

**Max Conze, CEO ProSiebenSat.1 Media SE**  
Annual General Meeting 2019  
June 12, 2019

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- Check against delivery -

**[Group trailer]**

**[Welcome]**

Dear shareholders, on behalf of the Executive Board of ProSiebenSat.1 Media SE, welcome to our Annual General Meeting today. I would also like to welcome the media representatives, everyone watching live on the internet, and our new CFO Rainer Beaujean, who will join ProSiebenSat.1 on July 1, 2019. Rainer, we are delighted to have you on board.

Before we jump in, I'd like to revisit my brief introduction at last year's Annual General Meeting. Back then, I asked how many of those present watched "Germany's next Topmodel." Only a few hands went up.

So how about this year?

The finale at the end of May was definitely one of my personal highlights of the last few weeks. There's nothing more exciting than experiencing a show as it happens. Everyone has to slot into place perfectly, from the contestants and Heidi to the cameras, lights, sound, direction, editors and much more. The show was truly spectacular and it made me extremely proud to watch so many departments throughout the Group spend months pouring their energy and passion into this format, culminating in a fantastic finale.

This was the biggest TV event of the year for young female viewers in particular – 37% of women aged 14 to 39 tuned in. It was also the hottest topic on social media. Almost 40,000 tweets were posted about the finale, more than for any other entertainment show in Germany.

The season as a whole was a big hit: The best average number of viewers for seven years, 149 million hits on all ProSieben digital platforms – an increase of 10% – and, with

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over 800,000 subscribers, the biggest Instagram account of all German stations and formats.

This year we also organized the first convention for the GNTM community on the day of the final featuring influencers, former contestants, and Love Brands. All brands and products were available for visitors to pick up and try. 119 influencers with a combined fan community of over 34 million followers on Instagram alone posted from the venue and reported on their “Top Model” experiences.

We do of course have more to offer than just “Germany’s next Topmodel,” but the show represents our overall approach to the Entertainment segment. We don’t just create unique TV shows; we create cultural events that bring viewers together in front of the television. Formats that people discuss outside the home. Formats that offer more than just 360° availability on all platforms, that can be truly experienced. Formats that we use to build smart value chains with intelligent advertising solutions that impress advertising customers.

Joko and Klaas are another example. In a 15-minute live show at the end of May, they provided a platform for people with powerful messages – Seawatch captain Pia Klemp, Dieter Puhl, spokesperson for Berlin’s homeless community, and Birgit Lohmeyer, who fights right-wing radicalism. The next day, Germany talked of little else and it was reported in all media outlets and news formats. Over 27% of young viewers watched live and the video has been accessed online more than four million times across all platforms to date. These impressive figures demonstrate the power of well-made, relevant entertainment.

One year ago, I promised you that I would give my all to my new role as CEO. The same applies today. But I did ask you to be patient. I know it isn’t easy to be patient with our share price performance. But transformation is a marathon, not a sprint! It requires stamina – after all, it won’t happen in a day. Yes, we still have a long way to go. But we are making progress.

You also asked me some questions last year:

Ms. Bergdoldt, among other things, you asked why we are struggling to reach the target group with our TV program, as you put it.

These days, it is no longer enough to look at TV market shares alone. Our programs are watched live and accessed after broadcast on a wide range of devices. We therefore need to look at linear and digital reach together. And we are seeing growth here: The first quarter was our best in the audience market since 2016 and digital video use has increased by almost 30%. This is also due to our modified content strategy: More local, in-house film and series productions, more shows, and spectacular live events. This is our strength. This is what sets us apart from the American streaming providers. And this is exactly what our target group expects.

Mr. Bezzel, last year you asked whether it would not make sense to lower dividends.

### **[Dividend]**

We adapted our dividend policy to a dividend pay-out ratio of 50% of adjusted net income. This year, this equates to EUR 1.19 per share.

Why was it the right and necessary thing to do? To ensure long-term success, we need our Entertainment segment to be up to date and fit for the future. And to achieve that, we need to invest. We are investing so that you will benefit from your investment in ProSiebenSat.1 in the long term too.

