



**Q1**  
**08**

**Quarterly Report Q1 2008**

January 1, 2008 to March 31, 2008

## ProSiebenSat.1 Group: Key figures Q1 2008

	<b>Q1 2008</b>	<b>Q1 2007</b>	<b>Change</b>
	Euro m	Euro m	
Revenues	729.1	501.2	45%
Recurring EBITDA <sup>1</sup>	88.5	82.1	8%
EBITDA	84.8	82.0	3%
EBIT	49.9	71.9	-31%
Financial income	-58.4	-4.4	- / -
Loss / profit before taxes	-8.5	67.5	-113%
Consolidated net loss / profit	-7.9	40.6	-119%
Underlying net income <sup>2</sup>	6.1	41.7	-85%
Earnings per share of preferred stock (in EUR)	-0.04	0.19	-121%
Underlying earnings per share of preferred stock (in EUR)	0.03	0.19	-84%
Cash flow from operating activities	265.3	293.0	-9%
Cash flow from investing activities	-338.4	-260.4	30%
Free Cash-flow	-73.1	32.6	- / -
	<b>31.03.2008</b>	<b>31.03.2007</b>	<b>Change</b>
Total assets	6,034.3	2,030.7	197%
Shareholders' equity	984.4	1,293.6	-24%
Equity ratio	16%	64%	-75%
Programming assets	1,290.4	1,066.8	21%
Net financial debt	3,414.8	90.0	- / -
Employees <sup>3</sup>	5,985	3,062	95%

<sup>1</sup> Recurring EBITDA: EBITDA before non-recurring items

<sup>2</sup> Underlying net income: Consolidated net profit before effects of purchase price allocation

<sup>3</sup> Averaging full-time equivalent jobs

## The power of television

The ProSiebenSat.1 Group is a leading pan-European media company. We offer today's audience first-class entertainment and up-to-date information - whenever they need it, wherever they are.

With 26 commercial TV stations, 24 premium Pay TV channels and 22 radio networks in 13 European countries the ProSiebenSat.1 Group is one of the largest and most successful pan-European broadcasting groups. The corporation's core business is free TV. New media services, pay TV, video-on-demand and interests in innovative Internet platforms are activities with which the Group has increasingly been diversifying its sources of revenue.

In June 2007, the ProSiebenSat.1 Group has acquired SBS Broadcasting Group. The company has around 6.000 employees Europe-wide and is headquartered in Unterföhring/Munich. It is included in the German MDAX.

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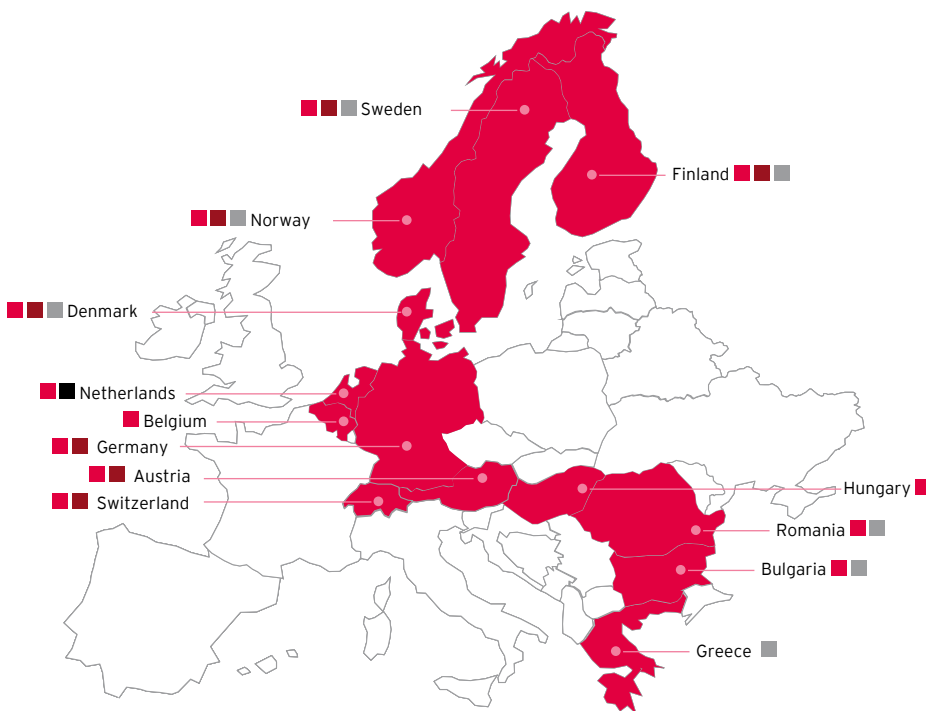
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## Our European footprint

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Activities of ProSiebenSat.1:  
 ■ Free TV ■ Pay TV ■ Radio ■ Print


## Overall assessment of the business situation

In the first quarter of 2008, the ProSiebenSat.1 Group profited from its first time consolidation of SBS Broadcasting Group (SBS) and increased its revenues by 45.5 percent to EUR 729.1 million. Recurring EBITDA was up 7.8 percent to reach EUR 88.5 million.

Increase of sales and EBITDA due to SBS consolidation

However, on a pro forma basis for the combined Group, revenues decreased by 2.0 percent or EUR 14.9 million to EUR 729.1 million in Q1 2008 versus Q1 2007 and recurring EBITDA declined by 25.1 percent to EUR 88.5 million.

Results in Q1 2008 have been impacted primarily by the segment Free TV German speaking region. Uncertainties about the new marketing model for TV advertising time, which was introduced at the end of last year after an investigation by Germany's Federal Cartel Office, caused advertising revenues in this segment to decline. Revenue performance was further affected, after a time lag, by last year's weaker ratings at Sat.1.

In response to the difficulties in the German market, the Group has initiated a number of steps to improve its operating performance in the next few months, and especially to focus its marketing organization in Germany better on the market's needs. 

Action plan implemented to increase competitiveness and profitability


 Outlook Report

## Major events in Q1 2008 and Business Conditions

### Business climate

#### The industry environment

Advertising investments on TV in the ProSiebenSat.1 Group's markets in Northern, Eastern and Central Europe varied in the first quarter of 2008, but the overall picture was positive. Figures ranged from a decline in Denmark (-6.1 percent net) to slight growth in net TV advertising revenues in Sweden (+2.0 percent) to continuing explosive growth in Hungary (+10.6 percent gross) and Romania (+18.0 percent net). Gross growth in Belgium was 9.1 percent; Finland also showed dynamic growth, at 6.3 percent net.

In Germany, gross TV advertising investments for the first quarter were up 5.4 percent, to EUR 2.1 billion. SevenOne Media, the Group's TV marketing company for German-speaking Europe, had gross revenues of EUR 839.7 million, compared to EUR 848.5 million for the first quarter of 2007. The market share race tightened a bit in the quarter, with SevenOne remaining in the lead at 40.2 percent (Q1 2007: 42.8 percent). The free TV stations marketed by IP Deutschland - RTL, Vox, Super RTL and n-tv - generated EUR 782.0 million for the period (Q1 2007: EUR 753.6 million), equivalent to a gain of 0.3 percentage points in advertising market share, to 37.4 percent. The share of RTL2 marketer El Cartel rose to 6.1 percent against the prior year (Q1 2007: 5.1 percent). In nominal terms, El Cartel's gross revenues grew EUR 27.2 million, to EUR 128.2 million. 

Market leadership in the German TV advertising market maintained despite difficult first quarter

 Business Segment Report

#### Overall economic environment

So far, the crisis in the financial markets and the weak U.S. economy have had little impact on the European economy. Industrial production (not including the construction industry) in the **Euro Zone** and the **European Union** proved robust in the first two months of the current year. For the first quarter of 2008, Germany's ifo Institute expects gross domestic product in the Euro Zone to grow 0.5 percent in real terms against Q4 of 2007, and 1.9 percent against Q1 of 2007. But inflation remains high - rising to 3.6 percent in the Euro Zone in March (EU 27: 3.8 percent) and sapping consumer buying power.

The economy remained stable in **Germany** as well. Aggregate production grew 2.4 percent in January-February 2008 compared to November-December 2007. Exports were up vigorously, by 8.9 percent, against the two months of the previous year. The DIW economic research institute expects GDP to grow 0.5 percent in the first quarter of 2008 against the fourth quarter of 2007. Despite the sunny start to the year, however, there are gathering signs that the German economy will not entirely escape the effects of the

cooling economy in the USA. Although new orders were clearly up again in February against the same month last year, the figure has been declining slightly month by month since December of last year. Consumer spending, which lagged far below expectations in 2007 by declining 0.4 percent, are expected to rise in the first quarter because of the favorable job market and the higher wages set under new agreements. However, the high rate of inflation, which rose again above three percent in March may slow down the economy. Energy and food prices in particular rose again drastically.

### Major events of Q1 2008

#### ProSiebenSat.1 and IBM establish first pan-European digital platform

The ProSiebenSat.1 Group aims to make the most of its content in all media and in every country. Innovative technology is a crucial part of this strategy. The goal is to establish a fully digital, tapeless technological infrastructure.

The ProSiebenSat.1 Group is setting up its pan-European platform in partnership with IBM. On March 31, the two companies signed a ten-year outsourcing agreement for about EUR 200 million. IBM will take over and improve all IT business applications, as well as the IT and media systems at ProSiebenSat.1 Produktion. Under these agreements, 170 ProSiebenSat.1 Produktion employees will transfer to IBM in the first quarter of 2009. In the upcoming years, IBM will set up a broadcast integration center and take forward standardization of processes and business applications for media enterprises. At the same time, the ProSiebenSat.1 Group will establish a new playout center in Munich. From then on, the Group will be able to broadcast its TV channels throughout Europe from two centralized playout centers in Munich and London (Chiswick).

A digital technological platform will extend our competitive lead in the European TV and media market, while at the same time taking advantage of opportunities to enhance efficiency. The Group expects the cooperative arrangement with IBM and the efficiency gained from a fully digital platform to save about EUR 50 million over the next ten years. You can find further information on associated business and strategic opportunities in the Outlook Report on page 19. [↗](#)

Strategic and operational advantages by conversion to new technology  
[↗ Outlook Report](#)

Given the new outsourcing agreement, the originally planned sale of all of ProSiebenSat.1 Produktion will not go forward for the time being. Therefore the group of assets and liabilities associated with ProSiebenSat.1 Produktion is no longer held for sale, as it was presented in the consolidated financial statements for the year ended December 31, 2007.

