Broadcasting

Jan Frouman
Agenda

I Key achievements since last CMD

II Market trends

III Key strategies

IV Summary
Key achievements

1. **Stable ratings vs. previous sports years**
   - 27.8%

2. **Maintained lead over key competitor**
   - △ +3.5% pts

3. **Established top host couple**

4. **Increased share of Group production**
   - 10%

5. **Expanded channel family**
   - Up to 0.3%

6. **Launched new Channel Apps**
   - 800k downloads

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1) Highest rating for one day since launch
2) Share of Red Arrow productions as % of commissioned spending in H1 2016 LTM
3) First month after launch

Note: All audience shares 9M 2016, all German TV households (German-speaking), A 14-49; Mon-Sun, 3-3 h
Ratings are broadly in line with previous sports years …

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Germany</strong></td>
<td>27.8</td>
<td>28.4</td>
<td>27.7</td>
</tr>
<tr>
<td>(A 14-49)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Austria</strong></td>
<td>23.0</td>
<td>21.4</td>
<td>21.0</td>
</tr>
<tr>
<td>(A 12-49)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Switzerland</strong></td>
<td>17.4</td>
<td>16.8</td>
<td>18.1</td>
</tr>
<tr>
<td>(A 15-49)</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

1) Base for GER: All German TV households (GER+EU/German-speaking), A 14-49; Mon-Sun, 3-3 h; Source: AGF in cooperation with GfK/TV Scope/ProSiebenSat.1 TV Deutschland
2) Base for AT: A 12-49; Mon-Sun, 3-3 h, incl. P7 MAXX Austria and SAT.1 Gold Austria (from Jul 15, 2014 onwards); Source: AGTT/GfK: Fernsehforschung/Reporting
3) Base for CH: GER-CH; A 15-49; Mon-Sun, 2-2 h, incl. ProSieben CH, Sat.1 CH and Kabel 1 CH in 2012, additionally incl. sixx CH in 2014 and P7 MAXX CH and SAT.1 Gold CH in 2014, incl. PULS 8 in 2015, change in CH measurement system in 2013; Source: Mediapulse TV-Panel

PULS 4 with strongest 9M in channel history (4.2%)
Sports year audience share comparison (A 14-49)

[9M, in %]

- **2012**: 27.7 (△ +0.3% pts)
- **2014**: 28.4 (△ +3.8% pts)
- **2016**: 27.8 (△ +3.5% pts)

Base: All German TV households, A 14-49, Mon-Sun, 3-3 h; RTL Mediengruppe since June 2016 incl. RTLplus; w/o RTL II minority;
Source: AGF in cooperation with GfK/TV Scope/ProSiebenSat.1 TV Deutschland

... and have developed better than RTL
We maintain our strong position in the German TV market ...

### Audience share (A 14-49)¹)

| Channel                | Share (2016) | Change
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RTL</td>
<td>24.3</td>
<td>+3.5% pts</td>
</tr>
<tr>
<td>Mademedia</td>
<td>27.8</td>
<td></td>
</tr>
<tr>
<td>Twelve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2MAX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doku</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ProSiebenSat.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RTL Media Group</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹) Base: All German TV households (German-speaking), A 14-49, Mon-Sun, 3-3 h; RTL Mediengruppe since June 2016 incl. RTLplus; w/o RTL II minority; Source: AGF in cooperation with GfK/TV Scope/ProSiebenSat.1 TV Deutschland

### Share of advertising²)

| Channel                | Share (2016) | Change
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RTL</td>
<td>42.4</td>
<td>+8.9% pts</td>
</tr>
<tr>
<td>Mademedia</td>
<td>33.5</td>
<td></td>
</tr>
<tr>
<td>Twelve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2MAX</td>
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</tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>RTL Media Group</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

²) Gross values; Source: Nielsen Media Research/SevenOne Media, Sales Steering & Market Insights
... and expanded our channel brand family