### **[A look back at 2018]**

At this point, I would like to briefly discuss the past financial year. 2018 was not satisfactory. Consolidated revenues were influenced by consolidation and currency effects and decreased by 2% to EUR 4 billion accordingly. However, we did experience slight organic growth of 1%. Adjusted EBITDA declined by 4%, adjusted net income by 2%.

While we were not able to sufficiently compensate for the weakness of German TV advertising last year, there was certainly a positive trend: Our production business, Red Arrow Studios, and commerce business, the NuCom Group, have both grown – NuCom even showing double-digit growth – and we significantly improved revenues in the second half of the year.

### **[Targets / priorities]**

But enough about the past – I much prefer to look forward. So let's consider the here and now.

We have developed a clear growth strategy, combining the strength of our entertainment brands with our equally strong commerce platforms to build a unique business model. There can be no better foundation for growth. So what does this strategy build on?

1. We are making our entertainment business fit for the future, focusing more on local content, and distributing this content via digital platforms to increase our reach.
2. We are making this reach addressable and profiting more from the German advertising market, which is worth EUR 20 to 32 billion.
3. We are creating additional value through the synergies between our entertainment and commerce businesses.

In a nutshell, if we want to achieve our goals, we must become more digital, more customer-oriented, and diversify more:

- In the next five years or so, we want to achieve EUR 6 billion in revenues and adjusted EBITDA of EUR 1.5 billion.
- 50% of our revenues should come from digital business.

As we embark on this journey, 2019 will be a year of transition, a year in which we make significant investments and position ourselves for long-term growth.

### **[Q1 2019]**

We started the year on a positive note with organic revenue growth of 3% in the first quarter. Red Arrow Studios and the NuCom Group developed particularly well: Revenues increased organically by 31% at Red Arrow and 14% at NuCom. This allowed us to more than compensate for the weaker Entertainment segment, which experienced an organic decline of 4% compared with the same quarter of the previous year. Here we had to battle with a weak TV advertising market in particular. However, digital and smart advertising performed well – while still at a low level, it grew by a strong 14%. Including the month of April, total entertainment advertising revenues are down 2% on the previous year. We are currently in the middle of the second quarter – even if the advertising market remains challenging, we will continue to make good progress in implementing our strategy.

I am sure that this development will also be reflected in the share price. But I also know that these are just words. You want to see specific actions; you want to see movement. I

will therefore spend the next few minutes showing you what we are working on and where our priorities lie – and that we are moving in the right direction.

### **[Holding]**

Our first priority was to position the company in the ideal way to tackle our goals. I have been focusing on transformation for 25 years, and if there's one thing I've learned, it's that we need the right structure, the right team, and the right culture before we can grow. It just won't work without this foundation. So what have we done?

We have structured our three businesses as independent operational companies: Entertainment, Red Arrow Studios, and the NuCom Group. In the year since we took this approach to the NuCom Group, we have built it into a digital player with revenues of almost EUR 1 billion. We will now focus mainly on the Entertainment pillar to find the best way of bringing together more than 60 individual companies.

We have also established a strong executive team. Each of the three pillars will have two Co-CEOs: Wolfgang Link is an entertainment man through and through, while Michaela Tod has been focusing on innovation and digitalization for over 14 years. Claas van Delden has been building up our commerce business from the outset and Florian Tappeiner is an experienced strategist and M&A expert. James Baker has been working in production for more than 20 years and Reza Izad co-founded the Studio71 digital studio. We have also found strong characters to fill key functional roles such as HR and technology: Head of HR Christine Scheffler has lots of experience of transformation in rapidly changing industries and Chief Technology Officer Nick Thexton has over 30 years of tech experience. All this expertise is bundled in the Executive Board alongside myself and Conrad Albert, our deputy CEO who has been working for ProSiebenSat.1 since 2005, knows the Group very well, and has internalized its DNA. Our designated CFO, Rainer Beaujean, is incredibly astute, has over 25 years of experience, and has already steered many change processes in this capacity.

