Press release

ProSiebenSat.1 Group with considerable earnings increase of 13% in adjusted EBITDA in the third quarter of 2020

- **Group sees clear improvement in revenues and earnings compared to highly COVID-19 influenced previous quarter**
- **Group revenues with EUR 921 million at about previous year's level; adjusted EBITDA increases 13% to EUR 149 million compared to the previous year; adjusted net income positive again at EUR 29 million compared to the COVID-19 influenced second quarter of 2020**
- **Strict cost management pays off, liquidity position remains good with EUR 1,056 million in cash as of September 30, 2020**
- **Active portfolio management: Successful acquisition of The Meet Group as well as disposal of myLoc and WindStar Medical underscore long-term strategy focusing on core business and synergies**
- **New fourth segment ParshipMeet Group strengthens diversification of ProSiebenSat.1**
- **Outlook: Assuming about stable conditions compared to the third quarter and no further substantial restrictions in the fourth quarter beyond the measures announced in Germany at the end of October, the Group is targeting Group revenues between EUR 3.85 billion and EUR 3.95 billion and adjusted EBITDA between EUR 600 million and EUR 650 million for the full-year**

Unterfoehring, November 5, 2020. In the third quarter of 2020, ProSiebenSat.1 Group posted improved revenue and earnings figures compared to the highly COVID-19 influenced previous quarter. After the global pandemic and the resulting restrictions had considerably affected the Group's business performance in the second quarter, ProSiebenSat.1 generated revenues of EUR 921 million (previous year: EUR 926 million) between July and September 2020 and thus at about the previous year's level. This reflects, as announced, a recovery in the Group's entertainment advertising business since July, a dynamic revenue development of the online beauty provider Flaconi and the positive effects of the acquisition of the US online dating company The Meet Group, with initial consolidation in September. The Meet Group and the matchmaking business Parship Group are forming the Group's new fourth segment ParshipMeet Group, which operates in a fast-growing market. Organically[(1)], Group revenues declined by 4% (Q2 2020: -26%) in this quarter. Despite the recovery in revenues in the third quarter, the first nine months of the year are affected by the COVID-19 influenced previous quarter: In this period, ProSiebenSat.1 generated revenues of EUR 2,555 million (previous year: EUR 2,786 million) and is thus down 8% year-on-year.

Rainer Beaujean, Chairman of the Executive Board & Chief Financial Officer of ProSiebenSat.1 Media SE: "We are very satisfied with our development in the third quarter. As an early-cyclical company, we were now able to benefit from the economic recovery in the summer, following the difficult first half of the year, and have seen an upward trend in the advertising market. At the same time, our strict cost management is taking effect, with our adjusted EBITDA growing again compared to the previous year for the first time since the first quarter of 2018. With the launch of the umbrella brand Seven.One Entertainment Group as well as the formation of our ParshipMeet Group, we are furthermore advancing the reorganization of the Group. While the online dating business is clearly supporting our diversification, we are focusing on our core competencies in the entertainment business. This also includes disposing of companies that do no longer contribute to our core business. This was the case with myLoc, a provider of hosting solutions. The sale of WindStar Medical in NuCom Group's beauty and lifestyle segment also falls into this category.

This reflects our long-term strategy, which aims to create value for all stakeholders – through operational progress as well as active portfolio management."

Operating performance in the third quarter of 2020

In the third quarter, external revenues in the **Seven.One Entertainment Group** segment recovered significantly compared to the previous quarter and, after a 34% decrease in the second quarter, now declined by only 5% to EUR 499 million (previous year: EUR 525 million). Organically, external revenues likewise declined by 5%. This shows that advertising bookings benefited as expected from the economic recovery and the decline in advertising revenues of minus 6% reduced significantly compared to the previous quarter (Q2: -37%). While the pharmaceutical and automotive industries, among others, again increased their TV advertising spending, other sectors such as tourism and beverages continue to cut their advertising investment strongly due to the pandemic. In the first nine months of the year, external revenues – influenced by the effects of the COVID-19 pandemic – declined by 14% to EUR 1,460 million (previous year: EUR 1,705 million).

