

## REPORT OF THE SUPERVISORY BOARD

### Dear Shareholders,

The ProSiebenSat.1 Group was very successful in 2016, a year in which the Company worked to systematically implement its growth strategy. In light of that success, the Company once again raised its medium-term guidance in October 2016: Consolidated revenues are now projected to reach EUR 4.5 billion in 2018 (previous target: EUR 4.2 billion).

We, the Supervisory Board of ProSiebenSat.1 Media SE, provided the Executive Board with comprehensive advice and ongoing support. In financial year 2016, the Supervisory Board again performed the tasks required of it by law, the Company's Articles of Incorporation, and the rules of procedure, taking into account the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex - DCGK).

### Cooperation between the Executive Board and the Supervisory Board

In financial year 2016, the Supervisory Board regularly advised the Executive Board on its management of the Company in a spirit of close and trusting cooperation, and diligently and continuously oversaw the Board in conducting the Company's business. Our work included a detailed examination of the Group's operating and strategic performance.

The Supervisory Board received regular, prompt, and comprehensive information from the Executive Board regarding all issues relevant to the Company's strategy, planning, business performance, risk situation, risk management, and compliance, both at the Supervisory Board meetings and outside of meetings. The Executive Board explained to the Supervisory Board all deviations from the projected figures in detail and consulted with the Supervisory Board in that regard. We were therefore directly involved in all decisions of fundamental importance to the Company at an early stage.

The Supervisory Board meetings were characterized by an open, in-depth exchange between the Supervisory and Executive Boards. Closed sessions, in which the members of the Supervisory Board meet without the Executive Board being present, are also an integral part of the meetings.

Wherever specific actions required the consent of the Supervisory Board or one of its committees pursuant to the law, the Articles of Incorporation, or the rules of procedure, we consulted on the matter and adopted the requisite resolution. The Supervisory Board was kept consistently and comprehensively informed of all matters requiring its approval, and the associated draft resolutions were promptly submitted for review by the Executive Board. The Supervisory Board was supported in this process by the competent Board committees, and it also discussed the proposals with the Executive Board.

In addition to the reports it presented at Supervisory Board meetings, the Executive Board kept us updated on the Company's key financial indicators in written monthly reports and also provided us with both financial information set up during the fiscal year and annual financial information and reports. Information on events of significance was provided without delay also outside of meetings and the regular reporting process and, where necessary, we were asked to adopt written resolutions in consultation with the Chairman of the Supervisory Board. In addition, I maintained an ongoing and close one-on-one dialog with Thomas Ebeling, the Company's CEO, in my capacity as Supervisory Board Chairman and, where necessary, also with the other Executive Board members.

Based on the reports submitted by the Executive Board, the Supervisory Board stayed up to date on the Company's situation at all times, was directly involved in upcoming decisions at an

early stage, and was therefore able to perform its tasks in their entirety. There was hence no need for the Supervisory Board to examine the Company's books and other records beyond the documentation provided to us in the course of the Executive Board's reporting activities.

#### Focal points of the Supervisory Board's advisory and monitoring activities

In financial year 2016, the Supervisory Board once again dealt with the Company's business and financial situation, fundamental questions of corporate policy and strategy, the general personnel situation, and specific investment projects. All in all, the Supervisory Board of ProSiebenSat.1 Media SE held six regular, in-person meetings, three teleconferences, and one full-day session. All members of the Supervisory Board attended more than 75% of the meetings. An individual breakdown of meeting attendance is presented in the Corporate Governance Report, which can be found online at [www.prosiebensat1.de/en/page/corporate-governance-bericht](http://www.prosiebensat1.de/en/page/corporate-governance-bericht) and in the Annual Report starting on page x.

