 2013 federal election year. The Board had previously recommended to the ProSiebenSat.1 Group to use its media reach to commit itself particularly to communicating politics to young people, as private stations such as SAT.1 and ProSieben play a crucial role here. For many years, they have been reaching significantly more young viewers than the public television channels from the ARD and ZDF group.

TV station market shares among young viewers (Fig. 70)

In percent (viewers aged 14-29)



The station group has therefore continuously increased its reporting on political issues in recent years, for example in 2012 by introducing the ProSieben political talk show "Absolute Mehrheit – Meinung muss sich wieder lohnen". In 2013, the Group focused on reporting on the federal election in a manner geared to the target group. In close cooperation with the Advisory Board, the ProSiebenSat.1 Group developed suitable concepts for sparking young people's interest in politics and democracy, thus motivating them to exercise their right to vote in the 2013 federal election.

Comprehensive non-voter study carried out. As a basis for its engagement, the ProSiebenSat.1 Group published the representative study “Wähler und Nichtwähler im Wahljahr 2013” (Voters and Non-Voters in the Election Year 2013) in collaboration with the polling institute Forsa in February 2013. A total of 2,013 people were surveyed for the study. The aim of the survey was to investigate the causes for the decline in voter turnout in German Bundestag elections in the previous years and to issue a forecast for the 2013 election. According to the study, voter turnout could have dropped below 70 %, the lowest figure since the foundation of the Federal Republic of Germany. Other key conclusions of the study were:

- Many non-voters have no access to the language of politics. Only 29% of the non-voters surveyed understand politicians’ statements. By contrast, media reporting is understood by the majority of non-voters (76 %). As a result, media can play a communicative intermediary role.
- Many non-voters are generally interested in politics. Although interest among undecideds and non-voters is lower than among voters, 59 %, i.e. considerably more than half, of the non-voters surveyed said they were engaged in German politics. This suggests the lack of voting participation is not the result of a fundamental lack of political interest.
- So far there is no large number of permanent non-voters. Most non-voters see themselves as “voters on vacation”, who can be brought back to political discourse and active participation in democracy. For example, more than half of the non-voters surveyed said they participated in the last local and state election.
- A great distance can be identified between many non-voters and the political system. For example, only 48 % of non-voters rank the importance of elections as high and consider it important that as many people vote as possible. This distance is a result of the estrangement between politics and the population, which can be alleviated with the help of the media.
- 85 % of the non-voters surveyed are dissatisfied with practical politics. Above all, the impact of politics on personal life and the communication of political issues are named as points of criticism here.

Symposium for Voter Mobilization organized. On June 27, 2013, ProSiebenSat.1 Media AG organized a “Symposium for Voter Mobilization” in Berlin. In the capital, the Group presented the results of the study to an audience comprising people from the world of politics and journalists. Alongside Dr. Edmund Stoiber, Chairman of the Advisory Board of ProSiebenSat.1 Media AG, the speakers and panel participants included renowned guests such as Franz Müntefering, former Federal Minister, and Forsa Managing Director Prof. Manfred Güllner. The goal was to make the study available to a broad section of the public and in a joint discussion derive recommendations for politicians and the media that can counter the negative trend in voter turnout. Around 300 people took part in the symposium at the Hertie School of Governance.

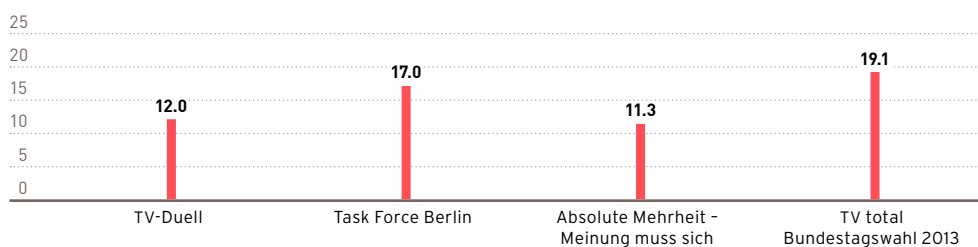
Political programs doubled for the federal election. For the ProSiebenSat.1 Group, the Forsa results served as a starting point for the development of its programs and a campaign for the 2013 federal election. The most important aspect here was the fact that there is often a language-related communication problem between politicians and voters, and the citizens are unable to identify the individual effects of politics on their lives. This gives the ProSiebenSat.1 Group numerous opportunities for action. The Group is familiar with the lives and needs of young viewers, which enables it to prepare political content in a way that is suitable for the target group and to act as an intermediary between politicians and young voters. An example of this is the ProSieben format "Task Force Berlin", in which the rapper Gentleman interviews German politicians. The show was broadcast in the run-up to the federal election and demonstrates how political content can be conveyed seriously and entertainingly at the same time. This also applies to the cross-media "Geh wählen!" (Go vote!) campaign, in which celebrities called on people to vote.

In 2013, the ProSiebenSat.1 Group broadcast twelve TV shows that dealt with the federal election. The Group thus doubled the number of political programs compared with the 2009 federal election. In addition, the Group reported on political issues in detail in its news shows and magazines.

Political formats generate positive response in the audience market. With its programs for the 2013 federal election, the ProSiebenSat.1 Group generated a positive response in the audience market, especially among young viewers. The station ProSieben achieved an average market share of 15.0% with its political formats, reaching more young people between the ages of 14 and 29 than all other TV stations combined. The "TV total Bundestagswahl 2013" on ProSieben was once again the most successful political show for the federal election with a market share of 19.1% among 14 to 29 year olds. The "Task Force Berlin" format, developed at the suggestion of the Advisory Board, achieved market shares of up to 17.0% among 14 to 29 year olds. Moreover, Stefan Raab increased the reach of the TV debate among young viewers with his first appearance as moderator: 12.0% of 14 to 29 year olds watched the verbal slugfest between the chancellor candidates on ProSieben; four years earlier, it was 3.7% on SAT.1.

Market shares for political formats on ProSieben (Fig. 71)

In percent (viewers aged 14-29)

Basis: television panel D + EU, Mon.-Sun., 3 am-3 am.
Task Force Berlin: highest valueSource: AGF in cooperation with GfK/TV Scope/
SevenOne Media Committees Representation.

Second Forsa study attests to ProSiebenSat.1's contribution to voter mobilization. The Group was similarly successful with its "Geh wählen!" campaign on television and the internet. The homepage www.deine-stimme-kann-mehr.de was visited one million times. Furthermore, users urged others to vote with over 21 million shouts in the viral #millionshouts campaign on Facebook and Twitter. To accompany the campaign, ProSiebenSat.1 collaborated with Forsa to carry out a study of eligible German voters aged 18 to 49. Shortly after the election, over 72% of first-time voters aged 18 to 22 and nearly two thirds of young voters aged 18 to 29 indicated that they had come into contact with the "Geh wählen!" campaign. Over 81% of those familiar with the campaign agreed that the "Geh wählen!" campaign was well suited to raising awareness of the federal election. Nearly 72% thought that the campaign would be able to strengthen people's resolve to take part in the federal election. The 18 to 49 year olds familiar with the campaign were nearly 10% more likely to vote than those unfamiliar with it. A similar effect was seen among young voters.

In addition to its voter mobilization efforts, the ProSiebenSat.1 Group dedicated itself to numerous other projects in 2013 and continued its long-standing initiatives such as "Green Seven Week", "Tolerance Day" and RED NOSE DAY.

Public Value,
page 122.**Independence and Transparency**

Transparency and independence are important values for our management and for us particularly as a publishing company.

- › **Transparency:** Relationships of trust with journalists and financial analysts have significant value. Our media presence improves awareness of our brands and shapes our social reputation. Our public relations and investor relations work is guided by the transparency guidelines of the German Corporate Governance Code. Accordingly we communicate fully, promptly and frankly with journalists, investors and analysts. Here equal treatment of all market participants is very important. At the Company website www.ProSiebenSat1.com we provide detailed information in German and English about all aspects of our business activities, the ProSiebenSat.1 stock, and our financial results.



<http://en.prosiebensat1.com/en/company/corporate-responsibility/legal-framework>

- **Journalistic independence:** To protect journalistic independence and fundamental journalistic conditions, the ProSiebenSat.1 Group formulated guidelines already in 2005 that all program creators in Germany are obliged to uphold. The “Guidelines for ensuring journalistic independence” can be viewed on the corporate website. The media group’s journalists are free to shape their contributions and report independently of social, economic or political interest groups.

Youth protection: Protecting young people is also something that the Company is particularly responsible for. Professionally independent youth protection officers make sure that the ProSiebenSat.1 Group offers age-appropriate programming in the legally prescribed broadcasting times. Youth protection workers are involved early on in the production and purchase of programs at ProSiebenSat.1. At an early stage, they assess screenplays, accompany productions and formats and compile reports. Independently, the ProSiebenSat.1 Group’s TV and online editors receive regular training on youth protection requirements. The ProSiebenSat.1 Group is also represented on the Board of the Voluntary Self-Regulation of Television Association (Freiwillige Selbstkontrolle Fernsehen e.V., FSF). The FSF is an organization for the voluntary self-regulation of private television broadcasters and is recognized as an independent supervisory body by the Commission for the Protection of Minors in the Media (Kommission für Jugendmedienschutz, KJM).

Internet offerings must also meet various requirements for the protection of young people. The ProSiebenSat.1 Group is therefore represented on the Board of the Voluntary Self-Monitoring of Multimedia Service Providers Association (Freiwillige Selbstkontrolle Multimedia-Diensteanbieter e.V., FSM). In addition, in early 2013, the Group was one of the first major providers of online games in Europe to join the German Entertainment Software Self-Regulation Body (Vereinigung Unterhaltungssoftware Selbstkontrolle, USK).

Our company's social commitment pursues four goals: We want to offer people opportunities, engage culture, communicate values and build knowledge. In the 2013 election year, we focused in particular on the election. We motivated young viewers to vote with a cross-station programming offensive.

PUBLIC VALUE



...a

TASK FORCE BERLIN... (a) Politics has a tangible effect on your life: This was the message of "Task Force Berlin" to young viewers. German reggae musician Gentleman, together with star choreographer Nikeata Thompson ("Got to Dance"), presenter Rebecca Mir ("taff"), and actress Sophia Thomalla, collected questions, ideas, concerns and requests from young viewers and took them to prominent politicians such as Peer Steinbrück. The TV format was developed at the suggestion of the ProSiebenSat.1 Advisory Board and in cooperation with the German Children and Youth Foundation. Between August 26 and 29, ProSieben showed four episodes of "Task Force Berlin," which reached market shares of up to 17.0% among 14 to 29 year olds.



...b

TV TOTAL BUNDESTAGSWAHL 2013... (b) A day before the election, Stefan Raab again invited representatives of the major parties to a discussion and called on his audience for a test vote – with great success: An outstanding 19.1% of viewers between 14 and 29 watched the early poll.

TV DEBATE... (c) For the 2013 federal election, ProSieben broadcast the TV debate between the Chancellor and her challenger for the first time. The verbal slugfest between Angela Merkel and Peer Steinbrück was moderated by Stefan Raab, among others, who increased the reach of the TV debate among young audiences with his appearance: 12.0% of viewers aged 14 to 29 watched the debate on ProSieben (2009 election: 3.7%; SAT.1). Across all stations, the reach among viewers under 30 was 20% higher than in 2009.



...c

ABSOLUTE MEHRHEIT... (d) With "Absolute Mehrheit," Stefan Raab again succeeded in getting young people excited about political issues. The format remains the most successful political talk show among young viewers. Directly after the TV debate, ProSieben broadcast "Absolute Mehrheit Spezial: Das Duell – Die Analyse." 11.3% of 14 to 29 year olds watched the special show.



...d

RED NOSE DAY...^(e) In December 2013, the eleventh RED NOSE DAY took place on ProSieben. RED NOSE DAY is the most well-known charity brand in Germany – and also one of the most successful. The Company has raised over EUR 10 million in donations since the campaign began in 2003. ProSiebenSat.1 Group employees supported RED NOSE DAY again this year – with more than EUR 20,000 in total. In 2013, all RED NOSE DAY proceeds again went to organizations that care for children in need, including “Die Arche e.V.,” the “Off Road Kids” project and the “Lichtpunkte” education initiative by the German Children and Youth Foundation. The international children’s rights organization “Save the Children” was also supported with donations.



DIE ARCHE ...^(f) The Christian children’s and youth charity “Die Arche e.V.” was founded in Berlin in 1995 and helps socially disadvantaged children and young people. “Die Arche” (“The Ark”) is now active in 15 locations in Germany and supports more than 2,500 children and young people. There are also two facilities in Switzerland, and other locations are planned. As well as healthy eating, the children and young people at “Die Arche” benefit from numerous education and sports facilities and individual counseling. In 2013, the project was again supported by RED NOSE DAY. Thanks to the donations, “Die Arche” in Berlin-Hellersdorf was able to equip a newly renovated gymnasium with sports equipment. The ProSiebenSat.1 Group’s employees also got involved with the social institution and made a personal Christmas wish come true for the children at “Die Arche” in Munich.



TOLERANCE DAY...^(g) In 2013, ProSieben again campaigned for respectful cooperation and against prejudice with “Tolerance Day.” In the documentary “Mein unbekannter Nachbar,” ProSieben showed that you do not have to go abroad to learn about foreign cultures. Celebrities like presenters Funda Vanroy and Simon Gosejohann visited families from various countries in a Berlin apartment block. Their mission was to get to know and understand the unknown neighbors. ProSieben also showed the US feature film “The Blind Side” with Sandra Bullock on “Tolerance Day.” The film is based on true events and tells the story of an orphaned African-American boy who overcomes numerous challenges to become a professional football player. In addition, everyone could make their own contribution to “Tolerance Day” on the website www.bekenne-farbe.de and become part of a virtual human chain stretching around the world.



GREEN SEVEN...^(h) The company pushes ecological issues like environmental protection into the public consciousness with initiatives such as “Green Seven.” Under the motto “green is beautiful,” the ProSieben campaign went on air for the fifth time in the week from May 20 to 26, 2013. Among other things, the campaign was accompanied by the BBC Earth documentary “One Life,” which tells moving and exciting stories from the animal kingdom. By frequently focusing shows such as “taff” and “Galileo” on the issue, the station also explained how every individual can do their bit to protect the environment.

STARTSOCIAL...⁽ⁱ⁾ Many people have good ideas, but fail at putting them into practice. This is where the “startsocial” competition comes in. The principle is “help for helpers.” For three months, experts from industry, the public sector and social institutions lend their support and know-how to founders of selected social projects. Finally, an expert jury chooses the 25 best initiatives, which are awarded the Federal Prize by Chancellor Angela Merkel as patron. Since 2001, the ProSiebenSat.1 Group has supported the “startsocial” initiative as a co-founder.



FIRST STEPS AWARD...^(j) It is often hard for students and graduates of film schools to make the leap into practice. In order to support talented young individuals on this path, ProSiebenSat.1 has spent many years funding numerous projects to promote young talent. For example, the best films by students graduating from German film schools every year receive the FIRST STEPS Award. The award includes prize money of EUR 72,000 and is the most prestigious of its kind in Germany. SAT.1 initiated the competition in 2001 as a co-founder. Since 2009 it has been supported by all stations of the ProSiebenSat.1 Group.



Events after the Reporting Period



Further information on events after the reporting period, Notes, Note 41 "Events after the reporting period", page 271 to 273.

Acquisition of Aeria Games Europe GmbH. By contract of February 19, 2014, ProSiebenSat.1 Media AG acquired 100% of the shares in the games publisher Aeria Games Europe GmbH via ProSiebenSat.1 Games GmbH. The Berlin-based company is a provider of online multiplayer and mobile games. The closing of the transaction is expected for the second quarter of 2014. With the acquisition, the ProSiebenSat.1 Group strengthened its position in the online games business.

Acquisition of leading online travel providers completed. On December 4, 2013, the ProSiebenSat.1 Group acquired 100% of the shares in COMVEL GmbH via ProSieben Travel GmbH. The transaction was closed on January 7, 2014. COMVEL GmbH, which is based in Munich, operates the travel sites weg.de and ferien.de and is one of Germany's most successful online travel agencies. The company was established in 2005. With this acquisition, the ProSiebenSat.1 Group has further expanded its portfolio in the online travel market.

Closing of the sale of the TV portfolio in Hungary expected. The disposal of the Hungarian activities will probably be completed on February 25, 2014. The ProSiebenSat.1 Group had signed the relevant contracts on December 20, 2013. In addition to the Hungarian activities, the ProSiebenSat.1 Group also sold its subsidiaries in Romania on December 19 and 23, 2013. The legal closing of this transaction is expected for the second quarter of 2014. Back in December 2012, the ProSiebenSat.1 Group had sold its North European TV and radio activities. By selling the Northern and Eastern European portfolio, the ProSiebenSat.1 Group is shifting its future focus even more to the expansion of the German-speaking television and digital business.

Beyond this, no reportable events materially impacting the earnings, financial position and performance of the ProSiebenSat.1 Group or ProSiebenSat.1 Media AG respectively occurred between December 31, 2013 and February 24, 2014, the date of authorization of this report for publication and forwarding to the Supervisory Board. The report for the 2013 financial year will be published on March 17, 2014.

Risk Report



Opportunity Report,
page 143.

Identifying and managing potential risks is just as important for a company as recognizing and taking opportunities. In order to deal with risks early and consistently, the ProSiebenSat.1 Group uses effective management and control systems. This keeps the overall risk situation at a manageable level. No threat to the Company is currently foreseen.

Overall Assessment of the Risk Situation – Management View

The global media industry is subject to constant market change and intense competition. We are in a good operational and strategic position to benefit from the market's dynamism and to use it as an opportunity to grow the TV business. At the same time, our business approach focuses on identifying and actively managing potential risks.

In recent years we have consistently diversified our value chain around the advertising-financed TV business, thus paving the way for future revenue growth outside the TV business. In 2013, we already generated 29.5% of our revenues outside the traditional TV advertising business. At the same time, we have made the Group even more efficient in recent months and continued to optimize our corporate portfolio. The Group continues to have a solid basis financially and in balance sheet terms. As of the date of preparation of the management report, we consider risks to be limited and the overall risk situation to be manageable. There has been no fundamental change in the overall risk situation compared with December 31, 2012. Currently no risks are evident which, individually or in combination with other risks, could have a material or lasting adverse effect on the ProSiebenSat.1 Group's earnings, financial position and performance. No such risks present a threat over the twoyear forecast period.

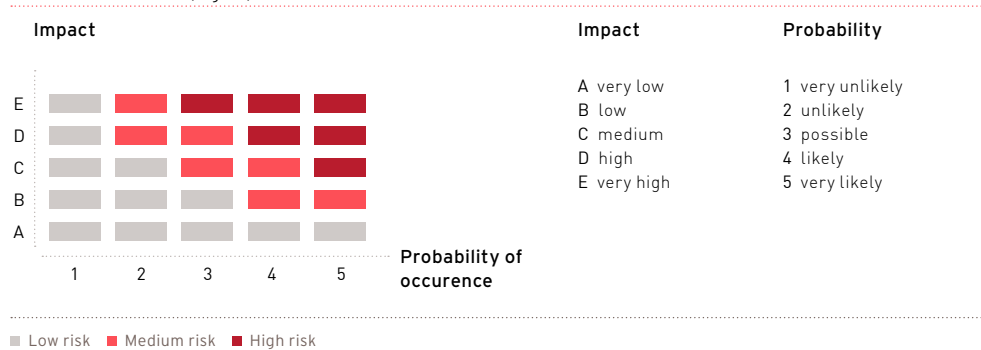
Risk Management System

Our business is influenced by a number of external and internal factors, which entail risks as well as abundant opportunities. Risk is defined in this report as a potential future development or event that could result in a negative deviation from targets or forecasts. The risk indicators that we have already taken into account in our financial planning do not therefore come under this definition of risk and are therefore not explained in this Risk Report.

Clear decision-making structures, standardized guidelines, and a methodical approach are a fundamental requirement for secure risk handling across the Group. In view of the momentum of the media sector and the increasing diversity of the ProSiebenSat.1 Group's business areas, processes and organization must be flexible enough to allow an appropriate response to new situations at all times. The ProSiebenSat.1 Group has therefore established a systematic risk management system, which focuses on the Group's specific circumstances and involves our subsidiaries in the process. The major steps of the risk management process are described below:

The process begins with the **identification of material risks**. The “Group Risk and Compliance Officer” reports risks that exceed a specific materiality threshold to the Executive Board and Supervisory Board on an ad hoc basis. Reporting on relevant risks throughout the year is geared towards specific indicators and based on a target/actual comparison. To this end, early warning indicators have been defined for all significant areas of risk. In the **risk assessment**, all relevant risks are analyzed with regard to the severity of their impact on earnings, financial position and performance and their estimated probability of occurrence. The following table shows the scales used to measure the two assessment criteria (probability of occurrence and severity of impact) and the resulting risk classification matrix.

Risk classification (Fig. 72)



In accordance with the potential severity of the impact on earnings, financial position and performance and the estimated probability of occurrence, the risk is classified as “low”, “medium” or “high”.

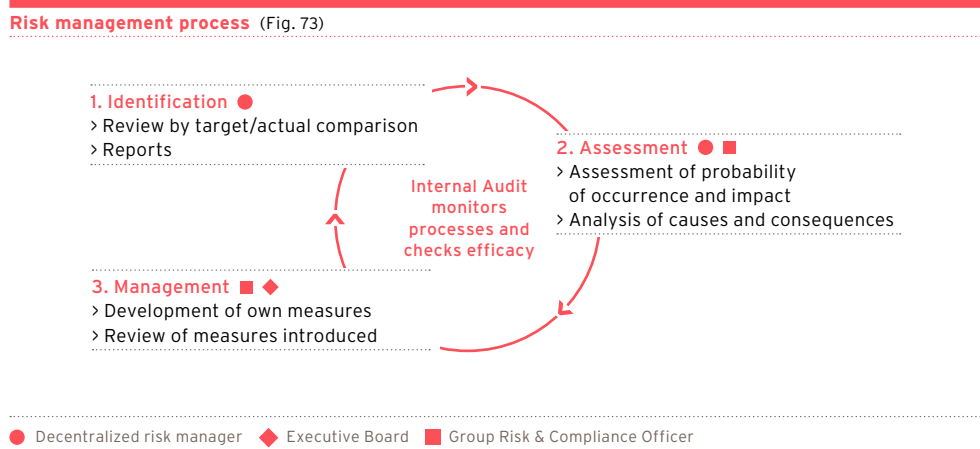
 Intragroup Management System, page 49

Risk assessment also includes analyzing causes and interactions. Opportunities are not included in the measurement; they are recorded in budget planning. The third and final step involves **risk management**. As soon as an indicator reaches a certain tolerance limit, countermeasures are developed and implemented. The defined measures and risks are documented and tracked in reports throughout the year.

Decentralized risk managers in the various corporate units are responsible for identification and reporting risks. The managers categorize the risks according to a Group-wide catalog and document their results in a database every quarter. The “Group Risk and Compliance Officer” reports the identified risks to the Executive Board and Supervisory Board regularly. In addition to quarterly reporting, the risks are reported on an ad hoc basis when necessary. In this way, the Executive and Supervisory Boards receive all decisive analyses and data in order to respond proactively to emerging threats. However, the Risk and Compliance Office not only supports the various corporate units in identifying risk at an early stage. It also ensures the efficacy and timeliness of the system by training the decentralized risk managers and continuously monitoring the scope of risk consolidation. Moreover, the **Internal Audit** unit regularly reviews the quality and compliance of the risk management system. It reports the results directly to the Group CFO.

In 2013, the audit of the risk management system again generated a positive result. The system itself has not changed in the past financial year. The basis for the audit is the Risk Management Manual, which summarizes company-specific principles and is based on the internationally recognized COSO (Committee of Sponsoring Organizations of the Treadway Commission) standard.

The following chart provides an overview of the individual steps involved in the risk management process:



Development of Risk Clusters

Risk Categories and Overall Risk Situation

The overall risk situation is determined by assessing the risk clusters across all risk categories in the different business areas and segments (external risks, sales risks, content risks, technological risks, organizational risks, financial risks, compliance risks) and is the result of an aggregate analysis of the Group's three risk categories: operating risks, financial risks, and compliance risks. Risk clusters that could materially impact our earnings, financial position and performance as from today's perspective are outlined below. These are not necessarily the only risks that the Group faces. However, we are not currently aware of any additional risks that could impact our business activities, or we consider them as not material. We consider the overall risk situation for the Group and its segments to be manageable.

Development of risk clusters and the overall risk situation of the Group as of December 31, 2013 (Fig. 74)

Change 2013 vs. 2012

→	→	→	→	→	→	→	→
External risks	Sales risks	Content risks	Technological risks	Organizational risks	Financial risks	Compliance risks	Overall risk situation

→ unchanged

Operating risks

Operating risks (Fig. 75)

Key management measures

External risks: Ongoing analysis of economic and industry trends, strategic brand positioning

Sales risks: Regular and systematic assessment of advertising revenues and market position, diversified customer base

Content risks: Long-term relationships with licensors and close contact with producers, contractually securing exclusive rights, development of an in-house production unit

Technological risks: Regular investments in the technological infrastructure, IT updates, back-up systems to minimize risk of possible failure in studio and broadcasting equipment

Organizational risks: Monitoring HR figures, strategic human resources recruitment and development programs

Effective risk management is very important for the ProSiebenSat.1 Group, not least due to the low visibility of the advertising market typical for the industry and the short-term nature of booking TV advertising. Our experience in the TV advertising market and our expertise in the media sector, together with clear organizational structures and qualified staff, enable us to deal with operating risks appropriately and implement effective measures for risk reduction. We address challenges posed by the economy – the largest potential external risk factor – with systematic cost and efficiency management. In addition, we optimize our risk profile by consistently investing in growth areas to reduce our dependency on individual markets and simultaneously leveraging digitalization as a growth opportunity for our TV and online business.

External Risks

Macroeconomic risks. Research institutes currently estimate that the German TV advertising market is likely to grow by around 3% net in 2014. This growth is attributable firstly to the positive economic outlook and secondly to the structural weakness of print media. High growth rates of close to 10% are still expected for online advertising. The European Commission's economic forecasts for Austria and Switzerland are also quite optimistic at 1.6% and 1.8% growth in gross domestic product respectively. As a result, the advertising markets are expected to develop positively. The TV advertising markets are characterized by comparatively low market visibility and often react in a procyclical manner to macroeconomic developments, owing to their close link to the economic environment. When the economic outlook is positive, companies are more willing to invest and advertising expenditure increases. Conversely, in a period when the economy slows, companies often react at extremely short notice by reducing their advertising budgets. In addition to the short-term booking patterns, the great importance of the fourth quarter, when the Group realizes the majority of its revenues, also limits visibility. We cannot therefore completely rule out the possibility of a potentially high impact on our revenue and earnings performance if there is a major slowdown in the economy. In view of the positive economic outlook, however, we consider it unlikely that this risk will materialize in 2014. Overall, we classify this risk as a medium risk.

To optimize our risk profile sustainably, the Group invests consistently in new growth markets. In 2013, the Group already generated 29.5% of its revenues outside the traditional TV advertising business, an increase of 5.2 percentage points year-on-year.

General industry risks (media usage behavior). Television remains the ProSiebenSat.1 Group's core business. With the emergence of digital media at the end of the 1990s, the assumption spread that traditional media such as television could experience a significant loss of importance. Due to



Future Business and
Industry Environment,
page 149.

the diversification of screen-based media, video content can be downloaded on an increasing number of devices, such as laptops, smartphones, and tablet PCs. Migration to mobile devices and a decline in the usage of television therefore constitutes a potential risk for the ProSiebenSat.1 Group. However, while print media are actually at high risk of being substituted as a result of digitalization, television remains the medium that is used most. According to a study by SevenOne Media GmbH, media consumption in 2013 climbed to 594 minutes and reached a new record high at just under 10 hours a day. More than a third of the media budget is spent on TV. Owing to technological innovations such as HD, we anticipate that television will be the main form of screen-based media in future as well. However, the main driver of the increase in total consumption is the internet at 115 minutes. Two trends are emerging in the wake of digitalization: The usage of mobile devices such as tablet PCs and smartphones and the consumption of video content at any time and place are increasing in Germany continuously. At the same time, TV and online are increasingly being used together. Parallel use is particularly widespread among digital natives. Four out of five 14 to 29 year olds watch TV and use the internet at the same time.



Media Policy Principles,
page 59.



Opportunity Report,
page 143.

TV also remains the medium with the greatest advertising impact. On many occasions, television provides the initial stimulus to order content online. For example, one in four viewers (24%) have purchased a product online directly following TV contact. For this reason, advertisers invested the majority of their budgets in TV with a share of 45.0% in the German gross advertising market again in 2013 (previous year: 43.3%).

Television is not negatively affected by the range of new media, but instead remains the no. 1 medium in both the audience and advertising markets. At the same time, the internet is firmly integrated into everyday life. 95% of those surveyed now own one or more second-screen devices. The conditions for integrating TV and internet are therefore present in nearly all German households. In recent years, the ProSiebenSat.1 Group has established Germany's leading online-video portal, maxdome, built up a broad online network and positioned MyVideo as a web channel. Today, the company has an attractive online portfolio, which acts synergistically with the TV channels and serves the changed requirements of media users. ProSiebenSat.1 is therefore very well positioned to utilize the change in media usage as an opportunity for the traditional TV business and the digital activities. We therefore believe it is unlikely that this risk will occur. However, we cannot completely rule out a potentially very high impact on our revenues and earnings performance. We therefore classify this risk as a medium risk.



Opportunity Report,
page 143.

To meet competitive challenges in the future, ProSiebenSat.1 maintains ongoing market research and invests in strategic positioning for its brands.

Sales Risks

Selling advertising time. The ProSiebenSat.1 Group generates the biggest share of its revenues from the sale of advertising space, especially of TV advertising time. The Group holds leading positions in the advertising market in both the TV and the online sectors in Germany. Despite our strong market position, we face a potential risk from declining advertising budgets, the possible loss of major customers and falling prices for the sale of advertising time. However, SevenOne Media, the advertising sales company for ProSiebenSat.1 for the German market, has for years had a stable customer base from a wide range of sectors. The sectors with the highest TV advertising expenditure and thus the greatest relevance to advertising in 2013 included food, personal care, commerce, services and telecommunications. These top 5 sectors account for the majority of the ProSiebenSat.1 Group's TV advertising revenues. Our diversified customer portfolio enables us to compensate for potential defaults by individual advertising customers. As well as expanding our existing customer relationships, we have in recent years substantially

expanded our business with new customers, and in 2013 we likewise generated higher advertising revenues with the largest advertising agencies. In addition to higher income from traditional advertising spots, we also marketed more free TV advertising space according to the model of advertising time in exchange for a revenue or equity share. In this way, the company not only makes efficient use of programming and advertising inventory – we also free up additional advertising budgets. The medium-term objective is to increase the share of TV advertising in the overall advertising market. In order to identify potential sales risks early, advertising revenues and advertising market shares are analyzed regularly. Comparing actual and budgeted figures with the corresponding figures for the previous year allows budget deviations to be recognized and countermeasures to be implemented at short notice. This could include cost adjustments or changes in program planning and price policy.

Despite our leading position on the market, we believe it is possible that this risk can occur. We cannot completely rule out the possibility of a potentially high impact on our revenue and earnings performance in the event of a decline in advertising budgets and falling prices. We therefore classify this risk as a medium risk.

Audience shares. Ratings are another early warning indicator: They reflect how the programming offer meets the taste of the audience – and thus the reach of a show or an advertising spot. Daily audience shares are an important performance indicator for our advertising customers. However, short-term fluctuations of market share ratings do not influence advertising bookings. To monitor risks, audience shares are analyzed daily on the basis of data from the Working Group of Television Research (AGF). In this way, we are able to monitor the success of our formats extremely closely and if necessary to take countermeasures at any time. In addition to quantitative analyses, qualitative studies are also an important control instrument. In 2013, program research at ProSiebenSat.1 again cooperated closely with various institutes on this. ProSiebenSat.1 commissioned them to carry out numerous telephone and online interviews and group discussions with viewers in Germany. In this way, stations obtain direct feedback from their audience and thus can optimize and further develop their programs on an ongoing basis. In 2013, the ProSiebenSat.1 Group continued to expand its share of the audience market. It succeeded in carrying through moderate price increases in all markets. The market share of the German station portfolio increased to 28.1% in 2013 (previous year: 27.8%). This means the station family is the market leader ahead of the RTL Group, not only among advertising customers but also among viewers. Our portfolio comprises complementary TV stations that address different core target groups. Possible market share weaknesses or short-term fluctuations at individual TV stations can thus be offset by the others.

 Business and Industry Environment, page 66.

In the wake of digitalization, the barriers to market entry for new competitors have lowered considerably due to falling production and transmission costs, which means the number of TV stations is growing continuously. However, it can be assumed that established station brands like ProSieben and SAT.1 will continue to dominate the market thanks to their name recognition. At the same time, we are successively expanding our complementary station family with new stations with their own brand profiles. After the women's channel sixx, which was launched in 2010, quickly generated audience shares of up to 1.2% (2013 as a whole, 14-49 year olds), two additional stations went on air in 2013. In total, the Group has successfully established six new stations in Germany, Austria, and Switzerland in the last few years. Our young TV stations also have a programming profile and unique selling point specific to their target group. For example, ProSieben MAXX primarily targets men and has closed a gap in the market with the exclusive broadcast of English-language hit series with the original audio and subtitles.

Despite the extensive measures we have taken to identify risks at an early stage and the success we have achieved, we believe it is possible that this risk could occur. We cannot completely rule out a potentially high impact on our revenue and earnings performance if this risk materializes. We therefore classify this risk as a medium risk.

Media convergence. The high market penetration of convergent devices such as tablets and smartphones means that video content can be accessed online without the use of a TV set. This means that television is increasingly competing with new media formats, which involves both opportunities and risks. Consumption of video content could shift increasingly to mobile devices, which could lead to a decline in the use of television. This could have a negative impact on TV bookings by our advertising customers and thus also negatively affect prices for TV advertising time. Although we have a strong market position in both TV and digital business and make consistent use of synergies between the two areas, we believe it is possible that this risk could occur and cannot completely rule out a potentially high impact on our revenue and earnings performance. We therefore classify this risk as a medium risk.

The active control of sales risks is the focus of the management of operating risks. In view of growing market fragmentation, reach and brand awareness will continue to be crucial competitive factors in future.

Content Risks

As well as strong brands, the quality of content is an important unique selling point for the ProSiebenSat.1 Group. The Group has attractive programs, works closely with more than 100 renowned licensors and has established its own production unit, Red Arrow, for the development of attractive programs.

License purchases. The ProSiebenSat.1 Group acquires many of its feature films, TV films, and series as licensed content from third parties, with a strong focus on the major US studios. In addition to currency risks, the Group is therefore also confronted with the risk of potential price increases. This applies primarily to the ProSiebenSat.1 Group's smaller stations, which are competing with the well-financed digital TV offshoots of the public broadcasters. While individual purchases are becoming a more frequent necessity for the growing number of small free TV stations due to their focused target group profiles, price competition for the large program bundles remains limited. Our close, long-term business relationships with licensors and our high purchasing volume secure our strong negotiating position.

In order to stay informed about new productions and trends at an early stage, our license purchasing department is in constant dialog with international and national licensors. New programs and exclusivity are an important competitive factor. Exclusive agreements in the form of contractual blocking periods, known as hold-back clauses, protect our rights against other licensees and program licensing forms. Programming contracts are often signed on the basis of a script and thus some time ahead of production and broadcast. Signing programming contracts early of course harbors a certain risk with regard to quality and success. For this reason, the company signs programming contracts exclusively with film studios and production companies that can demonstrate an appropriate reputation and successful track record. In view of this, we classify the probability of occurrence of this risk as very unlikely. However, we cannot completely rule out the possibility of a medium negative impact on our revenue and earnings performance. Overall, we classify this risk as low.



Currency Risks,
page 135.

Commissioned and own productions. With its TV stations, the ProSiebenSat.1 Group focuses on an individual and generally balanced mix of licensed programs as well as commissioned and own productions. Productions and formats produced locally are designed especially for individual stations. They strengthen the recognition value of a station and in some cases can even be created more economically. For this reason, it is becoming increasingly important for a media group to produce high-quality programming itself. The Group laid the foundation for this, while simultaneously extending its value chain, by founding its own production arm, the Red Arrow Entertainment Group. Because reference figures such as ratings are sometimes unavailable, the prospects for the success of in-house and commissioned productions tend to be less certain than for purchased format or programming licenses that have already been successful in other countries or in the movie theaters. In order to assess the appeal of its in-house productions as reliably as possible, ProSiebenSat.1 conducts intensive market analysis. Researchers accompany the development of new programs using a wide range of different methods, in many cases as early as the concept or screenplay stage. So-called Real-Time-Response tests (RTR) are a frequently used instrument. They are deployed when initial sequences or a pilot episode are available for new TV programs. When programs are screened, test persons document their response and reactions using a type of remote control, with accuracy down to the second and in real time. Another measure to limit risk is “format management”. This involves an improvement to the program approval process, which has two key aims: Firstly to design customized program ideas for specific slots, and secondly to establish uniform development and production processes, without restricting creative scope. Although we believe it is unlikely that this risk will occur, we cannot completely rule out a medium negative impact on our revenue and earnings performance. Overall, we classify this risk as low.



Opportunity Report,
page 143.

Competition for attractive content has also increased on the web as a result of growing professionalization. As a TV company, ProSiebenSat.1 is benefiting from this development. Due to our extensive library of rights, we also provide viewers/users with premium video online. This service is mostly free for users and is financed by means of online video advertising. Since 2013, the company has also produced formats especially for the online target group. With measures such as these, the Group is strengthening its leading market position while securing its competitive advantage over purely online suppliers such as Google, which have distribution channels but not their own content.

Technological Risks

Ensuring uninterrupted transmission has high priority for the ProSiebenSat.1 Group. This also applies to system failures and data protection. Faulty technological infrastructure can have negative effects on our revenues and costs.

Broadcasting equipment and studio operations. Damage to studio and broadcasting equipment can have financial consequences for the ProSiebenSat.1 Group: In the event of temporary failures or program changes at short notice, advertising customers could make guarantee and goodwill claims. We counter this risk with a comprehensive security plan. Back-up systems guarantee a broadcasting process without interruptions, even in cases of malfunction. The redundancy systems are kept at separate locations. Ongoing maintenance and upgrades when needed keep the systems state-of-the-art.

The ProSiebenSat.1 Group fully digitalized its transmission operations some years ago and transferred the content of the TV stations and online platforms to a shared platform. With this digital pool of materials, the Group has not only set the benchmark in the media industry, but has also leveraged time, quality, and cost advantages. As a second step, the company upgraded the technical studio equipment in 2013. The automation of technical processes reduces dependency on manual procedures and thus contributes to minimizing risk.

In view of our extensive back-up solutions and systematic controls, we believe that this risk is unlikely to occur. However, we cannot completely rule out the possibility of a low negative impact on our revenue and earnings performance. We therefore classify this risk as low.

IT risks. The growing complexity of the system architecture presents the Group with various challenges. Failures of systems, applications, or networks are as much potential risks as violations of data integrity and data confidentiality. The effectiveness of the security standards is examined regularly by the Internal Audit department. Drills of crisis scenarios help to simulate potential weaknesses and further improve the IT system. The ProSiebenSat.1 Group invests on an ongoing basis in hardware and software, in firewall systems and virus scanners, and establishes various access authorizations and controls. In order to prevent losses, the Group also has multiple computer centers at separate locations, which assume each other's tasks in the event of a system failure. In 2013, the Group subjected all relevant business applications to extensive tests, which confirmed the redundancy of the systems. As well as information technology risks, production processes could also be adversely affected by unforeseeable events such as natural disasters. Clear responsibilities and instructions are crucial, especially in an emergency. For this reason, the ProSiebenSat.1 Group has adopted a comprehensive safety guideline for dealing with emergencies and established a crisis management organization.

Although we believe it is unlikely that this risk will occur, we cannot completely rule out a low negative impact on our revenue and earnings performance. We therefore classify this risk as low.

Organizational Risks

Personnel risks. It is our employees who are shaping the transformation of the ProSiebenSat.1 Group into a broadcasting, digital entertainment, and commerce powerhouse with their dedication and skill. The loss of specialist and managerial staff in key positions as well as bottlenecks in recruiting staff represent potential risks for ProSiebenSat.1.

In the course of digitalization, the need for qualified specialists and managers is rising, particularly in our growth areas. Proactive recruitment, targeted appeals for applicants and close relationships with universities are therefore crucial in the competition for talented employees. Other components in our personnel management include skills development in accordance with requirements and a long-term performance and talent management system that, among other points, begins succession planning for key positions at an early stage. In recent years, the Group has expanded the in-house ProSiebenSat.1 Academy's offerings and developed special support programs such as the learning expeditions. A variety of opportunities for specialist training and development as well as attractive remuneration generate long-term loyalty on our employees' part and make us a preferred employer. This is reflected by the average turnover



Employees,
page 98.

rate, which fell by another 0.8 percentage points to 10.6% in 2013. The average period of employment remained stable at 7.3 years. In addition to the relevant HR figures, various external studies document ProSiebenSat.1's attractiveness as an employer.

In view of our extensive personnel measures, we believe it is unlikely that personnel risks will occur, but cannot completely rule out a medium negative impact on our revenue and earnings performance. We therefore classify these risks as low.

Risks associated with the outsourcing of business processes. The Group has outsourced selected IT divisions and other business processes to external service providers in order to improve costs and efficiency. At the same time, this outsourcing involves potential risks, including the possibility of dependence on our strategic partner or the loss of expertise. To minimize risks, ProSiebenSat.1 cooperates exclusively with selected service providers of good standing. As well as close and continuous coordination, the agreed services are monitored on the basis of a monthly reporting system that covers all key criteria relating to operational reliability. This allows us to identify critical business processes at an early stage and implement countermeasures if necessary. Strict compliance with the international standard for IT security ISO 27001 further minimizes IT security risks. Although we believe it is unlikely that this risk will occur, we cannot completely rule out a medium negative impact on our revenue and earnings performance. Overall, we classify this risk as low.

Financial Risks

In its operating business and due to its borrowings, the ProSiebenSat.1 Group is exposed to various financial risks. Changes in exchange rates and liquidity shortages can also have a negative impact on earnings, financial position and performance. Overall, however, we still regard the probability of occurrence of financial risks as very unlikely. In December 2012, the ProSiebenSat.1 Group sold its TV and radio activities in Northern Europe. The transaction was completed in April 2013. The Group used EUR 500.0 million of the proceeds to prepay term loans. The Group thus further reduced its financing risk, which is its potentially highest financial risk. In 2011, the Group had already prepaid a significant part of its term loans. In the course of reducing the loans, the Group extended the maturities of all remaining term loans of EUR 1.860 billion and the revolving credit facility to July 2018. This further improved the Group's capital structure on a sustained basis.

The ProSiebenSat.1 Group has a solid financial and operating basis, but nevertheless monitors its financial risk positions intensively. The Group Finance & Treasury unit is responsible for managing financial risks on a central basis. The management measures are defined in close cooperation with the Executive Board. Guidelines that apply across the Group regulate principles, tasks and responsibilities of financial risk management on a uniform basis for all subsidiaries of ProSiebenSat.1 Media AG. As part of risk management, the Finance and Treasury units are systematically audited by Internal Audit once a year. The last audit again generated a positive result. For more information on the hedging instruments, measurements and sensitivity analyses together with a detailed description of the risk management system in reference to financial instruments, refer to the Notes to the consolidated financial statements.



Notes, Note 34
"Further notes on
financial risk management
and financial instruments
according to IFRS 7", page 240.



For information on Section 315 (2) No. 2 German Commercial Code concerning financial instruments, please refer to the Notes, Note 34 "Further notes on financial risk management and financial instruments according to IFRS 7", page 240.

Financing risk. The availability of existing borrowing depends in particular on compliance with specific contractual conditions, which are subject to regular assessment. The financial covenants of the facilities agreements were complied with once again in 2013; on the basis of our current corporate planning, a violation in the future is not foreseen. The Group monitors changes on the money and capital markets on an ongoing basis in order to ensure availability of and access to sufficient funds and the cost efficiency of the financial instruments used at all times. We believe it is very unlikely that this risk will occur, but cannot completely rule out a potentially very high impact on our earnings performance and financial position. Overall, we classify the financing risk as low.

Counterparty risks. The Group concludes finance and treasury transactions exclusively with business partners which meet high credit rating requirements. The conclusion of finance and treasury transactions is regulated in internal counterparty guidelines. As well as carrying out an assessment of the credit standing, ProSiebenSat.1 limits the probability of occurrence of counterparty risks through a broad diversification of its counterparties. Although we believe it is very unlikely that this risk will occur, we cannot completely rule out a potentially high impact on our earnings performance and financial position. Overall, we classify counterparty risks as low.



Interest rate swaps and foreign currency forward transactions are recognized in hedge accounting as cash flow hedges. For more information, refer to the Notes, Note 34 "Further notes on financial risk management and financial instruments according to IFRS 7" from page 240 on. The ProSiebenSat.1 Group does not deploy derivative financial instruments for trading purposes, but only to hedge existing risk positions.

Interest rate risks. The ProSiebenSat.1 Group uses interest rate swaps and interest rate options to hedge its variable-interest loans against interest rate risks. To a minor degree, interest rate risks can arise in connection with cash drawings on the revolving credit facility. As of December 31, 2013, there were no cash drawings on the RCF. 86% of the term loans was hedged by interest rate derivatives. In the wake of the extension to July 2018 of the maturities of the financing loans amounting to EUR 1.860 billion, derivative interest rate hedging transactions were concluded with a volume of EUR 1.350 billion in the period from 2016 to 2018. We believe it is unlikely that this risk will occur. However, we cannot completely rule out a low negative impact on our earnings performance and financial position if this risk nevertheless materializes. We therefore classify the interest rate risks as low.

Currency risks. Currency fluctuations can influence the ProSiebenSat.1 Group's operating business. Currency risks occur primarily if revenues are generated in a different currency from the related costs (transaction risk). This is particularly relevant for license purchasing, as the ProSiebenSat.1 Group concludes a substantial number of its license agreements with production studios in the United States and generally fulfills the financial obligations resulting from these in US dollars. The Group manages this risk by using derivative financial instruments, primarily currency forwards. Due to the high hedging rate, the impact of currency fluctuations is assessed as manageable. We believe it is unlikely that these risks will occur, but cannot completely rule out a low negative impact on our earnings performance and financial position. All in all, we therefore classify this risk as low.

Liquidity risks. Liquidity risk is managed centrally through a cash management system. The most important early warning indicator is expected liquidity headroom. This is calculated and assessed regularly by comparing currently available funds and budgeted figures, taking into account seasonal influences. We assess Group liquidity as good, and assume that the liquidity headroom will remain sufficient in the coming years. No larger cash investments are planned. With media-for-equity and media-for-revenue-share, the Group has developed an attractive



Seasonality, page 75.
Cash and Cash Equivalents, page 88.

model to tap into new markets – without making major cash investments. Although we believe it is very unlikely that this risk will occur, we cannot completely rule out a potentially very high impact on our financial and earnings performance. Overall, we classify liquidity risks as low.

Financial risks (Fig. 76)

Key management measures

Financing risks: Ongoing monitoring of financial covenants

Interest and currency risks: Targeted use of derivative financial instruments

Liquidity risks: Securing solvency with a central cash management system and ongoing monitoring of liquidity headroom

Counterparty risks: Broad basis of capital providers and strict credit rating checks

Interest and foreign exchange volatility or the default of lenders could considerably impair the financing situation and liquidity of the Group. We counter these risks with extensive measures, so we consider the overall probability of occurrence to be very unlikely.

Disclosures on the internal controlling and risk management system in relation to the (consolidated) reporting process (section 315 (2) no. 5 of the German commercial code) with explanatory notes (Fig. 77)

The internal controlling and risk management system in relation to the (consolidated) reporting process is intended to ensure that transactions are appropriately reflected in the consolidated financial statements of ProSiebenSat.1 Media AG (prepared in line with the International Financial Reporting Standards, IFRS) and that assets and liabilities are recognized, measured and presented appropriately. This presupposes Group compliance with legal and company regulations. The scope and focus of the implemented systems were defined by

the Executive Board to meet the specific needs of the ProSiebenSat.1 Group. They are regularly reviewed and updated as necessary. Nevertheless, even appropriate and properly functioning systems cannot offer any absolute assurance that all risks will be identified and controlled. The company-specific principles and procedures to ensure that the Group's single-entity and consolidated reporting is effective and correct are described below.

Goals of the risk management system in regard to financial reporting processes

The Executive Board of ProSiebenSat.1 Media AG views the internal controlling system with regard to the financial reporting process as an important component of the Group-wide risk management system. Controls are implemented in order to provide an adequate assurance that in spite of the identified risks inherent in recognition, measurement and presentation, the single-entity and consolidated financial statements will be in full compliance with regulations. The principal goals of a risk management system in regard to single-entity and consolidated reporting processes are:

- > To identify risks that might jeopardize the goal of providing single-entity and consolidated financial statements that comply with regulations.
- > To limit risks that are already known by identifying and implementing appropriate countermeasures.
- > To analyze known risks as to their potential influence on the single-entity and consolidated financial statements, and to take these risks duly into account.

In addition, in the reporting year we updated our process descriptions and our risk control matrices. The focus here was on standardizing the descriptions and establishing effective control mechanisms. These updates combined with regular tests on the basis of samples were part of the PRIME project. Since then they have been an integrated part of the internal

controlling and risk management system in relation to the (consolidated) reporting process. On the basis of the test results there is an assessment of whether the controls are appropriate and effective. Any deficiencies in the controls are eliminated, taking into account their potential impact.

Disclosures on the internal controlling and risk management system in relation to the (consolidated) reporting process (section 315 (2) no. 5 of the German commercial code) with explanatory notes continued

- Structural organization**
- > The material single-entity financial statements that are incorporated into the consolidated financial statements are prepared using standardized software.
 - > The single-entity financial statements are then consolidated to form the consolidated financial statements using modern, highly-efficient standardized software.
 - > The financial statements of the main individual entities are prepared in compliance with both local financial reporting standards and the Group's accounting and reporting manual based on IFRS, which is available via the Group intranet to all employees involved in the reporting process. The individual companies included in the consolidated financial statements provide their financial statements to Group Accounting in a defined format.
 - > The financial systems employed are protected with appropriate access authorizations and controls (authorization concepts).
 - > The entire Group has a standardized plan of accounting items, which must be followed in recording the various classes of transactions.
 - > Certain matters relevant to reporting (e.g. expert opinions with regard to pension provision, measurement of the stock option plan, impairment testing of intangible assets) are determined with the assistance of external experts.
 - > The principal functions of the reporting process – accounting and taxes, controlling, and finance and treasury – are clearly separated. Areas of responsibility are assigned without ambiguity.
 - > The departments and other units involved in the reporting process are provided with adequate resources in terms of both quantity and quality. Regular professional training sessions are held to ensure that financial statements are prepared at a consistent and reliable level of quality.
 - > An appropriate system of guidelines (e.g. accounting and reporting manual, intercompany transfer pricing guideline, purchasing guideline, travel expense guideline, etc.) has been set up and is updated as necessary.
 - > The efficiency of the internal controlling system in regard to processes relevant to financial reporting is reviewed on a sample basis by the Internal Audit unit, which is independent of the process.
-
- Process organization**
- > For the planning, monitoring, and optimization of the process of compiling the consolidated financial statements, there is a user-friendly web-based tool that includes a detailed calendar and all important activities, milestones, and responsibilities. All activities and milestones are assigned specific deadlines. Compliance with reporting duties and deadlines is monitored centrally by Group Accounting.
 - > In all accounting-related processes, controls are implemented such as the separation of functions, the dual-control principle, approval and release procedures, and plausibility testing.
 - > Tasks for the preparation of the consolidated financial statements are clearly assigned (e.g. reconciliation of intragroup balances, capital consolidation, monitoring of reporting deadlines and reporting quality with regard to the data of consolidated companies, etc.). Group Accounting is the central point of contact for specific technical questions and complex accounting issues.
 - > All material information included in the consolidated financial statements is subjected to extensive systematic validation to ensure the data is complete and reliable.
 - > Risks that relate to the (consolidated) accounting process are recorded and monitored continuously as part of the risk management process described in the Risk Report.
-

Compliance risks

Our business operations result not only in operating and financial risks, but also a wide range of legal risks. Results of legal disputes and cases can considerably damage our business, our reputation, and our brands as well as cause considerable costs. Ways we limit legal risks include cooperation with highly qualified legal experts and targeted staff training. The Group also establishes provisions for legal disputes if there is a present obligation arising from past events, it is probable that settlement will require an outflow of resources embodying economic benefits and the obligation can be measured reliably.

We classify the risks of individual legal and media policy changes or legal offenses differently, with regard to both their probability of occurrence and their potential financial consequences.

General compliance

The objective of compliance is to ensure seamless management at all times and in all respects. Possible violations of legal statutory regulations and reporting obligations, infringements against the German Corporate Governance Code or insufficient transparency in corporate management can jeopardize conformity to the rules. It is for this reason that the ProSiebenSat.1 Group has established a Code of Compliance which applies across the whole group, which provides employees with specific rules of conduct for various professional situations. Another effective measure to prevent possible compliance infringement is staff training on specific topics such as antitrust issues or the correct way to deal with insider information.

In order to prevent possible infringements, the ProSiebenSat.1 Group also implemented a Compliance Board constituted of legal experts, Internal Audit staff and employees of operating units. The task of the Compliance Board is to identify possible illegal actions at an early stage and initiate appropriate countermeasures. Another function of the Compliance Board is to introduce safeguards against possible external threats such as acts of sabotage. For a television group with a high level of public awareness, the issue of company protection is extremely important. For this reason, the ProSiebenSat.1 Group has taken various measures in order to realize comprehensive security of operating equipment. This includes state-of-the-art access control technology and qualified security staff.

