Press Release

ProSiebenSat.1 increasingly invests in sustainable growth / Q3 2018 in line with expectations

Strategy update:

- **ProSiebenSat.1 aims to increase Group revenues from EUR 4 billion to EUR 6 billion and adjusted EBITDA from EUR 1 billion to EUR 1.5 billion in the mid-term**
- **Investment in program, data and advertising technologies**
- **Entertainment: focus on local content, digital reach, improved monetization**
- **Red Arrow Studios: significantly more German productions for own Entertainment business**
- **NuCom Group: mid-term revenue growth from EUR 0.8 billion to EUR 2 billion, driven by the four core brands Verivox, Parship Elite Group, Jochen Schweizer mydays and Flaconi**

Investment focus / Financial outlook:

- **Increased investment in local content; simultaneous review and renegotiation of US studio contracts until year-end**
- **ProSiebenSat.1 confirms mid-term capital market targets**
- **Group adjusts dividend policy: future total shareholder return focus along various components, announcement of a share buyback**

Third quarter of 2018:

- **Group revenues adjusted for consolidation and currency effects increase by 4%**
- **Stable TV advertising revenues; Commerce (NuCom Group) and Content Production & Global Sales (Red Arrow Studios) segments with dynamic organic revenue growth**
- **Group full-year revenues expected to decrease in the low-single-digit percentage range to around EUR 4 billion; adjusted for consolidation and currency effects, Group revenues expected to grow in the low-single-digit percentage range**

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Munich, November 7, 2018.

Max Conze, CEO of ProSiebenSat.1 Media SE, says: "We are now initiating the necessary changes and investments to build a truly digital, diversified and fast growing ProSiebenSat.1. We are focusing on Entertainment that people love and commerce offers that people need. Thereby, we are consumer-centric and content and digital led. We are thus aiming to increase revenues from EUR 4 to 6 billion in the mid-term – with at least half of this coming from digital. Our strong

Entertainment audience market shares as well as the double-digit growth at NuCom and Red Arrow Studios prove that we are on the right track. We have a clear growth plan and are executing it vigorously."

With a strategy update, the Group is addressing the opportunities and challenges of the changing media landscape while at the same time creating the conditions to generate sustainable growth for its shareholders. In the process, ProSiebenSat.1 is further driving its diversification and plans to significantly grow revenues outside the TV advertising business: ProSiebenSat.1 intends to increase Group revenues to EUR 6 billion over the next around five years (Q3 LTM 2018: EUR 4 billion) and adjusted EBITDA to EUR 1.5 billion (Q3 LTM 2018: EUR 1 billion). 50% of revenues are expected to come from the digital business (Q3 LTM 2018: 30%). At the same time, the Group aims to achieve an average annual total shareholder return of 10 to 15%. ProSiebenSat.1 will present the strategy update comprehensively at its Capital Markets Day on November 14.

The strategic priorities of the three pillars are clearly defined:

Entertainment: The focus is on local content, that is distributed across as many channels as possible, thereby significantly increasing and even better monetizing this total reach. In a next step, this reach shall become addressable and thus advertising optimally tailored to the respective viewer. In the mid-term, the Group aims for a revenue share of 25% of addressable advertising (Q3 LTM 2018: low-single-digit share). Therefore, an important investment focus is on data and advertising technologies.

Red Arrow Studios (Content Production & Global Sales): In order to increase the local program share on its own channels, the Group plans to grow Red Arrow Studios' share of local content commissioned by the Entertainment business from 13% today to more than 30% over the next around five years. At the same time, Red Arrow Studios will continue its international expansion focusing on the core US and UK markets. In the digital video business, the objective is to build Studio71 into the leading provider. ProSiebenSat.1 will continue to review strategic partnerships in this segment under the condition that they would increase the size and growth of the production business.

NuCom Group (Commerce): The goal of NuCom Group is to further expand leading market positions of its companies and to focus the portfolio on the four areas of consumer advice, matchmaking, experience & gift vouchers as well as beauty & lifestyle. ProSiebenSat.1 puts its emphasis on both organic growth and complementary selective acquisitions and leverages the partnership with General Atlantic, especially to further enhance the operational performance of the commerce companies. At the same time, NuCom Group continues to benefit from synergies in data and technology with the ProSiebenSat.1 Entertainment business. ProSiebenSat.1 aims to more than double its commerce revenues to EUR 2 billion in the next around five years (Q3 LTM 2018: EUR 0.8 billion), driven by the core brands Verivox, Parship Elite Group, Jochen Schweizer mydays and Flaconi.

Investment focus / Financial outlook: In order to set up a modern and future-ready Entertainment business, ProSiebenSat.1 will invest additionally in local content, the expansion of digital platforms and an improved monetization of reach from 2019 onwards. In consideration of offsetting cost efficiency measures as well as an expected moderate segment revenue increase, this will lead to an adjusted EBITDA decrease in the Entertainment segment in 2019.