- › An extraordinary meeting of the full Supervisory Board was held on February 11, 2016. At that meeting, the Supervisory Board followed the recommendations of the Compensation Committee and gave its preliminary approval of topics relating to Executive Board remuneration, i.e. payment of a performance bonus for financial year 2015 as well as settlement of the 2012 Group Share Plan and the amounts of the related cash disbursements. The full Supervisory Board also appointed Jan David Frouman effective March 1, 2016 for a contractual period of three years. Mr. Frouman is in charge of the Content & Broadcasting Board department. The budget for financial year 2016 was also adopted at the meeting. Moreover, the full Supervisory Board approved the acquisition by Red Arrow Entertainment Group GmbH of a non-controlling interest of 25% in Cove Pictures Limited, a production firm domiciled in London.
- › At the financial statements meeting held on March 11, 2016, the Supervisory Board approved the annual and consolidated financial statements, the combined company and Group management report, and the Corporate Governance Report for financial year 2015 as well as the 2015 Declaration of Compliance. The Board reviewed and concurred with the proposal of the Executive Board for the allocation of profits. The Supervisory Board also concurred with the Audit and Finance Committee's proposal for the appointment of the auditor for financial year 2016.

At the financial statements meeting, we were moreover supplied with a detailed overview of the Company's current performance.

In addition, we followed the various recommendations of the Compensation Committee pertinent to matters on the meeting agenda. Hence the Supervisory Board appointed Christof Wahl to the Executive Board as a new member effective May 1, 2016. Mr. Wahl is responsible for the Digital Entertainment Board department and also serves as Chief Operating Officer. His contract runs for three years. At that meeting, we also gave our final approval of the performance bonus payments to be made to the Executive Board for financial year 2015 and approved the cash payout for the 2012 Group Share Plan. In March 2016, the Supervisory Board furthermore decided to exercise its discretion with respect to the Group Share Plan by stipulating that, until further notice, the performance share units of the Group Share Plan would only be settled in cash after the end of the respective holding period. In addition, we concurred with the Compensation Committee's proposal with regard to performance bonus targets for the individual Board members for financial year 2016.

- › The Company's annual strategy meeting was held on June 29, 2016. At that meeting, we were provided with a comprehensive report detailing the Company's growth strategy.
- › Another regular, plenary meeting was held on June 30, 2016 after the Annual General Meeting. Ketan Mehta was appointed to the Presiding and Nominating Committee as an additional

---

Supervisory Board members,  
page XX

---

Corporate Governance  
Report, page XX

member at that meeting. In addition, the Supervisory Board was provided with comprehensive information on the requirements of the new Market Abuse Regulation, particularly as relates to handling managers' transactions (formerly known as "directors' dealings"), and on insider trading regulations.

- › In a teleconference held on August 10, 2016, the Supervisory Board consulted on and approved the acquisition by 7Life GmbH, a subsidiary of ProSiebenSat.1 Media SE, of a controlling interest (92%) in WSM Holding GmbH (WindStar Medical Group). WindStar Medical Group specializes in developing and marketing innovative health products in niche markets.
- › In another teleconference held on September 1, 2016, the Supervisory Board approved the acquisition of a majority stake in the PARSHIP ELITE Group by ProSiebenSat.1 Group. PARSHIP ELITE Group leads the online dating market in the German-speaking regions with its two brands, PARSHIP and ElitePartner. The acquisition adds to ProSiebenSat.1's digital business portfolio.
- › The Supervisory Board held one of its regular meetings in the USA on September 7 and 8, 2016. At that meeting, we dealt in detail with the topic of data - an issue that is becoming more and more relevant for ProSiebenSat.1 as a media group given the possibilities for using data analyses to direct advertising campaigns and entertainment offerings even more specifically at the respective target groups. We also gained some insight into the workings of a major US production studio.

In addition, a Capital Markets Committee was set up at the Supervisory Board meeting held on September 7. In lieu of the full Supervisory Board, the Capital Markets Committee decides on whether to approve the use of the Company's authorized capital as well as on associated measures (please refer to the section entitled "Report on the Work of the Committees" for more information).

