
Press Release



ProSiebenSat.1 remains on growth course in Q2 2014

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- Consolidated revenues grow by 10.6 % to EUR 691.1 million
- Recurring EBITDA rises by 4.8 % to EUR 219.1 million
- Underlying net income increases by 3.6 % to EUR 108.1 million
- Group confirms positive full-year outlook

Munich, July 31, 2014. The ProSiebenSat.1 Group has continued its profitable growth in the second quarter of 2014: The Group increased its total revenues by 10.6 % to EUR 691.1 million (previous year: EUR 624.8 million), to which all segments contributed. Recurring EBITDA rose by 4.8 % to EUR 219.1 million compared to the same quarter of the previous year (previous year: EUR 209.2 million). Underlying net income grew by 3.6 % to EUR 108.1 million (previous year: EUR 104.3 million). In the first six months of 2014, the Company generated revenues of EUR 1.272 billion (previous year: EUR 1.188 billion). This equates to an increase of 7.1 % year-on-year. Recurring EBITDA grew by 6.6 % to EUR 359.3 million in the same period (previous year: EUR 337.2 million), underlying net income by 5.5 % to EUR 163.8 million (previous year: EUR 155.3 million).

Thomas Ebeling, CEO of ProSiebenSat.1 Media AG: "We increased our revenues dynamically in all key areas in the second quarter and thus continued to grow profitably. Our TV advertising revenues rose again. At the same time, our distribution revenues and our Digital & Adjacent business developed very positively. For this reason we are starting the second half of the year optimistically."

Broadcasting German-speaking: Leading position in the advertising market expanded, distribution revenues grown dynamically

In the Broadcasting German-speaking segment, the ProSiebenSat.1 Group grew significantly in the second quarter of 2014: External revenues increased by 5.0 % to EUR 511.2 million (previous year: EUR 486.7 million). In addition to higher TV advertising revenues, dynamically growing revenues from the distribution business again contributed to this result. Lower programming sales proceeds in the context of sublicensing had a contrary effect. On a half-year basis, revenues rose by 3.5 % to EUR 960.4 million (previous year: EUR 927.8 million).

In the German TV audience market, the ProSiebenSat.1 Group was again the market leader (viewers aged 14 to 49). On a half-year basis, the Group grew by significant 0.8 percentage points to 28.0 %. The second quarter of 2014 was dominated by the soccer World Cup: At 27.5 % (previous year: 27.9 %),

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ProSiebenSat.1 was down on the comparative period as expected. However, at 0.4 percentage points, the decline among ProSiebenSat.1's stations was smaller than during any previous World Cup. This is primarily attributable to the ongoing growth of the Group's new stations: The two women's stations, sixx and SAT.1 Gold, and the men's station ProSieben MAXX continued their growth unchanged in the second quarter of 2014.

The ProSiebenSat.1 Group further extended its lead in the German TV advertising market: The Group increased its gross TV advertising market share to 44.9 % in the second quarter of 2014 (previous year: 43.7 %). Thereby, ProSiebenSat.1 benefited from a strong market environment: Of the top ten sectors of the TV advertising industry, seven increased their spending, five of which by double-digit figures. The late Easter date in April also provided positive impetus, as advertising budgets were shifted into the second quarter. At the same time, TV again made considerable gains in the media split with growth of 1.5 percentage points and a share of 45.0 %.

In addition, the distribution business continued to develop dynamically: The number of HD free TV users increased by 33 % to 4.8 million year-on-year. Via the distribution business, the ProSiebenSat.1 Group strengthens its independence from the traditional TV advertising business. The Group participates in the technical access fees for its HD free TV programs. In this context, the Company announced today that Unitymedia KabelBW and ProSiebenSat.1 have successfully expanded and extended their current contractual partnership for the long term.

Despite higher costs – among others in connection with the expansion of the station portfolio – recurring EBITDA increased by 3.3 % to EUR 188.4 million (previous year: EUR 182.4 million). On a half-year basis, the Broadcasting German-speaking segment achieved recurring EBITDA of EUR 308.2 million and was thus 5.1 % higher than in the previous year (previous year: EUR 293.4 million).

Digital & Adjacent: Revenues rise by 33 %

In the Digital & Adjacent segment, the external revenues of the ProSiebenSat.1 Group grew significantly with an increase of 32.6 % to EUR 149.2 million in the second quarter of 2014 (previous year: EUR 112.6 million). The share in Group revenues thus rose to 21.6 % (previous year: 18.0 %). On a half-year basis, external segment revenues also developed dynamically and climbed by 21.9 % to EUR 255.1 million (previous year: EUR 209.2 million).

