H1 2005: ProSiebenSat.1 Group revenues and earnings grow amid a difficult advertising market

- Revenues up 1 percent to EUR 937.8 million
- EBITDA up 2 percent to EUR 190.8 million
- Pre-tax profit up 40 percent to EUR 164.3 million
- Consolidated profit up 38 percent to EUR 100.3 million

Munich, August 26, 2005. The ProSiebenSat.1 Group closed out the first half of 2005 quite successfully. Despite the difficult advertising market, Germany’s leading TV corporation increased both revenues and earnings, and enhanced its profitability. Among the important factors in the respectable interim showing were the contribution from the Diversification segment, the first full consolidation of Euvia Media as of June 1, 2005, and further optimization of the Group’s cost structure.

ProSiebenSat.1 Group revenues were up 0.6 percent, from EUR 932.3 million to EUR 937.8 million. EBITDA was EUR 190.8 million for the first half, up 1.8 percent from the comparable period’s EUR 187.4 million. The pre-tax profit rose 40.1 percent, from EUR 117.3 million to EUR 164.3 million, thanks most especially to lower net financial expenses. Here lower interest expenses, one-time income from a purchase price hedge for the Euvia acquisition, and significantly lower other financing charges all had a positive impact. The consolidated net profit was EUR 100.3 million, compared to EUR 72.7 million for the equivalent period last year – a 38.0 percent gain. The pre-tax return on revenues improved from 12.6 percent to 17.5 percent. The EBITDA margin rose from 20.1 percent to 20.3 percent.

“Despite the difficult environment, the ProSiebenSat.1 Group is in a splendid position. Our good results for the first half demonstrate the worth of our strategic orientation and of our decision to acquire Euvia Media,” said Guillaume de Posch, CEO of ProSiebenSat.1 Media AG. “Our group of stations continued to increase their shares of the audience and the advertising market during the half. We are very pleased that we both strengthened our core business in television and generated strong growth in our new lines of business.”
Earnings per share, expenses and net financial debt

Earnings per share of preferred stock in the first half of 2005 came to EUR 0.47, compared to the equivalent period’s EUR 0.37. The second quarter alone contributed EUR 0.34 of this figure (Q2 2004: EUR 0.24). However, here one must also bear in mind that the Company has had more shares outstanding since the capital increase in April of 2004.

Despite the Euvia Media takeover, expenses were down slightly for the first half. The figure declined EUR 3.4 million in all, a 0.4 percent reduction. Net financial debt also decreased again, despite the Euvia Media acquisition and despite a significantly higher dividend payment in 2005. At June 30, 2005, the figure was EUR 392.5 million (H1 2004: EUR 423.3 million).

Stations

The ProSiebenSat.1 Group’s stations performed well in audience shares. Their combined audience share for the first half was 30.5 percent of the 14-to-49 demographic. In other words, the stations picked up a full percentage point during the first six months in comparison to the prior year.

With revenues of EUR 395.4 million for the first half, Sat.1 almost matched the prior-year equivalent of EUR 396.9 million, tapering off by only EUR 1.5 million, mainly as a consequence of lower advertising income, especially in the first third of the year. The cost structure remained at the same level as in 2004, so that EBITDA, at EUR 65.1 million, was down only EUR 0.1 million from the prior year’s equivalent. The return on revenue rose from 15.7 percent to 15.9 percent.

ProSieben increased its first-half revenues from EUR 379.7 million to EUR 384.7 million, a 1.3 percent gain. But the increase resulted almost entirely from larger programming sales within the Group. After adjustment, revenues were down slightly. The receding advertising market is making itself felt in profits here. Lower revenues combined with a rise in expenses left the station with an EBITDA decline from EUR 98.0 million to EUR 84.1 million. But a 22.0 percent return on revenue means that ProSieben remains one of the most profitable TV stations in the German market.

kabel eins boosted both revenues and earnings once again. During the first half, station revenues came to EUR 104.8 million (H1 2004: EUR 95.0 million). The station has held down its cost structure to prior-year levels, so that EBITDA nearly doubled to EUR 21.9 million from the comparable period’s EUR
12.0 million. The return on revenue climbed from 13.1 percent to 21.2 percent for the first half.