- › Another Supervisory Board meeting was held by teleconference on October 3, 2016. At that meeting, we consulted on Dr. Gunnar Wiedenfels' request to terminate his contract early. Dr. Wiedenfels will be leaving the Company on March 31, 2017 to take on the position of CFO of Discovery Communications in New York, a global media corporation.
- › At the regular meeting of the Supervisory Board held on December 8, 2016, we appointed Ms. Sabine Eckhardt to the Executive Board as Chief Commercial Officer. Her term of office commenced on January 1, 2017 under a three-year contract. The Supervisory Board came to a mutual agreement with Dr. Christian Wegner not to extend his contract and to terminate it as of December 31, 2016. Dr. Wegner stepped down from his post as Executive Board member in charge of Digital Ventures & Commerce effective December 31, 2016.

We also approved the 2017 budget for the ProSiebenSat.1 Group, which was presented to us along with a detailed explanation. In addition, we were provided with extensive reports on the performance of our key business areas. Other items on the agenda concerned security at the Company, notably IT security. The Board was given a detailed report on the current status and was notified of measures to be implemented in the future. Moreover, the Supervisory Board held a closed session in which it discussed the review of the efficiency of its actions.

The Supervisory Board also adopted by written circular vote eleven resolutions outside of meetings. Among other things, the resolutions adopted concerned the acquisition by Red Arrow International, Inc. of a controlling interest in Dorsey Pictures, LLC, a US production company, which we approved in January. On May 9, 2016, the Supervisory Board adopted the proposed resolutions for the agenda of the 2016 Annual General Meeting. We furthermore approved by way of written circular vote a 100% takeover of Stylight GmbH after extensive con-

sultation by the full Supervisory Board. In June, the full Supervisory Board approved the disposal of a non-controlling interest (7.8%) in ZeniMax Media Inc., a video game publisher domiciled in the USA. The Supervisory Board also approved the repurchase of the rights of exploitation to seasons one to three of "Bosch," a US television series, by companies of the Amazon Group from Red Arrow Entertainment Group GmbH. The resolution also covers the co-financing and co-production of Season Four and any additional seasons. In October, the Board agreed to the acquisition of a 42% stake in Beko KäuferPortal GmbH by Marketplace GmbH, a subsidiary of ProSiebenSat.1 Commerce GmbH. We also approved the raise in interests in Vitafy GmbH by 7Wellbeing GmbH and 7NXT GmbH, both indirect subsidiaries of ProSiebenSat.1 Media SE. Also in October, the Supervisory Board consented to extend the agreement between ProSiebenSat.1 Media SE and maxdome GmbH as well as other agreements with various companies of the Unitymedia Group for several years. In December, the Supervisory Board approved by way of written circular vote the terms and conditions of the 2016 Group Share Plan as well as the distribution of PSUs to Executive Board members in line with the recommendation of the Compensation Committee.

### Report on the work of the committees

Corporate Governance  
Report, page XX

The Supervisory Board of the Company has formed various committees to support it in its work. In 2016, the Board had four committees to ensure efficient execution of its duties: The Presiding and Nominating Committee, the Compensation Committee, the Audit and Finance Committee, and the Capital Markets Committee. The committees reported to the Supervisory Board regularly and comprehensively on their activities in its plenary sessions. The main emphases of the committees' work are described below. An individual breakdown of attendance at meetings of the Supervisory Board's committees is provided in the Corporate Governance Report, which can be found on our website at [www.prosiebensat1.de/en/page/corporate-governance-bericht](http://www.prosiebensat1.de/en/page/corporate-governance-bericht) as well as starting on page x of the Annual Report.

The PRESIDING AND NOMINATING COMMITTEE coordinates the work of the Supervisory Board and prepares its meetings. It also passes resolutions delegated to it under the Supervisory Board's rules of procedure. The committee moreover executes the duties of a nominating committee pursuant to the German Corporate Governance Code. The Presiding and Nominating Committee met once in person in 2016 and once by teleconference. It passed a total of nine resolutions by way of circular vote.