## Earnings, Financial Position and Net Worth

### Notes on reporting principles

In June 2007, ProSiebenSat.1 Media AG acquired all of the SBS Broadcasting Group. As part of the first consolidation of SBS in July 2007, the ProSiebenSat.1 Group restructured its segments. Since that time, the Group has reported in three segments: Free TV in German-Speaking Europe (Germany, Austria, Switzerland), Free TV International, and Diversification. The Free TV in German-Speaking Europe and Free TV International segments are combined in the Advertising-Financed Television business unit. In simplified terms, the new reporting structure looks as follows:

- The four German stations (Sat.1, ProSieben, kabel eins and N24) have been consolidated into the **Free TV in German-Speaking Europe segment**. This segment also includes the Sat.1 regional companies, the marketing company SevenOne Media, and the Group's subsidiaries in Austria and Switzerland.
- The Free TV International segment includes advertising-financed TV channels in the Netherlands, Belgium, Denmark, Norway, Sweden, Finland, Romania, Bulgaria and Hungary.
- The **Diversification segment** includes all subsidiaries that rely only indirectly or not at all on conventional TV advertising to generate their revenues. The Group's

diversification activities range from transaction TV, pay TV, multimedia, the Internet, merchandising and radio to related print products.

Since SBS was not a part of the ProSiebenSat.1 Group in fiscal 2007, its figures for that period are not included in ProSiebenSat.1 consolidated financial statements, unless noted otherwise.

For more information about the identification of PSP in the consolidated financial statement, see chapter "Major events in Q1 2008"

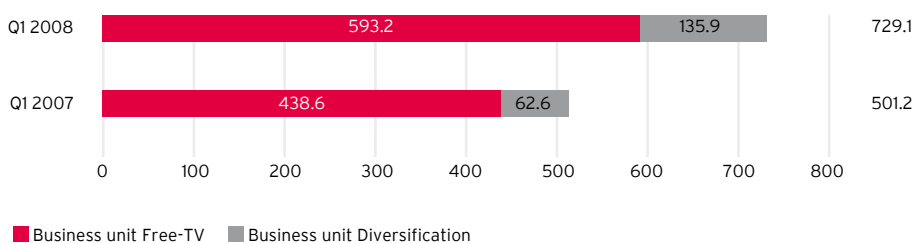
## Revenue and Earnings Performance

### Group revenues

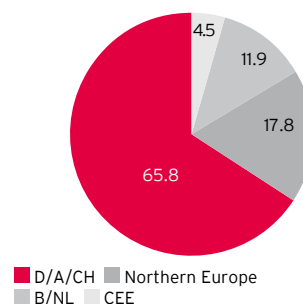
The ProSiebenSat.1 Group's consolidated revenues grew 45.5 percent in the first quarter of 2008, to EUR 729.1 million (Q1 2007: EUR 501.2 million). The increase came from the consolidation of the SBS Broadcasting Group, which has been included in the consolidated books since July 2007. SBS contributed EUR 250.1 million to the Group's revenues for January through March of this year.

The first consolidation of SBS increased revenues in the two segments of the Free TV business unit to EUR 593.2 million (Q1 2007: EUR 438.6 million). Since the SBS acquisition, the Advertising-Financed Television unit has included both the Free TV in German-Speaking Europe segment (with the stations Sat.1, ProSieben, kabel eins and N24), and the Free TV International segment (with stations in Belgium, Bulgaria, Denmark, Finland, the Netherlands, Norway, Romania, Sweden and Hungary). The Diversification unit's revenues grew to EUR 135.9 million, or 18.6 percent of consolidated revenues. The unit's contribution for the first quarter of 2007 was EUR 62.6 million, or 12.5 percent .

Revenues by business units  
in EUR m



Revenues Q1 2008 by region  
In percent



German-speaking Europe is the Group's largest revenue-generating region, at 65.8 percent, followed by Northern Europe, at 17.8 percent, and the Netherlands/ Belgium, at 11.9 percent. Before adding SBS, the ProSiebenSat.1 Group generated its revenues entirely in Germany, Austria and Switzerland.

### Operating expenses

Operating expenses, consisting of cost of sales, selling expenses and administrative expenses, rose EUR 250.5 million in the first quarter of 2008, to EUR 682.7 million. The substantial increase derived primarily from the first consolidation of the SBS Broadcasting Group, which added EUR 225.8 million to total expenses.

Total depreciation and amortization included under cost of sales, selling expenses, and administrative expenses increased EUR 24.8 million, to EUR 34.9 million, for January through March 2008. Apart from higher write-downs on capitalized intangible assets because of purchase price allocations, the increase also came from an increase in consumption of programming assets as a consequence of the SBS consolidation. The total acquisition-based depreciation and amortization increased EUR 1.7 million, to EUR 18.5 million. Consumption of programming assets rose EUR 106.0 million in the first quarter, to EUR 354.0 million.

Personnel expenses, which are likewise reflected in the cost of sales, selling expenses and administrative expenses, increased EUR 34.3 million to reach EUR 100.2 million. This figure includes personnel expenses of EUR 37.9 million from the consolidation of SBS. [↗](#)

**Earnings Situation**

Earnings before interest, taxes, depreciation and amortization (EBITDA) grew to EUR 84.8 million in the first quarter, a gain of EUR 2.8 million, or 3.4 percent. Recurring EBITDA (EBITDA adjusted non-recurring items) was EUR 88.5 million, up 7.8 percent against the prior-year figure (Q1 2007: EUR 82.1 million). Non-recurring expenses of EUR 3.7 million were incurred in the first quarter of 2008 from the restructuring work to integrate SBS with ProSiebenSat.1.

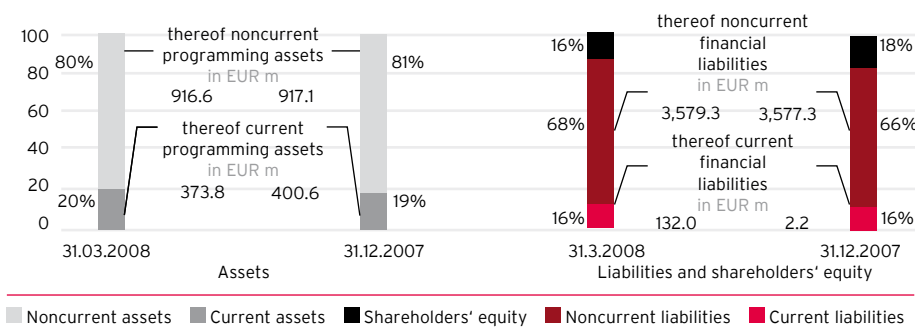
Net interest expense was EUR -60.3 million, following EUR -4.2 million in the same quarter last year. Interest expenses increased EUR 57.7 million, to EUR 62.8 million, as a result of the financing of the SBS acquisition. These interest expenses, combined with the increase in operating costs because of acquisitions, widened the financial result by EUR 54.0 million, to EUR -58.4 million. Pre-tax result declined EUR 76.0 million, to EUR -8.5 million. After minority interests, the Group showed a net loss for the period of EUR 7.9 million (Q1 2007: profit of EUR 40.6 million). This figure includes impairment charges of EUR 18.5 million taken as part of purchase price allocations (Q1 2007: EUR 1.7 million). Underlying net income declined by EUR 35.6 million to EUR 6.1 million.

**Net assets and financial position**

**Consolidated balance sheet: Asset and capital ratios**

The Group's total assets rose slightly compared to the level on December 31, 2007, by EUR 35.5 million, and came to EUR 6.034 billion at March 31, 2008.

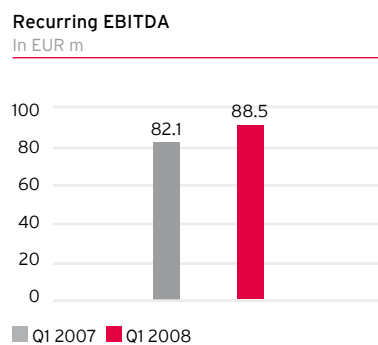
**Consolidated balance sheet**  
In percent



**Noncurrent assets** decreased EUR 8.8 million as of March 31, 2008, to EUR 4.856 billion. By contrast, **current assets** rose slightly by EUR 44.3 million compared to December 31, 2008, to EUR 1.178 billion, in part because of larger cash and cash equivalents. Programming assets are one of the most important items on the ProSiebenSat.1 consolidated balance sheet. The section on "Programming" includes a discussion of noncurrent and current programming assets. [↗](#)

On the equities and liabilities side, equity decreased EUR 77.9 million, to EUR 984.4 million. The equity ratio was 16.3 percent, compared to 17.7 percent at December 31, 2007. Among the factors that reduced the equity base were the share buy-back of treasury stock that began on March 7, 2008, and the Group's earnings situation. Through its share buy-back program, ProSiebenSat.1 Media AG had acquired about EUR 12.3 million worth of its own preferred stock as of March 31, 2008. [↗](#)

**Employment situation**



**Programming**

**ProSiebenSat.1 buys back own shares**  
[↗](#) The ProSiebenSat.1 Share

Total noncurrent and current liabilities increased by EUR 113.4 million, to EUR 5.050 billion. The primary reason was an increase in short-term loans and other borrowings, which rose a total of EUR 129.8 million, to EUR 132.0 million. The Group drew EUR 130.0 million from its revolving credit facility, which has a limit of EUR 600 million and can be used variably for general operating purposes or bank guarantees. On the other hand, the payment obligation of EUR 120 million from the Federal Cartel Office proceedings, which is included within Other Current Liabilities, has been reduced by EUR 60.0 million. The first of two payments related to the fine was paid in January 2008.

### Borrowings

Last year, the ProSiebenSat.1 Group acquired all of the SBS Broadcasting Group, in the biggest acquisition in Company history. The transaction was entirely debt-financed. For this purpose, the Company agreed on a new secured syndicated credit facility of EUR 3.6 billion. The loan covered not only the purchase price and transaction costs, but the also refinancing of financial liabilities. These included financial liabilities of the SBS Broadcasting Group that were outstanding at the time of the acquisition, and an outstanding corporate bond of ProSiebenSat.1 Media AG. The ProSiebenSat.1 Group has hedged some 80 percent of its variable-interest financial liabilities by way of a variety of interest-rate swaps. The credit agreement is composed of various term loans for a total of EUR 3.6 billion, with maturities until 2014 (Term Loan B) and until 2015 (Term Loan C). It also includes a revolving credit facility with a term until 2014 and a total limit of EUR 600 million.