The work of the Compliance Board is coordinated centrally by the Group Risk and Compliance Officer. His task is to keep abreast of legal developments and any changes in international legislation so as to be able to initiate suitable measures in due time. To bolster the Compliance organization, additional decentralized structures have been implemented. Regular exchange of experience and information about current trends in different corporate areas have reduced the level of risk. The processes were analyzed by an independent consultant. The result of this risk assessment demonstrated that the Compliance processes in place are effective. In respect to implementing current antitrust law, ProSiebenSat.1 has been assessed as "best in class."

In view of our effective compliance structures, we believe it is unlikely that this risk will occur, but cannot completely rule out a medium negative impact on the Group's earnings performance. Overall, we classify the risk associated with general compliance as low.

Other Legal Risks

Media law/broadcasting licenses

Windows for regional programs. To ensure plurality of opinion, companies such as SAT.1 Satelliten Fernsehen GmbH are legally required, in accordance with the Interstate Broadcasting Treaty (RStV), to finance regional programs for a total of five broadcast areas and to broadcast these simultaneously during prime time. The federal states have also each adopted their own media laws, which can stipulate the obligation to provide such a window. For example, the media law of the Saarland stipulates that at least the two nationwide private television stations with the largest technical reach must broadcast regional programs state-wide, which must be financed by the operator of the nationwide stations. ProSiebenSat.1 Media AG and SAT.1 Satelliten Fernsehen GmbH respectively have taken legal action against the obligation to offer a regional program for the Saarland and have won the case for formal reasons. A decision has not yet been reached on the content of the case. It may therefore be the case that the Saarland maintains its demands and institutes further legal proceedings. Media policy discussions with federal states may also give rise to requests from states in which there have not been any regional program obligations to date. It is estimated that it would cost around EUR 5 million per year to finance a new window for regional programs. To help prevent the extension of regional TV obligations, ProSiebenSat.1 Media AG actively participates in dialog relating to society, media policy and the law.

Regulatory risks. The ProSiebenSat.1 Group is exposed in particular to risks in connection with tightened regulations, for example with regard to advertising, forms of advertising, broadcasting licenses and competitions. Any unforeseen changes to the legal and regulatory environment could have a significant impact on individual business activities. The ProSiebenSat.1 Group actively monitors all relevant developments and is in constant contact with the regulators concerned, to ensure that its interests are taken into account as far as possible.

We believe it is unlikely that these risks will occur. However, we cannot completely rule out a medium negative impact on our earnings performance if this risk nevertheless materializes. Overall, we classify these risks as low.



Further information on legal disputes in the Notes, Note 32 "Contingent assets and liabilities" from page 237 on.

Claims for disclosure and actions for damages by RTL 2 Fernsehen GmbH & Co. KG and El Cartel Media GmbH & Co. KG. Claims for disclosure and action for damages by RTL 2 Fernsehen GmbH & Co. KG and El Cartel Media GmbH & Co. KG against SevenOne Media GmbH and the stations SAT.1 Satelliten Fernsehen GmbH, ProSieben Television GmbH, kabel eins Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group) are pending at the Düsseldorf Regional Court since November 10, 2008. The plaintiff is asserting disclosure and damages claims in connection with the marketing of advertising time by SevenOne Media GmbH. On April 13, 2012, the Regional Court resolved to obtain an expert appraisal on the probability of loss. An expert has since been appointed. It is not yet known when the expert's report will be submitted. The outcome of the case cannot currently be predicted. As a consequence, no provision was recognized as of the reporting date. We believe that this risk may possibly occur and cannot completely rule out a medium negative impact on our earnings performance. We therefore classify this risk as medium.

Conclusion of the suit by TM-TV GmbH and MTV/VIMN against SevenOne Media GmbH and the ProSiebenSat.1 station companies. From November 10, 2008, various legal actions for disclosure and damages against SevenOne Media GmbH and the ProSiebenSat.1 station companies were pending in relation to previous marketing of TV advertising time by SevenOne Media GmbH. However, the actions by TM-TV and MTV/VIMN have since been dismissed by the Munich Regional Court with final and binding effect. The Munich Higher Regional Court dismissed TM-TV's appeal. MTV/VIMN withdrew its appeal after the Higher Regional Court announced its intention to dismiss this appeal also. At the same time, MTV/VIMN withdrew a legal action brought against IP Deutschland. SevenOne Media GmbH and the ProSiebenSat.1 station companies were involved in these proceedings as interveners for IP.

Section 32a German Copyright Act ("bestseller"). Authors of TV programs have made claims on the basis of Section 32a of the Copyright Act against companies of the ProSiebenSat.1 Group, in and out of court. ProSiebenSat.1 has since developed a model for additional compensation to copyright owners and other beneficiaries under Section 32a and agreed "Common Compensation Rules" with two organizations (directors and actors) under Section 36 of the Copyright Act. For this issue, a provision of EUR 13.8 million was recognized as of December 31, 2013 (December 31, 2012: EUR 6.1 million). This is based on best estimates considering the current state of negotiations. We believe it is very unlikely that this risk will occur. However, we cannot completely rule out a high one-off impact on our earnings performance if this risk nevertheless materializes, i.e. if payments are required that exceed the provisions that have been established. We therefore classify this risk as low.

Tax risks in connection with the disposal of subsidiaries in Sweden. The Swedish tax authorities completed the tax audit of a former Swedish branch of the ProSiebenSat.1 Group in December 2013. In the judgment of the tax authorities, interest payments connected to the financing of shares in the former TV and radio companies of the SBS Group are not tax deductible in Sweden. The concluding report of the tax audit therefore earmarks additional payments totaling approximately EUR 31 million for the assessment periods from 2008 to 2011. According to the same judgment, additional payments of approximately EUR 11 million would be added to this for the 2012 assessment period, which has not yet been audited. The ProSiebenSat.1 Group appealed against the tax assessments within the deadline. In accordance with the request, a suspension of the enforcement of the assessments was granted at the end of January 2014. As things stand, a judicial dispute before the Swedish Administrative Court is likely. The ProSiebenSat.1 Group continues to consider an actual claim unlikely and is supported in this opinion by corresponding assessments of renowned Swedish tax and legal consultants. As a consequence, no provision was recognized as of the reporting date. We believe it is possible that this risk will occur. If this is the case, we cannot completely rule out a very high, one-off impact on our earnings performance up to the maximum amount stated above. Overall, we classify this risk as high.

Warranties from the disposal of the Belgian TV activities. By sale and purchase agreement of April 20, 2011, the ProSiebenSat.1 Group sold its Belgian TV operations to De Vijver NV ("DV"). ProSiebenSat.1 Media AG acted to guarantee the disposal. On the basis of alleged infringements of the accounting and rental contract guarantee included in the purchase agreement, DV has asserted claims for damages against the company. The contractually agreed maximum liability from all guarantees totals EUR 19.8 million. On the basis of the current status, the company does not anticipate being obligated to make the relevant payments to DV. As a consequence, no provisions were recognized as of the reporting date of December 31, 2013. We believe it is very unlikely that this risk will occur. If the risk were nevertheless to materialize, it would have a one-off negative impact on our results up to the maximum amount of liability stated above. Overall, we classify this risk as low.

Claims relating to patent law. The Kudelski Group claims that business activities of maxdome GmbH and SevenOne Media GmbH in particular infringe patent rights to which it is entitled. Based on current circumstances and the information currently available, it is not possible to conduct a reliable assessment of the likelihood that any claims would be enforced. In view of this, we consider the relevant provisions established as sufficient. We believe it is likely that this risk will occur. In this case we cannot completely rule out a low negative impact on our earnings performance. We therefore classify this risk as a medium risk.

Compliance risks (Fig. 78)

Key management measures

General compliance risks: Group compliance structures and targeted training of employees

Other legal risks: Close cooperation with legal experts

We see different levels of impact for the potential financial consequences of individual legal and media policy changes as well as legal offenses, as the differences between compliance risks are in some cases considerable.

Outlook

Overall Assessment of Future Development – Management View



Comparison of Actual and Expected Business Performance, page 71.

For the ProSiebenSat.1 Group, 2013 marked another year of growth, in which we achieved our highest figures for revenues and earnings to date. We have also had a successful start to 2014: Our revenues in the core business of advertising-financed television and in our strategic growth areas are developing as planned, so we expect consolidated revenues to increase significantly by a mid- to high-single-digit percentage in 2014. In the 2015 planning period, revenues at Group level are likely to grow in this range too, while recurring EBITDA is likely to increase slightly. We assume that all segments will again contribute to the increase in revenues and earnings.

Our profitable growth is thanks to the consistent integration of our TV activities with the digital business area. This strategy forms the foundation of our vision of an integrated broadcasting, digital entertainment and commerce powerhouse. We will continue to use our prospective revenues in the core free TV business in future and at the same time consistently advance the dynamic development in the Digital & Adjacent and Content Production & Global Sales segments. Our high operating cash flow puts us in good position to make additional investments in growth. By 2018, we expect Group revenues to increase by EUR 1 billion compared to 2012, of which 25% to 30% will originate in the Digital & Adjacent segment. We have a strong financial foundation and will involve our shareholders adequately in the Company's success in future. At the same time, we will adhere to the targeted leverage factor of 1.5 to 2.5.

Opportunity Report

Successful business conduct comprises two elements: The conscious handling of risks and consistent use of opportunities for additional revenue and earnings potential. The early identification and well-founded analysis of growth prospects are therefore a central task of management at ProSiebenSat.1.

In the ProSiebenSat.1 Group, the management of opportunities is centrally organized and controlled by the "Strategy & Operations" department. The department identifies growth potential on the basis of detailed market and competition analyses and maintains close contact with the operational units and their managers. The identified factors for success and possible synergy potential are summarized in the strategy plan and incorporated in the decision-making process during the annual strategy meeting. Relevant opportunities are prioritized and strategic objectives derived. Opportunity management is part of the intragroup management system. It is linked to the budget preparation process and is included in both the twelve-month and the multi-year plan.

 **Intragroup Management System, page 49.**

Opportunities for our Group primarily result from

- > the development of general conditions,
- > corporate strategy decisions and
- > the Group's economic performance.

The most important opportunities in these categories are described below. Some of these are opportunities whose probability of occurrence we consider so high that we have already included them in our outlook for 2014 and the medium-term targets for 2018. We also report additional chances here, defined as potential future developments or events that could lead to a positive deviation from forecasts or targets for the Company and that have not yet been budgeted for.

 **Company Outlook, page 151.**

Overview of opportunities (Fig. 79)

	Budgeted growth potential	Additional opportunities
Development of general conditions	<ul style="list-style-type: none"> > TV is the no. 1 medium, the Internet and TV mutually complement each other > Increasing market penetration of pay TV, video-on-demand and HD television 	<ul style="list-style-type: none"> > Economic, regulatory or technological conditions change more rapidly or more favorably than expected
Corporate strategy decisions	<ul style="list-style-type: none"> > Value creation through diversification and especially digitalization 	<ul style="list-style-type: none"> > Expansion of the station portfolio
The Group's economic performance	<ul style="list-style-type: none"> > Adequate price/performance ratio for our ratings > Cost efficiency and potential synergies 	

Additional Opportunities

Macroeconomic factors such as the development of gross domestic product and private consumption have a significant influence on the advertising industry's investment behavior. This applies both to our TV and our online advertising business. Macroeconomic developments that turn out better than originally forecast could increase bookings from the advertising industry, driving our revenue and earnings growth. In particular, if the German TV advertising market grows more strongly than expected, this could positively affect the ProSiebenSat.1 Group's attainment of its targets for 2014 and up to 2018. The institutes are currently forecasting growth

in German economic output of just under 2% (ifo Institut). The German TV advertising market is expected to grow by around 3% net in 2014. For 2014, we also expect net TV advertising investment in our core market to grow by a low-single-digit percentage.

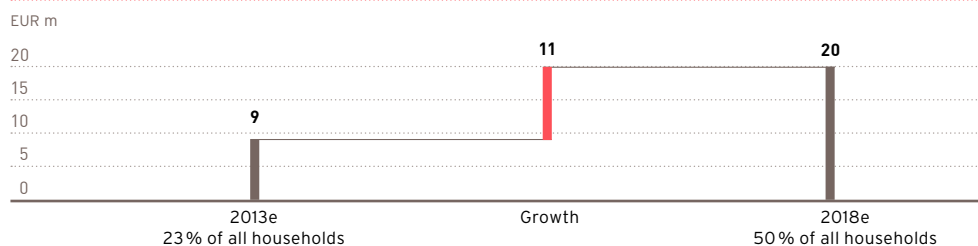
Alongside additional growth prospects from the economic environment, the expansion of the station family could give rise to potential that is not currently included in our planning. This includes both the establishment of new TV stations in Germany and expansion to Austria or Switzerland. In 2013, the ProSiebenSat.1 Group founded two new TV stations in Germany: SAT.1 Gold and ProSieben MAXX. The Group thus gained access to new target groups in the audience and TV advertising market.

Due to technical innovations such as large flat screens as well as HD-ready and internet-enabled television sets, the appeal of television has continued to grow in the last few years. Technological innovations open up growth opportunities for the ProSiebenSat.1 Group, such as in the distribution of its HD stations. HD television is becoming increasingly popular and has now reached critical mass: According to a media use study by SevenOne Media, 58% of those surveyed have a HD-ready device. From 2013 to 2018, the market research institute TNS Infratest expects the number of HD households in Germany to double to 20 million. If HD spreads more rapidly than ProSiebenSat.1 expects, this would positively affect the ProSiebenSat.1 Group's target attainment and result in a revenue and earnings contribution greater than the one forecast.



Glossary,
page 290.

HD reach in Germany (Fig. 80)



e = estimate

Source: TNS Infratest



Basic Principles of
Media Policy, page 59.

In addition to ongoing digitalization, liberalizations of the regulatory environment offer growth prospects that are not currently reflected in our budget. While the TV industry is going through a dynamic change process, the German television market is comparatively heavily regulated. New revenue sources for ProSiebenSat.1 could result from a ban on advertising for the public broadcasters. The additional volume for private TV providers could amount up to EUR 50 million until 2018. Due to a change to the Interstate Broadcasting Treaty, a sponsorship ban already came into force at the start of 2013, which applies on public television on workdays after 8 p.m. and on Sundays and public holidays, with the exception of large sports events. The Broadcasting Commission of the German Federal States is currently negotiating changes in view of the current development of fees. Thereafter, a decision is to be made on the issue of a general advertising ban and other structural modifications.

Opportunities from the Development of General Conditions

Television remains one of the Germans' most popular pastimes. This is shown by the latest results of the "Mediennutzung" study series by ProSiebenSat.1 advertising sales company SevenOne Media. On average, 14 to 49 year olds spend around ten hours (594 minutes) per day consuming media. At 35%, a large majority of this time is spent on TV, the no. 1 medium, followed by radio (23%) and the internet (19%).

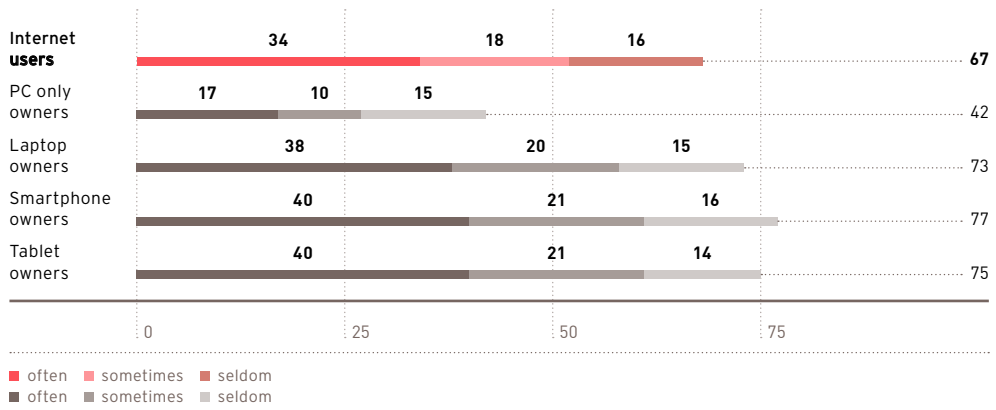


Development of Media Usage, page 62.

- **Television:** Year-on-year, the duration of daily use remained stable at a high level: At an average of 205 minutes a day, television is still by far the most important medium used for the longest amount of time. Nearly three quarters of Germans watch TV every day (73.1%). Penetration is correspondingly high: A TV set is standard in nearly all households (95.8%). Television is the only traditional medium credited with growth potential in the future: 37% of Germans believe that TV will increase in importance, whereby younger people (aged 14 to 29) have the highest growth expectations (46%).
- **Internet and games:** With a penetration level of 93.8%, the internet also has very high coverage among German households. The internet is the main driver of total time of use and has maintained its share in the overall media use budget at around a fifth since 2010. This equates to an average of 115 minutes a day. In addition, the study series revealed that two thirds of those surveyed use TV and the internet in parallel, smartphone owners the most (77%). PC and video games have now gained a significant share in media use. The average use time of games has risen to 47 minutes a day.

Parallel usage of TV and internet (Fig. 81)

In percent



- **Print:** While TV and the Internet are benefiting from the changes in media use, print media have come under pressure of substitution in the last few years. Since 2002, the daily use time of newspapers, magazines, and books has declined by around one third to 64 minutes per day (2012: 60 minutes).

Since television is benefiting more from digitalization than any other traditional medium, the continuing strength and popularity of TV also offers the ProSiebenSat.1 Group numerous opportunities in the future. TV shows a considerably stronger online affinity than print. Video is the key driver on TV as on the Internet. In the years to come, the demand for media-compatible video content will therefore increase further. Around 13 minutes of daily online use is spent consuming internet videos. Two thirds of smartphone users and three quarters of tablet users watch video content on their portable devices in addition to traditional TV use, so this does not result in the cannibalization of TV. The ProSiebenSat.1 Group has a comprehensive library of rights with 13,000 hours of own and commissioned productions and 50,000 hours of licensed US programming. This gives the Group the opportunity to utilize its programming inventory efficiently via its various TV stations. The Group can also serve new target groups and user preferences on the internet with premium content. This is a strategic advantage over mere Internet providers who own distribution channels but not their own content.



Strategy, Business
Operations and
Segments, page 44.

In addition, the ProSiebenSat.1 Group has built up a media portfolio in recent years that serves both linear and non-linear forms of use thanks to the close integration of TV and online. The successful TV stations are the centerpiece and are flanked by numerous digital offerings. Taking TV, the no. 1 medium, as a starting point, content is aligned to the use behavior of the viewers and the strengths of the individual channels as early as the development and production stage in order to produce additional content for the individual media. With extensive offerings like backstage information, exclusive video clips, social TV services, episode guides and actor profiles, the Group extends its TV content onto the internet, thus strengthening the connection between consumers and content.

At the same time, the Group is benefiting from the fact that its media portfolio reflects various revenue models. While the Group generates revenues from websites and video portals via traditional online advertising, the revenues from the basic pay TV stations and the video-on-demand portal maxdome are based on fees for subscriptions or pay-as-you-go views. Willingness to pay for TV and online content is increasing all the time: According to the "Mobile Barometer" study by SevenOne Media, people under 30 and especially male users are willing to pay a fee for added value such as live TV streams or HD content. Moreover, in the years to come, dynamic development is expected for the pay-video-on-demand business (pay-VoD), which includes the ProSiebenSat.1 platform maxdome. Up to 2018, the pay-VoD market is expected to grow by an average of 20% a year to EUR 480 million. The revenues in the overall video market, which includes DVD and Blu-ray sales and traditional video rental, amounted to around EUR 3 billion in 2012. It can be assumed that market shares will increasingly transfer to digital platforms in future. The ProSiebenSat.1 portal maxdome would benefit from this greatly and offer the Group high growth potential. maxdome is market leader in Germany with more than 60,000 titles and a market share of 36%. In addition, the online video library is already directly available on 80% of all new smart TVs and intends to increase this figure to 90% in the next five years. In the last few years, we have concluded contracts with all major manufacturers relating to the integration of the service on their devices. In addition, we have launched our own app for Apple iOS, which is available on smartphone and tablet. maxdome is also available on the Android operating system. In 2014, the ProSiebenSat.1 Group will focus on increasing maxdome's mobile coverage. For this purpose, the Group has already concluded a contract with the IPTV platform T-Entertain in early 2014.



Glossary,
page 290.

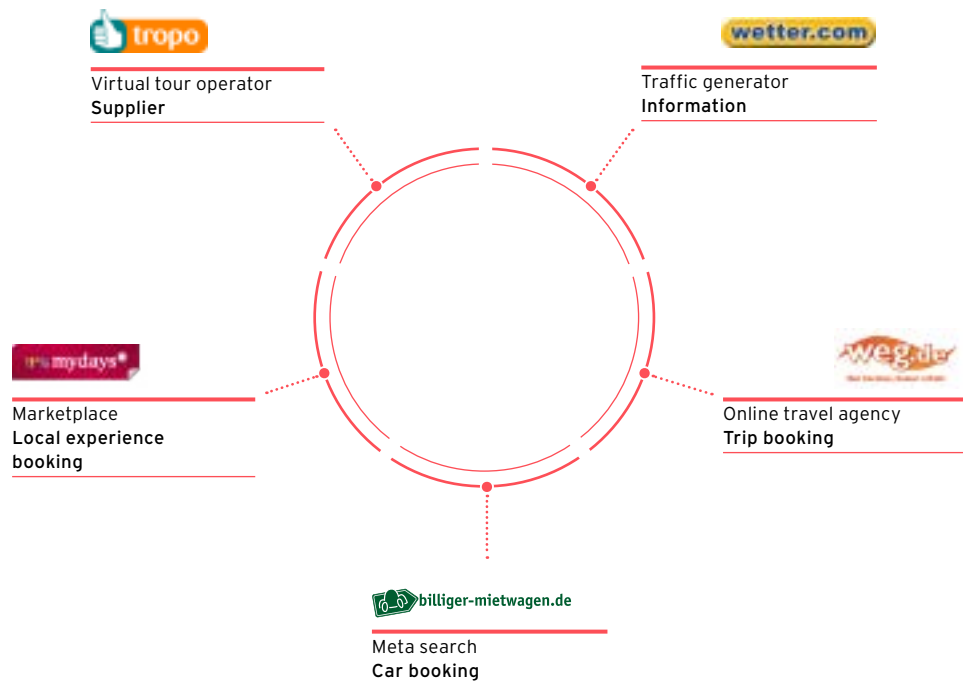
Opportunities in Corporate Strategy

Among European media corporations, the ProSiebenSat.1 Group is a pioneer and market leader in the digital field. In order to consolidate this strong position, the company will continue pushing the integration of its traditional TV activities with the digital business areas and invest in dynamically growing markets. We have identified major growth areas in digital commerce, where we focus on sectors that target a mass market and have high affinity with TV. Based on this strategy, we added digital portals to our existing travel portfolio in 2013 and now cover the entire travel-booking cycle, from flights, hotels, and rental cars to local climate data. Approximately 40% of travel bookings are now processed by online portals. This share is likely to grow dynamically in the years to come and offer the ProSiebenSat.1 Group attractive opportunities for growth. Following the travel model, the Group will build up additional digital commerce areas in the next few years, for example fashion and home & living. Strong growth prospects are forecast for digital commerce: E-commerce business in Germany is expected to grow by 12% a year up to 2018. Here, too, it can be assumed that market shares will transfer from traditional commerce to the digital field, meaning that the market could cover revenues of approximately EUR 430 million in 2018. In addition to the strategic investments, we also extended our value chain in 2013 by founding several start-up companies such as the pet products website Petobel via our incubator EPIC Companies. The objective is to establish e-commerce portals using the incubator model and to participate in their growth.



Major Events and Changes in the Scope of Consolidation in 2013, page 76.

Travel portfolio of the ProSiebenSat.1 Group (Fig. 82)



Performance Opportunities

Performance opportunities for the ProSiebenSat.1 Group can arise from operating business as well as from cost management and the increase of efficiency. Opportunities from operating business result in particular from the possibility to capitalize sufficiently on our ratings successes and to generate additional revenues on the basis of innovative sales concepts. The largest opportunities for growth will result from the leading position in the TV advertising market if ProSiebenSat.1 further increases the audience market share of its TV stations and continues to achieve adequate purchase prices for its high-quality media services through a corresponding price policy.



Development of the TV and Online Advertising Market, page 67.

The ProSiebenSat.1 Group taps into related business areas such as online games, mobile and music by also selling its own products via its free TV stations, which have wide coverage. On the basis of this strategy, the company has built up an attractive Ventures portfolio with more than 50 partnerships and strategic investments since 2010. With its innovative media-for-revenue-share and media-for-equity models, the ProSiebenSat.1 Group provides selected start-up companies with advertising time on its TV stations in return for a revenue share and/or equity. With this special sales concept, the Group can capitalize free advertising time and optimize the use of its media inventory. This provides ProSiebenSat.1 the opportunity to advance into new business areas and markets in the future as well, without weaknesses on the part of the investments having a direct financial impact on the Group.



Glossary, page 291.

Besides the growth perspectives from operating business, performance opportunities arise from the optimization of costs. The implementation of efficient processes and structures and the identification of synergies between the individual areas form a crucial basis for sustainably increasing our profitability. As part of its cost management, the Group reviews the entire value chain on a continuous basis and includes future events in its cost planning as far as possible.

Future Business and Industry Environment



Economic Environment,
page 66.

After the global economy had a real growth of 3.1% and 3.0% in 2012 and 2013, the International Monetary Fund (IMF) forecasts a further upturn in the years to come. The primary reason for this is the growing economic momentum in industrialized nations, for which the IMF forecasts a 2.2% increase in economic output in 2014 (2013: 1.3%). Globally, a growth rate of 3.7% is expected.

In the eurozone, signs of an end to the recession appeared in mid 2013. Compared with the previous year, the year as a whole will still end with a contraction of approximately 0.4%, but a slight recovery of investment activity and exports is expected in 2014. Domestic demand could also increase slightly. For the current year, the IMF forecasts real economic growth of 1.0% in the eurozone.

A significant upturn is expected in 2014 for the German economy. Exports are expected to be revived by the brightening global economic climate and stabilization within the eurozone. At the same time, the domestic consumer climate remains positive with good labor market data and incomes expected to rise. The forecasts for 2014 are currently between 1.5% (Rheinisch-Westfälisches Institut für Wirtschaftsforschung) and 1.9% (ifo Institut) real growth.



Impact of General
Conditions on Business
Performance, page 74.

Since advertising expenditure consists of investments by companies, the development of advertising markets is always closely tied to the current and expected future general economic situation. If the economy performs well, companies and consumers are more willing to invest additional money in advertising or consumption than in phases of economic weakness. 2013 ended with relatively low economic growth of 0.4%. At the same time, the net advertising market fell by 1.4%, according to the forecast of the Association of German Advertisers (Zentralverband der deutschen Werbewirtschaft, ZAW). In contrast, the TV market showed a contrary trend: The World Advertising Research Center (WARC) forecasts growth of 1.1% (2014: +3.2%) in TV net advertising revenues in 2013. This development clearly shows that the effect of the economy is outweighed by the structural changes among media types, namely the shift of print as an advertising medium to TV. Because television can count on economic support as well as further gains in the media mix in 2014, the TV advertising market has good prospects on the whole.

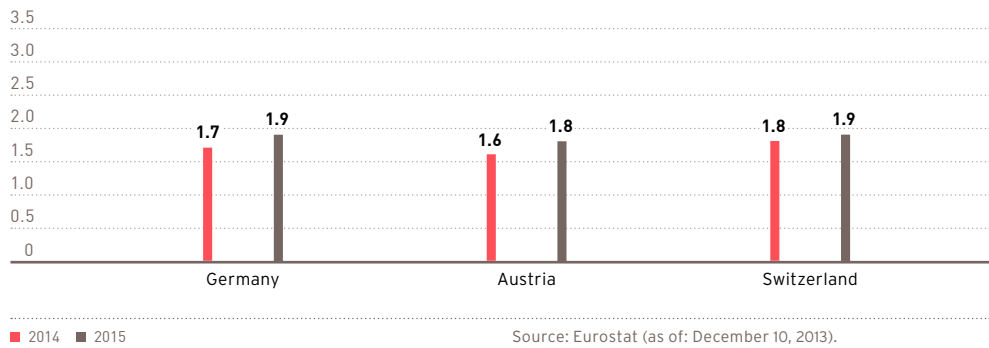


Development of the TV
and Online Advertising
Market, page 67.

The advertising market forecasts for Austria and Switzerland, the international TV markets for the ProSiebenSat.1 Group, are likewise positive, as the following charts show:

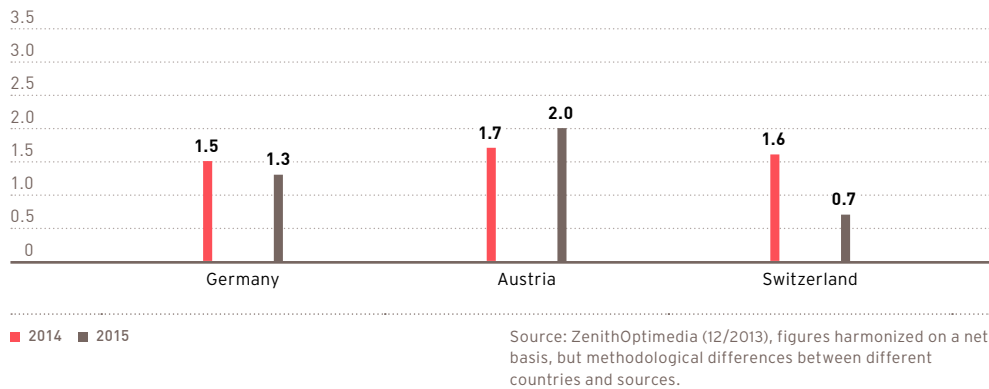
Forecasts for real gross domestic product in countries important for ProSiebenSat.1 (Fig. 83)

In percent, change vs. previous year



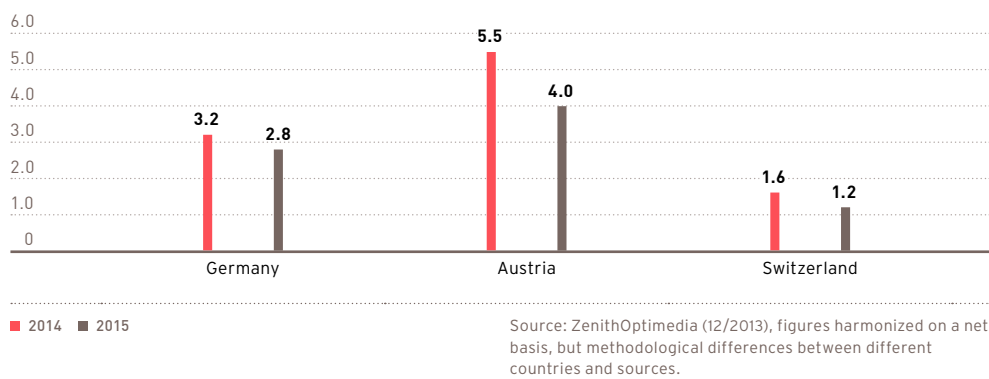
Anticipated development of the overall advertising market in countries important for ProSiebenSat.1 (Fig. 84)

In percent, change vs. previous year



Anticipated development of the TV advertising market in countries important for ProSiebenSat.1 (Fig. 85)

In percent, change vs. previous year



Company Outlook

Basis for Forecast

Due to a positive economic environment, the forecasts for the German advertising market remain optimistic: The ZenithOptimedia agency group and the World Advertising Research Center (WARC) predict net growth of around 3% for the German TV advertising market in 2014. The ProSiebenSat.1 Group also expects net growth by a low single-digit percentage in 2014. In 2013, the ProSiebenSat.1 Group generated around 63% of its revenues by selling traditional TV advertising in Germany. The development of the TV advertising market therefore is our most important planning assumption.

The ProSiebenSat.1 Group has concluded framework agreements on volumes to be taken and conditions with a large number of its advertising customers. However, final budgets are sometimes confirmed only on a month-by-month basis, as the price level is aligned to current audience shares, among other things. The advertising industry reacts not only very quickly but also extremely sensitively to positive and negative changes in the economy. This Company Outlook can therefore only provide a qualitative forecast for the relevant key financial figures of the 2014 to 2015 projection period. The qualitative indicators "slight increase", "mid single-digit increase", "mid to high single-digit increase", "high single-digit increase", and "significant increase" described below are based on expected percentage deviations from the respective previous year. Further specification or quantification is impossible in view of the limited visibility in the industry at this time.

Expected Group and Segment Revenue and Earnings Performance

We had a positive start to the financial year 2014 and continued to benefit from a favorable economic climate. Our revenues in the core business of advertising-financed television and in our strategic growth areas are developing as planned, consequently we expect consolidated revenues to increase significantly by a mid to high-single-digit percentage in 2014. In the 2015 projection period, Group revenues are also likely to increase by at least a mid single-digit percentage.

The extension of our value chain is part of our growth strategy. In the core business of TV, the ProSiebenSat.1 Group will benefit from the expansion of the station portfolio that took place in 2013, and the Distribution business is likely to continue developing dynamically. In addition, we will not only grow organically in the Digital & Adjacent and Content Production & Global Sales segments, but also strengthen our competitive position with strategic investments. The associated cost increase will be offset by additional growth in revenues, therefore we expect recurring EBITDA to increase by a mid single-digit percentage. Compared to the relevant European peer group companies, we are likely to continue achieving above-average margins. We expect underlying net income to grow by a high single-digit percentage in 2014 and 2015.

Forecast for Group key figures – 2-year view (Fig. 86)

EUR m	2013	Forecasts ¹ for 2014 and 2015
Revenues	2,605.3	mid to high single-digit increase
Recurring EBITDA	790.3	mid single-digit increase
Underlying net income	379.7	high single-digit increase
Leverage factor ²	1.8 ²	1.5 – 2.5

1 Percentage change vs. previous year; continuing operations.

2 After reclassification of cash and cash equivalents from the Eastern European business. Adjusted for LTM recurring EBITDA from the Northern and Eastern European business.

With our strategy, we have set a course for sustainable profitable growth. In 2013, we increased our revenues in all segments and again achieved high profitability. In the 2014 to 2015 forecast period, our revenue growth will again form the basis for a continued increase in earnings. By 2015, we expect revenues on the basis of continuing operations to increase by at least EUR 800 million compared with 2010. Originally, the Group had forecast a revenue increase of at least EUR 600 million by 2015 compared to 2010. Due in particular to the dynamic developments of the Digital & Adjacent activities, however, we raised our 2015 growth target by EUR 200 million in October 2013. We expect additional potential revenues primarily from the segments Digital & Adjacent (+ EUR 175 million) and Content Production & Global Sales (+ EUR 25 million). At the same time, we announced our financial targets for 2018.

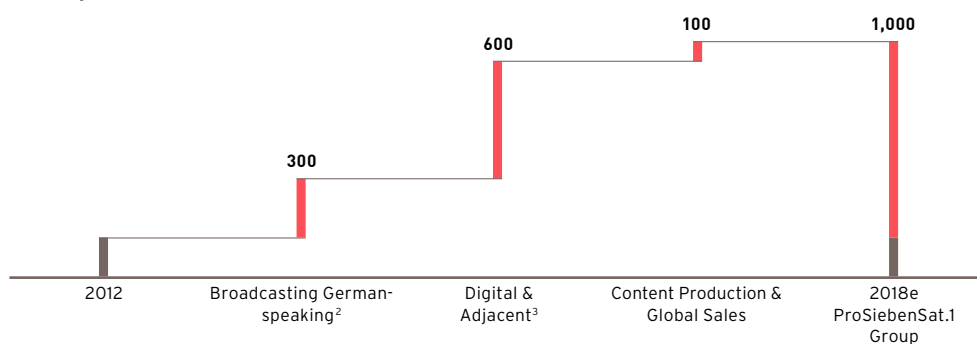


Strategy, Business Operations and Segments, page 44.

At Group level, we expect revenue growth of EUR 1 billion by 2018 compared to 2012. We expect to generate over 40% of our consolidated revenues outside of traditional TV advertising in 2018. The Digital & Adjacent segment is expected to contribute 25% to 30% of consolidated revenues in the medium term. The Group has identified the biggest potential in the interlinking of the high-reach TV offering and the dynamically growing digital industry. The Group is thus diversifying its business areas and tapping into new sources of revenues that are independent of the advertising market which is sensitive to the economy.

2018 growth targets (Fig. 87)

Revenue growth in EUR m¹



e = estimate

1 Growth of external revenues vs. 2012 from continuing operations.

2 External revenues including pay TV.

3 External revenues excluding pay TV.

- Broadcasting German-speaking segment:** In view of the positive start to the year and the optimistic economic forecasts, we expect a further increase of revenues in the German market. We based our planning assumptions for 2014 on net growth of a low single-digit percentage in the German TV advertising market and expect to grow at around market level. Net prices for TV advertising are expected to develop at least stably or to increase slightly.

In 2013, the Group launched two new free TV stations, SAT.1 Gold and ProSieben MAXX, and further extended its lead in the German TV market. For 2014 and 2015, the Group plans at least to maintain or to slightly improve its leading position in both the audience market and the advertising market. In addition, the ProSiebenSat.1 Group has established another dynamically growing business area within its core business with the distribution of its HD stations. Against this backdrop, we expect to continue our profitable growth in the Broadcasting German-speaking segment and anticipate a slight increase in revenues and recurring EBITDA in the next two years.

- Digital & Adjacent segment:** The successes of 2013 are proof to our digital strategy. We will continue our dynamic growth in the Digital & Adjacent segment and again expect double-digit growth rates in 2014 and 2015. Due to diverging business models, the recurring EBITDA margins of the Digital & Adjacent segment are slightly lower than in the core TV business at the expected level of around 20%. We see the biggest growth opportunities in the Digital Commerce and Digital Entertainment with home entertainment and online video advertising. In 2014 and 2015, we will continue to strengthen our good competitive position both by organic growth and acquisitions.
- Content Production & Global Sales segment:** Also in the Content Production & Global Sales segment we aim to continue our dynamic development in the next two years. After an intense phase of expansion, in which we became an established player in important TV markets such as the USA and the UK, our focus in the 2013 reporting year was on the consolidation of our investments and organic growth. We will continue this in 2014 and promote the implementation of synergies and economies of scale between the individual subsidiaries. At the same time, we will increase the number of our strategic partnerships and use opportunities for strategically useful acquisitions.

Forecast for segment key figures – 2-year view (Fig. 88)

EUR m	2013		2014 und 2015 forecasts ¹	
	External Revenues	Recurring EBITDA	Revenues	Recurring EBITDA
Broadcasting German-speaking	1,997.8	678.6	Slight increase	Slight increase
Digital & Adjacent	483.7	105.4	Significant increase	Significant increase
Content Production & Global Sales	123.8	10.6	Significant increase	Significant increase

¹ Percentage change vs. previous year; continuing operations.

Future Financial Position and Performance

We let our shareholders participate in the Company's success appropriately. We intend to continue our dividend policy and distribute an annual dividend of 80% to 90% of underlying net income. For 2013, we will propose a dividend of EUR 1.47 per dividend entitled registered common share. This represents an estimated payout of EUR 313.2 million or 82.5% of underlying net income. This results in an attractive dividend yield of 4.1% in relation to the closing price at the end of 2013. We will also continue to pursue an earnings-oriented dividend policy while maintaining to our defined leverage factor target range of 1.5 to 2.5. At the end of 2013, the leverage factor on the basis of continuing operations was 1.8.

For 2012, EUR 5.65 was paid per dividend entitled bearer preference share and EUR 5.63 per dividend entitled registered common share. In total, the dividend amounted to EUR 1.201 billion. After the successful completion of the sale of the Northern European activities in April 2013, the ProSiebenSat.1 Group reinvested part of the proceeds in the Group's operating business. As a result, the operating cash flow was largely available for other purposes, such as the dividend payment.

The ProSiebenSat.1 Group also used a portion of the proceeds from the disposal of the Northern European portfolio to repay financial indebtedness of EUR 500.0 million. However, the Company not only repaid loans in 2013, but also extended the remaining portion of its term loans and its revolving credit facility to July 2018.

With an equity ratio of 16.4% as of December 31, 2013, the Group shows a solid balance sheet structure, even though the equity base decreased due to the dividend payment at the end of the year. On the basis of the forecast earnings increase, we anticipate an equity ratio of around 20% by the end of 2014. The expected operating performance is also likely to have a positive impact on our liquidity level and our free cash flow before M&A activities. We therefore expect sufficient financial headroom and liquidity for investments and dividend payments in 2014 and 2015. In the future, the largest part of our investments – between EUR 800 and EUR 900 million – will continue to be made into the programming assets of the Broadcasting German-speaking segment. Another focus is the Digital & Adjacent segment. Here, investments will be used in particular for acquisitions and intangible assets. In addition to further investments, this also includes media-for-equity deals.

By developing strategically relevant areas, the ProSiebenSat.1 Group is investing in its future growth. In recent years, we have gained an early foothold in markets that offer high revenue potential in the long term. These include ecommerce business and the market for online video advertising and digital home entertainment. We have here forcefully established our own brands in recent years. We will benefit from this in the next few years.



Proposed allocations of profits, page 27.



Glossary, page 289.



Financial Position and Performance, page 85.



Major Events and Changes in the Scope of Consolidation in 2013, page 76.

Note on forward-looking statements on future earnings, financial position and performance (Fig. 89)

Our forecast is based on current assessments of future developments. Examples of risks and uncertainties which can negatively impact this forecast are a slowing of the economic recovery, a decline in advertising investments, increasing costs for program procurement, changes in exchange rates or interest rates, negative rating trends or even a sustained change in media usage, changes in legislation,

regulatory regulations or media policy guidelines. Further uncertain factors are described in the Risk Report from page 125 onwards. If one or even more of these imponderables occur or if the assumptions on which the forward-looking statements are made do not materialize, then actual events may deviate materially from the statements made or implicitly expressed.

Takeover-Related Disclosures (in accordance with Sections 289 (4) and 315 (4) of the German Commercial Code)

As a publicly traded company whose voting shares are listed in an organized market within the meaning of Section 2 (7) of the German Securities Acquisitions and Takeover Act (WpÜG), ProSiebenSat.1 Media AG is obliged to record the information stipulated in Sections 289 (4) and 315 (4) of the German Commercial Code (HGB) in the management report and Group management report. The disclosures are intended to enable a third party interested in taking over a publicly traded company to inform itself about the company, its structure, and any obstacles to the takeover. In addition to these statutory disclosures, the following section also includes the related explanations in accordance with Section 176 (1) Sentence 1 of the German Stock Corporation Act (AktG):

Composition of the subscribed capital

As of December 31, 2013, the share capital of ProSiebenSat.1 Media AG amounted to EUR 218,797,200. It is divided into 218,797,200 no par registered common shares with a pro rata share in the share capital of EUR 1.00 each. All shares entail the same rights and obligations; there are no longer shares of different classes due to the conversion of non-voting preference shares into voting common shares, which took effect when a corresponding change to the articles of incorporation was entered in the company's commercial register on August 16, 2013. Each share in ProSiebenSat.1 Media AG now grants one vote at the Annual General Meeting and an identical share in profits.

Restrictions affecting voting rights or the transfer of shares

The Executive Board has no information on any restrictions on the exercise of voting rights or the transferability of shares that go beyond the legal requirements of the law governing the capital market and the Interstate Broadcasting Treaty (Rundfunkstaatsvertrag).

Share holdings that exceed 10 % of the voting rights

Shares with special rights that confer controlling powers

No shares with special rights that confer controlling powers have been issued.

Voting control with regard to shareholdings of employees

There is no control over voting rights in the event that employees hold a share in the share capital of ProSiebenSat.1 Media AG and do not exercise their controlling rights directly.

Appointment and removal of Executive Board members; amendments of the articles of incorporation

In accordance with Section 6 (1) Sentence 1 of the company's articles of incorporation, the Executive Board of ProSiebenSat.1 Media AG comprises several people; the exact number is determined by the Supervisory Board in accordance with Section 6 (1) Sentence 2 of the articles of incorporation. Members of the Executive Board are appointed and removed by the Supervisory Board in accordance with Section 84 AktG. On this basis, Executive Board members are appointed for a maximum period of five years. Reappointments for a maximum of five years are permitted. Executive Board members can be removed by the Supervisory Board prematurely for good cause (wichtiger Grund). The appointment and removal of Executive Board members require a simple majority of the votes cast in the Supervisory Board; in the event of a tie, the vote of the



For further information on capital holdings that exceed 10% of the voting rights, Notes, Note 39 "Group affiliation and disclosures on voting rights notifications as per Section 21 (1) German Securities Trading Act (WpHG)", page 263.

Supervisory Board Chairman shall prevail (Section 10 Sentence 3 of the company's articles of incorporation). If the Executive Board does not have the required number of members, in urgent cases the court shall appoint a member upon petition by a party concerned (Section 85 (1) Sentence 1 AktG).

The Annual General Meeting must decide on changes to the articles of incorporation (Section 179 (1) Sentence 1 AktG). In the case of ProSiebenSat.1 Media AG, a resolution of the Annual General Meeting resolution to change the articles of incorporation requires the simple majority of the votes cast and of the share capital represented at the passing of the resolution (Section 179 (2) AktG in conjunction with Section 16 (2) of the articles of incorporation), unless a greater majority is required by mandatory legal provisions. For example, this is the case for changing the purpose of the company (Section 179 (2) Sentence 2 AktG) and creating an authorized capital (Section 202 (2) Sentences 2 and 3 AktG) or contingent capital (Section 193 (1) Sentences 1 and 2 AktG), for which a majority of at least three quarters of the share capital represented at the passing of the resolution is required. The Supervisory Board is authorized to pass amendments that relate solely to the wording of the articles of incorporation (Section 179 (1) Sentence 2 AktG in conjunction with Section 11 of the articles of incorporation).

Executive Board's powers to issue or repurchase shares

On the basis of the resolution of the Annual General Meeting of July 23, 2013, the Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of ProSiebenSat.1 Media AG on or before July 22, 2018, by not more than EUR 109,398,600 by issuing new no-par shares in return for contributions in cash and/or in kind on one or more occasions (Authorized Capital 2013). Subject to the consent of the Supervisory Board, the Executive Board is authorized to determine the further content of the rights attached to the shares and the conditions of the share issue. Shareholders are granted a preemptive right.

By resolution of the Annual General Meeting of June 4, 2009, the Executive Board is authorized, subject to the consent of the Supervisory Board, to issue bearer or registered convertible and/or option bonds with limited or unlimited terms on one or more occasions on or before June 3, 2014, with a total nominal value of no more than EUR 1 billion and to grant the holders or creditors of bonds, respectively, conversion or option rights to subscribe to up to 109,398,600 new shares of the company in the total notional amount of up to EUR 109,398,600 in the share capital in accordance with the terms and conditions of the convertible or option bonds.

As a general rule, shareholders are granted a preemptive right to the convertible and option bonds; however, the Executive Board is authorized, subject to the consent of the Supervisory Board, to partially or fully exclude the preemptive right in certain cases described in more detail in the resolution of the Annual General Meeting.

For the company to fulfill these conversion or option rights, the Annual General Meeting of June 4, 2009, created a contingent capital of EUR 109,398,600.

By resolution of the Annual General Meeting of May 15, 2012, amended by resolution of the Annual General Meeting of July 23, 2013 with respect to the conversion of preference shares into common shares, ProSiebenSat.1 Media AG is authorized to purchase its own shares on or before May 14, 2017 in the total amount of up to 10% of the share capital as of the date of the resolution. The company can utilize this authorization in full or in part, on one or more occasions, and for one or more purposes. The purchase can – also with the use of derivatives – be made via the stock exchange or by means of a tender offer directed to all shareholders and/or by way of a public solicitation to submit sales offers. Purchased own shares can be sold again or cancelled (einge-

zogen werden) without an additional Annual General Meeting resolution. On the resale of own shares, the Executive Board is authorized, subject to the consent of the Supervisory Board, to partially or fully exclude the shareholders' preemptive rights in certain cases described in more detail in the resolution of the Annual General Meeting.

Significant agreements subject to a change of control resulting from a takeover bid

ProSiebenSat.1 Media AG concluded the following significant agreements that entail regulations for the event of a change of control, which could result from a takeover bid:

The ProSiebenSat.1 Group has a secured syndicated facilities agreement that, as of December 31, 2013, includes a term loan of EUR 1.860 billion and a revolving credit facility (RCF) with a facility amount of EUR 600.0 million. In the event that the control over ProSiebenSat.1 Media AG changes (change of control) by way of direct or indirect acquisition of more than 50% of the voting rights in ProSiebenSat.1 Media AG by a third party, the lenders may demand a termination of the facilities agreement and repayment of all outstanding amounts within a certain period after the change of control takes place.

In addition, some license agreements for films, TV series and other programs important for the Company include regulations that, in the event of a change of control, entitle the provider of the program content to terminate the corresponding license agreement prematurely.

Company's compensation agreements with Executive Board members or employees for the event of a takeover bid.

There are no compensation agreements of ProSiebenSat.1 Media AG with members of the Executive Board or employees for the event of a takeover bid.

CONSOLIDATED FINANCIAL STATEMENTS

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DIGITAL & ADJACENT

In this segment, ProSiebenSat.1 bundles its Online Video, Online Games, Ventures & Commerce and Music activities. We consistently gain **ACCESS TO NEW MARKETS** with strong growth prospects.

484
EUR m

SEGMENT REVENUES

External revenues in the Digital & Adjacent segment rose by 44.5% to EUR 484 million in 2013 (previous year: EUR 335 million). The digital commerce business contributed EUR 222 million to revenues, again driving the segment's growth the most.

48
%

MARKET SHARE

In 2013, SevenOne Media was the number one in the German advertising market for in-stream video ads with a market share of 48%.

CLAAS VAN DELDEN, MANAGING DIRECTOR SEVENVENTURES

Last year, ProSiebenSat.1 expanded its online travel segment considerably, and this business area is expected to continue growing dynamically in the future. Claas van Delden (39) is responsible for the development of the travel segment. The business administration graduate and Managing Director of SevenVentures is convinced of the strategic investments in the travel sector: "In the medium term, we want to generate a three-digit million amount with our activities in the travel segment."

Mr. van Delden, what makes the online travel market so attractive for ProSiebenSat.1?

CLAAS VAN DELDEN: Its incredible momentum: The internet travel market is one of the largest e-commerce markets and also benefits enormously from TV advertising. This combination creates an extremely interesting field of investment for us.

In 2013, SevenVentures acquired an array of leading companies in the travel sector, specifically billiger-mietwagen.de, mydays and the online travel providers weg.de and ferien.de. What target are you pursuing by doing this?

CLAAS VAN DELDEN: The acquisitions complement our existing platforms, the tour operator tropo, the websites reise.com and wetter.com, and our stake in HolidayInsider. We have thus built up our own "house of travel" in less than two years. Our target is to offer all of a vacationer's needs from a single source: from flights, accommodation and rental cars to all important climate and weather data and things to do and see at the destination.

What advantages arise from the interaction of the individual travel brands?

CLAAS VAN DELDEN: The potential synergy is enormous. The individual offers mutually strengthen and promote each other, and can pass traffic among themselves. For example, we can offer a weg.de customer trips from our tour operator tropo and follow up a booking by offering a rental car from billiger-mietwagen's range. In addition to the growth driver of TV advertising, the close cooperation of the companies adds a second important aspect. This intensive integration with mutual push effects makes the concept so unique and promising of success.

Do you still reach internet users interested in travel via traditional television advertising?

CLAAS VAN DELDEN: Very well, in fact. Travel brands are virtually tailor-made for the visual and emotive medium of TV. They are therefore a focus of our e-commerce strategy. Television advertising builds up high reach and therefore awareness in internet-savvy target groups faster than any other medium.

You mentioned the „house of travel“. Do you plan to establish further "houses"?

CLAAS VAN DELDEN: Yes, we are at the moment building up comparable thematic clusters in the fashion or home & living area. Also in these segments, we want to bundle leading offers that are mutually complementary. The sectors may differ one from another, but they all have one thing in common: Their growth is based on a strong and solid fundament – and this is our successful TV business.



“In the medium term,
we want to generate a
three-digit million amount
with our activities in the
travel segment.”