With its digital entertainment offerings, the ProSiebenSat.1 Group remains the leading online video marketing company. In the second quarter of 2014, the ProSiebenSat.1 Group achieved a market share of 46.8 % in Germany (source: Nielsen Media Research). maxdome, Germany's largest video-on-demand portal, also made a notable contribution to the segment's revenue growth again. Through partnerships with Entertain, Xbox One and Chromecast, ProSiebenSat.1 further extended maxdome's reach. The video-on-demand platform is now available on over 35 million devices. At the same time, the



Games business made a considerable contribution to revenues due to consolidation effects: In the first quarter, ProSiebenSat.1 acquired the online games publisher Aeria Games Europe; the Berlin based company has been included in the consolidated financial statements with closing of the transaction since April 2014. Aeria Games is going to launch six new online games in the second half of the year.

The strongest growth driver in the Digital & Adjacent segment in the second quarter of 2014 was the digital commerce business. The travel cluster in particular continued to develop dynamically. The travel portals weg.de and ferien.de, first included in the consolidated financial statements in January 2014, provided important revenue contributions. ProSiebenSat.1 is planning to establish new e-commerce clusters in the area of Beauty & Accessories and Home & Living in the coming months: In the second quarter, the Group already increased its stake in Flaconi, the second-largest online store for perfume and cosmetics on the German-speaking market, and acquired a majority interest in the online portal moebel.de. The transactions closed in July 2014. At the same time, the ProSiebenSat.1 Group further extended its media-for-equity and media-for-revenue business and agreed the third international partnership in the Ventures unit with Dynamic Yield.

The ProSiebenSat.1 Group also generated double-digit growth rates in the Digital & Adjacent segment on the basis of recurring EBITDA: EBITDA adjusted for non-recurring effects climbed 26.2 % to EUR 30.8 million in the second quarter of 2014 (previous year: EUR 24.4 million). On a half-year basis, recurring EBITDA increased by 23.2 % to EUR 54.6 million (previous year: EUR 44.3 million).

Red Arrow Entertainment: Largest revenue contribution comes from the USA

External revenues in the Content Production & Global Sales segment increased in the second quarter of 2014 by 20.6 % to EUR 30.7 million (previous year: EUR 25.4 million). In the first half of 2014, external revenues rose by 12.2 % to EUR 56.7 million (previous year: EUR 50.5 million).

In the second quarter of 2014, the production business in the USA made the largest contribution to revenues in the Content Production & Global Sales segment: The initial consolidation of Half Yard Productions was a significant driver of revenue growth. Half Yard is one of the leading US production firms in the reality, factual entertainment and documentary segment. At the same time, Red Arrow Entertainment achieved new hit programs in the USA: The Red Arrow subsidiary Fabrik Entertainment is currently producing the drama series "Odyssey" for NBC as Executive Producer in cooperation with Universal TV. Moreover, the Red Arrow production "Married At First Sight" launched on A+E Networks' FYI channel with market shares well above the average.

In the second quarter of 2014, recurring EBITDA decreased to EUR 1.3 million (previous year: EUR 3.0 million). On a half-year basis, recurring EBITDA in the Content Production & Global Sales segment was minus EUR 1.2 million



(previous year: EUR 1.8 million). Red Arrow will offset the decline in earnings over the full year and expects to exceed last year's result.

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Group invests in sustainable growth across all segments

The Group is investing in sustainable growth across all segments, and is strengthening its market position on the basis of strategic acquisitions. The objective is to diversify revenue models and to expand into rapidly growing markets. Especially in the Digital & Adjacent segment, growth increased costs in the second quarter of 2014. In the core TV business, higher costs in connection with the expansion of the station portfolio also had an impact. As a result, total costs rose by 13.7 % or EUR 62.5 million to EUR 518.0 million in the second quarter of 2014. Operating costs adjusted for non-recurring expenses, depreciation and amortization amounted to EUR 476.1 million. This equates to an increase of 13.1 % or EUR 55.0 million.

ProSiebenSat.1 grows profitably, leverage factor in target range

EBITDA grew to EUR 208.7 million in the second quarter of 2014 and was thus 5.6 % or EUR 11.1 million higher than in the previous year. This includes non-recurring expenses incurred among others in connection with the bundling of games activities in Berlin. EBITDA adjusted for non-recurring effects climbed by 4.8 % or EUR 10.0 million to EUR 219.1 million. The recurring EBITDA margin amounted to 31.7 % (previous year: 33.5 %) and reflects the Group's high level of profitability. Underlying net income increased by 3.6 % to EUR 108.1 million (previous year: EUR 104.3 million).

In the second quarter of 2014, the financial result amounted to minus EUR 44.2 million (previous year: EUR -41.4 million). This is attributable to the development of the other financial result of minus EUR 22.9 million (previous year: EUR -9.8 million), which includes one-time expenses as a result of the refinancing in April 2014 and impairments on financial investments. By issuing notes and concluding a new syndicated facilities agreement in April 2014, ProSiebenSat.1 put its financing on a broader basis while extending and diversifying the maturity profile. In this manner, the Group will improve its financing costs and the cash flow before taxes over the next four years by a total of approximately EUR 50 million.