Seven.One Entertainment Group's entertainment and infotainment offerings continued to generate success, especially in prime time that is relevant for advertising customers. With shows like "Joko & Klaas Live: A Short Story of Moria" or the special report "ProSieben Spezial: Rechts. Deutsch. Radikal.", ProSieben not only focused on socially relevant issues but also achieved high reach. Since October 1, 2020, all entertainment activities have also been bundled under the umbrella brand Seven.One Entertainment Group. In this way, the Group connects its content, digital and sales businesses even closer and thus offers viewers content cross-media and platform-independently.

The effects of the COVID-19 related restrictions continue to have an impact on the **Red Arrow Studios** segment, albeit significantly weaker than in the previous quarter. Particularly in the US, the program production business was still affected through most of the third quarter. In contrast, business already improved slightly in Germany and the UK. Revenues in program distribution also increased again, partially compensating for the segment's revenue decline. In total, external revenues amounted to EUR 166 million (previous year: EUR 178 million) in the third quarter, down 7% year-on-year. Organically, thus adjusted for currency effects, revenues likewise decreased by 7%. In the first nine months of the year, external revenues declined by 13% to EUR 402 million (previous year: EUR 461 million).

External revenues in the **NuCom Group** segment increased slightly by 1% to EUR 172 million in the third quarter (previous year: EUR 170 million). Organic growth was likewise 1%. In particular, the beauty and lifestyle business including the online beauty provider Flaconi continued its dynamic development and was able to compensate for the declines at portfolio companies that are still affected by the consequences of the COVID-19 pandemic like the car rental platform billiger-mietwagen.de (Silvertours). NuCom Group also posted solid growth for the nine-month period, with external revenues increasing by 6% to EUR 492 million (previous year: EUR 463 million). After the end of the third quarter, in October, NuCom Group, in which General Atlantic is a minority investor with a 28.4% stake, sold its entire stake of 92% in WindStar Medical Holding to Oakley Capital. The financial investor also acquired the remaining 8% held by minority shareholders. The enterprise value of WindStar Medical underlying the transaction is at EUR 280 million with expected 2020 revenues of around EUR 127 million and an adjusted EBITDA of EUR 21 million. This corresponds to an adjusted EBITDA multiple of 13.6x. With this sale, the Group is consistently continuing its strategy of active portfolio management. WindStar Medical has been part of ProSiebenSat.1 since 2016 – in these four years, the Group was able to increase the enterprise value by 2.4x, especially thanks to TV advertising. The sale of WindStar Medical is subject to the approval of relevant antitrust authorities. Closing of the transaction as well as the subsequent deconsolidation are expected for the fourth quarter of 2020.

At the beginning of September 2020, ProSiebenSat.1 Group closed the acquisition of The Meet Group with its partner General Atlantic, carved Parship Group out of NuCom Group, and established the newly created **ParshipMeet Group** as the Group's fourth segment. This segment generated external revenues of EUR

84 million (previous year: EUR 52 million) in the third quarter, which corresponds to an increase of 62% compared to the previous year period. Organic growth was 11%. Besides the initial consolidation of The Meet Group, also Parship Group and the US matchmaking business eharmony further developed very positively. In the first nine months of the year, ParshipMeet Group generated EUR 201 million (previous year: EUR 156 million), exceeding the previous year period by 29%. With ParshipMeet Group, ProSiebenSat.1 has created a leading global online dating provider operating in a dynamically growing market.

ProSiebenSat.1 Group also saw a significant recovery in the other **key financial figures** in the third quarter: The Group's adjusted EBITDA increased by 13% to EUR 149 million, up EUR 18 million on the previous year (previous year: EUR 131 million). The Group's consistent and strict cost management was particularly effective here. In the first nine months of 2020, adjusted EBITDA, influenced by COVID-19, was 38% lower than in the previous year at EUR 328 million (previous year: EUR 534 million). Between July and September, net income more than doubled from EUR 34 million to EUR 69 million (nine-month period: EUR 52 million; previous year: EUR 249 million). Adjusted net income was positive again in this period compared to the second quarter and amounted to EUR 29 million (Q2 2020: EUR -52 million), which underlines the upward trend in this quarter. In the first nine months of the year, adjusted net income amounted to EUR 36 million (previous year: EUR 224 million), essentially due to the strong COVID-19 influence on the second quarter.