**Our channel portfolio in Germany**

- **Launch in Q3 2016**
  - DOKU
  - ZMAX
  - RTL Nitro
  - ARD
  - RTL
  - VOX
  - GOLD
  - SIXX

**Key target groups**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Age Group</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>MALE</td>
<td>A 14-59</td>
<td>8.6%</td>
</tr>
<tr>
<td></td>
<td>A 14-39</td>
<td>10.3%</td>
</tr>
<tr>
<td></td>
<td>A 14-49</td>
<td>5.1%</td>
</tr>
<tr>
<td>FEMALE</td>
<td>F 14-39</td>
<td>1.4%</td>
</tr>
<tr>
<td></td>
<td>F 40-64</td>
<td>1.4%</td>
</tr>
<tr>
<td></td>
<td>M 14-39</td>
<td>1.0%</td>
</tr>
<tr>
<td></td>
<td>M 40-64</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

**Market shares 9M 2016**

- **Total**: 27.8%

**Further channel concepts under evaluation**

1) Since launch September 22, 2016 (not part of the sum)

Base: All German TV households (German-speaking), A 14-49; Mon-Sun, 3-3 h

Source: AGF in cooperation with GfK/TV Scope/ProSiebenSat.1 TV Deutschland
We launched seven new TV Channel Apps on mobile and Smart TVs

**Strengthen TV brands & increase reach**

Launched in August 2016 (on iOS, android and Samsung Smart TVs)

- Free 24/7 live stream
- Free 7 day catch-up
- Online exclusive bonus & newsroom content

**Second screen features** for TV program ping-pong

First month after launch

<table>
<thead>
<tr>
<th>Total mobile downloads</th>
<th>Ø monthly active users(^1)</th>
<th>Total video views(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>800k</td>
<td>2.2m</td>
<td>4.9m</td>
</tr>
</tbody>
</table>

1) MAU on all TV channel and smart TV apps in first month since launch (August 28 to September 28, 2016): gross values, not corrected for double usage of multiple apps
2) Video Views (full+short+live) on all TV channel and smart TV apps in first month since launch (August 28 to September 28, 2016)

Enable vertical thematic channels within apps and converge with commerce offerings
Agenda

I  Key achievements since last CMD

II  Market trends

III  Key strategies

IV  Summary
TV will remain the lead medium in Germany

1 TV and video consumption

TV consumption (classic and online TV-related) is growing while viewing behavior changes (anywhere/anytime)

2 Online video market

New platforms drive viewer experience and offer new TV-related opportunities

3 Content supply

Growing content supply due to extended provider landscape but also increasing competition

4 Linear TV market

Increasing fragmentation of TV landscape through thematic channel launch and increasing importance of local content
TV-related consumption with increasing potential until 2020

### Daily TV and video consumption

#### Commercial target group (A 14-49)
- **2015**: 209 minutes
  - Non-linear video (Free & Pay VoD)
  - TV alternative
  - TV classic
- **2020E**: 236 minutes
  - Non-linear video (Free & Pay VoD)
  - TV alternative
  - TV classic

#### Young segment (A 14-29)
- **2015**: 175 minutes
  - Non-linear video (Free & Pay VoD)
  - TV alternative
  - TV classic
- **2020E**: 201 minutes
  - Non-linear video (Free & Pay VoD)
  - TV alternative
  - TV classic

**Online video usage is incremental to TV-related consumption**

1) Free online video incl. YouTube, PayVoD and Catch-up TV; Source: SevenOne Media estimate based on Viewtime Report, SevenOne Media/forsa (2016)
2) Linear TV viewing on PC, laptop, tablet or smartphone via online stream, recording or broadcast signal; Source: SevenOne Media estimate based on Viewtime Report, SevenOne Media/forsa (2016)
3) Source: AGF in cooperation with GfK/TV scope/SevenOne Media estimate
Base: All German-speaking TV households
Online/Mobile usage is driving reach of TV-related content

