Press release

ProSiebenSat.1 Group with first upward trend in advertising business as of July after COVID-19 impact on Q2 2020

- **Outlook: Economic brightening in ProSiebenSat.1 Group's core markets and first positive trend in the advertising business tangible as of July**
- **Focus on core business pays off: Entertainment offerings' Total Video Viewtime grows by 3.4% in H1 2020 compared to the previous-year period**
- **As expected and already announced, considerable COVID-19 impact on Q2 2020, mainly due to declines in the advertising business: Group revenues decrease by 25% to EUR 709 million; adjusted EBITDA declines from EUR 213 million to EUR 23 million; adjusted net income decreases from EUR 85 million to minus EUR 52 million**
- **Positive development in NuCom Group with revenue growth of 5%**
- **Liquidity position remains very good due to strict cash flow management: EUR 1,190 million in cash as of June 30, 2020**

Unterfoehring, July 31, 2020. After the global COVID-19 pandemic and the resulting restrictions in public and economic life had as expected considerable impact on ProSiebenSat.1 Group's business performance in the second quarter of 2020, the Group is seeing the first signs of recovery in the advertising business as of July, supported by the economic brightening in the Group's core markets of Germany, Austria and Switzerland. In the second quarter, the Group recorded a revenue decline of 25% to EUR 709 million (previous year: EUR 947 million). Organically [(1)], revenues decreased by 26%. As announced, this resulted in particular from the significant COVID-19 driven declines in the advertising and content production business, while NuCom Group's revenues continued to grow, underscoring the importance of the Group's diversified set-up. Performance in the second quarter affected the half-year period accordingly: Overall, ProSiebenSat.1 closed the first six months of 2020 with revenues of EUR 1,634 million (previous year: EUR 1,860 million), down 12% year-on-year.

Rainer Beaujean, Chairman of the Executive Board & Chief Financial Officer of ProSiebenSat.1 Media SE: "In our core markets of Germany, Austria and Switzerland, the economic environment is beginning to brighten, so we are seeing the first upward trend also in the advertising market as of July. We expect a decline of slightly less than 20% in July advertising revenues compared to the previous year and thus a clearly lower decline than in the past quarter. There are also signs of a further improvement in August with a minus of around 10% currently. At the same time, we continue to focus on our consequent cost and cash management and are looking more optimistically into autumn. Although it will not be possible to make up for the declines resulting from COVID-19 by then, the months from September to December will be decisive for the Group's business performance in the full-year. In the past, ProSiebenSat.1 has generated around 50% of its adjusted EBITDA in this period."

Operating performance in the second quarter of 2020

In the second quarter, external revenues in the **SevenOne Entertainment Group** segment declined by 34% to EUR 398 million (previous year: EUR 601 million). Organically, external revenues likewise decreased by 34%. As announced, this almost exclusively reflects the decline in advertising revenues, as the Group saw lower advertising bookings in the second quarter due to COVID-19. In the first half of the year, external revenues declined by 19% to EUR 961 million (previous year: EUR 1,180 million) as a result of the COVID-19 pandemic.

In contrast to the advertising market development, SevenOne Entertainment Group's entertainment and infotainment offerings achieved clear success in recent months. In the second quarter, the channels scored particularly highly in the for advertising customers relevant prime time with high reach for local formats such as "Promis unter Palmen" (SAT.1) and "The Masked Singer" (ProSieben). The linear and digital viewing time of the offerings has increased accordingly. Since the start of the year, Total Video Viewtime – the total number of minutes viewed on all of the Group's linear channels and digital entertainment platforms – has increased by 3.4% year-on-year.

As announced, the effects of the governmental COVID-19 restrictions also made a clear impact on the **Red Arrow Studios** segment, with the international content production business being especially affected. In the second quarter, external revenues decreased by 31% year-on-year to EUR 102 million (previous year: EUR 148 million). Organically, thus adjusted for currency effects, revenues declined by 33%. In the first six months of the year, external revenues were down by 17% to EUR 236 million (previous year: EUR 283 million), with the distribution business and the digital studio Studio71 developing stably.

In contrast, **NuCom Group** continued to grow in a COVID-19 influenced environment. The portfolio saw a 5% increase in external revenues to EUR 209 million (previous year: EUR 198 million) in the second quarter. Organic growth was likewise 5%. Parship Group's matchmaking business and the Beauty & Lifestyle vertical around the online beauty provider Flaconi both saw a significant increase in revenues respectively. In contrast, the impact of the nearly global travel restrictions and lockdowns was clearly noticeable in the business of the portfolio companies billiger-mietwagen.de (Silvertours) and Jochen Schweizer mydays. NuCom Group also grew in the half-year period – external revenues increased by 10% to EUR 437 million (previous year: EUR 397 million).