In parallel to the increased local focus in its Entertainment content strategy, the Group is currently reviewing its existing US studio contracts. In this regard, ProSiebenSat.1 has approached the respective licensors in order to achieve relevant improvements in the scope of rights and/or volume inflow for license volumes both from existing agreements and for future agreements. ProSiebenSat.1 has already concluded a new licensing deal for new license rights with its long-standing partner, the US studio Warner Bros. This ensures a qualitatively significantly optimized inflow and has a considerably improved scope of rights. Depending on further negotiation results and the evaluation of further alternatives, the Company does not exclude a one-time negative earnings impact of up to EUR 400 million in 2018 by already capitalized and by contracted, but not yet capitalized, license volumes. Due to payments already made in the past as well as scheduled and non-scheduled tax relief effects, the negative impact on free cash flow would be up to EUR 110 million due to payments for these license rights to be made in the future. This amount would be spread over the next four years essentially.

Regardless of the future investment requirement, ProSiebenSat.1 confirms the Group's mid-term financial targets: The Company continues to aim for an average annual revenue increase (CAGR) in the mid-single-digit percentage range for the next around five years. At the same time, the Group still anticipates profitability at Group level in the mid 20 percentage range in terms of adjusted EBITDA. While the Group anticipates a revenue increase in the mid-single-digit percentage range also in 2019, the Group's profitability and earnings performance will however be affected in particular by planned investments recognized as expense in the Entertainment segment. Under consideration of expected profitable growth of the Content Production & Global Sales and Commerce segments as well as the offsetting cost efficiency measures, the total Group's adjusted EBITDA will be negatively impacted in 2019 by about EUR 50 million. The objective is to further improve the Company's competitiveness through these investments and to accelerate revenues and earnings growth in the mid-term.

Dividend policy / Share buyback: Against this backdrop, ProSiebenSat.1 is adjusting its dividend pay-out policy. The Group targets a maximization of total shareholder return along various components, which particularly includes an increase in earnings growth next to an attractive dividend yield. The Group thus intends to pay out 50% of adjusted net income as a dividend (previously 80% to 90%) for the first time in the financial year 2018 (to be paid in 2019). ProSiebenSat.1 will use the funds thus released primarily for earnings-increasing investments in organic and inorganic growth. In addition, the Group will also opportunistically carry out share buybacks in the future. Besides the announced investments in core areas as well as bolt-on acquisitions, ProSiebenSat.1 thus plans a share buyback program of up to EUR 250 million with a term of 12 to 24 months. At the current valuation level, the Group thus uses share buybacks as an instrument to improve its capital efficiency. In the context of this share buyback program, a first tranche with a volume of up to EUR 50 million will be repurchased in the short term, beginning with November 9, 2018.

Dr. Jan Kemper, CFO of ProSiebenSat.1 Media SE, says: “At ProSiebenSat.1, we want to actively shape the future of the entertainment and commerce business. Therefore, adjusting our dividend policy and the associated reduced pay-out ratio are a consistent step to take. This will give us more financial headroom for important investment areas such as local content, platforms and technologies. At the same time, we want to sustainably increase the total return for our shareholders through the combination of organic growth, selective acquisitions and share buybacks.”

Third quarter of 2018: ProSiebenSat.1 Group’s revenue performance continued to be impacted by consolidation and currency effects in the third quarter of 2018. Despite these effects, revenues increased slightly by 1% to EUR 892 million (previous year: EUR 883 million). Adjusted for these factors, the Group generated revenue growth of 4%, to which in particular the growth, adjusted for consolidation and currency effects, of 14% respectively in the Content Production & Global Sales (Red Arrow Studios) and Commerce (NuCom Group) segments contributed. TV advertising revenues showed a stable development. As expected, the key operating earnings figures in this period were among others characterized by a deviating seasonality of program costs: Adjusted EBITDA thus decreased by 13% to EUR 175 million (previous year: EUR 202 million) while the adjusted EBITDA margin amounted to 19.7% (previous year: 22.9%). Adjusted net income decreased by 24% to EUR 75 million (previous year: EUR 99 million).

Outlook financial year 2018: As announced, the deconsolidations of the video-on-demand portal maxdome, the online fitness provider 7NXT and the tour operator Tropo, which all took place until the end of the third quarter, will affect the Group’s revenue growth for the full-year. There will also be a more moderate increase of organic revenues in total. ProSiebenSat.1 is adjusting its Group revenue target for 2018 accordingly: The Group now expects a revenue decrease in the low-single-digit percentage range to around EUR 4 billion (2017: EUR 4.1 billion). Adjusted for consolidation and currency effects, Group revenues are however expected to grow in a low-single-digit percentage range. Previously, ProSiebenSat.1 had targeted an unadjusted revenue increase of the Group in a low- to mid-single-digit percentage range and an adjusted revenue increase in a mid-single-digit percentage range compared to the previous year. The 2018 financial targets for the adjusted EBITDA margin and adjusted net income remain unchanged, irrespective of the adjustment of the revenue outlook and the potential earnings impact from the US studio contracts. The leverage ratio is expected to remain within the target range of 1.5 and 2.5 at the end of 2018.