<table>
<thead>
<tr>
<th>Content reach: P7 linear TV + Online/Mobile</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Views in m, not unique]</td>
</tr>
<tr>
<td>Linear TV(^1)</td>
</tr>
<tr>
<td>Owned &amp; operated online</td>
</tr>
<tr>
<td>+ Online live streaming(^2)</td>
</tr>
<tr>
<td>+ Full episode catch-up(^2)</td>
</tr>
<tr>
<td>+ Short clips(^2)</td>
</tr>
<tr>
<td>Total reach</td>
</tr>
</tbody>
</table>

\(^1\) Base: A 14-49, “TV contacts” with >1 min of viewing  
\(^2\) Via ProSieben Websites, ProSieben Channel Apps, ProSieben Smart TV Channel Apps, HbbTV and 7TV Products  
Source: AGF in cooperation with GfK/TV Scope/P7S1 TV Deutschland/Google Analytics/Webtrekk
### TV remains important

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>86%</td>
<td>Of daily video usage is linear TV&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>79%</td>
<td>Say TV will increase or maintain its importance</td>
</tr>
<tr>
<td>94%</td>
<td>Adjust their living room furniture towards the TV set</td>
</tr>
<tr>
<td>97%</td>
<td>Watch TV regularly</td>
</tr>
</tbody>
</table>

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<sup>1)</sup> Linear TV equals TV classic and alternative (without catch up), base: A 14-49

Sources: Media Activity Guide 2016 (SevenOne Media, forsa); Screen Life 2014 (Screenforce), Stiftung für Zukunftsfragen
Changes in viewing behavior provide new TV-related opportunities

Modern viewer preferences

- Anywhere
- Any device
- Anytime
- Ad-reduced
- Personalized

New TV-related opportunities

- **Cross-device** live streaming
- Access to **personalized** data
- **Time-delayed** viewing
- **Dual play/freemium** offers
- **Lean-back/lean-forward\(^1\)** integration

Extended reach & better targeting

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1\) Lean-forward = actively controlled media consumption
### Broad access to content

#### Traditional licensors
- **US majors**
  - Warner Bros.
  - Disney
  - Regency
  - Fox
  - CBS
  - Constantine Film

- **Independents**
  - Lionsgate
  - DreamWorks Studios

#### TV producers
- **International**
  - Endemol Shine Group
  - FilmPool
  - Talpa
  - ITV Studios
  - UFA

- **National**
  - Constantin Entertainment
  - Red Arrow Entertainment
  - RepSeven

#### Digital
- **MCNs**
  - Maker
  - Fullscreen
  - Machinima

- **Other**
  - Ripple Entertainment

*Secured multi-year output deals

*P7S1-owned
P7S1 significantly increased its share in the attractive small channel market

Increasing fragmentation of TV landscape

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of top 10 channels</th>
<th>Share of small channels (not top 10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>9M 2016</td>
<td>71%</td>
<td>29%</td>
</tr>
</tbody>
</table>

[FY, A 14-49, in %]

Thereof, market share P7S1

1%  
13%

18%  +11% pts  29%

2010  9M 2016

Thereof, market share P7S1

Increasing fragmentation of TV landscape

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[FY, A 14-49, in %]

Rationale for small channels

- Increase viewer **loyalty**
- Efficiently **reuse** content
- **Attract** additional (niche) advertisers

Small channel growth is enabling overall audience share gains for P7S1

1) Sum of P7S1 niche channel audience share as % of sum of audience share of non-top 10 channels
Base: All German TV households (GER+EU)/2016: German-speaking TV households, A 14-49; Mon-Sun, 3-3 h
Source: AGF in cooperation with GfK/TV Scope/ProSiebenSat.1 TV Deutschland
The German TV market remains strong

Consumer preferences

- **TV viewing** (classic and online TV-related) expected to slightly grow in the coming years
- **Online video** consumption **incremental** to TV viewing
- **Lower Pay TV penetration**, limited willingness to pay