### Net financial debt

Net financial debt is the total of bonds and bank liabilities, less cash and cash equivalents and current securities. At March 31, 2008, the Group had net financial debt of EUR 3.415 billion, compared to EUR 3.328 billion on December 31, 2007. Most of the EUR 86.4 million increase came from higher short-term liabilities to banks resulting from the draw of EUR 130.0 million on the revolving credit facility, as already discussed above. Long-term bank debt with a remaining term of more than one year was EUR 3.579 billion, compared to EUR 3.577 billion on December 31, 2007. In all, as of March 31, 2008, the ProSiebenSat.1 Group had total borrowings of EUR 3.711 billion, compared to EUR 3.579 billion on December 31, 2007.

 Consolidated Balance Sheet

### Credit facilities

As of March 31, 2008, the Group still had EUR 435.5 million remaining unused in its revolving credit facility. EUR 34.5 million of this facility were used as bank guarantees during the period. In addition to these available credit lines, the Group had cash and cash equivalents of EUR 296.4 million.

### Leases

For property it uses at the Unterföhring site, ProSiebenSat.1 Media AG has leases that qualify as finance leases under IAS 17. The properties are capitalized as part of property, plant and equipment, and the associated leases are recognized under Other Liabilities. The earliest expiration of these leases is scheduled for 2019, but the interest rate conversion dates (the end of the interest rate lock-down period) may be earlier.

### Off-balance-sheet financial instruments

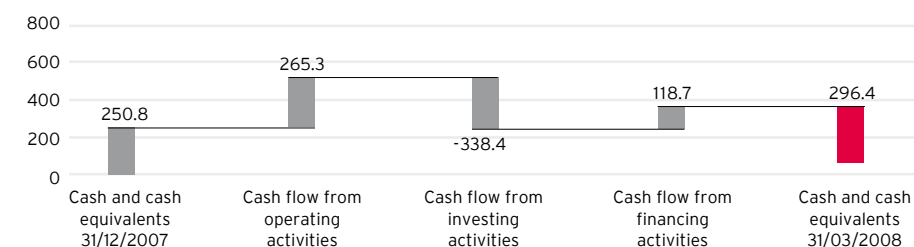
The ProSiebenSat.1 Group had no off-balance-sheet financial instruments during the period.



## Cash flow statement: Cash and cash equivalents, and cash flow

### Change in cash and cash equivalents

in EUR m



The Group's cash flow statement shows the origin and use of cash flows. It distinguishes among cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. Cash flow from operating activities is derived indirectly from the Group's profit for the period. Cash and cash equivalents indicated in the cash flow statement are equivalent to the "cash and cash at bank" shown in the balance sheet as of the reporting date.

Cash flow from operating activities decreased EUR 27.7 million in January through March 2008 compared the same period last year, to EUR 265.3 million. The decrease resulted primarily from larger cash interest expenses that reduced Group profits in the first quarter of 2008. A greater increase in working capital (non-interest-bearing receivables less non-interest-bearing liabilities) also lowered operating cash flow for January-March 2008. The EUR 60.0 million installment paid on the Cartel Office fine was a significant factor in the higher cash outflow compared to Q1 2007. [↗](#)

[↗ Consolidated Balance Sheet](#)

Cash flow from investing activities increased EUR 78.0 million, to EUR 338.4 million. Larger investments in programming assets were the primary factor in the larger cash outflow. [↗](#)

[↗ Increase of investments in programming assets](#)  
[↗ Programming](#)

Cash flows from operating and investing activities caused free cash flow to decrease EUR 105.7 million, to EUR -73.1 million.

Cash flow from financing activities yielded a net inflow of EUR 118,7 million, compared to an outflow of EUR 0.6 million in January-March 2007. The figure primarily includes additions of EUR 130.0 million from the draw on the revolving credit facility. A total of EUR 12.3 million was spent for the buy-back of treasury stock that began in the first quarter of 2008.

The above changes in cash caused cash to increase by EUR 200.9 million against March 31, 2007. Thus the Group had cash and cash equivalents of EUR 296.4 million at the end of the period. [↗](#)

[↗ The ProSiebenSat.1 Share](#)

### Investments and acquisitions

In January through March 2008, the ProSiebenSat.1 Group invested EUR 10.7 million in property, plant and equipment and in intangible assets (Q1 2007: EUR 5.3 million). Cash used for acquisitions came to about EUR 8 million. In February, the Group acquired all of Norwegian radio station TV2 Saturn AS. [↗](#) The ProSiebenSat.1 Group operates one of the largest radio networks in Europe, and the acquisition of TV2 Saturn AS expands its portfolio of brands with another leading radio station. The Group's investments in programming rights increased EUR 81.7 million, to EUR 351.6 million. You can find further information about investments in programming assets in the Programming section. [↗](#)


[↗ Acquisition of Radio TV2 Saturn AS](#)  
[↗ Notes to the Financial Statements](#)

[↗ Programming](#)

## Programming

Attractive content is the foundation of the Group's growth in its core business of Free TV, and also for the expansion of its value chain. The ProSiebenSat.1 Group constantly expands its programming assets and invests in additional programming licenses. Apart from acquired programming rights, commissioned productions and in-house productions also ensure that the Group's stations will have a long-term supply of high-quality content. For years now, there has been a balanced ratio between licensed programming and in-house or commissioned productions. Thus not only does the Group have a broad range of programming, but its well-balanced programming profile also makes it less vulnerable to market uncertainties and price fluctuations.

## Program production

The merger of ProSiebenSat.1 with SBS has created an European network with an expansive pool of creativity and ideas. To make the most efficient use of its new resources and take advantage of economies of scale, in 2007 the ProSiebenSat.1 Group combined its content-driven operations into a central "Group Content" unit. This established a platform for identifying, developing and implementing international, inter-station programming projects. At the beginning of the year, German station ProSieben and Dutch station SBS 6 both produced versions of the TV show "The next Uri Geller" in a shared studio in Cologne. The back-to-back production yielded synergies from the shared use of the set and technical infrastructure. The show was a great success in both countries, averaging audience shares of 17.3 percent (ProSieben) and 18.8 percent (SBS 6). At the end of March, another version of the show appeared on a third ProSiebenSat.1 station, TV2 in Hungary. The first run earned a 30.8 percent share, and benefited greatly from the advance creative work from the Netherlands and Germany. "The next Uri Geller" is an example of how TV concepts can be implemented successfully for multiple countries. Additional projects of this kind will be a major priority for the ProSiebenSat.1 Group in the future. 

Advantages through combination of all programming activities

Programming campaign - initial synergies implemented through back-to-back productions

 Outlook Report


## Programming purchases and investments in programming assets

The ProSiebenSat.1 Group has long-term contracts with almost every major Hollywood studio and the most important European film production companies. The Company expanded its programming portfolio again in the first quarter of 2008 with a long-term contract with Sony Pictures Television International, acquiring exclusive free TV rights to a long list of Hollywood blockbusters, series and films, including "The Da Vinci Code," "The Pursuit of Happyness," and "Spider-Man 3."  It also signed its first multi-national licensing agreement with a Hollywood studio. In March, ProSiebenSat.1 acquired the free TV rights in a total of seven countries for the much anticipated "Indiana Jones and the Kingdom of the Crystal Skull," scheduled for theatrical release in May 2008. Under the international rights deal with Paramount Pictures, the film will air on stations in Norway, Sweden, Denmark, Belgium, the Netherlands, Germany and Hungary in 2010. In all, the pan-European group invested EUR 351.6 million in programming rights in the first quarter (Q1 2007: EUR 269.9 million). Programming purchases are paid for out of operating cash flow.

Investments in attractive programming rights

 Outlook Report


## Programming assets

At March 31, 2008, the Group's programming assets were still high, at EUR 1.290 billion, compared to EUR 1.318 billion on December 31, 2007. Representing 21.4 percent of total assets, noncurrent and current programming assets are among the Group's most important asset items (December 31, 2007: 22.0 percent). On-balance-sheet programming assets are made up mainly of feature films and series, along with commissioned productions and advance payments for future productions. 

Programming assets are one of the most important balance sheet items

 Asset and capital ratios

## Employees

In the first quarter of 2008, the ProSiebenSat.1 Group had 5,945 employees in full-time equivalent positions. Approximately 3,033 (Q1 2007: 3,062) of these worked in Germany, Austria and Switzerland. The substantial increase in the average size of the Group's work force to a total of 2,883 employees was primarily a result of the integration of the SBS Broadcasting Group.  The staff also increased because of the full consolidation of MyVideo and PULS TV as of August 2007. An additional contribution to the increase came from new hires that 9Live and SevenSenses took on to handle their expanded business operations. By contrast, efficiency enhancement programs reduced staff size in some cases, especially at the regional companies.

Number of employees increases due to SBS consolidation


 Asset and capital ratios

## Research and development

The ProSiebenSat.1 Group conducts extensive market research in every area in which it does business and in every area where it foresees growth potential. However, market research activities do not fit the definition of research and development for financial disclosure purposes. For that reason, this information is omitted from the Consolidated Management Report.

## Business Segments

### Free TV in German-Speaking Europe segment

Revenues and earnings in the Free TV in German-Speaking Europe segment were affected by the slowdown in TV advertising revenues in the first quarter of 2008. Revenues decreased 4.9 percent, to EUR 417.1 million (Q1 2007: EUR 438.6 million). EBITDA was down 22.4 percent, to EUR 54.8 million (Q1 2007: EUR 70.6 million). Recurring EBITDA (EBITDA adjusted for exceptional influences) decreased EUR 13.1 million, or 18.5 percent, to EUR 57.6 million.  The decline in revenues and earnings derived in part from uncertainties prompted by the new sales model for TV advertising time, which was introduced at the end of 2007 following the conclusion of the investigations by the German Federal Cartel Office. A further cause was the weak ratings at Sat.1 in the prior fiscal year. The station steadily improved its average audience share during the first quarter of 2008, but weaker performance in 2007 had the delayed effect of slowing advertisers' bookings at the beginning of the year.

