
Press release



ProSiebenSat.1 generates revenues of almost EUR 3 billion in the first nine months of 2022 despite market slowdown

- **Group confirms preliminary quarterly figures published on October 27, 2022:** In an increasingly difficult economic environment, organic¹ Group revenues decreased by 9% to EUR 920 million in Q3 2022; in the first nine months, organic¹ Group revenues were almost stable at the previous year's level at EUR 2,929 million.
- **Earnings also reflect macroeconomic impact:** In Q3 2022, the Group generated adjusted EBITDA of EUR 118 million (previous year: EUR 162 million) and adjusted net income of EUR 43 million (previous year: EUR 58 million); in the nine-month period, adjusted EBITDA declined to EUR 407 million (previous year: EUR 470 million), while adjusted net income at EUR 153 million was only 3% below the previous year (EUR 158 million).
- **Impairment in the Commerce & Ventures segment:** One-time, non-cash impairment of assets of EUR 312 million, in particular of goodwill, of NuCom Group in Q3; this has no impact on dividend-relevant adjusted net income.
- **Effective cash flow management:** Net financial debt at EUR 1,739 million, a significant EUR 372 million below the previous year; leverage ratio clearly within the target range at 2.2x at the end of Q3.
- **Important strategic progress made:** After full takeover as of October 31, 2022, the streaming platform Joyn moves to center stage in Group's digital entertainment presence.
- **Full-year outlook as communicated on October 27, 2022:** ProSiebenSat.1 expects Group revenues of around EUR 4.15 billion and adjusted EBITDA of around EUR 650 million for the full-year.



Unterföhring, November 15, 2022. In the third quarter of 2022, ProSiebenSat.1 Group generated Group revenues of EUR 921 million (previous year: EUR 1,055 million) in a very challenging market environment. This is a decline of 13%. Organically¹, i.e., adjusted for currency effects and excluding the revenue contributions of portfolio companies recently disposed, such as the US production business of Red Arrow Studios as of July 1, 2022, Group revenues amounted to EUR 920 million, down 9% or EUR 86 million on the previous year's figure (previous year: EUR 1,007 million). The total deconsolidation effects amounted to EUR 78 million in the third quarter. In addition, revenues were significantly influenced by the macroeconomic environment in the region of Germany, Austria and Switzerland, which is characterized by persistently high inflation and increasing consumer restraint. This particularly affected the advertising market. The deterioration of the overall economic environment in the German-speaking region also had an impact on the companies of NuCom Group, which are reported in the Commerce & Ventures segment, with end customers thus using their offerings to a lower extent in the third quarter. The strong comparative quarter of the previous year also played a role: Group revenues were at a record high in the third quarter of 2021, when the advertising market in particular rapidly and dynamically recovered from the effects of the COVID-19 pandemic.

From January to September 2022, ProSiebenSat.1 recorded Group revenues of EUR 2,930 million (previous year: EUR 3,041 million) and thus a decline of 4%. Organically¹, the revenue decline amounted to 2% – and therefore remained almost stable in a market environment that became increasingly difficult over the course of the year. With this, the Group confirms the preliminary quarterly figures that ProSiebenSat.1 already published on October 27, 2022.

As of October 31, 2022, ProSiebenSat.1 also fully acquired the streaming platform Joyn and transferred it to the Entertainment segment as a wholly owned subsidiary. The Group is now expanding Joyn into the first port of call in its digital ecosystem. ProSiebenSat.1 is also placing a stronger focus on interaction with and between users – for example with the social entertainment app JoynMe, which is based on ParshipMeet Group's vPaaS technology.

