
Press release



ProSiebenSat.1 closes second quarter 2023 in line with expectations

- **Group revenues as announced below previous year:** Due to the continuing economic weakness in the German-speaking region as well as consolidation effects, Group revenues decreased to EUR 868 million in the second quarter of 2023 (previous year: EUR 1,043 million).
- **TV advertising market still characterized by consumer restraint, revenue growth in digital business:** TV advertising revenues in the German-speaking region declined in the second quarter compared to the previous year. The growth of digital & smart advertising revenues continued, driven by Joyn among others.
- **Earnings mainly declined due to lower profitability of advertising business:** As expected, the Group's adjusted EBITDA of EUR 79 million (previous year: EUR 155 million) in the second quarter was significantly below the previous year.
- **Full-year outlook confirmed:** Based on forecasts of economic research institutes, ProSiebenSat.1 expects an improved economic development in the second half of the year compared to the previous year, with corresponding positive effects on the advertising market in the German-speaking region.
- **Strong focus on cost efficiency:** The aim is to create processes clearly aligned to the digital transformation and a competitive cost base, while at the same time having headroom for strategically important investments.

Unterföhring, August 3, 2023. ProSiebenSat.1 Group closed the second quarter of 2023 as expected: Against the backdrop of the continuing challenging macroeconomic environment in the German-speaking region (Germany, Austria, Switzerland), Group revenues in this period were 17% below the previous year at EUR 868 million (previous year: EUR 1,043 million). The TV advertising business in particular continued to be affected by ongoing consumer restraint in the second quarter, albeit to a somewhat lesser extent than in the first quarter. Also consolidation effects had a negative impact on the Group's revenue performance. Organically¹, i.e., adjusted for portfolio and currency effects, revenues declined accordingly by 10%. These developments also characterized the half-year period: The Group recorded revenues of EUR 1,683 million (previous year: EUR 1,983 million) on a half-year basis, a decline of 15% or organically¹ of 9% compared to the previous-year period.

Bert Habets, Group CEO of ProSiebenSat.1 Media SE: "As expected, the second quarter continued to be characterized by a weak TV advertising market. This once again underlines how crucial it is that we focus on our digital business at ProSiebenSat.1. We are clearly aligning our organization and processes to our digital transformation. We are already seeing the first positive results here with our streaming platform Joyn: The launch in Austria was successful, advertising revenues on the platform are growing and Video Viewtime increased by 6% to 6.5 billion minutes watched in the second quarter. We are consistently pursuing this path, combined with our strong focus on costs and efficiency. With the organizational and strategic realignment now initiated, we are creating the basis for consistently implementing our growth strategy."

Operational development

In the second quarter of 2023, **external revenues** in the **Entertainment segment** were down 21% to EUR 592 million (previous year: EUR 748 million). Against the backdrop of the recessionary overall economic

environment, advertising customers continued to invest only cautiously in TV advertising, as expected. Accordingly, the segment's advertising revenues in the German-speaking region in the second quarter were 9% below the previous year. Hereby, the growth in digital & smart advertising revenues partially offset the decline in TV advertising revenues. Digital & smart advertising revenues recorded an increase of 5% in the German-speaking region, especially driven by the streaming platform Joyn and the audio segment. Segment revenues were also significantly impacted by a consolidation effect: The US production business of Red Arrow Studios, which was sold as of July 1, 2022, had still contributed revenues of EUR 75 million in the second quarter of the previous year. Organically¹, segment revenues in the second quarter were accordingly 13% below the previous year. These effects also impacted the segment's revenue development in the first half of the year: External revenues recorded a decline of 21% to EUR 1,119 million (previous year: EUR 1,410 million) or organically¹ of 13%.

External revenues in the **Commerce & Ventures segment**, by contrast, grew again and were up 3% at EUR 169 million (previous year: EUR 164 million). Organic¹ growth was also 3%. This was driven by the online comparison portal Verivox (Consumer Advice). Verivox has benefitted from the easing in the energy markets since the beginning of the year and has since returned to dynamic and profitable growth. In addition, the Beauty & Lifestyle business with flaconi increased despite ongoing consumer restraint in the German-speaking region. In contrast, the media-for-revenue and media-for-equity business of SevenVentures declined as expected, partly due to the weak advertising environment. In the months January to June 2023, segment revenues grew in total by 9% to EUR 340 million (previous year: EUR 311 million) or organically¹ by 10%. Here, too, the strong growth in the Digital and Commerce portfolio, driven in particular by Verivox and flaconi, more than compensated for the revenue decline at SevenVentures.