CLAAS VAN DELDEN
Managing Director,
Seven Ventures GmbH

Income Statement

Income statement of ProSiebenSat.1 Group (Fig. 90)

EUR m		2013	2012	Change	Change in %
CONTINUING OPERATIONS					
1.	Revenues	[8] 2,605.3	2,356.2	+249.1	+10.6%
2.	Cost of sales	[9] -1,431.8	-1,266.4	-165.4	-13.1%
3.	Gross profit	1,173.5	1,089.8	+83.7	+7.7%
4.	Selling expenses	[10] -243.5	-229.9	-13.7	-6.0%
5.	Administrative expenses	[11] -285.7	-243.9	-41.8	-17.2%
6.	Other operating expenses	[12] -0.8	-28.6	+27.8	+97.2%
7.	Other operating income	[13] 25.4	13.4	+12.0	+89.2%
8.	Operating profit	668.9	600.9	+68.0	+11.3%
9.	Interest and similar income	6.5	3.0	+3.4	>+100%
10.	Interest and similar expenses	-135.0	-156.2	+21.2	+13.6%
11.	Interest result	[14] -128.5	-153.2	+24.7	+16.1%
12.	Income from investments accounted for using the equity method	[15] 5.1	10.3	-5.2	-50.1%
13.	Other financial result	[15] -18.6	-1.5	-17.1	>-100%
14.	Financial result	-142.0	-144.4	+2.4	+1.7%
15.	Profit before income taxes	526.9	456.5	+70.4	+15.4%
16.	Income taxes	[16] -162.2	-127.4	-34.8	-27.3%
17.	Profit for the period from continuing operations	364.6	329.1	+35.6	+10.8%
DISCONTINUED OPERATIONS					
18.	Profit from discontinued operations (net of income taxes)	[3] -47.6	-30.2	-17.4	-57.6%
19.	Profit for the period	317.0	298.8	+18.2	+6.1%
Attributable to shareholders of ProSiebenSat.1 Media AG					
		312.1	295.0	+17.1	+5.8%
Non-controlling interests					
		4.9	3.9	+1.0	+26.2%
EUR					
Earnings per share					
	Basic earnings per share	[17] 1.47	1.39	+0.08	+5.8%
	Diluted earnings per share	[17] 1.45	1.38	+0.07	+5.1%
Earnings per share from continuing operations					
	Basic earnings per share	[17] 1.69	1.53	+0.16	+10.5%
	Diluted earnings per share	[17] 1.67	1.52	+0.15	+9.9%
Earnings per share from discontinued operations					
	Basic earnings per share	[17] -0.22	-0.14	-0.08	-57.1%
	Diluted earnings per share	[17] -0.22	-0.14	-0.08	-57.1%

Statement of Comprehensive Income

Statement of comprehensive income of ProSiebenSat.1 Group (Fig. 91)

EUR m	2013	2012	Change	Change in %
Profit for the period	317.0	298.8	+18.2	+6.1%
Items subsequently reclassified to profit or loss				
Change in foreign currency translation adjustment ¹	-16.6	45.1	-61.7	-/-
Changes in fair value of cash flow hedges ²	14.7	-27.2	+41.9	-/-
Deferred tax on other comprehensive income ³	-4.0	8.1	-12.2	-/-
Items subsequently not reclassified to profit or loss				
Effects from valuation of pension obligations	-0.9	-/-	-0.9	-/-
Deferred tax on effects from valuation of pension obligations	0.2	-/-	+0.2	-/-
Deconsolidation reclassifications	-35.7	-/-	-35.7	-/-
Other comprehensive income for the period	-42.3	26.0	-68.3	>-100.0%
Total comprehensive income for the period	274.7	324.9	-50.2	-15.5%
Attributable to shareholders of ProSiebenSat.1 Media AG				
	269.7	321.0	-51.3	-16.0%
Non-controlling interests				
	5.0	3.9	+1.1	+28.8%

1 Includes non-controlling interests from change in foreign currency translation adjustment in 2013 of 0.1 EUR m (2012: 0.0 EUR m) as well as amounts associated with assets and liabilities held for sale of 1.2 EUR m (2012: 32.8 EUR m).

2 Includes amounts associated with assets and liabilities held for sale of 0.0 EUR m (2012: -1.4 EUR m).

3 Includes amounts associated with assets and liabilities held for sale of 0.0 EUR m (2012: 0.4 EUR m).

Statement of Financial Position

Statement of financial position of ProSiebenSat.1 Group (Fig. 92)

EUR m		12/31/2013	12/31/2012	Change
A. Non-current assets				
I.	Intangible assets	[19] 1,164.5	1,062.6	+101.9
II.	Property, plant and equipment	[20] 204.8	198.7	+6.1
III.	Investments accounted for using the equity method	[21] 15.9	5.3	+10.6
IV.	Non-current financial assets	[24] 60.9	61.2	-0.2
V.	Programming assets	[22] 1,064.6	1,110.7	-46.1
VI.	Non-current tax assets	0.0	0.0	0.0
VII.	Other receivables and non-current assets	[24] 4.0	2.9	+1.1
VIII.	Deferred tax assets	[16] 20.7	25.8	-5.1
		2,535.4	2,467.1	+68.3
B. Current assets				
I.	Programming assets	[22] 137.1	166.2	-29.2
II.	Inventories	[23] 1.3	0.7	+0.5
III.	Current financial assets	[24] 4.8	- / -	+4.8
IV.	Trade receivables	[24] 326.3	268.7	+57.6
V.	Current tax assets	49.3	37.8	+11.5
VI.	Other receivables and current assets	[24] 37.4	98.4	-60.9
VII.	Cash and cash equivalents	[25] 395.7	702.3	-306.5
VIII.	Assets held for sale	68.8	1,671.4	-1,602.6
		1,020.7	2,945.5	-1,924.8
	Total assets	3,556.0	5,412.6	-1,856.6

Statement of
Financial Position

EUR m		12/31/2013	12/31/2012	Change
A. Equity	[26]			
I. Subscribed capital		218.8	218.8	-/-
II. Capital reserves		585.7	581.6	+4.1
III. Consolidated equity generated		-55.8	833.4	-889.2
IV. Treasury shares		-37.6	-47.4	+9.7
V. Accumulated other comprehensive income from continuing operations		-97.0	-102.0	+5.0
VI. Accumulated other comprehensive income associated with assets and liabilities held for sale		-15.6	31.8	-47.4
VII. Other equity		-24.6	-20.5	-4.1
Total equity attributable to shareholders of ProSiebenSat.1 Media AG		573.9	1,495.8	-922.0
VIII. Non-controlling interests		10.2	5.0	+5.2
		584.1	1,500.8	-916.7
B. Non-current liabilities				
I. Non-current loans and borrowings	[29]	1,842.0	2,342.2	-500.2
II. Other non-current financial liabilities	[29]	225.9	317.0	-91.1
III. Trade payables	[29]	20.6	-/-	+20.6
IV. Other non-current liabilities	[30]	4.4	4.4	0.0
V. Provisions for pensions	[27]	15.5	12.8	+2.7
VI. Other non-current provisions	[28]	3.8	5.3	-1.5
VII. Deferred tax liabilities	[16]	81.5	66.7	+14.9
		2,193.7	2,748.4	-554.7
C. Current liabilities				
I. Current loans and borrowings	[29]	0.0	230.9	-230.8
II. Other current financial liabilities	[29]	85.5	36.1	+49.4
III. Trade payables	[29]	352.5	322.2	+30.3
IV. Other current liabilities	[30]	223.2	202.6	+20.5
V. Provisions for taxes		21.4	20.8	+0.6
VI. Other current provisions	[28]	55.4	52.2	+3.2
VII. Liabilities associated with assets held for sale		40.2	298.6	-258.4
		778.3	1,163.4	-385.2
Total equity and liabilities		3,556.0	5,412.6	-1,856.6

Cash Flow Statement

Cash flow statement of ProSiebenSat.1 Group (Fig. 93)

EUR m	2013	2012
Profit from continuing operations	364.6	329.1
Profit from discontinued operations (net of income taxes)	-47.6	-30.2
of which gain on the sale of discontinued operations (net of tax)	77.0	-/-
Profit for the period	317.0	298.8
Income taxes	162.2	127.4
Financial result	142.0	144.4
Depreciation/amortization and impairment of intangible and tangible assets	88.9	79.5
Consumption/reversal of impairment of programming assets	847.2	835.9
Change in provisions for pensions and other provisions	21.3	12.1
Gain/loss on the sale of assets	-3.2	-4.0
Other non-cash income/expenses	2.9	-7.4
Cash flow from continuing operations	1,626.1	1,517.0
Cash flow from discontinued operations	108.2	346.2
Cash flow total	1,734.3	1,863.2
Change in working capital	-14.8	-32.8
Dividends received	5.9	5.5
Income tax paid	-135.6	-129.1
Interest paid	-137.0	-160.0
Interest received	3.8	1.6
Cash flow from operating activities of continuing operations	1,348.3	1,202.1
Cash flow from operating activities of discontinued operations	58.4	363.1
Cash flow from operating activities total	1,406.8	1,565.2
Proceeds from disposal of non-current assets	3.6	0.2
Payments for the acquisition of intangible and tangible assets	-93.8	-88.4
Payments for the acquisition of financial assets	-18.2	-2.0
Proceeds from disposal of programming assets	12.1	19.9
Payments for the acquisition of programming assets	-860.2	-843.3
Payments for loans to associated companies	-/-	-/-
Payments for loans to Group companies - not consolidated	-2.6	-/-
Payments for loans to other investments	-0.8	-/-
Cash flows from obtaining control of subsidiaries or other business	-56.6	-27.1
Cash flows from losing control of subsidiaries or other business	-1.7	-5.2
Cash flow from investing activities of continuing operations	-1,018.3	-945.8
Cash flow from investing activities of discontinued operations	1,181.9	-317.9
of which proceeds from disposal of discontinued operation (net of cash disposed of)	1,312.3	9.2
Cash flow from investing activities total	163.6	-1,263.7
Free cash flow of continuing operations	330.1	256.3
Free cash flow of discontinued operations	1,240.3	45.2
Free cash flow	1,570.4	301.5

Cash Flow Statement continued

EUR m	2013	2012
Free Cashflow (amount carried over from page 166)	1,570.4	301.5
Dividends paid	-1,201.4	-245.7
Repayment of interest-bearing liabilities	-1,032.5	-0.5
Proceeds from issuance of interest-bearing liabilities	300.6	230.8
Repayment of finance lease liabilities	-9.0	-9.6
Proceeds from the sale of treasury shares	9.7	5.1
Repurchase of treasury shares	-/-	-/-
Payments for shares in other entities without change in control	-1.4	0.1
Proceeds from the issue of share capital from non-controlling interests	0.0	0.2
Payments in connection with refinancing measures	-8.8	-2.3
Dividend payments to non-controlling interests	-10.5	-9.1
Cash flow from financing activities of continuing operations	-1,953.2	-30.9
Cash flow from financing activities of discontinued operations	-2.3	-0.8
Cash flow from financing activities total	-1,955.5	-31.7
Effect of foreign exchange rate changes of continuing operations on cash and cash equivalents	-0.9	2.5
Effect of foreign exchange rate changes of discontinued operations on cash and cash equivalents	-2.2	2.4
Change in cash and cash equivalents total	-388.2	274.8
Cash and cash equivalents at beginning of reporting period	792.6 ¹	517.9
Cash and cash equivalents at end of reporting period	404.5¹	792.6¹
Cash and cash equivalents classified under assets held for sale at end of reporting period	-8.8	-90.4
Cash and cash equivalents of continuing operations at end of reporting period (statement of financial position)	395.7	702.3

¹ Includes cash and cash equivalents from held for sale entities.

Statement of Changes in Equity

Statement of Changes in Equity

Statement of changes in equity of ProSiebenSat.1 Group 2012 (Fig. 94)

EUR m	Subscribed capital	Capital reserves	Consolidated equity generated	Treasury shares	Accumulated other comprehensive income					Total equity attributable to ProSiebenSat.1 Media AG	Non-controlling interests	Total equity
					Foreign currency translation adjustment	Fair value changes of cash flow hedges	Valuation of provisions for pensions	Deferred taxes	Other equity			
December 31, 2011 – reported	218.8	575.5	782.3	-52.5	-8.4	-115.7	-/-	31.8	-0.4	1,431.4	10.0	1,441.4
Adjustment from the adoption of IAS 19 (2011)	-/-	-/-	3.8	-/-	-/-	-/-	-5.3	1.5	-/-	0.0	-/-	0.0
December 31, 2011 – adjusted	218.8	575.5	786.1	-52.5	-8.4	-115.7	-5.3	33.2	-0.4	1,431.4	10.0	1,441.4
Profit for the period	-/-	-/-	295.0	-/-	-/-	-/-	-/-	-/-	-/-	295.0	3.9	298.8
Other comprehensive income ¹	-/-	-/-	-/-	-/-	45.0	-27.2	-/-	8.1	-/-	26.0	0.0	26.0
Total comprehensive income	-/-	-/-	295.0	-/-	45.0	-27.2	-/-	8.1	-/-	321.0	3.9	324.9
Dividends paid	-/-	-/-	-245.7	-/-	-/-	-/-	-/-	-/-	-/-	-245.7	-9.5	-255.2
Share-based payments	-/-	6.3	-/-	-/-	-/-	-/-	-/-	-/-	-/-	6.3	-/-	6.3
Other changes	-/-	-0.2	-2.0	5.1	-/-	-/-	-/-	-/-	-20.1	-17.1	0.6	-16.5
December 31, 2012 – adjusted	218.8	581.6	833.4	-47.4	36.6	-142.9	-5.3	41.4	-20.5	1,495.8	5.0	1,500.8

¹ Includes amounts associated with assets and liabilities held for sale from foreign currency translation (32.8 EUR m), valuation of cash flow hedges (-1.4 EUR m) and from deferred taxes (0.4 EUR m).

Statement of changes in equity of ProSiebenSat.1 Group 2013 (Fig. 95)

EUR m	Subscribed capital	Capital reserves	Consolidated equity generated	Treasury shares	Accumulated other comprehensive income					Total equity attributable to ProSiebenSat.1 Media AG	Non-controlling interests	Total equity
					Foreign currency translation adjustment	Fair value changes of cash flow hedges	Valuation of provisions for pensions	Deferred taxes	Other equity			
December 31, 2012 – reported	218.8	581.6	829.6	-47.4	36.6	-142.9	-/-	39.9	-20.5	1,495.9	5.0	1,500.9
Adjustment from the adoption of IAS 19 (2011)	-/-	-/-	3.8	-/-	-/-	-/-	-5.3	1.5	-/-	0.0	-/-	0.0
December 31, 2012 – adjusted	218.8	581.6	833.4	-47.4	36.6	-142.9	-5.3	41.4	-20.5	1,495.8	5.0	1,500.8
Profit for the period	-/-	-/-	312.1	-/-	-/-	-/-	-/-	-/-	-/-	312.1	4.9	317.0
Other comprehensive income ¹	-/-	-/-	-/-	-/-	-16.7	14.7	-0.9	-3.8	-/-	-6.7	0.1	-6.6
Deconsolidation reclassifications	-/-	-/-	-/-	-/-	-36.8	1.4	-/-	-0.4	-/-	-35.7	-/-	-35.7
Total comprehensive income	-/-	-/-	312.1	-/-	-53.5	16.1	-0.9	-4.2	-/-	269.7	5.0	274.7
Dividends paid	-/-	-/-	-1,201.4	-/-	-/-	-/-	-/-	-/-	-/-	-1,201.4	-10.5	-1,211.8
Share-based payments	-/-	9.2	-/-	-/-	-/-	-/-	-/-	-/-	-/-	9.2	-/-	9.2
Other changes	-/-	-5.1	0.0	9.7	-/-	-/-	-/-	-/-	-4.1	0.5	10.7	11.2
December 31, 2013	218.8	585.7	-55.8	-37.6	-16.9	-126.8	-6.2	37.2	-24.6	573.9	10.2	584.1

¹ Includes amounts associated with assets and liabilities held for sale from foreign currency translation (1.2 EUR m).

Notes

Basis of Preparation

1 General information

ProSiebenSat.1 Media AG, the ultimate parent company of the Group, is registered under the name ProSiebenSat.1 Media AG with the Munich District Court, Germany (HRB 124 169). Its registered head office is in Unterföhring. Its address is: ProSiebenSat.1 Media AG, Medienallee 7, 85774 Unterföhring, Germany.

ProSiebenSat.1 Media AG and its subsidiaries (the "Company", the "Group" or "ProSiebenSat.1 Group") is one of Europe's leading media companies. Its core business consists of advertising-financed television. Additionally, the portfolio of ProSiebenSat.1 Media AG includes activities in adjacent business areas such as online video, online games, ventures and commerce, travel, music, and the development, production and worldwide distribution of programs. Moreover, the Group generates distribution revenues from the sale of its HD and basic Pay TV stations.

The consolidated financial statements of the ProSiebenSat.1 Group for the financial year ending December 31, 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) in force at the reporting date, as adopted by the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and the Council concerning the use of International Accounting Standards. The term IFRS also includes the International Accounting Standards (IAS) that are still in effect. All binding interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) and the Standard Interpretations Committee (SIC) mandatory for the financial year 2013 were also applied. The additional requirements of Section 315a of the German Commercial Code (HGB) were also followed.

ProSiebenSat.1 Media AG prepares and publishes its consolidated financial statements in euro. Unless specifically indicated otherwise, all amounts are presented in millions of euro (EUR m). The figures for the financial year 2013 reflect the continued operations of the ProSiebenSat.1 Group unless otherwise stated. Where necessary, the previous-year figures were adjusted respectively. Due to rounding, it is possible that individual figures in these consolidated financial statements do not add exactly to the totals shown and that the percentage figures presented do not reflect exactly the absolute figures they relate to. Change rates are based on a business perspective. Improvements are shown with a plus (+), deterioration with a minus (-).

The consolidated income statement is presented using the cost-of-sales method. The consolidated statement of financial position follows the organizational requirements of IAS 1. The presentation in the statement of financial position distinguishes between current and non-current assets and liabilities. Assets and liabilities are classified as current when they are expected to be settled within one year.

To provide a clearer and more meaningful picture, certain items have been combined in the consolidated income statement and the consolidated statement of financial position, while specific explanations by item are provided in the Notes.

In March 2013, the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG jointly issued the annual Declaration of Compliance with the German Corporate Governance Code, as required under Section 161 of the German Stock Corporation Act (AktG), and made it permanently available to the shareholders of ProSiebenSat.1 Media AG on the Group's website (www.prosiebensat1.com). The consolidated financial statements of ProSiebenSat.1 Media AG for financial year 2013 were approved for submission to the Supervisory Board by decision of the Executive Board on February 24, 2014.

2 Scope of consolidation

The consolidated financial statements of ProSiebenSat.1 Media AG include all material subsidiaries. Subsidiaries are defined as entities in which ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights or whose activities it can otherwise control. These entities are included in the consolidated financial statements effective from the date on which the Group obtains control. The existence and effect of potential voting rights which are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity.

If applicable, the annual financial statements of the subsidiaries are aligned to the accounting policies of the Group.

19 (previous year: 4) subsidiaries with suspended or only minor business activities which are only of subordinate importance for presenting a fair picture of the financial position and performance as well as the cash flow of the ProSiebenSat.1 Group are not included in the scope of consolidation. As no active market exists for these companies and their fair values cannot be reliably measured without incurring unreasonable expense, they are recognized in the consolidated financial statements at cost, where necessary including impairments. The total amount of equity and the total profit after taxes of these companies are less than 1% of the consolidated equity and less than 1% of the consolidated profit of the ProSiebenSat.1 Group.

The number of subsidiaries included in the consolidated financial statements changed as follows in the financial year 2013:

Fully consolidated subsidiaries (Fig. 96)

	Germany	Other countries	Total
Included at December 31, 2012	60	118	178
Additions	8	12	20
Disposals	-5	-57	-62
Included at December 31, 2013	63	73	136

Alongside newly founded entities, the additions in the 2013 financial year include the acquisitions described in more detail in Note 3 "Acquisitions and disposals". The disposals in the 2013 financial year relate in particular to the formerly fully consolidated subsidiaries abroad. This primarily pertains to the sale of the Northern European portfolio (see Note 3 "Acquisitions and disposals"). In addition to the fully consolidated entities, 15 (previous year: 6) associates and two (previous year: 3) joint ventures were consolidated using the equity method. Associates are companies over which ProSiebenSat.1 Media AG has significant influence, but which are neither subsidiaries nor joint ventures. Joint ventures are companies that are jointly controlled with other entities.

The list of shareholdings in major Group companies required under Section 313 (2) of the German Commercial Code and which is part of the Notes is provided on pages 276 through 280. In addition, the list of shareholdings also contains a list of all subsidiaries which meet the requirements of Section 264 (3) of the German Commercial Code, and are exercising their option to be exempted from certain requirements concerning the preparation, auditing and publication of the annual financial statements and the management report.

3 Acquisitions and disposals

a) Acquisitions

Key acquisitions in the financial year 2013

Acquisition of SilverTours GmbH

By sale and purchase agreement dated March 28, 2013, and effective as of May 13, 2013, the ProSiebenSat.1 Group, via the Group company SevenVentures GmbH, Unterföhring, acquired 60,0% of the shares in and thus control over SilverTours GmbH, Freiburg im Breisgau. The company operates the website "billiger-mietwagen.de" for rental car price comparison and arranging and organizing holidays and is allocated to the Digital & Adjacent segment (see Note 35 "Segment reporting"). The acquisition strengthens the Group's market position in the area of online services. The company was initially consolidated in June 2013.

A cash purchase price of EUR 46.7 million was paid for the shares acquired. Moreover, an agreement for the acquisition of a further total share of 14.9 % until 2016 at the latest, at variable, performance-based purchase prices, was reached with the non-controlling shareholders. A corresponding liability was recognized at its fair value of EUR 13.2 million. The carrying amount of this liability was EUR 13.5 million at the reporting date.

The following table illustrates the financial impact of this business combination on the consolidated financial statements of the ProSiebenSat.1 Group at the acquisition date. The figures shown contain only minor changes as compared to the original purchase price allocation reported in the half-year interim financial statements as of June 30, 2013. It only contains those statement of financial position items showing values at that date:

Acquisition SilverTours (Fig. 97)

EUR m	Carrying amounts at acquisition	Step up	Fair value at acquisition
Intangible assets	0.2	36.2	36.3
Property, plant and equipment	0.2	-/-	0.2
Non-current assets	0.4	36.2	36.5
Trade receivables	0.9	-/-	0.9
Other current receivables and other assets	0.5	-/-	0.5
Cash and cash equivalents	6.4	-/-	6.4
Current assets	7.9	-/-	7.9
Deferred tax liabilities	-/-	11.6	11.6
Non-current liabilities and provisions	-/-	11.6	11.6
Trade payables	0.5	-/-	0.5
Other provisions	0.8	-/-	0.8
Other liabilities	0.8	-/-	0.8
Current liabilities and provisions	2.1	-/-	2.1
Non-controlling interests	-/-	7.7	7.7
Total net assets	6.1	16.9	23.0
Purchase price per IFRS 3			59.9
Goodwill			36.9

The goodwill identified primarily represents strategic synergy potential in the area of online services and is not deductible for tax purposes. In line with the option allowed according to IFRS 3.19, the ProSiebenSat.1 Group recognizes the goodwill resulting from this transaction only to the extent it relates to the acquirer.

The other intangible assets identified in connection with the purchase price allocation comprise trademarks with a fair value of EUR 25.5 million and indefinite useful lives, customer relationships of EUR 9.4 million with useful lives of five years as well as software of EUR 1.3 million with a useful life of two years. Deferred tax liabilities of EUR 11.6 million were recognized relating to the intangible assets recognized separately from goodwill.

The carrying amounts of the receivables and other assets acquired equal their fair values.

The inclusion of the company in the consolidated financial statements from the beginning of the financial year would have had the following impact on the earnings of the ProSiebenSat.1 Group: Revenues EUR 3.8 million, earnings after taxes minus EUR 0.3 million. Since the acquisition date, the company has contributed revenues of EUR 17.2 million, operating expenses of EUR 7.1 million and earnings after taxes of EUR 6.4 million to the Group.

Other acquisitions in the financial year 2013

The acquisitions presented below are not material individually for the presentation of earnings, financial position and performance of the Group. For this reason, the quantitative disclosures required by IFRS 3 are shown in summarized form. The other acquisitions are shown chronologically, i.e. based on the respective date of acquisition/initial consolidation.

By sale and purchase agreement dated April 10, 2013, and effective as of May 28, 2013, the ProSiebenSat.1 Group, via the Group company SevenVentures GmbH, Unterföhring, acquired 75.1% of the shares in and thus control over mydays Holding GmbH, Munich. With mydays.de, the company operates one of the leading portals for event presents in Germany. The company is allocated to the Digital & Adjacent segment (see Note 35 "Segment reporting"). For materiality reasons, the company was initially consolidated in July 2013.

By sale and purchase agreement dated July 31, 2013, and effective as of August 1, 2013, the ProSiebenSat.1 Group, via the Group company Starwatch Entertainment GmbH, Unterföhring, acquired 60.0% of the shares in and thus control over MMP Veranstaltungs- und Vermarktungs GmbH, Cologne. The purpose of the company is developing, planning, organizing, implementing, marketing and holding media or other events in the area of sport, art and culture as well as all related businesses. For materiality reasons, the company was initially consolidated in September 2013.

By sale and purchase agreement dated October 17, 2013, and effective as of October 31, 2013, the ProSiebenSat.1 Group, via the Group company Magic Internet Musik GmbH, Berlin, acquired the website songtexte.com from Netdo Establishment, Vaduz, Liechtenstein, as part of an asset deal.

The following table illustrates the financial impact of the above individually immaterial business combinations and transactions on the consolidated financial statements of the ProSiebenSat.1 Group at the respective acquisition dates. It only contains those statement of financial position items showing values at that date:

Other acquisitions 2013 (Fig. 98)

EUR m	Carrying amounts at acquisition	Step up	Fair value at acquisition
Intangible assets	2.1	10.9	13.0
Property, plant and equipment	0.3	-/-	0.3
Deferred tax assets	0.6	-/-	0.6
Non-current assets	3.0	10.9	13.9
Trade receivables	1.5	-/-	1.5
Other current receivables and other assets	3.0	-/-	3.0
Cash and cash equivalents	1.3	-/-	1.3
Current assets	5.7	-/-	5.7
Deferred tax liabilities	-/-	3.5	3.5
Non-current liabilities and provisions	-/-	3.5	3.5
Trade payables	3.4	-/-	3.4
Other provisions	0.3	-/-	0.3
Other liabilities	13.9	-/-	13.9
Current liabilities and provisions	17.5	-/-	17.5
Non-controlling interests	-/-	-0.7	-0.7
Total net assets	-8.8	8.0	-0.7
Purchase price per IFRS 3			13.4
Goodwill			14.2

The acquisitions named above support the growth strategy of the ProSiebenSat.1 Group in the areas of online services and music and licensing. The purchase prices as per IFRS 3 amounted to EUR 13.4 million and include variable components due in the future with a fair value at the time of initial consolidation totaling EUR 2.4 million. The carrying amount of these liabilities was EUR 2.4 million at the reporting date.

The goodwill capitalized in this connection primarily represents strategic synergy potential in the stated areas as well as the acquired workforce and is not deductible for tax purposes. In line with the option allowed according to IFRS 3.19, the ProSiebenSat.1 Group recognizes the goodwill resulting from the above transactions only to the extent it relates to the acquirer. This is allocated to the companies acquired as follows:

- > mydays Holding GmbH: EUR 9.7 million
- > MMP Veranstaltungs- und Vermarktungs GmbH: EUR 4.5 million

In the context of the above transactions, the separately recognized intangible assets primarily relate to internet domains. At the time of initial consolidation, their fair value amounted to EUR 8.7 million, they are assumed to have indefinite useful lives. Customer relationships (expected useful lives of between two and five years) with a fair value of EUR 2.1 million and software (expected remaining useful life of one to three years) with a fair value of EUR 1.9 million were also capitalized. Deferred tax liabilities of EUR 3.5 million were recognized relating to the intangible assets recognized separately from goodwill.

The intangible assets identified in connection with the purchase price allocation at SilverTours GmbH and mydays Holding GmbH were measured by independent external appraisers. The brands were valued using the relief from royalty method. Customer relationships were valued using the residual value method. The software was valued by the replacement cost method. The purchase price allocation for the acquisition of the majority stake in MMP Veranstaltungs- und Vermarktungs GmbH was carried out by ProSiebenSat.1 Media AG experts. The fair values for the identified customer relationships were calculated using the residual value method. The intangible assets acquired as part of the asset deal for the acquisition of the internet domain www.songtexte.com were also measured by independent external appraisers using the relief from royalty method.

The carrying amounts of the receivables acquired and other current assets equal their fair values.

The inclusion of the above companies in the consolidated financial statements from the beginning of the financial year would have had the following impact on the earnings of the ProSiebenSat.1 Group: Revenues EUR 6.3 million, earnings after taxes minus EUR 0.8 million. Since the acquisition date, the companies have contributed revenues of EUR 14.1 million, operating expenses of EUR 7.1 million and earnings after taxes of EUR 5.3 million to the Group.

Key acquisitions in the financial year 2012

Acquisition of Left/Right Holdings, LLC

By contract of August 2, 2012, and effective as of August 3, 2012, ProSiebenSat.1 Media AG, via the Group company Red Arrow International Inc., Santa Monica, USA acquired a stake of 60.0% in and thus control over Left/Right Holdings, LLC, New York, USA. The company produces factual entertainment formats (docu-soaps, docu-dramas or real life programs) and is allocated to the Content Production & Global Sales segment (see Note 35 "Segment reporting"). The acquisition strengthens the Group's international market position in the area of TV production and development. The company was initially consolidated in August 2012. Of the purchase price, USD 29.8 million (EUR 24.2 million) was paid in cash. Furthermore, the Group agreed a put option with the non-controlling shareholders over the remaining shares. This was recognized as a financial

liability at the fair value of USD 17.5 million (EUR 14.2 million) as of the acquisition date, as ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the put option on exercise. At December 31, 2012, the fair value of this liability was EUR 13.6 million, as of December 31, 2013, EUR 13.4 million. Because of this assumed present ownership, non-controlling interests have not been recognized in the Group's financial statements. The following table illustrates the financial impact of this business combination on the consolidated financial statements of the ProSiebenSat.1 Group at the acquisition date. It only contains those statement of financial position items showing values at that date:

Acquisition Left/Right (Fig. 99)

EUR m	Carrying amounts at acquisition	Step up	Fair Value at acquisition
Intangible assets	-/-	8.9	8.9
Property, plant and equipment	0.4	-/-	0.4
Non-current assets	0.4	8.9	9.3
Trade receivables	3.1	-/-	3.1
Cash and cash equivalents	0.9	-/-	0.9
Current assets	4.0	-/-	4.0
Non-current liabilities and provisions	-/-	-/-	-/-
Trade payables	0.7	-/-	0.7
Other liabilities	3.4	-0.5	2.9
Current liabilities and provisions	4.1	-0.5	3.6
Total net assets	0.3	9.4	9.7
Purchase price per IFRS 3¹			39.2
Goodwill			29.5

1 Subsequent purchase price adjustment in 2013 of USD 1.0 million (EUR 0.8 million).

The goodwill primarily represents strategic synergy potential in the area of international program production and is fully deductible for tax purposes. The amortization for tax purposes takes place over a period of 15 years. The identified other intangible assets comprise a non-competition agreement for the non-controlling shareholders remaining with the company as executives, customer and contract relationships as well as an existing order backlog. The carrying amount of receivables acquired equals their fair value.

Other acquisitions in the financial year 2012

Individually the acquisitions shown below are not material for the presentation of earnings, financial position and performance of the Group. For this reason, the quantitative disclosures according to IFRS 3 are shown in summarized form. The other acquisitions are shown chronologically, i.e. based on the respective date of acquisition/initial consolidation.

On February 27, 2012, ProSiebenSat.1 Group acquired a stake of 54.0% in LHB Ltd., London, United Kingdom, whose main investment is CPL Productions Ltd., London, United Kingdom. For materiality reasons, the company was initially consolidated in March 2012. Moreover, on November 25, 2011, the Group had acquired a stake of 90.0% in Hard Hat AB, Stockholm, Sweden, which was recorded as an affiliated, not consolidated entity at year-end 2011 for materiality reasons. The

company was initially consolidated in March 2012. Both entities are allocated to the Content Production & Global Sales segment.

By contract of and effective as of March 15, 2012, ProSiebenSat.1 Media AG, via the Group company Red Arrow Entertainment Ltd., London, United Kingdom, acquired a 51.0% stake in Endor Productions Ltd., London, United Kingdom. The company operates in the development, licensing and production of TV and feature film formats in the United Kingdom and is allocated to the Content Production & Global Sales segment. For materiality reasons, the company was initially consolidated in April 2012.

By contract of February 2, 2012, and effective as of March 28, 2012, ProSiebenSat.1 Media AG, via the Group company SevenOne Media Austria GmbH (now operating as ProSiebenSat.1 PULS 4 GmbH), Vienna, Austria, acquired a stake of 100.0% in Austria 9 TV GmbH, Vienna, Austria. The company contains an Austrian broadcasting license and is allocated to the Broadcasting German-speaking segment. For materiality reasons, the company was initially consolidated in April 2012.

By contract of and effective as of May 8, 2012, ProSiebenSat.1 Media AG, via the Group company Sultan Sushi B.V., Amsterdam, Netherlands, acquired a 51.0% stake in July August Communications and Productions Ltd., Ramat Gan, Israel. The company operates in the development and marketing of program formats as well as the development and production of TV shows, drama series and feature films and is allocated to the Content Production & Global Sales segment. For materiality reasons, the company was initially consolidated in June 2012.

By contract of and effective as of May 10, 2012, ProSiebenSat.1 Media AG via the Group company Red Arrow Entertainment Ltd., London, United Kingdom acquired a 51.0% stake in New Entertainment Research and Design Ltd., London, United Kingdom. The company's business is the development and production of factual entertainment and comedy formats for British and international TV-stations. It is allocated to the Content Production & Global Sales segment. For materiality reasons, the company was initially consolidated in June 2012.

By contract of April 2, 2012, and effective as of May 11, 2012, ProSiebenSat.1 Media AG via the Group company SevenVentures GmbH, Unterföhring acquired a 100.0% stake in Booming GmbH, Munich. The company operates in online search engine marketing and optimization, e-mail marketing and affiliate marketing and is allocated to the Digital & Adjacent segment. The company was initially consolidated in May 2012.

Effective June 22, 2012, ProSiebenSat.1 Media AG via the Group company SBS Media A/S, Copenhagen, Denmark, acquired a 100.0% stake in the radio stations Radioselskabet af 1/7 2007 ApS, Newradio ApS und Radio Klassisk ApS, all Copenhagen, Denmark. The companies were allocated to the former Broadcasting International segment. For materiality reasons, the companies were initially consolidated in the third quarter of 2012.

Effective August 14, 2012, ProSiebenSat.1 Media AG, via the Group Company Seven Ventures GmbH, Unterföhring, acquired a 90.0% stake in Tropo Tours GmbH (now operating as Tropo GmbH), Hamburg. The company operates a web-based travel operations portal for package and last-minute holidays and is allocated to the Digital & Adjacent segment. For materiality reasons, the company was initially consolidated in September 2012.

Effective September 13, 2012, ProSiebenSat.1 Media AG, via the Group company SevenVentures GmbH, Unterföhring, acquired a 51.0% stake in Covus Ventures GmbH, Berlin. In the second quarter of 2013, this stake was lowered to 44.1%. Since then, the company has been included in the consolidated financial statements of ProSiebenSat.1 Media AG as an associate. The company operates in the area of founding, developing and establishing on the market digital business models and is allocated to the Digital & Adjacent segment. For materiality reasons, the company was initially consolidated in October 2012.

Effective September 19, 2012, ProSiebenSat.1 Media AG, via the Group company SevenVentures GmbH, Unterföhring, acquired a 60.0% stake in preis24.de GmbH, Düsseldorf. The company operates a web-based portal for contracts of private households, especially in the areas of mobile communication and high-speed internet. It is allocated to the Digital & Adjacent segment. The company was initially consolidated in September 2012.

The following table illustrates the financial impact of the above individually immaterial business combinations on the consolidated financial statements of the ProSiebenSat.1 Group at the respective acquisition dates in the 2012 financial year. It only contains those statement of financial position items showing values at that date:

Other acquisitions 2012 (Fig. 100)

EUR m	Carrying amounts at acquisition	Step up	Fair value at acquisition
Intangible assets	1.3	10.0	11.3
Property, plant and equipment	0.5	-/-	0.5
Deferred tax assets	-/-	0.9	0.9
Non-current assets	1.8	10.9	12.7
Current programming assets	2.0	-/-	2.0
Trade receivables	7.7	-/-	7.7
Other current assets	2.5	-/-	2.5
Cash and cash equivalents	8.1	-/-	8.1
Current assets	20.3	-/-	20.3
Loans and borrowings	1.1	-/-	1.1
Deferred tax liabilities	0.0	2.9	3.0
Non-current liabilities and provisions	1.1	2.9	4.1
Loans and borrowings	0.4	-/-	0.4
Other financial liabilities	0.1	-/-	0.1
Trade payables	13.7	-/-	13.7
Other provisions	0.4	-/-	0.4
Other liabilities	10.0	-/-	10.0
Current liabilities and provisions	24.6	-/-	24.6
Non-controlling interests	-/-	0.1	0.1
Total net assets			4.1
Purchase price per IFRS 3			31.4
Goodwill			27.3

The above acquisitions support the growth strategy of ProSiebenSat.1 Group in the areas of advertising-financed free TV and radio, development and sale of programming content as well as digital media. The goodwill capitalized in this connection primarily represents strategic synergy potential in the areas of film production, broadcasting and digital media as well as the acquired workforce and is not deductible for tax purposes. Goodwill is allocated to the companies acquired as follows:

- > LHB Ltd.: EUR 6.2 million
- > Hard Hat AB: EUR 1.6 million
- > Austria 9 TV GmbH: EUR 1.8 million
- > Endor Productions Ltd.: EUR 6.3 million
- > July August Communications and Productions Ltd.: EUR 4.8 million
- > New Entertainment Research and Design Ltd.: EUR 3.0 million
- > Booming GmbH: EUR 1.7 million
- > Covus Ventures GmbH: EUR 0.9 million
- > Other companies acquired: EUR 1.0 million

The separately recognized intangible assets primarily contain distribution agreements of Austria 9 TV GmbH totaling EUR 4.6 million and other trademarks and radio licenses totaling EUR 4.4 million. The carrying amounts of the receivables acquired and other current assets equal their fair values.

Of the purchase prices per IFRS 3, EUR 15.5 million were paid in cash. Furthermore, in connection with the acquisitions of LHB Ltd., Hard Hat AB, Endor Productions Ltd., July August Communications and Productions Ltd. and New Entertainment Research and Design Ltd. put options were agreed with the non-controlling shareholders, whose fair values at the respective dates of initial consolidation totaling EUR 15.9 million were recognized as financial liabilities as the ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the respective put options on exercise. Because of this assumed present ownership for the acquisitions, non-controlling interests have not been recognized in the Group's financial statements. As of December 31, 2012, the combined carrying amount of these put options was EUR 17.1 million, EUR 7.2 million as of December 31, 2013.

If the ProSiebenSat.1 Group has control as defined by IAS 27, the companies acquired in the 2013 and 2012 financial years are included in the consolidated financial statements and fully consolidated.

Put option on outstanding shares in wetter.com AG

By contract of March 23, 2012, ProSiebenSat.1 Media AG, via its Group subsidiary ProSiebenSat.1 Digital GmbH, Unterföhring, granted a put option over the remaining 27.0% shares in its subsidiary wetter.com AG, Singen, to the non-controlling shareholders. The option had a fair value of EUR 19.1 million as of the contract date and was recognized as a financial liability, as ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the put option on exercise. In accordance with IAS 27, the difference between the purchase price and the non-controlling interests was recognized outside of profit or loss in other equity, as the option constitutes a transaction with existing owners. As of December 31, 2013, the carrying value of the put option was EUR 22.6 million (previous year: EUR 19.7 million). The entire put option is due for payment in the first quarter of 2014.

b) Discontinued operations and disposals of subsidiaries

Discontinued operations

Deconsolidation of the activities in Scandinavia in the 2013 financial year

By sale and purchase agreement of December 14, 2012, ProSiebenSat.1 Group sold its TV and radio operations in Denmark, Sweden, Norway and Finland to Discovery Networks International Holdings Ltd., London, Great Britain. The transaction was formally and legally closed on April 9, 2013, following approval by the responsible cartel authorities. The sold subsidiaries were allocated to the former Broadcasting International segment. The transaction was based on an enterprise value of EUR 1.325 billion.

The companies sold were deconsolidated as of this date because of the loss of control that occurred as part of the transaction. The gain on sale, included in the result from discontinued operations in financial year 2013, amounted to EUR 77.0 million. The income statement of the discontinued operations is shown in the subsection "Discontinued operations in Scandinavia and in Central and Eastern Europe in the financial year 2013" including the operations of the held-for-sale activities in Central and Eastern Europe.

The sale had the following impact on the earnings, financial position and performance of the Group:

Impact of deconsolidation on the Group (Fig. 101)

EUR m	Carrying amounts at the date of deconsolidation
Goodwill	889.2
Other intangible assets	257.9
Property, plant and equipment	22.8
Programming assets	239.5
Other assets, including deferred taxes	128.8
Cash and cash equivalents	80.5
Foreign currency effects recognized in other comprehensive income	-36.3
Non-controlling interest	-0.1
Provisions	-17.3
Deferred tax liabilities	-42.5
Other liabilities	-206.9
Net assets	1,315.8
Purchase price (cash)	1,392.7
Cost to sell ¹	-/-
Purchase price less cost to sell	1,392.7
Purchase price (cash)	1,392.7
Cash and cash equivalents disposed	-80.5
Net cash inflow on sale	1,312.3
Deconsolidation gain on sale of discontinued operations	77.0

¹ Costs to sell of EUR 13.1 million have been incurred until signing on December 14, 2012 and have thus been fully recognized in profit or loss in the financial year 2012.

The gain on sale is attributable in full to the shareholders of ProSiebenSat.1 Media AG. When calculating the gain on sale, goodwill was allocated to the units remaining and the units sold on the basis of relative values, as required by IAS 36.86.

Discontinued operations in Scandinavia and in Central and Eastern Europe in the financial year 2013

In addition to the described deconsolidation of the Northern European companies, the ProSiebenSat.1 Group sold its Eastern European TV and radio stations, which had been put up for sale in December 2012, in December 2013. In Romania, the Group sold the television channel Kiss TV and the radio stations Kiss FM, Magic FM, One FM and Rock FM to the Greek Antenna Group, South-East Europe's leading media group. The TV station Prima TV was acquired by the Romanian entrepreneur Cristian Burci. The Hungarian television stations TV2, FEM 3, PRO4 and Super TV2 were acquired by their management team in a management buyout. The contracts for the relevant transactions were signed on December 19, 20, and 23, 2013. The ProSiebenSat.1 Group expects the legal and economic closing of the sale in the second quarter of 2014. The disposal serves to sharpen the strategic focus on German-speaking television and digital and adjacent business.

Due to their significance for the earnings, financial position and performance of the ProSiebenSat.1 Group, the subsidiaries disposed of in Northern and Eastern Europe constitute "discontinued operations" as defined by IFRS 5 until the formal and legal closing of the transaction. As a consequence, the result from discontinued operations is combined and separately presented in the income statement.

The following table contains the result from discontinued operations. It includes the operations deconsolidated in Scandinavia and held for sale in Central and Eastern Europe.

Income statement discontinued operations (Fig. 102)

EUR m	2013	2012
1. Revenues	212.8	612.9
2. Operating expenses	-349.3	-620.5
3. Operating income	0.6	0.5
4. Operating profit	-135.9	-7.2
5. Financial result	-2.4	1.0
6. Profit before tax	-138.3	-6.2
7. Income tax	13.6	-24.0
8. Profit, net of income tax	-124.6	-30.2
9. Gain on sale of discontinued operations	77.0	-/-
10. Income tax on gain on sale of discontinued operations	-/-	-/-
11. Profit after tax	-47.6	-30.2

This includes the following items that relate to the subsidiaries in Central and Eastern Europe accounted for as discontinued operations until the legal closing of the sale:

Income statement discontinued operations (Central and Eastern Europe) (Fig. 103)

EUR m	2013	2012
1. Revenues	73.9	70.1
2. Operating expenses	-221.6	-185.5
3. Operating income	0.7	0.2
4. Operating profit	-147.0	-115.2
5. Financial result	0.0	1.0
6. Profit before tax	-147.0	-114.3
7. Income tax	7.7	1.5
8. Profit after tax	-139.3	-112.8

Minus EUR 47.3 million (previous year: minus EUR 29.7 million) of the result from discontinued operations is attributable to the shareholders of ProSiebenSat.1 Media AG in the 2013 financial year.

As of December 31, 2013, the fair values less costs to sell of the assets not allocated to the discontinued operations in Central and Eastern Europe were reassessed. In 2013 as a whole, impairments of EUR 77.1 million were recorded on the discontinued operations in Hungary. Programming assets were written down by EUR 60.4 million, and property, plant and equipment and other intangible assets were impaired by EUR 12.0 million and EUR 4.8 million respectively.

In addition, impairments on discontinued operations in Romania of EUR 51.9 million were recognized in the result from discontinued operations in the 2013 financial year. The impairment on programming assets was recognized at EUR 33.4 million, and other intangible assets and property, plant and equipment were impaired by EUR 16.3 million and EUR 2.1 million respectively.

The companies held for sale in Central and Eastern Europe were allocated to the former Broadcasting International segment.

In accordance with IFRS 5, assets held for sale of the disposed or held-for-sale subsidiaries in Eastern Europe totaling EUR 68.8 million (previous year: EUR 134.5 million) and associated liabilities of EUR 40.2 million (previous year: EUR 40.8 million), which still includes liabilities of EUR 1.9 million relating to the sale of operations in Denmark, Sweden, Norway and Finland, are presented separately in the statement of financial position as of the reporting date. In line with IFRS 5.40, the comparative previous-year figures in the statement of financial position have not been adjusted. Therefore, the statement of financial position items as of December 31, 2012 includes the Northern European operations deconsolidated in April 2013 as well as the Eastern European operations.

The table below shows the assets held for sale and associated liabilities of the Eastern European companies as of December 31, 2013, and for the comparative period:

Held-for-sale-assets and associated liabilities in Eastern Europe (Fig. 104)

EUR m	12/31/2013	12/31/2012
Other intangible assets	2.6	25.0
Property, plant and equipment	4.0	16.3
Programming assets	21.0	50.5
Other assets (incl. deferred taxes)	32.4	30.6
Cash and cash equivalents	8.8	12.1
Total assets held for sale	68.8	134.5
Trade payables	21.7	20.4
Other liabilities and provisions (incl. deferred taxes) ¹	18.6	20.4
Total liabilities associated with assets held for sale	40.2	40.8
Net assets	28.6	93.7

1 Includes liabilities of EUR 1.9 million relating to the sale of northern european operations.

As of December 31, 2013, the carrying amount of the net assets of the operations held for sale in Eastern Europe was EUR 30.5 million after taking account of the impairments described above. In case of deconsolidation, the difference between the sales proceeds less costs to sell and the carrying amount of the disposed equity is recorded as deconsolidation effect. Moreover, the foreign exchange rate effects recognized in other comprehensive income are derecognized in the income statement. The amount of this effect depends on the development of foreign exchange rates at the time of deconsolidation. The negative foreign exchange rate effects relating to the disposal group Central and Eastern Europe are entirely attributable to Hungary and amounted to EUR 15.6 million as of December 31, 2013. As of December 31, 2012, the assets held for sale and associated liabilities also included the companies deconsolidated on April 9, 2013, in Northern Europe alongside the operations in Eastern Europe.

As of December 31, 2012, the items presented separately in the statement of financial position included the following individual items:

Held-for-sale-assets and associated liabilities (Fig. 105)

EUR m	12/31/2012
Goodwill	894.9
Other intangible assets	250.1
Programming assets	277.7
Other assets (incl. deferred taxes)	158.3
Cash and cash equivalents	90.4
Total assets held for sale	1,671.4
Trade payables	141.4
Deferred tax liabilities	43.6
Other liabilities	113.6
Total liabilities associated with assets held for sale	298.6
	1,372.8

Other disposals of subsidiaries in financial year 2013

With a share purchase and transfer agreement on September 23, 2013, Red Arrow Entertainment Ltd. sold its entire stake in Mob Film Holdings Ltd. at a price of EUR 1. The gain on disposal included in other operating income amounted to EUR 1.6 million and is primarily attributable to the derecognition of put options. Mob Film Holdings Ltd. was deconsolidated as of the above date because of the loss of control that occurred as part of the sale. No other material disposals of subsidiaries took place in the 2013 financial year.

4 Consolidation methods

Profits and losses, revenues, income and expenses deriving from transactions between consolidated companies as well as receivables and liabilities amongst consolidated companies are eliminated. The consolidation methods take into account deferred income tax effects if such tax effects are likely to net one another out in later financial years. Where required, deferred tax assets and liabilities are offset against one another.

Capital is consolidated by eliminating the carrying amount of equity interests against the share of equity held in the subsidiary. Initial consolidation is carried out using the purchase method under IFRS 3 by eliminating the acquisition cost against the fair value of the acquired, identifiable assets, and the assumed liabilities and contingent liabilities, as of the acquisition date. The carrying amounts are carried forward to subsequent periods. Any excess of the acquisition cost over the net fair value of the acquired entity is recognized as goodwill, which is presented under intangible assets. In accordance with IAS 36, goodwill is not amortized, but instead tested for impairment at least once a year.

If ProSiebenSat.1 Media AG gains control of the company as a result of the acquisition of a further equity interest in an associate or a joint venture respectively, then the company is to be fully consolidated from the time control is acquired. The fair value of the previously held stake is to be regarded as an extended part of cost for the new subsidiary. The difference between the fair value and the carrying amount determined using the equity method is recognized as a gain or loss.

Interests in companies on which the Group has significant influence, or on which the Group has a possibility of exercising significant influence, are measured using the equity method under IAS 28. Equity interests held in associates are initially reported based on the proportion of the adjusted equity held in each such entity. Any difference to the acquisition cost of the equity interest is recognized using the acquisition method. After initial recognition, to the extent the effects are material, carrying amounts are adjusted to reflect the Group's share of equity. Cost is adjusted in accordance with the ProSiebenSat.1 Group's share of the increases and decreases of the associates' and joint ventures' equity after acquisition. Additionally, where appropriate indications exist, an impairment test is performed, and if applicable an impairment loss is taken to the lower recoverable amount. The recoverable amount is determined using the principles described for intangible assets and property, plant and equipment described in Note 6 ("Accounting policies"). If the reason for the impairment ceases to exist at a later date, the impairment is reversed to the amount that would have resulted if the impairment had not been recognized. In accordance with IAS 31, shares in joint ventures are likewise recognized using the equity method. There is no price quoted on any active market for the companies measured using the equity method.

The financial year of ProSiebenSat.1 Media AG and all fully consolidated entities is the calendar year.

Notes

5 Foreign currency translation

6 Accounting policies

5 Foreign currency translation

Transactions in foreign currencies are translated at the relevant exchange rates as of the transaction date. In subsequent periods, monetary assets and liabilities are measured at the spot rate as of the end of the reporting period, and translation differences are recognized in profit or loss. Non-monetary items that were measured at historical cost in a foreign currency are not retranslated.

Financial statements of subsidiaries and entities reported using the equity method in countries outside the euro zone are converted using the functional currency concept. For subsidiaries, the functional currency is determined on the basis of the primary environment in which they conduct their business activities. As a rule, this is the currency in which cash funds are generated and consumed. In the ProSiebenSat.1 Group, the functional currency is generally the national currency; the functional currency differs from the national currency only in isolated cases.

Financial statements not denominated in euro are converted using the modified reporting date method, in which items of the income statement are converted using the average exchange rate for the year. Equity is converted at historical rates of exchange, while other asset and liability items are converted at the closing rate as of the reporting date. Any currency translation differences resulting from the conversion of financial statements in foreign currencies are added to or charged against accumulated other comprehensive income, outside profit or loss. In the case of the disposal of the relevant subsidiary, such translation differences are recognized in profit and loss.

The following exchange rates were used in foreign currency translation within the Group:

Exchange rates (Fig. 106)

Exchange rate: EUR 1 equals	Spot rate		Average rate	
	12/31/2013	12/31/2012	2013	2012
Swiss Franc	1.22690	1.20730	1.23091	1.20521
Swedish Krona	8.82630	8.58000	8.65024	8.70452
Norwegian Krone	8.36650	7.36540	7.81073	7.47834
Danish Krone	7.45970	7.46050	7.45792	7.44400
US Dollar	1.37680	1.31860	1.32815	1.28473
British Pound Sterling	0.83280	0.81580	0.84915	0.81084
Hungarian Forint	297.20000	292.82000	296.79630	289.24647
Romanian Leu	4.46690	4.44170	4.41885	4.45918
Bulgarian Lev	1.95580	1.95570	1.95583	1.95590
Israeli Shekel	4.78040	4.92080	4.79602	4.95525
Hong Kong Dollar	10.67430	10.21980	10.30270	9.96667

6 Accounting policies

The annual financial statements for all entities included in the consolidated financial statements are prepared using uniform accounting policies.

The consolidated financial statements are based on the principle of historical cost, except for those items, especially such as certain financial instruments, that are recognized at fair value.

The recognition, measurement and presentation policies, as well as the explanations and information regarding the consolidated financial statements for the financial year 2013, are substantially applied consistently.

As of the 2013 financial year, the pay TV business, which was previously allocated to the Digital & Adjacent segment, is allocated to the Broadcasting German-speaking segment (see Note 35 "Segment reporting"). This step serves to pool the Group's free and pay TV operations in a consistent manner and reflects a modification of the Group's internal management and reporting structure. The change was applied retroactively; comparative figures were adjusted accordingly.

The conversion of the formerly non-voting bearer preferred shares into voting registered common shares was resolved at the Annual General Meeting of ProSiebenSat.1 Media AG and a special meeting of the company's preferred shareholders on July 23, 2013. On August 16, 2013, the conversion became effective on registration of the corresponding changes to the articles of association in the commercial register. The method for calculating earnings per share was adjusted due to the share class merger. The calculation of the comparative previous-year figures was likewise adjusted in line with IAS 33.28.

By sale and purchase agreement of December 14, 2012, ProSiebenSat.1 Group sold its TV and radio operations in Denmark, Sweden, Norway and Finland to Discovery Networks International Holdings Ltd., London, Great Britain. The affected companies were deconsolidated once the transaction had been approved by the responsible cartel authorities on April 9, 2013. In addition, the ProSiebenSat.1 Group sold its TV and radio activities in Hungary and Romania. The contracts for the relevant transactions were signed on December 19, 20 and 23, 2013. These transactions were accounted for under IFRS 5. As the subsidiaries disposed of and held for sale constitute "discontinued operations", their income statement items, including the gain on sale of the Northern European companies, were presented separately in the income statement, after tax, as "result from discontinued operations". Previous-period income statement figures were adjusted accordingly. The assets and liabilities and the related items in accumulated other comprehensive income of the subsidiaries disposed of in the financial year 2013 or held for sale are also reported separately in the statement of financial position. In line with IFRS 5, the previous periods were not adjusted. For further details, please refer to Note 3 "Acquisitions and disposals".

Recognition of income and expenses

The ProSiebenSat.1 Group's revenues are mainly advertising revenues derived from the sale of advertising time on television. Advertising revenues are presented net of volume discounts, agency commissions, cash discounts and value-added tax.

Revenues are realized at the time when the service is provided, or when risk is transferred to the customer. Accordingly revenues are recognized once the service has been provided, the principal risks and rewards of ownership have been transferred to the buyer, the amount of the proceeds can be measured reliably, an economic benefit from the sale is sufficiently probable and the costs associated with the sale can be measured reliably.