The other key financial figures also reflect the COVID-19 pandemic's considerable impact on the macroeconomic environment and the Group's business in the second quarter. The Group's adjusted EBITDA decreased by 89% to EUR 23 million (previous year: EUR 213 million) in the second quarter due to the decline in the high-margin advertising business. In the first half of 2020, adjusted EBITDA was 55% lower than in the previous year at EUR 180 million (previous year: EUR 403 million). Adjusted net income reflected this development and amounted to minus EUR 52 million (previous year: EUR 85 million) in the second quarter and EUR 7 million (previous year: EUR 179 million) in the first six months of the year. The cost savings announced in spring are partly already visible in the second quarter, but will mostly become apparent in the second half of the year.

ProSiebenSat.1's liquidity position continues to be good as of the end of June 2020, with EUR 1,190 million in cash. At the beginning of April, the Group drew EUR 350 million of its syndicated revolving credit facility (RCF) of EUR 750 million in order to ensure access to the company's liquidity reserves at all times in view of the COVID-19 environment. A further EUR 400 million RCF is available to be drawn at any time. At the same time, the Annual General Meeting in June 2020 agreed to the proposal to carry forward the full amount of the balance sheet profits from financial year 2019 to the new accounting period and thus to not pay out a dividend in light of the COVID-19 pandemic. Liquidity outflow of EUR 192 million was thereby avoided. As of the end of the second quarter of 2020, net financial debt had decreased year-on-year to EUR 2,353 million (previous year: EUR 2,514 million). Compared with the end of 2019, this is however a slight increase. The leverage ratio rose to 3.6x in the second quarter of 2020 (end of Q1 2020: 2.7x), primarily due to the decline in adjusted EBITDA as a result of COVID-19.

Outlook

Against the backdrop of the global COVID-19 pandemic and the related economic uncertainty, also with regard to the extent of the negative business impact, ProSiebenSat.1 Group withdrew its financial outlook for financial year 2020, which had been published at the beginning of March 2020, on April 22, 2020. Already at this time, it was apparent that the effects of COVID-19 on ProSiebenSat.1 Group's business would make it impossible to achieve any of the targets for Group revenues, adjusted EBITDA, adjusted net income, free cash flow before M&A or the Group's leverage ratio stated in this financial outlook. This expectation was confirmed in the second quarter of 2020 for all targets relevant for the management of the Group.

In this environment, the Group continues to further focus on the active management of costs, cash flow and profitability, and has taken various countermeasures in all business areas to mitigate negative effects on the Group's profitability and to secure its liquidity. Although the uncertainties over the economic impact of the COVID-19 crisis remain significant and no reliable forecasts are possible, first economic indicators are brightening following the easing of the lockdown in Germany, and indications of an economic recovery are growing. ProSiebenSat.1 is concentrating on benefiting from this recovery in all business areas which – if sustainable – ought to have a positive impact also on the Group's advertising revenues in the second half of the year. In light of the continuing considerable uncertainty over the extent and duration of the COVID-19 pandemic's economic impact, the related low visibility as well as the dependence of the Group's full-year development on the traditionally important fourth quarter, it is still impossible for the Executive Board to issue a reliable outlook for full-year 2020. In a year with a normal revenue development unaffected by influences such as COVID-19, the Group generates especially in the months September to December about 50% of the adjusted EBITDA for the full-year. This underlines the importance of the year-end business for ProSiebenSat.1.

Irrespectively, ProSiebenSat.1 continues to focus on its core strategic projects with the objective of being the leading entertainment and infotainment player in Germany, Austria and Switzerland. Local and digital offerings – also in close cooperation with Red Arrow Studios and Studio71 – play an important role in order to strengthen reach and thus monetization, as well as to reduce dependence on TV advertising revenues thus creating long-term value for its stakeholders. At the same time, NuCom Group continues to be a synergistically important pillar of the Group and strengthens its diversification.

(1) Organic = adjusted for portfolio and currency effects

Further key figures can be found on our Group website at www.ProSiebenSat1.com. The presentation and the Half-Year Financial Report for 2020 will also be available here from 7:30 a.m. on July 31, 2020.

