



Explanations regarding agenda item 7

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– Check against delivery –

Ladies and gentlemen,

As I mentioned earlier, let me now provide some **explanations on Item 7** of our agenda today.

Under Agenda Item 7, the approval of the Annual General Meeting is to be obtained for the **control and profit transfer agreements** that ProSiebenSat.1 Media SE has entered into with various Group companies, namely ProSiebenSat.1 Sports GmbH, ProSiebenSat.1 Zwanzigste Verwaltungsgesellschaft mbH, and ProSiebenSat.1 Einundzwanzigste Verwaltungsgesellschaft mbH.

Together with the management of the respective Group companies, the Executive Board of the company has drawn up written reports on these agreements, and these reports are also available for inspection in the hall here today. However, the law additionally requires an oral explanation, which I would now like to give you.

In the control and profit transfer agreements, ProSiebenSat.1 Media SE is the controlling enterprise, while each of the Group companies named is involved as a dependent company. The Group companies that have been named are wholly owned subsidiaries of ProSiebenSat.1 Media SE. **ProSiebenSat.1 Sports GmbH** bundles all of ProSiebenSat.1 Group's sports-related business activities. The business activities of ProSiebenSat.1 Sports GmbH include the acquisition of sports rights, the organization and marketing of sports productions, marketing junior and professional athletes, and organizing sports events. **ProSiebenSat.1 Zwanzigste Verwaltungsgesellschaft mbH**, and **ProSiebenSat.1 Einundzwanzigste Verwaltungsgesellschaft mbH** are all shelf companies, the activities of which are currently limited to the management of their own assets; how and when these companies will launch an operating business is not yet certain at the moment.

The control and profit transfer agreements are motivated by tax reasons. They create the precondition for the establishment of a consolidated tax group for corporate income tax, trade tax and value added tax purposes between ProSiebenSat.1 Media SE as the parent company and the specified Group companies as the respective affiliates. As a consequence of the consolidated tax group, the tax result determined

at the level of the affiliate is apportioned to the parent company for the purposes of corporate income and trade tax. As a result, profits and losses of the affiliate for the purposes of corporate income and trade tax can be offset against losses and profits of the parent company and other affiliates. For the purposes of value added tax, only ProSiebenSat.1 Media SE is regarded as an entrepreneur within the meaning of the Umsatzsteuergesetz (German Value Added Tax Act) as a consequence of the consolidated tax group. All of the services performed by the specified Group companies for third parties are therefore apportioned for value added tax purposes to ProSiebenSat.1 Media SE, while services between ProSiebenSat.1 Media SE and the Group companies in question are regarded as internal services that are not liable to value added tax. The consolidated tax group thus serves to create an efficient tax structure in the Group, as it allows the results of the Group companies involved to be consolidated also for tax purposes.

This kind of consolidated tax group has not previously existed between ProSiebenSat.1 Media SE and the specified companies, as ProSiebenSat.1 Zwanzigste Verwaltungsgesellschaft mbH and ProSiebenSat.1 Einundzwanzigste Verwaltungsgesellschaft mbH were first established this year and ProSiebenSat.1 Sports GmbH became part of ProSiebenSat.1 Group last year.

The contents of the control and profit transfer agreements are extensively defined by law. **Section 1** of the agreements subjects the relevant Group companies, irrespective of their legal independence, to the management of ProSiebenSat.1 Media SE. In addition, the agreements contain in **section 2** the obligation of the relevant Group companies to transfer all of their profits to ProSiebenSat.1 Media SE. Corresponding to that, **section 3** refers to the obligation of ProSiebenSat.1 Media SE, which is prescribed as mandatory by law in a profit transfer agreement, to compensate any losses incurred by the relevant Group companies. **Section 4** regulates the entry into effect and the term of the agreement. It stipulates a fixed minimum term of five years in each case and thus meets a statutory requirement for the establishment of a consolidated tax group for income tax purposes. Finally, **section 5** of the agreement contains the usual final provisions.

For further details, may I refer you to our written reports on the control and profit transfer agreements, which – as I already mentioned – are also displayed in the hall here today.