Specifically, advertising revenues from both television and radio are considered realized when advertising spots are broadcast. If advertising services are agreed in return for the acquisition of company stakes ("media for equity"), the obligation for broadcasting the agreed advertising spots is initially recognized as a credit entry (deferred revenues) to reflect the equity stake capitalized and realized as revenues when the agreed advertising spots are broadcast.

Revenues from pay TV activities are considered realized when the service is provided. Revenues from the sale of merchandising licenses are realized at the agreed guarantee amount as of the inception of the license for the customer. Revenues from the sale of programming assets and ancillary programming rights are considered realized when the license term for the purchaser of the programming asset has begun and broadcast-ready materials have been delivered to the purchaser.

Revenues from barter transactions are considered revenues-generating transactions only when dissimilar goods or services are exchanged, and the amount of the proceeds and costs, as well as the economic benefit, can be clearly measured. Revenues from barter transactions are measured on the basis of the fair value of the provided (advertising) service, if that fair value can be measured reliably. Barter transactions at the ProSiebenSat.1 Group are primarily tradeoff transactions relating to the sale of advertising time.

As long as they can be reliably estimated, revenues arising in the programming production business are recorded using the percentage-of-completion method. The stage of completion is determined by the relation between actual costs incurred and estimated total costs of the contract. Applied to the planned revenues of the respective contract, this results in revenues being recognized in the relevant period. In case total revenues cannot be estimated reliably, revenues are recognized only to the extent of costs incurred. In this case, contract costs are recognized as expenses in the period in which they occur. If it is expected that total contract costs will exceed contract revenues, the expected loss is recognized immediately as an expense.

Other operating income is generally recognized when a service has been performed, the amount of the income can be measured reliably, and an economic benefit to the Group is sufficiently probable. Operating expenses are recognized at the time when the service is utilized or when the expenses are otherwise incurred. Interest income and expenses are recognized on an accrual basis. Dividends from equity interests that are neither fully consolidated nor recognized at equity are recognized at the time when the legal entitlement arises.

Government grants are recognized through profit and loss as other operating income, as long as the respective company complies with the conditions and the grant will actually be received. Recognition takes place on an accrual basis in accordance with the occurrence of the subsidized expenses in the case of grants for expenses or income or in line to the pattern of depreciation for investment subsidies.

Intangible assets

Intangible assets primarily comprise goodwill and brands from the acquisition of fully consolidated subsidiaries, together with trademarks and patents, as well as licenses to such assets and rights.

Acquired assets are capitalized under IAS 38 if it is probable that the future economic benefits will flow to the Company and the cost of the asset can be measured reliably. Unless an asset has an indefinite useful life, it is amortized, and where applicable, impaired. Amortization is recognized on a straight-line basis in accordance with the expected useful life. The underlying useful life for purchased software is generally three to eight years. Licenses and other intellectual property rights are amortized over ten years or over the term of the license agreement. Other useful lives may be applied as an exception for intangible assets with a definite useful life that are acquired in first-time consolidations resulting from business combinations. These are primarily broadcasting rights and customer relationships, which are amortized over an expected useful life of between four and 14 years. Useful lives and amortization methods are reviewed annually and adjusted in accordance with any changes in estimations.

Internally generated intangible assets are capitalized under IAS 38 if they are identifiable, it is probable that the future economic benefits will flow to the Company and the cost of the asset can be measured reliably. The determination of costs is subject to a distinction between costs for research and for development, with the former being expensed as incurred. Besides the criteria described above, costs for development are capitalized solely in cases where the product or process are realizable from a technical or economic perspective. The completion of the development as well as the usage or sale afterwards have to be ensured and intended. The subsequent measurement of internally generated intangible assets follows the principles for intangible assets acquired as stated above.

The intangible assets with indefinite useful lives that are acquired through business combinations relate particularly to brand names. In accordance with IAS 36, these are not amortized, but tested annually for impairment.

Property, plant and equipment

Property, plant and equipment are measured at acquisition or production cost, less depreciation on the basis of use and, if necessary, impairments. The cost of internally created property, plant and equipment includes not only the purchase price, but the portions of overhead costs directly attributable to production. For items of property, plant and equipment produced over a longer period, borrowing costs incurred until the time of completion are included in the production cost. However, such items are not material for the Group at present. Thus borrowing costs are normally recognized in profit or loss for the period in which they occur.

Based on the expected useful lives, depreciation is recognized on a straight-line basis over the following periods:

Useful lives of property, plant and equipment (Fig. 107)

In years	
Buildings on land owned by others, fixtures and renovations	3-50
Technical facilities	2-10
Office furniture and equipment	3-20

Leasing

IAS 17 defines a lease as an agreement whereby a lessor conveys to the lessee the right to use an asset for an agreed period of time in return for payment or a series of payments. A distinction is made between finance leases and operating leases. Leases are classified as finance leases if substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee. All other leases are classified as operating leases.

For finance leases, the leased assets and the associated liabilities are recognized at fair value at the commencement of the lease term or, if lower, the present value of the minimum lease payments. Depreciation is recognized on a straight-line basis over the shorter of the lease term or the expected useful life. Payment obligations resulting from finance leases are recognized as financial liabilities and subsequently measured applying the effective interest rate method.

The lease payments for operating leases are reported as an expense in the profit or loss.

Impairment of intangible assets and property, plant and equipment

In accordance with IAS 36, an entity must review assets with a finite useful life for impairment if there are indications that those assets may be impaired. If such an indication exists, the amortized carrying value of the asset is compared with the recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. The value in use is the discounted present value of future cash flows expected to arise from the continuing use of the asset. In the event of impairment, the impairment is recognized as an expense in profit or loss in the amount of the difference between the amortized carrying amount and the lower recoverable amount. If evidence exists that the reason for the impairment no longer exists, the impairment loss is reversed. The reversal cannot result in an amount exceeding amortized cost.

Moreover, intangible assets with an indefinite useful life, intangible assets not yet ready for use and goodwill, must be tested for impairment annually. Where there is no longer any reason for impairment, the impairment loss is reversed, except in the case of goodwill.

If necessary, the impairment test is applied not at the level of a single asset, but at the level of cash-generating units to which the asset is attributable.

For this purpose, the goodwill acquired in a business combination is allocated to the cash-generating unit or group of cash-generating units that are expected to profit from the synergies deriving from the business combination.

The ProSiebenSat.1 Group tests goodwill and the brand names acquired through business combinations once a year for impairment, in compliance with the Group's reporting policies. A test is also performed whenever there is any indication that an asset might be impaired. Goodwill is tested for impairment at the level of cash-generating units or groups of cash-generating units. These represent the lowest level at which goodwill is monitored for internal management at the ProSiebenSat.1 Group. These are the operating segments Broadcasting German-speaking, Digital & Adjacent and Content Production & Global Sales.

The Company normally determines the recoverable amounts using measurement methods based on discounted cash flows. These discounted cash flows are based on five-year projections of financial plans approved by management. The cash flow projections consider past experience, and are based on management's best estimates of future developments, along with additional external information. Cash flows beyond the detailed planning period are extrapolated using individual growth rates, which however do not exceed the inflation expectations for the respective units. The most important assumptions underlying the changes in value in use concern future cash flows, estimated growth rates, weighted average costs of capital and tax rates. These assumptions, as well as the method used, may have a material effect on the resulting values. For further details regarding the determination of the value in use and the underlying assumptions, we refer to Note 19 "Intangible assets".

When disposing of cash-generating units or parts thereof or as part of internal reorganizations, goodwill at the time of disposal or transfer is to be allocated on the basis of relative values to the units being disposed of by the Group and those being retained.

Impairments on intangible assets and goodwill resulting from purchase price allocations are recognized in other operating expenses. However, impairments on other intangible assets and property, plant and equipment are recognized in the expenses of the corresponding functional areas.

Programming assets

Programming assets comprise rights to feature films, series, and commissioned productions and advance payments made (including advance payments for sport rights). Feature films and series are capitalized as of the beginning of the license term. Commissioned productions are capitalized as broadcast-ready programming assets as of their date of formal acceptance. Until being broadcast, sport rights are included in advance payments. The assets are initially recognized at cost. Borrowing costs are generally not included in the measurement structure because the requirements of IAS 23 are not fulfilled.

Consumption of licenses and commissioned productions intended for multiple showings begins at the start of the first broadcast, and depends on the number of showings permitted or planned respectively. Consumption resulting from showings is measured using a declining-balance method according to a matrix that is standardized Group-wide which reflects the expected revenues generation and audience reach potential relating to the respective broadcast. Commissioned productions intended for only one run are fully consumed as of their broadcasting.

Impairment on programming assets is recognized if it is not expected that the costs are recoverable from future revenues. Indications for this assumption might include changes in the advertising environment, changing audience tastes, media-law restrictions on the usability of films, licenses that expire prior to broadcasting, or if a commissioned production is discontinued. Both consumption resulting from transmissions and impairment are reported as part of the cost of sales. If there are indications for a potential impairment, only titles no longer meeting the asset criteria or having limited usability, are fully written down. The assessment of the recoverable amount of the remaining programming assets takes place at the level of genre-based

program groups. To the extent that their carrying amounts exceed expected future revenues, impairment is recognized.

Impairments of programming assets are reversed if there are indications that the reason for the original impairment no longer exists, and a higher recoverable amount results. Write-ups are netted against the cost of sales.

Programming assets intended for single runs and advance payments made on programming assets are normally recognized as current programming assets.

Provisions for expected losses from executory programming transactions are recognized if the Company currently estimates that the forecast revenues will not cover the costs. In addition, a two-step approach is used for recognizing provisions for onerous losses that corresponds to the calculation of impairment. Firstly, the individual components of the acquisition transaction that are no longer used are reflected through corresponding provisions. Then, the executory acquisition transactions are allocated to the relevant program groups and the future revenues potential compared with the carrying amounts currently in the program groups. If there is insufficient cover, the executory transactions are analyzed in detail at the level of the individual contract.

Financial instruments

According to IAS 39, a financial instrument is any contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The ProSiebenSat.1 Group categorizes financial assets as loans and receivables (including cash and cash equivalents), financial assets held to maturity, financial assets measured at fair value through profit or loss, and financial assets available for sale. The ProSiebenSat.1 Group has no financial assets held to maturity.

Financial liabilities are categorized as financial liabilities measured at fair value through profit or loss, and financial liabilities measured at amortized cost. The latter category particularly includes loans and borrowings, as well as other financial liabilities, including trade accounts payable and liabilities under finance leases.

Financial instruments measured at fair value through profit or loss include financial assets and liabilities held for trading, such as derivative financial instruments that do not qualify as hedges under a hedge relationship and stakes in companies over which the Group exercises neither control, joint control nor significant influence. Furthermore, the ProSiebenSat.1 Group has designated some units in investment funds, acquired to cover pension obligations, at fair value through profit and loss upon initial recognition. However, derivative financial instruments that qualify as hedges under a hedge relationship are not allocated to any of the categories above.

Financial instruments are recognized at amortized cost or at fair value. Amortized cost is determined by the effective interest rate method. The fair value of a financial instrument reflects the amount for which the financial instrument could be traded between knowledgeable, willing parties in an arm's length transaction that is not a forced transaction or a liquidation sale. The fair value is generally equivalent to the market or exchange value. If there is no active market, the fair value is measured using a financial valuation technique (for example, by discounting future cash flows at the market interest rate). If the fair value of financial instruments cannot be determined reliably, the financial instruments are measured at cost.

In accordance with IAS 39, a regular assessment is made as to whether there is substantive objective evidence of impairment of a financial asset or a portfolio of financial assets. After an impairment test, any necessary impairment loss is recognized in profit or loss. An impairment of trade receivables is recognized if objective indications show that the receivables cannot be fully recovered. Gains or losses on a financial asset available for sale are recognized outside profit or loss until the financial asset is disposed of or impairment is determined. In the event of impairment, the cumulative net loss is reclassified from equity to profit or loss as a reclassification adjustment. Currently the ProSiebenSat.1 Group has no financial assets available for sale that have been recognized at fair value.

Derivative financial instruments and hedge accounting

Derivative financial instruments are primarily used in hedging against risks. To hedge risks posed by changes in interest rates and foreign exchange rates, the ProSiebenSat.1 Group uses derivative financial instruments in the form of interest rate swaps, interest rate option contracts (interest rate caps and swaptions) and forward exchange transactions. While interest rate risks result from liabilities carrying variable interest rates, foreign exchange risks are incurred particularly through license payments for programming assets denominated in US dollar.

Derivative financial instruments are reported at fair value as an asset or financial liability in the statement of financial position, irrespective of the purpose or intent for which the transaction was entered into. The fair value of derivative financial instruments is obtained by discounting future cash flows at the market interest rate, and by other recognized methods of financial valuation techniques, such as option pricing models. Derivative financial instruments are recognized as of their trading date. The fair value of interest rate swaps is generally zero at the first-time recognition. With interest rate options the fair value is the value of the option premium paid. Subsequently interest rate swaps and interest rate options are recognized in the statement of financial position at market value, as "other assets" or "other liabilities". The fair value of forward exchange transactions is likewise generally zero at the first-time recognition. Subsequently currency forwards are recognized in the statement of financial position at market value, as "other assets" or "other liabilities". The valuation of derivative finance instruments includes specific counterparty credit risks. For further information, refer to our comments in Note 34 "Further notes on financial risk management and financial instruments according to IFRS 7".

If a clear hedging relationship can be formally designated and documented, then it is accounted for in line with the regulations of IAS 39 on hedge accounting. Under hedge accounting, the recognition of changes in the market values of the pertinent derivatives depends on the type of hedge relationship. If the hedge is a cash flow hedge, the changes in market value of the effective portion of the derivative are first recognized separately outside profit or loss, and are not recognized in profit or loss until the underlying transaction is realized. The ineffective portion is recognized immediately in profit or loss. To hedge currency risks on future license payments, hedge gains or losses accumulated in equity are removed from equity at the inception of the license, i.e. at the moment when the underlying transaction is capitalized, and the acquisition cost is increased or decreased accordingly. For fair value hedges, both changes in the market value of the derivative and adjustments in the carrying value of the associated underlying transaction are recognized in profit or loss. The ProSiebenSat.1 Group has no fair value hedges at present.

At the inception of a hedge, IAS 39 requires comprehensive documentation of the hedging relationship, including a description of matters such as the associated risk management strategy and objectives in undertaking the hedge. Wherever possible, the ProSiebenSat.1 Group gathers and manages the underlying transactions and hedges in what are known as "hedge books". The effectiveness of the hedging relationship is measured regularly. If a hedging relationship does not meet, or no longer meets, the requirements of IAS 39, hedge accounting is terminated. After the termination, the amounts included in equity are recognized in the profit or loss when that the results of the underlying transactions affect the profit or loss.

Further information on the measurement of financial instruments and the determination of the relevant fair values are shown under Note 34 "Further notes on financial risk management and financial instruments according to IFRS 7".

Loans and receivables

Financial assets classified as loans and receivables are measured at amortized cost, applying the effective interest rate method, less impairment. Impairment of trade accounts receivable is recognized in separate allowance accounts. In the valuation process, adequate allowances have been made, on the basis of objective evidence and values developed through experience, to cover known risks by valuation adjustments.

Financial assets measured at fair value through profit or loss

In addition to financial assets held for trading (such as derivative financial instruments and stakes in companies over which the Group exercises neither control, joint control nor significant influence), this category also includes financial assets that were designated at fair value through profit or loss at the time of first recognition, under what is known as the "fair value option". Exceptions are equity instruments for which no market prices are quoted on active markets, and whose market values cannot be measured reliably. Fair value is determined on the basis of the type and depending on the marketability of the instrument in line with a three-level fair value hierarchy. For this information, please refer to our comments in Note 34 "Further notes on financial risk management and financial instruments according to IFRS 7". The fair value

option is furthermore subject to the conditions that its exercise must eliminate or significantly reduce an accounting mismatch, the financial instrument must include one or more embedded derivatives, or the portfolio of financial instruments is managed on a fair value basis. In line with the active risk management strategy pursued at ProSiebenSat.1 Media AG, the fair value option is currently only used for financial assets acquired to cover the pension obligations that do not qualify as plan assets.

Financial assets available for sale

Investments in equity instruments, debt instruments and fund shares are classified as financial assets available for sale, and are recognized at fair value, if that value can be determined reliably. Equity instruments for which no price is quoted on an active market, and whose fair value cannot be determined reliably, are measured at acquisition cost.

Non-current financial assets held for sale and discontinued operations

Non-current financial assets held for sale (or groups thereof) are classified as held for sale if their carrying amounts are recovered principally through a sale transaction rather than continuing use, they are readily saleable and that sale is highly probable. They are measured at the lower of carrying amount and fair value less costs to sell, unless IFRS 5 does not apply to the measurement.

If a group of assets classified as held for sale constitutes discontinued operations as defined by IFRS 5, the related income statement items including any result on deconsolidation in case of a sale of these activities are separately presented together, after tax, as a single item, in the income statement as "result from discontinued operations". Previous-year income statement figures are adjusted accordingly. In line with IFRS 5, there is no adjustment to the figures in the previous-year statement of financial position.

Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid financial investments that can be converted to cash amounts at any time and that are subject only to minor risks of fluctuation in value. Cash and cash equivalents are measured at cost, with amounts in foreign currencies being translated at the end of the applicable reporting period. They are identical to the respective cash flow statement line item.

Financial liabilities

With the exception of derivative financial instruments, financial liabilities are measured at amortized cost, applying the effective interest rate method. Term loans are recognized on the basis of their notional total, at amortized cost less issuing and financing costs. These costs are distributed over the term of the liability using the effective interest rate method. Contingent consideration in the context of business combinations (put options, earn-out provisions) is classified under liabilities at fair value on first-time consolidation. Subsequent measurement also takes place at fair value, with changes being recognized in profit and loss. The ProSiebenSat.1 Group has no financial liabilities designated at fair value under the fair value option.

Provision for pensions

Provision for pensions and similar obligations are accounted for in line with IAS 19. In the financial year 2013, ProSiebenSat.1 Media AG changed its accounting policies for defined employee benefit obligations in line with the revised IAS 19 (2011). For further information, refer to the comments in Note 7 "Changes in reporting standards" and Note 27 "Provision for pensions".

Pension obligations are determined by actuarial techniques on the basis of an expertise prepared annually using the Projected Unit Credit Method. This determines the expected benefits when they become due and distributes them over the entire employment period of the relevant employees. This method uses biometric calculation data and, particularly, the current long-term capital market interest rate for high quality corporate bonds, as well as current assumptions about future increases in salaries and pensions.

Differences between assumptions and actual events, as well as changes in actuarial assumptions for measuring defined-benefit pension plans, result in actuarial gains and losses. These actuarial gains and losses are recognized in other equity taking into account deferred taxes in the period they are generated. As a result the balance sheet shows the full extent of the obligations, avoiding fluctuations in results which can occur in particular by changes in the calculation parameters. The actuarial gains and losses recognized in the respective reporting period are presented separately in the statement of comprehensive income. In subsequent periods there is no transfer through the income statement.

The interest component included in the pension expense is shown in the interest result. Past service cost resulting from a retroactive plan amendment is recognized immediately and completely in profit and loss under administrative expenses.

Other provisions

Provisions are recognized if a present legal or constructive obligation to third parties has arisen as a result of a past event, if payment is probable, and if the amount of the payment can be estimated reliably. They are measured using a best estimate of the expenditure required to settle the present obligation considering past experience. They are recognized at full cost, in the amount of the most probable outcome of the liability. The amount of the provision is regularly adjusted if new information becomes available or if circumstances change. Non-current provisions are formed as of the end of the reporting period at the present value of expected settlement amounts, taking estimated increases in prices or costs into account as the case requires. Discount rates are regularly adjusted to prevailing market interest rates. However non-current provisions are discounted only in those cases where the discounting effect is material.

The Company measures provisions for onerous contracts at the lower of the expected cost of settling the contract or the expected cost of terminating the contract minus any revenues expected from the contract.

Income taxes

Income taxes comprise the taxes levied on taxable profits in the Group's various countries, and changes in deferred tax items. Income taxes are recognized on the basis of the terms of law in effect or substantively enacted as of the end of the reporting period, in the amount that will presumably have to be paid.

In accordance with IAS 12, deferred taxes are recognized for tax-deductible temporary differences between the carrying amounts of assets and liabilities under IFRS and their amounts in the statement of financial position for tax purposes, as well as for consolidation measures and for claims for tax reductions due to loss carry-forwards that can presumably be recovered in subsequent years. As an exception no deferred tax liabilities are recognized from the initial recognition of goodwill. Calculation is based on the tax rates expected in the various countries at the realization date. These are generally based on the terms of law in effect or substantively enacted at the end of the reporting period.

Deferred tax assets are netted against tax liabilities so far as they are owed by and to the same tax authority, and so far as the Company is legally entitled to offset current tax refund entitlements and tax liabilities against one another.

If profits or losses are recognized in other comprehensive income, the same rules apply for the deferred tax assets and liabilities applicable to them.

Deferred tax assets resulting from temporary differences and loss carry-forwards are tested for impairment on the basis of projections particular to the Group company concerned, including considerations regarding its future earnings situation. Deferred tax liabilities recognized on planned dividend distributions by subsidiaries are dependent on the subsidiaries' anticipated earnings situation and on further assumptions, for example, in their future financing structure. The deferred tax items recognized in that regard are subject to ongoing review as to their underlying assumptions. Changes in assumptions or circumstances may require corrections, which may result in additional deferred taxes or reversals of such items.

Earnings per share

Earnings per share represent consolidated net profit after minority interests divided by the weighted average number of shares outstanding during the financial year. There is a special feature in the financial year 2013 as the previously issued common and preferred shares have been combined into a single share class. The method for calculating earnings per share was adjusted due to the share class merger. The calculation of the comparative previous-year figures was likewise adjusted in line with IAS 33.28.

For purposes of determining diluted earnings per share, the average number of shares outstanding is adjusted by the number of all potential diluting shares. These dilution effects arise from the issuance of stock options on shares of common stock under the Long Term Incentive Plans and from rights to shares (please refer to Note 36 "Share-based payments"). Diluted earnings per share are calculated on the assumption that all potentially diluting shares and share-based remuneration plans are exercised.

Share-based remuneration

Share-based remuneration in the ProSiebenSat.1 Group (stock options and rights to shares settled by equity instruments) comprises solely equity-settled remuneration plans. For this reason the relevant remuneration plans are measured at fair value at the grant date. The fair value of the obligation is recorded as administrative expenses in personnel expenses over the vesting period.

Summary of relevant measurement methods (Fig. 108)

Item	Measurement method
ASSETS	
Goodwill	At cost (subsequent measurement: impairment test)
Other intangible assets with indefinite useful lives	At cost (subsequent measurement: impairment test)
Other intangible assets with finite useful lives	At (amortized) cost
Property, plant and equipment	At (amortized) cost
Programming assets	At (amortized) cost
Financial assets	
Loans and receivables	At (amortized) cost
Held to maturity	Not applicable
Held for trading/derivatives	At fair value through profit and loss
Available for sale	At fair value with the resultant gains and losses recognised directly in equity or (in exceptional cases) at cost
Cash and cash equivalents	At cost
LIABILITIES AND PROVISIONS	
Loans and borrowings	At (amortized) cost
Provision for pensions	Projected unit credit method
Other provisions	At settlement value (discounted if non-current)
Financial liabilities	At (amortized) cost or fair value respectively
Other non-current liabilities	At settlement value (discounted if non-current)

Judgments and estimates

In preparing the consolidated financial statements under IFRS, it is to some degree necessary for management to make assumptions and estimates that may affect the measurement of recognized assets and liabilities and the amounts of expenses and income. These assumptions and estimates are based on the information currently available to the management. In particular, expectations of future business performance were based on the conditions in existence at the date of preparation of the consolidated financial statements and the presumably realistic future performance of the global and macro-economic industry-specific environment. If these circumstances should change differently from management assumptions, and in ways beyond management's control, the actual amounts may differ from the original estimates. If actual developments differ from expectations, the assumptions and, if applicable, the carrying amounts of the pertinent assets and liabilities will be adjusted accordingly (through profit or loss). Changes in estimates are normally recognized during the same period when they occur and taken into account in future periods.

Assumptions and estimates are particularly necessary for the following accounting matters:

- Recognition and measurement of assets (particularly intangible assets and goodwill) and liabilities resulting from the purchase price allocation at the time of initial consolidation, including the measurement of contingent considerations in the case of business combinations,
- Impairment testing of intangible assets (especially goodwill),
- Determining the useful lives to be applied for non-current assets,
- Recognition and measurement of programming assets,
- Recognition and measurement of provisions and
- Estimate of future tax advantages and the possibility of realizing them.

For purposes of the purchase price allocation in connection with business combinations, assumptions must be made in regard to the recognition and measurement of assets and liabilities. Assumptions are entailed in determining the fair value of acquired assets and assumed liabilities at the acquisition date, as well as the useful lives of the acquired intangible assets and property, plant and equipment. Measurement is largely based on projected cash flows. Actual cash flows may differ significantly from the cash flows assumed in measuring fair value. Independent external appraisals are obtained for the purchase price allocation of major acquisitions. Measurements in business combinations are based on information available at the acquisition date. By nature, assumptions and estimates are less certain for intangible assets than for all other assets. In the financial year 2013, EUR 49.3 million were recognized as intangible assets in connection with purchase price allocations (previous year: EUR 21.3 million), EUR 51.1 million as goodwill (previous year: EUR 56.1 million) and EUR 15.5 million as liabilities from contingent considerations (previous year: EUR 30.1 million). For detailed information on the acquisitions in the financial year 2013, refer to Note 3 "Acquisitions and disposals". Due to changes in estimates, valuation gains on put option liabilities of EUR 15.5 million (previous year: EUR 7.0 million) were recognized in other financial result in the financial year 2013 (please also refer to Note 15 "Result from investments accounted for using the equity method and other financial result").

The assumptions and the underlying method of the impairment tests may have a significant effect on the resulting values, and ultimately on the amount of a potential impairment of intangible assets and of property, plant and equipment. The calculation of discounted cash flows in particular is extensively subject to planning assumptions that may be sensitive to changes, and thus to impairment. In financial year 2013, no impairments of goodwill were recognized (previous year: EUR 57.4 million). On the other hand, in the current financial year there were impairments on intangible assets from purchase price allocations of EUR 9.2 million (previous year: EUR 25.2 million). These impairments relate to the Eastern European activities and were recognized in the result from discontinued operations. As of December 31, 2013, the ProSiebenSat.1 Group consolidated statement of financial position recognized goodwill of EUR 990.9 million (previous year: EUR 940.4 million) and other intangible assets and advance payments of EUR 173.6 million (previous year: EUR 122.2 million). For detailed information on intangible assets and on the assumptions used for impairment testing, refer to Note 19 "Intangible assets".

The expected useful lives and the depreciation and amortization schedules for intangible assets (especially brands) and property, plant and equipment are based on experiential values, plans, and estimates. The time period and distribution of future cash inflows are also estimated. As of

the reporting date, the ProSiebenSat.1 Group had intangible assets, property plant and equipment of EUR 1.369 billion (previous year: EUR 1.261 billion). For more information, see Note 19 "Intangible assets" and Note 20 "Property, plant and equipment".

Key elements of programming assets are acquired as film packages from large film studios. Both the initial measurement of the individual licenses of these film packages and subsequent valuations of the programming assets are based on estimated earnings potential and viewer shares. These take into account the variable usability of programming assets, and duly reflect the required consumption of the programming assets as a function of the number of relevant broadcasts. As of the reporting date, ProSiebenSat.1 Media Group had programming assets of EUR 1.202 billion (previous year: EUR 1.277 billion). For detailed information on programming assets, refer to Note 22 "Programming assets".

Individual receivables and any necessary write-downs are estimated and evaluated on the basis of the individual client's creditworthiness, current economic developments, and an analysis of historical defaults, on a portfolio basis.

Provisions are recognized and measured on the basis of the estimate and probability of future outflows of resources embodying benefits, as well as on the basis of historic experience and the circumstances known at the end of the reporting period. To determine the amount of provisions, in addition to the assessment of the associated matters and the claims asserted, in some cases the results from comparable matters are also consulted. Assumptions also are made as to the probabilities whether and within what ranges the provisions may be used. In respect to amount and certainty, provisions for onerous contracts and litigation are based to a considerable extent on management estimates. The assessment of whether a present obligation exists is generally based on assessments of internal experts. Estimates can change on the basis of new information and the actual charges may affect the performance and financial position of the ProSiebenSat.1 Group. As of December 31, 2013, the carrying value of other provisions totaled EUR 59.2 million (previous year: EUR 57.5 million). In addition, the ProSiebenSat.1 Media Group had pension provisions of EUR 15.5 million (previous year: EUR 12.8 million). For more information, see Note 27 "Provisions for pensions", Note 28 "Other provisions" and Note 32 "Contingent assets and liabilities".

The estimate of and possibility of realizing future tax advantages depends on the future taxable income of the Group company concerned. If there are doubts that loss carry-forwards can be used, in some cases write-downs of deferred tax assets are taken. Impairment of deferred tax assets is evaluated on the basis of internal projections about the Group company's future earnings situation. Evaluations of the possibility of realizing tax loss carry-forwards are based on whether they can be used in the near future (essentially within the next five years). As of the reporting date, the ProSiebenSat.1 Media Group had deferred tax assets of EUR 20.7 million (previous year: EUR 25.8 million). EUR 10.5 million of this related to tax loss carry-forwards (previous year: EUR 9.3 million). For more information on deferred taxes, see Note 16 "Income taxes".

7 Changes in reporting standards

The ProSiebenSat.1 Group prepares its consolidated financial statements, in accordance with Section 315a of the German Commercial Code (HGB), under those IFRS endorsed by the European Commission for use in the European Union. The following paragraphs describe the IFRS published by the IASB and endorsed for application in the EU that were applied for the first time during the reporting period. Thereafter Standards and Interpretations issued by the IASB at the reporting date are described which have not been applied early, as their application is either not mandatory or endorsement by the European Commission is still pending or which are not relevant for the consolidated financial statements of the ProSiebenSat.1 Group.

a) Standards, interpretations and amendments to standards and interpretations initially applied in the reporting period with an impact on the amounts and disclosures reported

Under the requirements of IAS 19 (2011) "Employee benefits" the previous options for recognition of actuarial gains or losses and for deferred recognition of past service costs for defined benefit post-employment benefit plans were eliminated. All changes of the obligation and plan assets (if any) shall be recognized in the period in which they occur. Remeasurement effects shall be recognized in other comprehensive income, without being reclassified to profit or loss in future periods. The disclosure requirements for defined benefit plans were expanded and the definition of termination benefits was changed. IAS 19 (2011) was adopted into European law on June 6, 2012, and is applicable for financial years beginning on or after January 1, 2013. Until December 31, 2012, the ProSiebenSat.1 Group recognized all actuarial gains and losses in profit or loss in the periods in which they occurred. The quantitative impact on ProSiebenSat.1 Group of initially adopting the amended IAS 19 is shown below:

Effects of new reporting standards (Fig. 109)

EUR m

Defined benefit obligation as of December 31, 2011/January 1, 2012	10.1
thereof cumulative actuarial losses relating to prior years	4.3
Pension expense 2012	2.0
Actuarial losses recognized in other comprehensive income of the equity	1.0
Pension payments 2012	-0.3
Defined benefit obligation as of December 31, 2012	12.8
Effects of initial adoption of IAS 19 (2011)	
Cumulative actuarial losses relating to fiscal year 2012 and prior years	5.3
Deferred tax assets	-1.5
Cumulative effect of initial application of IAS 19 (2011) as of January 1, 2013	3.8

The items reclassified as of January 1, 2012, and January 1, 2013, will not be recognized in profit or loss in future periods. The same holds for remeasurement effects to be recognized in other comprehensive income in the future.

For materiality reasons and in accordance with IAS 1.40A(b), no third statement of financial position will be presented in connection with the initial application of IAS 19 (2011).

Notes

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standards**b) Standards, interpretations and amendment to standards and interpretations initially applied in the reporting period without impact on the amounts and disclosures reported**

In June 2011, the IASB issued amendments to IAS 1 “**Presentation of Financial Statements**” on the presentation of other comprehensive income. While the option of presenting the profit and loss statement and the statement of other comprehensive income combined or separately has been retained, the amendments require extended disclosures regarding the composition of the items of other comprehensive income. Amounts that are to be reclassified from other comprehensive income to profit or loss (“recycling”) in future periods have to be reported separately from items for which such reclassification is not allowed, taking into account related deferred tax effects. On June 6, 2012, the European Commission endorsed the changes to IAS 1 for use in the European Union. Their application is mandatory for the first time for financial years beginning on or after July 1, 2012. The initial application has not affected the earnings, financial position and performance of the Group as the amendment is of a presentational nature only. Of the amounts recognized in other comprehensive income, all amounts except the above remeasurement effects relating to post-employment benefit obligations will be reclassified to profit or loss in future periods.

In December 2010, the IASB issued limited amendments to IAS 12 “**Income Taxes**” regarding the determination of the applicable tax rate for the measurement of deferred tax assets and liabilities. For investment property accounted for at fair value under IAS 40 “**Investment Property**”, the amendments require deferred taxes to be measured using the tax rate that will apply on the sale of such properties, unless the presumption of a sale can be rebutted. On December 29, 2012, the changes to IAS 12 were endorsed for use in the European Union by the European Commission. They are to be applied for the first time for financial years beginning on or after January 1, 2013. The amendment will not significantly affect the consolidated financial statements of the ProSiebenSat.1 Group, as the Group does not have investment property accounted for at fair value.

In connection with the amendments to IAS 32 “**Financial Instruments: Presentation**” published in December 2011, the requirements of IFRS 7 “**Financial Instruments: Disclosures**” were also enhanced to require additional disclosures regarding the offsetting of financial instruments, also for interim reporting. The amendments were adopted into European law on December 29, 2012. Their application is mandatory for the first time for financial years beginning on or after January 1, 2013. The initial application of the amended IFRS 7 did not affect the Group's earnings, financial position and performance. The disclosures on offsetting financial instruments are made under Note 34 “**Further notes on financial risk management and financial instruments according to IFRS 7**”.

The standard IFRS 13 “**Fair Value Measurement**”, published in May 2011, combines the requirements for the determination of fair value as well as the related disclosure requirements, previously contained in various standards. A common definition of the term “fair value” is given for all IFRS, without the application of fair value accounting being extended. In addition, IFRS 13 contains enhanced disclosure requirements in relation to the current standards. IFRS 13 was adopted into European law on December 29, 2012, and is applicable for the first time for financial years beginning on or after January 1, 2013. The initial application of IFRS 13 had no significant effects on the consolidated financial statements. The disclosures on carrying amounts and fair values of financial assets and liabilities measured at amortized cost are made under Note 34 “**Further notes on financial risk management and financial instruments according to IFRS 7**”.

Notes

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standards

In May 2012, as part of its “Annual Improvement Project 2009-2011”, the IASB published limited editorial changes to various standards, including IAS 1 “Presentation of Financial Statements”, IAS 16 “Property, Plant and Equipment”, IAS 32 “Financial Instruments: Presentation” and IAS 34 “Interim Financial Reporting”. The amendments are applicable for the first time for financial years beginning on or after January 1, 2013, and were adopted into European law on March 28, 2013. The initial application of these annual improvements to IFRS had no notable effect on the Group’s consolidated financial statements.

c) Standards not adopted early and standards and interpretations that are not relevant for the consolidated financial statements

The following standards have been issued by the IASB and endorsed by the European Commission for use in the European Union, but were not adopted by the ProSiebenSat.1 Group as application is not yet mandatory or application is irrelevant for the consolidated financial statements.

In December 2011, the IASB issued amendments to IAS 32 “Financial Instruments: Presentation” regarding the offsetting of financial assets and liabilities. The requirements remain essentially unchanged, only the application guidance has been amended. The amendments were adopted into European law on December 29, 2012, and are applicable for the first time for financial years beginning on or after January 1, 2014.

As a result of the amendment to IAS 36 “Impairment of Assets” published in May 2013 regarding disclosures on the recoverable amount of non-financial assets, the recoverable amount shall only be indicated in future if impairment or a reversal of impairment has occurred in the current period. The amendment was adopted into European law on December 20, 2013, and is applicable for the first time for financial years beginning on or after January 1, 2014.

In June 2013, the IASB published the amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”. Due to this amendment to IAS 39, a novation of a hedging instrument to a central counterparty as a consequence of legal requirements does not result in the dissolution of a hedging relationship provided certain criteria are met. The amendment was adopted into European law on December 20, 2013; its first-time application is mandatory for financial years beginning on or after January 1, 2014.

IFRS 1 “First-time Adoption of IFRS: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters” was published by the IASB in December 2010 and adopted into European law on December 29, 2012. The amendment to IFRS 1 is applicable for the first time for financial years beginning on or after January 1, 2013, but is irrelevant to the consolidated financial statements of the ProSiebenSat.1 Group.

IFRS 1 “First-time Adoption of IFRS: Government Loans” was published in March 2012. The amendment to IFRS 1 was adopted into European law on March 5, 2013, and takes effect for financial years beginning on or after January 1, 2013. This amendment is irrelevant to the consolidated financial statements of the ProSiebenSat.1 Group.

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7 Changes in reporting
standards

In May 2011, the IASB issued a set of five new standards relating to group accounting, the basic content of which is described below:

IFRS 10 “Consolidated Financial Statements” will replace those parts of IAS 27 “Consolidated and Separate Financial Statements” relating to consolidated financial statements as well as the interpretation SIC-12 “Consolidation – Special Purpose Entities”. IFRS 10 harmonizes the basis for determining the scope of consolidation by redefining the term “control”. The accounting for joint arrangements of several investors under joint control is adjusted in **IFRS 11 “Joint Arrangements”**. It replaces IAS 31 “Interests in Joint Ventures”. According to IFRS 11, joint arrangements are assessed based on the rights and obligations of the involved parties. In contrast to the present version, there will be only two types of joint arrangements in future: “joint operations” and “joint ventures”. Under IFRS 11, the latter must be presented using the equity method. The option under IAS 31 to apply proportionate consolidation is eliminated.

IFRS 12 “Disclosures of Interests in Other Entities” contains disclosure requirements related to interests held in subsidiaries, joint arrangements, associates and/or non-consolidated so-called “structured entities” and to the resulting risks. Disclosures prescribed in IFRS 12 are more extensive than under current standards, in some cases significantly.

As a result of the publication of IFRS 10 to 12 in May 2011, **IAS 27 “Consolidated and Separate Financial Statements”** and **IAS 28 “Investments in Associates”** were amended so that the requirements therein relate to accounting for investments in subsidiaries in the IFRS separate financial statements of the investor. This has been emphasized by renaming the standards **IAS 27 “Separate Financial Statements”** and **IAS 28 “Investments in Associates and Joint Ventures”** respectively. IFRS 10 to 12 and the amended IAS 27 and IAS 28 were adopted into European law on December 29, 2012. The application of the amendments described will be mandatory for the first time for financial years beginning on or after January 1, 2014.

In June 2012, the IASB issued **changed transition guidance for IFRS 10 to 12**. The changes clarify the transition guidance in IFRS 10 and provide additional relief in all three standards. In particular, this includes limiting the disclosure of adjusted comparative figures to the directly preceding comparative period at initial application. The changed transition guidance was endorsed for use in the European Union on April 5, 2013, and is mandatory for financial years beginning on or after January 1, 2014. Furthermore, the IASB published **limited amendments to IFRS 10, IFRS 12 and IAS 27** for investment entities in October 2012, which were adopted into European law on November 21, 2013, and are applicable to reporting periods starting on or after January 1, 2014.

The ProSiebenSat.1 Group analyzes the above standards on an ongoing basis. We currently expect these standards and interpretations to be of subordinate importance to the earnings, financial position and performance of the Group. Likewise, we expect the application of the standards on group accounting (IFRS 10 to 12) to have no significant effects on the principles or scope of consolidation.

In October 2011, the IFRIC issued the interpretation **IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”**, which addresses the recognition of stripping costs of a surface mine during the production phase, either as inventories or non-current assets. IFRIC 20 is mandatory

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7 Changes in reporting
standards

for the first time for financial years beginning on or after January 1, 2013, and was endorsed for use in the European Union by the European Commission on December 29, 2012. The interpretation is not relevant for the accounting of the ProSiebenSat.1 Group.

d) Standards, interpretations and amendments to standards and interpretations issued by the IASB and the IFRIC respectively but not yet endorsed by the European Commission

The standards and interpretations described below were issued by the IASB or the IFRIC respectively at the reporting date but have not yet been applied by the ProSiebenSat.1 Group as they have not been endorsed by the European Commission.

IAS 19 “Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)” was issued by the IASB in November 2013. The changes clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits an expedient if the amount of the contributions is independent of the number of years of service: In this case, contributions may be recognized as a reduction in the service cost in the period in which the related service is rendered. The amendments are effective for annual periods beginning on or after July 1, 2014. However, approval by the European Commission is still outstanding as of the reporting date. The ProSiebenSat.1 Group expects the initial application to have no significant effects on the consolidated financial statements.

In November 2009, the IASB issued **IFRS 9 “Financial Instruments”**, a new standard for the classification and measurement of financial instruments. The publication of IFRS 9 marks the preliminary end to the first phase of a three-phase project to replace IAS 39 “Financial Instruments: Recognition and Measurement” by a new standard. IFRS 9 introduces new requirements for the classification and measurement of financial assets. At the time of their first recognition, financial assets are classified as assets to be measured “at fair value” and “at amortized cost” depending on the business model and the contractual cash flows of the relevant financial instruments. Regulations for financial liabilities have been taken predominantly from IAS 39, with the material exception that when accounting at fair value, the effects of changes to fair value due to credit risk are recognized in other comprehensive income and not in profit or loss.

In October 2010, the IASB issued a new version of IFRS 9, containing new accounting requirements for financial liabilities and requirements for the derecognition of financial assets and liabilities, which have been taken over from IAS 39. The Basis for Conclusions was also restructured. IFRS 9 (2009) was withdrawn and replaced by IFRS 9 (2010). In November 2013, the IASB issued **IFRS 9 “Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)”**. The major changes relate to the inclusion of the new general hedge accounting model. In addition, the amendments allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss to be presented in other comprehensive income. Furthermore, the effective date of IFRS 9 (2009) and IFRS 9 (2010) of January 1, 2015, originally resolved by the IASB in December 2011, has been removed. In November 2013, the IASB preliminarily decided that the effective date will not be before January 1, 2017. The ProSiebenSat.1 Group is analyzing the developments relating to IFRS 9. Currently, it is not possible to state the quantitative effects of the application of IFRS 9 on the consolidated financial statements.

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In January 2014, the IASB issued the standard **IFRS 14 "Regulatory Deferral Accounts"**. The first-time application is effective for accounting periods beginning on or after January 1, 2016. With this interim standard, the IASB allows rate-regulated entities adopting IFRS for the first time to avoid changes in accounting policies in respect of regulatory deferral accounts until such time as the IASB can complete its comprehensive project on rate regulated activities. The application of IFRS 14 in the European Union has not yet been endorsed by the European Commission, nor is it relevant for the accounting of the ProSiebenSat.1 Group.

IFRIC 21 "Levies" was issued by the IASB in May 2013 and is effective for annual periods beginning on or after January 1, 2014. The interpretation includes regulations for accounting for obligations to pay public levies that are not charges as defined by IAS 12 "Income Taxes". IFRIC 21 addresses the question of what is the obligating event for the recognition of a liability to pay a levy. As of the reporting date, IFRIC 21 had not yet been endorsed by the European Commission for use in the European Union. The ProSiebenSat.1 Group expects the initial application to have no significant effects on the consolidated financial statements.

In December 2013, as part of its "**Annual Improvement Project 2010-2012**", the IASB published limited editorial changes to seven standards, including **IAS 16 "Property, Plant and Equipment"**, **IAS 24 "Related Party Disclosures"** and **IAS 38 "Intangible Assets"**. In addition, formulations in the standards **IFRS 2 "Share-Based Payment"**, **IFRS 3 "Business Combinations"**, **IFRS 8 "Operating Segments"** and **IFRS 13 "Fair Value Measurement"** were clarified. Also in December 2013, the IASB published the changes resulting from the "**Annual Improvement Project 2011-2013**". These relate to clarifications in four standards, including **IFRS 1 "First-Time Adoption of International Financial Standards"**, **IFRS 3 "Business Combinations"**, **IFRS 13 "Fair Value Measurement"** and **IAS 40 "Investment Property"**. The amendments become effective for annual periods beginning on or after July 1, 2014; earlier application is permitted. As of the reporting date, endorsement for use in the European Union by the European Commission is still outstanding. The ProSiebenSat.1 Group expects the initial application to have no significant effects on the consolidated financial statements.

Notes

8 Revenues

9 Cost of sales

Notes to the Income Statement

8 Revenues

Revenues (Fig. 110)

EUR m	2013	2012
Advertising revenues	2,067.3	1,968.9
Barter transactions	36.0	23.9
Other revenues	502.0	363.4
Total	2,605.3	2,356.2

Advertising revenues and barter transactions comprise revenues generated by the Broadcasting German-speaking and Digital & Adjacent segments. The first item also includes revenues from sale of advertising time under the "media for revenues share" and "media for equity" models.

Other revenues particularly include revenues from

- > the distribution of rights and other merchandising services,
- > distribution agreements,
- > sales of programming rights and ancillary rights and
- > the online business.

Additionally, revenues determined by the percentage-of-completion method are reported in the Content Production & Global Sales segment. Those revenues relate to projects for the production and distribution of programming content. As of December 31, 2013, they amount to EUR 95.2 million (previous year: EUR 69.2 million).

As of the reporting date, some of these projects are still in the completion stage. In the 2013 financial year, they generated a result of EUR 2.7 million (previous year: EUR 5.3 million) with costs relevant to the percentage of completion totaling EUR 21.5 million (previous year: EUR 36.1 million). Advance payments made for these projects but not yet offset against claims amount to EUR 3.8 million (previous year: EUR 4.6 million).

9 Cost of sales

Cost of sales (Fig. 111)

EUR m	2013	2012
Consumption of programming assets (including impairments)	858.7	838.7
Production costs	239.8	169.3
Personnel expenses	143.8	116.5
Depreciation of property, plant and equipment and amortization of intangible assets (including impairment)	47.0	37.1
Expenses from the disposal of programming assets	10.8	21.0
Other	131.7	83.8
Total	1,431.8	1,266.4

Consumption of programming assets covers transmissions and impairments of programming assets as well as additions to provisions for onerous contracts. Production costs relate primarily to production-related purchased services, license expenses and copyright fees. Personnel expenses include wages and salaries of employees in production, including performance-based bonus claims, termination indemnities and social insurance contributions. Depreciation, amortization and impairment on intangible assets, property, plant and equipment relate primarily to technical facilities and licenses. Expenses from the disposal of programming assets result from sales of programming rights and ancillary rights. The key item in the "Other" position is the cost of sales not relating to the core business of advertising-financed television and which relate to business activities in the Digital & Adjacent and Content Production & Global Sales segments. This also includes the cost of sales for the travel agency business, IT and travel costs.

10 Selling expenses

Selling expenses (Fig. 112)

EUR m	2013	2012
Marketing and marketing related expenses	66.1	54.2
Distribution	64.4	61.8
Thereof satellite rental	22.4	23.0
Thereof distribution fees	41.8	38.4
Personnel expenses	50.7	48.7
Sales commissions	27.8	20.4
Production costs	11.3	24.2
Depreciation of property, plant and equipment and amortization of intangible assets (including impairment)	7.2	6.9
Other	16.1	13.7
Total	243.5	229.9

Marketing und marketing-related expenses relate primarily to costs for market research, advertising and public relations. Personnel expenses include wages and salaries of employees in sales, including performance-based bonus claims, termination indemnities and social insurance contributions. Sales commissions include mainly costs and commissions for marketing performance. Production costs relate primarily to expenses for rights of sale. Depreciation, amortization and impairment relate primarily to intangible assets in the sales area. The "Other" position is made up of a large number of different, immaterial individual items.

Notes

11 Administrative expenses

12 Other operating expenses

11 Administrative expenses

Administrative expenses (Fig. 113)

EUR m	2013	2012
Personnel expenses	126.5	101.5
Depreciation of property, plant and equipment and amortization of intangible assets (including impairment)	34.7	35.5
Legal and consultancy fees	23.6	20.5
IT operations	21.1	18.1
Use of buildings	16.0	12.7
Marketing and marketing-related expenses	15.5	13.4
Restructuring costs	14.4	14.6
Corporate hospitality and travel	6.8	5.5
Other	27.0	22.0
Total	285.7	243.9

Personnel expenses include wages and salaries of employees in administration, including performance-based bonus claims, termination indemnities and social insurance contributions. Depreciation, amortization and impairment on intangible assets, property, plant and equipment relate primarily to administrative buildings, office furniture and equipment and software licenses. Legal fees and fees and commissions paid to consultants include primarily management and M&A consultancy costs as well as legal and court costs. Use of buildings relates primarily to rent and ancillary costs. The "Other" position is made up of a large number of different, immaterial individual items.

12 Other operating expenses

Other operating expenses (Fig. 114)

EUR m	2013	2012
Disposal of property, plant and equipment and intangible assets	0.4	0.8
Disposal of subsidiaries	0.2	-/-
Expenses for antitrust proceedings	-/-	27.7
Other	0.2	0.1
Total	0.8	28.6

In the financial year, the key items in other operating expenses were losses of EUR 0.4 million from the disposal of intangible assets, property, plant and equipment (previous year: EUR 0.8 million) and losses from the disposal of affiliated companies of EUR 0.2 million (previous year: none). In the previous year, there were non-recurring expenses of EUR 27.7 million relating to the antitrust proceedings. The "Other" position primarily includes expenses from derecognition of accounts receivable in previous years.

Notes

13 Other operating income

14 Interest result

13 Other operating income

Other operating income (Fig. 115)

EUR m	2013	2012
Income relating to other periods	4.8	4.2
Recharges	4.7	1.1
Income from value added tax refunds previous years	4.3	-/-
Income from the disposal of subsidiaries	3.2	-/-
Government grants	2.0	2.8
Income from disposal of property, plant & equipment and of intangible assets	1.3	-/-
Cost allocations/refunds	1.2	0.4
Partial reclaim purchase price payments	0.8	-/-
Income from receipt of barter liabilities	0.7	0.5
Release of items for which the statute of limitations has elapsed	0.2	0.2
Income from release of valuation allowance on receivables	0.1	2.0
Rental income	0.1	0.1
Income from cancellation of marketing licenses	-/-	0.7
Compensation of damage/insurance benefits	-/-	0.2
Other	2.1	1.2
Total	25.4	13.4

Income relating to other periods primarily includes corrections on prior-period billings. Recharges primarily contain income from the contractual assumption of costs by third parties. Income from VAT refunds recognizes corrections to VAT settlements. Government grants primarily comprise subsidies received for productions in Austria. The derecognition of financial liabilities measured at amortized cost resulted in income of EUR 0.0 million (previous year: EUR 0.2 million). The item "Other" includes a number of transactions, which individually are below EUR 0.1 million.

14 Interest result

Interest result (Fig. 116)

EUR m	2013	2012
Interest and similar income	6.5	3.0
Thereof interest income from tax authorities	4.6	0.0
Thereof from unwinding of discount interest income from corporate income taxes	0.8	0.9
Thereof from banks	0.5	1.0
Thereof from available for sale financial assets	0.2	0.5
Thereof from hedging derivatives	-/-	0.5
Thereof other interest and similar income	0.3	0.0
Interest and similar expenses	-135.0	-156.2
Thereof from financial liabilities at amortized cost	-67.6	-84.5
Thereof from hedging derivatives	-59.5	-70.3
Thereof other interest and similar expenses	-7.9	-1.4
Interest result	-128.5	-153.2

Notes

15 Result from investments accounted for using the equity method and other financial result

Interest income in the financial year resulted largely from interest income in connection with taxes. The main interest expense items pertain to interest on loans drawn. The decline in interest expenses in 2013 by EUR 21.2 million against the previous year resulted from the lower average level of Group debt and lower interest rates overall. For further details on the syndicated loan agreements, please refer to Note 29 "Financial liabilities".

15 Result from investments accounted for using the equity method and other financial result

Result from investments accounted for using the equity method and other financial result (Fig. 117)		
EUR m	2013	2012
Share of income from associates	5.1	10.3
Income from investments accounted for using the equity method	5.1	10.3
Changes in put option liabilities	15.5	7.0
Foreign currency translation gains/losses	3.1	2.3
Thereof from financial liabilities at amortized cost	12.5	3.3
Thereof from cash and cash equivalents	1.8	2.0
Thereof from financial assets and liabilities held for trading	-5.4	-2.2
Thereof from loans and receivables	-3.2	2.4
Thereof other	-2.4	-3.2
Gains and losses from the valuation of investments accounted for using the equity method	-/-	0.1
Impairment of financial assets available for sale	-24.1	-0.4
Financing costs	-12.7	-10.2
Other	-0.4	-0.3
Other financial result	-18.6	-1.5

Income from investments accounted for using the equity method relate to Goldbach Media (Switzerland) AG, VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH and AdAudience GmbH.

Income from the change of put option liabilities of EUR 15.5 million (previous year: EUR 7.0 million) result from adjustments to the put options agreed in the context of business combinations with non-controlling shareholders. According to IFRS 3, they are to be recognized as liabilities at fair value at the respective acquisition date. Changes in value after the acquisition are to be recognized in the income statement (refer to Note 3 "Acquisitions and disposals").

The foreign currency gains and losses mainly comprise currency effects from the revaluation of liabilities for programming assets as well as account balances in foreign currency.

Impairments on financial investments and securities were primarily for the investment in Zenimax Media Inc., Rockville, USA, a developer of interactive entertainment content for consoles, PCs and wireless devices, at a level of EUR 12.4 million and impairments on various media-for-equity investments.