The Group's leverage factor, defined as the ratio of net financial debt to recurring EBITDA of the last twelve months (LTM recurring EBITDA), was 2.2 times as of June 30, 2014, within the defined target range of 1.5 to 2.5 times (December 31, 2013: 1.8; June 30, 2013: 0.7). This increase by 26.1 % or EUR 377.5 million as against December 31, 2013 is primarily due to the dividend payment in June 2014 amounting to EUR 313.4 million.

Positive full-year outlook for 2014 confirmed

After a positive first half year, the ProSiebenSat.1 Group also started well into the third quarter of 2014. The Group confirms its targets for the full year of 2014 and continues to expect an increase in Group revenues by a mid to high single-digit percentage. It is also anticipating that, on a full-year basis, both recurring EBITDA and underlying net income will exceed the previous year's



level. In addition, the Group underscores its long-term growth targets and by 2018 anticipates additional revenues of EUR 1 billion compared to 2012.

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Unless otherwise stated, all statements and figures relate to continuing operations. At the end of 2012, ProSiebenSat.1 announced its intention to sell its Eastern European portfolio. The sale of the Hungarian activities was completed on February 25, 2014, and the companies deconsolidated as of this date. Until their deconsolidation, the Hungarian companies were recognized as discontinued operations as defined by IFRS 5. Part of the sale of the Romanian TV holdings was formally and legally closed on April 2, 2014, and thus at the start of the second quarter of 2014. The closing of the sale of the remaining Romanian companies is expected in the third quarter. The result from discontinued operations for the second quarter of 2014 thus includes both the net profit generated by the other Romanian companies held for sale and the deconsolidation result of the Romanian TV subsidiaries and is presented after taxes. The previous-year figures of the income statement and the cash flow statement are presented at company and segment level on a comparable basis. The comparative balance sheet figures of the previous year were not adjusted.



ProSiebenSat.1 Group key figures on the basis of continuing operations

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In EUR m	Q2 2014	Q2 2013	H1 2014	H1 2013
Revenues	691.1	624.8	1,272.2	1,187.6
Total costs	518.0	455.5	994.7	917.0
Operating costs ⁽¹⁾	476.1	421.1	922.6	859.4
Recurring EBITDA ⁽²⁾	219.1	209.2	359.3	337.2
Recurring EBITDA margin (in %)	31.7	33.5	28.2	28.4
EBITDA	208.7	197.6	344.6	320.7
Non-recurring effects	-10.4	-11.6	-14.7	-16.5
EBIT	177.5	176.3	287.3	281.0
Financial result	-44.2	-41.4	-82.5	-74.4
Net result (consolidated net profit after non-controlling interests)	89.4	90.7	138.4	140.7
Underlying net income ⁽³⁾	108.1	104.3	163.8	155.3
Basic earnings per share (underlying)	0.51	0.49	0.77	0.73
Free cash flow	99.4	9.7	-46.9	-12.7
Cash flow from operating activities	371.0	293.5	600.0	570.2

In EUR m	June 30, 2014	Dec 31, 2013	June 30, 2013
Equity	425.6	584.1	1,682.1
Equity ratio (in %)	12.5	16.4	37.2
Cash and cash equivalents	146.4	395.7	1,287.2
Net financial debt ⁽⁵⁾	1,823.7	1,446.3	553.8
Leverage ⁽⁴⁾⁽⁶⁾	2.2	1.8	0.7



Key data by segment on the basis of continuing operations

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In EUR m	Q2 2014	Q2 2013	H1 2014	H1 2013
Broadcasting German-speaking				
Revenues (external)	511.2	486.7	960.4	927.8
Recurring EBITDA ⁽²⁾	188.4	182.4	308.2	293.4
Digital & Adjacent				
Revenues (external)	149.2	112.6	255.1	209.2
Recurring EBITDA ⁽²⁾	30.8	24.4	54.6	44.3
Content Production & Global Sales				
Revenues (external)	30.7	25.4	56.7	50.5
Recurring EBITDA ⁽²⁾	1.3	3.0	-1.2	1.8

(1) Total costs excluding D&A and non-recurring expenses. (2) EBITDA before non-recurring (exceptional) items. (3) Consolidated profit for the period (after non-controlling interests) before the effects of purchase price allocations and other special effects. (4) Ratio of net financial debt to recurring EBITDA of the last twelve months. (5) After reclassification of cash and cash equivalents of Eastern European operations. (6) After reclassification of the cash and cash equivalents of the Eastern European activities. Adjusted for the LTM recurring EBITDA amount of the Northern and Eastern European activities.

More key figures can be downloaded on our Group website: www.ProSiebenSat1.com. There you can also find the report on the second quarter of 2014.