The following are some of the matters approved by the Presiding and Nominating Committee by circular vote: In March, the Committee approved the launch of a new free TV station for news reports and documentaries called kabel eins Doku, which went live on September 22, 2016. In April, marketing agreements with media agencies GroupM Germany GmbH and MGMP MagnaGlobalMediaPlus GmbH were approved. The agreements run for two years. Furthermore, the Committee approved a partnership between Deutsche Bahn and maxdome, a video-on-demand portal. In the same month, the Presiding and Nominating Committee approved a resolution to reappoint Supervisory Board member Ketan Mehta and communicated its recommendation to the full Supervisory Board. Mr. Mehta's term in office was originally set to expire on June 30, 2016 upon conclusion of the Annual General Meeting. In May, the Committee approved an advertising slot marketing agreement with DENTSU AEGIS NETWORK GERMANY GmbH. In the second half of 2016, the Presiding and Nominating Committee approved agreements with Twentieth Century Fox International Television, Inc., Warner Bros., and Heidi Klum concerning her participation in new seasons of "Germany's Next Top Model by Heidi Klum."

The COMPENSATION COMMITTEE prepares resolutions on personnel-related Executive Board matters for plenary sessions of the Supervisory Board. In financial year 2016, the Committee dealt in particular with the appointments to the Executive Board of Jan David Frouman, Christof Wahl, and Sabine Eckhardt as new members and the conclusion of their contracts, as well as with the extension of Conrad Albert's appointment as a member of the Company's Executive Board and his contract. The Compensation Committee of ProSiebenSat.1 Media SE held two

regular meetings in person and one additional meeting by teleconference in 2016. Twelve resolutions were adopted by circular vote.

- The Compensation Committee called an extraordinary meeting for February 11, 2016 at which it dealt in detail with the Executive Board's target attainment for award of a performance bonus for financial year 2015 and the amounts to be disbursed to the Executive Board members. Also on the agenda were the cash settlement of the 2012 Group Share Plan and the amounts to be paid out to the Executive Board. The recommendation to be made to the full Supervisory Board to appoint Jan David Frouman as a new member to the Executive Board was also adopted at that meeting. Various long-term incentive plans for executive managers at ProSiebenSat.1 Media SE constituted a further agenda item.
- On March 6, 2016, the Compensation Committee met by teleconference to discuss the appointment of Christof Wahl to the Executive Board as a new member and to communicate its recommendation to the full Supervisory Board. The Committee additionally dealt with extending the contract of Executive Board member Conrad Albert, which it decided to renew for five years (until April 30, 2021).

The following are some of the matters approved by the Compensation Committee by circular vote: In March, it adopted the recommendation to be made to the full Supervisory Board regarding the performance bonus targets for the individual Executive Board members for financial year 2016. In June, the Committee agreed to the launch of the myShares employee stock option plan. In December 2016, the Compensation Committee communicated by way of a circular vote its recommendation to the Supervisory Board to adopt the terms and conditions of the 2016 Group Share Plan and the distribution of performance share units (PSUs) to the individual Executive Board members. The terms and conditions of the Group Share Plan contained no significant changes compared with the prior year. The Compensation Committee also approved the distribution of PSUs from the 2016 Group Share Plan to selected Company executives.

The AUDIT AND FINANCE COMMITTEE met five times in 2016 in regular, in-person meetings. It prepared the audit of the annual and consolidated financial statements as well as the proposed allocation of profits for the Supervisory Board. The Committee also discussed with the Executive Board the half-yearly financial report and the quarterly statements. In addition, it held discussions with the auditor concerning the strategy of the Company and the auditor's findings.

The 2016 auditor's review focused in particular on the potential impairment of goodwill and other intangible assets, the measurement of plan assets, acquisitions of companies and shareholdings, revenue recognition, hedge accounting, and income taxes. In addition, the Audit and Finance Committee dealt with the supervision of the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal audit system, and the compliance function.

The Audit and Finance Committee engaged the auditor for financial year 2016, monitored the quality of the audit and the independence of the auditor, and submitted to the Supervisory Board a proposal for the appointment of an auditor for financial year 2017. In that context, the Committee also dealt in detail with the new statutory requirements for audits of financial statements, notably as regards the future specifications for the provision of non-audit-related services by the auditor.

