

How do you propose to bring down leverage and over what time period? What is the plan for refinancing or retiring the 2021 bond?

- We are fully committed to our general financial leverage target range of 1.5-2.5x net financial debt/adj. EBITDA.
- With our 2020 outlook provided today where we aim for stable adj. EBITDA in the base case scenario, we are targeting adj. EBITDA growth in the future after a period of more pronounced P&L investments, particularly in the Entertainment segment and the NuCom Group. This already will support financial leverage metrics under the assumption of an unchanged level of gross debt.
- Obviously, we are working on our FCF conversion. With the strategic review for Red Arrow Studios still ongoing, we will also be considering additional streamlining of the NuCom portfolio which could result in potential asset disposals.

What assets could you consider disposing of? What has happened to the possible sale of the international content production business?

- The strategic review for the international part of Red Arrow Studio business is still ongoing.
- In addition, we will also be considering additional streamlining of the NuCom portfolio which could result in potential asset disposals.
- Please understand that we don't want to comment on the potential disposal of particular portfolio assets at this point in time.

Why did you decide to keep the dividend given the acquisition, increase in leverage and increased macro uncertainty?

- We undertake the acquisition of the Meet Group because of its compelling strategic rationale and its underlying value creation potential.
- With respect to dividends, the 50% pay-out ratio of adjusted net income is an integral part of both our communicated financial policy and shareholder remuneration which leaves us sufficient financial capacity to execute our growth strategy.
- Please also note that most of our investments are expensed directly in our P&L and, therefore are already reflected in EPS and DPS, respectively.
- Whilst the envisaged acquisition will increase the ProSiebenSat.1 Group financial leverage (pro forma 12 months) only incrementally by 0.1x, we are strongly committed to adhering to our 1.5x – 2.5x financial leverage target range. We are thus considering to undertaking additional streamlining of the NuCom portfolio which could result in potential asset disposals and is expected to have a positive effect on leverage.

What are the advertising trends for 1Q? Have you seen any change to plans/tone from advertisers on the back of coronavirus spreading to Europe?

- We have seen continued strong growth in our Digital & Smart advertising revenues in the first two months. TV core advertising in Q1 will depend on trading in March, with March being the biggest month in the quarter. For the Q1 Entertainment total advertising business we currently do not foresee an improvement nor a deterioration against Q4 2019 ad trends.
- First and early budget discussions with our TV advertising customers for the full year 2020 are supportive and currently suggest a better development than in the recent past.
- While we are currently not aware of any adverse effects from the coronavirus on our business yet and advertising customers are signaling a normal and solid spending behavior, it cannot be excluded that even the first quarter might be burdened by short-term cancellations of

bookings or some disruption in the commerce and content production business in March. Obviously we will monitor developments closely.

Can you break out more detail on the impact to FCF in 2020 (Joyn, capex, programming etc.)?

- FCF before M&A will be significantly determined by the development of adjusted EBITDA as well as increased expenditures for the new campus at our Unterföhring premises and slightly higher investment in Joyn. Due to non-recurring tax refunds in a mid double-digit million amount in 2019, the Group is expecting a decrease of FCF before M&A at least in the double-digit million Euro amount in 2020 (previous year: EUR 339 million).

There has been a lot of management change/exits lately – why is that?

- We have a broad and well set-up senior management team and had to announce two departures lately. We regret Michaela Tod's and Nick Thexton's departures in summer 2020 which are purely for personal reasons.

The new reporting – what's the reason behind it and are there any potential savings? How much flexibility is there in the cost base if advertising is significantly weaker

- We have decided to implement a fully integrated Entertainment organization with a separate holding for the Group which in the future will solely focus on strategy, its execution and capital allocation. The segments will operate independently from holding in the future. As consequence we will adapt our reporting as of Q1 2020. This is a pure reorganization and not a cost reduction measure.
- The Entertainment business, operating under the new name SevenOne Entertainment Group, will draw strength from the fact that we have bundled all of our content, digital and sales units under one roof.
- We always have some flexibility in our cost base but it would be too premature to provide you with a specific amount.

Meet Group: Company is being sued in the US for an alleged child kidnapping and rape incident. Do you have any protection if Meet is found guilty and has to pay a large compensation payment? What do you intend to do in terms of user protection?

