ProSiebenSat.1 Media AG

Press Release

Q1 2012: ProSiebenSat.1 grows in all segments

- **Consolidated revenues up 6.5% to EUR 634.8 million**
- **Revenues in the “Digital & Adjacent” segment grow by 31.0% to EUR 70.5 million**
- **Recurring EBITDA rises 8.9% to EUR 141.6 million**
- **Net profit grows by 50.3% to EUR 50.8 million**
- **Positive outlook for 2012, 2015 growth targets confirmed**

[At the beginning of 2012, the ProSiebenSat.1 Group aligned its segment structure to its four-pillar growth strategy. The Company now reports in the following segments: “Broadcasting German-speaking”, “Broadcasting International”, “Digital & Adjacent” and “Content Production & Global Sales”. The segment reporting of the previous year has been adjusted accordingly. All statements and figures are based on the continuing operations of the ProSiebenSat.1 Group. The disposed Belgian and Dutch companies were deconsolidated in June and July 2011.]

Munich, May 10, 2012. The ProSiebenSat.1 Group had a good start into the financial year 2012. In the first quarter of 2012, the Group increased consolidated revenues by 6.5% to EUR 634.8 million. Recurring EBITDA was up 8.9% year-on-year and reached EUR 141.6 million. The operating margin improved to 22.3% (previous year: 21.8%) reflecting the Group’s high profitability. After taxes and non-controlling interests, net profit for the period increased by 50.3% to EUR 50.8 million.

Thomas Ebeling, CEO ProSiebenSat.1 Media AG: “Our growth strategy gave a positive impetus to the new year. Today, we have already realized over 30% of the additional revenue potential we are targeting until 2015. All our segments made a contribution. This is a very good result. The Digital & Adjacent segment, in particular, is developing more and more strongly to drive our growth. We have thus made great progress in our objective of becoming a digital entertainment powerhouse.”

Solid growth in the German TV business

The German advertising market continued to grow in the first quarter of 2012. TV increased its share in the overall advertising market, improving by 1.8 percentage points to a gross figure of 42.8%, gaining further weight in the media mix, primarily at the expense of print. The ProSiebenSat.1 Group benefited from this development, increasing its TV ad sales in its core market and successfully consolidating its leading position in the advertising business. Among viewers, the German station portfolio increased its market share year-on-year by 1.0 percentage points to 28.5%. A contributing factor to the increase was the good performance of sixx. The station which was only launched in May

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2010 steadily increased its ratings which have in the meantime advanced to 0.8%. In the first quarter of 2012, the Group market share of our stations in Austria also rose by 1.0 percentage points to reach 20.2%. Here too, the company was able to capitalize its successes among viewers at appropriate prices. With the station Austria 9, acquired in March 2012, the Group aims to expand its market share further. As early as summer 2012, it intends to relaunch the station in cooperation with sixx.

In contrast to TV advertising revenues, revenues from the sale of programming assets declined in the first quarter of 2012. Nevertheless, overall revenues in the Broadcasting German-speaking segment increased by a total of 1.8% or EUR 7.3 million to EUR 417.9 million. Recurring EBITDA rose by 11.0% to EUR 108.6 million compared to the previous year. Higher revenues and cost efficiency resulted in the significant increase of recurring EBITDA by EUR 10.8 million.

Northern Europe retains high growth rates

In its Broadcasting International segment the Group also generated higher external revenues year-on-year. At EUR 135.4 million, revenues were 6.3% or EUR 8.0 million higher year-on-year. Once again the most important growth driver was the Northern European station portfolio. In particular, TV stations in Norway considerably improved their advertising revenues compared to the first quarter of 2011. Higher audience shares in the Nordic countries were accompanied by an increase in advertising revenues. In Norway, the Group strengthened the audience market share of its family of stations by 2.4 percentage points to 18.6%. Alongside the successful development of the men’s station MAX, growth was also driven by the launch of the station VOX at the end of January 2012. The new station especially targets viewers over 30 years, and in the first quarter of 2012 already achieved a market share of 0.6%. While the ProSiebenSat.1 Group in the Scandinavian countries benefited from its good performance in the audience market and a higher investment volume of the TV advertising industry, TV advertising revenues in Eastern Europe remained below the previous year due to the general state of the economy.

In comparison to the first quarter of 2011, recurring EBITDA declined by EUR 3.4 million to EUR 16.9 million (-16.7% compared to the previous year). Cost increases due to higher programming costs for expanding the Northern European station portfolio and the declining result in Eastern Europe resulted in recurring EBITDA decreasing in the Broadcasting International segment.