The financing cost line item relates primarily to expenses of EUR 7.2 million for deferred fees in the context of non-current loans at the ProSiebenSat.1 Group (previous year: EUR 5.5 million) and costs of EUR 1.7 million resulting from utilization of the revolving credit facility (previous year: EUR 1.1 million). For further details on the syndicated loan agreements, please refer to Note 29 "Financial liabilities".

16 Income taxes

Income taxes include both taxes paid or owed on income and deferred tax items. Taxes on income comprise the following:

Income tax expenses (Fig. 118)		
EUR m	2013	2012
Current income tax expenses – Germany	132.8	112.2
Current income tax income/expense – other countries	10.1	-1.5
Current tax expenses	142.9	110.7
Deferred income tax expenses – Germany	15.2	23.1
Deferred income tax expense/income – other countries	4.1	-6.5
Deferred income tax expenses	19.3	16.7
Total income tax expenses	162.2	127.4

The current tax expenses comprise all domestic and foreign taxes which are based on taxable profits in 2013 (corporate income tax, trade tax and respective foreign taxes) and tax income for prior years of EUR 3.4 million (previous year: EUR 21.7 million).

Deferred tax expenses for the financial year 2013 of EUR 19.3 million (previous year: EUR 16.7 million) include deferred tax expenses of EUR 4.3 million (previous year: EUR 21.4 million) resulting from the change in deferred taxes on loss carry-forwards and deferred tax expenses of EUR 14.7 million (previous year: Deferred tax income of EUR 5.4 million) relating to the reversal of temporary differences. EUR 0.3 million of the deferred tax expenses (previous year: EUR 1.1 million) relate to previously unrecognized temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. For the following countries the deferred tax rate applied was reduced by reason of new tax legislation. These changes in tax rates resulted in no material deferred tax income in the financial year 2013 (previous year: EUR 0.4 million).

Change in expected tax rates (Fig. 119)		
	Expected tax rate 2013	Expected tax rate 2012
Great Britain	21.0%	23.0%

The corporate income tax rate in Germany in 2013 of 15.0% as well as the German reunification surtax ("solidarity surtax") of 5.5% both remain unchanged compared to the previous year. Including the trade tax (local business income tax) with an average basis factor of 340% (previous year: 340%), the rounded total tax rate for 2013 was 28% (previous year: 28%).

The applicable tax rates for Group companies outside Germany vary from 16.0% to 39.8% (previous year: between 18.9% and 39.8%).

The nominal tax rate for the group is 28%. Regarding continuing operations, the expected tax expense can be reconciled with the current tax expense as follows:

Reconciliation of tax expenses (Fig. 120)

EUR m	2013	2012
Profit before taxes	526.9	456.5
Applicable group tax rate	28%	28%
Expected income tax expense	147.5	127.8
Adjustments to the expected income tax expense:		
Tax deviations		
Effects due to foreign tax rate differences	0.8	-1.0
Effects due to domestic tax rate differences	-1.8	-1.4
Effects due to changes in statutory tax rates	0.0	-0.4
Effects from deviation in taxable base		
Non-deductible interest expenses	3.6	4.1
Other non-deductible operating expenses	11.3	16.0
Tax-free income	-1.3	-1.4
Non-taxable disposal effects	-1.5	-/-
Recognition and measurement of deferred tax assets		
Changes in the realization of deferred tax assets	7.1	5.8
Other effects		
Taxes from previous years	-2.8	-19.7
Investments accounted for using the equity method	0.1	-1.4
Other	-0.8	-1.0
Total income tax expenses	162.2	127.4

Deferred tax assets on tax loss carry-forwards and on temporary differences were recognized and measured on the basis of projected future taxable income. For financial year 2013, the deferred tax income of the reversal of a previous write-down of deferred tax assets recognized on loss carry-forwards amounted to EUR 0.3 million (previous year: EUR 3.1 million) and the deferred tax expenses from the impairment of deferred tax assets recognized on loss carry-forwards totaled EUR 2.3 million (previous year: EUR 1.3 million). As in the previous year, there was an immaterial write-down on temporary differences relating to deferred tax assets. As a result of utilizing previously unrecognized tax losses and interest carry-forwards, there was a reduction in current tax expenses of EUR 0.0 million (previous year: Reduction in current tax expenses of EUR 1.8 million).

Deferred tax assets on temporary differences and tax loss carry-forwards are recognized only to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of the deferred tax asset to be utilized. This is based primarily on the tax planning for the next five years and the reversal of taxable temporary differences. As of December 31, 2013, no deferred tax assets were recognized for tax loss carry-forwards regarding corporate income taxes amounting to EUR 94.7 million (previous year: EUR 97.6 million) and for tax loss carry-forwards regarding trade tax amounting to EUR 31.6 million (previous year: EUR 11.4 million). As was the case last year, none of these tax loss carry-forwards will expire within the next ten years if they are not utilized. As was also the case in the previous year, no deferred tax assets were recognized for tax credits or for temporary differences.

Tax loss carry-forwards regarding corporate income taxes for which no deferred tax assets were recognized amounted to EUR 24.7 million (previous year: EUR 20.3 million). Tax loss carry-forwards regarding trade tax for which no deferred tax assets were recognized amounted to EUR 4.3 million (previous year: EUR 1.4 million).

Recognized deferred tax assets and liabilities relate to the following items:

Allocation/origin of deferred taxes (Fig. 121)

EUR m	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	1.5	95.4	1.2	79.5
Property, plant and equipment	0.0	32.1	0.0	33.2
Financial assets	4.8	1.3	4.0	2.0
Programming assets	9.2	21.7	0.0	20.2
Inventories and other assets	19.0	7.6	6.8	6.9
Provision for pensions	1.7	1.1	0.3	0.1
Other provisions	4.2	0.1	7.1	0.5
Liabilities	74.2	26.6	83.9	11.3
Tax loss carry-forwards	10.5	-/-	9.3	-/-
Netting	-104.4	-104.4	-86.9	-86.9
Total	20.7	81.5	25.8	66.7

Regarding the netting of deferred tax assets and deferred tax liabilities, please refer to Note 6 "Accounting policies".

A deferred tax liability for planned future dividend distributions of EUR 0.6 million (previous year: EUR 0.6 million) was recognized for ownership interests in subsidiaries (outside basis differences). Furthermore, taxable temporary differences of EUR 39.0 million (previous year: EUR 18.0 million) exist, arising from outside basis differences. No deferred tax liabilities were recognized on these taxable temporary differences as the time line of the release of temporary differences is under control of the company and a release of the temporary differences is assessed to be not probable over a foreseeable time period.

For disclosures on the deferred taxes recognized in other comprehensive income and on the current taxes recognized in capital reserves, please refer to Note 26 "Shareholders' equity".

17 Earnings per share

The merger of the two share classes was resolved at the Annual General Meeting of ProSiebenSat.1 Media AG and a special meeting of the company's preference shareholders on July 23, 2013. On August 16, 2013, the bearer preference shares were traded on the Frankfurt Stock Exchange for the last time. For the first time since it has been listed on the stock exchange, ProSiebenSat.1 Media AG therefore has a single share class in the form of bearer common shares with one voting right per share.

Merging the share classes and the resulting discontinuation of the special features of preference shares impacted the determination of earnings per share.

The calculation of the comparative previous-year figures was likewise adjusted in line with IAS 33.28.

The table below shows the parameters for calculating earnings per share for financial years 2013 and 2012.

Earnings per share (Fig. 122)				
	2013	2012 ¹	2013	2012 ¹
EUR m	Basic	Basic	Diluted	Diluted
Reconciliation of income figures				
Profit for the period attributable to shareholders of ProSiebenSat.1 Media AG	312.1	295.0	312.1	295.0
Thereof from continuing operations	359.5	324.7	359.5	324.7
Thereof from discontinued operations	-47.3	-29.7	-47.3	-29.7
Shares				
Reconciliation of weighted average number of shares				
Weighted average number of shares outstanding	212,897,705	211,790,590	212,897,705	211,790,590
Dilution effect based on stock options and rights to shares			2,151,637	1,633,436
Calculation basis of outstanding shares	212,897,705	211,790,590	215,049,342	213,424,026
EUR				
Earnings per share	1.47	1.39	1.45	1.38
Thereof from continuing operations	1.69	1.53	1.67	1.52
Thereof from discontinued operations	-0.22	-0.14	-0.22	-0.14

¹ The calculation of the comparative previous-year figures was likewise adjusted in line with IAS 33.28.

Under IAS 33 "Earnings per share", basic earnings per share are calculated by dividing the profit share relating to the shareholders by the average number of outstanding shares.

For purposes of calculating diluted earnings per share, the average number of shares outstanding is adjusted by the number of all potential diluting shares. These dilution effects arise from the issuance of stock options on shares under the Long Term Incentive Plans and from rights to shares (please refer to Note 36 "Share-based payments").

For the financial year 2013, basis earnings per share amount to EUR 1.47 (previous year: EUR 1.39).

The possible conversion of all stock options on common shares in the money and on potentially issued common shares results in a dilutive effect of EUR 0.01 (previous year: EUR 0.01).

Due to share options being exercised, the weighted average number of outstanding shares increased from 211,790,590 to 212,897,705 in the financial year 2013. At the reporting date, executives had 2,151,637 rights to stock options or to shares (previous year: 1,633,436).

18 Other disclosures

Personnel expenses and number of employees

The personnel expenses included in cost of sales, selling expenses and administrative expenses comprise:

Personnel expenses (Fig. 123)

EUR m	2013	2012
Wages and salaries	283.2	233.4
Social security contributions and expenses for pensions and other employee benefits	37.8	33.3
Total	321.0	266.8

Expenses for pensions totaled EUR 0.8 million in financial year 2013 (previous year: EUR 1.6 million).

The Group had the following average numbers of employees during the year:

Number of employees (Fig. 124)

	2013	2012
Female employees	1,605	1,333
Male employees	1,795	1,516
Total	3,400	2,849

Part-time positions are reported as an equivalent number of full-time employees.

Depreciation and amortization

Scheduled consumption and impairment of programming assets of EUR 858.7 million (previous year: EUR 838.7 million) is part of EBITDA and is presented as cost of sales. The following depreciation, amortization and impairments are included under cost of sales, selling expenses and administrative expenses:

Depreciation and amortization (Fig. 125)

EUR m	2013	2012
Amortization of intangible assets	57.8	47.4
Depreciation of property, plant and equipment	28.1	24.2
Impairment of intangible assets	3.0	7.7
Impairment of property, plant and equipment	-/-	0.2
Total	88.9	79.5

The values presented relate to the income from continuing operations and therefore deviate from those presented in the section "Notes to the Statement of Financial Position".

Notes to the Statement of Financial Position

19 Intangible assets

Statement of changes in intangible assets (Fig. 126)

EUR m	Other intangible assets	Goodwill	Advances paid	Total
COST				
Balance as of January 1, 2012	814.4	1,981.1	12.5	2,808.0
Exchange rate differences	18.4	33.5	-/-	52.0
Additions due to change in scope of consolidation	21.3	56.1	0.0	77.4
Additions	73.1	-/-	18.3	91.4
Reclassifications	10.9	-/-	-10.8	0.1
Disposals due to change in scope of consolidation	0.2	-3.1	0.0	-2.8
Disposals	-9.3	-/-	-0.4	-9.7
Reclassification to assets held for sale	-607.4	-1,034.7	0.0	-1,642.1
Balance as of December 31, 2012/January 1, 2013	321.7	1,032.9	19.7	1,374.3
Exchange rate differences	-5.2	-7.9	-/-	-13.1
Additions due to change in scope of consolidation	49.8	52.5	0.1	102.4
Additions	79.5	-/-	16.4	95.9
Reclassifications	9.3	-/-	-9.3	0.0
Disposals due to change in scope of consolidation	-416.4	-1,044.8	-/-	-1,461.2
Disposals	-12.6	-/-	-0.1	-12.7
Reclassification to assets held for sale	388.6	1,050.7	0.0	1,439.4
Balance as of December 31, 2013	414.6	1,083.5	26.8	1,524.9
AMORTIZATION				
Balance as of January 1, 2012	465.0	173.7	-/-	638.7
Exchange rate differences	12.1	4.3	-/-	16.4
Additions due to change in scope of consolidation	1.0	-/-	-/-	1.0
Additions ¹	104.9	57.4	2.5	164.8
Reclassifications	-/-	-/-	-/-	-/-
Disposals due to change in scope of consolidation	0.1	-3.1	-/-	-2.9
Disposals	-9.1	-/-	-/-	-9.1
Reclassification to assets held for sale	-357.4	-139.8	-/-	-497.1
Balance as of December 31, 2012/January 1, 2013	216.7	92.6	2.5	311.7
Exchange rate differences	-3.2	0.0	-/-	-3.2
Additions due to change in scope of consolidation	0.5	-/-	-/-	0.5
Additions ¹	79.7	-/-	1.1	80.8
Reclassifications	-/-	-/-	-/-	-/-
Disposals due to change in scope of consolidation	-158.0	-155.9	-/-	-313.9
Disposals	-10.0	-/-	-2.5	-12.5
Reclassification to assets held for sale	141.2	155.9	-/-	297.0
Balance as of December 31, 2013	266.7	92.6	1.1	360.4
Carrying amount December 31, 2013	147.9	990.9	25.7	1,164.5
Carrying amount December 31, 2012	104.9	940.4	17.2	1,062.6

1 Of the impairments recognized in this position, EUR 3.0 million (previous year: EUR 7.7 million) are presented in the expenses of the corresponding functional

area, EUR 21.0 million (previous year: EUR 82.7 million) relate to discontinued operations.

The intangible assets disposed of in the financial year 2013 in the context of the disposal of the Northern European operations which were classified as assets held for sale in accordance with IFRS 5 as of the end of the financial year 2012 are included in the schedule of intangible assets under disposals due to change in scope of consolidation in the financial year 2013. Correspondingly the carrying amounts on disposal are shown as additions in the "Reclassification to assets held for sale" line item.

As part of the presentation of discontinued operations, associated intangible assets totaling EUR 2.6 million (previous year: EUR 1,144.9 million) were presented as assets held for sale in the financial year 2013 (please refer to Note 3 "Acquisitions and disposals").

Other intangible assets include brands, software, intellectual property rights, customer relationships and broadcasting licenses. Depreciation and amortization are recognized in line with the accounting policies described in Note 6.

As of December 31, 2013, goodwill amounted to EUR 990.9 million (previous year: EUR 940.4 million). The increase in financial year 2013 resulted from initial consolidations in the Digital & Adjacent segment, largely from the acquisition of stakes in SilverTours GmbH and the mydays Group (please refer to Note 3 "Acquisitions and disposals"). The goodwill presented as of January 1, 2012 of EUR 1,807.4 million related largely to the acquisition of the SBS Broadcasting Group in 2007, primarily reflecting strategic development potential and expected synergy effects. The decline of the carrying amount in the financial year 2012 is essentially related to the subsidiaries in Scandinavia, Central and Eastern Europe classified in line with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". They are separately reported as discontinued operations (please refer to Note 3 "Acquisitions and disposals"). The subsidiaries held for sale in financial year 2012 maintain advertising-financed TV stations in Northern, Central and Eastern Europe as well as radio stations in Scandinavia, Central and Eastern Europe. With the approval by the relevant cartel authorities on April 9, 2013, the transaction to sell the TV and radio operations in Denmark, Sweden, Norway and Finland to Discovery Networks International Holdings Ltd., London, Great Britain was concluded in both formal and legal terms. In the financial year 2013, the ProSiebenSat.1 Group still had its TV and radio activities in Central and Eastern Europe up for sale. By signing the contracts to sell the portfolio in Central and Eastern Europe on December 20 (Hungary) and on December 19 and 23, 2013 (Romania), the ProSiebenSat.1 Group sold its TV and radio stations there. Closing of these transactions was pending as of the reporting date.

Goodwill is annually tested for impairment as required by IAS 36 on the basis of value in use, applying the procedure described in Note 6 "Accounting policies". On the basis of the impairment test performed in line with IAS 36, there were no impairments either in the financial year 2013 or in the previous year. In determining the value in use in the previous year as part of the impairment tests implemented on November 30, 2012, a disposal scenario was taken into account for the units subsequently classified under IFRS 5 as held for sale. When classification under IFRS 5 takes place, a new impairment test on goodwill is required. In this connection, in 2012 the cash-generating unit Free TV International was divided into the disposal groups Free TV Scandinavia and Free TV Central and Eastern Europe. In line with IAS 36.86, goodwill is allocated to the two disposal units on the basis of relative values to the units remaining and

those sold. The impairment test performed on this basis resulted in impairments of EUR 57.4 million in the financial year 2012, which relate to goodwill for the held-for-sale units in Central and Eastern Europe.

The following table summarizes the tested goodwill of the cash-generating units and the assumptions applied in the respective impairment tests.

Disclosures on goodwill impairment testing (Fig. 127)

Name of segment	Broadcasting German- speaking	Digital & Adjacent	Content Production & Global Sales	Total
Name of cash generating unit¹	Broadcasting German- speaking	Digital & Adjacent	Content Production & Global Sales	
Carrying amount of goodwill at December 31, 2012 (EUR m) ²	464.0	405.5	70.9	940.4
Carrying amount of goodwill at December 31, 2013 (EUR m)	464.0	457.2	69.7	990.9
Recoverable amount (EUR m) ³	7,669.3 (8,697.3)	1,564.9 (2,002.4)	250.0 (316.0)	
Impairment in 2013 (EUR m) ³	-/- [-/-]	-/- [-/-]	-/- [-/-]	-/- [-/-]
Revenue growth p.a. in the projection period (CAGR) ³	2.5% [2.5%]	8.0% [21.8%]	6.6% [8.8%]	
Ø EBITDA margin in the projection period ³	30.4% [32.2%]	19.5% [20.1%]	9.8% [10.8%]	
Duration of projection period	5 years	5 years	5 years	
Revenue growth p.a. at the end of projection period ³	1.5% [1.5%]	1.5% [1.5%]	1.5% [1.5%]	
EBITDA margin at the end of projection period ³	31.1% [33.7%]	21.2% [21.3%]	10.3% [11.8%]	
Ø Discount rate ³	9.9% [9.6%]	9.6% [9.4%]	9.9% [9.6%]	

1 The cash generating units correspond to the operating segments (refer to Note 35 "Segment reporting").

2 At the beginning of the financial year 2013 the Group's Pay-TV activities, previously allocated to the Digital & Adjacent segment, have been reallocated to the Broadcasting German-speaking segment. Reallocation of goodwill was based on a

relative value approach according to IAS 36.87. Prior-year figures have been adjusted accordingly.

3 Previous-year figures in parentheses. Based on internal monitoring and reporting structure which has been changed by reallocated Pay-TV business at the beginning of financial year 2013, previous-year figures have been adjusted accordingly.

The assumptions for revenues growth used in the impairment tests are based on externally published sources for the projection period. In some cases, risk discounts were applied for regional characteristics. The assumed EBITDA margins are based on past experience, or were adjusted on the basis of cost-cutting measures that have already been introduced. Information on the procedure for preparing the long-term corporate plan, which forms the basis for deriving the free cash flow relevant for valuation in the context of determining the value in use, is to be found in the Group management report (refer to the chapter "Integrated Budgeting and Planning System" on page 50).

The discount rate used for the total cost of capital for each case reflects the weighted average cost of capital (WACC) – the risk-adjusted minimum interest before taxes entitlement derived from the capital market for each case. The discount rate is based on the risk-free rate of interest of 2.5 % (previous year: 2.1%) and a market risk premium of 6.5 % (previous year: 6.0 %). In addition, for each cash-generating unit a separate beta factor is derived from the relevant peer group. The debt spread and the capital structure is also taken into consideration as are the country-specific tax rates and risk premiums.

To the extent that a reasonably possible change in a key assumption, which is integrated into the impairment test, could result in a reduction of the recoverable amount to below the carrying value of the respective goodwill, a sensitivity analysis has to be performed on this key assumption. In financial year 2013, due to the good order situation a possible change in a key assumption of the impairment test did not reduce the recoverable amount below the carrying value.

Brands with a carrying amount of EUR 45.8 million as of December 31, 2013 (previous year: EUR 11.9 million) are recognized under other intangible assets. The higher carrying amount in the financial year 2013 is due primarily to the brand names identified in the context of the purchase price allocation at SilverTours GmbH and the mydays Group which were recognized at fair value. The useful life of the brands is determined as indefinite since they are not assigned to any contractually defined fixed period. All such brands are tested for impairment annually in accordance with IAS 36 on the basis of fair value less costs to sell, applying the procedure described in Note 6 "Accounting policies". Here in the financial year 2013 no impairments were recognized on carrying amounts for brands attributable to continuing operations. In connection with the "Prima TV" and "Kiss FM" brands of the held-for-sale subsidiaries in Central and Eastern Europe named in Note 3 "Acquisitions and disposals", impairments totaling EUR 3.8 million were recognized in the result from discontinued operations. In the previous year, the impairments recognized in the result from discontinued operations totaled EUR 25.2 million. These relate entirely to the brands "Prima TV", "Kiss FM" and "Radio 1" of the subsidiaries held for sale in Northern, Central and Eastern Europe in the financial year 2012.

The following table summarizes attribution of brands to operating segments and the assumptions applied in the associated impairment tests.

Disclosures on impairment testing of brands (Fig. 128)

Name of segment	Broadcasting German- speaking	Digital & Adjacent	Content Production & Global Sales	Total
Name of cash generating unit¹	Broadcasting German- speaking	Digital & Adjacent	Content Production & Global Sales	
Carrying amount of brands at December 31, 2012 (EUR m)	3.4	8.5	-/-	11.9
Carrying amount of brands at December 31, 2013 (EUR m)	3.4	42.4	-/-	45.8
Recoverable amount (EUR m) ²	30.3 [26.7]	144.5 [135.2]	-/-	
Impairment in 2013 (EUR m) ²	-/- [-/-]	-/- [-/-]	-/- [-/-]	-/- [-/-]
Ø Revenues growth p.a. in the projection period (CAGR) (range) ²	4.2% [3.9%]	8.3% -27.6% [23.2% -34.4%]	-/- [-/-]	
Assumed royalty fee in % (range) ²	5.0% [5.0%]	3.0% - 10.0% [3.0% - 5.0%]	-/- [-/-]	
Duration of projection period	5 years	5 years	-/- [-/-]	
Revenues growth p.a. at the end of projection period (range) ²	1.5% [1.5%]	1.5% [1.5%]	-/- [-/-]	
Discount rate (range) ²	9.4% [10.7%]	9.6% - 9.8% [10.2% - 10.4%]	-/- [-/-]	

1 The cash generating units correspond to the operating segments (refer to Note 35 "Segment reporting").

2 Previous-year figures in parentheses.

The valuation is carried out using the relief-from-royalty method that calculates the royalties that the ProSiebenSat.1 Group would have had to pay to an external party for the use of respective intangible assets. The valuation of the assets is then based on the present value of saved future royalty payments.

To the extent a reasonably possible change in a key assumption which is integrated into the impairment test could result in a reduction of the recoverable amount to below the carrying amount of the relevant brand, a sensitivity analysis is to be performed on this key assumption. The recoverable amount of the brand "wer weiss was" of the Digital & Adjacent cash-generating unit is almost exactly the carrying amount (EUR 1.9 million). With this brand, even a slight variation of the material planning assumptions can result in the need to implement an impairment. However, the entire impairment risk is restricted to the carrying amount.

In addition to the above impairments taken on brand carrying amounts for held-for-sale subsidiaries, in the 2013 financial year impairments were also recognized on broadcasting licenses totaling EUR 5.4 million. Impairment was not taken on other intangible assets identified and recognized in connection with earlier purchase price allocations either in the past financial year or in the previous year.

Internally generated intangible assets were capitalized in other intangible assets in the financial year. The amount recognized is immaterial for the consolidated financial statements of ProSiebenSat.1 Group.

Notes

20 Property, plant and
equipment

20 Property, plant and equipment

Statement of changes in property, plant and equipment (Fig. 129)

EUR m	Buildings on land owned by others, fixtures and renovations	Technical facilities	Office furniture and equipment	Advances paid	Total
COST					
Balance as of January 1, 2012	241.3	191.1	71.6	9.2	513.2
Exchange rate differences	0.8	1.9	0.9	0.1	3.7
Additions due to change in scope of consolidation	0.7	2.5	0.6	-/-	3.8
Additions	3.4	23.2	8.4	12.8	47.8
Reclassifications	3.5	4.2	0.5	-8.4	-0.1
Disposals due to change in scope of consolidation	0.0	-/-	-0.2	-/-	-0.2
Disposals	-0.7	-21.5	-1.1	0.0	-23.3
Reclassification to assets held for sale	-19.9	-77.7	-25.7	-0.3	-123.5
Balance as of December 31, 2012/ January 1, 2013	229.1	123.8	55.1	13.4	421.4
Exchange rate differences	-0.2	-1.4	-0.3	0.0	-1.8
Additions due to change in scope of consolidation	0.1	0.4	1.2	-/-	1.7
Additions	5.4	15.5	5.2	10.1	36.2
Reclassifications	8.3	4.4	0.6	-13.3	0.0
Disposals due to change in scope of consolidation	-7.6	-49.5	-16.9	-0.1	-74.1
Disposals	-4.6	-7.6	-3.4	0.0	-15.6
Reclassification to assets held for sale	8.0	52.0	17.2	0.1	77.4
Balance as of December 31, 2013	238.6	137.5	58.9	10.3	445.2
DEPRECIATION AND AMORTIZATION					
Balance as of January 1, 2012	93.2	142.2	56.5	-/-	291.9
Exchange rate differences	0.2	1.4	0.7	-/-	2.3
Additions due to change in scope of consolidation	0.5	2.1	0.4	-/-	2.9
Additions	6.7	22.2	5.8	-/-	34.8
Reclassifications	-/-	-/-	-/-	-/-	-/-
Disposals due to change in scope of consolidation	0.0	-/-	-0.1	-/-	-0.1
Disposals	-0.5	-20.6	-1.0	-/-	-22.1
Reclassification to assets held for sale	-8.7	-59.4	-18.9	-/-	-87.0
Balance as of December 31, 2012/ January 1, 2013	91.4	87.9	43.5	-/-	222.8
Exchange rate differences	-0.1	-1.0	-0.2	-/-	-1.3
Additions due to change in scope of consolidation	0.1	0.3	0.8	-/-	1.2
Additions	7.7	26.9	4.5	-/-	39.1
Reclassifications	-/-	-/-	-/-	-/-	-/-
Disposals due to change in scope of consolidation	-5.5	-34.8	-10.9	-/-	-51.2
Disposals	-4.1	-7.3	-3.7	-/-	-15.1
Reclassification to assets held for sale	5.8	27.2	11.8	-/-	44.8
Balance as of December 31, 2013	95.4	99.1	45.8	-/-	240.4
Carrying amount December 31, 2013	143.1	38.4	13.0	10.3	204.8
Carrying amount December 31, 2012	137.7	35.9	11.6	13.4	198.7

Notes

20 Property, plant and
equipment

The property, plant and equipment disposed of in financial year 2013 in the context of the disposal of the Northern European operations which were classified as assets held for sale in accordance with IFRS 5 as of the end of the financial year 2012 are included in the schedule of property, plant and equipment under disposals due to change in scope of consolidation in financial year 2013. Correspondingly the carrying amounts on disposal are shown as additions in the "Reclassification to assets held for sale" line item.

As part of the presentation of discontinued operations, associated property, plant and equipment totaling EUR 4.0 million (previous year: EUR 36.6 million) were presented as assets held for sale in the financial year 2013 (please refer to Note 3 "Acquisitions and disposals").

The buildings on land owned by others, fixtures and renovations line item relates to leased buildings for a residual carrying amount of EUR 106.6 million (previous year: EUR 108.8 million) where the underlying lease agreements qualify as finance leases, and which are therefore reported as assets on which the Group has beneficial ownership. The underlying leases cover land and buildings at the Unterföhring site. Each of them has a lease term of 22 years. The earliest expiration is scheduled for 2019, but the interest rate conversion points (the end of the lock-in period for interest rates) are not yet determined. The real estate leases were signed on prevailing market terms. Other leases with a carrying amount of EUR 7.0 million (previous year: EUR 8.5 million) exist mainly for technical equipment which also qualify as finance leases.

As of December 31, 2013 and the previous year's reporting date, the minimum lease payments comprise the following:

Minimum lease payments (Fig. 130)				
EUR m	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total 12/31/2013
Property, plant and equipment				
Minimum lease payments	13.6	46.2	15.1	74.9
Share of interest minimum lease payments	4.4	13.2	3.1	20.6
Present value of minimum lease payments	9.2	33.0	12.1	54.3
<hr/>				
EUR m	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total 12/31/2012
Property, plant and equipment				
Minimum lease payments	14.6	48.6	26.0	89.2
Share of interest minimum lease payments	5.2	16.2	6.3	27.7
Present value of minimum lease payments	9.4	32.4	19.7	61.5

Additionally, lease obligations related to buildings on land owned by others of EUR 37.4 million (previous year: EUR 37.4 million) still exist that under the repayment plan will not be paid until 2019 or 2023. Therefore, the lease liabilities at December 31, 2013 amounted to EUR 91.7 million (previous year: EUR 98.8 million).

Notes

21 Investments accounted for using the equity method and non-current financial assets

21 Investments accounted for using the equity method and non-current financial assets

The principal investments accounted for using the equity method, none of which are listed on any stock exchange, were as follows on December 31, 2013 and 2012, arranged in alphabetical order below (investment percentage in parentheses):

- AdAudience GmbH, Düsseldorf (14.29%)
- Goldbach Media (Switzerland) AG, Küsnacht (22.96%)
- VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH, Berlin (50.0%)

From a Group perspective, AdAudience GmbH is a joint venture under IAS 31. VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen represents an associated company as defined by IAS 28, since the Group only exerts significant influence on the business and financial policy of the group, despite its stake of 50%.

The following overview shows aggregated information on the principal investments accounted for using the equity method. The figures are not based on the stakes held by the ProSiebenSat.1 Group, but represent the figures of a notional holding of 100%.

Information on investments accounted for using the equity method (Fig. 131)

EUR m	12/31/2013	12/31/2012
Non-current assets	1.0	0.7
Thereof joint ventures	0.1	0.1
Current assets	109.2	102.8
Thereof joint ventures	3.6	2.9
Total assets	110.2	103.6
Shareholders' equity	22.9	2.6
Thereof joint ventures	1.8	1.8
Non-current financial liabilities	1.4	0.9
Thereof joint ventures	-/-	-/-
Current financial liabilities	86.0	100.0
Thereof joint ventures	1.8	1.2
Total equity and liabilities	110.2	103.6
	2013	2012
Revenues	310.6	296.0
Thereof joint ventures	6.6	4.8
Expenses	290.1	-/-
Thereof joint ventures	6.6	-/-
Result of the year	23.2	-0.5
Thereof joint ventures	0.0	-0.5

Additional investments accounted for using the equity method, but which are classified as immaterial, are shown in the list of investments on pages 276 through 280.

In the financial year 2013, the ProSiebenSat.1 Group received a dividend from an associate of EUR 5.9 million (previous year: EUR 5.5 million).

22 Programming assets

The following presents a summary of the group's current and non-current programming assets:

Statement of changes in programming assets (Fig. 132)

EUR m	Capitalized TV rights	Advances paid	Total
Carrying amount January 1, 2012	1,355.5	175.8	1,531.3
Exchange rate difference	6.7	1.6	8.2
Additions due to change in scope of consolidation	-/-	2.0	2.0
Additions	1,001.5	113.1	1,114.6
Disposals due to change in scope of consolidation	-/-	-/-	-/-
Disposals	-15.1	-0.1	-15.2
Reclassifications	109.1	-109.1	-/-
Consumption ¹	-1,086.4	-/-	-1,086.4
Thereof scheduled			-1,032.4
Thereof impairment			-54.0
Reclassification to assets held for sale	-239.5	-38.2	-277.7
Carrying amount December 31, 2012 and January 1, 2013	1,131.8	145.1	1,276.9
Thereof non-current programming assets			1,110.7
Thereof current programming assets			166.2
Exchange rate difference	-2.4	-0.5	-2.9
Additions due to change in scope of consolidation	-/-	-/-	-/-
Additions	910.1	73.1	983.2
Disposals due to change in scope of consolidation	-216.2	-23.4	-239.6
Disposals	-12.7	-0.3	-12.9
Reclassifications	108.9	-108.9	-/-
Consumption ¹	-1,059.7	-/-	-1,059.7
Thereof scheduled			-876.1
Thereof impairment			-183.6
Reclassification to assets held for sale	220.1	36.6	256.6
Carrying amount December 31, 2013	1,079.9	121.7	1,201.6
Thereof non-current programming assets			1,064.6
Thereof current programming assets			137.1

¹ Consumption including provisions for onerous contracts from prior periods of EUR 18.5 million (previous year: 14.8 million).

The programming assets disposed of in financial year 2013 in the context of the disposal of the Northern European operations which were classified as assets held for sale in accordance with IFRS 5 as of the end of the financial year 2012 are included in the schedule of programming assets under disposals due to change in scope of consolidation in financial year 2013. Correspondingly the carrying amounts on disposal are shown as additions in the "Reclassification to assets held for sale" line item.

Because of their high importance for the ProSiebenSat.1 Group, programming assets, which would normally be classified under intangible assets, are presented as a separate item in the statement of financial position. Capitalized TV rights primarily contain free TV rights of EUR 1,077.6 million (previous year: EUR 1,131.1 million) as well as other TV rights such as pay TV, video-on-demand and mobile TV rights of EUR 2.3 million (previous year: EUR 0.7 million).

Notes

23 Inventories

24 Financial and other assets

Consumption and impairments of programming assets are presented under cost of sales. Reversals of impairments are netted against consumption. There were no material reversals of impairments in 2013 or in the previous year.

Consumption resulting from broadcasts is measured using a declining-balance method according to a uniform standardized matrix for the entire Group. Consumption of programming assets reflects the portion of advertising revenues/audience reach for the given reporting period in relation to the total advertising revenues/audience reach expected from the broadcasts defined by contract or planned by management. These estimates are regularly reviewed, and impairments are recognized if necessary. In addition, provisions for onerous contracts in programming are established in line with a two-stage procedure. For more information on establishing provisions for onerous contracts in programming, refer to Note 6 "Accounting policies". Obligations to purchase programming assets in future years are reported in Note 33 "Other financial obligations".

As part of the presentation of discontinued operations, associated programming assets totaling EUR 21.0 million (previous year: EUR 277.7 million) were presented as assets held for sale in the financial year 2013 (please refer to Note 3 "Acquisitions and disposals").

23 Inventories

Inventories consist primarily of marketing materials, promotional products and video material which are not presented under programming assets. The inventories are considered immaterial by the Group.

24 Financial and other assets

Financial and other assets (Fig. 133)

EUR m	12/31/2013			12/31/2012		
	Current	Non-current	Total	Current	Non-current	Total
Trade accounts receivable	326.3	-/-	326.3	268.7	-/-	268.7
Investments	-/-	45.4	45.4	-/-	44.6	44.6
Securities	-/-	13.6	13.6	-/-	16.3	16.3
Derivatives	4.8	0.3	5.1	18.7	-/-	18.7
Other financial assets	-/-	1.6	1.6	-/-	0.2	0.2
Total financial assets	4.8	60.9	65.7	18.7	61.2	79.9
Accrued items	2.8	-/-	2.8	7.7	-/-	7.7
Receivables from other investments	0.8	-/-	0.8	-/-	-/-	-/-
Receivables from at equity investments	0.3	-/-	0.3	25.6	-/-	25.6
Receivables from group companies – not consolidated	1.7	-/-	1.7	-/-	-/-	-/-
Advance payments	16.7	-/-	16.7	13.7	-/-	13.7
Other	15.1	4.0	19.1	32.8	2.9	35.7
Total other receivables and non-current assets	37.4	4.0	41.4	79.7	2.9	82.6
Total	368.5	64.9	433.4	367.1	64.1	431.2

The carrying amounts of receivables and other current assets, in accordance with IFRS 7 categories, are shown under Note 34 "Further notes on financial risk management and financial instruments according to IFRS 7".

As part of the presentation of discontinued operations, associated non-current financial assets totaling EUR 0.0 million (previous year: EUR 4.6 million) were presented as assets held for sale in the financial year 2013 (please refer to Note 3 "Acquisitions and disposals").

The major position under “investments” is the Group’s stake of 6.9% in ZeniMax Media Inc. (previous year: 6.9%), incorporated in Rockville, USA, a developer of interactive entertainment content for game consoles, PC and wireless devices. The investment is valued at acquisition cost (see Note 15 “Result from investments accounted for using the equity method and other financial result”).

The “securities” item essentially comprises shares in investment funds recognized at fair value through profit and loss acquired to cover the pension obligations, as these do not qualify as plan assets under IAS 19.

The following table shows the changes in credit allowances on the gross total of current and non-current trade accounts receivable:

Changes in credit allowances (Fig. 134)		
EUR m	12/31/2013	12/31/2012
Credit allowances at the beginning of the reporting period	25.6	27.6
Additions	6.4	6.8
Release	-4.4	-2.9
Usage	-3.7	-1.9
Foreign currency effects	0.0	-/-
Changes to the scope of consolidation	0.0	-/-
Reclassification to assets held for sale	0.1	-3.9
Credit allowances at the end of the reporting period	24.0	25.6

As of December 31, 2013, the Group’s trade accounts receivable had the following aging structure:

Aging structure (Fig. 135)		
EUR m	12/31/2013	12/31/2012
Not due at the end of the reporting period	260.1	221.9
Amount past due the following time ranges:		
Less than 3 months	46.1	23.2
Between 3 and 6 months	5.9	6.3
Between 6 and 9 months	3.5	5.8
Between 9 and 12 months	5.3	5.5
More than 12 months	5.4	6.0
Total trade accounts receivables	326.3	268.7

As of the reporting date, there was no objective evidence of a potential impairment of the recognized trade receivables.

As part of the presentation of discontinued operations, associated accounts receivable and other assets totaling EUR 32.2 million (previous year: EUR 108.9 million) were presented as assets held for sale in the financial year 2013 (please refer to Note 3 “Acquisitions and disposals”).

Notes

25 Cash and cash equivalents

26 Shareholders' equity

25 Cash and cash equivalents

Cash and cash equivalents include cash in bank with a maturity of three months or less as of their acquisition date as well as cash on hand.

As part of the presentation of discontinued operations, associated cash and cash equivalents totaling EUR 8.8 million (previous year: EUR 90.4 million) were presented as assets held for sale in the financial year 2013 (please refer to Note 3 "Acquisitions and disposals").

26 Shareholders' equity

The merger of the two share classes was resolved at the Annual General Meeting of ProSiebenSat.1 Media AG and a special meeting of the company's preference shareholders on July 23, 2013. On August 16, 2013, the conversion of the formerly non-voting bearer preference shares into voting registered common shares became effective on registration of the corresponding changes to the articles of association in the commercial register. Up to this date, the share capital of EUR 218,797,200.00 was divided into 109,398,600 bearer shares of preferred stock and registered common shares. On August 16, 2013, the bearer shares of preferred stock were traded on the Frankfurt Stock Exchange for the last time.

Since August 19, 2013, all registered common shares of ProSiebenSat.1 Media AG, i.e. both the existing registered common shares and the registered common shares resulting from the conversion of the bearer shares of preferred stock, are traded. ProSiebenSat.1 Media AG therefore has a single share class with one voting right per share for the first time since it has been listed on the stock exchange.

As of December 31, 2013, the subscribed capital of ProSiebenSat.1 Media AG remains unchanged at EUR 218.8 million, each share representing a nominal value of EUR 1 of the share capital. Thus, as of December 31, 2013, the number of shares outstanding was 218,797,200, of which the Company itself held 5,707,400 common shares in treasury (previous year: 6,505,750).

Capital reserves amount to EUR 585.7 million (previous year: EUR 581.6 million). They mainly comprise the share premium from the share issuance in 1997 and the capital increase in 2004. Moreover, in the financial year 2013, EUR 7.5 million (previous year: EUR 4.6 million) were recognized in connection with rights to shares, EUR 5.1 million (previous year: EUR none) from the cash settlement of stock options and EUR 0.2 million (previous year: EUR 1.7 million) in connection with stock option plans. In addition, in the financial year 2013 the capital reserves contain current taxes in connection with stock options of EUR 1.4 million (previous year: none) (please refer to Note 36 "Share-based payments").

The change in consolidated equity generated resulted primarily from the dividend payment for the financial year 2012 of EUR 1.201 billion (previous year: EUR 245.7 million) on July 24, 2013. This was paid from the distributable profit shown in the annual financial statements of ProSiebenSat.1 Media AG. Contrary effects were the result for the period attributable to the shareholders of EUR 312.1 million (previous year: EUR 295.0 million) and recognizing the cumulative effects of the initial application of IAS 19 (2011) "Employee Benefits".

Accumulated other comprehensive income of the ProSiebenSat.1 Group in the amount of minus EUR 112.6 million (previous year: minus EUR 70.2 million) results from cash flow hedge accounting, the currency translation adjustments of the financial statements of foreign subsidiaries and the effects of measurement of pension obligations which are to be recognized outside profit or loss. Cash flow hedge accounting relates to currency hedges of minus EUR 29.9 million

(previous year: EUR 5.7 million) and interest rate hedges amounting to minus EUR 96.9 million (previous year: minus EUR 147.2 million) before deduction of related deferred taxes. The amount in the previous year also included amounts outside profit or loss associated with assets and liabilities held for sale of minus EUR 1.4 million. The deferred taxes relate to currency hedges in the amount of minus EUR 8.4 million (previous year: minus EUR 1.6 million) and interest rate hedges amounting to EUR 27.1 million (previous year: EUR 41.1 million). The amount in the previous year also included deferred taxes associated with assets and liabilities held for sale of EUR 0.4 million.

In addition, accumulated other comprehensive income of the Group contains amounts from currency translation adjustments of the annual financial statements of foreign subsidiaries totaling minus EUR 16.9 million (previous year: EUR 36.6 million). Of this, EUR 15.6 million (previous year: EUR 32.8 million) relate to assets and liabilities held for sale.

As a result of retroactive application of the IAS 19 ("Employee Benefits") which was amended in 2011, as of January 1, 2012 cumulative actuarial losses in connection with pension obligations of EUR 5.3 million, minus deferred tax effects of EUR 1.5 million were reclassified from retained earnings to accumulated other comprehensive income. In financial year 2013, the actuarial losses of EUR 0.9 million minus deferred tax effects of EUR 0.2 million were recognized directly in accumulated other comprehensive income. In future period, these line items will not be reported in the profit or loss. As of December 31, 2013, accumulated other comprehensive income thus includes remeasurement effects from pension obligations of minus EUR 6.2 million (previous year: minus EUR 5.3 million).

Thus accumulated other comprehensive income recognized in shareholders' equity comprises the following:

Changes of accumulated other comprehensive income (Fig. 136)

EUR m	2013			2012		
	Before Taxes	Deferred Taxes	After Taxes	Before Taxes	Deferred Taxes	After Taxes
Currency translation ProSiebenSat.1 foreign subsidiaries	31.7	-/-	31.7	12.2	-/-	12.2
Currency translation non-controlling interests of foreign subsidiaries	0.1	-/-	0.1	0.0	-/-	0.0
Associated with assets and liabilities held for sale	-48.4	-/-	-48.4	32.8	-/-	32.8
Currency translation effects recognised in other comprehensive income	-16.6	-/-	-16.6	45.0	-/-	45.0
Deconsolidation effects	-36.8	-/-	-36.8	-/-	-/-	-/-
Effect from foreign currency translation	-53.3	-/-	-53.3	45.0	-/-	45.0
Currency hedges	-35.6	10.0	-25.6	-24.8	7.0	-17.8
Interest rate hedges	48.9	-13.6	35.3	-1.0	0.7	-0.3
Associated with assets and liabilities held for sale	1.4	-0.4	1.0	-1.4	0.4	-1.0
Effects from cash flow hedge accounting recognised in other comprehensive income	14.7	-4.0	10.7	-27.2	8.1	-19.1
Deconsolidation effects	1.4	-0.4	1.0	-/-	-/-	-/-
Recognition of cash flow hedges	16.1	-4.4	11.7	-27.2	8.1	-19.1
Valuation effects of provisions for pensions recognised in other comprehensive income	-0.9	0.2	-0.6	-/-	-/-	-/-
Total other comprehensive income/loss for the period	-38.1	-4.2	-42.3	17.8	8.1	25.9

Allocation of profits

In the financial year just ended, under a resolution adopted at the Annual General Meeting on July 23, 2013, a dividend of EUR 1.201 billion was paid out to holders of preferred stock and common stock, out of ProSiebenSat.1 Media AG's 2012 distributable profit of EUR 2,679.9 million. This represents a payout of a dividend of EUR 5.65 per dividend-eligible bearer share of preferred stock and EUR 5.63 per dividend-eligible bearer share of common stock. The dividend of EUR 1.201 billion was disbursed on July 24, 2013.

In accordance with the German Stock Corporations Act, the dividend payable to shareholders depends on the distributable profit shown in the annual financial statements of ProSiebenSat.1 Media AG under the German Commercial Code. It is planned to allocate the distributable profit at ProSiebenSat.1 Media AG for the financial year 2013 of EUR 1,840.7 million as follows:

Proposed allocation of profit (Fig. 137)	
EUR	
Distribution of a dividend of EUR 1.47 per bearer share of preferred stock	313,242,006.00
Balance to be carried forward to the next accounting period	1,527,496,493.13
ProSiebenSat.1 Media AG distributable profit	1,840,738,499.13

Distribution of the dividend is contingent on the approval of the Annual General Meeting on June 26, 2014. The final amount distributed depends on the number of entitled shares at the time the resolution on the profit allocation proposal. This depends on the amount of Company's treasury stock. Under Section 71b of the German Stock Corporations Act these shares are not entitled to receive dividends. However, up to the day of the Annual General Meeting the level of stock can change.

Authorized capital

The authorization of the Executive Board to increase the share capital (Authorized Capital) previously under Article 4 (4) of the Company's articles of incorporation was limited to June 3, 2014. The Annual General Meeting on July 23, 2013 thus approved a new Authorized Capital, together with an authorization to exclude pre-emptive rights, with a corresponding amendment of Article 4 (amount and division of share capital) of the articles of incorporation. Subject to the consent of the Supervisory Board, the Executive Board is now authorized to increase the company's share capital on one or more occasions on or before July 22, 2018, by not more than EUR 109,398,600, in return for contributions in cash and/or in kind, by issuing new no-par shares of stock.

Contingent capital

The Annual General Meeting of June 4, 2009 approved a contingent increase of the share capital by a total of not more than EUR 109,398,600, by issuing not more than 109,398,600 registered shares of common stock or bearer shares of preferred stock. The contingent capital increase serves to grant stock to holders of, or creditors under, convertible bonds and/or warrant-linked bonds, which the Company was also authorized to issue by the Annual General Meeting of the same date.

Treasury shares

The Annual General Meeting of May 15, 2012, in line with Section 71 (1) 8 of the German Stock Corporation Act had authorized the Company to acquire its own common and/or preferred stock on or before May 14, 2017, up to the total nominal amount of 10% of the Company's share capital at the time of the authorization. The Annual General Meeting of July 23, 2013 resolved

an amendment to the existing authorizations according to which the previous regulations for the acquisition and deployment of treasury stock continue with the proviso that the conditions stipulated for the acquisition of preference shares apply to the acquisition of common shares after merging the share classes.

In the financial year 2013, 798,350 share options from the LTIP 2008 (Cycles 2008 and 2009) were exercised. Therefore, treasury shares declined from 6,505,750 as of December 31, 2012 to 5,707,400 as of December 31, 2013.

Information about capital management

The primary capital management tools used by the ProSiebenSat.1 Group are equity capital measures, dividend payments to the shareholders, repurchase of shares and borrowing.

The ProSiebenSat.1 Group's capital management pursues the goal of safeguarding the Company as a going concern for the long term, and of generating a fair return for its shareholders. In this regard, the changes in economic conditions and risks resulting from the underlying business operations are monitored. It is also important to the ProSiebenSat.1 Group to ensure its unrestricted access to various borrowing options in the capital market, and its ability to service its financial liabilities.

As part of active management of borrowings, particular attention is given to managing leverage, measured as the ratio of net financial debt to recurring EBITDA of the last twelve months, as well as needs for capital and liquidity, and to matching the timing of refinancing measures.

The ProSiebenSat.1 Group's capital structure as of the end of the reporting period was as follows:

Capital structure (Fig. 138)		
EUR m	12/31/2013	12/31/2012
Shareholders' equity	584.1	1,500.8
Share of total capital	16.4%	27.7%
Current loans and borrowings	0.0	230.9
Non-current loans and borrowings	1,842.0	2,342.2
Loans and borrowings total	1,842.0	2,573.1
Share of total capital	51.8%	47.5%
Total Capital (total equity and liabilities)	3,556.0	5,412.6

Shareholders' equity of the ProSiebenSat.1 Group declined against December 31, 2012 by 61.1% or EUR 916.7 million to EUR 584.1 million (previous year: EUR 1.501 billion) This is due firstly to the EUR 1.201 billion dividend paid out in the reporting year (previous year: EUR 245.7 million). Furthermore, foreign exchange effects of EUR 36.8 million (previous year: EUR none) in connection with the disposed Northern European activities and additional effects recognized in other comprehensive income from the currency translation adjustments of foreign subsidiaries totaling EUR 16.6 million (previous year: plus EUR 45.0 million) resulted in lower shareholders' equity. A contrary effect resulted from the improved consolidated net profit of EUR 317.0 million (previous year: EUR 298.8 million) and positive effects from the measurement of cash flow hedges of EUR 14.7 million (previous year: minus EUR 27.2 million) before deferred taxes. Accordingly, the equity ratio fell to 16.4% (December 31, 2012: 27.7%).

A key element of Group financing is a secured syndicated facilities agreement. As of December 31, 2013, this includes a one-term loan (Term Loan D) and one revolving credit facility (RCF).

In May 2013, the Group agreed with its lenders various amendments to the syndicated facilities agreement in connection with the prepayment totaling EUR 500.0 million (Term Loan B completely repaid, Term Loans C and D repaid and/or extended) and the maturity extension for EUR 1.860 billion (Term Loan D). As of December 31, 2013, EUR 1.842 billion of non-current loans and borrowings were reported (December 31, 2012: EUR 2.342 billion).

As of December 31, 2013, the revolving credit facility (RCF) amounted to EUR 600.0 million. As of the reporting date, no cash drawings were made. As of December 31, 2012, current loans and borrowings totaled EUR 230.9 million.

The ProSiebenSat.1 Group and its financial liabilities are not officially rated by international rating agencies.

For further information on financial management in the ProSiebenSat.1 Group, refer to the chapter "Group financial position and performance" in the management report.

27 Provision for pensions

Pension provisions were recognized for obligations to provide benefits for active and former members of the Executive Board of ProSiebenSat.1 Media AG and their survivors. The pension agreements provide for benefits after reaching the age limit, in the case of permanent disability and after the death of the beneficiary. The benefits can be granted as monthly pension for life, in several annual installments or as a one-off payment. As a result of these pension agreements with the present and former members of the Executive Board, the ProSiebenSat.1 Group is subject to a salary adjustment risk, an investment, interest rate and longevity risk and the risk of providing benefits to surviving dependents. None of these risks, either currently or in the future, individually or in combination with other risk, results in a material adverse effect on the ProSiebenSat.1 Group's financial performance and position.

In calculating pension expenses, ProSiebenSat.1 Media AG considers the expected service cost and the accrued interest on the pension obligation. The change in the present value of the defined benefit obligation, for which pension provisions are recognized at the same level, is calculated as follows:

Present value of obligation (Fig. 139)

EUR m	2013	2012
Present value of obligation at January 1	12.8	10.1
Current service cost	0.5	0.5
Past service cost	1.2	1.0
Interest cost	0.5	0.5
Total amount recognized in profit or loss	2.2	2.0
Remeasurements:		
Actuarial losses/(gains) arising from changes in financial assumptions	0.9	1.0
Actuarial losses/(gains) arising from changes in demographic assumptions	-/-	-/-
Experience losses/(gains)	-/-	-/-
Total amount recognized in other comprehensive income	0.9	1.0
Pension payments	-0.3	-0.3
Present value of obligation at December 31	15.5	12.8

The interest expense relating to pension obligations is presented as part of the net interest expense. The other components of pension expenses included in the income statement are recognized as administrative expenses. Actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they occur. This results primarily from changes in the financial assumptions.

Provisions for pensions are measured on the basis of actuarial assumptions. The measurement date for the present value of obligations is December 31. The following parameters and assumptions were applied:

Overview actuarial parameters (Fig. 140)

	2013	2012
Discount rate	3.8%	4.2%
Salary growth rate	0.0%	0.0%
Pension growth rate	1.0%	1.0%

One of the key measurement parameters is the discount rate used. According to IAS 19.83, the discount rate shall be chosen with reference to the rates of high quality corporate bonds of matching maturities and currencies. Decreasing or increasing the discount rate by 0.5 percentage points would result in the present value of obligations as of December 31, 2013 rising by EUR 0.7 million or falling by EUR 0.6 million. On the basis of sensitivity analyses performed, there was no material impact on pension expense. Each of the sensitivity analyses described takes into account the change of one assumption, with the other assumptions remaining unchanged against the original calculation, i.e. no consideration is taken of possible correlations between the individual assumptions. For materiality reasons, no sensitivity analyses were performed for additional parameters.

As of December 31, 2013, the weighted duration of the pension obligation was nine years. In the financial year 2013, pension payments were made to former Executive Board members with pension entitlements amounting to EUR 0.3 million (previous year: EUR 0.3 million). Pension payments expected for the 2014 to 2016 financial years amount to EUR 0.5 million for each year. Pension payments of EUR 0.7 million are expected for the financial year 2017. Pension payments of EUR 1.9 million are expected for the financial year 2018.

The expected payments in 2014 to acquire shares in investment funds to cover the obligation for defined-benefit pension plans are EUR 0.7 million. These shares in investment funds do not qualify as plan assets for offsetting against the pension obligation, but are presented separately as financial assets (see Note 21 "Investments accounted for using the equity method and non-current financial assets").