Leading position in the German TV advertising market maintained despite difficult start

 Industry Environment

### Highlights in Q1 2008

#### Free TV D/A/CH



#### PULS 4: Austria gets a new full-service channel

The ProSiebenSat.1 Group has further expanded its presence in the Austrian TV market: the former Viennese metropolitan broadcasting channel PULS TV is being relaunched in February 2008 as PULS 4, Austria's fourth full-service channel. The 24-hour channel has a viewership of over one million TV households nationally.

#### The "Goldene Kamera" and Grimme Prizes

ProSiebenSat.1 Group channels were showered with honors in the first quarter of 2008: Stefan Raab's huge ProSieben show "Schlag den Raab" won a Goldene Kamera for best entertainment format, while the ProSieben crime comedy "Dr. Psycho" and the Sat.1 special "Fröhliche Weihnachten" won the 2008 Adolf Grimme Prize for entertainment, the only two shows from German commercial broadcasters to accomplish this feat.

### Free TV International segment

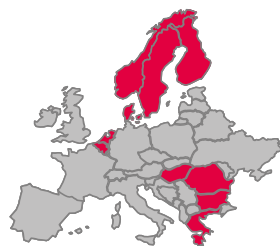
The acquisition of the SBS Broadcasting Group brought the Group a number of Free TV stations in Northern and Eastern Europe and in the Netherlands and Belgium, which are combined in the Free TV International segment. Since SBS was not a part of the ProSiebenSat.1 Group in the first quarter of 2007, its prior-year figures are not included in the ProSiebenSat.1 consolidated financial statements. But SBS's prior-year figures are used here to permit comments on the performance of business operations in the

Free TV International segment following the consolidation of the SBS Broadcasting Group in July 2007.

Based on a pro forma accounting for the first quarter, segment revenues for January-March 2008 gained 1.3 percent in all, to reach EUR 176.0 million (Q1 2007: 173.7 million). The increase resulted primarily from the positive development of advertising spends in the Free TV International segment. Higher programming costs slowed earnings growth. Additionally, the expansion of our portfolio of stations, and especially the startup costs for Norwegian station FEM, which was launched last year, led to higher expenses. EBITDA decreased 28.0 percent to EUR 27.2 million (Q1 2007: EUR 37.8 million). EBITDA adjusted for non-recurring items (recurring EBITDA) was down EUR 11.0 million or 28.6 percent, to EUR 27.5 million. Apart from higher costs for programming and startups positive exceptional factors in the first quarter of 2007, such as dissolutions of accruals and cost sharing of purchased sports broadcasting rights, led to a decrease in results compared to the prior-year.

**International TV advertising markets again show strong growth dynamics**

#### Highlights in Q1 2008



#### SBS6 achieves record numbers in the Netherlands

On February 3, 2008, the crime show "Peter R. de Vries: Crime Reporter," broadcast on ProSiebenSat.1 channel SBS 6, did more than achieve the highest ratings of the day in the Dutch television market. With a market share of 80.6 percent in the 20-49 market, the channel took home the highest ratings ever in the history of Dutch commercial television (not including broadcasts of sporting events).

#### Charting a course for success: Uri Geller takes ProSiebenSat.1 channels in Europe by storm

Back-to-back productions of talent show "The Next Uri Geller" were launched, marking the first successful synergies between ProSiebenSat.1 Group channels. The show starring the world-famous mystifier was first shown on ProSieben and hooked millions of viewers. Sister channel SBS6 used ProSieben's know-how and studio infrastructure to launch a Dutch version of the show, "De Nieuwe Uri Geller," which also racked up huge ratings. On TV2, a Hungarian ProSiebenSat.1 channel, the show debuted at the end of March with a 30.8 share.

#### Audience share Free TV by country (in percent)

	Q1 2007	Q1 2008
Netherlands (1)	20,6	23,0
Norway (2)	13,6	13,3
Sweden (3)	14,4	14,8
Denmark (4)	7,1	7,6
Belgium (3)	14,9	15,1
Hungary (4)	23,7	22,2
Romania (3)	7,4	6,0
Germany (5)	28,7	28,8

Note: Audience share indicated for commercial time (including „The Voice“ in the relevant countries)

(1) Share of viewing 20-49 years target group. (2) Share of viewing 12-44 years target group.

(3) Share of viewing 15-44 years target group. Romania quarterly data based on Urban population. Belgian data refer

to the region of Flanders. (4) Share of viewing 15-50 years target group except Hungarian data which are based on

18-49 years target group. (5) Basis: ProSieben, Sat.1, kabel eins and N24. All German TV households (Germany+EU),

Mo.-Sun., 03:00-03:00h, Age of viewers 14-49.

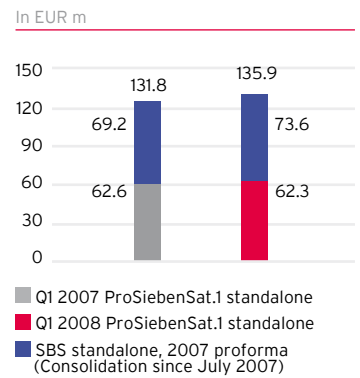
**Diversification segment**

Revenues in the Diversification segment for the first quarter of 2008 gained EUR 73.3 million, or EUR 117.1 percent, to reach EUR 135.9 million. Most of the substantial increase resulted from the effects of the full consolidation of SBS. Ever since SBS was first consolidated in July 2007, the segment has also included radio, print, and premium pay TV operations. Furthermore, the full consolidations of solute, MyVideo and wer-weiss.was.de have reinforced the segment. Games and music operations as well as digital basic pay TV and video-on-demand services became important growth drivers in the current business during the first quarter.

EBITDA decreased EUR 8.1 million, to EUR 3.4 million (-70.4 percent), and recurring EBITDA was down EUR 7.5 million, to EUR 4.0 million (-65.2 percent). Declining results in the first quarter resulted from lower call TV revenues of 9Live in Germany. In addition to that, the consolidation of SBS added to a substantial increase in total costs in the segment. Apart from consolidation effects, the international expansion of 9Live's operations and the expansion of operations in basic pay TV and video on demand led to cost increases.

**Increase in sales in the Diversification segment accelerated by SBS**

**Proforma External revenues Diversification**



**Transaction TV**



**9Live expands its business model**

9Live established a new broadcaster brand, neun TV, in January 2008. neun TV is financed primarily by advertising and will provide another revenue stream along with its core call TV business. Telephone calls are 9Live's primary source of revenue in its core call TV business. The broadcaster has also expanded its international business model and acts as a full-service provider to produce interaction shows for partner broadcasters in Belgium, Hungary, Columbia, and Mexico.

**Music**



**Starwatch Music: Sensational success with Udo Lindenberg**

Starwatch Music, the record label of the ProSiebenSat.1 Group, continued to add to its artist portfolio in the first quarter. The second largest German domestic label now has Udo Lindenberg under contract. The comeback album, "Stark wie Zwei," from Germany's best-known rock star, went gold after just one week (100,000 units sold). Other Starwatch artists also got off to a good start this year, including Marquess, who garnered a 2008 Echo (German music award) nomination for "Group of the Year."

**Online**



**Successful on line models exported to other countries**

The ProSiebenSat.1 Group profits from its pan-European approach and is driving forward the international expansion of its on-line activities. With www.MyVideo.nl, www.MyVideo.be and www.MyVideo.at, creative video fans in the Netherlands, Belgium, and Austria now have their own communities based on Germany's successful model. Since March, the company has also been webcasting its free Web TV program, SevenGames TV, in English at www.SevenGames.com.

**Free Internet broadcasts of TV programs**

The German-language on line offerings of the ProSiebenSat.1 Group continued to grow in the first three months of the year. Viewers can now watch current episodes of selected TV shows, including "Germany's Next Topmodel - by Heidi Klum", in full and for free, on the Web sites of Sat.1, ProSieben, and kabel eins. With these new on line offerings, the company is not only creating additional attractive platforms for advertisers, but also appealing directly to younger viewers in particular.

## ProSiebenSat.1 Share

### ProSiebenSat.1 stock on the stock exchange

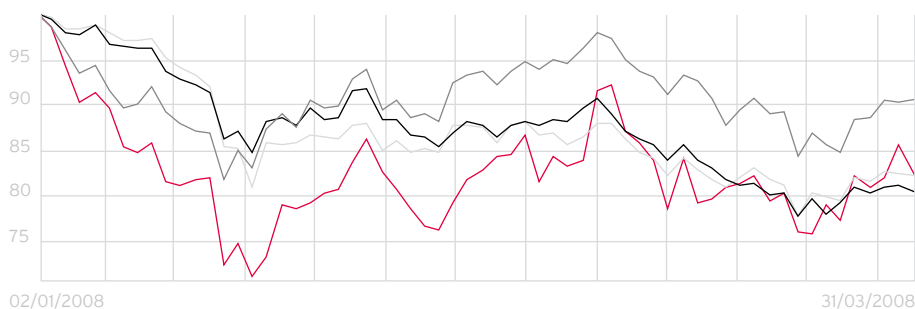
Continuing turmoil in the financial markets and fears of a recession in the USA caused prices to drop further in every segment of German and international stock exchanges at the beginning of the year. The price decline on German stock exchanges was accompanied by unusually large trading volumes.

ProSiebenSat.1 stock was unable to escape the effects of the financial crisis on the stock market. It closed at EUR 13.40 on the last trading day of the first quarter of 2008, having lost 17.6 percent compared to the beginning of the year. The comparable DAX and Euro Stoxx Media indexes were down by similar amounts, respectively losing 17.8 and 19.4 percent. During the period a total of 62,987,793 shares of ProSiebenSat.1 stock were traded over the Xetra trading system, equivalent to an average trading volume of about 1,015,932 shares per day (2007: 787,965 shares).

Difficult stock market impacts  
chart development

### ProSiebenSat.1 share: Price Performance

Index



■ ProSiebenSat.1 ■ Euro Stoxx Media ■ MDAX ■ DAX  
Xetra closing quotes. Index 100 = January 2, 2008; Source: Bloomberg

### The ProSiebenSat.1 share in trade

	Jan. 2 - Mar. 31, 2008
XETRA high close (EUR)	16.62
XETRA low close (EUR)	11.85
XETRA close (EUR)	13.70
XETRA trading volume (average per day) (units)	1,032,587

## Share buy-back

### ProSiebenSat.1 Media AG reacquires about one percent of preferred stock

As of April 3, 2008, ProSiebenSat.1 Media AG held 1,127,500 of its own preferred shares, equivalent to about 1.0 percent of the total number of preferred shares, or 0.5 percent of the Company's share capital. These shares were acquired beginning in the first quarter, under a previously authorized share buy-back program. Purchase transactions took place between March 7 and April 3 at an average price of EUR 13.36 per share.