Investments in new growth areas are paying off

In the Digital & Adjacent segment, the ProSiebenSat.1 Group generated high revenue and profit growth rates. External revenues increased by 31.0% or EUR 16.7 million to EUR 70.5 million. Higher revenues were primarily driven by the Online unit. Additionally, it was once again the young Ventures business which drove growth, particularly marketing media space to start-up companies. Online games and the video-on-demand portal maxdome were also responsible for the revenue growth. In both units, the ProSiebenSat.1 Group positioned itself more broadly in the first quarter. Thus, the Group concluded an exclusive agreement with Sony Online Entertainment on European licenses for eight blockbuster games. From Warner Bros. the Group acquired an extensive rights package for maxdome and concluded an agreement with Panasonic for the technical dissemination of the online video library. With 45,000 titles maxdome is not only the largest video-on-demand portal in Germany, but is now also directly available on nearly all hybrid televisions. Overall the positive revenue trend in combination with costs rising at a lower rate, led to an increase of recurring EBITDA by 70.9% or 7.3 million to EUR 17.6 million.

Dynamic revenue growth at Red Arrow

The Content Production & Global Sales segment also generated dynamic revenue growth. After the first three months of 2012, external revenues totaled EUR 11.0 million – an increase of 175.0% or EUR 7.0 million compared to the first quarter of 2011. In recent months, the program production and distribution subsidiary Red Arrow Entertainment Group expanded its portfolio through various acquisitions, such as acquiring a majority interest in the British TV and film production company Endor Productions in the first quarter of 2012. In the second half of the year, the company will open a sales office in Hong Kong to develop its activities in the rapidly growing Asian markets. Cost increases as a result of the portfolio expansion resulted in recurring EBITDA declining by EUR 1.9 million to minus EUR 1.5 million.

Consolidated revenues and overall performance rose again

Revenue growth in all four segments resulted in consolidated revenues rising to EUR 634.8 million, equivalent to a year-on-year growth of 6.5% or EUR 39.0 million. In the first quarter of 2012, operating costs of the ProSiebenSat.1 Group - adjusted for depreciation, amortization, impairment and non-recurring expenses - rose by 6.0% or EUR 27.9 million to reach EUR 494.9 million. Total costs of the Group rose 2.9% to EUR 525.6 million (previous year: EUR 510.8 million). This meant that the cost increase again remained below revenue growth. The main reasons for the rise in costs were investments in new growth areas, such as developing or launching new TV stations and the expansion of the world-wide production portfolio. At the same time, there was a higher consumption of programming assets.

Recurring EBITDA was up by 8.9% or EUR 11.6 million to EUR 141.6 million versus the previous-year figure. The corresponding operating margin increased to 22.3% (Q1 2011: 21.8%). EBITDA increased by EUR 9.7 million to EUR 137.2 million (+7.6%).

In the first quarter of 2012, the financial result improved by 8.2% or EUR 3.2 million to minus EUR 35.7 million. The reason for this was lower interest expenses as a result of the reduced average level of Group financial debt. In the summer of last year, the ProSiebenSat.1 Group prepaid EUR 1.2 billion of its term loans, at the same time extending most of its remaining loans at attractive conditions. In this context, net interest expenses improved by 20.6% or EUR 10.9 million to minus EUR 42.0 million. By contrast, the other financial result declined by EUR 10.6 million to EUR 0.3 million. One factor here was currency effects. Another was that the previous-year figure included a non-recurring gain in the context of the first-time consolidation of the video-on-demand portal maxdome.

After taxes and non-controlling interests, the net result for the period totaled EUR 50.8 million – an increase of 50.3% or EUR 17.0 million compared to the previous year. Underlying net income rose from EUR 33.8 million to EUR 54.5 million (up 61.2% year-on-year).

Axel Salzmann, CFO: "We continued our profitable growth in the first quarter and are confirming our 2012 targets. In the first three months, the Company not only increased revenues and recurring EBITDA. Due to lower financial liabilities we reduced our interest expenses at the same time, thus generating a considerably better net result. The ProSiebenSat.1 Group has high profitability combined with a solid financial and operating basis."

Solid balance sheet structure with an equity ratio of approximately 30%
Compared to March 31, 2011, driven by profits shareholders' equity increased by EUR 382.5 million to EUR 1.476 billion. As a result, the equity ratio significantly increased, from 17.4% to 29.3%. Alongside the improved profits situation, the term loan repayment in August 2011 strengthened the Group's equity position on a sustained basis.

