
Press Release



ProSiebenSat.1 increases revenues by +4% in Q3 2019

- Revenues increase by +4% to EUR 926 million in Q3, +56% of revenues are non-TV core advertising business that grows by +13% while TV core advertising revenues decline by -6%
- Growth drivers are +21% at Red Arrow Studios, +13% at NuCom Group and +37% in digital and smart advertising business
- Streaming platform Joyn remains on growth course with nearly 5 million monthly total active users and 4.9 million app installs
- Group continues transformation with reorganization of Holding and Entertainment structure
- ProSiebenSat.1 further invests in the future of the Entertainment business and in the growth of NuCom Group, as expected this is reflected in the development of adjusted EBITDA
- Group maintains financial targets for the full-year 2019, that are however dependent on the development of the macroeconomic environment and the TV advertising business in Q4

Munich, November 7, 2019. Max Conze, CEO of ProSiebenSat.1 Media SE: “We continue to make good progress and consistently drive ProSiebenSat.1’s transformation. Despite the increasingly difficult macroeconomic environment and a therefore weaker TV advertising market, our revenues increased by +4% in the third quarter. 56% of our revenues are now generated from non-TV core advertising business – and growing by +13% in the third quarter. This was driven by growth of +37% in the digital and smart advertising business and continuing double-digit growth rates at Red Arrow Studios and NuCom Group. We demonstrated once again that our decision to invest in a digital and diversified future was the right one: Our streaming platform Joyn is continuously gaining new users, and the premium version will be launching this winter. At NuCom Group, the online-beauty provider Flaconi boasts very dynamic growth of +59% in the third quarter, while our focus on local content is becoming increasingly effective. In the first nine months of the year, we are clearly ahead of the audience shares of the previous year, and a strong portfolio of fiction and entertainment formats, such as ‘Schattenmoor’, ‘Dancing on Ice’, and ‘Queen of Drags’, is coming up in the next months. In a weakening and less predictable environment, it is all the more important to continue investing in the future of the company.”

Development of the Group

ProSiebenSat.1 Group concluded the third quarter largely within its expectations: Despite the clearly weaker than originally anticipated development in the TV advertising business, the Group increased its revenues by +4% to EUR 926 million in this period (previous year: EUR 892 million); the organic⁽¹⁾ increase was +3%. While especially the TV core advertising business affected the development in the Entertainment segment and led to a decline of -4% (organic decline: -3%) in revenues, this was more than offset by the revenue growth in all other business areas. Thus, the Content Production & Global Sales (Red Arrow Studios) and Commerce (NuCom Group) segments both increased their revenues by double-digit growth rates of +21% and +13% respectively (organic growth: +15% and +10% respectively). Also, the digital and smart advertising business grew again by a strong +37%. The Group’s adjusted EBITDA was in line with expectations, too, and decreased by -25% to EUR 131 million in the third quarter (previous year: EUR 175 million): Besides lower TV core advertising revenues, this reflects the Group’s decision to continue investing as announced in the future of the Entertainment business and in an accelerated growth of NuCom Group. Against this backdrop, adjusted net income decreased by -39% to EUR 46 million (previous year: EUR 75 million) as expected.

In the first nine months of 2019, ProSiebenSat.1 Group's revenues grew by +4% to EUR 2,786 million (previous year: EUR 2,685 million) despite the clearly weaker TV advertising market environment. The organic growth was +3%. As communicated at the beginning of the year, ProSiebenSat.1 consistently invests in the future of the Group. As expected, adjusted EBITDA accordingly fell by -16% to EUR 534 million (previous year: EUR 634 million; net income: -12% to EUR 248 million).

Segment performance

In the **Entertainment** segment, the Group further accelerated the dynamic development of its digital and smart advertising business which revenues grew by a considerable +37%. This was driven partly by the launch of the digital, advertising-financed streaming platform Joyn and the addressable TV business with the market launch of the Addressable TV spot product. This business area therefore compensated for some of the decline in TV core advertising revenues, which were down -6% year-on-year in the third quarter, reflecting the weakening macroeconomic environment and the corresponding development in the TV advertising market. Furthermore, the deconsolidation of the video-on-demand portal maxdome and the online fitness provider 7NXT also had an impact. Overall, external revenues in the Entertainment segment declined by -4% in the third quarter of 2019. Organically, external revenues decreased by -3%. In the TV audience market, ProSiebenSat.1 Group's channels were clearly ahead of the previous year with an audience share of 28.3% (14- to 49-year-olds) in the last nine months (previous year: 27.5%). This positive trend continued in October with a TV audience share of 28.8%. Digital view time likewise grew in the third quarter, increasing by +21.8%. In particular, the shows "The Voice of Germany", "Late Night Berlin", and "Das große Backen" ("Bake Off") are popular with viewers on all platforms. Total video viewtime, i.e. the total number of minutes viewed on all of the Group's linear channels and digital entertainment platforms, came to 253 billion minutes in the third quarter (previous year: 260 billion minutes), with the growth in digital usage not yet completely offsetting the decline in linear reach.