ProSiebenSat.1's liquidity position continues to be good as of the end of September 2020, with EUR 1,056 million in cash, due to the early introduction of measures to preserve liquidity. As of the end of the third quarter of 2020, net financial debt had, despite the portfolio changes made in this quarter and the resulting cash outflows, decreased to EUR 2,488 million (previous year: EUR 2,588 million) year-on-year. Compared to the end of 2019, this however is a slight increase. The leverage ratio increased to 3.7x (end of Q2 2020: 3.6x), primarily due to the decline in adjusted EBITDA as a result of COVID-19 in the second quarter of 2020 and the transaction of The Meet Group. The LTM pro forma leverage ratio, which also includes earning contributions of The Meet Group for twelve months, was 3.5x.

Outlook

Against the backdrop of the global COVID-19 pandemic and the related economic uncertainty – also with regard to the possible extent of the negative business impact – on April 22, 2020, ProSiebenSat.1 Group withdrew its financial outlook regarding all the key financial performance indicators for financial year 2020, which had been published at the beginning of March 2020. After ProSiebenSat.1 Group's business performance was considerably affected by the consequences of the COVID-19 pandemic in the second quarter of 2020, economic conditions in Germany brightened in the third quarter of 2020. In conjunction with the Group's cost and cash flow management measures already introduced in April 2020, this had a comparatively positive effect on the Group's revenue and earnings figures in the third quarter of 2020. Since October, however, social and economic uncertainty in Germany and worldwide has been growing again due to the return of rising COVID-19 infection rates.

The Group has based its full-year outlook on the following assumptions: The economic environment will remain about stable compared to the third quarter of 2020 and there will be no further substantial restrictions in the fourth quarter beyond the measures announced in Germany at the end of October. This particularly applies to the important Christmas business of our advertising customers. On the basis of these assumptions, the Group expects advertising revenues to decline by a single-digit-percentage rate in the fourth quarter, among others due to the current loss of single industries like tourism and events as advertising customers as a result of COVID-19. Under the assumptions made, the Group is targeting – on the basis of constant exchange rates(2) and without further portfolio changes – Group revenues of between EUR 3.85 billion and EUR 3.95 billion (previous year: EUR 4.13 billion) and adjusted EBITDA of between EUR 600 million and EUR 650 million (previous year: EUR 872 million) in full-year 2020. This means that all of the Group's key financial figures in the full-year will be influenced by the currently strong one-time impact of COVID-19 and lockdown on the Group's business, especially in the second quarter. As a result of the impact of COVID-19, the Group posted a decline in adjusted EBITDA of EUR 190 million in the second quarter of 2020 compared to the previous year quarter, which cannot be made up for over the full-year.

Mid-term financial targets and financial policy

The Group is intensifying its focus on continued value increase and continues to target, as communicated at the start of the year, a return-on-capital-employed for the Group of at least 15% in the mid-term, based on the ProSiebenSat.1 definition of the ratio (P7S1 ROCE). To achieve this target, expansion and new investments will have to be amortized within three years and generate a return of at least 18%. Strategic projects are usually expected to be amortized within five years.

In addition, ProSiebenSat.1 Group is confirming its general financial policy with regard to leverage ratio and dividend. Accordingly, ProSiebenSat.1 continues to aim for a leverage ratio (the ratio of the Group's net financial debt to its LTM adjusted EBITDA) ranging between 1.5 and 2.5. The Group's general dividend policy of distributing 50% of adjusted net income as a dividend also remains in place.

Strategic Focus

ProSiebenSat.1 Group is focusing its entertainment business on the German-speaking region with Germany, Austria and Switzerland as core markets, also in close cooperation with Red Arrow Studios and digital studio Studio71. In total, the Group will continue to invest around EUR 1 billion per year in content here, with more than half being spent on local formats. The Group thus strengthens one of its major USPs in the German-speaking entertainment market.

In addition to supporting the development of brands and their market positioning via the Group's own advertising space, a profitable entertainment business provides a foundation for ProSiebenSat.1 in order to enable other segments like ParshipMeet Group or NuCom Group. In these areas, ProSiebenSat.1 is concentrating on investments that have clear synergies with the core business. The Group's focus generally is on a considerably stronger earning orientation, in order to improve its cash flow, ability to pay dividends, and leverage in a sustainable manner.