28 Other provisions

Other provisions (Fig. 141)

EUR m	As of 01/01/2013	Foreign exchange differences	Additions	Usage	Release	Changes in scope of consolidation	Reclassi- fication under IFRS 5	As of 12/31/2013
Provisions for onerous contracts	12.5	0.0	22.5	-18.8	-2.0	-/-	-5.1	9.1
thereof current provisions	8.0							6.6
Provisions for business operations	18.5	0.0	5.6	-11.5	-1.4	-/-	-/-	11.2
thereof current provisions	18.5							11.2
Other provisions	26.5	0.0	23.2	-5.3	-6.1	-3.8	4.5	38.9
thereof current provisions	25.7							37.6
Total	57.5	0.0	51.3	-35.6	-9.5	-3.8	-0.6	59.2

The provisions disposed of in financial year 2013 in the context of the disposal of the Northern European operations which were classified as assets held for sale in accordance with IFRS 5 as of the end of the financial year 2012 are included in the schedule of provisions under disposals due to change in scope of consolidation in financial year 2013. Correspondingly the carrying amounts on disposal are shown as additions in the "Reclassification under IFRS 5" line item.

As part of the presentation of discontinued operations, associated provisions totaling EUR 7.5 million (previous year: EUR 6.9 million) were presented as liabilities associated with assets held for sale in the financial year 2013 (please refer to Note 3 "Acquisitions and disposals").

ProSiebenSat.1 Media AG expects that the majority of the provisions will fall due within the next year. Non-current provisions are expected to be settled within six years.

The provisions are made up of current provisions totaling EUR 55.4 million (previous year: EUR 52.2 million) and non-current provisions of EUR 3.8 million (previous year: EUR 5.3 million)

Provisions for onerous contracts (refer to Note 6 "Accounting policies") relate primarily to programming assets of EUR 4.9 million (previous year: EUR 6.3 million). Thus provisions of EUR 2.6 million (previous year: EUR 4.3 million) were recognized in connection with the disposal of N24 which took place in 2010. Provisions for onerous contracts include EUR 2.5 million non-current provisions (previous year: EUR 4.5 million). Provisions for business operations largely include provisions for sales discounts. The remaining provisions comprise provisions for interest on taxes of EUR 5.4 million (previous year: EUR 6.9 million), provisions for VAT of EUR 8.9 million (previous year: EUR 7.1 million), provisions for additional payments to best-seller authors of EUR 13.8 million (previous year: EUR 6.1 million), provisions for litigation of EUR 1.5 million (previous year: EUR 1.0 million) and other provisions of EUR 9.4 million (previous year: EUR 5.3 million). Other provisions include EUR 1.3 million non-current provisions (previous year: EUR 0.7 million).

In the financial year 2013, interest effects from unwinding of provisions amounted to EUR 0.3 million (previous year: EUR 0.1 million).

29 Financial liabilities

Financial liabilities (Fig. 142)

EUR m	Current	Non-current	Total 12/31/2013
Loans and borrowings	0.0	1,842.0	1,842.0
Trade payables	352.5	20.6	373.1
Accrued interest	13.6	-/-	13.6
Liabilities from finance lease	9.2	82.5	91.7
Liabilities from derivatives	20.4	113.9	134.3
Liabilities to investments accounted for using the equity method	0.2	-/-	0.2
Earn-out liabilities and liabilities from put options	42.1	29.6	71.7
Total other financial liabilities	85.5	225.9	311.4
Total financial liabilities	438.0	2,088.5	2,526.5

EUR m	Current	Non-current	Total 12/31/2012
Loans and borrowings	230.9	2,342.2	2,573.1
Trade payables	322.2	-/-	322.2
Accrued interest	14.1	-/-	14.1
Liabilities from finance lease	9.4	89.4	98.8
Liabilities from derivatives	4.8	158.0	162.9
Liabilities to investments accounted for using the equity method	0.2	-/-	0.2
Earn-out liabilities and liabilities from put options	7.5	69.5	77.0
Total other financial liabilities	36.1	317.0	353.1
Total financial liabilities	589.1	2,659.2	3,248.3

As part of the presentation of discontinued operations, associated financial liabilities totaling EUR 21.7 million (previous year: EUR 145.5 million) were presented as liabilities associated with assets held for sale in the financial year 2013 (please refer to Note 3 "Acquisitions and disposals").

The carrying amounts of financial liabilities according to IFRS 7 categories are disclosed under Note 34 "Further notes on financial risk management and financial instruments according to IFRS 7".

Liabilities to banks comprise the following:

Syndicated facilities agreement

The syndicated facilities agreement covers a one-term loan of EUR 1,859.7 million (Term Loan D) and a revolving credit facility of EUR 600.0 million, each with a maturity to July 3, 2018. As of December 31, 2013, the revolving credit facility was not utilized (previous year: EUR 230.6 million). It can be used variably for general operative purposes.

In May 2013, in connection with the prepayment totaling EUR 500.0 million (Term Loan B fully repaid, Term Loans C and D partially repaid and/or extended), the ProSiebenSat.1 Group agreed various adjustments to the syndicated credit agreement and the maturity extension of the remaining facility to July 2018 (Term Loan D). Effective November 5, 2013, the ProSiebenSat.1 Group adjusted the duration of the revolving credit facilities (RCF 1 and RCF 2) with maturities in July 2014 and July 2016 in a single amount of EUR 600.0 million to the maturity of the extended Term Loan D in July 2018.

The loan agreement was made with an international banking syndicate and institutional investors. A portion of the loans can also be drawn in currencies other than euro. As of December 31, 2013, all the loans were drawn in euro. Loans and borrowings are variable-interest financial liabilities. Interest rates are based on Euribor money market conditions plus an additional credit margin, ranging between 1.25% and 2.75%.

The repayment amount of the two term loans at December 31, 2013 was EUR 1,859.7 million (previous year: EUR 2,359.7 million). The financial liabilities are measured at amortized cost using the effective interest rate method and have a carrying amount of EUR 1,842.0 million as of December 31, 2013 (previous year: EUR 2,342.2 million).

The ProSiebenSat.1 Group hedges the interest rate risk inherent in these variable-interest loans using interest rate swaps and options. At December 31, 2013, the Group hedged 86% of its interest rate exposure (December 31, 2012: 68%).

Under the loan facilities agreement, the ProSiebenSat.1 Group pledged as security equity interests in various material subsidiaries. The entire collateral has been pledged over the whole term of the loan facilities drawn. In addition, a number of subsidiaries have provided guarantees to the lenders. The loan agreement furthermore includes the usual undertakings, which in turn are qualified or mitigated with exceptions. The loan agreement additionally includes the customary grounds for termination by the lender which are covered by more detailed provisions of the contract for breaches of contract. In case of a change of control under corporate law as a result of an acquisition of a majority stake in the company, each lender is entitled to require the termination of its participation in the loan and a repayment of the outstanding amount within a certain time period. The agreement obligates the Company among other things to maintain a certain ratio between consolidated net debt and consolidated EBITDA as well as between consolidated EBITDA and consolidated net interest result (in each case as defined in the agreement). In financial year 2013, the ProSiebenSat.1 Group complied with all contractual obligations.

Notes

30 Other liabilities

31 Cash flow statement

30 Other liabilities

Other liabilities comprise the following:

Other liabilities (Fig. 143)

EUR m	12/31/2013		12/31/2012	
	Current	Non-current	Current	Non-current
Liabilities from VAT	44.6	-/-	40.0	-/-
Liabilities to employees	48.0	-/-	27.5	-/-
Liabilities from other taxes	28.7	-/-	9.0	-/-
Liabilities to agencies	-/-	-/-	16.8	-/-
Advance payments received	26.3	-/-	7.8	-/-
Accrued items	20.1	-/-	28.7	-/-
Liabilities to collecting societies	12.3	-/-	12.9	-/-
Vacation payment accruals	9.8	-/-	9.3	-/-
Liabilities from rebates	8.8	-/-	-/-	-/-
Liabilities from outstanding advertising services	8.0	3.0	1.0	3.9
Debtors with a credit balance	7.7	-/-	15.3	-/-
Liabilities to artists social fund	1.0	-/-	1.1	-/-
Accruals from social security payments	0.4	-/-	0.5	-/-
Liabilities to cartel authorities	-/-	-/-	27.7	-/-
Others	7.4	1.5	5.1	0.5
Total	223.2	4.4	202.6	4.4

The accrued items are made up largely of advance payments received, deferred marketing rights and liabilities to media agencies.

As part of the presentation of discontinued operations, associated other liabilities totaling EUR 10.9 million (previous year: EUR 86.7 million) were presented as liabilities associated with assets held for sale in the financial year 2013 (please refer to Note 3 "Acquisitions and disposals").

Additional Notes

31 Cash flow statement

The cash flow statement shows how cash and cash equivalents have changed as a result of cash inflows and outflows during the period. In accordance with IAS 7, cash flows are distinguished between operating activities, investing activities and financing activities.

The funds covered by the cash flow statement include all cash and cash equivalents shown in the statement of financial position with terms of not more than three months, subject only to minor risks of fluctuation in value. Cash is not subject to restrictions on its use.

Cash flows from investing and financing activities are calculated using the direct method. On the other hand, cash flows from operating activities are derived indirectly from net income. In this indirect derivation the changes of the relevant statement of financial position items relating to operating activities are adjusted for effects from foreign currency translation and from changes to the scope of consolidation. For this reason, the changes of the statement of financial position items cannot be reconciled with the relevant figures on the basis of the published Group and segment statements of financial position.

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31 Cash flow statement

In line with IAS 7.31 and IAS 7.35, payments for taxes and interest are shown in the cash flow from operating activities.

The following table provides an overview of the cash flow in the segments.

Cash flow by segments (Fig. 144)

EUR m	Segment Broadcasting German-speaking	Segment Digital & Adjacent	Segment Content Production & Global Sales	Eliminations and other transition items	Total segments of continuing operations 12/31/2013
Cash flow from operating activities	1,257.5	93.0	-11.9	9.7	1,348.3
Cash flow from investing activities	-901.9	-111.4	22.8	-27.8	-1,018.3
Free cash flow	355.7	-18.5	11.0	-18.1	330.1
Cash flow from financing activities	-1,691.4	200.2	-9.1	-452.9	-1,953.2

EUR m	Segment Broadcasting German-speaking ¹	Segment Digital & Adjacent ¹	Segment Content Production & Global Sales	Eliminations and other transition items	Total segments of continuing operations 12/31/2012
Cash flow from operating activities	1,266.2	23.9	-51.0	-36.9	1,202.1
Cash flow from investing activities	-875.6	-42.1	7.7	-35.8	-945.8
Free cash flow	393.8	-18.2	-43.4	-75.9	256.3
Cash flow from financing activities	585.0	15.1	42.4	-673.4	-30.9

¹ As of the beginning of the 2013 financial year, the pay TV business, which was allocated to the Digital & Adjacent segment previously, is shown in the Broadcasting German-speaking segment. Prior-year figures have been adjusted accordingly.

The higher cash flow from operating activities in financial year 2013 reflects primarily higher consolidated net profit, lower interest payments and positive changes in working capital. The decrease in interest payments is attributable to the reduction of loans and borrowings in the second quarter in connection with the sale of the Northern European activities.

The higher cash flow from investing activities was due primarily to programming investments being higher at EUR 860.2 million (previous year: EUR 843.3 million), increased investments in property, plant and equipment and intangible assets of EUR 93.8 million (2012: EUR 88.4 million) as well as a EUR 29.5 million increase in investments for expanding the scope of consolidation (2013: EUR 56.6 million; 2012: EUR 27.1 million). The by EUR 73.8 million higher Free cash flow in the financial year 2013 reflects this trend (2013: EUR 330.1 million; 2012: EUR 256.3 million). In the current year, cash flow from financing activities was driven primarily by the repayment of interest-bearing liabilities totaling EUR 1,032.5 million and the dividend payout of EUR 1,201.4 million. A contrary effect resulted from the EUR 300.6 million drawing on the revolving credit facility. In financial year 2012, key factors were the dividend payout of EUR 245.7 million and the cash flow from drawing EUR 230.8 million on the revolving credit facility.

For more information, refer to the section "Analysis of Liquidity and Capital Expenditure" in the Group management report.

32 Contingent assets and liabilities

In the consolidated financial statements as of December 31, 2011, the ProSiebenSat.1 Group disclosed a potential risk from an alleged violation of antitrust law through agreements between the ProSiebenSat.1 Group and the RTL Group about their TV encryption practice. In July 2012, ProSiebenSat.1 Group and the Federal Cartel Office agreed in principle to a consensual termination of the proceedings related to this allegation. Moreover, as part of the agreement with the Federal Cartel Office, the ProSiebenSat.1 Group made a commitment to unencrypted broadcasting of the stations SAT.1, ProSieben, and kabel eins in SD quality for a period of 10 years from January 1, 2013. The transmission of broadcast signals in HD quality is not affected by this. On the basis of the notification of the Federal Cartel Office received on December 28, 2012, an amount of EUR 27.7 million was recognized under other liabilities in the previous reporting year (please refer to Note 30 "Other liabilities"). The payment was made on January 24, 2013.

Under the loan facilities agreement, the ProSiebenSat.1 Group pledged as security equity interests in various material subsidiaries. A number of subsidiaries have also provided guarantees to the lenders.

Tax risks in connection with the disposal of subsidiaries in Sweden. The Swedish tax authorities completed the tax audit of a former Swedish branch of the ProSiebenSat.1 Group in December 2013. In the judgment of the tax authorities, interest payments connected to the financing of shares in the former TV and radio companies of the SBS Group are not tax deductible in Sweden. The concluding report of the tax audit therefore earmarks additional payments totaling approximately EUR 31.0 million for the assessment periods 2008 to 2011. According to the same judgment, additional payments of approximately EUR 11.0 million would be added to this for the 2012 assessment period, which has not yet been audited. The ProSiebenSat.1 Group appealed against the tax assessments within the deadline. In accordance with the request, a suspension of the enforcement of the assessments was granted at the end of January 2014. As things stand, a judicial dispute before the Swedish Administrative Court is likely. The ProSiebenSat.1 Group continues to consider an actual claim unlikely and is supported in this opinion by corresponding assessments of renowned tax and legal consultants. For this reason, no provisions were established as December 31, 2013.

Guarantees from the disposal of the Belgian TV activities. By sale and purchase agreement of April 20, 2011, the ProSiebenSat.1 Group sold its Belgian TV operations to De Vijver NV ("DV"). ProSiebenSat.1 Media AG acted to guarantee the disposal. On the basis of alleged infringements of the accounting and rental contract guarantee included in the purchase agreement, DV has asserted claims for damages against the company. The contractually agreed maximum liability from all guarantees totals EUR 19.8 million. On the basis of the current status, the company does not anticipate being obligated to make the relevant payments to DV. As a consequence, no provisions were recognized as of December 31, 2013.

Regional program requirement. To ensure plurality of opinion, companies such as SAT.1 Satelliten Fernsehen GmbH are legally required, in accordance with the Interstate Broadcasting Treaty (RStV), to finance regional programs for a total of five broadcast areas and to broadcast these simultaneously during prime time. The federal states have also each adopted their own media laws, which can stipulate the obligation to provide such a window. For example, the media law of the Saarland stipulates that at least the two nationwide private television stations with the largest technical reach must broadcast regional programs state-wide, which must be financed by the operator of the nationwide stations. ProSiebenSat.1 Media AG and SAT.1 Satelliten Fernsehen GmbH respectively have taken legal action against the obligation to offer a regional program for the Saarland and have won the case for formal reasons. A decision has not yet been reached

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on the content of the case. The outcome of the case cannot currently be predicted. As a consequence, no provision was recognized as of the reporting date.

Major outstanding litigation procedures in which ProSiebenSat.1 Media AG and/or companies controlled by ProSiebenSat.1 Media AG are involved as defendant and for which no provisions have been recognized as of December 31, 2013 are shown below:

- > **Legal action for disclosure and damages by RTL 2 Fernsehen GmbH & Co. KG and El Cartel Media GmbH & Co. KG against SevenOne Media GmbH and the stations SAT.1 Satelliten Fernsehen GmbH, ProSieben Television GmbH, kabel eins Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group) has been pending at the Düsseldorf Regional Court since November 10, 2008.** Claims for disclosure and action for damages by RTL 2 Fernsehen GmbH & Co. KG and El Cartel Media GmbH & Co. KG against SevenOne Media GmbH and the stations SAT.1 Satelliten Fernsehen GmbH, ProSieben Television GmbH, kabel eins Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group) are pending at the Düsseldorf Regional Court since November 10, 2008. The plaintiff is asserting disclosure and damages claims in connection with the marketing of advertising time by SevenOne Media GmbH. On April 13, 2012, the Regional Court resolved to obtain an expert appraisal on the probability of loss. An expert has since been appointed. It is not yet known when the expert's report will be submitted. The outcome of the case cannot currently be predicted. As a consequence, no provision was recognized as of the reporting date.
- > **Conclusion of the suit by TM-TV GmbH and MTV/VIMN against SevenOne Media GmbH and the ProSiebenSat.1 station companies.** From November 10, 2008, various legal actions for disclosure and damages against SevenOne Media GmbH and the ProSiebenSat.1 station companies were pending in relation to previous marketing of TV advertising time by SevenOne Media GmbH. However, the actions by TM-TV and MTV/VIMN have since been dismissed by the Munich Regional Court with final and binding effect. The Munich Higher Regional Court dismissed TM-TV's appeal. MTV/VIMN withdrew its appeal after the Higher Regional Court announced its intention to dismiss this appeal also. At the same time, MTV/VIMN withdrew a legal action brought against IP Deutschland. SevenOne Media GmbH and the ProSiebenSat.1 station companies were involved in these proceedings as interveners for IP.
- > **Legal action for additional payments to bestseller authors against companies of the ProSiebenSat.1 Group.** Authors have made claims on the basis of Section 32a of the Copyright Act against companies of the ProSiebenSat.1 Group, in and out of court. In the financial year 2013, ProSiebenSat.1 developed a model for additional compensation to copyright owners and other beneficiaries under Section 32a of the German Copyright Act and agreed "Common Compensation Rules" with two organizations (directors and actors) under Section 36 of the German Copyright Act. For this subject matter, a provision of EUR 13.8 million (previous year: EUR 6.1 million) was recognized on the basis of best estimates considering the state of negotiations. For more information, see Note 28 "Other provisions".

- **Patent claims.** The Kudelski Group asserts that operations particularly of maxdome GmbH, but also of SevenOne Media GmbH, infringe their patent rights. According to the current facts and knowledge, the prospect of success in respect to asserting any claims cannot be reliably determined. For this reason, the provision recognized is considered as sufficient.
- In addition, ProSiebenSat.1 Media AG and companies under its control are defendants or participants in further court or arbitration actions and institutional proceedings. On the basis of current knowledge, these cases have no material impact on the economic position of the ProSiebenSat.1 Group.

33 Other financial obligations

Other financial obligations comprise off-balance-sheet financial obligations in addition to the liabilities shown in the statement of financial position. These derive from contractual agreements entered into before the reporting date and pertain to payment obligations due after the reporting date. The figures are nominal amounts, i.e. there was no discounting. In addition, the presentation relates solely to the Group's continuing operations. For this reason, the other financial obligations in connection with the asset and liabilities held for sale are recognized separately taking into account the regulations of IFRS 5.

The purchase commitments for programming assets reflects contracts for film and series licenses and commissioned productions entered into before December 31, 2013. Most of the contracts were concluded in US dollar.

Other financial obligations (Fig. 145)		
EUR m	12/31/2013	12/31/2012
Remaining term 1 year or less	522.7	585.2
Remaining term 1 to 5 years	1,760.7	1,602.5
Remaining term over 5 years	378.8	240.7
Purchase commitments for programming assets	2,662.1	2,428.4
Remaining term 1 year or less	71.4	65.6
Remaining term 1 to 5 years	194.0	192.6
Remaining term over 5 years	42.7	38.2
Distribution	308.1	296.4
Remaining term 1 year or less	17.4	12.5
Remaining term 1 to 5 years	53.3	54.3
Remaining term over 5 years	15.6	9.4
Leasing and long-term rental commitments	86.2	76.1
Remaining term 1 year or less	107.4	69.3
Remaining term 1 to 5 years	48.6	65.2
Remaining term over 5 years	1.0	2.3
Other financial obligations	157.0	136.8
Other financial obligations relating to assets held-for-sale and associated liabilities	8.7	301.6
Total	3,222.1	3,239.2

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34 Further notes on financial risk management and financial instruments according to IFRS 7

Distribution includes financial obligations for satellite rental, obligations under contracts for terrestrial transmission facilities and cable feed charges.

Non-cancelable lease and long-term rental obligations essentially comprise obligations under leases for motor vehicles along with property rental obligations which are classified as operating leases due to their economic substance. Together with satellite rental, operating lease expenses amounted to EUR 48.6 million in 2013 (previous year: EUR 63.5 million). Of this amount, EUR 13.0 million was presented under discontinued operations (previous year: EUR 30.4 million).

In addition to the payment obligation for the purchase price to acquire Comvel GmbH (EUR 40.0 million), other financial obligations primarily comprise payments to collecting societies and other services.

34 Further notes on financial risk management and financial instruments according to IFRS 7

In its operating business and due to its borrowings, the ProSiebenSat.1 Group is exposed to various financial risks. These risks are managed as a part of financial risk management by the corporate department Group Finance & Treasury. Financial risk management aims to secure solvency and to manage market price risks in line with risks. The derivative financial instruments acquired for this purpose serve solely to hedge existing risk positions, not for speculative purposes. For Group companies, the principles, duties and responsibilities of financial risk management are governed by the internal corporate financial guidelines of the ProSiebenSat.1 Group. Risk reports are reviewed by the Executive Board on a monthly basis.

The following risks have been identified as material and are assessed on an ongoing basis. After consideration of hedging activities, the ProSiebenSat.1 Group does not consider itself to be exposed to any material concentrations of risk.

Interest rate risks

By interest rate risk, the ProSiebenSat.1 Group refers to the risk of rising financing costs as a result of increased interest rates. Through its financial liabilities with variable interest rates, the ProSiebenSat.1 Group is exposed to an interest rate risk. As of December 31, 2013, the secured syndicated facilities agreement covered a one-term loan with a nominal volume of EUR 1,859.7 million and a maturity date on July 3, 2018 (Term Loan D). In May 2013, the Group extended the maturities of part of its one-term loans due in July 2015 and July 2016 (Term Loan C and D) and in this connection repaid financial liabilities totaling EUR 500.0 million. Part of the proceeds from the disposal of the Northern European activities was used for the repayment. Thus in April 2013 Term Loan B of EUR 67.5 million was completely repaid, and for Term Loan C a partial amount of EUR 45.6 million was repaid. Another partial repayment of EUR 386.9 million was made in June 2013. In April, the liability from the revolving credit facility existing at the end of the previous year of EUR 230.6 million was paid back.

The ProSiebenSat.1 Group hedges the interest rate risk inherent in these variable-interest loans using interest rate swaps and options in the form of interest rate caps and swaptions. In interest rate swaps, variable-rate interest payments are exchanged for fixed-rate interest payments. Uncertain, variable-rate future interest payments on the borrowings described above are thus compensated and replaced with fixed-rate interest payments. The market value of interest rate swaps is obtained by discounting expected future cash flows. As a buyer of inter-

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est rate options, ProSiebenSat.1 Media AG has the right but not the obligation to exchange future variable-rate interest payments for fixed-rate interest payments. Uncertain, variable-rate future interest payments on the borrowings described above are thus compensated and replaced with fixed-rate interest payments if this is favorable for ProSiebenSat.1 Media AG. For this right an option premium must generally be paid. Market values for interest rate options are measured on the basis of a standard option pricing model known as the Blacks or Black-Scholes model. Differences may arise where other measurement methods are used. However, since the interest rate derivatives are used exclusively for hedging existing interest rate risks, there is no intention to close them out.

As of December 31, 2013, there were interest rate swaps with a total volume of EUR 1,600.0 million (previous year: EUR 1,600.0 million). EUR 550.0 million hedges the interest rate risk to July 2014 and EUR 1,050.0 million the interest rate risk to May 2016. The average fixed interest rate is 3.9% (previous year: 3.9%). The ProSiebenSat.1 Group has also entered into further interest rate hedging transactions with a total volume of EUR 450.0 million, hedging the interest rate risk in the period from 2014 to 2016. In August 2013, further interest rate hedging transactions amounting to EUR 1,350.0 million were entered into for the subsequent period. EUR 850.0 million were interest rate swaps and EUR 500.0 million interest rate swaptions. The hedging period relates to 2016 to 2018. As of December 31, 2013, almost 86% of loans were hedged using interest rate swaps (previous year: 68%).

Due to the sustained low interest rate level, interest expenses of EUR 59.2 million (previous year: EUR 70.0 million) were incurred as part of these transactions. The interest rate swaps qualify as cash flow hedges that are covered by hedge accounting. As of December 31, 2013, they had a negative market value of EUR 96.8 million (previous year: negative value of EUR 146.8 million). An amount of EUR 96.9 million (previous year: EUR 147.2 million) was recognized as a separate item within accumulated other comprehensive income and unrealized accrued interest amounting to EUR 6.0 million (previous year: EUR 5.9 million) within interest expenses. As of December 31, 2013, there were no hedge inefficiencies (previous year: none). On the other hand, the interest rate options are stand-alone hedging transactions which are not recognized in the context of hedge accounting.

Apart from the unhedged portion of the term loans, the remaining variable interest rate risk results also from any cash drawings the Group may take on its revolving credit facility. As of December 31, 2013, there were no cash drawings on the syndicated facility (previous year: EUR 230.6 million). An interest rate risk in the sense of a change in market value is of no relevance as the ProSiebenSat.1 Group measures its financial liabilities at amortized cost. Thus any possible change in market value will have no effect on the statement of financial position.

The interest-rate risk position is assessed regularly using current market data, and existing risks are quantified with the help of sensitivity analyses. The following table shows the effects of a one percentage point increase (decrease) in the relevant interest rates on the interest result. As the interest rate swaps qualify for hedge accounting, changes in market value are recognized in accumulated other comprehensive income. This effect would amount to plus EUR 44.9 million in case of an interest rate increase by one percentage point and minus EUR 48.8 million in case of an interest rate decrease by one percentage point. Hedge accounting was not used for the interest rate options. With the interest rate options an interest rate increase or decrease by one percentage point would result in an earnings effect of EUR 6.2 million or minus EUR 2.9 million respectively.

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34 Further notes on financial risk management and financial instruments according to IFRS 7

Interest rate risks (Fig. 146)

EUR m	Interest	2013	2012
Cash and cash equivalents	variable	395.7	702.3
Liabilities to banks	variable	-1,842.0	-2,573.1
Gross exposure	variable	-1,446.3	-1,870.8
Interest rate hedges		1,600.0	1,600.0
Net exposure	variable	153.7	-270.8
Hedge ratio		110.6%	85.5%
Annual potential effect of an increase in short-term interest rates by 100 basis points (1 percentage point)		1.5	-2.7
Annual potential effect of a decrease in short-term interest rates by 100 basis points (1 percentage point)		-1.5	2.7

Currency risks

By currency risks, the ProSiebenSat.1 Group refers to the danger of losses resulting from changes to foreign exchange rates.

The ProSiebenSat.1 Group signs a substantial number of its license agreements with production studios in the United States. In general, the Group meets its financial obligations deriving from these programming rights purchases in US dollar. Consequently fluctuations in the exchange rate between euro and US dollar may adversely affect the ProSiebenSat.1 Group's financial position and profit or loss. The currency risk from receivables and liabilities in other foreign currencies, or for other purposes, are not considered here because of their low volume.

The ProSiebenSat.1 Group deploys a Group portfolio approach. Foreign currency exposure is regarded as the total volume of all future US dollar payments which result from existing license agreements and are due within a period of five years. As part of its foreign currency management, the ProSiebenSat.1 Group uses a variety of derivative and non-derivative financial instruments to hedge fluctuations in exchange rates. This includes currency forwards and cash holdings in US dollar. Currency forwards are unconditional contractual agreements to exchange two currencies. The total par value, exchange rate and maturity date are specified when the contract is entered into.

Derivative financial instruments which qualify for hedge accounting under IAS 39 are recognized in hedge accounting as cash flow hedges. The changes in fair value of these instruments are recognized in accumulated other comprehensive income and only impact profit and loss when the hedged license payments are broadcast. Hedging instruments which do not qualify for hedge accounting are allocated to the held-for-trading category. Changes in fair value are directly recognized in profit or loss.

As of December 31, 2013, ProSiebenSat.1 Group had currency forwards in its portfolio with a par value of USD 1,560.7 million (previous year: USD 1,545.5 million). The market value of currency forwards is based on market forward exchange rates. Measurement was based on market figures (mid-rates) on December 31, 2013. As of December 31, 2013, the currency holdings in US dollar amounted to USD 13.4 million (previous year: USD 47.7 million).

In the context of reporting under IFRS 5, no currency holdings (previous year: EUR 1.2 million) were presented as assets held for sale.

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34 Further notes on financial risk management and financial instruments according to IFRS 7

Currency-related transactions and balances (Fig. 147)

	Year of maturity			Nominal amount	Fair value	Fair value
	2014 USD m	2015-2018 USD m	from 2019 USD m	12/31/2013 USD m	12/31/2013 EUR m	12/31/2012 EUR m
Currency forwards	497.7	1,063.0	-/-	1,560.7	-35.3	2.6
Thereof within cash flow hedges	344.7	1,045.0	-/-	1,389.7	-30.4	5.7
Currency holdings	13.4	-/-	-/-	13.4	9.7	36.2

Under hedge accounting, at December 31, 2013, minus EUR 29.9 million (previous year: plus 5.7 million) were recognized in a separate item within accumulated other comprehensive income. In 2013, EUR 1.8 million (previous year: EUR 11.8 million) was taken out from equity and allocated directly to the purchase cost of the underlying licenses. This impacts profit and loss at the time the relevant license is consumed. No hedge inefficiencies occurred either in 2013 or in the previous year.

The risk position in US dollars is assessed regularly using current market data and existing risks are quantified using sensitivity analyses. The following table shows the impact of a 10.0% rise/fall in the value of the US dollar on the equivalent value in euro for future payments in US dollar. It shows the change in the impact of the exchange rate for the US dollar on cash flows in US dollar in economic terms, and is therefore not an accounting analysis. From an accounting perspective the foreign exchange effects resulting from license liabilities, currency forwards in the held-for-trading category and cash holdings impact profit or loss. A fall (rise) of the US dollar by 10.0% would result in an effect of minus EUR 0.4 million (plus EUR 0.5 million) in the foreign exchange result. The foreign exchange impact of minus EUR 89.0 million from a 10.0% fall of the US dollar and of plus EUR 108.6 million from a 10.0% rise of the US dollar relating to currency forwards used under hedge accounting would be recognized in accumulated other comprehensive income.

Currency risks (Fig. 148)

USD m	12/31/2013	12/31/2012
Gross foreign currency exposure	-2,020.3	-2,201.2
Currency hedges	1,574.1	1,593.2
thereof hedge accounting	1,389.7	1,395.0
thereof held for trading	171.0	150.5
thereof currency holdings	13.4	47.7
Net exposure	-446.2	-608.0
Hedge ratio	77.9%	72.4%
Spot rate	1.3768	1.3186
US Dollar increase by 10%	1.2391	1.1867
US Dollar decrease by 10%	1.5145	1.4505
EUR m		
Change in future payments resulting from a 10% increase in the US dollar	-36.0	-51.2
Change in future payments resulting from a 10% decrease in the US dollar	29.5	41.9

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34 Further notes on financial risk management and financial instruments according to IFRS 7

The reporting currency of the Group is the euro. The financial statements of companies with their registered office outside the euro zone are converted to euro for the consolidated financial statements. In the context of foreign currency management, the holdings in these companies are regarded as a long-term investment. For this reason, ProSiebenSat.1 Group does not hedge the translation risk.

Credit and counterparty risks

The ProSiebenSat.1 Group is exposed to a credit and counterparty risk from its financing and operating activities. The carrying amount of financial assets in the statement of the financial position reflects the maximum credit risk exposure.

Under financing activities credit and counterparty risks for the ProSiebenSat.1 Group normally exist in the form of credit default risks relating to receivables. To minimize this risk the ProSiebenSat.1 Group attempts to enter into financial transactions as well as derivative contracts exclusively with counterparties with first-class to good credit ratings. The carrying amounts of the financial assets after impairments represent the maximum risk of the ProSiebenSat.1 Group. Credit value adjustments for financial instruments are regularly monitored and analyzed. In addition, credit value adjustments are recognized in the measurement of derivative financial instruments in the fair value. Default probabilities are calculated on the basis of credit default swap spreads with matching maturities per counterparty. The determination of the assessment of the credit risk is based on a multiplication of the default probability in line with the matching duration and the discounted cash flows of the derivative financial instrument. In the financial year, this resulted in debt value adjustments of EUR 2.4 million being recognized within equity in other comprehensive income. In addition, minor credit value adjustments totaling less than EUR 0.1 million were recognized in profit and loss. The Group has no significant concentration of counterparty risk with regard to any single counterparty or any clearly definable group of counterparties. At the end of the reporting period, there were no significant agreements reducing the maximum counterparty risk. In total the ProSiebenSat.1 Group does not believe it is exposed to any major counterparty risk. As of December 31, 2013, the total market value of the derivative financial instruments for which the ProSiebenSat.1 Group recognizes a net positive market value per counterparty was EUR 1.2 million (previous year: EUR 3.3 million). The maximum risk is the positive market value of these non-collateralized derivative financial instruments. The value was determined without reference to credit value adjustments.

The ProSiebenSat.1 Group has established appropriate risk provisions against the credit and counterparty risk arising from operating activities. For this purpose all the receivables are reviewed regularly. If objective evidence for default or other breaches of contracts exists, credit allowances are recognized. If such evidence points to the definitive default, the receivables are derecognized, where applicable against a previously recognized credit allowance. Considering the net value of the trade account receivables and other financial assets, there were no indications of material payment defaults at the reporting date. For information on the aging analysis of trade accounts receivable, please refer to Note 24 "Financial and other assets". Information regarding major customers is to be found under Note 35 "Segment reporting".

Liquidity risk

As part of its liquidity management, the ProSiebenSat.1 Group ensures that adequate cash and cash equivalents are available at all times, in spite of the industry's sharp seasonal fluctuations in revenues. Group financing mainly comprises one syndicated one-term loan as well as a revolving credit facility (RCF). As of December 31, 2013, the available facility amount which may be

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34 Further notes on financial risk management and financial instruments according to IFRS 7

drawn on a variable basis was EUR 600.0 million (previous year: EUR 590.0 million). The ProSiebenSat.1 Group may use the revolving credit facility variably for general operative purposes. As of December 31, 2013, there was no utilization of the facility (previous year: EUR 230.6 million). In addition, there was no drawing on guarantees, so EUR 600.0 million under the revolving credit facility was unused at December 31, 2013 (previous year: EUR 359.3 million). In the financial year 2013, the ProSiebenSat.1 Group extended the duration of its revolving credit facility to July 2018.

Additionally, as of December 31, 2013, the ProSiebenSat.1 Group had total cash and cash equivalents of EUR 395.7 million (previous year: EUR 702.3 million). Thus, the Group had cash funds and unused credit facilities of EUR 995.7 million as of December 31, 2013 (previous year: EUR 1,061.6 million).

As a part of the disclosure of liquidity risks, a maturity analysis is provided for non-derivative financial liabilities on the basis of remaining contractual maturities and for derivative financial liabilities based on the expected timing of cash outflows. The undiscounted contractual payments are disclosed. The ProSiebenSat.1 Group assigned expected payments for financial instruments as of December 31, 2013, and the previous financial year to the following maturity ranges:

Financial liabilities by maturity (Fig. 149)

EUR m	1 year or less	1-5 years	More than 5 years	Total contractual cash flows 12/31/2013
Loans and borrowings	58.2	2,125.4	-/-	2,183.6
Liabilities from finance leases	13.7	46.3	52.4	112.3
Trade accounts payable	352.5	20.6	-/-	373.1
Non-derivative financial liabilities	424.4	2,192.3	52.4	2,669.0
Interest rate swaps	48.4	56.2	-/-	104.6
Currency forwards	6.4	30.7	-/-	37.1
Derivative financial liabilities	54.8	86.9	-/-	141.7
Total	479.2	2,279.1	52.4	2,810.7

EUR m	1 year or less	1-5 years	More than 5 years	Total contractual cash flows 12/31/2012
Loans and borrowings	294.7	2,529.4	-/-	2,824.1
Liabilities from finance leases	14.3	48.2	63.5	126.0
Trade accounts payable	322.2	-/-	-/-	322.2
Non-derivative financial liabilities	631.2	2,577.6	63.5	3,272.3
Interest rate swaps	58.4	100.8	-/-	159.2
Currency forwards	4.9	12.8	-/-	17.7
Derivative financial liabilities	63.3	113.6	-/-	176.9
Total	694.5	2,691.2	63.5	3,449.2

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34 Further notes on financial risk management and financial instruments according to IFRS 7

Information on the carrying amounts and market values of financial instruments

The following table shows the carrying amounts of all categories of financial assets and liabilities of the ProSiebenSat.1 Group:

Carrying amounts and fair values of financial instruments (Fig. 150)

EUR m	Presented in the Statement of Financial Position as	12/31/2013		12/31/2012	
		Fair Value	Carrying amount	Fair Value	Carrying amount
Financial assets					
Cash and cash equivalents ¹	Cash and cash equivalents	395.7	395.7	702.3	702.3
Loans and receivables ¹	Accounts receivable and other assets	325.5	325.5	295.5	295.5
Financial assets designated at fair value ²	Non-current financial assets	13.6	13.6	11.3	11.3
Financial assets held for trading	Accounts receivable and other assets	17.9	17.9	0.8	0.8
thereof: derivatives for which hedge accounting is not applied		2.9	2.9	0.8	0.8
Financial assets available for sale	Current/Non-current financial assets	-/-	47.0	-/-	44.8
Hedge derivatives	Accounts receivable and other assets	2.2	2.2	17.9	17.9
Total		754.9	801.9	1,027.8	1,072.6
Financial liabilities					
Financial liabilities at amortized cost	Financial liabilities	2,469.6	2,392.2	3,127.6	3,085.3
Financial liabilities held for trading	Financial liabilities	4.9	4.9	3.9	3.9
Hedge derivatives	Financial liabilities	129.3	129.3	159.0	159.0
Total		2,603.9	2,526.4	3,290.5	3,248.2

1 No specification.

2 This item only includes shares in investment funds.

The fair values of cash and cash equivalents, of trade accounts receivable and payable, of current financial receivables and liabilities, and of revolving credit facilities and other financing debt are approximately equivalent to their carrying amount. This is due to the short maturity of these instruments. For this reason there is no separate presentation of a fair value.

The maximum risk of default for the investment funds recognized at fair value through profit and loss corresponds to the market value of the positions at December 31, 2013. The assets are not hedged against a potential counterparty risk since considering the market conditions this risk is seen as unlikely.

The financial assets available for sale primarily include an investment in Zenimax Media Inc. The investment is measured at amortized cost because its fair value cannot be determined reliably. No market price was available for the investment. If objective evidence of impairment exists, the investment is tested for impairment. At the preparation date of the financial statements, there was no intention to sell the investment. In the financial year 2013, an impairment of EUR 12.4 million was recognized in the other financial result. As of December 31, 2013, there was no objective evidence of any further impairment.

Assets held for trading include investments and options to shares in companies held by Seven Ventures GmbH. These are measured at fair value through profit or loss. In the context of mea-

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asuring fair value, valuations are deployed which are obtained on the basis of observable prices achieved as part of the most recently implemented financing rounds or on the basis of present value methods using risk-adjusted discount rates.

The fair values of the derivative financial assets and liabilities held for trading include both interest rate and currency hedges. Present values on the basis of risk-free discount rates and standard option pricing models (Blacks or Black-Scholes model) are used for measurement.

The fair values of non-current liabilities to banks and other long-term financing debt, liabilities from finance leases, and other non-current financial liabilities are determined by discounting the expected future cash flows at the interest rates applicable for similar financial debt with comparable maturity terms.

The fair value of assets and liabilities recognized in the statement of financial position may be measured under three hierarchical levels. This hierarchy reflects the significance of the input data used for measurement, and is organized as follows:

- > (Unadjusted) quoted prices on active markets for identical assets or liabilities (Level 1),
- > Input data for the asset or liability that are observable either directly (as prices) or indirectly (derived from prices) but that are not quoted prices as in Level 1 (Level 2),
- > Input data used for the asset or liability that are not based on observable market data (non-observable input data) (Level 3).

The following table provides information about the hierarchy levels for measuring the fair values in each category:

Fair value hierarchy levels (Fig. 151)

EUR m	Level 1	Level 2	Level 3	Total 12/31/2013
Financial assets designated at fair value	13.6	-/-	-/-	13.6
Financial assets held for trading	-/-	15.0	-/-	15.0
Derivative financial assets	-/-	5.1	-/-	5.1
Financial assets	13.6	20.1	-/-	33.7
Bank Loans	-/-	1,912.1	-/-	1,912.1
Liabilities from put options	-/-	-/-	60.2	60.2
Derivative financial liabilities	-/-	134.3	-/-	134.3
Financial liabilities	-/-	2,046.4	60.2	2,106.5

EUR m	Level 1	Level 2	Level 3	Total 12/31/2012
Financial assets designated at fair value	11.3	-/-	-/-	11.3
Derivative financial assets	-/-	18.7	-/-	18.7
Financial assets	11.3	18.7	-/-	30.0
Bank Loans	-/-	2,582.8	-/-	2,582.8
Liabilities from put options	-/-	-/-	67.7	67.7
Derivative financial liabilities	-/-	162.9	-/-	162.9
Financial liabilities	-/-	2,745.7	67.7	2,813.4

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In both financial years there were neither transfers between Level 1 and Level 2 nor into or out of Level 3 of the fair value hierarchies.

Financial liabilities record liabilities from put options relating to minority stakes of companies acquired and which are recognized at fair value. The fair value of these liabilities is based on significant non-observable input data. In calculating these valuations, multiplication methods are used on the basis of relevant income figures such as EBITDA or EBIT. For this reason, the liabilities are classified as financial instruments in hierarchy level 3.

In the impairment test for the disposal groups as of December 31, 2013, the "fair value less cost to sell" (FVLCTS) was determined. The FVLCTS used the future purchase price receivable for the sale of Prima TV with a market value of EUR 10.2 million. The market value of the future purchase price receivable is based on significant non-observable input data. To calculate the market value, an option pricing model on the basis of a Monte Carlo simulation method was used. For this reason, the purchase price receivable is classified as a financial instrument in hierarchy level 3.

The significant non-observable input data consider the following parameters:

- > EBITDA to 2020 (mean 2.4708 %, standard deviation 2.4975; positive correlation to the change in market value),
- > Exit probability of investor (mean 5.78 years, positive correlation to the change in market value),
- > EBITDA multiple (8 to 8.8, positive correlation to the change in market value) and
- > Yield curve for discounting (0.11% to 1.54 %, mean 0.79 %; negative correlation to the change in market value).

An increase (decrease) of the EBITDA budget figures by 10.0% would result in the market value of the purchase price receivable increasing (decreasing) by EUR 0.6 million.

Offsetting financial instruments

The derivatives contracted by the ProSiebenSat.1 Group are subject to contractual regulations on offsetting. However, this basis does not allow an offset in the statement of financial position in line with IAS 32. For this reason, they are presented on the statement of financial position on a gross basis. There are no contractual regulations regarding offsetting other financial assets and liabilities. The table below shows the information required for offsetting financial instruments in line with IFRS 7. The figures are fair values, without reference to credit value adjustments.

Netting of financial instruments (Fig. 152)

EUR m	Financial assets (gross presentation)	Financial liabilities offset in the statement of financial position	Financial assets (net presentation)	Amounts subject to netting agreements	Financial assets after offsetting (not reflected in the statement of financial position)
Derivative financial instruments 12/31/2013	5.1	-/-	5.1	-3.9	1.2
Derivative financial instruments 12/31/2012	18.7	-/-	18.7	-15.4	3.3

EUR m	Financial liabilities (gross presentation)	Financial assets offset in the statement of financial position	Financial liabilities (net presentation)	Amounts subject to netting agreements	Financial liabilities after offsetting (not reflected in the statement of financial position)
Derivative financial instruments 12/31/2013	136.6	-/-	136.6	-3.9	132.7
Derivative financial instruments 12/31/2012	170.1	-/-	170.1	-15.4	154.7

35 Segment reporting

Explanatory notes to segment reporting

In accordance with IFRS 8, operating segments must be defined on the basis of the Company's own internal management and reporting. The organizational and reporting structure is based on management by business segments. On the basis of this reporting system, the Executive Board, as the "chief operating decision maker", evaluates the performance of the various segments and the allocation of resources.

At of the beginning of the financial year 2013, the pay TV business, which was previously allocated to the Digital & Adjacent segment, is allocated to the Broadcasting German-speaking segment. This change reflects the modification of the internal management and reporting structure and has been applied retrospectively. The previous-year figures have therefore been adjusted accordingly. The reclassification pools the Group's free and pay TV operations in one segment. The change had no impact on the assessment of the recoverable amount of goodwill under IAS 36.

The Broadcasting German-speaking segment bundles the Group's TV stations SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold and ProSieben MAXX (organized under the umbrella of ProSiebenSat.1 TV Deutschland GmbH), the stations of the subsidiaries in Austria and Switzerland as well as the sales companies SevenOne Media, SevenOne AdFactory and ProSiebenSat.1 Produktion. The SAT.1 regional companies are also presented in this segment. Since the beginning of 2013, the Pay TV activities are also reported here.

As a TV company, the ProSiebenSat.1 Group owns an extensive stock of premium video content that the Group can use on all media platforms from TV, to mobile, to online and video-on-demand. Business activities in the digital media area, such as online, video-on-demand or HbbTV are pooled in the Digital & Adjacent segment, as well as the adjacent business activities ventures & commerce, online games and music.

The Content Production & Global Sales segment combines all activities in the areas of development, production and global sales of programming content which are bundled under the umbrella of the Red Arrow Entertainment Group.

Segment information

Segment information is generally based on the same accounting policies as are described under Note 6 "Accounting policies" for the consolidated financial statements under IFRS.

The Executive Board, as the chief operating decision maker, measures the segments' success on the basis of a segment result figure that is known as "recurring EBITDA" in the Company's internal management and reporting. At the same time, this earnings benchmark is a key parameter for ongoing compliance of covenant conditions at Group level. Recurring EBITDA is defined as earnings before interest, taxes, depreciation and amortization adjusted for non-recurring effects. Further information regarding these non-recurring effects is presented in the management report.

Segment assets cover all assets used for operating activities. They contain intangible assets (including goodwill), property, plant, and equipment, as well as programming assets, current assets net of income tax receivables, deferred tax assets, current financial assets and cash and cash equivalents. Segment assets are not used for internal management and reporting but are nevertheless reported on a voluntary basis as part of segment reporting.

Segment investments relate to additions to non-current assets. They comprise additions to intangible assets, to property, plant, and equipment, and to programming assets.

Depreciation and amortization apply to the assets allocated to each of the segments. A distinction is made between two separately recognized figures, depreciation or amortization and impairments. The figure does not include impairment of programming assets, financial investments or current financial assets.

Other non-cash expenses and income mainly contain the consumption of programming assets, allocations to provisions, expenses from the valuation of the stock option plan, and write-downs of receivables. These expenses are offset by income from the release of provisions.

Net financial liabilities defined as segment liabilities are stated on a voluntary basis as part of segment reporting. Net financial debt is calculated as total loans and borrowing of the relevant segment minus cash and cash equivalents and current financial assets. Debt is not managed at segment level by the chief operating decision maker. For this reason, this figure is not part of regular internal reporting. Rather debt is managed at Group level and in connection with recurring EBITDA is important for the purpose of complying with specific financial covenants. Thus, this figure is provided as additional voluntary information.

In addition, there is non-mandatory disclosure of segment information on investments accounted for using the equity method and the relevant earnings contributions from the measurement using the equity method, interest expenses and income as well as income taxes. This information is not part of the segment result and segment assets, but is provided on a voluntary basis due to the relevance of the information.

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35 Segment reporting

Segment information continuing operations 2013 (Fig. 153)

	Segment Broadcasting German- speaking	Segment Digital & Adjacent	Segment Content Production & Global Sales	Total segments continued operations	Eliminations and other reconciling items	Total consolidated financial statements
EUR m	2013	2013	2013	2013	2013	2013
Revenues	2,074.4	487.2	167.5	2,729.1	-123.8	2,605.3
External revenues	1,997.8	483.7	123.8	2,605.3	-/-	2,605.3
Internal revenues	76.6	3.5	43.8	123.8	-123.8	-/-
Recurring EBITDA	678.6	105.4	10.6	794.6	-4.3	790.3
Recurring EBITDA margin	32.7%	21.6%	6.3%	29.1%	-/-	30.3%
Income from investments accounted for using the equity method ¹	5.6	-0.5	-/-	5.1	-/-	5.1
Interest and similar income ¹	26.7	0.4	0.0	27.1	-20.6	6.5
Interest and similar expenses ¹	129.0	7.1	7.6	143.6	-8.6	135.0
Income taxes ¹	144.6	6.9	1.6	153.2	9.0	162.2
Depreciation and amortization	40.6	42.4	2.9	86.0	0.0	86.0
Impairment	1.1	1.8	-/-	3.0	-/-	3.0
thereof goodwill	-/-	-/-	-/-	-/-	-/-	-/-
Other non-cash expenses (-) and income (+)	-950.8	-19.7	-0.7	-971.1	38.4	-932.6
Segment assets ¹	2,300.5	792.3	162.2	3,255.0	-325.6	2,929.4
thereof goodwill	464.0	457.2	69.7	990.9	-/-	990.9
Segment investments	911.2	41.8	4.7	957.7	-3.6	954.0
Segment free cash flow ¹	355.7	-18.5	11.0	348.2	-18.1	330.1
Investments accounted for using the equity method ¹	5.5	10.2	-/-	15.7	0.1	15.9
Segment liabilities ¹	1,535.8	74.7	6.6	1,617.2	-170.9	1,446.3

¹ This information is provided on a voluntary basis as part of segment reporting.

Segment information continuing operations 2012 (Fig. 154)

	Segment Broadcasting German- speaking	Segment Digital & Adjacent	Segment Content Production & Global Sales	Total segments continued operations	Eliminations and other reconciling items	Total consolidated financial statements
EUR m	2012	2012	2012	2012	2012	2012
Revenues	2,000.3	336.1	137.5	2,473.9	-117.7	2,356.2
External revenues	1,926.0	334.8	95.4	2,356.2	-/-	2,356.2
Internal revenues	74.3	1.3	42.0	117.7	-117.7	-/-
Recurring EBITDA	665.1	84.9	4.3	754.3	-9.5	744.8
Recurring EBITDA margin	33.3%	25.3%	3.1%	30.5%	-/-	31.6%
Income from investments accounted for using the equity method ¹	10.3	-/-	-/-	10.3	-/-	10.3
Interest and similar income ¹	50.5	0.3	0.0	50.9	-47.8	3.0
Interest and similar expenses ¹	128.3	1.6	5.6	135.5	20.8	156.2
Income taxes ¹	144.2	-5.9	-1.1	137.1	-9.7	127.4
Depreciation and amortization	36.8	32.4	2.5	71.7	-0.1	71.6
Impairment	0.4	2.3	5.2	7.9	0.0	7.9
thereof goodwill	-/-	-/-	-/-	-/-	-/-	-/-
Other non-cash expenses (-) and income (+)	-863.8	-10.1	-0.1	-873.9	6.1	-867.8
Segment assets ¹	2,267.6	598.4	143.5	3,009.4	-105.3	2,904.1
thereof goodwill	464.0	405.5	70.9	940.4	-/-	940.4
Segment investments	887.6	41.9	3.7	933.2	-1.3	931.8
Segment free cash flow ¹	393.8	-18.2	-43.4	332.2	-75.9	256.3
Investments accounted for using the equity method ¹	5.3	-/-	-/-	5.3	0.0	5.3
Segment liabilities ¹	1,606.0	49.3	58.5	1,713.9	156.9	1,870.8

¹ This information is provided on a voluntary basis as part of segment reporting.

The reconciliation between the segment values and the consolidated values from continuing operations is shown below:

Reconciliation of segment information (Fig. 155)

EUR m	2013	2012
REVENUES		
Revenues from reportable segments	2,729.1	2,473.9
Eliminations	-123.8	-117.7
Revenues of the Group	2,605.3	2,356.2
RECURRING EBITDA		
Recurring EBITDA of reportable segments	794.6	754.3
Eliminations	-4.3	-9.5
Recurring EBITDA of the Group	790.3	744.8
Non-recurring result	-32.6	-64.4
Financial result	-142.0	-144.4
Depreciation and amortization	-86.0	-71.6
Impairment	-3.0	-7.9
Consolidated profit/loss before taxes	526.9	456.5
OTHER NON-CASH INCOME/EXPENSES		
Other non-cash income/expenses of reportable segments	971.1	873.9
Eliminations	-38.5	-6.1
Other Group non-cash income/expenses	932.6	867.8
thereof consumption of programming assets	858.7	838.7
thereof other	73.9	29.1
ASSETS		
Total assets of reportable segments	3,255.0	3,009.4
Eliminations	-325.6	-105.3
Group's segment assets	2,929.4	2,904.1
Investments accounted for using the equity method	15.9	5.3
Non-current financial assets	60.9	61.2
Deferred tax assets	20.7	25.8
Current financial assets	4.8	-/-
Other interest-bearing assets	8.1	4.5
Current tax assets	51.8	38.1
Cash and cash equivalents	395.7	702.3
Group assets	3,487.2	3,741.3
INVESTMENTS		
Investments of reportable segments	957.7	933.2
Eliminations	-3.6	-1.3
Group's Investments	954.0	931.8
thereof investments in programming assets	860.2	843.3
thereof investments in property, plant and equipment	32.0	28.6
thereof investments in intangible assets	61.8	59.9

The eliminations include consolidation of business transactions between the segments as well as certain reconciliation and reclassification items. The reconciliation figures show values that by definition are not integral to the segments. This item also shows effects from continuing operations which cannot be allocated to any reportable segment. Transactions between segments are eliminated in the reconciliation. These are generally conducted on arm's length terms.