External revenues in the **Dating & Video segment** amounted to EUR 107 million in the second quarter of 2023, a decrease of 18% (previous year: EUR 130 million), or 16% adjusted for currency effects. Last year, stricter regulations regarding fair consumer contracts came into force in Germany, affecting in particular the subscription models of the Parship and ElitePartner platforms, which had a significant impact on revenue development in the second quarter. The Dating unit is also influenced by the ongoing consumer restraint in the German-speaking region. At the same time, video revenues declined in a highly competitive environment, after the offering benefited during the COVID-19 pandemic from more intense usage and from stimulus payments in the US. On a half-year basis, segment revenues decreased by 14% to EUR 225 million (previous year: EUR 262 million), adjusted for currency effects this represents a decline of 15%.

Above all, the revenue decline in the highly profitable advertising business in particular had a significant negative impact on the Group's earnings figures, as did the negative effects from the full consolidation of Joyn: **Adjusted EBITDA** declined by 49% to EUR 79 million in the second quarter of 2023 (previous year: EUR 155 million). On a half-year basis, the Group's adjusted EBITDA amounted to EUR 133 million (previous year: EUR 267 million). As a result, **adjusted net income** also decreased significantly and was at EUR 4 million in the second quarter (previous year: EUR 64 million); in a half-year comparison, adjusted net income declined to minus EUR 11 million (previous year: EUR 101 million). **Net income** in the second quarter was minus EUR 56 million (previous year: EUR -30 million). This was mainly due to the recognition of a restructuring provision of EUR 58 million in connection with the previously announced realignment of the Group. Against this backdrop, net income recorded a decline to minus EUR 86 million on a half-year basis (previous year: EUR -11 million).

The adjusted EBITDA development also impacted other important key figures of ProSiebenSat.1 Group: The **leverage ratio** was 3.3x as of June 30, 2023 (December 31, 2022: 2.4x; June 30, 2022: 2.4x²); the Group's **net financial debt** amounted to EUR 1,782 million as of June 30, 2023 (December 31, 2022: EUR 1,613 million; June 30, 2022: EUR 1,881 million²). This figure thus improved by EUR 99 million compared to the end of the previous year's quarter but deteriorated by EUR 169 million compared to the end of 2022. This is particularly due to the development of the Group's cash flow and its usual seasonality.

Martin Mildner, Group CFO of ProSiebenSat.1 Media SE: “As expected and also announced, the weak economy and its consequences for consumer sentiment and advertising spending strongly impacted our results in the second quarter as well as the entire first half of the year. In contrast, we however recorded good growth with our digital offerings, such as Joyn and our podcast business, as well as with our commerce platforms like Verivox and flaconi. In the second half of the year, we expect our advertising business to recover in the course of a brighter economic development compared to the previous year, and thus to see significant catch-up effects in terms of revenues and earnings. In the third quarter, we currently expect the Group’s adjusted EBITDA to develop stable year-on-year. At the same time, we focus on consistently implementing our cost program, in order to improve ProSiebenSat.1’s profitability in the long-term.”

Outlook

ProSiebenSat.1 confirms the Group’s forecast³ for the financial year 2023 on the assumption that the economy in the German-speaking region (Germany, Austria, Switzerland) will recover in the second half of 2023 in line with the current expectations of economic research institutes. As an early-cyclical company, the Group is likely to benefit from this forecast economic recovery in the second half of 2023, as high-margin advertising revenues in particular correlate closely with macroeconomic developments. In this context, the last four months of the year are particularly crucial, as these are the strongest period for ProSiebenSat.1’s advertising business in terms of revenues and earnings.

On this basis, ProSiebenSat.1 Group continues to expect for full-year 2023 **Group revenues** of around EUR 4.10 billion with a variance of plus/minus EUR 150 million (previous year’s figure adjusted for currency and portfolio effects: EUR 4.02 billion⁴) and **adjusted EBITDA** of around EUR 600 million with a variance of plus/minus EUR 50 million (previous year’s figure adjusted for currency and portfolio effects: EUR 623 million⁵). This expectation includes negative consolidation effects in the mid double-digit million EUR amount from the complete takeover of the streaming platform Joyn. Opposing effects with a pro rata impact in 2023 from a cost reduction program initiated by the Group at the beginning of the year are also reflected here.