(1) Organic = adjusted for portfolio and currency effects

(2) The main currency besides the euro remains the US dollar. The average annual EUR/USD exchange rate is around USD 1.1349 to the euro. This corresponds to a USD exchange rate of 1.1660 USD/EUR in the fourth quarter.

Further key figures can be found on our Group website at www.ProSiebenSat1.com. The presentation and the quarterly statement for the third quarter of 2020 will also be available here from 7:30 a.m. on November 5, 2020.

Key Figures of ProSiebenSat.1 Group

in EUR m

	Q1-Q3 2020	Q1-Q3 2019	Change in %	Q3 2020	Q3 2019	Change in %
Revenues	**2,555**	2,786	-8%	**921**	926	-1%
Total costs	**-2,449**	-2,474	-1%	**-845**	-870	-3%
Operating costs(1)	**-2,245**	-2,277	-1%	**-776**	-802	-3%
Adjusted EBITDA(2)	**328**	534	-38%	**149**	131	13%
Adjusted EBITDA margin (in %)	**12.9%**	19.2%	-6.3 pp	**16.1%**	14.2%	-2.0 pp
EBITDA	**340**	506	-33%	**174**	122	43%
Reconciling items	**12**	-28	~	**25**	-9	~
Operating result (EBIT)	**159**	337	-53%	**114**	64	79%
Financial result	**-84**	20	~	**-13**	-16	-16%
Net income	**39**	248	-84%	**69**	33	~
Net income attributable to shareholders of ProSiebenSat.1 Media SE	**52**	249	-79%	**69**	34	~

Net income attributable to non-controlling interests	**-13**	-1	~	**0**	0	~
Adjusted net income(3)	**36**	224	-84%	**29**	46	-36%
Adjusted earnings per share (in EUR)	**0.16**	0.99		**0.13**	0.20	
Free cash flow (4)	**-429**	-150	~	**-337**	-71	~
Free cash flow before M&A (5)	**-55**	-36	52%	**0**	-51	-99%
Cash flow from operating activities	**824**	895	-8%	**310**	212	46%

Key Figures of ProSiebenSat.1 Group

in EUR m

	Sep. 30, 20	Dec. 31, 19	Sep. 30, 19
Equity	**1,554**	1,288	1,165
Equity ratio (in %)	**21.6%**	19.5%	18.2%
Cash and cash equivalents	**1,056**	950	609
Net financial debt(6)	**2,488**	2,245	2,588
Leverage ratio(7)	**3.7x**	2.6x	2.8x

Segment Key Figures of ProSiebenSat.1 Group

in EUR m

	Q1-Q3 2020	Q1-Q3 2019	Change in %	Q3 2020	Q3 2019	Change in %
Seven.One Entertainment Group						
Revenues	**1,507**	1,754	-14%	**513**	542	-5%
External revenues	**1,460**	1,705	-14%	**499**	525	-5%
Adjusted EBITDA(2)	**268**	496	-46%	**114**	121	-6%
Red Arrow Studios						
Revenues	**449**	508	-12%	**181**	189	-4%
External revenues	**402**	461	-13%	**166**	178	-7%
Adjusted EBITDA(2)	**24**	26	-7%	**15**	9	80%
NuCom Group						
Revenues	**504**	477	6%	**175**	175	0%
External revenues	**492**	463	6%	**172**	170	1%
Adjusted EBITDA(2)	**1**	21	-94%	**5**	4	26%
ParshipMeet Group						
Revenues	**201**	156	29%	**84**	52	62%
External revenues	**201**	156	29%	**84**	52	62%
Adjusted EBITDA(2)	**51**	30	71%	**19**	11	73%
Reconciliation (Holding & other)						
Adjusted EBITDA(2)	**-16**	-39	-60%	**-4**	-13	-69%

(1) Total costs excl. D&A and expense adjustments. (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, 2020, the definition of ProSiebenSat.1 Group's net financial debt does not include lease liabilities according to IFRS 16 of EUR 212 million (December 31, 2019: EUR 171 million; September 30, 2019: EUR 165 million) and real estate liabilities of EUR 64 million (December 31, 2019: EUR 48 million; September 30, 2019: EUR 42 million). (7) Ratio of net financial debt to adjusted EBITDA of the last twelve months.

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