- Please note that operators of hosting/social media platforms are exempted from liability if they are not aware of any violations procured by its users. Notwithstanding, in order to exclude violations of applicable laws and Meet's code of compliance conduct to the farthest extent as possible, we could convince ourselves as part of our due diligence that it operates a very coherent and market standard compliance system. In that regard, Meet is in particular continuously monitoring the platform by using professional technical features as well as human oversights.
- To your first question, the specific litigation "Washington against The Meet Group, Inc." has been dismissed by the Southern District of Texas in its entirety in January 2020.
- With regard to your second question, we have assured ourselves as part of our due diligence exercise that the business operates on the basis of a state-of-the-art compliance management system. It clearly matches with our own standards, and has user protection and compliance as its top priority. This is specifically being demonstrated by running rapid and consequent take down procedures.

What is the central assumption on total advertising to get to €870m of EBITDA?

- We assume slightly negative total advertising revenues in Entertainment in our base case scenario. This is also the basis for our €870m adjusted EBITDA outlook for FY 2020 for P7S1 Group.

You said “based on discussions that the Group has had with advertising customers about their readiness to invest, the Company also expects a weak start and better development in the second half of the year in the TV advertising business”. How much do you expect total advertising or TV advertising to be down in Q1?

- For the Q1 Entertainment total advertising business as a whole we currently do not foresee an improvement nor a deterioration against Q4 2019 ad trends. However, while we are currently not aware of any adverse effects from the coronavirus on our business yet and advertising customers are signaling a normal and solid spending behavior, it cannot be excluded that even the first quarter might be burdened by short-term cancellations of bookings or some disruption in the commerce and content production business in March.

Any impact of Corona in Germany yet?

- We are currently not aware of any adverse effects from the coronavirus on our business yet and advertising customers are signaling a normal and solid spending behavior. However, it cannot be excluded that even the first quarter might be burdened by short-term cancellations of bookings or some disruption in the commerce and content production business in March.

Can you give us more color on the split of your €191m of smart advertising? Approximate breakdown of revenues between online advertising (your TV programme on other devices or on catch-up), linear targeted advertising (where difference people see different ads) and other?

- The €191m of Digital & Smart advertising revenues in FY 2019 largely comprise AVoD revenues. Targeted advertising revenues (aka addressable TV) account for a low double digit million amount currently.

NEW Q+A

Why did core TV NAR declines not ease sequentially in Q4 vs Q3 (i.e. still at -6%) despite easier comps and commentary that Nov-Dec a bit better? Is Smart cannibalising core TV advertising?

- In 2019, the overall level of commitments has been reduced. In addition, there was weak add-on booking season. In our view, this development has been strongly related to a weaker macro-economic environment.
- Generally speaking, we might see some shift of TV core advertising revenues into Digital & Smart advertising revenues as TV advertising customers are likely to increasingly use the targeting opportunities e.g. the Addressable TV spot (targeted linear advertising) provides. This, however, is expected to translate into an overall increasing amount of total Entertainment advertising revenues. And isolated view on TV core advertising revenues will be less and less meaningful, particularly if the amount and utilization of available Addressable TV advertising inventory increases (currently 10-15% available, c. 1% used).

What is the % of your TV ad revenues that come from Travel advertising?

- Travel advertising represented about 3% of total TV advertising revenues in FY 2019.

What was the impact on FCF pre-M&A in 2019 from one-off tax refunds?

- Non-recurring tax refunds has been in the mid double-digit million Euro range.

You referred to a “slight increase” in investment in Joyn in 2020. Can you quantify that please?

- Joyn’s contribution to the at equity result of ProSiebenSat.1 Group in FY 2019 amounted to minus €55m.
- We expect the “at equity” result related to Joyn to decline in the single-digit million Euro range.

- Underlying financial result (interest result, other financial result/at equity result) excluding valuation effects was ~-€113m in FY 2019. Due to the slightly higher losses related to Joyn, FY 2020 financial result (excluding potential valuation effects) is expected to be in the range of -€115m to -€120m.
- The split of Entertainment revenues can also be found in the appendix of our FY 2019 presentation.

Can you provide the numbers for non-advertising revenues within Entertainment, for Q4 and FY 2019?

- The split of Entertainment revenues can be found in the appendix of our FY 2019 presentation.
- External Entertainment segment revenues in Q4 2019 came in at €813m, with total advertising revenues of €712m. Other revenues thus amounted to €101m.
- External Entertainment segment revenues in FY 2019 came in at €2,518m, with total advertising revenues of €2,183m. Other revenues thus amounted to €335m.

You referred to “portfolio changes” to help reach your leverage targets. Which businesses do you consider non-core?