Period	Shares purchased	Total value in EUR m
03/07 - 31/2008	934,003	12.3
04/01 - 03/2008	93,497	2.8
<b>Total</b>	<b>1,127,500</b>	<b>15.1</b>

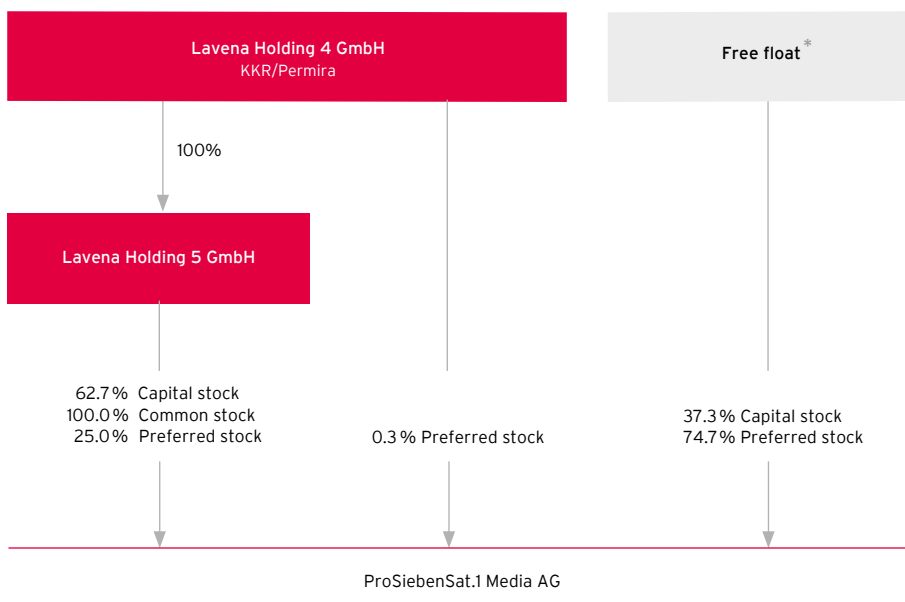
The repurchased stock is intended primarily to service stock options under the Long Term Incentive Plan that the Company set up in 2005 for members of the Executive Board and other selected Group executives. The buy-back was carried out under a resolution of the Annual General Meeting of July 17, 2007, which authorized ProSiebenSat.1 Media AG to buy treasury stock for up to a total of 10 percent of its share capital, pursuant to Sec. 71 (1) No. 8 of the German Stock Corporations Act. The authorization is valid to January 16, 2009.

Ownership of this stock brings ProSiebenSat.1 Media AG no entitlements. Under Sec. 71b of the Stock Corporations Act, treasury stock held directly or indirectly by the Company is not entitled to collect dividends. If the number of treasury shares held by the Company changes by the date of the Annual General Meeting, an amended proposal for allocation of profits will be submitted, keeping unchanged the amount of the dividend payable on each bearer share of preferred stock or registered share of common stock entitled to collect dividends. Out of the distributable net profit of EUR 3.106 billion for fiscal 2007, management will propose to pay a dividend of EUR 1.23 per no-par common share and EUR 1.25 per no-par preferred share.

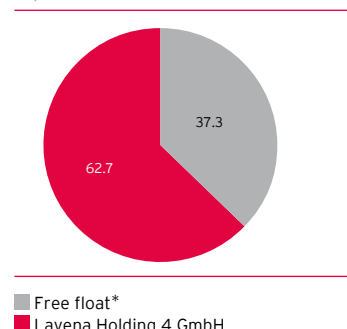
Further information on the share buy-back program, the Company's ownership structure, and the proposed dividend for fiscal 2007 is available in the Investor Relations area of the ProSiebenSat.1 corporate Web site. [http://en.prosiebensat1.com/investor\\_relations/index\\_en.php](http://en.prosiebensat1.com/investor_relations/index_en.php)

**Ownership structure of ProSiebenSat.1 Media AG**

As of March 31, 2008, the Lavena companies held 100 percent of the voting common stock and approximately 25.3 percent of the nonvoting preferred stock of ProSiebenSat.1, after adjustment for other interests. This is equivalent to approximately 62.7 percent of the total share capital of ProSiebenSat.1 Media AG, likewise after adjustment for other interests. The remaining roughly 74.7 percent of the preferred stock, equivalent to approximately 37.3 percent of the share capital, is in free float.



**Split of capital stock**  
In percent



\*thereof treasury stocks as of April 3, 2008: 1.0 percent of preferred shares respectively 0.5 percent of capital stock

**Lavena 5 acquires Axel Springer AG's holding in ProSiebenSat.1**

At the beginning of fiscal 2008, Axel Springer AG sold its stake in ProSiebenSat.1 Media AG to Lavena Holding 5 GmbH, a holding company controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungsberatung GmbH (Permira). On consummation of the purchase agreement in January 2008, all shares of ProSiebenSat.1 previously held by Axel Springer AG were transferred to Lavena Holding 5 GmbH, a wholly-owned subsidiary of Lavena Holding 4 GmbH. The deal covered 12.0 percent of the Company's voting common stock and 12.0 percent of the nonvoting preferred stock, both held indirectly through SAT.1 Beteiligungs GmbH. At the same time, Axel Springer AG also withdrew as a shareholder of SAT.1 Beteiligungs GmbH; its interest of some 48.2 percent of the share capital of SAT.1 Beteiligungs GmbH was also acquired by Lavena Holding 5 GmbH. The merger of SAT.1 Beteiligungs GmbH with Lavena Holding 5 GmbH in March 2008 means that Lavena Holding 5 now directly holds all common stock of ProSiebenSat.1.

The corresponding voting rights announcements are available on [http://www.pro7sat1.com/investor\\_relations/dokument/](http://www.pro7sat1.com/investor_relations/dokument/)

### Changes in the Supervisory Board

In connection with the sale of Axel Springer's holding, both Dr. Matthias Döpfner, the Chairman of the Board of Management of Axel Springer AG, and Christian Nienhaus, then Managing Director of the Bild Publishing Group, resigned from their seats on the Supervisory Board of ProSiebenSat.1 Media AG. They left the Board effective January 15, 2008. New appointments to the unfilled seats on the Supervisory Board will be decided at the Annual General Meeting of ProSiebenSat.1 Media AG. The next shareholders' meeting will be held on June 10, 2008.

Information about the Annual General Meeting on [http://en.prosiebensat1.com/investor\\_relations/hauptversammlung/1/](http://en.prosiebensat1.com/investor_relations/hauptversammlung/1/)

### Subsequent Events

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#### ProSiebenSat.1 wins appeal against mandatory regional programming windows

Section 47 (3) of the Saarland Media Act requires that so far as is technically possible, state-wide programming windows must be incorporated at least into the two private nationwide television channels with the greatest technical reach, irrespective of the method by which they are broadcast, and these windows must be financed by the broadcasters of the nationwide channels. At the end of 2006, ProSiebenSat.1 Media AG appealed to the appropriate administrative court against decisions by the Saarland State Media Authority (LMS), which held that Sat.1 was obligated to provide regional programming windows in the Saarland. At the hearing on April 18, 2008, the administrative court found for the Company and revoked the administrative order. The court based its decision on procedural grounds.

The State Media Authority still has further options, including court appeals and amending its rules. Given this situation, ProSiebenSat.1 Media AG will continue to take an active, broad-based role in this social, media-policy and legal controversy, to combat the impending restrictions. The financing that would have to be provided by Sat.1 or ProSiebenSat.1 Media AG for a new regional programming window is estimated at roughly EUR 5 million per year.

#### Changes in the Executive Board

Effective June 11, 2008, Axel Salzmann will be the new Chief Financial Officer at ProSiebenSat.1 Media AG. He succeeds Lothar Lanz, and will be in charge of Group Controlling, Finance and Investor Relations, Legal Affairs, Human Resources, Regulatory Affairs, and Administration. Peter Christmann, the Board member in charge of Sales and Marketing, will resign from the ProSiebenSat.1 Media AG Executive Board in late June 2008. Guillaume de Posch, CEO of ProSiebenSat.1 Media AG, will take provisional charge of Mr. Christmann's former duties.

#### Other events after the end of the first quarter

From the end of the first quarter of 2008 to May 8, 2008, the date when this report was released for publication, no other events occurred that are of particular significance for the financial position and profit or loss of the ProSiebenSat.1 Group.

### Risk Report


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In the course of our business activities, we are exposed to a number of risks that are inseparably connected with those activities. Our risk management system enables us to identify, analyze and assess current and future potential risks at an early point, and it supports efficient management of those risks. Additionally, the ProSiebenSat.1 Group conducts extensive market research in every area in which it does business and in every area where it foresees potential risks or opportunities. As part of the integration of the SBS Broadcasting Group, the Group-wide risk management system was revised to address the specific conditions in which the new subsidiaries operate. Risk categories were expanded, and a reporting system was introduced with six categories: External Risks, Content, Technology Risks, Sales, Organizational and Financial Risks, and Compliance.



### Overall risk for the Company

In the first three months of 2008, no material risks arose that have not already been discussed in detail in the Annual Report of 2007. No events or identifiable risks arose after the reporting period that might change this assessment of the risk position. Major issues for the reporting period included the evolution of general external factors, especially the advertising market, and market acceptance for the selling model for advertising time in Germany, introduced at the end of 2007.

These factors are discussed in the Outlook Report.  The 2007 Annual Report of the ProSiebenSat.1 Group contains a detailed discussion of individual corporate risks, as well as a description of the Group's risk management system, starting on page 50.

 Outlook Report

## Outlook Report

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### Opportunity Report

#### Market opportunities and future economic environment

##### Economic development in Europe

The following comments are based on the spring 2008 joint assessment published by Germany's principal economic institutes.