I want to make it clear that this is not a small, select group – a traditional Executive Board – that manages the company. Instead, we are a strong, agile executive team with less of a hierarchy that will work faster to help ProSiebenSat.1 progress.

Some of the Co-CEOs are on this stage today. Later, Wolfgang Link, Co-CEO for Entertainment, and Claas van Delden, Co-CEO of the NuCom Group, will provide a greater insight into their areas of business and special projects.

Ladies and gentlemen, the aim of this new executive team is to lead ProSiebenSat.1 into the future. We will be concentrating on five points:

**[Entertainment / local content]**

**First: We thrill our audiences with local content.**

In essence, the Entertainment segment works on the following formula: More local and digital content will create a greater total reach that we can better market thanks to smart advertising technologies. The foundations have already been laid: The video market – the sum of all moving pictures content consumed on both linear and digital platforms – is growing.

To make the most of this, we are investing more in local and relevant content, including live shows, news, and sport. This is content only available from us, not from American streaming providers. In the first quarter of 2019, our stations showed more than 40 new local formats. Our Red Arrow production network plays an important role here. It is supplying more and more content to our ProSiebenSat.1 stations, allowing us to better harness the creative strengths of our own production network for the benefit of our Entertainment segment. Red Arrow is set to produce more than 30% of our local content in the future – in the first quarter, this figure was 24%. Another advantage of this strategy is that we also own more of the rights to these formats, meaning that we can better exploit this content digitally – that is, across all channels.

I am delighted to see already that, with this realignment, we are thrilling more people in Germany with our programs. Formats produced in-house such as “Frühstücksfernsehen,” “Galileo,” and “taff” are constantly improving. Last year, “taff” enjoyed its best ratings for more than 12 years. At the same time, our digital reach increased by 60% in 2018 to three billion video views – the number of times videos of our programs are accessed on all online platforms.

Wolfgang Link will now explain the focal areas of our local content a little more closely. Wolfgang, please come forward.

**[Deep dive Wolfgang Link: Entertainment / trailer for The Voice Kids and European elections]**

Thank you, Wolfgang.

**[Entertainment / digital / JOYN]**

We now come to our second priority: **We will use our digital reach to more than compensate for the decline in TV reach.**

And it's working! The video market as a whole is growing because online video business is experiencing double-digit growth. This means that we too must achieve stronger growth with our digital business. In the first quarter, the "total video viewtime" – the total minutes viewed on all linear channels and digital platforms – was almost stable despite a 5% decrease in linear reach.

Our JOYN streaming platform, which we will bring to the market in a few days together with Discovery, offers very important leverage here. We are building the best and largest free streaming service on the German market – a service the market has never seen before. What makes JOYN so unique and why is it so important for us? See for yourself!

**[JOYN trailer]**

Those weren't just pretty pictures – the app is fun to use and, naturally, I have already installed it on my phone!

As trivial as it may seem,

- Building a working, user-friendly app is no mean feat. Try it out for yourself from June 18<sup>th</sup> on – and give us your feedback.
- Additionally, Joyn will also enable users to watch German TV in one app. We will then be offering programs from more than 50 channels – a service unique on the German market.
- We will also offer exclusive formats such as the German series "Jerks" and "Läusemütter," 40 TV previews, a library of 20,000 titles, and the opportunity to watch many formats 30 days after broadcast or even 7 days before they appear on TV.

And it won't cost the user a thing. We are now launching the app as a video-on-demand service funded through advertising. In the winter we will introduce an additional premium version with a subscription model.

Our aim is for JOYN to have 10 million users within two years. We are bringing a relevant service to the market that not only excites users, but also offers advertising customers a high-quality digital environment for their products. We need strong digital products like JOYN to offset or overcompensate for the decline in linear reach. This will secure our future.