Key Figures of ProSiebenSat.1 Group

in EUR m

	H1 2020	H1 2019	Change in %	Q2 2020	Q2 2019	Change in %
Revenues	**1,634**	1,860	-12%	**709**	947	-25%
Total costs	**-1,604**	-1,605	0%	**-751**	-812	-7%
Operating costs(1)	**-1,469**	-1,475	0%	**-693**	-743	-7%
Adjusted EBITDA(2)	**180**	403	-55%	**23**	213	-89%
Adjusted EBITDA margin (in %)	**11.0%**	21.7%	-10.7 pp	**3.3%**	22.5%	-19.2 pp
EBITDA	**166**	384	-57%	**21**	204	-90%
Reconciling items	**-14**	-19	-28%	**-2**	-9	-79%
Operating result (EBIT)	**45**	273	-84%	**-35**	144	~
Financial Result	**-70**	36	~	**-33**	-13	~
Net income	**-30**	215	~	**-61**	94	~
Net income attributable to shareholders of ProSiebenSat.1 Media SE	**-17**	215	~	**-54**	93	~
Net income attributable to non-controlling interests	**-13**	-1	~	**-7**	1	~
Adjusted net income(3)	**7**	179	-96%	**-52**	85	~
Adjusted earnings per share (in EUR)	**0.03**	0.79		**-0.23**	0.37	
Free cash flow (4)	**-91**	-79	15%	**-41**	-25	67%
Free cash flow before M&A (5)	**-55**	15	~	**-26**	76	~

Cash flow from operating activities	**514**	683 [6]	-25%	**228**	369 [6]	-38%

Key Figures of ProSiebenSat.1 Group

in EUR m

	Jun. 30, 20	Dec. 31, 19	Jun. 30, 19
Equity	**1,270**	1,288	1,080
Equity ratio (in %)	**18.7%**	19.5%	17.2%
Cash and cash equivalents	**1,190**	950	685
Net financial debt[7]	**2,353**	2,245	2,514
Leverage ratio[8]	**3.6x**	2.6x	2.6x

Segment Key Figures of ProSiebenSat.1 Group

in EUR m

	H1 2020	H1 2019	Change in %	Q2 2020	Q2 2019	Change in %
SevenOne Entertainment Group						
Revenues	**994**	1,212	-18%	**413**	616	-33%
External revenues	**961**	1,180	-19%	**398**	601	-34%
Adjusted EBITDA[2]	**155**	375	-59%	**13**	197	-93%
Red Arrow Studios						
Revenues	**268**	319	-16%	**115**	171	-32%
External revenues	**236**	283	-17%	**102**	148	-31%
Adjusted EBITDA[2]	**9**	17	-49%	**1**	9	-94%
NuCom Group						
Revenues	**438**	397	10%	**209**	198	5%
External revenues	**437**	397	10%	**209**	198	5%
Adjusted EBITDA[2]	**28**	36	-23%	**13**	17	-26%
Reconciliation (Holding & Other)						
Adjusted EBITDA[2]	**-11**	-26	-56%	**-3**	-10	-66%

(1) Total costs excl. D&A and expense adjustments. (2) EBITDA before reconciling items. (3) Net income attributable to shareholders of ProSiebenSat.1 Media SE before the depreciation, amortization and impairments from purchase price allocations, adjusted for the reconciling items. These include valuation effects recognized in other financial result, valuation effects of put-options and earn-out liabilities, as well as valuation effects from interest rate hedging transactions. Moreover, the tax effects resulting from such adjustments are also adjusted. (4) After M&A; total cash and cash equivalents generated in operating business less the balance of cash used and generated in the context of investing activities. (5) Free cash flow adjusted for cash used and generated by M&A transactions (excl. transaction costs) related to majority acquisitions that are carried out and planned and the purchase and sale of investments accounted for using the equity method. (6) Adjustment of previous year, see Notes, note 1 "General Principles". (7) As of June 30, 2020, the definition of ProSiebenSat.1 Group's net financial debt does not include lease liabilities according to IFRS 16 of EUR 218 million (December 31, 2019: EUR 171 million; June 30, 2019: EUR 164 million) and real estate liabilities of EUR 58 million (December 31, 2019: EUR 48 million; June 30, 2019: EUR 42 million). (8) Ratio of net financial debt to adjusted EBITDA of the last twelve months.

Contacts:

Stefanie Rupp-Menedetter
Head of Group Communications & Events
Phone: +49 [0] 89 95 072598
E-mail: Stefanie.Rupp@ProSiebenSat1.com

Susanne Brieu
Head of Corporate Communications Strategy & Finance
Phone: +49 [0] 89 95 071137
E-mail: Susanne.Brieu@ProSiebenSat1.com

ProSiebenSat.1 Media SE
Medienallee 7, 85774 Unterföhring, Germany

Press release online: www.ProSiebenSat1.com
Twitter: @P7S1Group