Ralf Peter Gierig, Member of the Executive Board and Group CFO of ProSiebenSat.1 Media SE: “The market environment has become increasingly difficult over the course of the year due to inflation, the energy price crisis and consumer restraint. It is especially in these times that we are systematically pursuing our transformation. We are investing in the digital future of our Group. As an early-cyclical company, we are thus very well positioned to benefit directly from an economic recovery, especially in the advertising market. That is precisely why the full takeover of the streaming platform Joyn was the right step. It plays a central role in our digital Entertainment strategy. Our aim is to develop Joyn into the largest freely accessible streaming platform for premium video content in the German-speaking region, to further expand our digital ecosystem and thus to create additional monetization opportunities. We are convinced that this strategy is taking us in the right direction.”

Operating performance

In the third quarter of 2022, external revenues in the **Entertainment** segment declined by 15% to EUR 621 million (previous year: EUR 728 million). Organically¹, segment revenues declined by 9%. In view of its focus on synergies, the Group disposed the US production business of Red Arrow Studios as of July 1, 2022, and already sold the film distributor Gravitas Ventures in November 2021. In the previous year, these companies had still contributed segment revenues of EUR 54 million and EUR 9 million, respectively. In addition to these deconsolidation effects, segment revenues were influenced by lower advertising revenues due to the difficult macroeconomic environment. Additionally, the advertising market also had benefited from considerable catch-up effects from the COVID-19 pandemic in the third quarter of the previous year. In the third quarter of this year, Entertainment advertising revenues in the German-speaking region decreased by 10% to EUR 430 million (previous year: EUR 479 million). In total, advertising revenues in the segment decreased by 5% year-on-year. However, in a multi-year comparison, they

exceeded the 2019 and thus pre-pandemic revenue level. The growth driver in this comparison was the digital entertainment offering with platforms such as Studio71.

In the first nine months of the year, the segment's external revenues decreased by only 2% to EUR 2,032 million (previous year: EUR 2,075 million), while the segment's advertising revenues recorded slight growth of EUR 6 million. Hereby, the Entertainment advertising revenues in the German-speaking region decreased by EUR 35 million. Organically¹, external revenues between January and September exceeded the previous year's figure by EUR 7 million.

In the **Dating & Video** segment, external revenues in the third quarter of 2022 were stable year-on-year at EUR 129 million (previous year: EUR 129 million). The US dating provider eharmony, which is now the highest-revenue brand in our dating portfolio, grew steadily. External revenues also benefited from currency effects of EUR 15 million in the third quarter. Adjusted for these currency effects, segment revenues were 10% below the previous-year figure.

In the first nine months of the year, external revenues of EUR 391 million were 4% below the previous year (previous year: EUR 409 million). Adjusted for currency effects of EUR 34 million, the decline in revenues was 12%: The first quarter of 2021 was the strongest quarter to date for the Dating & Video segment. On the one hand, this was due to the positive effects of government stimulus in the US. On the other hand, the COVID-19 pandemic and the related restrictions on public life stimulated the dating industry and especially the usage of live video. Compared to 2019, i.e., the comparable period before the outbreak of the pandemic, the segment grew by an average of 9% per year on a pro forma basis in the nine-month period.

External revenues in the **Commerce & Ventures** segment decreased by 14% to EUR 170 million in the third quarter of 2022 (previous year: EUR 198 million). Organically¹, and therefore in particular without the revenue contributions totaling EUR 12 million from Amorelie and moebel.de disposed in 2021, revenues declined by 8% or EUR 15 million. At the same time, the segment was affected by the economic environment: The development of the comparison portal Verivox was significantly impacted by the effects of the Russia/Ukraine war on the energy market. Here, the sharp rise in energy prices negatively affected the switching dynamics, which are important for the Verivox business model. In addition, the media-for-equity and media-for-revenue business of SevenVentures declined compared to the strong previous-year quarter, which reflects the weakening in the advertising market.

In the first nine months of the year, the segment's external revenues declined by 9% to EUR 507 million (previous year: EUR 558 million). However, organically¹, external revenues were almost at the previous year's level with a decline of 2%.