Joyn, the Group's German streaming platform, continues its growth course after its launch in mid-June. It now has nearly 5 million monthly total active users across all devices and 4.9 million app installs. Joyn offers users livestreams from over 50 TV channels and an extensive on-demand offer of original series, shows and exclusive previews. Furthermore, PULS 24, the Group's fourth Austria-only station and the corresponding app successfully went live in September. The new 360-degree project is focusing in particular on information, news, and Austrian content. Since the launch, the app has already been downloaded over 550,000 times.

The **Content Production & Global Sales** segment (Red Arrow Studios) continued its dynamic, double-digit growth in the third quarter of this year. External revenues increased considerably by +21%. Organically, i.e. adjusted for currency effects, revenues grew by +15%. Again, Red Arrow Studios' strong production business contributed to this: The formats "The Weekly" (for FX/Hulu), "Married at First Sight" (for Lifetime USA), and "A League of Their Own" (for Sky UK) had a particularly positive effect here. The external revenues of the global digital studio Studio71 also continued to grow, increasing by double digits in Germany and the USA in the third quarter. An influencer campaign for Ubisoft in Germany, the production of the series "Mr. Mom" for Walmart's VoD platform, and the growing podcast business in the USA were particularly successful.

The **Commerce** business with NuCom Group is well on the way to achieving the revenue target of around EUR 1 billion in the full-year. In the third quarter of 2019, the segment's external revenues rose by +13%. Organic revenues grew by +10%. While the matchmaking and consumer advice businesses both benefited substantially from the initial consolidations of the US online matchmaking provider eharmony and of Aroundhome, an online broker for products and services related to the home, the organic growth in the core areas of Experiences and Beauty & Lifestyle accelerated considerably. The announced growth investments in the online beauty provider Flaconi had a particularly positive effect on the revenue development here. Revenues increased by +59% in the third quarter. This was also driven by the recent marketing push, the extension of its product portfolio, and the launch of the brand in Poland.

In the third quarter of 2019, ProSiebenSat.1 Group also continued the transformation of its Entertainment business, implementing a strategic holding focused on strategic management, governance, support and consulting as its core tasks. At the same time, the Group is establishing a more integrated Entertainment organization in which content, digital platforms and monetization are more tightly interconnected.

Financial outlook

ProSiebenSat.1 maintains its full-year targets communicated for the current fiscal year, i.e. a revenue increase in the mid-single-digit percentage range and – as outlined during the conference call for the second quarter – an adjusted EBITDA margin at the lower end of the target range of 22% to 25%. As already announced at the start of the year, however, the achievement of these financial targets is subject to the development of the macroeconomic environment and the TV advertising market. Adjusted net income for the full-year will be lower than in the previous year, as announced, reflecting the development of adjusted EBITDA.

In the first nine months, the development of revenues and earnings was largely in line with the Group's expectations. This is mainly attributable to the positive revenue development of Red Arrow Studios, NuCom Group and the digital and smart advertising business. In contrast, TV core advertising revenues are showing a downward trend, which was amplified in the third quarter by increased macroeconomic uncertainties. In terms of earnings, the weaker than originally predicted development of the TV advertising business was partially offset by cost measures.

The fourth quarter is traditionally the most important financial quarter for ProSiebenSat.1 Group, in which around one-third of the total annual revenues and close to 40% of adjusted EBITDA are generated. Despite the challenging economic conditions, the Group has decided to continue investing at a high level in the Entertainment business and in an acceleration of NuCom Group's growth. As announced, the investments will focus on the online beauty provider Flaconi in order to further enhance its market position both with regard to the important Christmas business and in the long term. Including these additional expenses, ProSiebenSat.1 now expects NuCom Group's adjusted EBITDA for the full-year to come in around EUR 100 million and thus at around the previous year's level. At the same time, the potential range of TV advertising revenues that can be generated in the fourth quarter is usually much higher as a result of customers' individual investment decisions.

Visibility in the core business remains low at the start of the fourth quarter. Should the TV advertising environment remain weak and should TV core advertising revenues decline by an up to high-single-digit percentage in this quarter, adjusted EBITDA would decline by up to EUR 60 million. This also takes into account the planned additional investments recognized as expense in the fourth quarter. Depending on the development of the TV advertising business, the Group's adjusted EBITDA in the full-year would therefore decline to up to around EUR 850 million in this scenario. Despite the current more difficult macroeconomic conditions, the Group believes that it is on track to successfully continue the transformation of the Entertainment business and to keep strengthening its areas of growth.