According to that assessment, the impact of the slowing U.S. economy on the world economy and the Euro Zone is likely to remain limited. To be sure, such factors as less advantageous borrowing terms, troubled U.S. business conditions and the strong euro are likely to slow growth in 2008, but overall they should not pose a threat to the upswing in Europe. In their joint report, the experts expect the global economy to grow 2.7 percent in real terms. For the **European Union** (EU 27) the institutes project a gain of 1.9 percent. Growth in the Central and Eastern European members states is likely to remain strong, with the pace reduced only slightly. Unlike the other Eastern European markets, whose economies rely primarily on imports, domestic demand in Hungary has been throttled back recently by a savings program to restore the health of the public finances. Nevertheless, here too there is still a good prospect for moderate growth in 2008.

Although key indicators such as industrial production were still pointing upward at the beginning of the year, the economy in the **Euro Zone** is likely to slow down as the year wears on. After a real gain of 2.6 percent last year, the economic research institutes now expect gross domestic product to rise only 1.7 percent in 2008. Economic performance within the Euro Zone will be affected by more than the crisis in the U.S. financial markets and the strong euro. High prices for energy and food will also hamper the economy, as will the tight money policies of the European Central Bank.

In **Germany**, the economy will likewise probably lose some steam after a dynamic start of the year. Given the adverse effects of foreign trade on Germany - a major exporting nation - economic growth is expected to be 1.8 percent, and thus substantially less than in the past two years (2006: +2.9 percent; 2007: +2.5 percent). At the same time, the workhorses of the economy may change places. While exports and capital expenditures will probably recede, consumer spending may revive considerably. Income gains and rising employment are strong indicators for this possibility. The economic experts expect consumer spending to increase 0.8 percent in real terms. But in order for consumer spending to rise, the current increase in prices will have to taper off during the year.

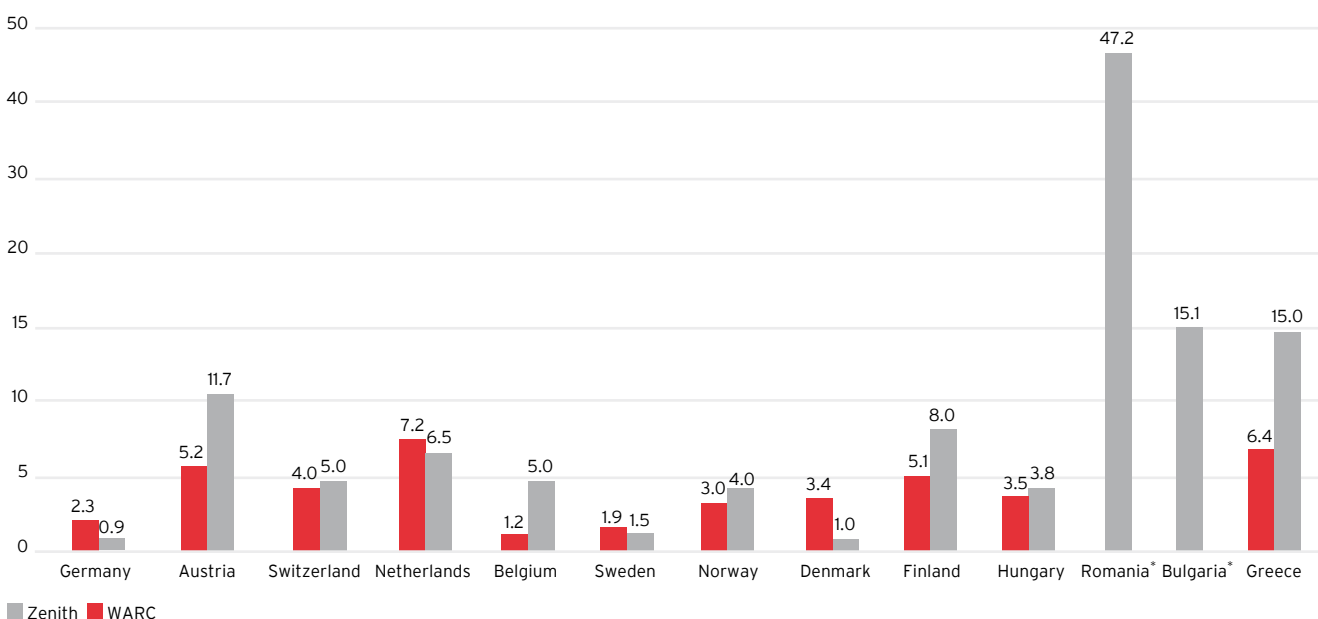
##### Development of the advertising market in ProSiebenSat.1's main markets

The TV advertising market shows a strong correlation with macroeconomic developments. Accordingly, the projected growth of gross domestic product and consumer spending is generally reflected in the expected growth of the associated advertising markets. For countries with strong economic growth, such as Romania and Bulgaria, advertising spends are therefore expected to be well above average. In Germany,

ZenithOptimedia expects the TV business to grow 0.9 percent in 2008. The World Advertising Research Center (WARC) projects that the German television advertising market will grow 2.3 percent in 2008. Projections indicate that all other markets where the ProSiebenSat.1 Group operates will grow faster than Germany.

**Development of TV advertising market in countries central to the ProSiebenSat.1 Group**

TV net investments in percent (changes 08 vs. 07)



■ Zenith ■ WARC

\*WARC forecast not available for Romania and Bulgaria.

Sources: WARC 03/2008, ZenithOptimedia 03/2008, figures extensively harmonized on a net base, but still several methodical differences between countries and sources

But it is still impossible to say for sure how the German TV advertising market will continue to evolve. Economic projections are always subject to reservations and uncertainties. The TV advertising market in particular is characterized by advertisers' short-term booking behavior, and is especially sensitive to the cyclic fluctuations of the economy.

**Low predictability of the advertising market**

**Strategic opportunities and future strategic focus**

The ProSiebenSat.1 Group's strategy remains focused on sustainable, profitable growth. The acquisition of the SBS Broadcasting Group has opened up attractive new opportunities for strategic growth. At the time of the acquisition, ProSiebenSat.1 was a leading TV corporation in German-speaking Europe. The merger with SBS has lifted us into an entirely new sphere of opportunity. The ProSiebenSat.1 Group is now Europe's only genuine family of TV channels. In both operating and strategic terms, SBS is an excellent match for ProSiebenSat.1. The two parts of the corporation also have complementary organizational structures; all free TV stations are wholly-owned subsidiaries, a competitive advantage in both the production and the further use of programming content. Because these subsidiaries are fully integrated and processes are centralized, the result is an optimum in synergies and savings. Yet the merger with SBS has opened up more than additional growth prospects. The integrated Group's broad media portfolio and its presence in 13 countries make it significantly less dependent on fluctuations in individual markets, and thus have optimized its risk-reward profile overall.

**Growth opportunities for the pan-European Group**

- Economies of scale and potential for synergy
- Multiple reuse of content
- Internationalization of business operations

We will further consolidate our already strong market position in Europe by concentrating on our strengths. In our **core business, commercial television**, the broad awareness of our programming and the importance of our free TV brands in their local markets still offer good prospects for growth.

**Our claim: The power of television**

To remain competitive, we will continue our **diversification strategy** even while we go on expanding our core business in television. By distributing our programming on all available media platforms, we will strengthen our presence in the world of digital media, and at the same time tap additional sources of revenue that do not depend on the TV advertising market.

**Additional sources of revenue by cross-medial and geographical diversification**

By **creating a leading operating platform**, we are realizing our third corporate goal, and are now beginning a new strategic phase. The change to a technology infrastructure that is tapeless, and thus for the first time fully digital, will enable us to exploit TV content throughout Europe across all distribution channels. This means a further competitive advantage for our pan-European TV corporation: a transformation that will enable us to act faster and more flexibly in the European media and entertainment market. At the same time, this technological innovation will cut the Group's operating costs and increase its efficiency by standardizing and centralizing processes. 

**Competitive advantage by all-digital technologies**

 Major events of Q1 2008


## Company outlook

### Expectations for the Group's business

The Group has taken decisive steps to speed up the implementation of its strategy by pursuing a formal plan for action. The new advertising sales model for the German market has been adjusted to increase its competitiveness. The Company is confident that it will regain market share with the adjusted model in the second half of the year. Additionally, the Group has decided to restructure its German advertising sales organization to more optimally address the German market following the changes in the advertising sales model, and to position the Company better to meet the challenges and opportunities of digitization.

In connection with the uncertainties provoked by the sales model for advertising time in Germany - which will also have an impact on the second quarter of 2008 - the Group has adopted a plan to cut EUR 70 million from its original 2008 budget. Savings will be achieved by reducing selling and administrative expenses and by making optimized use of existing programming assets. The Group will remain active in developing new programming.

Sat.1 has been a particular point of emphasis for the Group in the past few months. As a trend for 2008 (January through April) so far, the station has increased its average audience share in its key demographic to 11.0 percent, compared to 10.5 percent last year. Now the family of German stations - Sat.1, ProSieben, kabel eins and N24 - has improved its audience share, as the trend for the year so far, to 29.3 percent (viewers aged 14-49, January to April), compared to 28.8 percent for the same period last year.

The Group expects to improve its profits further 2008 against the prior year. Here the consolidation of SBS for the full year will help, as will synergies achieved in the course of integration. Given the successes we have achieved in the first quarter, especially in programming, we continue to be confident about the course of the integration process. 

**Large synergy potential**

 Programming

### Blockbusters, free TV premieres and film highlights



© Metro-Goldwyn-Mayer Studios Inc.  
"Into the Blue"

We're bringing Hollywood movies right into viewers' living rooms: In the coming months, viewers of ProSiebenSat.1 Group stations can once again expect to see a variety of blockbusters, including "Into the Blue" (e.g., ProSieben, D), "Mr. & Mrs. Smith" (e.g., VT4, B), "War of the Worlds" (e.g., TVNORGE, NO) and "The Geisha" (e.g., Net 5, NL). Free TV premieres like "Barfuss" with Til Schweiger (Sat.1, D) and "Munich" (e.g., Kanal 5, DK) as well as all-time classics like "American Beauty" (e.g., kabel eins, D) and the complete set of Indiana Jones movies (e.g., TV2, HUN) will ensure that viewers all over Europe can enjoy perfect TV entertainment.

### Top-rated US shows and more



© SBS TV  
"CSI: Miami"

Whether it's "Grey's Anatomy" (e.g., VIJFtv, B), "Dr. House" (e.g., SBS6, NL), "CSI: Miami" (e.g., Kanal 5, DK) or "Navy CIS" (e.g., Sat.1, D), the ProSiebenSat.1 Group delivers the best US series for its viewers. With appealing new shows like "Damages" (e.g., kabel eins, D) or classics like "Desperate Housewives" (e.g., Net 5, NL), our European family of stations provides high-quality TV viewing. Domestic highlights over the next few months include high-budget, top-of-the-line in-house productions like "Unschuldig" (ProSieben, D) and "Vermist" (VT4, B).