### **[Entertainment / monetization / total reach]**

**Third: We are making our entire reach smart and are translating this into better monetization.**

To start with, we require a measurable total reach – we need to know how many people are actually consuming our program across all channels. I mentioned this last year when introducing myself and it remains a topic very close to my heart. After all, we continue to talk about TV reach whenever we celebrate or fret over our ratings in the morning. Our colleagues in the USA are more advanced in this respect and receive details of the digital reach overnight as well. We are therefore working closely with AGF to achieve a standardized reach currency. We expect this to be introduced to the market in the coming months with daily data. This will be a game changer for our industry, finally allowing us to effectively market this total reach.

### **[Entertainment / monetization / smart reach]**

Ultimately, the next growth driver is to make both our TV and digital reach smart. This means developing advertising products that offer our clients additional addressable reach: Addressable TV allows them to target viewers and users on the basis of regional and socio-demographic criteria such as age, gender, and household income – and in a secure environment. For example, we will play a car advert during a Joko and Klaas show that mentions a local dealer and suggest the latest beauty products to those watching “taff”.

This offers enormous additional sales potential, allowing us to secure part of the advertising market to which we currently do not have access. In the USA, for example, the local share of the TV advertising market has already reached 31%.

As you are surely aware, we have recently achieved a major milestone in this area: We have founded a joint venture with Mediengruppe RTL Deutschland through which we will bring to market a programmatic booking platform for addressable TV and video in the summer. Clients will then be able to use this platform to book advertising on all stations and digital services offered by our two Groups and, in particular, integrated addressable TV campaigns with a wide reach. This has great potential: By 2022, the market for addressable TV and online video in Germany is expected to be in the single-digit billion euro range.

I am delighted that RTL and us have entered this partnership and I am sure that it will allow us to strengthen our position in the advertising business. One thing is clear: The TV advertising market will remain our greatest challenge. Visibility is extremely low and we are striving to confront the stagnation and decline of the traditional TV advertising market with our digital and smart services. We still have a lot to do here but, as I have just shown you, we are working on some very promising initiatives.

#### **[Red Arrow Studios]**

**Fourth: We are strengthening our Red Arrow production network in Germany and around the world.** As I explained at the beginning, we are clearly focusing on expanding our German business and producing more content for our own platforms via our local production company. Here, “The Biggest Loser” and “Married at First Sight” are good example, since they are produced by our subsidiary RedSeven.

However, we are also very satisfied with the way our international business is going. We have many major productions starting in the USA and Great Britain for a wide range of providers. These include the series “Jailbirds” for Netflix, the fifth season of crime series “Bosch” for Amazon, the first TV outing for *The New York Times* in the documentary series “The Weekly” for FX and Hulu, and the drama “Vienna Blood” for ZDF and ORF. As you can see, we have productions on the go for all major clients.

We are also very happy with how our digital studio, Studio71, is developing. Studio71 generates ten billion video views on YouTube every month. It has 450 million followers on Instagram and produces over 75,000 “social videos” for more than 50 video platforms, including YouTube, Facebook, Snap, Instagram, and Twitch. This makes Studio71 the world’s leading producer and distributor in this field. And these videos are being received

very well, particularly among younger viewers: 1 in 3 Americans and 1 in 4 Germans watch more than two hours of Studio71 content online every month.

### **[NuCom Group]**

**Fifth: We are expanding the NuCom Group, in which we bundle our commerce companies, to make it Europe's leading digital consumer platform.** This is enormously exciting – NuCom has been a reliable growth driver for years and is extremely important for our diversification. At the end of last year, we divided the business into four areas – consumer advice, matchmaking, experience and gift vouchers, and beauty and lifestyle – and further increased its operational strength. Among other things, we have recruited four excellent managers within the portfolio companies to serve as CEOs.

Together with our partner, the growth capital investor General Atlantic, we are focusing heavily on further expanding the collaboration between NuCom and our Entertainment segment and leveraging synergies. This means that NuCom benefits from the latter's brand power, marketing expertise, and new smart advertising products, while the Entertainment segment learns from NuCom's customer focus and can make use of the generated data for advertising technologies. For me, this clearly proves that both companies are more valuable and stronger together than they are alone.