Free TV market dynamics

- **High quality content** typically available on Free TV
- Studio contracts with **supporting rights** (incl. holdbacks)
- **Windowing and preference for German language** protect Free TV and drive reach as well as monetization
Agenda

I  Key achievements since last CMD

II  Market trends

III  Key strategies

IV  Summary
Key strategies to foster aggregator role and drive Group synergies

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Continue to strengthen core channels and launch new thematic</td>
<td>Windows and channels</td>
</tr>
<tr>
<td></td>
<td>magazines, windows and channels</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Leverage Red Arrow synergies for increased IP ownership</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Secure broad multichannel distribution of our TV brands</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Develop innovative multichannel consumer offerings targeting</td>
<td>Millennials</td>
</tr>
<tr>
<td></td>
<td>Millennials</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Create compelling HbbTV product and leverage TV to drive data</td>
<td>Access, registrations &amp; reach</td>
</tr>
<tr>
<td></td>
<td>access, registrations &amp; reach</td>
<td></td>
</tr>
</tbody>
</table>
We continue to strengthen our core channels …

<table>
<thead>
<tr>
<th>Channels</th>
<th>Investment priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core channels</td>
<td>A</td>
</tr>
<tr>
<td>New channels</td>
<td>B</td>
</tr>
<tr>
<td>Focused channels</td>
<td>C</td>
</tr>
</tbody>
</table>

Further new thematic channels under evaluation
… and boost Group-wide synergies with smart content investments

- **Digital Ventures & Commerce**: Drive growth of Commerce assets through media
- **Broadcasting**: Retain consumers through high quality content
- **Content Production**: Increase own profitable production orders
- **Digital Entertainment**: Leverage content for second screen and AdVoD/PayVoD offerings
- **Sales**: Enable new content investments through additional revenues

**CONTENT**

**Intra-Group synergies**
We successfully launched kabel eins Doku …

Successful new launch …

... with top 3 format highlights

- “Das Doku-Magazin”
  up to 1.0%

- “ANTHONY BOURDAIN”
  up to 0.9%

- “RESTORATION MAN”
  up to 0.8%

Audience share since launch (September 22, 2016)
… and will further expand our multi-channel portfolio …

<table>
<thead>
<tr>
<th>Approach</th>
<th>Potential topics</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative mono-thematic channels for stable target groups</td>
<td>FASHION</td>
<td>Address attractive target groups</td>
</tr>
<tr>
<td></td>
<td>TRAVEL</td>
<td>new target groups (e.g. attack print)</td>
</tr>
<tr>
<td></td>
<td>FOOD</td>
<td>with no/little cannibalization</td>
</tr>
<tr>
<td></td>
<td>BEAUTY</td>
<td>Create attractive environment for</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Digital Commerce</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Red Arrow</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Push HbbTV and leverage Addressable TV</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Push AdVoD traffic</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Limited additional costs due to Group wide reusability of content</td>
</tr>
</tbody>
</table>
... to leverage our TV faces 360° and create synergies with Commerce

TV show

Digital exploitation

360° monetization of Paula due to exclusive marketing rights

Up to 3.6%\(^1\)

5.8m views\(^2\)

Commerce synergies

Cooperation with
for selected products

Launched Oct 2016

Other

EXAMPLE

1) 9M 2016 ratings for “Paula kommt” 2) 9M 2016
Base: All German TV households (German-speaking), A 14-49, Mon-Sun, 3-3 h
We leverage Red Arrow synergies for increased IP ownership ...