Entity-wide disclosures for the ProSiebenSat.1 Group are provided below. The breakdown is on the basis of Germany (GER), Austria (AT) and Switzerland (CH), the United Kingdom (UK), the United States (USA) and Other.

Entity-wide disclosures (Fig. 156)

Geographical breakdown	GER		AT/CH		UK		USA		Other		Total consolidated financial statements	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
EUR m												
External revenues	2,271.5	2,067.1	208.6	193.5	29.9	26.4	61.2	28.8	34.1	40.4	2,605.3	2,356.2
Non-current assets	2,333.8	2,272.9	22.5	20.2	26.5	27.0	41.4	44.1	9.5	7.7	2,433.8	2,372.0
Investments	938.9	911.0	10.6	17.7	0.6	0.8	1.6	0.4	2.4	1.9	954.0	931.8

In 2013, EUR 2,271.5 million (previous year: EUR 2,067.1 million) external revenues were generated in Germany. This corresponds to a share of 87.2% (previous year: 87.7%) of consolidated revenues from continuing operations. Revenues are attributed to the country of the company that provided the service.

Non-current assets reported under the entity-wide disclosures include intangible assets, property, plant and equipment as well as non-current programming assets.

The share of non-current segment assets attributable to Germany amounted to 95.9% in 2013 (previous year: 95.8%).

More than 10% of consolidated revenues from continuing operations were generated with each of three clients in the financial period 2013. With Client A EUR 458.2 million was generated (previous year: EUR 444.1 million), with Client B EUR 312.7 million (previous year: EUR 299.0 million). On the basis of continuing operations, Client C is another important client, which generated revenues of EUR 280.2 million in the past financial year (previous year: EUR 277.7 million). These revenues are allocated in various proportions to all the segments.

36 Share-based payments

The ProSiebenSat.1 Group has various programs that fall under the provisions of IFRS 2 ("Share-based Payment"). All of these programs are settled by ProSiebenSat.1 Media AG shares on the date of exercise or conversion. All plan conditions relate to non-voting preference shares. In the 2013 financial year, the ProSiebenSat.1 Media AG Annual General Meeting granted approval for merging the existing share classes into one class of voting common shares (see Note 26 "Shareholders' equity"). In this case the plan conditions of all programs provide for a relative settlement to equalize the claims of the beneficiaries. In this regard, the description below only mentions the common shares to be issued henceforth.

Stock options

Long Term Incentive Plan (LTIP)

As of December 31, 2013, ProSiebenSat.1 Media AG had two stock option plans. The Long Term Incentive Plan 2008 (LTIP 2008) was introduced by approval of the Annual General Meeting on June 10, 2008, and the Long Term Incentive Plan 2010 (LTIP 2010) was adopted by the Annual General Meeting on June 29, 2010. The stock option plans are share-based remuneration, with ProSiebenSat.1 Media AG having the option to determine the type of settlement. As there is no present obligation on the part of ProSiebenSat.1 Media AG to effect remuneration on the basis

of a cash settlement, remuneration is accounted for on an equity settlement basis. Each stock option carries the right to purchase one preference share of ProSiebenSat.1 Media AG stock in return for payment of an exercise price.

Number of stock options

The LTIP 2008 covers the grant of up to 4,900,000 stock options. If options already granted expire unexercised, number of stock options which can potentially be granted increases by the number of these expired unexercised options. A total of 3,650,750 stock options were issued under the LTIP 2008 until December 31, 2012. Of these stock options, 109,250 options expired in the financial year 2013. Furthermore, during the financial year 6,000 stock options which had been reported as expired in the previous financial year were reinstated. As a consequence, 3,547,500 stock options under the LTIP 2008 are outstanding at December 31, 2013.

The LTIP 2010 covers the grant of up to 2,000,000 stock options. If granted options expire unexercised, number of stock options increases by the number of these expired unexercised options. A total of 1,676,400 stock options were issued under the LTIP 2010 until December 31, 2012. Of these stock options, 150,050 options expired in the financial year 2013. Furthermore, during the financial year 2,250 stock options which had been reported as expired in the previous financial year were reinstated. As a consequence, 1,528,600 stock options are outstanding at December 31, 2013.

Beneficiaries

The stock options are intended exclusively for purchase by members of the Executive Board of ProSiebenSat.1 Media AG, senior members of other managements, and other selected executives of ProSiebenSat.1 Media AG and its dependent Group companies. As an exception to this rule, members of the Executive Board are not beneficiaries in the context of LTIP 2010. The individual beneficiaries and the number of stock options to be granted to them are chosen by the Executive Board of ProSiebenSat.1 Media AG, subject to the consent of the Supervisory Board, or – where the Executive Board members themselves are concerned – by the Supervisory Board.

Issue periods

The stock options for the LTIP 2008 were issued in one or more annual tranches. Options must be issued during the first three months of a calendar year and/or during the period between the Company's Annual General Meeting and the end of the calendar year. Stock options under the LTIP 2008 may be issued for the first time in 2008 and cannot be issued after 2009.

The stock options for the LTIP 2010 may be issued in one or two annual tranches. Options may only be issued during the first four months of a calendar year and/or during the period between the Company's Annual General Meeting and the end of the calendar year. Stock options under the LTIP 2010 may be issued for the first time in 2010 and cannot be issued after 2011.

Exercise periods

Stock options may be exercised only when a vesting period has elapsed at the time of exercise. This vesting period starts on January 1 of the year in which the respective stock options are issued. For stock options issued under the LTIP 2008 and the LTIP 2010, the vesting period for one-fifth of the options issued to a given beneficiary will expire at the end of each full year after January 1 of the year in which the options were issued. Furthermore, the statutory lock-up period of two years (LTIP 2008) and four years (LTIP 2010) from the issue date of the options must have expired at the time of exercise.

Non-exercised stock options issued under the LTIP 2008 and the LTIP 2010 expire without compensation after seven years after January 1 of the year in which they were issued.

Exercise price

The contractual regulations of the stock option plans LTIP 2008 and LTIP 2010 include an adjustment of the strike prices in the case of events that may dilute the options' value, such as changes in the share capital or significant dividend distributions. These regulations also include a "super dividend", in which more than 90% of the earnings per preference share are paid out. As of December 31, 2012, basic earnings per preference share amounted to EUR 1.40. On July 24, 2013, the dividend for the 2012 financial year was paid at EUR 1.201 billion. This represents a payout of a dividend of EUR 5.65 per entitled bearer preference share (see Note 26 "Shareholders' equity").

Because the contractual value limits were exceeded, the exercise prices and exercise hurdles for the stock options of LTIP 2008 and LTIP 2010 were adjusted to protect the beneficiaries from diluting effects on their stock options.

The exercise price for the LTIP 2008 (Cycle 2008) stock options is EUR 12.12 (previous year: EUR 16.00). In the event that the volume weighted average closing auction price of ProSiebenSat.1 common shares in trading on the Xetra system over the last 30 days of trading on the Frankfurt Stock Exchange prior to the exercise date exceeds the strike price by more than 200%, the strike price for the options concerned is to be increased by the amount in excess of 200%.

The exercise price for the LTIP 2008 (Cycle 2009) stock options is the volume weighted average closing auction price of ProSiebenSat.1 common shares in trading on the Xetra system over the last 30 days of trading on the Frankfurt Stock Exchange prior to January 1 of the year in which the stock options were issued. In the event that the volume weighted average closing auction price of ProSiebenSat.1 common shares in trading on the Xetra system (or a comparable successor system) over the last 30 days of trading on the Frankfurt Stock Exchange prior to the exercise date exceeds the strike price by more than EUR 20, the strike price for the options concerned is to be increased by the amount in excess of EUR 20.

The exercise price for the LTIP 2010 (Cycle 2010) stock options is EUR 13.62 (previous year: EUR 17.50). In the event that the volume weighted average closing auction price of ProSiebenSat.1 common shares in the Xetra system (or a comparable successor system) over the last 30 days of trading on the Frankfurt Stock Exchange prior to the exercise date exceeds the strike price by

more than 200%, but exceeds at least EUR 30, the strike price for the options concerned is to be increased by the amount in excess of this threshold.

The exercise price for the LTIP 2010 (Cycle 2011) stock options is EUR 17.96 (previous year: EUR 21.84). In the event that the volume weighted average closing auction price of ProSiebenSat.1 common shares in the Xetra system (or a comparable successor system) over the last 30 days of trading on the Frankfurt Stock Exchange prior to the exercise date exceeds the strike price by more than 200%, but exceeds at least EUR 30, the strike price for the options concerned is to be increased by the amount in excess of this threshold.

Performance target

As a performance target for the LTIP 2008 (2009 Cycle) and the LTIP 2010 (Cycles 2010 and 2011), stock option plans are to specify that the stock's trading price at the time of exercise of the options must exceed the strike price by at least 30%. As an exception from this rule, the performance target for the LTIP 2008 (Cycle 2008) options will be achieved when the stock's trading price is at least EUR 22.40 at the time of exercise of the options.

The following table provides information about the ProSiebenSat.1 Media AG stock option plan:

Stock option plans (Fig. 157)

	LTIP 2008	LTIP 2008	LTIP 2010	LTIP 2010
	Cycle 2008	Cycle 2009	Cycle 2010	Cycle 2011
As of January 1, 2013	636,500	953,500	563,500	1,112,900
Options exercised in 2013 ¹	621,100	487,250	-/-	-/-
Reclassification of options expired relating to the prior period	6,000	-/-	-/-	2,250
Options expired or forfeited in 2013	-/-	109,250	53,000	97,050
As of December 31, 2013	21,400	357,000	510,500	1,018,100
Thereof eligible for exercise on December 31, 2013	21,400	357,000	n.y.e ²	n.y.e ²
Exercise price in EUR	12.12	-/-	13.62	17.96
Absolute exercise hurdle in EUR	22.40	-/-	17.71	23.35
Maximum exercise gain	36.36	20.00	40.86	53.88
Exercise periods ³	July 15 to November 30	July 3 to December 30	August 1 to November 1	September 1 to December 22
Fair value per option in EUR ⁴	0.13 - 0.19	1.97 - 5.71	2.63 - 4.77	1.64 - 2.57
Expected volatility of the underlying share ⁵	50.0%	70.0%	60.0% - 65.0%	55.0% - 60.0%
Risk-free interest rate ⁴	4.32% - 4.34%	1.79% - 2.68%	1.54% - 1.90%	0.80% - 1.44%
Expected dividend yield	16.0%	2.0% - 3.0%	4.0% - 5.5%	8.0%
Vesting period ⁶	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011
End of exercise period	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017

1 Within 2013 310,000 options were settled in cash.

2 Not yet exercisable.

3 Issue in several tranches.

4 Depending on when vesting occurs and exercise time.

5 Due to the merger of share classes in 2013 the underlying share refers to common stock as of December 31st, 2013 and refers to preferred stock as of December 31st, 2012.

6 LTIP 2008 and LTIP 2010: Earliest end of vesting period for the first fifth of the issued options (each additional fifth is one year later).

ProSiebenSat.1 Media AG uses the binomial model of Cox/Ross/Rubinstein to calculate the financial values of stock options. The assumptions used in the valuation of the stock options (volatility, expected dividend yield, interest rate) reflect the market conditions at the grant date.

The weighted average price of the ProSiebenSat.1 Media AG preferred stock on the exercise days of the stock options in the first quarter of the financial year was EUR 26.82, in the second quarter EUR 30.71, and in the third quarter EUR 32.65. The weighted average price of the ProSiebenSat.1 Media AG common stock was EUR 33.10 in the fourth quarter. Weighting took place on the basis of the stock options exercised on the relevant dates.

The expense for the stock options issued in the financial year 2013 was EUR 1.5 million (previous year: EUR 1.6 million). Stock options outstanding at the end of the financial year have an average remaining duration of 3.3 years.

Rights to shares

Group Share Plan 2012

As of December 31, 2013, ProSiebenSat.1 Media AG had two programs with rights to shares, the Group Share Plan 2012 and 2013. The two programs form a long-term remuneration instrument developed by ProSiebenSat.1 Media AG for members of the Executive Board and selected managers and employees of the ProSiebenSat.1 Group. The Annual General Meeting approved the introduction of the Group Share Plan 2012 on May 15, 2012, and the Group Share Plan 2013 on July 23, 2013. These plans relate to share-based payments with ProSiebenSat.1 Media AG having the option in respect to the type of settlement. As there is no present obligation on the part of ProSiebenSat.1 Media AG to effect remuneration on the basis of a cash settlement, remuneration is accounted for on an equity settlement basis. The structure of the plans is largely identical. In this regard, one plan is spoken of on several occasions below. However, where there are differences, they are described separately.

In the Group Share Plan, plan participants are issued so-called Performance Share Units ("PSUs", "virtual shares"). They entitle the plan participants to receive common shares in ProSiebenSat.1 Media AG at the end of the planned duration.

For the commitment in relation to common shares granted there is a holding period of at least four years from the start of the year of grant. The number of common shares actually granted after the end of the holding period depends on the achievement of predefined EBITDA and net income targets and can vary between 0% and 150%. In addition, in the case of special developments, account can be taken of the individual performance of Executive Board members. This can increase or decrease the originally granted number of shares by up to 25%.

The PSUs are measured at fair value when they are granted to those participating in the program. This is derived from the value of the common shares to be received at the end of the plan term duration and approximates to the market value of the underlying shares. For the Group Share Plan 2012, the share price when granted was EUR 20.65. The Group Share Plan 2013 was based on a share price of EUR 31.70.

Because the shares do not carry entitlement to receive dividends during the planned period, the fair value is reduced by the time value of the dividends expected. The corresponding dividend deductions were derived from the ProSiebenSat.1 Group's dividend history.

Number of Performance Share Units

As of December 31, 2012, a total of 477,299 performance share units had been issued under the Group Share Plan 2012. 12,893 of these performance share units expired in financial year 2013. As a consequence, 464,406 performance share units were outstanding at December 31, 2013.

In the Group Share Plan 2013, 366,851 performance share units were issued in the financial year. 3,942 of these performance share units expired in financial year 2013. As of December 31, 2013, 362,909 performance share units were therefore outstanding.

Beneficiaries

The performance share units in both programs are intended exclusively for members of the Executive Board of ProSiebenSat.1 Media AG, senior members of other managements, and other selected executives and employees of ProSiebenSat.1 Media AG and its dependent Group companies. The individual beneficiaries and the number of performance share units to be granted to them are chosen by the Executive Board of ProSiebenSat.1 Media AG, subject to the consent of the Supervisory Board, or – where the Executive Board members themselves are concerned – by the Supervisory Board.

Grant periods

The grant of performance share units of the Group Share Plan 2012 took place as of November 1, 2012. Performance share units on the basis of the Group Share Plan may be granted for the first time in 2012 and according to a resolution of the Annual General Meeting cannot be granted after 2016.

In the Group Share Plan 2013, the performance share units were issued on September 9, 2013. According to a resolution of the Annual General Meeting, this may occur for the last time in 2016 after the initial issue in the 2013 financial year.

Minimum hurdles and performance target

At the end of each year, 25% of the performance share units become vested on achievement of the minimum hurdles relating to a comparison of EBITDA with the previous period and to the Group's annual profit.

The performance target for the Group Share Plan 2012 is achieving the cumulated EBITDA target over the four-year plan term for the financial years 2012 to 2015. The Group Share Plan 2013 relates to the period from 2013 to 2016. The number of physical shares which program participants receive at the end of the four-year plan term depends on the level of target achievement.

To reflect individual performance, the Supervisory Board can change the conversion rate of virtual into physical shares by a factor of plus/minus 25%.

The conversion for the Group Share Plan 2012 takes place after the publication of the 2015 Annual Report expected in the second quarter of 2016 and after agreement of the respective program participant. As for the Group Share Plan 2013, the conversion takes place accordingly after the publication of the 2016 Annual Report expected in the second quarter of 2017, likewise after agreement of the respective program participant. Thus for the common shares in both programs there is a holding period of at least four years from the start of the year in which the commitment was made.

The expense for the financial year 2013 from the performance share units granted for both programs amounted to EUR 7.5 million (previous year: EUR 4.6 million) and is recognized under personnel expenses.

37 Executive Board and Supervisory Board

In the context of disclosure requirements on related parties the following information is provided on the total amount of remuneration paid to groups of related parties defined as “Executive Board” and “Supervisory Board”.

The members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are listed on page 274 and 275, together with their memberships on other statutorily required supervisory boards and comparable bodies. Details of the system of compensation for members of the Executive Board and the Supervisory Board of ProSiebenSat.1 Media AG are explained on pages 52 to 57.

The members of the Executive Board also participate in a ProSiebenSat.1 Media AG stock option plan (the Long Term Incentive Plan or LTIP), which was first introduced in 2005 and was superseded by a share-based compensation plan in the form of rights to shares (the Group Share Plan) in the financial year 2012. For the LTIP 2010, members of the Executive Board are not beneficiaries for the first time. As of December 31, 2013, the members of the Executive Board held no stock options issued in 2006 (Cycle 2006) (previous year: none), no options issued in 2008 (Cycle 2008) (previous year: 60,000) and 165,000 options issued in 2009 (Cycle 2009) (previous year: 330,000). In the financial year 2013, 225,000 options were exercised by active members of the Executive Board or bought back by the Company (previous year: 165,000). In line with the individual vesting period, some of the stock options issued in 2008 can be exercised from July 2010 at the earliest and the options issued in 2009 can be exercised from July 2011 at the earliest.

The Group Share Plan introduced in the financial year 2012 is a long-term remuneration instrument on the basis of shares. It was developed by ProSiebenSat.1 Media AG for members of the Executive Board as well as selected managers and employees of the ProSiebenSat.1 Group. In the Group Share Plan, plan participants are issued so-called Performance Share Units (“PSUs”, “virtual shares”). They entitle the plan participants to receive shares in ProSiebenSat.1 Media AG at the end of the planned duration. As of December 31, 2013, members of the Executive Board had been allocated 132,452 PSUs from the Group Share Plan 2013 and 184,021 PSUs from the Group Share Plan 2012.

The Company has not extended loans, guaranties or warranties to the members of the Executive Board.

Compensation paid to members of the Executive Board of ProSiebenSat.1 Media AG in office on December 31, 2013, amounted to EUR 6.7 million (previous year: EUR 5.3 million). These figures include a variable component of EUR 3.4 million (previous year: EUR 2.4 million) and fringe benefits of EUR 0.1 million (previous year: EUR 0.1 million).

No payments were made to former members of the Executive Board in the 2013 financial year. Executive Board member Andreas Bartl, who left office on February 29, 2012, received total compensation in the financial year 2012 amounting to EUR 0.8 million. This amount included a variable component of EUR 0.1 million.

Notes

37 Executive Board and
Supervisory Board

The ProSiebenSat.1 Media AG has recognized pensions provisions totaling EUR 5.5 million (previous year: EUR 3.6 million) for pension commitments made to active members of the Executive Board as of December 31, 2013. For pension obligations to former members of the Executive Board, provisions of EUR 10.0 million were recognized at December 31, 2013 (previous year: EUR 9.2 million).

The accrued pension entitlement as of December 31, 2013, for members of the Executive Board in office as of December 31, 2013, was EUR 0.2 million (previous year: EUR 0.1 million) per year for active members of the Executive Board, and EUR 0.4 million (previous year: EUR 0.4 million) per year for former Executive Board members. Payments of EUR 0.3 million (previous year: EUR 0.3 million) were made to former members of the Executive Board in 2013. Funds have been endowed to guarantee these pension provisions which, however, are not classified as plan assets because the requirements of IFRS are not fulfilled.

Payments to management, except for pension entitlements, are all payable short term.

Expenses for the Supervisory Board of ProSiebenSat.1 Media AG came to EUR 0.6 million during the reporting period (previous year: EUR 0.7 million). The members of the Supervisory Board receive fixed compensation. The Chairman and Vice Chairman of the Supervisory Board each receive twice the amount of this fixed base figure. Members of the Supervisory Board's committees are compensated with a separate meeting honorarium, payable for participating at each committee meeting. Committee chairs receive twice the standard meeting honorarium. The compensation of the Supervisory Board is set in the articles of incorporation of ProSiebenSat.1 Media AG.

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during the 2013 financial year and the previous year.

Altogether, the current members of the Executive Board and Supervisory Board directly hold 152,000 (previous year: 560,510) shares in ProSiebenSat.1 Media AG as of December 31, 2013. This is equivalent to 0.1% (previous year: 0.3%) of the Company's share capital.

For information on the individual remuneration of members of the Executive Board and the Supervisory Board in line with Section 314 (1) No. 6 a Sentence 5 through 9 of the German Commercial Code, please refer to the disclosures in the compensation report which forms part of the Group management report.

Under Section 15a of the German Securities Trading Act (WpHG) and Item 6.6 of the German Corporate Governance Code, the members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG are required to report securities transactions relating to ProSiebenSat.1 stock. They are furthermore required to report securities transactions by family members. In 2013, 3 transactions were reported to ProSiebenSat.1 Media AG, in which members of the Executive board sold a total of 311,680 shares of ProSiebenSat.1 Media AG. In compliance with Section 15a of the Securities Trading Act, ProSiebenSat.1 Media AG reported these transactions immediately on its website (www.prosiebensat1.com). In the previous year, 13 transactions were reported, in which members of the Executive Board sold a total of 579,000 preference shares of ProSiebenSat.1 Media AG.

38 Related party transactions

For the ProSiebenSat.1 Group, related parties within the definition of IAS 24 are persons or entities who have control or a significant influence over the ProSiebenSat.1 Group, or over which the ProSiebenSat.1 Group has control or a significant influence.

At the start of the 2013 financial year, the ProSiebenSat.1 Group was controlled by Lavena Holding 1 GmbH, Munich, a non-operating holding company, because it held the majority of the voting rights in ProSiebenSat.1 Media AG. As a result of the conversion of the former non-voting bearer preferred shares into voting registered common shares, its voting share in ProSiebenSat.1 Media AG fell from 88.0% to 53.0% and was reduced further to 16.6% by the end of the 2013 financial year through sales of shares (see Note 26 "Shareholders' equity" and Note 39 "Group affiliation"). Lavena Holding 1 GmbH and its direct and indirect shareholders are majority-owned by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Holdings Limited (Permira). The majority of ProSiebenSat.1 Media AG Supervisory Board members are also members of these two companies. In this regard, Lavena Holding 1 GmbH and the direct and indirect shareholders of Lavena Holding 1 GmbH had a significant influence over the ProSiebenSat.1 Group as of the reporting date. In particular, the shareholders include the following companies:

- > Lavena 1 S.à r.l., Luxembourg
- > Lavena 2 S.à r.l., Luxembourg
- > Lavena 3 S.à r.l., Luxembourg

In addition to the companies named above, the members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media AG and joint ventures and associates of the ProSiebenSat.1 Group are accordingly defined as related parties. Moreover, all portfolio companies held by KKR and Permira, which can be viewed on the websites of the aforementioned companies (www.permira.com and www.kkr.com), are considered related parties. No material revenues were generated with these companies in 2013 and the previous financial year, except the transactions described in this note. Nor were there any material open balances as of the reporting date.

Transactions with subsidiaries included in the consolidated financial statements are eliminated in the consolidation process and are not explained further.

All related parties that are controlled by the ProSiebenSat.1 Group, or over which the Group may exercise a significant influence, are listed among the shareholdings on pages 276 through 280 along with the percentage interest held and the equity and earnings of the company concerned.

ProSiebenSat.1 Media AG has a services management agreement for business services with Lavena Holding 1 GmbH. The agreed compensation is consistent with the prevailing market terms for comparable services. The total charges for 2013 amounted to EUR 0.2 million (previous year: EUR 0.2 million). As of December 31, 2013, ProSiebenSat.1 Media AG's receivables amounted to EUR 0.0 million (previous year: EUR 0.1 million).

The company has a consultancy engagement agreement with Capstone Ltd., a company attributable to KKR. Capstone Ltd. offers consultancy services in different segments. In the reporting

year, the company received consultancy services from Capstone Ltd. in the areas of marketing and pricing models as well as restructuring, amounting to EUR 0.2 million (previous year: EUR 0.6 million). As of December 31, 2013, accounts payable to Capstone Ltd. totaled EUR 0.2 million (previous year: EUR 0.1 million).

On April 9, 2010, the Supervisory Board gave its consent to the acceptance of a subordinated loan of up to EUR 150 million from Lavena 3 S.à r.l. as part of a so-called “equity cure” in the context of existing financing agreements. Under this transaction, a commitment fee of 2% on the line of credit extended by KKR was agreed between ProSiebenSat.1 Media AG and KKR. This line of credit was cancelled by ProSiebenSat.1 Media AG in February 2011, as a draw-down is no longer expected. The liability recognized for the commitment fee as of December 31, 2013 amounts to EUR 1.3 million (previous year: EUR 1.3 million).

Under a share participation plan introduced in the financial year 2008, members of the Executive Board as well as selected executives of ProSiebenSat.1 Media AG were given a one-off opportunity to participate indirectly in ProSiebenSat.1 Media AG. This indirect share participation was executed via German limited partnerships (“Kommanditgesellschaften”) which for this purpose acquired at fair market value shares in ProSiebenSat.1 Media AG. Financing of the share purchase was carried out by capital investment of the participants as well as market-term-based loans issued by Lavena 3 S.à r.l. to the limited partnerships. Under this share participation plan the participants take part in the share price development of the stock of ProSiebenSat.1 Media AG. The issued loans are assigned to every participant based on their share in the limited partnership and are to be paid back in full at the end of the loan period irrespective of the share price development. The structure of this participation program is designed in such a way that there is no impact on earnings, no liability and no contingent liability for the ProSiebenSat.1 Group.

Joint ventures and associated companies

ProSiebenSat.1 Media AG conducts transactions with some of its joint ventures and associates in the normal course of business. In these transactions, the Company buys and sells products and services on prevailing market terms.

Revenues from the sale of goods and the rendering of services as well as other income from transactions with joint ventures and associates in the financial year 2013 amounted to EUR 107.6 million (previous year: EUR 132.5 million). In the financial year, no revenues were reported under discontinued operations (previous year: EUR 35.1 million). Goods and services received and other expenses relating to transactions with joint ventures and associates in the financial year 2013 amounted to EUR 19.9 million (previous year: EUR 20.1 million). No expenses were incurred under discontinued operations in the 2013 financial year (previous year: EUR 1.4 million).

As of December 31, 2013, receivables from joint ventures and associates amounted to EUR 27.3 million (previous year: EUR 37.2 million). The balance sheet item “Assets held for sale” contained no receivables from joint ventures and associates as of December 31, 2013 (previous year: EUR 10.3 million).

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39 Group affiliation and disclosures on voting rights notifications as per Section 21 (1) German Securities Trading Act (WpHG)

Liabilities to joint ventures and associates amounted to EUR 8.3 million (previous year: EUR 5.6 million). There were no liabilities to joint ventures and associates under the balance sheet item "Liabilities associated with assets held for sale" as of December 31, 2013 (previous year: EUR 0.1 million).

39 Group affiliation and disclosures on voting rights notifications as per Section 21 (1) German Securities Trading Act (WpHG)

In the past financial year, Lavena Holding 1 GmbH reduced its stake in ProSiebenSat.1 Media AG from 53.0 % to 16.6 %. ProSiebenSat.1 AG is therefore no longer fully consolidated and included in the consolidated financial statements of Lavena 1 S.à r.l., Luxembourg. Further information on the described share reduction is given in Note 38 "Related party transactions".

As of December 31, 2013, Lavena Holding 1 GmbH was still the largest shareholder of ProSiebenSat.1 Media AG. Lavena Holding 1 GmbH is controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. ("KKR") respectively Permira Beteiligungsberatung GmbH ("Permira").

The following voting rights notifications were published in financial year 2013 by ProSiebenSat.1 Media AG in line with Section 26 (1) of the German Securities Trading Act (WpHG) and are available on the Company's website.

On September 6, 2013, the company named below reported the following pursuant to Section 21 (1) of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

1. The share of Capital World Growth and Income Fund, Inc., Los Angeles (California)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 3% of the voting rights on September 4, 2013, and now amounts to approximately 3.56% of the voting rights (equivalent to 7,787,000 voting rights).

On September 10, 2013, the companies named below reported the following pursuant to Section 21 (1) of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

2. The share of Stichting Administratiekantoor van Andelen Telegraaf Media Groep N.V., Amsterdam/Netherlands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 5% and 3% of the voting rights on September 10, 2013, and now amounts to 0.0% of the voting rights (equivalent to 0 voting rights).
3. The share of Telegraaf Media Groep B.V., Amsterdam/Netherlands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 5% and 3% of the voting rights on September 10, 2013, and now amounts to 0.0% of the voting rights (equivalent to 0 voting rights).

On October 3, 2013, the company named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

4. The share of BlackRock, Inc., New York (New York)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5% of the voting rights on October 1, 2013, and now amounts to approximately 5.01% of the voting rights (equivalent to 10,961,359 voting rights). This share in the voting rights is attributed to BlackRock, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

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39 Group affiliation and disclosures on voting rights notifications as per Section 21 (1) German Securities Trading Act (WpHG)

On October 4, 2013, the companies named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

5. The share of BlackRock Financial Management, Inc., New York (New York)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5% of the voting rights on October 2, 2013, and now amounts to approximately 5.04% of the voting rights (equivalent to 11,020,400 voting rights). This share in the voting rights is attributed to BlackRock Financial Management, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.
6. The share of BlackRock Holdco 2, Inc., Wilmington (Delaware)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5% of the voting rights on October 2, 2013, and now amounts to approximately 5.04% of the voting rights (equivalent to 11,020,400 voting rights). This share in the voting rights is attributed to BlackRock Holdco 2, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

On November 19, 2013, the companies named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

7. The share of Capital Research and Management Company, Los Angeles (California)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 10% of the voting rights on November 13, 2013, and now amounts to approximately 10.03% of the voting rights (equivalent to 21,952,205 voting rights). This share in the voting rights is attributed to Capital Research and Management Company in accordance with Section 22 (1) Sentence 1 No. 6 of the German Securities Trading Act. Voting rights are attributed via Capital World Growth and Income Fund, Inc., whose share in the voting rights of ProSiebenSat.1 Media AG amounts to approximately 3.56% of the voting rights (equivalent to 7,787,000 voting rights).
8. The share of The Capital Group Companies, Inc., Los Angeles (California)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 10% of the voting rights on November 13, 2013, and now amounts to approximately 10.03% of the voting rights (equivalent to 21,952,205 voting rights). This share in the voting rights is attributed to The Capital Group Companies, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentences 2 and 3 of the German Securities Trading Act. Voting rights are attributed via Capital World Growth and Income Fund, Inc., whose share in the voting rights of ProSiebenSat.1 Media AG amounts to approximately 3.56% of the voting rights (equivalent to 7,787,000 voting rights).

On November 19, 2013, the companies named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

9. The share of Lavena Holding 1 GmbH, Munich/Germany, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.58% of the voting rights (equivalent to 36,270,768 voting rights).
10. The share of Lavena 3 S.à r.l., Luxembourg/Luxembourg, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to

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39 Group affiliation and disclosures on voting rights notifications as per Section 21 (1) German Securities Trading Act (WpHG)

- 36,795,568 voting rights). This share in the voting rights is attributed to Lavena 3 S.à r.l. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the company named in number 9.
11. The share of Lavena 2 S.à r.l., Luxembourg/Luxembourg, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Lavena 2 S.à r.l. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 and 10.
 12. The share of Lavena 1 S.à r.l., Luxembourg/Luxembourg, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Lavena 1 S.à r.l. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 11.
 13. The share of P4 Sub L.P.1, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to P4 Sub L.P.1 in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.
 14. The share of P4 Co-Investment L.P., St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to P4 Co-Investment L.P. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.
 15. The share of Permira Investments Limited, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira Investments Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.
 16. The share of Permira IV L.P.2, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira IV L.P.2 in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.
 17. The share of Permira IV L.P.1, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30 %, 25 % and 20 % of the voting rights on November 15, 2013, and now amounts to approximately 16.82 % of the voting rights (equiv-

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39 Group affiliation and disclosures on voting rights notifications as per Section 21 (1) German Securities Trading Act (WpHG)

- alent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira IV L.P.1 in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 13.
18. The share of Permira IV GP L.P., St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira IV GP L.P. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 14, 16 and 17.
 19. The share of Permira IV Managers L.P., St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira IV Managers L.P. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 13, 16 and 17.
 20. The share of Permira IV GP Limited, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira IV GP Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 14 and 16 to 18.
 21. The share of Permira IV Managers Limited, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira IV Managers Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 13, 16, 17 and 19.
 22. The share of Permira Nominees Limited, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira Nominees Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12 and 15.
 23. The share of Permira Holdings Limited, St Peter Port (Guernsey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to Permira Holdings Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 22.

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39 Group affiliation and disclosures on voting rights notifications as per Section 21 (1) German Securities Trading Act (WpHG)

24. The share of KKR Glory (2006) Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Glory (2006) Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.
25. The share of KKR 2006 Fund (Overseas), Limited Partnership, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR 2006 Fund (Overseas), Limited Partnership, in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12 and 24.
26. The share of KKR Associates 2006 (Overseas), Limited Partnership, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Associates 2006 (Overseas), Limited Partnership, in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 and 25.
27. The share of KKR 2006 Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR 2006 Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12 and 24 to 26.
28. The share of KKR Glory (KPE) Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Glory (KPE) Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.
29. The share of KKR Partners (International), Limited Partnership, Calgary (Alberta)/Canada, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Partners (International), Limited Partnership, in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12 and 28.
30. The share of KKR 1996 Overseas Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the

Notes

39 Group affiliation and disclosures on voting rights notifications as per Section 21 (1) German Securities Trading Act (WpHG)

voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR 1996 Overseas Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 28 and 29.

31. The share of KKR Glory (European II) Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Glory (European II) Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12.
32. The share of KKR European Fund II, Limited Partnership, Calgary (Alberta)/Canada, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR European Fund II, Limited Partnership, in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12 and 31.
33. The share of KKR Associates Europe II, Limited Partnership, Calgary (Alberta)/Canada, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Associates Europe II, Limited Partnership, in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 31 and 32.
34. The share of KKR Europe II Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Europe II Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12 and 31 to 33.
35. The share of KKR Fund Holdings L.P., George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Fund Holdings L.P. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 to 28 and 31 to 34.
36. The share of KKR Fund Holdings GP Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Fund Holdings GP Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 to 28 and 31 to 35.

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39 Group affiliation and disclosures on voting rights notifications as per Section 21 (1) German Securities Trading Act (WpHG)

37. The share of KKR Group Holdings L.P., George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Group Holdings L.P. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 to 28 and 31 to 36.
38. The share of KKR Group Limited, George Town (Grand Cayman)/Cayman Islands, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Group Limited in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 to 28 and 31 to 37.
39. The share of KKR & Co. L.P., Wilmington (Delaware)/USA, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR & Co. L.P. in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 to 28 and 31 to 38.
40. The share of KKR Management LLC, Wilmington (Delaware)/USA, in the voting rights of ProSiebenSat.1 Media AG fell below the thresholds of 30%, 25% and 20% of the voting rights on November 15, 2013, and now amounts to approximately 16.82% of the voting rights (equivalent to 36,795,568 voting rights). This share in the voting rights is attributed to KKR Management LLC in accordance with Section 22 (1) Sentence 1 No. 1 in conjunction with Sentence 3 of the German Securities Trading Act. Voting rights are attributed via the companies named in numbers 9 to 12, 24 to 28 and 31 to 39.

On November 19, 2013, the companies named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

41. The share of BlackRock Advisors Holdings, Inc., New York (New York)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5% of the voting rights on November 15, 2013, and now amounts to approximately 5.12% of the voting rights (equivalent to 11,209,815 voting rights). This share in the voting rights is attributed to BlackRock Advisors Holdings, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.
42. The share of BlackRock International Holdings, Inc., New York (New York)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5% of the voting rights on November 15, 2013, and now amounts to approximately 5.12% of the voting rights (equivalent to 11,194,927 voting rights). This share in the voting rights is attributed to BlackRock International Holdings, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.
43. The share of BR Jersey International Holdings, L.P., St. Helier (Jersey)/Channel Islands, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5% of the voting rights

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39 Group affiliation and disclosures on voting rights notifications as per Section 21 (1) German Securities Trading Act (WpHG)

on November 15, 2013, and now amounts to approximately 5.12% of the voting rights (equivalent to 11,194,927 voting rights). This share in the voting rights is attributed to BR Jersey International Holdings, L.P. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

On November 19, 2013, the companies named below reported the following pursuant to Section 21 (1) or Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

44. The share of Norges Bank (the Central Bank of Norway), Oslo/Norway, in the voting rights of ProSiebenSat.1 Media AG fell below the threshold of 3% of the voting rights on November 18, 2013, and now amounts to approximately 2.98% of the voting rights (equivalent to 6,522,923 voting rights).
45. The share of the Ministry of Finance on behalf of the State of Norway, Oslo/Norway, in the voting rights of ProSiebenSat.1 Media AG fell below the threshold of 3% of the voting rights on November 18, 2013, and now amounts to approximately 2.98% of the voting rights (equivalent to 6,522,923 voting rights). This share in the voting rights is attributed to the Ministry of Finance on behalf of the State of Norway in accordance with Section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act.

On November 22, 2013, the company named below reported the following pursuant to Section 21 (1) of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

46. The share of Capital Income Builder, Los Angeles (California)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 3% of the voting rights on November 14, 2013, and now amounts to approximately 3.02% of the voting rights (equivalent to 6,616,514 voting rights).

On December 2, 2013, the companies named below reported the following pursuant to Sections 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

47. The share of BlackRock Delaware Holdings, Inc., Wilmington (Delaware)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 3% of the voting rights on November 28, 2013, and now amounts to approximately 3.11% of the voting rights (equivalent to 6,803,268 voting rights). This share in the voting rights is attributed to BlackRock Delaware Holdings, Inc. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.
48. The share of BlackRock HoldCo 6, LLC, Wilmington (Delaware)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 3% of the voting rights on November 28, 2013, and now amounts to approximately 3.11% of the voting rights (equivalent to 6,803,268 voting rights). This share in the voting rights is attributed to BlackRock HoldCo 6, LLC in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.
49. The share of BlackRock HoldCo 4, LLC, Wilmington (Delaware)/USA, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 3% of the voting rights on November 28, 2013, and now amounts to approximately 3.11% of the voting rights (equivalent to 6,803,268 voting rights). This share in the voting rights is attributed to BlackRock HoldCo 4, LLC in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

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40 Professional fees of the independent auditor
41 Events after the reporting period

On December 4, 2013, the company named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

50. The share of BlackRock Group Limited, London/UK, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 5% of the voting rights on December 2, 2013, and now amounts to approximately 5.01% of the voting rights (equivalent to 10,964,093 voting rights). This share in the voting rights is attributed to BlackRock Group Limited in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

On December 17, 2013, the company named below reported the following pursuant to Section 21 (1), Section 22 of the German Securities Trading Act with regard to interest in ProSiebenSat.1 Media AG:

51. The share of BlackRock Luxembourg HoldCo S.à r.l., Senningerberg/Luxembourg, in the voting rights of ProSiebenSat.1 Media AG rose above the threshold of 3% of the voting rights on December 13, 2013, and now amounts to approximately 3.02% of the voting rights (equivalent to 6,607,835 voting rights). This share in the voting rights is attributed to BlackRock Luxembourg HoldCo S.à r.l. in accordance with Section 22 (1) Sentence 1 No. 6 in conjunction with Section 22 (1) Sentence 2 of the German Securities Trading Act.

40 Professional fees of the independent auditor

The professional fees for the services of the Group auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, totaled EUR 2.4 million in the financial year 2013 (previous year: EUR 2.3 million). Of that total, EUR 1.2 million (previous year: EUR 0.9 million) relates to audit services for the financial statements, EUR 0.6 million (previous year: EUR 0.3 million) to other attestation services, EUR 0.4 million (previous year: EUR 0.4 million) to tax advisory services and EUR 0.2 million (previous year: EUR 0.6 million) to other services. The disclosures relate exclusively to the independent legal entity of the appointed auditor, KPMG AG Wirtschaftsprüfungsgesellschaft.

41 Events after the reporting period

Full acquisition of Aeria Games Europe GmbH

By contract dated February 19, 2014, ProSiebenSat.1 Media AG, via the Group company ProSiebenSat.1 Games GmbH, Unterföhring, acquired a 100% stake in Aeria Games Europe GmbH, Berlin, a subsidiary of Aeria Games & Entertainment, Inc., Santa Clara, USA. The company provides online multiplayer and mobile games and is allocated to the Digital & Adjacent segment (see Note 35 "Segment reporting"). The acquisition strengthens the ProSiebenSat.1 Group's Games business unit. The cash purchase price was USD 40.0 million, payable in two tranches. In addition, an earn-out payment (in euro) was agreed with the seller. On the date the contract was signed, the fair value of the earn-out component was EUR 10.0 million. On the date of the release of the consolidated financial statements, the transaction was not yet closed. Closing is expected for the second quarter of 2014.

Full acquisition of COMVEL GmbH

By contract dated December 4, 2013, and effective as of January 7, 2014, the ProSiebenSat.1 Group, via the Group company ProSieben Travel GmbH, Unterföhring, acquired 100% of the shares in and thus control over COMVEL GmbH. The company, which is based in Munich, operates the travel sites "weg.de" and "ferien.de" and is one of Germany's most successful online travel agencies. With this acquisition, the ProSiebenSat.1 Group has further expanded its activities in the e-commerce business. The company is allocated to the Digital & Adjacent segment (see Note 35 "Segment reporting"). The purchase price according to IFRS 3 amounted to EUR 40.8 million; the cash purchase price was paid on January 7, 2014. The following table illustrates

Notes

41 Events after the reporting
period

the preliminary financial impact of this business combination on the consolidated financial statements of the ProSiebenSat.1 Group. It only contains those statement of financial position items showing values:

Acquisitions COMVEL GmbH (Fig. 158)

EUR m	Carrying amount at acquisition	Step up	Fair value at acquisition
Intangible assets	1.5	31.7	33.2
Property, plant and equipment	0.1	-/-	0.1
Non-current financial assets	0.1	-/-	0.1
Deferred tax assets	1.6	-/-	1.6
Non-current assets	3.3	31.7	35.0
Trade receivables	0.7	-/-	0.7
Other receivables and current assets	0.3	-/-	0.3
Cash and cash equivalents	1.2	-/-	1.2
Current assets	2.2	-/-	2.2
Deferred tax liabilities	-/-	10.6	10.6
Non-current liabilities	-/-	10.6	10.6
Trade payables	2.0	-/-	2.0
Other current liabilities	0.8	-0.6	0.2
Other current provisions	1.2	-/-	1.2
Current liabilities	4.0	-0.6	3.4
Non-controlling interests	-/-	-/-	-/-
Total net assets	1.5	21.7	23.2
Purchase price per IFRS 3			40.8
Goodwill			17.6

The goodwill identified, which is not deductible for tax purposes, primarily represents strategic synergy and development potential. This potential chiefly relates to synergies between these activities and those from the Group's travel portfolio. The identified intangible assets comprise the brand respectively domain "weg.de", customer and advantageous contract relationships as well as an existing order backlog. The brand was valued using the relief-from-royalty method. Customer relationships and the order backlog were valued on the basis of the multi-period excess earnings method. The advantageous contract relationships were valued using the incremental income method. The carrying amount of trade receivables acquired equals the fair value.

Sale of the radio and TV activities in Hungary and Romania

By signing contracts on December 20 (Hungary) and December 19 and 23, 2013 (Romania), the ProSiebenSat.1 Group sold its Central and Eastern European TV and radio stations. The transactions reflected an aggregate enterprise value of EUR 32.3 million. The Hungarian television stations TV2, FEM 3, PRO4 and Super TV2 were acquired by their management team in a management buyout. The sale of the TV stations in Hungary is expected to be closed on February 25, 2014.

In Romania, the ProSiebenSat.1 Group sold the television channel Kiss TV and the radio stations Kiss FM, Magic FM, One FM and Rock FM to the Greek Antenna Group, South-East Europe's leading media group. The TV station Prima TV was acquired by the Romanian entrepreneur Cristian Burci. These transactions are not yet closed. The ProSiebenSat.1 Group expects the closing of the sale in the second quarter of 2014.

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41 Events after the reporting
period

Already when it sold its Northern European portfolio in December 2012, the Group had announced that it would divest its Eastern European TV and radio subsidiaries in order to focus on the expansion of the German-speaking television and digital business in future. Since the sale of the Northern European business at the end of 2012, the Group has reported on the basis of continuing operations, i.e. not including the revenues and earnings contributions from the Central and Eastern European subsidiaries.

According to IFRS 5, assets held for sale of the disposed subsidiaries in Hungary and Romania totaling EUR 68.8 million and associated liabilities of EUR 38.3 million are presented separately in the statement of financial position as of the reporting date (see Note 3 "Acquisitions and disposals").

As of the date of the release of the consolidated financial statements, the impact of the sale of the subsidiaries in Hungary and Romania on the earnings, financial position and performance of the ProSiebenSat.1 Group cannot be shown, as the deconsolidation of the TV stations in Hungary is not yet complete and the closing of the transaction in Romania is still outstanding.

Further events after the reporting period

Beyond this, no reportable events materially impacting the earnings, financial position and performance of the ProSiebenSat.1 Group or ProSiebenSat.1 Media AG occurred between the end of the 2013 financial year and the date of the release of this report for publication.

Release date for publication

The consolidated financial statements will be presented to the Supervisory Board for approval on March 12, 2014. Publication is on March 17, 2014.

February 24, 2014

The Executive Board

Members of the Executive Board

Members of the Executive Board of ProSiebenSat.1 Media AG (Fig. 159)

Thomas Ebeling CEO	CEO since March 1, 2009	Responsibilities: TV Germany (SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, ProSieben MAXX), Group Content, Group Program Strategy & Development, Content Production & Global Sales, Sales & Marketing and Corporate Communication
Axel Salzmann CFO	Member of the Executive Board since May 1, 2008, CFO since July 1, 2008	Responsibilities: Group Operations & IT, Group Controlling, Group Finance & Investor Relations, Accounting & Taxes, Internal Audit and Administration
Conrad Albert	Member of the Executive Board since October 1, 2011	Responsibilities: Legal, Distribution & Regulatory Affairs, Public Affairs, Shareholder & Boards Management and International Free-TV CEE
Dr. Christian Wegner	Member of the Executive Board since October 1, 2011	Responsibilities: Digital & Adjacent, Digital Entertainment (Online Video, Music Streaming, Online Games, Screen Management), Digital Commerce, Adjacent (Music, Live, Events, Ticketing, Artist-Management, Smart Channels/Apps)
Heidi Stopper	Member of the Executive Board since October 1, 2012	Responsibilities: Human Resources, Compensation & Benefits, HR People Development, HR Processes & Controlling, Labour Law & Freelance Management

Notes

Members of the Supervisory
Board

Members of the Supervisory Board

Members of the Supervisory Board of ProSiebenSat.1 Media AG (Fig. 160)

Johannes Peter Huth, Chairman	Member of the Supervisory Board since March 7, 2007 Kohlberg Kravis Roberts & Co. Ltd. (Partner and Member of the Investment Committee)	Mandates: KION Holding 1 GmbH (non-executive), KION Group GmbH (non-executive), KKR & Co Partners LLP (executive), NXP BV (non-executive), Wild Flavors GmbH (non-executive), WMF AG (non-executive)
Dr. Jörg Rockenhäuser, Vice Chairman	Member of the Supervisory Board since June 4, 2009 Permira Beteiligungsberatung GmbH (Managing Partner)	Mandates: Member of Permira Investment Committee (executive), Executive Group of Permira (executive), Permira Holdings Limited Board (executive), Board member of Permira Asesores (non-executive), AmCham Board of Directors (non-executive), Netafim Board of Directors (non-executive)
Stefan Dziarski	Member of the Supervisory Board since May 15, 2012 Permira Beteiligungsberatung GmbH (Principal)	Mandates: None
Philipp Freise	Member of the Supervisory Board since March 7, 2007 Kohlberg Kravis Roberts & Co. Ltd. (Partner)	Mandates: BMG Rights Management GmbH (non-executive), Fotolia Inc. (non-executive)
Lord Clive Hollick	Member of the Supervisory Board since March 7, 2007 G.P. Bullhound, LLP (Partner)	Mandates: Honeywell Inc. (non-executive), We Predict Ltd. (non-executive)
Götz Mäuser	Member of the Supervisory Board since March 7, 2007 Permira Beteiligungsberatung GmbH (Partner)	Mandates: None
Prof. Dr. Harald Wiedmann	Member of the Supervisory Board since March 7, 2007 Gleiss Lutz Hootz Hirsch Partnergesellschaft von Rechtsanwälten und Steuerberatern (German Certified Public Accountant, Tax Adviser, Attorney at Law)	Mandates: Prime Office REIT-AG (non-executive), Universal-Investment GmbH (non-executive)

Notes

List of affiliated companies and investments

List of affiliated companies and investments

List of affiliated companies and investments of ProSiebenSat.1 Media AG (Fig. 161)

No.	Company	Location	Share in %	Held via	Currency ²	Equity ⁵	Profit/loss for the period ⁶
1	ProSiebenSat.1 Media AG	Unterföhring	100.00				
	Affiliated companies						
	Germany						
2	12Auto Group GmbH	Unterföhring	100.00	29	EUR	789.1	272.5
3	9Live Fernsehen GmbH ¹	Unterföhring	100.00	1	EUR	520.5	0.0 ³
4	Booming GmbH ¹	Munich	100.00	54	EUR	457.5	0.0
5	EPIC Companies GmbH	Berlin	100.00	28	EUR	0.0	0.0 ⁴
6	Fem Media GmbH ¹	Unterföhring	100.00	29	EUR	399.8	0.0 ³
7	kabel eins Fernsehen GmbH ¹	Unterföhring	100.00	37	EUR	82,358.9	0.0 ³
8	lokalisten media GmbH ¹	Unterföhring	100.00	29	EUR	385.8	0.0 ³
9	Magic Flight Film GmbH ¹	Munich	100.00	22	EUR	25.0	0.0 ³
10	MAGIC Internet GmbH	Berlin	100.00	11	EUR	-1,202.8	397.6
11	MAGIC Internet Holding GmbH ¹	Berlin	100.00	29	EUR	2,825.4	0.0 ³
12	Magic Internet Musik GmbH ¹	Berlin	100.00	11	EUR	25.0	0.0 ³
13	maxdome GmbH	Unterföhring	100.00	1	EUR	0.0	-12,098.0
14	Meteos TV Holding GmbH	Unterföhring	100.00	64	EUR	51.8	0.0 ³
15	MMP Veranstaltungs- und Vermarktungs GmbH	Cologne	60.00	57	EUR	640.8	256.1
16	mydays Event GmbH	Munich	100.00	17	EUR	-389.1	46.6
17	mydays GmbH	Munich	100.00	18	EUR	-16,909.0	8,267.4
18	mydays Holding GmbH	Munich	75.10	24	EUR	707.3	13.6
19	P7S1 Erste SBS Holding GmbH ¹	Unterföhring	100.00	1	EUR	956,394.4	0.0 ³
20	P7S1 Zweite SBS Holding GmbH ¹	Unterföhring	100.00	1	EUR	239,055.6	0.0 ³
21	Preis24.de GmbH	Düsseldorf	60.00	54	EUR	-1,757.8	-427.6
22	Producers at work GmbH	Potsdam	74.90	42	EUR	2,013.9	213.9
23	ProSieben Television GmbH ¹	Unterföhring	100.00	37	EUR	450,485.7	0.0 ³
24	ProSieben Travel GmbH ¹	Unterföhring	100.00	28	EUR	0.0	0.0 ⁴
25	ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH ¹	Unterföhring	100.00	1	EUR	26.3	0.0 ³
26	ProSiebenSat.1 Adjacent Holding GmbH ¹	Unterföhring	100.00	1	EUR	0.0	0.0 ⁴
27	ProSiebenSat.1 Applications GmbH ¹	Unterföhring	100.00	1	EUR	2,025.0	0.0 ³
28	ProSiebenSat.1 Digital & Adjacent GmbH ¹	Unterföhring	100.00	1	EUR	6,138.9	0.0 ³
29	ProSiebenSat.1 Digital GmbH ¹	Unterföhring	100.00	28	EUR	50,853.9	0.0 ³
30	ProSiebenSat.1 Elfte Verwaltungsgesellschaft mbH ¹	Unterföhring	100.00	25	EUR	25.0	0.0 ³
31	ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH ¹	Unterföhring	100.00	1	EUR	25.0	0.0 ³
32	ProSiebenSat.1 Fünfzehnte Verwaltungsgesellschaft mbH ¹	Unterföhring	100.00	1	EUR	25.0	0.0 ³
33	ProSiebenSat.1 Games Core GmbH ¹	Unterföhring	100.00	34	EUR	25.0	0.0 ³
34	ProSiebenSat.1 Games GmbH ¹	Unterföhring	100.00	29	EUR	6,460.4	0.0 ³
35	ProSiebenSat.1 Licensing GmbH ¹	Unterföhring	100.00	26	EUR	22,144.2	0.0 ³
36	ProSiebenSat.1 Produktion GmbH ¹	Unterföhring	100.00	1	EUR	8,977.7	0.0 ³
37	ProSiebenSat.1 TV Deutschland GmbH ¹	Unterföhring	100.00	1	EUR	976,835.3	0.0 ³
38	ProSiebenSat.1 Vierzehnte Verwaltungsgesellschaft mbH ¹	Unterföhring	100.00	1	EUR	25.0	0.0 ³
39	ProSiebenSat.1 Welt GmbH ¹	Unterföhring	100.00	1	EUR	-56.1	181.8
40	PS Event GmbH	Cologne	67.00	41	EUR	433.6	228.6
41	PSH Entertainment GmbH ¹	Unterföhring	100.00	1	EUR	2,925.2	0.0 ³
42	Red Arrow Entertainment Group GmbH ¹	Unterföhring	100.00	1	EUR	1,367.0	0.0 ³
43	Red Arrow International GmbH ¹	Unterföhring	100.00	42	EUR	125.0	0.0 ³
44	Redseven Artists & Events GmbH ¹	Unterföhring	100.00	45	EUR	192.4	0.0 ³
45	Redseven Entertainment GmbH ¹	Unterföhring	100.00	42	EUR	25.0	0.0 ³