As of March 31, 2012, net financial debt totaled EUR 1.923 billion. This corresponds to a decline of 39.0% or EUR 1.229 billion compared to March 31, 2011. The leverage factor also improved considerably in comparison to the previous year. Thus the ratio of net financial debt to recurring EBITDA of the last twelve months was 2.2 times on March 31, 2012. So the leverage factor is within the defined target range of 1.5 to 2.5 times. As of March 31, 2011, the figure was still 3.4 times recurring EBITDA. On the other hand, net financial debt increased slightly compared to December 31, 2011. The rise of 5.8% or EUR 105.0 million is due to the seasonal negative free cash flow in the first quarter (Q1 2012: minus EUR 111.8 million; Q1 2011: minus EUR 141.1 million). Generally the ProSiebenSat.1 Group generates the major part of its free cash flow in the fourth quarter.

Positive outlook for 2012 confirmed
With the first quarter, the ProSiebenSat.1 Group started the year successfully and is confirming its 2012 targets: For the full year, the Group targets an increase in consolidated revenues in the mid-single-digit percentage area. All segments are expected to make a contribution here. Particularly in the Digital & Adjacent segment, the Group anticipates dynamic growth rates. The revenue growth will contribute to an improvement of recurring EBITDA to over EUR 850 million on a full-year basis. In terms of underlying net income, our target is also to achieve a new record. This is based on higher revenues as well as interest and financing expenses decreasing by probably more than EUR 50 million.

Until 2015, across all segments, the Group has identified additional revenue potential totaling EUR 750 million in comparison to 2010. With consistent diversification the Company aims to generate additional growth in areas related to television and by 2015 to achieve half of its revenues outside traditional TV advertising in Germany.

Thomas Ebeling, CEO: “ProSiebenSat.1 has an attractive market position in the TV business. Our objective is to expand this further, at the same time leveraging the efficiency of TV to tap into new business fields in related areas. The successful start to the current financial year again shows that with our four-pillar-strategy we are on the right track for sustainable growth.”

ProSiebenSat.1 Group key figures for the first quarter 2012

EUR million	Q1 2012	Q1 2011
Revenues	634.8	595.8
Total costs	525.6	510.8
Operating costs(1)	494.9	467.0
Recurring EBITDA(2)	141.6	130.0
Recurring EBITDA margin (in %)	22.3	21.8
EBITDA	137.2	127.5
Non-recurring items	-4.4	-2.5
EBIT	110.9	86.2
Financial result	-35.7	-38.9
Consolidated net profit (after non-controlling interests)	50.8	33.8
Underlying net income(3)	54.5	33.8
Free cash flow	-111.8	-141.1

Continuing operations.

EUR m	Mar. 31, 2012	Dec. 31, 2011	Mar. 31, 2011
Equity	1,476.4	1,441.4	1,093.9
Equity ratio (in percent)	29.3	28.6	17.4
Net financial debt	1,922.9	1,817.8	3,152.3
Leverage(4)	2.2	2.1	3.4

Continuing operations.

Segment key figures for the first quarter 2012

EUR m	Q1 2012	Q1 2011
Broadcasting German-speaking		
Revenues (external)	417.9	410.6
Recurring EBITDA(2)	108.6	97.8

Broadcasting International		
Revenues (external)	135.4	127.4
Recurring EBITDA[2]	16.9	20.3
Digital & Adjacent		
Revenues (external)	70.5	53.8
Recurring EBITDA[2]	17.6	10.3
Content Production & Global Sales		
Revenues (external)	11.0	4.0
Recurring EBITDA[2]	-1.5	0.4

Continuing operations. [1] Operating costs: Total costs excl. D&A and non-recurring expenses. [2] Recurring EBITDA: EBITDA before non-recurring (exceptional) items. [3] Underlying net income after non-controlling interests: Consolidated profit before the effects of purchase price allocations and non-cash currency valuation effects. Adjustments for the 2011 figure include impairments of EUR 11.2 million on the 9Live brand and effects of EUR 18.2 million from the initial consolidation of maxdome.
[4] Ratio of net financial debt to recurring EBITDA of the last twelve months.

You can download further key figures at www.prosiebensat1.com. There you will also find the presentation on the publication of the quarterly figures and the financial report for the first quarter of 2012.