### Something for everyone



ProSieben/Other-S  
"Germany's next Topmodel - by Heidi Klum"

Who will become "Germany's Next Topmodel"? The finale of the huge ProSieben hit is just one surprise the second quarter holds in store. "Holland's Got Talent" (SBS6, NL) and the Scandinavian co-production "So you think you can dance!" (e.g., TVNORGE, NOR) will provide additional show highlights on ProSiebenSat.1 Group channels. Other programs will include successful format shows like "The Block" (e.g., VT4, B), "The Singing Bee" (TV2, HUN) and "Nur die Liebe zählt" (Sat.1, D).

### Docu-series, infotainment and comedy



Late-night Talk with Niels Ruf

New shows like "Tränen am Terminal" (kabel eins, D), "Teenage Moms" (SBS6, NL) and "FC Nerds" (VT4, B) will provide entertaining docutainment on all ProSiebenSat.1 Group stations. The laughs will really get going Friday nights when late night talkshow host Niels Ruf goes on the air. Established local productions like "Andenes Makt" (TVNORGE, NO) and travel shows such as "Where is the Mol?" (VIJFtv, B) will provide viewers with additional informative entertainment shows.

### News and sports



Dieter Kronzucker on N24

Up-to-date news 24 hours a day and background reports on the hottest, latest topics - that's what N24 offers its viewers. In addition, ProSiebenSat.1 channels will broadcast many high-profile sporting events in the first half of 2008, including the top games from the UEFA Champions League and UEFA Cup (e.g., Sat.1, D), the European Soccer Championships (exclusively on VT4, B), and the world's best tennis action from Wimbledon (Net 5, NL).

## Consolidated income statement for ProSiebenSat.1 Media AG

	Q1 2008	Q1 2007	Change	Change in %
EUR k				
1. Revenues	729,070	501,183	227,887	45%
2. Cost of sales	-501,127	-335,294	165,833	49%
3. <b>Gross profit</b>	227,943	165,889	62,054	37%
4. Selling expenses	-114,367	-55,440	58,927	106%
5. Administrative expenses	-67,242	-41,515	25,727	62%
6. Other operating income	3,546	2,950	596	20%
7. <b>Operating profit</b>	49,880	71,884	-22,004	-31%
8. Income from equity interests in associated companies	2,011	71	1,940	- / -
9. Other financial result	- / -	5	-5	-100%
10. Net interest and similar income	2,472	912	1,560	171%
11. Net interest and other expenses	-62,757	-5,136	57,621	- / -
12. Net interest result	-60,285	-4,224	-56,061	- / -
13. Other financial expenses	-146	-223	-77	-35%
14. <b>Financial income</b>	-58,420	-4,371	-54,049	- / -
15. <b>Loss / profit before taxes</b>	-8,540	67,513	-76,053	-113%
16. Income taxes	2,519	-25,687	-28,206	-110%
17. <b>Consolidated loss / profit</b>	-6,021	41,826	-47,847	-114%
attributable to				
Shareholders of ProSiebenSat.1 Media AG	-7,935	40,630	-48,565	-120%
Minorities	1,914	1,196	718	60%
EUR				
Basic and diluted earnings per share of common stock according to IAS 33 *	-0.04	0.19	-0.23	-121%
Basic and diluted earnings per share of preferred stock according to IAS 33 *	-0.04	0.19	-0.23	-121%

\* thereby accounted for consolidated net profit for the period: -7.9 EUR m [previous period: 40.6 EUR m];  
thereby accounted for number of common and preferred shares: 218,664 thousand [previous year: 218,797 thousand]

## Consolidated balance sheet of ProSiebenSat.1 Media AG

ASSETS	03/31/2008	03/31/2007	Change	12/31/2007	Change
EUR k					
<b>A. Noncurrent assets</b>					
I. Intangible assets	3,526,507	331,867	3,194,640	3,540,371	-13,864
II. Property, plant and equipment	263,715	225,835	37,880	267,869	-4,154
III. Investments accounted for using the equity method	4,587	6,462	-1,875	4,583	4
IV. Other financial assets	58,377	3,530	54,847	70,508	-12,131
V. Programming assets	916,585	686,225	230,360	917,110	-525
VI. Accounts receivable and other long-term assets	14,345	1,547	12,798	14,091	254
VII. Deferred taxes	72,309	- / -	72,309	50,708	21,601
	<b>4,856,425</b>	<b>1,255,466</b>	<b>3,600,959</b>	<b>4,865,240</b>	<b>-8,815</b>
<b>B. Current assets</b>					
I. Programming assets	373,799	380,564	-6,765	400,575	-26,776
II. Inventories	6,180	5,209	971	4,849	1,331
III. Current financial assets	235	249	-14	264	-29
IV. Assets for current tax	61,175	53,305	7,870	34,109	27,066
V. Accounts receivable and other short-term assets	440,174	240,316	199,858	442,962	-2,788
VI. Cash and cash equivalents	296,350	95,545	200,805	250,847	45,503
	<b>1,177,913</b>	<b>775,188</b>	<b>402,725</b>	<b>1,133,606</b>	<b>44,307</b>
<b>Total assets</b>	<b>6,034,338</b>	<b>2,030,654</b>	<b>4,003,684</b>	<b>5,998,846</b>	<b>35,492</b>
LIABILITIES AND SHAREHOLDERS' EQUITY	03/31/2008	03/31/2007	Change	12/31/2007	Change
EUR k					
<b>A. Shareholders' equity</b>					
I. Subscribed capital	218,797	218,797	- / -	218,797	- / -
II. Capital reserves	546,987	589,949	-42,962	546,987	- / -
III. Group equity generated	334,711	486,373	-151,662	342,646	-7,935
IV. Treasury stock	-12,335	- / -	-12,335	- / -	-12,335
V. Accumulated other Group equity	-120,424	-8,180	-112,244	-56,539	-63,885
VI. Total equity attributable to shareholders of ProSiebenSat.1 Media AG	967,736	1,286,939	-319,203	1,051,891	-84,155
VII. Minority interests	16,639	6,679	9,960	10,435	6,204
	<b>984,375</b>	<b>1,293,618</b>	<b>-309,243</b>	<b>1,062,326</b>	<b>-77,951</b>
<b>B. Noncurrent liabilities</b>					
I. Long-term loans and borrowings	3,579,305	183,656	3,395,649	3,577,297	2,008
II. Provisions	10,428	6,183	4,245	11,308	-880
III. Noncurrent financial liabilities	303,191	115,132	188,059	201,420	101,771
IV. Deferred taxes	203,100	2,143	200,957	207,272	-4,172
	<b>4,096,024</b>	<b>307,114</b>	<b>3,788,910</b>	<b>3,997,297</b>	<b>98,727</b>
<b>C. Current liabilities</b>					
I. Short-term loans and borrowings	132,034	2,160	129,874	2,196	129,838
II. Provisions	154,719	115,503	39,216	177,819	-23,100
III. Current financial liabilities	485,319	296,852	188,467	532,706	-47,387
IV. Liabilities for current tax	581	1,364	-783	1,706	-1,125
V. Other liabilities	181,286	14,043	167,243	224,796	-43,510
	<b>953,939</b>	<b>429,922</b>	<b>524,017</b>	<b>939,223</b>	<b>14,716</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,034,338</b>	<b>2,030,654</b>	<b>4,003,684</b>	<b>5,998,846</b>	<b>35,492</b>

## ProSiebenSat.1 Group cash flow statement

EUR k	Q1 2008	Q1 2007
<b>Consolidated loss / profit (after minorities)</b>	<b>-7,935</b>	<b>40,630</b>
Depreciation, amortization and impairment/write-ups of noncurrent and current assets	34,933	10,118
Consumption/write-ups of programming assets	353,955	247,989
Change in tax provisions [incl. change in deferred taxes]	-39,153	24,947
Change in other provisions	-6,598	-3,179
Result from equity accounting and other noncash relevant changes within financial assets	14	-71
Result from sale of fixed assets	-29	- / -
Unrealised currency differences of fixed assets	3,850	- / -
Other noncash income / expenses	- / -	5,412
<b>Cash-flow</b>	<b>339,037</b>	<b>325,846</b>
Change in inventories	-1,332	-903
Change in non-interest-bearing receivables and other assets	-28,799	-49,237
Change in non-interest-bearing liabilities	-43,612	17,246
<b>Cash flow from operating activities</b>	<b>265,294</b>	<b>292,952</b>
Proceeds from disposal of noncurrent assets	12,745	1,219
Expenditures for intangible assets and property, plant and equipment	-10,661	-5,296
Expenditures for purchase of financial assets	-327	-506
Proceeds from disposal of programming assets	21,032	9,173
Expenditures for programming assets	-351,645	-269,885
Effects of changes in scope of consolidation (acquisition)	-10,381	3,814
Other changes in equity	795	1,089
<b>Cash flow from investing activities</b>	<b>-338,442</b>	<b>-260,392</b>
<b>Free Cash-flow</b>	<b>-73,148</b>	<b>32,560</b>
Reduction of interest-bearing liabilities	-860	-810
Allocation of interest-bearing liabilities	131,846	255
Repurchase of treasury stock	-12,335	- / -
<b>Cash flow from financing activities</b>	<b>118,651</b>	<b>-555</b>
<b>Change in cash and cash equivalents</b>	<b>45,503</b>	<b>32,005</b>
Cash and cash equivalents at beginning of year	250,847	63,540
<b>Cash and cash equivalents as of March 31</b>	<b>296,350</b>	<b>95,545</b>
<b>The cash flow from operating activities includes the following receipts and payments according to IAS 7:</b>		
Cash flow from income taxes	-36,483	-30,626
Cash flow from interest expenses	-65,502	-711
Cash flow from interest income	2,445	460

Statement of changes in shareholders' equity of the ProSiebenSat.1 Group for Q1 2007