Up to around 2023, we want to generate EUR 2 billion in revenues with the NuCom Group. We are set to hit EUR 1 billion this year, making us the fastest growing internet company in Germany, or one of the fastest growing at least. Claas van Delden will now provide more details of our commerce business with a focus on the recent addition to the NuCom family. Claas, please come forward.

### **[Deep dive with Claas van Delden: NuCom Group / Parship trailer]**

### **[Conclusion]**

Thank you, Claas!

I will now summarize our strategic priorities one last time:

1. We have established an efficient organizational structure with three independent companies and a strong executive team to speed up our transformation.
2. We thrill our viewers with local formats produced more and more frequently by our Red Arrow Studios network.
3. We are vigorously expanding our digital reach to compensate for the decline in linear reach. The launch of our new JOYN streaming platform is one milestone on this journey.
4. We offer smart advertising products that make our entire reach even more valuable.
5. The NuCom Group will become Europe's number one digital consumer platform with strong synergies with our Entertainment segment.

In 2019 we will continue to focus on generating solid organic revenue growth with double-digit growth rates for Red Arrow Studios and the NuCom Group and a rapidly growing digital business. As mentioned, JOYN will play an increasingly important role here. In this way, we aim to increase our revenues by a mid-single-digit percentage and an EBITDA margin of between 22% and 25%. As things stand today, we are well on our way to achieving these goals.

I am firmly convinced that our hard work will be reflected in the share price by the end of the year. We are of course well aware of our responsibility to you, the shareholders. And we take your concerns seriously. We are very aware that you are not satisfied. And with good reason. When I took office on June 1, 2018, our share price stood at around EUR 25. Now we are at around EUR 15. Obviously, this is not good enough – neither for you, nor for the company, nor for me personally.

Let me briefly explain the reasons for this price loss: Many analysts still fear that the changing media usage, which is accompanied by declining TV consumption and increasing use of online video, will have a negative impact on our advertising revenues and – in conjunction with a trend towards increasing expenditure on program content – on our future profits. Ladies and gentlemen, I have just given you a detailed account of the offers and initiatives we are taking to counter this trend.

To show just how much I believe in our strategy and our goals, I have recently invested more of my own money in ProSiebenSat.1 – much more than required by my contract. This is my commitment to you and to this company!

Ladies and gentlemen, two weeks ago Gruppo Mediaset invested 9.6% in our company. We are delighted about this financial investment – it is a positive sign and a show of confidence in our strategy and executive team. It shows that the progress we have made in strategic topics has been recognized and appreciated by the industry.

Strong partnerships are a key factor in our success. We are already working with Mediaset, for example in Studio71 and as part of our European media alliance. Here we focus above all on topics such as technology and co-productions. In Germany, we are collaborating with Discovery on JOYN and with the RTL Group on advertising technologies. These activities all hold a great deal of potential for us.

Ladies and gentlemen, I am absolutely convinced that we have chosen the right path and that this will be reflected by an increase in the share price. Have we crossed the finish line? No. Have we made a good start? Are we moving in the right direction? Yes.

This journey will require a great deal of energy and effort. I would therefore like to thank our team in particular, many of whom are also shareholders: I thank you for your passion, for giving your all every day and for your bravery. I know it isn't always easy. But this is how we create the space for innovations and progress.

Ladies and gentlemen, we are undergoing the greatest transformation this company has ever seen. Our environment is changing rapidly. While this is extremely exciting, it also takes a lot of courage and energy. I have shown you today how well we are progressing in the areas with which we aim to secure our future:

1. an efficient organizational structure and a strong management team
2. local formats
3. a higher digital reach, also thanks to JOYN
4. smart advertising products
5. NuCom Group as number 1 of European consumer platforms

Our entire executive team is devoting all their energy to the future of ProSiebenSat.1 – and I am delighted that you are joining us on this journey. Thank you for your attention.