Further key figures for the third quarter and the first nine months of 2018 are available on our Group website www.ProSiebenSat1.com. The accompanying presentation and quarterly statement will also be available there from 8 a.m. on November 8, 2018.

You can stream our Capital Markets Day live on our website from 10:30 a.m. on November 14: https://www.prosiebensat1.com/en/investor-relations/presentations-events/capital-markets-day

ProSiebenSat.1 Group financial targets for 2018

	2018 as a whole	Previous guidance
Revenues	Decrease in the low-single-digit percentage range	Growth in the low- to mid-single-digit percentage range
Revenues adjusted for consolidation and currency effects	Growth in the low-single-digit percentage range	Growth in the mid-single-digit percentage range
Adjusted EBITDA margin	Margin in the mid 20 percentage range	Margin in the mid 20 percentage range
Adjusted net income	Conversion rate of adjusted EBITDA to adjusted net income of around 50%	Conversion rate of adjusted EBITDA to adjusted net income of around 50%
Leverage ratio (ratio of net financial debt to adjusted EBITDA)	Target range of 1.5 to 2.5	Target range of 1.5 to 2.5
Dividend pay-out	50% of adjusted net income	80% to 90% of adjusted net income

ProSiebenSat.1 Group's mid-term financial targets

	Mid-term growth range	Mid-term adjusted EBITDA profitability
Entertainment	+0-5%	
Content Production & Global Sales	+5-10%	
Commerce	+10-15%	
ProSiebenSat.1 Group	Mid-single-digit percentage range	Adjusted EBITDA margin in the mid 20 percentage range

Key figures of ProSiebenSat.1 Group

in EUR m	Q3 2018	Q3 2017	Change in %	Q1-Q3 2018	Q1-Q3 2017	Change in %
Revenues	892	883	1%	2,685	2,755	-3%
Total costs	-782	-1,016	-23%	-2,332	-2,584	-10%
Operating costs(1)	-721	-685	5%	-2,071	-2,108	-2%
Adjusted EBITDA(2)	175	202	-13%	634	661	-4%
Adjusted EBITDA margin (in %)	19.7%	22.9%	-3.3 pp	23.6%	24.0%	-0.4 pp
EBITDA	187	281	-33%	550	702	-22%
Reconciling items	12	79	-85%	-84	41	~
Operating profit (EBIT)	133	174	-23%	393	487	-19%
Financial result	44	-41	~	14	-79	~
Consolidated net profit (after non-controlling interests)	126	122	3%	279	304	-8%
Adjusted net income(3)	75	99	-24%	305	331	-8%

Basic earnings per share (adjusted) (in EUR)	0.33	0.43		1.33	1.45	
Free cash flow [4]	3	521	-99%	-140	484	~
Free cash flow before M&A [5]	22	47	-52%	105	117	-10%
Cash flow from operating activities	301	308	-2%	909	957	-5%

Key figures of ProSiebenSat.1 Group

in EUR m	**Sep. 30, 18**	**Dec. 31, 17**	**Sep. 30, 17**
Equity	**1,151**	1,252	1,129
Equity ratio (in percent)	**18.5%**	19.1%	18.2%
Cash and cash equivalents	**1,000**	1,552	1,320
Net financial debt[6]	**2,189**	1,632	1,865
Leverage ratio[7]	**2.1**	1.6	1.8

Segment key figures of ProSiebenSat.1 Group

in EUR m	**Q3 2018**	**Q3 2017**	**Change in %**	**Q1-Q3 2018**	**Q1-Q3 2017**	**Change in %**
Entertainment						
Revenues	562	575	-2%	1,850	1,862	-1%
External revenues	547	565	-3%	1,799	1,824	-1%
Adjusted EBITDA[2]	150	163	-8%	567	565	0%
Content Production & Global Sales						
Revenues	155	143	8%	394	425	-7%
External revenues	148	131	12%	361	375	-4%
Adjusted EBITDA[2]	6	10	-39%	19	20	-4%
Commerce						
Revenues	197	186	6%	525	557	-6%
External revenues	197	186	6%	525	556	-6%
Adjusted EBITDA[2]	19	30	-36%	48	77	-37%

(1) Total costs excl. D&A and expense adjustments. (2) EBITDA before reconciling items. (3) Consolidated profit for the period attributable to shareholders of ProSiebenSat.1 Media SE before the effects of purchase price allocations and additional reconciling items. These include valuation effects on financial investments, put options, and earn-out liabilities recognized in the other financial result item, as well as ineffectiveness from financial derivatives and valuation effects on the Group Share Plans. (4) After M&A; total cash and cash equivalents generated in operating business less the balance of cash used and generated in the context of investing activities. (5) Free cash flow adjusted for cash used and generated by M&A transactions (excl. transaction costs) related to majority acquisitions that are carried out and planned and the purchase and sale of investments accounted for using the equity method. (6) As of September 30, 2018, the definition of ProSiebenSat.1's net financial debt does not include lease liabilities according to IFRS 16 in the amount of EUR 142 million or real estate liabilities in the amount of EUR 22 million. (7) Ratio of net financial debt to adjusted EBITDA in the last twelve months.