Rainer Beaujean, CFO of ProSiebenSat.1 Media SE: "Visibility in the TV advertising market is extremely low, and we have seen in the past years that significant sales volatility is possible in the fourth quarter. Moreover, macroeconomic uncertainties are increasing. As such, we believe it is prudent to highlight the financial impact of a potential negative scenario. Despite the uncertainty, we will nevertheless continue to act in a sustainable and long-term manner and have consciously decided to keep investing in NuCom Group and the Entertainment business thus actively shaping ProSiebenSat.1's future."

As in the past, the Group will make specific statements about the financial targets for financial year 2020 at the Annual Press Conference on March 5, 2020.

Further key figures can be found on our Group website at www.ProSiebenSat1.com. The presentation and Quarterly Statement for the third quarter of 2019 will also be available here from 7:30 a.m. on November 7, 2019.

(1) Organic = adjusted for portfolio and currency effects

Key figures of ProSiebenSat.1 Group

in EUR m	Q3 2019	Q3 2018	Change in %	Q1-Q3 2019	Q1-Q3 2018	Change in %
Revenues	926	892	4%	2,786	2,685	4%
Total costs	-870	-782	11%	-2,474	-2,332	6%
Operating costs ⁽¹⁾	-802	-721	11%	-2,277	-2,071	10%
Adjusted EBITDA ⁽²⁾	131	175	-25%	534	634	-16%
Adjusted EBITDA margin (in %)	14.2%	19.7%	-5.5 pp	19.2%	23.6%	-4.4 pp
EBITDA	122	187	-35%	506	550	-8%
Reconciling items	-9	12	~	-28	-84	-67%
Operating result (EBIT)	64	133	-52%	337	393	-14%
Financial result	-16	44	~	20	14	41%
Net income	33	127	-74%	248	283	-12%
Net income attributable to shareholders of ProSiebenSat.1 Media SE	34	126	-73%	249	279	-11%
Net income attributable to non-controlling interests	0	1	~	-1	4	~
Adjusted net income ⁽³⁾	46	75	-39%	224	305	-26%
Adjusted earnings per share (in EUR)	0.20	0.33		0.99	1.33	
Free cash flow ⁽⁴⁾	-71	3	~	-150	-140	7%
Free cash flow before M&A ⁽⁵⁾	-51	22	~	-36	105	~
Cash flow from operating activities	275	301	-9%	961	909	6%

Key figures of ProSiebenSat.1 Group

in EUR m	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Equity	1,165	1,070	1,151
Equity ratio (in %)	18.2%	16.5%	18.5%
Cash and cash equivalents	609	1,031	1,000
Net financial debt ⁽⁶⁾	2,588	2,163	2,189
Leverage ratio ⁽⁷⁾	2.8	2.1	2.1

Segment key figures of ProSiebenSat.1 Group

in EUR m	Q3 2019	Q3 2018	Change in %	Q1-Q3 2019	Q1-Q3 2018	Change in %
Entertainment						
Revenues	538	562	-4%	1,742	1,850	-6%
External revenues	525	547	-4%	1,705	1,799	-5%
Adjusted EBITDA ⁽²⁾	108	150	-28%	458	567	-19%
Content Production & Global Sales						
Revenues	189	155	22%	508	394	29%
External revenues	178	148	21%	461	361	28%
Adjusted EBITDA ⁽²⁾	9	6	46%	26	19	34%
Commerce						
Revenues	222	197	13%	619	525	18%
External revenues	222	197	13%	619	525	18%
Adjusted EBITDA ⁽²⁾	15	19	-23%	51	48	5%

(1) Total costs excl. EBITDA expense adjustments, depreciation, amortization, and impairments. (2) EBITDA before reconciling items. (3) Net income attributable to shareholders of ProSiebenSat.1 Media SE before the depreciation, amortization and impairments from purchase price allocations, adjusted for the reconciling items. These include valuation effects recognized in other financial result, valuation effects of put-options and earn-out liabilities, as well as valuation effects from interest rate hedging transactions. Moreover, the tax effects resulting from such adjustments are also adjusted. (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, 2019, the definition of ProSiebenSat.1 Group's net financial debt does not include lease liabilities according to IFRS 16 of EUR 165 million (December 31, 2018: EUR 155 million; September 30, 2018: EUR 142 million) or real estate liabilities of EUR 42 million (December 31, 2018: EUR 22 million; September 30, 2018: EUR 22 million). (7) Ratio of net financial debt to adjusted EBITDA in the last twelve months.

Contact:

Stefanie Rupp-Menedetter
Head of Corporate Communications & Events
Phone: +49 [0] 89 95 07-2598
E-mail: Stefanie.Rupp@ProSiebenSat1.com

ProSiebenSat.1 Media SE
Medienallee 7
85774 Unterföhring, Germany

Susanne Brieu
Head of Corporate & Financial Communications
Phone: +49 [0] 89 95 07-1137
E-mail: Susanne.Brieu@ProSiebenSat1.com

Press release online: www.ProSiebenSat1.com
Twitter: [@P7S1Group](https://twitter.com/P7S1Group)