First-half revenues at N24 came to EUR 39.9 million, up 14.7 percent over the comparable period last year (H1 2004: EUR 34.8 million). EBITDA came to EUR 4.1 million, compared to EUR 0.9 million in the first half of 2004. The station’s return on revenue jumped from 0.6 percent to 9.3 percent.

**Diversification**

In the first half of 2005, revenue and earnings at the Group’s multimedia subsidiary SevenOne Intermedia increased significantly. Revenues climbed from EUR 27.5 million to EUR 46.5 million, while EBITDA rose from EUR 5.8 million to EUR 8.2 million. Part of the growth came from higher revenues from online advertising and added-value telephone services. Another part came from viewer club operations, which were formerly reported as part of MM Merchandising Media and have become even more successful at SevenOne Intermedia thanks to synergy with the multimedia business.

Revenues at MM Merchandising Media came to EUR 13.7 million, compared to EUR 23.7 million for the first half of 2004. Despite the lower revenues, EBITDA remained stable at EUR 4.2 million. Some of the revenue decline resulted from slow business in sports merchandising; another portion was the result of the transfer of the viewer club business to SevenOne Intermedia.

First-half revenues at 9Live were EUR 52.1 million, compared to EUR 39.2 million for the same period last year. The increase is equivalent to 32.9 percent – most of it from expanding call revenues. EBITDA climbed from EUR 12.3 million to EUR 18.6 million, half-on-half. The EBITDA margin rose from 31.4 percent to 35.7 percent. The acquisition of the remainder of Euvia Media was consummated on June 1, 2005. For that reason, the figures for 9Live are fully consolidated only as of that month. During June, 9Live had revenues of EUR 8.4 million (June 2004: EUR 6.8 million). EBITDA was EUR 2.7 million, compared to the prior June’s EUR 2.4 million.

**Outlook**

It is difficult to forecast where the television advertising market will go for the rest of this year. Consumer confidence remains low, and no revival of consumer spending is foreseeable. 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. Other indicators for the German economy and consumer confidence are currently highly variable.
Under these conditions, no very reliable projection for advertising clients’ spending behavior is possible. The ProSiebenSat.1 Group holds firm to its estimate that the net TV advertising market will decline by about two percent in 2005. This estimate is based on the assumption that the second half will be more dynamic than the first half.

The ProSiebenSat.1 Group will perform better than the market in fiscal 2005, both increasing its revenues and improving its profits. Helpful factors in this regard will be the stations’ improved performance and the growth of the Diversification segment. Here, in addition to organic growth, the complete takeover of Euvia Media in particular has had a substantial positive impact on the Group’s revenues and profits.

The Group’s stations reconfirmed in July that they have taken the right approach for success. With a share of 29.5 percent of the audience from 14 to 49, the four channels combined earned their best July figures in the past five years. The Group is well supplied with attractive programming for the upcoming season. Sat.1, for example, will be showing “Bis in die Spitzen,” a high-quality new series in prime time. The TV event “Die Luftbrücke” will maintain the tradition that began with “Das Wunder von Lengede” and “Der Tunnel.” ProSieben has an outstanding lineup of feature films, including “Gangs of New York” and “xXx – Triple X,” along with the new seasons of “Desperate Housewives” and “Lost,” not to mention successful new Hollywood series like “Numb3rs.” On kabel eins, viewers will be able to enjoy “The Sopranos,” and new shows like “Die kultigsten Autos aller Zeiten.” N24 will be expanding its live and business reporting once again, and has signed Arabella Kiesbauer for a new talk show.

“The ProSiebenSat.1 Group’s success is founded on innovation. We have the right people and meanwhile also the right structures to develop and implement new ideas - that is true for our networks as well as for new business models,” said CEO de Posch. “We will achieve the goals we have set ourselves for fiscal 2005. And in the 2005-2006 TV season as well, it will be the ProSiebenSat.1 Group that sets the trends in German television.”

The consolidated income statement, the cash flow statement, the consolidated balance sheet and the statement of changes in shareholders’ equity are available for download under:

http://en.prosiebensat1.com/investor_relations/finanzberichte/