Notes

List of affiliated companies and investments

List of affiliated companies and investments of ProSiebenSat.1 Media AG

No.	Company	Location	Share in %	Held via	Currency ²	Equity ⁶	Profit/loss for the period ⁶
46	SAT.1 Norddeutschland GmbH ¹	Hanover	100.00	47	EUR	24.9	0.0 ³
47	SAT.1 Satelliten Fernsehen GmbH ¹	Unterföhring	100.00	37	EUR	443,610.2	0.0 ³
48	Seven Scores Musikverlag GmbH ¹	Unterföhring	100.00	1	EUR	26.0	0.0 ³
49	SevenGames GmbH ¹	Unterföhring	100.00	34	EUR	1,342.1	1,311.9
50	SevenOne AdFactory GmbH ¹	Unterföhring	100.00	51	EUR	30.0	0.0 ³
51	SevenOne Brands GmbH ¹	Unterföhring	100.00	1	EUR	5,168.3	0.0 ³
52	SevenOne Media GmbH ¹	Unterföhring	100.00	51	EUR	5,771.7	0.0 ³
53	SevenPictures Film GmbH ¹	Unterföhring	100.00	37	EUR	2,268.3	0.0 ³
54	SevenVentures GmbH ¹	Unterföhring	100.00	28	EUR	25.0	0.0 ³
55	SilverTours GmbH	Freiburg im Breisgau	60.00	24	EUR	6,044.6	6,019.6
56	Sixx GmbH ¹	Unterföhring	100.00	37	EUR	25.0	0.0 ³
57	Starwatch Entertainment GmbH ¹	Unterföhring	100.00	26	EUR	29.3	0.0 ³
58	Studio 71 GmbH ¹	Berlin	100.00	28	EUR	25.0	0.0 ³
59	Sugar Ray GmbH ¹	Unterföhring	100.00	54	EUR	25.0	0.0 ³
60	TROPO GmbH	Hamburg	90.00	24	EUR	-1,586.9	-1,927.8
61	tv weiss-blau Rundfunkprogrammanbieter GmbH ¹	Unterföhring	100.00	47	EUR	1,027.0	0.0 ³
62	wer-weiss-was GmbH ¹	Hamburg	100.00	29	EUR	6,565.9	-518.1
63	Wetter Fernsehen – Meteos GmbH	Singen Hohentwiel	100.00	14	EUR	1,712.5	1,534.6
64	wetter.com AG	Singen Hohentwiel	72.97	24	EUR	5,451.1	3,982.8
Austria							
65	Austria 9 TV GmbH	Vienna	100.00	68	EUR	0.0	0.0 ⁴
66	AUSTRIA 9 TV GmbH & Co KG	Vienna	100.00	68	EUR	-4,380.2	-23.6
67	ProSieben Austria GmbH	Vienna	100.00	68	EUR	34.6	1.4
68	ProSiebenSat.1Puls 4 GmbH	Vienna	100.00	51	EUR	24,575.5	18,886.7
69	Puls 4 TV GmbH	Vienna	100.00	68	EUR	15.5	-0.9
70	PULS 4 TV GmbH & Co KG	Vienna	100.00	68	EUR	2,600.1	403.0
71	SAT.1 Privatrundfunk und -programmgesellschaft m.b.H	Vienna	51.00	47	EUR	7,259.3	6,941.5
72	SevenVentures Austria GmbH	Vienna	100.00	54	EUR	0.0	0.0 ⁴
Belgium							
73	Sultan Sushi CVBA	Mechelen	98.25	42	EUR	223.9	126.2
Denmark							
74	SNOWMAN PRODUCTIONS ApS	Copenhagen	100.00	102	DKK	2,092.8	-1,959.5
Hong Kong							
75	Red Arrow International Limited	Hong Kong	100.00	42	HKD	0.0	0.0 ⁴
Hungary							
76	INTERAKTÍV Televíziós Műsorkészítő Kft.	Budapest	100.00	86	HUF	344,893.0	9,127.0
77	INTERAKTÍV-FICTION Műsorkészítő és Filmgyártó Kft. „Végelszámolás Alatt“	Budapest	100.00	76	HUF	134,494.0	11,931.0
78	MTM Produkció Műsorgyártó és Filmforgalmazó Kft.	Budapest	100.00	86; 90	HUF	98,000.0	30,923.0
79	MTM-SBS Televízió Zrt.	Budapest	100.00	85; 86; 159	HUF	16,769,551.0	-6,707,315.0
Israel							
80	July August Communications and Productions Ltd.	Ramat Gan	51.00	91	ILS	1,463.0	2,102.0
81	Outburst X LP	Ramat Gan	93.25	80	ILS	0.0	0.0 ⁴
82	The Band's Visit LP	Ramat Gan	55.00	80	ILS	0.0	0.0 ⁴
Jersey							
83	Scandinavian Broadcasting System (Jersey) Limited	Jersey	100.00	86	GBP	8.0	0.0
Luxembourg							
84	P7S1 Broadcasting S.à r.l.	Luxembourg	100.00	19; 20	EUR	425,396.2	-769,951.4
The Netherlands							
85	Danube Broadcasting B.V.	Amsterdam	100.00	86	EUR	-51.4	-24.8
86	P7S1 Broadcasting Europe B.V.	Amsterdam	100.00	88	EUR	80,533.0	157,683.0

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List of affiliated companies and investments

List of affiliated companies and investments of ProSiebenSat.1 Media AG

No.	Company	Location	Share in %	Held via	Currency ²	Equity ⁶	Profit/loss for the period ⁶
87	P7S1 Broadcasting Holding I B.V.	Amsterdam	100.00	84	EUR	90,195.0	-6,293.0
88	P7S1 Broadcasting Holding II B.V.	Amsterdam	100.00	87	EUR	4,108.0	4,651.0
89	P7S1 Finance B.V.	Amsterdam	100.00	86	EUR	771,146.0	-92,144.0
90	P7S1 Nederland B.V.	Amsterdam	100.00	86	EUR	6,585.0	-2,080.0
91	Sultan Sushi B.V.	Amsterdam	100.00	42	EUR	0.0	0.0 ⁴
Norway							
92	Snowman Productions AS	Oslo	100.00	102	NOK	1,656.2	-2,913.8
Republic of Moldavia							
93	ICS SBS Broadcasting S.R.L.	Chisinau	100.00	97	EUR	1,062.0	208.5
Romania							
94	Canet Radio S.R.L.	Bucharest	20.00	97	EUR	310.7	-479.3
95	Media Group Services International S.R.L.	Bucharest	100.00	90; 97	EUR	23,267.8	3,461.9
96	MyVideo Broadband S.R.L.	Bucharest	100.00	11	EUR	0.0	0.0 ⁴
97	P7S1 Radio Holding S.R.L.	Bucharest	100.00	99; 116	EUR	0.0	0.0 ⁴
98	Prime Time Productions S.R.L.	Bucharest	100.00	90; 99	EUR	500.3	3.0
99	SBS Broadcasting Media S.R.L.	Bucharest	100.00	89; 113; 116; 118	EUR	25,441.6	-15,297.0
Sweden							
100	Hard Hat AB	Stockholm	90.00	102	SEK	1,872.7	1,143.7
101	P7S1 Broadcasting (Sweden) AB	Stockholm	100.00	86	SEK	573,458.0	86.0
102	Snowman Productions AB	Stockholm	100.00	42	SEK	7,038.3	-16,994.8
Switzerland							
103	ProSieben (Schweiz) AG	Küsnacht ZH	100.00	105	CHF	474.3	245.1
104	SAT.1 (Schweiz) AG	Küsnacht ZH	60.00	47	CHF	6,581.4	5,370.4
105	SevenOne Media (Schweiz) AG	Küsnacht ZH	100.00	51	CHF	18,165.0	17,737.7
106	SevenVentures (Schweiz) AG	Küsnacht ZH	100.00	54	CHF	0.0	0.0 ⁴
United Kingdom							
107	CEE Broadcasting Limited	London	100.00	116	GBP	-138.3	-138.3 ⁵
108	CPL Productions Limited	London	100.00	114	GBP	64.7	-4.8
109	Endor (Esio Trot) Limited	London	100.00	112	GBP	0.0	0.0 ⁴
110	Endor (T&T) Limited	London	100.00	112	GBP	0.0	0.0 ⁴
111	Endor (Will) Limited	London	100.00	112	GBP	0.0	0.0 ⁴
112	Endor Productions Limited	London	51.00	117	GBP	64.9	-20.0
113	European Radio Investments Limited	London	100.00	116	EUR	30,876.4	-8.0
114	LHB Limited	London	63.89	117	GBP	-67.8	-15.6
115	New Entertainment Research and Design Limited	London	96.70	117	GBP	-381.8	-225.7
116	P7S1 Broadcasting (UK) Limited	London	100.00	86	EUR	52.5	-21,301.3
117	Red Arrow Entertainment Limited	London	100.00	42	GBP	3,091.1	-3,571.2
118	Romanian Broadcasting Corporation Limited	London	100.00	116	EUR	-14,731.2	-5,045.5
119	Romer Films Limited	London	100.00	112	GBP	0.0	0.0 ⁴
120	TEA Endor Limited	London	100.00	112	GBP	0.0	0.0 ⁴
United States of America							
121	Digital Demand LLC	Los Angeles	100.00	126	USD	0.0	0.0 ⁴
122	Fabrik Entertainment, LLC	Los Angeles	51.00	136	USD	1,482.3	-266.6
123	Fortitude Production Services, LLC	New York	100.00	131	USD	0.0	0.0 ⁴
124	HB Television Development LLC	Los Angeles	100.00	122	USD	0.0	0.0 ⁴
125	Hold Fast Productions LLC	Los Angeles	100.00	122	USD	0.0	0.0 ⁴
126	Kinetic Content LLC	Los Angeles	51.00	136	USD	-1,677.0	3,578.0
127	Kinetic Content Publishing LLC	Los Angeles	100.00	126	USD	0.0	0.0 ⁴
128	KinPro Music Publishing LLC	Los Angeles	100.00	126	USD	0.0	0.0 ⁴
129	Kinetic Operations LLC	Los Angeles	100.00	126	USD	0.0	0.0 ⁴

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List of affiliated companies and investments

List of affiliated companies and investments of ProSiebenSat.1 Media AG

No.	Company	Location	Share in %	Held via	Currency ²	Equity ⁶	Profit/loss for the period ⁶
130	Kinpro LLC	Los Angeles	100.00	126	USD	0.0	0.0 ⁴
131	Left/Right Holdings, LLC	New York	60.00	136	USD	0.0	0.0 ⁴
132	Left/Right, LLC	New York	100.00	131	USD	0.0	0.0 ⁴
133	Moving TV LLC	Los Angeles	100.00	126	USD	0.0	0.0 ⁴
134	Nerd TV LLC	Los Angeles	100.00	115	USD	0.0	0.0 ⁴
135	Production Connection LLC	Los Angeles	100.00	126	USD	0.0	0.0 ⁴
136	Red Arrow International, Inc.	Los Angeles	100.00	42	USD	-854.2	-2,475.8
137	Three Tables Music LLC	Los Angeles	100.00	126	USD	0.0	0.0 ⁴
	Associates						
	Germany						
138	Covus Ventures GmbH	Munich	44.12	54	EUR	1,285.0	-135.3
139	SMARTSTREAM.TV GmbH	Munich	25.00	54	EUR	0.0	0.0 ⁴
140	Stylight GmbH	Munich	22.08	54	EUR	0.0	0.0 ⁴
141	Tejado GmbH	Oldenburg	20.69	54	EUR	0.0	0.0 ⁴
142	VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Medienunternehmen mbH	Berlin	50.00	1	EUR	378.3	0.0
	Switzerland						
143	Goldbach Media (Switzerland) AG	Küsnacht ZH	22.96	105	CHF	31,834.3	31,194.4
144	swiss radioworld AG	Zurich	22.96	105	CHF	0.0	0.0 ⁴
	Affiliated companies, not consolidated						
	Germany						
145	EPIC Operations I GmbH	Berlin	100.00	148	EUR	0.0	0.0 ⁴
146	EPIC Operations IV GmbH	Berlin	100.00	149	EUR	0.0	0.0 ⁴
147	EPIC Operations V GmbH	Berlin	100.00	150	EUR	0.0	0.0 ⁴
148	EPIC Verwaltung I GmbH	Berlin	100.00	5	EUR	0.0	0.0 ⁴
149	EPIC Verwaltung IV GmbH	Berlin	100.00	5	EUR	0.0	0.0 ⁴
150	EPIC Verwaltung V GmbH	Berlin	100.00	5	EUR	0.0	0.0 ⁴
151	EPIC Verwaltung VI GmbH	Berlin	100.00	5	EUR	0.0	0.0 ⁴
152	Gymondo GmbH	Unterföhring	100.00	5	EUR	0.0	0.0 ⁴
153	Petobel GmbH	Berlin	100.00	154	EUR	0.0	0.0 ⁴
154	Petobel Holding GmbH	Berlin	100.00	5	EUR	0.0	0.0 ⁴
155	Stainless Ecommerce GmbH	Berlin	100.00	156	EUR	0.0	0.0 ⁴
156	Stainless Ecommerce Holding GmbH	Berlin	100.00	5	EUR	0.0	0.0 ⁴
157	Todaytickets GmbH	Berlin	45.00	5	EUR	0.0	0.0 ⁴
	Czech Republic						
158	MERCHANDISING PRAGUE s.r.o.	Prague	100.00	35	EUR	0.0	0.0 ⁴
	Hungary						
159	MTM-TV2 Befektetési Kft.	Budapest	100.00	83; 86	HUF	732,453.0	201.0
	Poland						
160	Opera Ball Warszawa sp. z o.o. (w likwidacji)	Warsaw	50.00	15	EUR	0.0	0.0 ⁴
	Romania						
161	Kiss TV Music S.R.L.	Bucharest	100.00	113; 116	EUR	0.0	0.0 ⁴
	Sweden						
162	Goldcup 9358 AB	Stockholm	100.00	102	SEK	0.0	0.0 ⁴
	Turkey						
163	Tasfiye Halinde Anadolu Televizyon ve Radyo Yayıncılık ve Ticaret Anonim Şirketi	Istanbul	100.00	116	TRY	0.0	0.0 ⁴
	Joint ventures						
	Germany						
164	AdAudience GmbH	Munich	14.29	52	EUR	0.0	0.0 ⁴
165	FIRST STEPS – der Deutsche Nachwuchspreis Gesellschaft bürgerlichen Rechts (in Liquidation)	Berlin	25.00	37	EUR	0.0	0.0 ⁴

Notes

List of affiliated companies and
investments

List of affiliated companies and investments of ProSiebenSat.1 Media AG

No.	Company	Location	Share in %	Held via	Currency ²	Equity ⁶	Profit/loss for the period ⁶
Other material investments							
Germany							
166	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	12.00	1	EUR	0.0	0.0 ⁴
167	apomio GmbH	Mannheim	19.90	54	EUR	0.0	0.0 ⁴
168	asgodasnew electronics GmbH	Frankfurt (Oder)	13.12	54	EUR	0.0	0.0 ⁴
169	babymarkt.de GmbH	Dortmund	11.87	54	EUR	0.0	0.0 ⁴
170	Deutscher Fernsehpreis GmbH	Cologne	25.00	1	EUR	0.0	0.0 ⁴
171	FilmFernsehFonds Bayern GmbH, Gesellschaft zur Förderung der Medien in Bayern (FFF Bayern)	Munich	6.00	37	EUR	0.0 ⁴	70.1
172	Flaconi GmbH	Berlin	13.63	54	EUR	0.0	0.0 ⁴
173	HolidayInsider AG	Munich	19.77	54	EUR	0.0	0.0 ⁴
174	Kiveda Holding GmbH	Berlin	11.00	54	EUR	0.0	0.0 ⁴
175	Küchen Quelle GmbH	Nuremberg	10.00	54	EUR	0.0	0.0 ⁴
176	moebel.de Einrichten & Wohnen AG	Hamburg	16.30	54	EUR	0.0	0.0 ⁴
177	Outstore GmbH	Miesbach	19.90	54	EUR	0.0	0.0 ⁴
178	Privatfernsehen in Bayern GmbH & Co. KG	Munich	10.00	61	EUR	0.0	0.0 ⁴
179	Privatfernsehen in Bayern Verwaltungs-GmbH	Munich	10.00	61	EUR	0.0	0.0 ⁴
180	yd.yourdelivery GmbH	Berlin	5.00	54	EUR	0.0	0.0 ⁴
Israel							
181	Seven Days LP	Ramat Gan	50.00	80	ILS	0.0	0.0 ⁴
182	We are Not Alone LP	Ramat Gan	45.00	80	ILS	0.0	0.0 ⁴
United States of America							
183	ZeniMax Media Inc.	Rockville	6.90	86	USD	685,098.0	12,200.5

1 Company meets the requirements of Section 264 (3) of the German Commercial Code and exercises the option to be exempted from certain requirements on the preparation, auditing and disclosure of the annual financial statements and the financial report.

2 The figures for Equity and Profit/loss for the period presented have been translated using the foreign exchange rates reported in Note 5 "Foreign currency translation".

3 Result after profit and loss transfer agreement.

4 No figures available. Company acquired in 2013 or founded or in liquidation.

5 Shortened financial year from November 7, 2012 to December 31, 2012.

6 The figures for Equity and Profit/loss refer to financial year 2012 and partly reflect local accounting rules which do not necessarily correspond to IFRS.

Responsibility Statement

To the best of our knowledge we certify that, in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of profit or loss, the financial position and the assets and liabilities of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Unterföhring, February 24, 2014



Thomas Ebeling (CEO)



Axel Salzmänn (CFO)



Conrad Albert (Legal, Distribution & Regulatory Affairs)



Dr. Christian Wegner (Digital & Adjacent)



Heidi Stopper (Human Resources)

Auditor's Report

We have audited the consolidated financial statements prepared by the ProSiebenSat.1 Media AG, Unterföhring, comprising the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Cash Flow Statement, Statement of Changes in Equity and the Notes, together with the group management report for the financial year from 1 January to 31 December 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code [HGB] are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code [HGB] and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, February 26, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft
[original German version signed by]



Dr. Dauner
Wirtschaftsprüfer
[German Public Auditor]



Schmidt
Wirtschaftsprüfer
[German Public Auditor]

ADDITIONAL INFORMATION

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CONTENT PRODUCTION & GLOBAL SALES

Red Arrow Entertainment develops, markets, and produces successful TV formats for the whole world and is continually increasing its presence in the **CORE MARKETS USA AND GREAT BRITAIN.**

>600
TV formats

PROGRAMS

In 2013, the Red Arrow Entertainment Group had more than 600 formats in its global programming portfolio.

>180
countries

SALES

In 2013, Red Arrow International sold TV formats to over 180 countries.


JAN FROUMAN, MANAGING DIRECTOR OF THE RED ARROW ENTERTAINMENT GROUP

14 creative and production companies in nine countries, the sales subsidiary Red Arrow International and numerous strategic partnerships: That is the Red Arrow Entertainment Group. Jan Frouman (42) manages the company that is one of the top 10 independent TV production companies in the world. Frouman summarizes what is needed for this success in simple terms: "A clear strategy, good ideas and attractive content."

How has Red Arrow Entertainment become a global player within four years?

JAN FROUMAN: We have built up 14 holdings in nine countries since 2010. Within our network, we bring together companies that really fit in with us – and that want to gain a real advantage from the close cooperation under our roof. If it makes sense, we found or purchase companies. But we also enter into strategic partnerships, for example with the Israeli digital and app developer Screenz. Now we have their products in our catalog and Screenz has an international sales company. It's working great!

Which titles are you particularly proud of?

JAN FROUMAN: The first that comes to my mind is "The Taste"  pages 2-11. We have sold the original show from the USA to more than 80 countries. A local adaptation is being produced in over 25 countries. This is a huge success! But we are also very happy with the new US series from our subsidiary Fabrik Entertainment: "Bosch" – based on the hit crime novels by Michael Connelly, which have 65 million readers around the world. Amazon acquired the pilot. It is available online, where customers can rate it. The feedback is excellent and there is a good chance that we will soon produce a whole season for Amazon.

So high-quality productions are being commissioned by online portals more and more often ...

JAN FROUMAN: Exactly, Netflix was just the start – we have been represented there since 2012 with the hit series "Lilyhammer", which we are selling worldwide and whose third season is being produced in 2014. We are delighted with this trend: The bigger the group of potential customers gets, the better.

Why is presence in the English-speaking markets in particular so important?

JAN FROUMAN: It's simple: Formats that are successful there get at least twice as much attention internationally. Anything that works in the USA or Great Britain is considered established. Therefore, we strengthened our presence there in recent years by making acquisitions and are now represented with four holdings. We are now in such a good position that we do not miss any global trend – and regularly set them ourselves.

What highlights will you realize in 2014 – can you tell us anything already?

JAN FROUMAN: There is a lot to look forward to – for example the production of English-speaking fiction formats. "100 Code" is a cooperation with Sky Deutschland. A great series set in Sweden with a cast including Dominic Monaghan – known from "The Lord of the Rings" and "Lost". And we are producing a TV film for Britain's BBC with the A-list stars Judi Dench and Dustin Hoffman.



“What is needed for our success? A clear strategy, good ideas and attractive content.”

JAN FROUMAN
Managing Director,
Red Arrow
Entertainment Group

Group Key Figures:
Multi-Year Overview**Group Key Figures: Multi-Year Overview** (Fig. 162)

EUR m	Q4 2013	Q4 2012	Q4 2011	Q4 2010	Q4 2009	Q4 2008	Q4 2007	Q4 2006	Q4 2005
Revenues	840.8	789.3	712.4	828.9	880.4	876.8	989.3	657.2	636.0
Revenue margin before income taxes (in percent)	27.3	27.3	26.7	23.9	19.5	-14.6	14.4	27.1	23.3
Total costs	587.9	554.1	466.7	572.6	651.8	915.8	772.3	471.6	480.6
Operating costs ¹	547.3	509.5	434.7	520.8	576.2	621.6	695.1	460.3	-/-
Consumption of programming assets	247.2	244.6	239.0	279.3	290.1	327.5	395.6	264.2	288.8
Recurring EBITDA ²	302.1	285.7	281.9	312.5	307.2	279.3	296.9	200.8	-/-
Recurring EBITDA margin (in percent)	35.9	36.2	39.6	37.7	34.9	31.9	30.0	30.6	-/-
EBITDA	288.7	269.3	266.5	292.9	293.0	251.7	281.1	200.2	167.8
Non-recurring items ³	-13.4	-16.5	-15.4	-19.6	-14.2	-27.6	-15.8	-0.6	-/-
EBIT	262.1	241.3	249.3	260.8	239.2	3.5	222.1	189.4	156.8
Financial result	-32.3	-25.9	-58.9	-63.0	-67.3	-133.3	-79.6	-11.0	-10.0
Profit before income taxes	229.8	215.4	190.4	197.8	171.9	-128.0	142.5	178.4	147.9
Consolidated net profit (after non-controlling interests) ⁴	59.4	99.0	129.9	181.4	113.4	-170.0	39.5	113.4	96.9
Profit from discontinued operations (net of income taxes)	-95.6	-63.7	-36.2	34.4	-/-	-/-	-/-	-/-	-/-
Underlying net income ⁵	158.9	163.8	175.9	158.8	137.1	78.2	75.3	114.4	-/-
Basic earnings per share (underlying) ⁶	0.75	0.77	0.83	-/-	-/-	-/-	-/-	-/-	-/-
Investments in programming assets	182.5	183.8	211.4	240.0	267.8	329.3	366.9	261.1	253.9
Free cash flow	306.4	262.8	237.5	203.5	241.6	389.2	213.9	190.7	162.7
Cash flow from investing activities	-223.4	-207.5	-222.8	-285.7	-305.1	-67.1	-432.1	-268.0	-261.1

EUR m	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues	2,605.3	2,356.2	2,199.2	2,601.0	2,760.8	3,054.2	2,710.4	2,104.6	1,989.6
Revenue margin before income taxes (in percent)	20.2	19.4	15.8	12.6	8.4	-2.2	9.2	18.4	17.6
Total costs	1,961.9	1,768.8	1,628.0	2,045.4	2,310.7	2,851.0	2,341.9	1,672.4	1,620.3
Operating costs ¹	1,835.8	1,624.6	1,482.9	1,820.6	2,077.5	2,413.1	2,063.1	1,629.7	-/-
Consumption of programming assets	858.7	838.7	864.3	957.0	1,068.6	1,247.1	1,145.8	946.0	947.2
Recurring EBITDA ²	790.3	744.8	725.5	791.5	696.5	674.5	662.9	487.0	-/-
Recurring EBITDA margin (in percent)	30.3	31.6	33.0	30.4	25.2	22.1	24.5	23.1	-/-
EBITDA	757.8	680.4	652.5	693.8	623.0	618.3	522.3	484.3	418.5
Non-recurring items ³	-32.6	-64.4	-73.0	-97.7	-73.5	-56.2	-140.6	-2.7	-/-
EBIT	668.9	600.9	580.5	566.8	475.1	263.5	385.3	444.3	382.7
Financial result	-142.0	-144.4	-232.7	-238.2	-242.4 ⁹	-334.9	-135.5	-57.6	-33.0
Profit before income taxes	526.9	456.5	347.8	328.6	233.1 ⁹	-68.4	249.8	386.7	350.7
Consolidated net profit (after non-controlling interests) ⁴	312.1	295.0	637.5	312.7	146.6 ⁹	-129.1	89.4	240.7	220.9
Profit from discontinued operations (net of income taxes)	-47.6	-30.2	373.2	78.1	-/-	-/-	-/-	-/-	-/-
Underlying net income ⁵	379.7	355.5	272.4	275.2	186.8 ⁹	170.4	272.8	244.8	-/-
Basic earnings per share (underlying) ⁶	1.78	1.68	1.28	1.69	0.88	0.79	1.26	-/-	-/-
Investments in programming assets	860.2	843.3	938.9	1,098.6	1,227.2	1,397.0	1,176.7	955.0	907.3
Free cash flow	330.1	256.3	201.2	179.0	157.4	183.8	-1,675.4	292.4	70.1
Cash flow from investing activities	-1,018.3	-945.8	-973.4	-1,186.4	-1,320.1	-1,175.0	-3,269.0	-979.6	-1,095.7

Group Key Figures: Multi-Year Overview

EUR m	12/31/2013	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Programming assets	1,201.6	1,276.9	1,531.3	1,654.6	1,526.5	1,380.0	1,317.7	1,056.3	1,057.5
Equity	584.1	1,500.8	1,441.4	1,025.9	607.0 ⁹	506.7 ⁹	1,090.1 ⁹	1,240.5	1,187.7
Equity ratio (in percent)	16.4	27.7	28.6	16.2	9.8 ⁹	8.5 ⁹	18.2 ⁹	64.2	58.9
Cash and cash equivalents	395.7	702.3	517.9	740.7	737.4	632.9	250.8	63.5	157.6
Financial liabilities	1,842.0	2,573.1	2,335.7	3,761.9	4,032.1	4,039.8	3,579.5	185.6	387.2
Leverage ⁷	1.8¹⁰	2.0 ¹²	2.1	3.3	4.7	5.1	5.0	0.3	- / -
Net financial debt	1,446.3¹¹	1,780.4 ¹²	1,817.8	3,021.0	3,294.6	3,406.7	3,328.4	121.8	227.2
Employees ⁸	3,590	3,026	2,605	4,117	4,814	5,450	4,852	2,976	2,788

Segment Key Figures: Multi-Year Overview (Fig. 163)

EUR m	2013	2012
Broadcasting German-speaking		
External revenues	1,997.8	1,926.0
Recurring EBITDA ²	678.6	665.1
Recurring EBITDA margin (in percent) ¹³	32.7	33.3
EBITDA	649.9	613.2
Digital & Adjacent		
External revenues	483.7	334.8
Recurring EBITDA ²	105.4	84.9
Recurring EBITDA margin (in percent) ¹³	21.6	25.3
EBITDA	100.9	76.6
Content Production & Global Sales		
External revenues	123.8	95.4
Recurring EBITDA ²	10.6	4.3
Recurring EBITDA margin (in percent) ¹³	6.3	3.1
EBITDA	11.5	1.5

1 Total costs excl. D&A and non-recurring expenses.

2 EBITDA before non-recurring (exceptional) items.

3 Non-recurring expenses netted against non-recurring income.

4 Consolidated net profit attributable to shareholders of ProSiebenSat.1 Media AG including discontinued operations.

5 Consolidated profit for the period attributable to shareholders of ProSiebenSat.1 Media AG before the effects of purchase price allocations and additional special items.

6 Up to 2010, the adjusted basic earnings per preference share are reported. Due to the merger of the share classes in 2012, from 2011 the basic earnings per common share (underlying) are shown.

7 Ratio net financial debt to recurring EBITDA in the last twelve months.

Explanation of reporting principles in the fourth quarter / at December 31, 2013: The figures for the 2013 financial year and the fourth quarter of 2013 relate to the key figures from continuing operations in line with IFRS 5, i.e. not including the revenues and earnings contributions of the sold Northern European activities deconsolidated as of April 9, 2013, and the Eastern European activities classified as held-for-sale until the completion of the sale transaction. For the income statement and cash flow statement, the figures for the previous year were presented on a comparable basis. The income statement items of the entities concerned are grouped as a single line item, result from discontinued operations, and reported separately. The result from discontinued operations includes both the net profit generated by the companies sold or held for sale and the gain on disposal of the Northern European subsidiaries and is presented after taxes.

Reporting for the fourth quarter and full year 2013 is based on the new segment structure. To ensure comparability of the current quarterly figures with those of the

8 Full-time equivalent positions as of reporting date from continuing operations.

9 After changes in accounting policies according to IAS 8 and corresponding adjustment of previous-year figures. For information regarding the change in accounting policy, please refer to the Annual Report 2010, page 123.

10 After reclassification of cash and cash equivalents of Eastern European operations. Adjusted for the LTM recurring EBITDA contribution of Northern and Eastern European operations for the last twelve months.

11 After reclassification of cash and cash equivalents of Eastern European activities.

12 Before reclassification of cash and cash equivalents from the Northern and Eastern European activities.

13 Based on total segment revenues, see Note 35 "Segment reporting".

The 2011 figures (income statement and cash flow statement) have also been adjusted for the figures from operations in Belgium and the Netherlands sold in 2011. This relates to the Belgian TV operations and the TV and Print operations in the Netherlands, which were deconsolidated on closing of the respective share purchase agreements in June and July 2011. The income statement items of these entities are separately presented as a single line item result from discontinued operations. The 2011 result from discontinued operations contains the net profit as well as the gain on disposal and is presented after taxes. The figures for 2010 (income statement and cash flow statement) have only been adjusted for the figures of the operations sold in 2011. The previous year's figures in the statement of financial position were not adjusted.

previous year, the figures for the previous year were adjusted to the new segment structure. There is no multi-year comparison.

Finance Glossary

C

Cash flow hedge

Guarding against the risk of variable cash flows with derivative financial instruments.

Cash flow statement

The cash flow statement shows how cash and cash equivalents have changed as a result of cash inflows and outflows during the period. It is broken down into cash flow from operating activities, cash flow from investing activities and cash flow from financing activities. Cash and cash equivalents shown in the cash flow statement correspond to the cash and cash equivalents reported on the statement of financial position as of at the reporting date. Cash flow from operating activities is derived indirectly from the consolidated profit or loss from continuing operations for the period.

Common share

Voting share without any preferential rights (opposite: preference share).

Credit facility

Defined loan framework at one or more banks which can be utilized to cover credit requirements.

D

Derivative finance instruments

Financial instruments whose value or price depends on future prices or other asset values (underlyings). These include swaps and options.

E

EBIT

Abbreviation for Earnings before Interest and Taxes.

EBITDA

Abbreviation for Earnings before Interest, Taxes, Depreciation and Amortization.

F

Financial covenants

Obligations in the context of loan contracts. These relate primarily to key financial indicators that the borrower has to comply with.

Financial result

Is composed of the interest result, other financial result and income from investments accounted for using the equity method.

Free cash flow

A key parameter for assessing the financial strength of the Group. Total cash and cash equivalents generated in operating business less the balance of cash used and generated in the context of investing activities.

Freefloat

The number of shares in a company that are owned by many different shareholders and are thus widely spread.

H

Hedge accounting

Shows an economic hedge relationship in line with IAS 39. Here what are often opposing value changes of the hedged underlying transactions and the derivative financial instruments used for hedging are recorded in accounting terms.

I

Impairment test

Examination of the value of assets, especially for goodwill and intangible assets with indefinite useful lives. If the carrying amount exceeds the recoverable amount, then an impairment must generally be recognized in the income statement.

Interest rate swaps

Derivative financial instruments to swap cash flows. For example, with interest rate swaps a swap is made between fixed and floating rate cash flows.

L**Leverage**

Shows how high net debt is in relation to recurring EBITDA in the last twelve months.

Leverage factor

Common key ratio for measuring the debt position. It is calculated as the ratio of net financial debt to recurring EBITDA of the last twelve months.

N**Net financial debt**

Total loans and borrowings minus cash and cash equivalents and current financial assets.

O**Operating costs**

Total costs excluding depreciation and amortization as well as non-recurring expenses. Relevant cost variable for calculating recurring EBITDA.

P**Preference share**

Share that does not generally confer a voting right, but instead grants other benefits, usually in the form of a higher dividend (opposite: common share).

Programming assets

Rights to TV program content (e.g. feature films, series, commissioned productions) capitalized as a separate item due to their particular importance for the financial position and performance at the ProSiebenSat.1 Group. Feature films and series are posted on the statement of financial position as of the beginning of the license term. Commissioned productions are capitalized as broadcast-ready programming assets as of their date of formal acceptance. Until being broadcast, sport rights are included in advance payments. They are then posted to programming assets. When programs are broadcast, a program consumption item is posted in the income statement.

R**Recurring EBITDA**

Earnings before Interest, Taxes, Depreciation and Amortization. Describes earnings before interest, taxes, depreciation and amortization, adjusted for non-recurring items.

Revolving Credit Facility (RCF)

A credit framework that can be repaid and then utilized again within a specific time period.

T**Term loan**

Loan in which the loan obligation is repaid at the end of the agreed duration (secured term loan).

Total costs

Total of cost of sales, selling expenses and administrative expenses, as well as other operating expenses.

U**Underlying net income**

Consolidated profit after non-controlling interests from continuing activities, before the effects of purchase price allocations and other special items.

W**Working capital**

Calculated on the basis of current assets minus current liabilities, thus providing an assessment of liquidity.

Media Glossary

A

Arbeitsgemeinschaft Fernsehforschung (AGF)

In the Arbeitsgemeinschaft Fernsehforschung (Working Group of Television Research), the ARD and ZDF broadcasters, the ProSiebenSat.1 Media AG station groups and the RTL Deutschland media group join forces to carry out and develop continual quantitative television audience research in Germany (ratings). The data collected exclusively by the GfK TV research department is recognized in the television market as the common currency for advertising and program planning. The AGF/GfK television panel includes 5,000 households consisting of almost 10,500 persons, which report on a daily basis (reporting basis D+EU television panel). This shows the television consumption of 72.20 million people from the age of 3 or 36.71 million television households (as of January 1, 2014).

Arbeitsgemeinschaft Online Forschung (AGOF)

Affiliation of leading online marketers in Germany. By providing standardized online coverage currency and comprehensive data on online media consumption, AGOF makes traditional and mobile internet a transparent and plannable advertising medium.

G

GfK Fernsehforschung

GfK Fernsehforschung is a department within the GfK Group (Gesellschaft für Konsumforschung) that collects TV consumption data for Germany exclusively on behalf of the Arbeitsgemeinschaft Fernsehforschung (AGF). On a daily basis, GfK Fernsehforschung records the TV consumption of the households on the television panel, the people living in these households and their guests with electronic measuring instruments. This data is considered "the currency" in Germany's TV market.

Gross advertising expenditure

Money spent by advertisers on the placement of advertising. Gross advertising expenditure allows only limited conclusions to be drawn on actual advertising revenues, as it does not take into account discounts, self-promotional advertising or agency commissions.

H

High definition (HD)

High-definition video content as opposed to standard definition (SD). HD content is predominantly distributed via television, Blu-ray and the internet. On televisions, the standards used are 720p, 1080i und 1080p. Online, HD content is streamed (e.g. on YouTube) or distributed in various file formats (e.g. avi, mp4, mkv, mov) and specifications. "Native HD" means that the content was produced with HD devices from the start, and that it does not need to be upscaled to be broadcast in HD. HD content is transferred between devices via HDMI und can be protected against copying (HDCP). The HD standard is in further development.

Hybrid broadcast broadband TV (HbbTV)

Enables the link-up between TV and internet offerings. HbbTV, the standard for interactive television, is implemented in various ways by the TV broadcasters. HbbTV applications can offer comprehensive EPGs, HD Videotext, additional interactive services such as information to accompany programs, interactive voting fields or access to videos. HbbTV also supports the full provision of additional television-related services via a broadband internet connection.

I

Incubator

An institution that helps start-ups and entrepreneurs to found businesses and accompanies them on the way to self-sufficiency. The support ranges from technical consulting and coaching, through the provision of the required funding and infrastructure, to extensive service packages.

IPTV

Stands for Internet Protocol Television (IPTV). Films and television are transmitted over the internet – and in contrast to traditional broadcasting, not via cable or satellite. IPTV is neither a standard nor a design, and therefore only a generic term that may be encountered in various forms.

M

Media-for-revenue-share/media-for-equity

Describes a business model introduced by the ProSiebenSat.1 Group where start-up companies receive advertisement time in return for a revenue share and/or equity.

N**Net advertising revenue**

Advertising revenues less discounts, self-promotional advertising, agency commissions, etc.

Nielsen Media Research

Subsidiary of the American market research institute AC Nielsen. Nielsen Media Research, based in Hamburg, is devoted to monitoring the advertising market. It determines the gross advertising revenues (AdEx data) of the most important media types and advertising media (television, consumer and trade magazines, newspapers, radio, online and billboards) according to economic field, product group and family, company and brand.

P**Pay TV**

Television programming that can only be received if additional fees are paid. Special equipment (a decoder) is usually required.

R**Real-Time-Response Test (RTR)**

An instrument of market and program research: When initial sequences or a pilot episode of new TV formats are screened, test persons document their response and reactions using a type of remote control, with accuracy down to the second and in real time. This makes it possible to measure intuitive and spontaneous reactions without the participants first having to verbalize their impressions.

S**Second Screen**

A term describing the use of a second screen (mobile devices such as smartphones, tablets and notebooks) in parallel with broadcast television.

Smart TV

Ability of the TV set to be connected to the Internet. The TV set can therefore receive and display both broadcast and internet services. Some of the internet services are shown as apps in a gallery or portal, others are activated directly from a TV station's live programming by pressing the red button on the remote control.

Social TV

The linking of social media and television.

U**Unique User**

The "unique user" is the basis of the AGOF Internet Facts. The unit expresses how many people in a given period were exposed to an advertising medium or individual booking units and equates to net reach. The unique user is the basis for the calculation of the reach and audience structure of online advertising media and the regulation of essential factors for media planning such as weekly consumption, monthly consumption or building exposure.

V**Video-on-demand**

Allows the user to stream or download videos at any time.

Z**Zentralverband der deutschen Werbewirtschaft (ZAW)**

As a combination of associations whose members are business advertisers, the Zentralverband der deutschen Werbewirtschaft e.V. (ZAW) brings together the interests of the advertising industry, represents them to the outside world and determines the advertising investments (net) of all media types and advertising media on an annual basis. The association is dedicated to all matters concerning the advertising industry with the intention of making government regulation unnecessary.

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Editorial Information

How to reach us

Press

ProSiebenSat.1 Media AG
Corporate Communications
Medienallee 7
85774 Unterföhring
Tel. +49 [89] 95 07 – 11 45
Fax +49 [89] 95 07 – 11 59
E-Mail: info@ProSiebenSat1.com

Investor Relations

ProSiebenSat.1 Media AG
Investor Relations
Medienallee 7
85774 Unterföhring
Tel. +49 [89] 95 07 – 15 11
Fax +49 [89] 95 07 – 15 21
E-Mail: aktie@ProSiebenSat1.com

Published by

ProSiebenSat.1 Media AG
Medienallee 7
85774 Unterföhring
Tel. +49 [89] 95 07 – 10
Fax +49 [89] 95 07 – 11 21
www.ProSiebenSat1.com
HRB 124 169 AG München

Content and Design

ProSiebenSat.1 Media AG
Corporate Communications

hw.design.gmbh

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The ProSiebenSat.1 Group on the internet

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Forward-looking statements. This report contains forward-looking statements regarding ProSiebenSat.1 Media AG and the ProSiebenSat.1 Group. Such statements may be identified by the use of such terms as “expects,” “intends,” “plans,” “assumes,” “pursues the goal,” and similar wording. Various factors, many of which are outside the control of ProSiebenSat.1 Media AG, could affect the Company’s business activities, success, business strategy and results. Forward-looking statements are not historical facts, and therefore incorporate known and unknown risks, uncertainties and other important factors that might cause actual results to differ from expectations. These forward-looking statements are based on current plans, goals, estimates and projections, and take account of knowledge only up to and including the date of preparation of this report. Given these risks, uncertainties and other important factors, ProSiebenSat.1 Media AG undertakes no obligation, and has no intent, to revise such forward-looking statements or update them to reflect future events and developments. Although every effort has been made to ensure that the provided information and facts are correct, and that the opinions and expectations reflected here are reasonable, ProSiebenSat.1 Media AG assumes no liability and offers no warranty as to the completeness, correctness, adequacy and/or accuracy of any information or opinions contained herein.

FINANCIAL CALENDAR (Fig. 164)

02/27/2014	Press Conference/IR Conference on figures 2013 Press Release, Press Conference in Munich, Conference Call with analysts and investors
03/17/2014	Publication of the Annual Report 2013
05/08/2014	Publication of the Quarterly Report Q1 2014 Press Release, Conference Call with analysts and investors, Conference Call with journalists, Webcast
06/26/2014	Annual General Meeting 2014
06/27/2014	Dividend payment
07/31/2014	Publication of the Quarterly Report Q2 2014 Press Release, Conference Call with analysts and investors, Conference Call with journalists, Webcast
11/06/2014	Publication of the Quarterly Report Q3 2014 Press Release, Conference Call with analysts and investors, Conference Call with journalists, Webcast

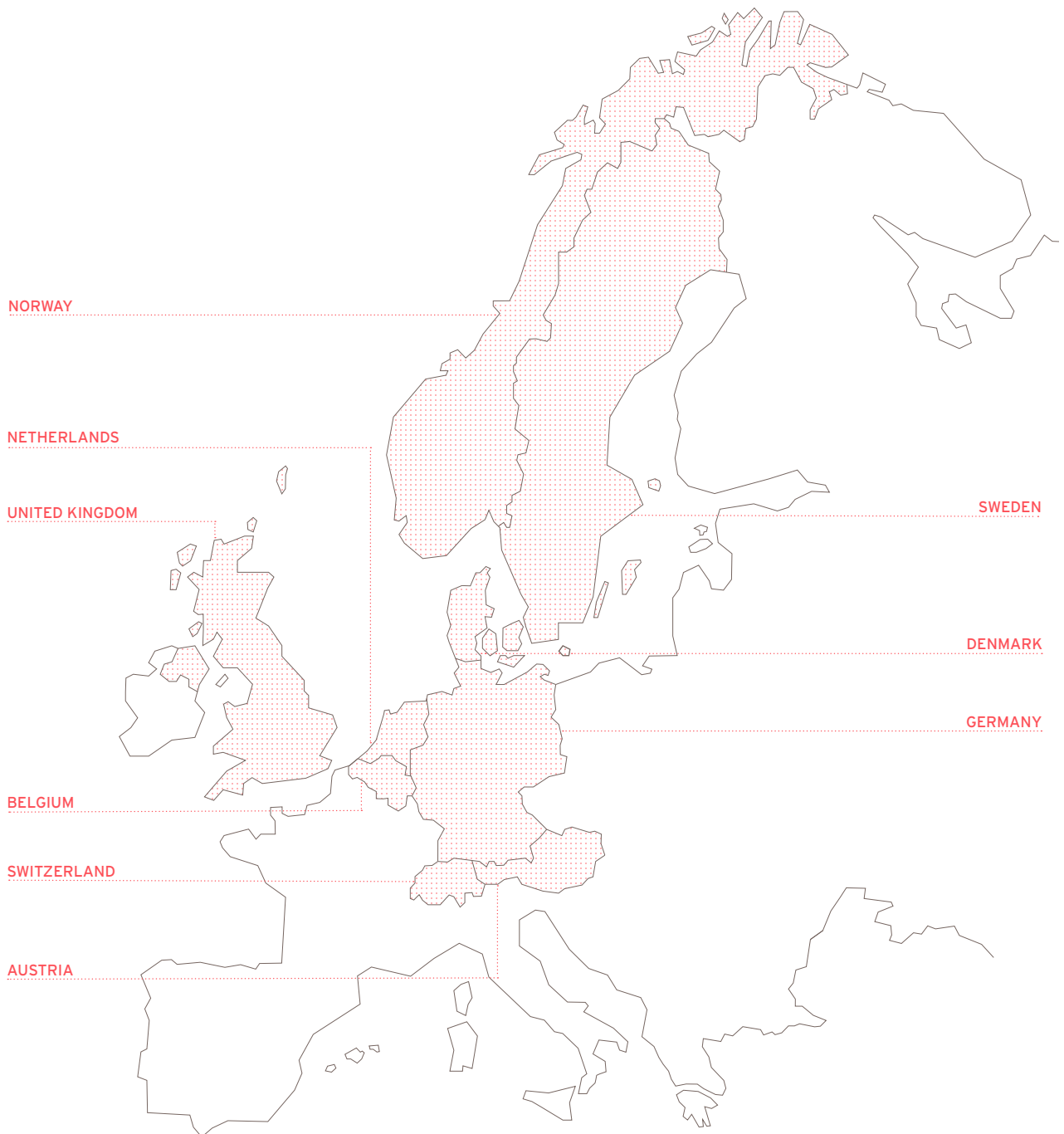
GROUP STRUCTURE (VI)

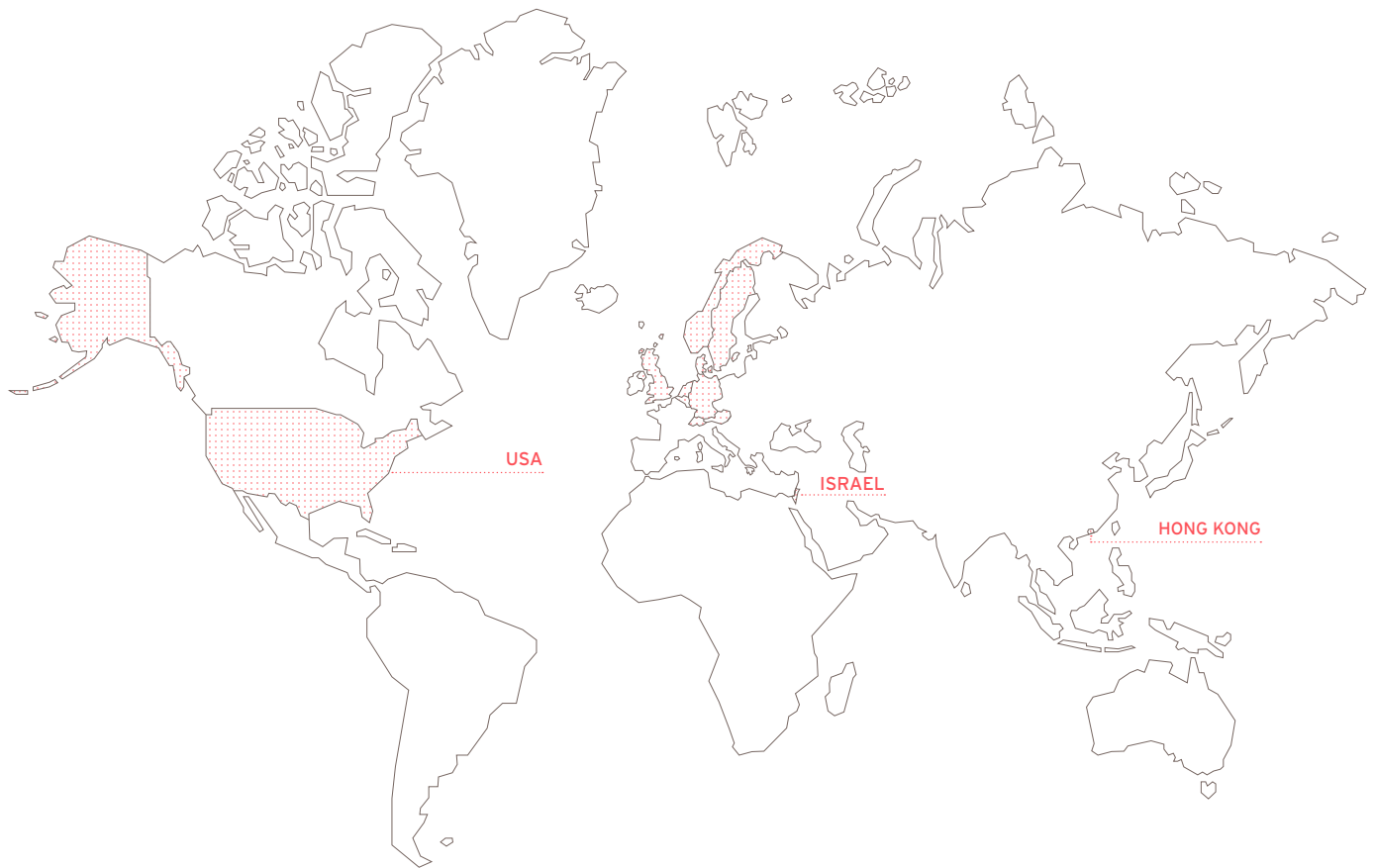
OF THE PROSIEBENSAT.1 MEDIA AG

ProSiebenSat.1 TV Deutschland GmbH 100%					SevenOne Brands GmbH 100%			
sixx GmbH 100%	SAT.1 Satelliten Fernsehen GmbH 100%	ProSieben Television GmbH 100%	kabel eins Fernsehen GmbH 100%	SevenPictures Film GmbH 100%	SevenOne Media GmbH 100%	ProSiebenSat.1 Puls 4 GmbH 100%	SevenOne Media (Schweiz) AG 100%	SevenOne AdFactory GmbH 100%
						Puls 4 TV GmbH 100%		
Red Arrow Entertainment Group GmbH 100%	ProSiebenSat.1 Welt GmbH 100%	P7S1 Erste SBS Holding GmbH 100%	P7S1 Zweite SBS Holding GmbH 100%	maxdome GmbH 100%	ProSiebenSat.1 Digital & Adjacent GmbH 100%		ProSiebenSat.1 Adjacent Holding GmbH 100%	
		P7S1 Broadcasting S.à r.l. 80 % / 20 %			ProSieben Travel GmbH 100%	ProSiebenSat.1 Digital GmbH 100%	ProSiebenSat.1 Licensing GmbH 100%	
		P7S1 Broadcasting Holding I B.V. 100%			EPIC Companies GmbH 100%	SevenVentures GmbH 100%	Starwatch Entertainment GmbH 100%	
		P7S1 Broadcasting Holding II B.V. 100%			Studio71 100%			

LOCATIONS OF THE PROSIEBENSAT.1 GROUP (VII)

The ProSiebenSat.1 Group is represented across the world with successful brands. The company headquarters is located in Unterföhring near Munich in Germany.





GERMANY

ProSiebenSat.1 Media AG, Headquarters

Broadcasting German-speaking

ProSiebenSat.1 TV Deutschland, SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, ProSieben MAXX, SevenOne Media, SevenOne AdFactory, SevenPictures, ProSiebenSat.1 Produktion

Digital & Adjacent

ProSieben Travel, ProSiebenSat.1 Digital, SevenVentures, Studio71, ProSiebenSat.1 Games, maxdome, MyVideo, AMPYA, ProSiebenSat.1 Licensing, Starwatch Entertainment, Sugar Ray, Booming

Content Production & Global Sales

Red Arrow Entertainment Group, Red Arrow International, Redseven Entertainment

AUSTRIA

Broadcasting German-speaking
SAT.1 Österreich, ProSieben Austria, kabel eins austria, sixx Austria, PULS 4, ProSiebenSat.1 PULS 4, SevenOne AdFactory (Österreich)

Digital & Adjacent

SevenVentures (Österreich)

BELGIUM

Content Production & Global Sales
Sultan Sushi Belgium

DENMARK

Content Production & Global Sales
Snowman Productions Denmark

HONG KONG

Content Production & Global Sales
Red Arrow International (Hongkong)

ISRAEL

Content Production & Global Sales
July August Productions

NETHERLANDS

Content Production & Global Sales
Sultan Sushi Netherlands

NORWAY

Content Production & Global Sales
Snowman Productions Norway

SWEDEN

Content Production & Global Sales
Hard Hat

SWITZERLAND

Broadcasting German-speaking
SAT.1 Schweiz, ProSieben Schweiz, kabel eins Schweiz, sixx Schweiz, SevenOne Media (Schweiz), SevenOne AdFactory (Schweiz)

Digital & Adjacent

SevenVentures (Schweiz)

UNITED KINGDOM

Content Production & Global Sales
CPL Productions, Endor Productions, NERD, Red Arrow Entertainment UK

USA

Content Production & Global Sales
Fabrik Entertainment, Kinetic Content, Left/Right, Red Arrow International (Los Angeles)



ProSiebenSat.1 Group

Medienallee 7
85774 Unterföhring
www.ProSiebenSat1.com