The CAPITAL MARKETS COMMITTEE was newly formed in 2016 as an additional Supervisory Board committee. Appointed to the Committee were Supervisory Board Chairman Dr. Werner Brandt (who also chairs the Committee), Antoinette (Annet) P. Aris, Dr. Marion Helmes, Ketan Mehta, and Prof. Dr. Rolf Nonnenmacher. The Committee is authorized to decide in lieu of the full Supervisory Board on whether to approve the use of the Company's authorized capital as well as on the associated measures. The Capital Markets Committee met twice in financial year 2016.

Following a preparatory consultation on October 30, 2016, the Committee approved a capital increase of approximately 6.5% in return for a cash contribution in the amount of EUR 14,202,800 by issuing 14,202,800 new registered shares from Authorized Capital 2016, subject to the exclusion of shareholders' subscription rights. The new shares were sold to institutional investors at a price of EUR 36.25 per share in a private placement involving an accelerated book building process. The gross issue proceeds amount to around EUR 515 million.

### Audit of the annual and consolidated financial statements for financial year 2016

The annual and consolidated financial statements of ProSiebenSat.1 Media SE and the Combined Management Report for financial year 2016 were audited by the Munich office of KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) in accordance with generally accepted accounting principles and were issued an unqualified audit report on February 22, 2017.

All documents relating to the financial statements, the Risk Report, and the KPMG audit reports were made available to the members of the Supervisory Board in due time and were subjected to a thorough review by us. The documents were discussed in detail in the presence of the auditors, first at a meeting of the Audit and Finance Committee and then at a meeting of the full Supervisory Board. At those meetings, the auditor reported on its significant audit findings. No accounting-related deficiencies were identified in either the internal control system or the risk management system, nor did any circumstances arise that could give cause for concern about the independence of the auditors.

In addition to auditing services, the auditors performed other attestation services amounting to EUR 0.2 million (previous year: EUR 0.4 million), tax advisory services amounting to EUR 0.2 million (previous year: EUR 0.5 million), and other services amounting to EUR 1.1 million (previous year: EUR 1.5 million). Details of the services provided by the auditors and the amounts remunerated are presented in Note 33 of the notes to the consolidated financial statements.

The Supervisory Board acknowledged and approved the auditor's findings and, after completing its own examination, found no cause for objection on its part either. The Supervisory Board also approved the annual and consolidated financial statements prepared by the Executive Board and audited by the auditor as well as the Combined Management Report. The annual financial statements are thus adopted. Finally, the Supervisory Board reviewed and concurred with the Executive Board's proposal for the allocation of profits.

### Conflicts of interest

The members of the Supervisory Board are required to disclose to the Presiding and Nominating Committee possible conflicts of interest without delay. In financial year 2016, the following indications of conflicts of interest were determined due to certain members of the Supervisory Board simultaneously having seats on corporate bodies of competitors or business partners of ProSiebenSat.1 Media SE:

- ▶ Antoinette (Annet) P. Aris is on the Supervisory Board of Thomas Cook PLC. As a precautionary measure, she therefore absented herself from the Company's Supervisory Board meetings before any discussion of the travel portfolio took place. Ms. Aris rejoined the meetings only after the discussions had been completed or the relevant resolutions adopted.
- ▶ The same applies to Angelika Gifford, who has held a seat on the Supervisory Board of TUI AG since [February 2016]. She also took the precaution of leaving the Supervisory Board meetings of ProSiebenSat.1 Media SE before any discussion of that topic, and did not rejoin the meetings until after the discussions had been completed or the relevant resolutions adopted.

Otherwise, there were no indications of any conflicts of interest.

## Corporate Governance

The Executive Board and the Supervisory Board have compiled a separate report on corporate governance. The Corporate Governance Report and the Management Declaration pursuant to Sections 289a, 315 para. 5 of the German Commercial Code can be found on our website at [www.prosiebensat1.de/en/page/erklaerung-zur-unternehmensfuehrung](http://www.prosiebensat1.de/en/page/erklaerung-zur-unternehmensfuehrung) and starting on page x of the Annual Report.