ProSiebenSat.1 also confirms the outlook for the other most important financial performance indicators as published in the Annual Report on April 28, 2023 (Annual Report 2022, pp. 198-201).

(1) Organic = adjusted for portfolio and currency effects.

(2) This includes cash and cash equivalents of EUR 70 million, which were reclassified to “assets held for sale” as of June 30, 2022, in connection with the sale of the US production business of Red Arrow Studios.

(3) Excluding further portfolio changes. For the outlook regarding all the key figures described, the Group uses a EUR/USD exchange rate of USD 1.05 to the euro in financial year 2023.

(4) Based on revenues in financial year 2022 translated at the exchange rates used for planning purposes in financial year 2023 less the revenues of companies deconsolidated in 2022, in particular of the US production business of Red Arrow Studios totaling EUR 135 million. The revenue contribution in particular of Joyn GmbH, which has been fully consolidated since November 2022, was proforma for the months January to October 2022. This results in a change in the Group’s external revenues of minus EUR 4 million.

(5) Based on adjusted EBITDA in financial year 2022 translated at the exchange rates used for planning purposes in financial year 2023 less the adjusted EBITDA of the companies deconsolidated in 2022, in particular of the US production business of Red Arrow Studios in a non-significant amount. The adjusted EBITDA contribution in particular of Joyn GmbH, which has been fully consolidated since November 2022, was proforma for the months January to October 2022. This results in a change in the Group’s adjusted EBITDA of minus EUR 55 million.

Further key figures can be found on our Group website at www.ProSiebenSat1.com. The half-yearly financial report for 2023 and the presentation will also be available here from 7:30 a.m. on August 3, 2023.

Key figures of ProSiebenSat.1 Group

in EUR m

	Q2 2023	Q2 2022 ⁽¹⁾	Absolute change	Change in %	H1 2023	H1 2022 ⁽¹⁾	Absolute change	Change in %
Revenues	868	1,043	-175	-16.8	1,683	1,983	-300	-15.1
Adjusted EBITDA ⁽²⁾	79	155	-76	-48.9	133	267	-135	-50.3
Adjusted net income ⁽³⁾	4	64	-60	-94.1	-11	101	-112	~
Adjusted operating free cash flow ⁽⁴⁾	-33	109	-142	~	-57	254	-311	~

Key figures of ProSiebenSat.1 Group

in EUR m

	June 30, 2023	Dec. 31, 2022	June 30, 2022 ⁽¹⁾
Employees ⁽⁵⁾	7,393	7,284	7,800
Programming assets	1,074	1,086	1,098
Cash and cash equivalents	336	504	490
Net financial debt ⁽⁶⁾	1,782	1,613	1,881 ⁽⁸⁾
Leverage ratio ⁽⁷⁾	3.3	2.4	2.4 ⁽⁸⁾

(1) Prior-year figures partly adjusted, see Annual Report 2022, Notes to the Consolidated Financial Statements, note 3 "Changes in reporting standards and accounting policies" and note 2 "Retrospective adjustment of accounting for voucher sales in financial year 2022" of this half-yearly financial report. (2) EBITDA before reconciling items. (3) Net income attributable to shareholders of ProSiebenSat.1 Media SE before the amortization and impairments from purchase price allocations as well as impairments of goodwill, adjusted for the reconciling items. These include valuation effects recognized in other financial result, valuation effects of put option liabilities, valuation effects from interest rate hedging transactions as well as other material one-time items. Moreover, the tax effects resulting from such adjustments are also adjusted. Please refer to the "Planning and Management" section of the 2022 Annual Report. (4) For a definition of the adjusted operating free cash flow, please refer to the "Planning and Management" section of the 2022 Annual Report. (5) Full-time equivalent positions. The decline of 407 employees compared to June 30, 2022, is primarily attributable to the disposal of the US production companies of Red Arrow Studios and the reorganization of ParshipMeet Group – especially in the video business in the US. An opposing effect resulted in particular from the integration of the streaming platform Joyn. (6) As of June 30, 2023, the definition of ProSiebenSat.1 Group's net financial debt does not include lease liabilities in accordance with IFRS 16 of EUR 171 million (December 31, 2022: EUR 178 million; June 30, 2022: EUR 185 million) and real estate liabilities of EUR 154 million (December 31, 2022: EUR 133 million; June 30, 2022: EUR 107 million). (7) Ratio of net financial debt to adjusted EBITDA in the last twelve months. (8) Before reclassification of cash and cash equivalents of assets held for sale.

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