EUR k	Subscribed capital	Capital reserves	Group equity generated	Treasury stock	Accumulated other Group equity		Minority interests	Shareholders' equity
					Foreign currency translation adjustment	Valuation from cash flow hedges and interest rate swaps		
December 31, 2006	218,797	584,537	445,743	- / -	-458	-9,144	1,049	1,240,524
Changes in scope of consolidation	- / -	- / -	- / -	- / -	- / -	- / -	4,440	4,440
Stock option plan	- / -	5,412	- / -	- / -	- / -	- / -	- / -	5,412
Statement of recognised income and expenses	- / -	- / -	- / -	- / -	-101	1,523	-6	1,416
Consolidated profit	- / -	- / -	40,630	- / -	- / -	- / -	1,196	41,826
<b>March 31, 2007</b>	<b>218,797</b>	<b>589,949</b>	<b>486,373</b>	<b>- / -</b>	<b>-559</b>	<b>-7,621</b>	<b>6,679</b>	<b>1,293,618</b>

Statement of changes in shareholders' equity of the ProSiebenSat.1 Group for Q1 2008

EUR k	Subscribed capital	Capital reserves	Group equity generated	Treasury stock	Accumulated other Group equity		Minority interests	Shareholders' equity
					Foreign currency translation adjustment	Valuation from cash flow hedges and interest rate swaps		
December 31, 2007	218,797	546,987	342,646	- / -	-16,073	-40,466	10,435	1,062,326
Dividends paid	- / -	- / -	- / -	- / -	- / -	- / -	-3,675	-3,675
Changes in scope of consolidation	- / -	- / -	- / -	- / -	- / -	- / -	7,843	7,843
Repurchase of treasury stock	- / -	- / -	- / -	-12,335	- / -	- / -	- / -	-12,335
Statement of recognised income and expenses	- / -	- / -	- / -	- / -	-5,408	-58,477	122	-63,763
Consolidated loss	- / -	- / -	-7,935	- / -	- / -	- / -	1,914	-6,021
<b>March 31, 2008</b>	<b>218,797</b>	<b>546,987</b>	<b>334,711</b>	<b>-12,335</b>	<b>-21,481</b>	<b>-98,943</b>	<b>16,639</b>	<b>984,375</b>



## Notes

### Basis and Methodology

As a listed corporation, ProSiebenSat.1 Media AG has prepared its abridged consolidated interim financial statements as of March 31, 2008, in accordance with International Financial Reporting Standards (IFRS) in the form applicable in the European Union.

The consolidated interim financial statements at March 31, 2008, were prepared on the basis of IAS 34, "Interim Financial Reporting."

Both the accounting principles applied and the explanations and information for the consolidated interim financial statements under IFRS for the first quarter of fiscal 2008 are generally based on the same accounting policies as the consolidated financial statements for fiscal 2007.

To improve the clarity of presentation in the income statement, the first-quarter report combines the line items for income from equity interests and income from other securities and loans of financial assets; the resulting combined item is explained in the notes.

For further information about the applied accounting policies, we refer the reader to the consolidated financial statements as of December 31, 2007, which form the basis for the present first-quarter financial statements.

### Scope of consolidation

The number of subsidiaries included in the consolidated financial statements changed as follows in the first quarter of fiscal 2008:

	Domestic market	Foreign market	Total
Included at 12/31/2007	46	130	176
Newly founded/consolidated companies	1	3	4
Merged/disconsolidated companies	- / -	- 4	-4
<b>Included at 03/31/2008</b>	<b>47</b>	<b>129</b>	<b>176</b>

ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights in these companies.

Fifteen (as of December 31, 2007: 15) associated companies are reported using the equity method.

### Acquisition of TV2 Saturn AS

Effective March 1, 2008, SBS Radio Norge AS acquired 100 percent of TV2 Saturn AS, headquartered in Oslo, Norway. The total purchase price for the acquired ownership interest

was EUR 7,945 thousand. For the same amount, in return, SBS Belgium NV sold 23% of its shares in SBS Radio Norge AS to the former owner of TV2 Saturn AS. Thus the ProSiebenSat.1 Group now owns 77 percent of SBS Radio Norge AS. TV2 Saturn AS was fully consolidated into the consolidated financial statements of ProSiebenSat.1 Media AG for the first time as of March 1, 2008. TV2 Saturn AS operates a radio station in Norway.

Immediately prior to the acquisition, the net assets of TV2 Saturn AS looked as follows:

EUR k	
Intangible assets	9,814
Non current assets	615
Current assets	396
Loan and liabilities	-2,880

No further information under IFRS 3 can be provided at the moment, since the step-up was begun only upon consummation of the purchase agreement and had not been completed as of the reporting date.

### Income taxes

The income tax expense (income) was calculated pursuant to IAS 34.30 on the basis of the best estimate of the weighted average annual income tax rate (the tax rate for the consolidated group).

### Discontinued operations

On March 31, 2008, the ProSiebenSat.1 Group signed an outsourcing agreement with IBM, under which IBM will handle and expand all IT business applications, as well as the IT and media systems at ProSiebenSat.1 Produktion. At the same time, the ProSiebenSat.1 Group will set up a new "playout center" in Munich. This will allow the Group's TV channels to be broadcast throughout Europe from two centralized playout centers in Munich and London (Chiswick). Consequently, the originally planned sale of all of ProSiebenSat.1 Produktion will not be pursued for the time being. For that reason, contrary to the presentation in the consolidated financial statements of the ProSiebenSat.1 Group, ProSiebenSat.1 Produktion is no longer shown as a group of assets and liabilities held for sale.

In April, the ProSiebenSat.1 Group stepped up its work to sell the C More Group and the print activities relating to "Veronica" magazine over the next few months. The criteria in IFRS 5 for classifying those activities as held for sale, were not met at the reporting date.

The plan is to sell the entire C More Group, with its premium pay TV operations. C More Entertainment is the leading provider of pay TV services such as premium feature films and premium sports broadcasts, in Sweden, Norway, Denmark and Finland.

The Group is also seeking to sell Veronica and its print activities. "Veronica" magazine, a weekly programming periodical, is a leader in the Netherlands. Both C More and "Veronica" belong to the Diversification segment.

### Segment reporting

In accordance with IFRS 8 ("Operating Segments"), certain figures in interim financial statements must be presented separately by business segments and geographical segments. The basis of segmentation is to be the company's own internal reporting, which permits a reliable assessment of the group's risks and earnings. Segmentation is intended to provide transparency as to the profitability and prospects for success of the group's individual activities. Consistently with its internal management practices, the ProSiebenSat.1 Group adopts business segments as the basis for its primary segment reporting.

The ProSiebenSat.1 Group subdivides its operations into two business units, Free TV and Diversification. The Free TV unit in turn is subdivided into two segments, Free TV in German-Speaking Europe and Free TV International.

The Free TV in German-Speaking Europe segment essentially comprises the Group's four channels Sat.1, ProSieben, kabel eins and N24, as well as the Sat.1 regional companies, the marketing company SevenOne Media, the subsidiary ProSiebenSat.1 Produktion, and the Group's subsidiaries in Austria and Switzerland. The Free TV International segment includes advertising-financed TV channels in the Netherlands, Belgium, Denmark, Finland, Norway, Sweden, Romania, Bulgaria and Hungary. The Diversification segment pools all subsidiaries that do not generate their income directly from classic TV advertising revenues; their activities include pay TV, call TV, multimedia, merchandising and radio operations, as well as related print products.

In secondary segment reporting by geographical markets, distinctions are made among the German-speaking region (Germany, Austria, Switzerland), "NL/B" (the Netherlands and Belgium), Nordic (Denmark, Finland, Norway, Sweden), and CEE (Bulgaria, Greece, Romania, Hungary). No comparison figures are shown from the prior year, since revenues for the 2007 comparison period were generated solely in the German-speaking region.

EUR k	Free TV			Segment Diversification	Transitions	Total consolidated financial statements Q1 2008
	Segment Free TV German-speaking	Segment Free TV International	Total Free TV*			
Revenues	433,022	177,427	610,449	137,641	-19,020	729,070
External revenues	417,135	176,015	593,150	135,920	- / -	729,070
Internal revenues	15,887	1,412	17,299	1,721	-19,020	- / -
EBITDA Recurring	57,626	27,518	85,144	4,013	-696	88,461

## Geographical allocation

	German Speaking	B/NL	Nordic	CEE	Transitions	Total consolidated financial statements Q1 2008
Revenues	496,769	86,662	130,589	33,323	-18,273	729,070
External revenues	479,414	86,662	129,671	33,323	- / -	729,070
Internal revenues	17,355	- / -	918	- / -	-18,273	- / -

EUR k	Free TV			Segment Diversification	Transitions	Total consolidated financial statements Q1 2007
	Segment Free TV German-speaking	Segment Free TV International	Total Free TV*			
Revenues	456,411	- / -	456,411	64,066	-19,294	501,183
External revenues	438,559	- / -	438,559	62,624	- / -	501,183
Internal revenues	17,852	- / -	17,852	1,442	-19,294	- / -
EBITDA Recurring	70,709	- / -	70,709	11,544	-129	82,124

\* consolidated

**Related-party transactions**

Apart from the subsidiaries included in the consolidated interim financial statements, in the course of its normal business operations ProSiebenSat.1 Media AG conducts transactions directly or indirectly with affiliated unconsolidated companies and associated companies. In the ordinary course of business, all transactions with companies not included in the scope of consolidation were conducted on prevailing market terms and conditions, such as are also customary with third parties unrelated to the Group.

Harry Evans Sloan is a member of the Supervisory Board of ProSiebenSat.1 Media AG, and the Chairman of the Board of Directors and CEO of Metro-Goldwyn-Mayer Holdings, Inc. (MGM). A number of license agreements were signed between MGM Holdings Inc. and ProSiebenSat.1 Media AG during the period, as part of the normal course of business. The agreements are consistent with prevailing market terms.

No other material reportable transactions under IAS 24 were conducted with related parties during the reporting period.

## Additional information

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### Financial Calendar

2007 Annual Report	March 28, 2008
Q1 Report 2008	May 8, 2008
2008 Annual General Meeting	June 10, 2008
Q2 Report 2008	August 6, 2008
Q3 Report 2008	November 6, 2008

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### The ProSiebenSat.1 Group on the Internet

This and other publications are available on the Internet, along with information about the ProSiebenSat.1 Group, at <http://www.prosiebensat1.com/>.

### Forward-looking statements in this Financial Report

The Management Report contains forward-looking statements about expected developments. These statements are based on current estimates and by their nature involve risks and uncertainties. Actual events may deviate from the statements provided here.