How to drive IP ownership

- High scope of rights/exclusiveness
- 360° monetization across all channels
- Re-purposing
- Internalization of production margin/Red Arrow synergies
- High scope of rights/exclusiveness
- Format sales
- Program sales
- Merchandising/licensing
… and benefit from superior ratings

Joint development process

1. Assess and evaluate local and international content needs
2. Conduct joint format development workshops
3. Local commission and international content sales

Superior ratings vs. comparable formats

1) Ratings Red Arrow productions vs. ratings of comparable formats (only first runs) H1 LTM 2016

- **Factual** (ProSieben prime time): $\Delta +2.4\%$ pts
- **Reality** (kabel eins prime time): $\Delta +2.1\%$ pts
- **Reality** (SAT.1 non-prime time): $\Delta +1.9\%$ pts
- **Entertainment** (ProSieben prime time): $\Delta +0.6\%$ pts
We secure broad multichannel distribution of our TV brands

<table>
<thead>
<tr>
<th>Channel Type</th>
<th>Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable</td>
<td>16.5m HH (42% of total HH)</td>
</tr>
<tr>
<td>Satellite</td>
<td>17.9m HH (46% of total HH)</td>
</tr>
<tr>
<td>IPTV</td>
<td>2.6m HH (7% of total HH)</td>
</tr>
<tr>
<td>Terrestrial</td>
<td>1.9m HH (5% to total HH)</td>
</tr>
<tr>
<td>Mobile†</td>
<td>&gt;4m unique users³</td>
</tr>
<tr>
<td>Phones/tablets</td>
<td>&gt;71m devices⁴</td>
</tr>
<tr>
<td>Connected Smart TVs</td>
<td>&gt;11m devices⁴</td>
</tr>
<tr>
<td>Streaming devices</td>
<td>&gt;2m devices⁵</td>
</tr>
</tbody>
</table>

†: Complementary to cable, satellite, terrestrial and IPTV distribution
²: Astra Monitor report 2015 published 03/2016 (adjusted data base on new official population statistics), Telekom publications and P7S1 assumptions
³: Unique users per month, company publications, AGOF figures and P7S1 assumptions
⁴: SNL Kagan and P7S1 assumptions
⁵: Digitalisierungsbericht and P7S1 assumptions
Develop innovative multichannel consumer offerings for Millennials

Changing viewing habits
- Cross-device viewing
- Personalized viewing
- Ad-reduced viewing
- Time-delayed viewing

P7S1 product strategies
- Channel branded apps with live streams
- Live and on-demand offer in one product
- Pay vs. ad-financed by consumer’s choice
- Preview and extended catch-up for best-of content

Leverage TV content for bundling of new, innovative offers
Additional business opportunities through compelling HbbTV product

CONCEPT

Improved product propositions

HbbTV driver for Addressable TV:
Hybrid proportion allows to profile user behavior and collect data

Additional monetization:
Games, integrated shops, cross selling via commerce assets and advertising

Enhanced consumer offering:
New info and entertainment service world around sports, news and stars

1) HbbTV technique enables playout of addressable TV formats like Switch-Ins and Spot Fullscreen Overlay (mid-term)
We leverage TV to drive data access, registrations & reach

- Use HbbTV for **user tracking and pseudonymous profiling** (after Red-Button-Push) to generate unique **database for cross device matching**
- Provide attractive **TV content offerings to drive registrations** (on screen and via second screen)
- Promote additional **non-TV benefits** (e.g. sweepstakes, loyalty program and other value added services) to provide incentives for registration
- Utilize new “**future of TV offerings**” like **Channel Apps** and dual play with reduced ad loads for registration and data pushes
- Use **lighthouse formats** to capture reach and relevance of digital assets

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1) Potentially addressable users defined as P7S1 viewers that have pushed the red button at least once
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Summary

TV remains **strong in Germany**

**P7S1** with strong leadership in TV market over its major competitor

P7S1 is **well positioned** to strengthen and expand its **leading TV position** and to **leverage synergies** with digital assets

- Build a **multichannel portfolio** of thematically focused channels
- Leverage **synergies with Red Arrow**
- Introduce **new offerings for Millennials**
- Offer compelling **HbbTV consumer product**
- Build reach and revenue streams through **new distribution platforms**