- The leverage ratio – depending on business performance and not including portfolio changes – may be slightly above the upper end of our target range of 1.5x to 2.5x times end of 2020.
- With the strategic review for Red Arrow Studios still ongoing, we will also be considering additional streamlining of the NuCom portfolio which could result in potential asset disposals. This would also support managing our financial leverage. Please understand that we do not want to become more specific at this point.

Is the implied adj EPS range from your guidance €1.51-€1.80?

- While Group’s adjusted net income will reflect the development of adjusted EBITDA, adjusted net income may decline in the double-digit million-euro range resulting from higher depreciation effects and possibly slightly increasing investments in Joyn.
- The percentage-change of the adj. EPS will be in line with the adjusted net income. Please understand that we cannot be more specific at this point. We kindly ask that you use your own assumptions.

On FCF pre-M&A, does “mid-double-digit decline” mean ~€50m?

- We assume that free cash flow before M&A in the full-year will be significantly determined by the development of adjusted EBITDA and increased expenditures for the construction of the new campus at the premises in Unterföhring and slightly higher investment in Joyn.
- As tax refunds for 2019 as significant one-time item are not applying in 2020, we expect an overall decline in free cash flow before M&A in at least a double-digit million-euro range compared to the previous year (previous year: €339 million).

The P&L charge for consumption of programme rights benefited from a €281m swing in provisions (slide 15). What did that relate to?

- There was no “benefit” from a swing in provisions. What you see in the upper right table on slide 15 of our presentation in the 2018 column is an €178m increase in provisions for contingent losses from program rights which was overwhelmingly (i.e. in the amount of €176m) related to the strategic review of U.S. program rights we undertook at the end of 2018. Please note that total (unadjusted) P&L expense related to this strategic review was €354m in 2018. The other €178m (unadjusted) expense is already included in the consumption of program assets of -€1,121m shown in the 2018 column of this table. The “change in provisions” amount of -€103m in 2019 is related to (i) a use of provision (-81m; i.e. losses have materialized and reduce balance sheet assets but do not translate into P&L expense any more as related P&L expense was recorded already in 2018) and (ii) a release/reduction of provision (-€23m) as

provision in this amount was not needed any more. Whilst the balance sheet impact is thus higher with €1,061m, in the unadjusted P&L €958m of unadjusted consumption of program need to be recorded.

- The **lower right table** reflects the (ESMA) adjusted P&L values, i.e. program costs reflected in adjusted EBITDA of the Entertainment segment/the Group. The difference between €981m adjusted consumption of program rights and €958m unadjusted consumption of program rights for 2019 in the lower and upper right-hand tables therefore reflects the €23m income from the provision release which was reversed in adjusted EBITDA / adjusted P&L.

Do you expect revenue and cost synergies from Meet Group? If so, what are your expectations?

- We expect full-run-rate synergies of up to €20m from the combination to be realized in 2022E. We see both, revenue synergies from user transfer as well as monetarization know-how as well as cost synergies from scaling the business and improving efficiency.

Meet Group excludes stock based compensation from adj EBITDA. This amounted to ~\$9m in 2019. Deducting \$9m from their 2019 EBITDA gets me to ~22x trailing EV/EBITDA for your transaction. Am I missing anything?

- Our disclosed multiple is based on the publicly reported numbers from The Meet Group and does not reflect any adjustments.
- We see the adjustment of the stock based compensation of management as appropriate, as the stock based compensation is non-cash and results from the current stock award/ option plans, which are settled through the capital market and not through cash outs in the TMG's sphere.
- In addition, our communicated merger consideration is based on an accelerated vesting of all stock award/options in place, which are settled in cash at the offer price of \$6.30. Therefore, the Meet Group will not have any stock compensation related expenses from these compensation schemes after closing.

What was Parship's revenue and adj EBITDA in 2019?

- Parship Group's revenues were €209m in FY 2019 (disclosed in appendix of FY 2019 presentation (NuCom/Matchmaking)).
- While the adj. EBITDA was not disclosed on the presentation, it can be derived from the announced EV valuation of €726m as well as the also mentioned implied EV/EBITDA multiple of 16.5x. The resulting adj. EBITDA in FY 2019 was about €44m.

What was your/GA's shareholding in NuCom on the transaction date?

- P7S1 Group's shareholding in NuCom Group was and will remain 71.6%. However, in the context of the envisaged transaction with The Meet Group the Parship Group companies will be carved out from Nucom Group and become a separate unit.
- Shareholding's in the new matchmaking unit will be 55% for P7S1 Group and 45% for our partner GA.