## Changes in the composition of the Executive Board and the Supervisory Board

Jan David Frouman has been a member of the Executive Board of ProSiebenSat.1 Media SE since March 1, 2016. He took over responsibility for the newly created Content & Broadcasting Board department. Mr. Frouman has been with ProSiebenSat.1 since 2004. He remains at the head of Red Arrow Entertainment Group GmbH as CEO and Chairman.

Christof Wahl was added to the Executive Board on May 1, 2016. He is Chief Operating Officer of the ProSiebenSat.1 Group, where he is responsible for the Digital Entertainment Board department created through reorganization of the former Digital & Adjacent segment. Dr. Christian Wegner assumed responsibility for Digital Ventures & Commerce within the context of the reorganization, which underlines the increasing relevance of the digital business. Christof Wahl is also responsible for the distribution business, which he took over from Conrad Albert. Conrad Albert continues to be in charge of contract and negotiation management in the distribution segment and is also responsible for the External Affairs & Industry Relations Board department.

In December, Dr. Christian Wegner reached agreement with the Supervisory Board that his Executive Board appointment would not be renewed, that his contract would be terminated as of December 31, 2016 and that he would leave the Company on that date. This led to the following changes in the organization of his area of responsibility: As of January 1, 2017, Christof Wahl additionally took on Executive Board responsibility for the Online Price Comparison, Online Dating, Online Travel, and Stylight digital commerce verticals.

In addition, the Supervisory Board appointed Sabine Eckhardt to the Executive Board of ProSiebenSat.1 Media SE as Chief Commercial Officer, effective January 1, 2017. Sabine Eckhardt is a long-time executive at the Company and managing director of SevenOne AdFactory GmbH. In her role as Executive Board member, she handles marketing issues and works to leverage synergies within the Group. The goal here is to integrate AdSales activities more closely with the Group's digital commerce platforms and data management systems. Ms. Eckhardt also assumed Board responsibility for the Group's SevenVentures business in that context.

CFO Dr. Gunnar Wiedenfels will be leaving the Company on March 31, 2017 at his own request to take on the position of Chief Financial Officer of the Discovery Communications media group in New York. Dr. Jan Kemper - currently Senior Vice President Finance at online vendor Zalando SE - will be taking over Dr. Wiedenfels' position as of June 1, 2017. To ensure a smooth transition until the new CFO takes office, Ralf Peter Gierig, Executive Vice President Group Finance & Investor Relations, has taken on the role of Deputy Group CFO alongside his existing duties.

The composition of the Company's Supervisory Board did not change in fiscal 2016.

## Thank you from the Supervisory Board

On behalf of the Supervisory Board, I would like to explicitly thank the members of the Executive Board as well as all employees for their great commitment in financial year 2016. Their work forms the cornerstone for the success of the ProSiebenSat.1 Group.

At this juncture, I would like to thank Dr. Wiedenfels and Dr. Wegner for their outstanding work as members of the Company's Executive Board. Dr. Wiedenfels has been instrumental in ensuring that ProSiebenSat.1 is extremely well positioned for the future. He will be leaving ProSiebenSat.1 Media SE at his own request as of March 31, 2017, after which he will relocate to the

US. I wish him every success in his new position. I would also like to express my utmost gratitude to Dr. Wegner for his exceptional dedication during the past five years, in which he was in charge of the Digital business. During that time, he increased revenues in the digital business to significantly more than EUR 1 billion. I wish him all the best for the future.

In conclusion, I would like to convey my thanks to you, our esteemed shareholders, for your confidence in the Company and in the company stock of ProSiebenSat.1.

Unterföhring, March 2017

On behalf of the Supervisory Board

A handwritten signature in black ink, appearing to read 'Werner Brandt', written in a cursive style.

Dr. Werner Brandt  
Chairman