



## Q1 2005: ProSiebenSat.1 Group increases pre-tax profit despite adverse advertising market

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- Pre-tax profit grows 8.3 percent to EUR 47.1 million, despite 1.4 percent revenue decline to EUR 430.0 million
- Consolidated profit up 14.2 percent to EUR 28.7 million
- EBITDA down from EUR 69.1 million to EUR 64.2 million
- Outlook: Despite receding TV advertising market, Group will increase revenues and earnings again in 2005

**Munich, May 13, 2005.** The ProSiebenSat.1 Group's pre-tax profit rose in the first quarter of 2005. The figure climbed 8.3 percent, from EUR 43.5 million for Q1 2004 to EUR 47.1 million. The consolidated net profit grew 14.3 percent to EUR 28.7 million even though revenues for the first three months of the current year were down slightly, by 1.4 percent, from EUR 436.3 million to EUR 430.0 million.

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The revenue dip was caused by the still-overcast TV advertising market, which receded again in the first quarter. The impact is also evident in EBITDA, which was down 7.1 percent to EUR 64.2 million, compared to EUR 69.1 million in the comparable quarter of last year. Pre-tax profit benefited from a reduction in the net financial expense, which narrowed from EUR -16.9 million to EUR -10.1 million because of lower interest expenses and the sharp rise in income contributed by associated companies, in particular Euvia Media.

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“The new year got off to a weaker start than we expected,” said Guillaume de Posch, CEO of ProSiebenSat.1 Media AG. “We managed to increase our pre-tax-profit although difficult conditions in the advertising market also had an impact on our advertising revenues. We view that achievement as confirmation for our diversification strategy and also for our strategical financial measures carried out last year.”

The pre-tax return on revenues improved 1 percentage point against the comparable quarter, to 11 percent. Earnings per share were EUR 0.13 for Q1 2005, as they were for Q1 2004. However, here one must bear in mind that the Company has had more shares outstanding since the capital increase in April of 2004.



The ProSiebenSat.1 Group's expenses decreased slightly in the first quarter. Total costs were down EUR 3.8 million, a one-percent reduction. Net financial debt was down sharply, from EUR 792.8 million for Q1 2004 to EUR 310.8 million for Q1 2005.

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### **Stations**

The ProSiebenSat.1 Group's stations performed well in audience shares. In Q1 2005 the four channels earned a combined share of 30.0 percent among the 14-to-49 target audience, and the share rose from month to month. After 29.7 percent in January and 29.9 percent in February, the Group brought in 30.8 percent in March.

Sat.1 had Q1 revenues of EUR 186.9 million, a 3.0 percent decline. Pre-tax earnings came to EUR 19.5 million, following EUR 23.7 million in Q1 2004. Most of the revenue decline of EUR 5.8 million was countered by savings on the cost of sales, so that EBITDA, at EUR 21.3 million, was down only EUR 3.4 million from the prior year's equivalent.

ProSieben increased its Q1 revenues from EUR 174.5 million to EUR 192.4 million, a 10.3 percent gain. The increase resulted from larger programming sales within the Group. After adjustment, net income decreased, due in part to lower revenues, but also in part to a rise in the cost of sales. The station's pre-tax profits fell 25.6 percent in the first quarter of 2005, to EUR 25.9 million instead of the equivalent quarter's EUR 34.8 million. EBITDA was down from EUR 34.8 million to EUR 25.3 million.

Kabel 1 expanded its revenues once again and boosted earnings. The station's revenues for the period were EUR 49.1 million. Both earnings before taxes and EBITDA more than tripled, to EUR 8.7 million and EUR 8.5 million, respectively.

N24 bucked the market trend to boost revenues from EUR 17.4 million by 14.4 percent, to EUR 19.9 million. The news station's EBITDA came to EUR 2.7 million (Q1 2004 EUR m 0.5), and earnings before taxes were EUR 2.5 million (Q1 2004 EUR m 0.1).

### **Outlook**

It is difficult to forecast where the television advertising market will go for the rest of this year, but there are already signs that 2005 is turning out less



favorable than had been expected. Consumers remain wary, hampering any growth in consumer spending. In April, Germany's six leading economic research institutes revised their original growth projections for gross domestic product downward from 1.5 percent to 0.7 percent.

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The ProSiebenSat.1 Group assumes that the slowdown in the economy will have a direct impact on the advertising market. The Group projects that 2005 will be another negative year for the TV advertising industry. It now assumes that the net German TV advertising market will decline about 2 percent in 2005.

Despite this environment, the ProSiebenSat.1 Group will increase revenues and earnings in 2005. In response to its Q1 revenue losses, the Company has identified additional potential for savings. It intends to cut costs by at least EUR 60 million in 2005, and the benefits will show up primarily in the second half. Of the total savings, EUR 30 million will become apparent in EBITDA. The remainder will be in the financial result.

The enhanced performance of the Group's stations will also help strengthen its position. With a share of 31.5 percent of the key demographic between ages 14 and 49 in April 2005, the Group earned the highest ratings in its history. Significant contributors to the ratings success at Sat.1 included the station's coverage of the UEFA Champions League, the sensational hit "That's Life," and long-standing hit series like "Der Bulle von Tölz." ProSieben had ratings successes with such blockbusters as "Men in Black II." The two U.S. hit series "Lost" and "Desperate Housewives" also got off to a very strong start. On average, the Group's stations now have a 30.4 percent audience share.

The full takeover of Euvia Media will also have an important positive impact on revenues and profits. Now that the German Federal Cartels Office and the Commission on Concentration in the Media have both given their approval, the merger still awaits only the go-ahead from the Austrian antitrust authorities. The ProSiebenSat.1 Group expects to be able to begin integrating Euvia Media before July. In 2004, Euvia Media generated revenues of EUR 102 million and an EBITDA of EUR 28 million. The ProSiebenSat.1 Group will consolidate Euvia Media on a prorated basis over time for 2005.



“The ProSiebenSat.1 Group is in the right position strategically. Even if the TV advertising market recedes this year, we will increase our revenues and our profits,” said Group CEO Guillaume de Posch. “Our takeover of Euvia Media is the right decision entrepreneurially. With this year’s conditions in the advertising market, strengthening our Diversification segment will pay off especially well.”

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