The macroeconomic impact also affected the Group's **adjusted EBITDA**, which declined by 27% to EUR 118 million in the third quarter of 2022 (previous year: EUR 162 million). On the one hand, the high comparative figure from the third quarter of 2021 was characterized by catch-up effects in the Entertainment segment as a result of the COVID-19 pandemic. On the other hand, lower revenues in the high-margin advertising business and the development of the comparison portal Verivox also had an impact here. Hereby, ProSiebenSat.1 has already countered the development of the advertising market with reduced programming expenses. In the nine-month period, adjusted EBITDA decreased by 13% to EUR 407 million (previous year: EUR 470 million).

The now predicted persistently high inflation, the energy price crisis and the resulting reluctance to consume are also impacting the growth prospects of the Group's Commerce & Ventures segment, as a large proportion of these businesses are directly dependent on macroeconomic developments due to their focus on end consumers. As already communicated on October 27, 2022, ProSiebenSat.1 therefore recognized a one-time, non-cash impairment on assets, in particular of goodwill, of the cash-generating unit NuCom Group, which is reported in the Commerce & Ventures segment, of EUR 312 million in the third quarter of

2022. This impairment has no impact on the Group's adjusted net income, which is the key indicator for ProSiebenSat.1's dividend policy.

Primarily as a result of the development of adjusted EBITDA, the Group's **adjusted net income** declined to EUR 43 million in the third quarter of 2022 (previous year: EUR 58 million); **adjusted operating free cash flow** amounted to EUR 38 million (previous year: EUR 134 million). However, in a nine-month comparison, adjusted net income of EUR 153 million was only EUR 5 million below the previous year's level; adjusted operating free cash flow decreased only slightly to EUR 292 million (previous year: EUR 303 million). The decline in adjusted EBITDA and the lower consumption of programming assets were almost fully offset by lower investments in US licensed programming.

The Group's **net financial debt** amounted to EUR 1,739 million as of September 30, 2022 (December 31, 2021: EUR 1,852 million; September 30, 2021: EUR 2,111 million). This is an improvement of EUR 372 million compared to the end of the previous year's quarter or of EUR 113 million compared to the end of 2021. Compared to September 30, 2019, i.e., the pre-pandemic level, ProSiebenSat.1 was even able to reduce its net financial debt by EUR 849 million. **Leverage ratio** therefore also improved compared to September 30, 2021: At 2.2x, it is clearly within the target range of 1.5x to 2.5x despite the EUR 70 million higher dividend payment than in the previous year (December 31, 2021: 2.2x; September 30, 2021: 2.5x).

This once again underlines the consistent reduction of the Group's debt. ProSiebenSat.1 practices an active financial management. In October 2022, the Group therefore exercised its termination right for promissory notes totaling EUR 275 million, issued in 2016, and will prepay the notes, originally due in December 2023, already on December 1, 2022. The prepayment will be made from available cash. Afterwards, the Group will have no repayment obligations or need to refinance financial liabilities before 2025. ProSiebenSat.1 is thus further reducing its gross debt and is solidly positioned for the long-term.

Outlook

The macroeconomic environment in the German-speaking region has been characterized by persistently high inflation and increasing consumer restraint as a result of the Russia/Ukraine war. Currently, the fourth quarter of 2022 therefore shows signs of a more pronounced weakened macroeconomic environment than initially reflected in the previous full-year outlook of ProSiebenSat.1 Group. Traditionally, the fourth quarter is the most important quarter of the year for ProSiebenSat.1 in terms of full-year revenues and contribution to earnings (Q4 2021: adjusted EBITDA of EUR 370 million). Against this backdrop, the Group updated its financial targets for the financial year 2022 on October 27, 2022:

The Group continues to expect **revenues** of around EUR 4.15 billion and **adjusted EBITDA** of around EUR 650 million for the full-year, as already communicated on October 27, 2022. For the Group's adjusted EBITDA, these expectations include negative consolidation effects from the full takeover of the streaming platform Joyn as well as positive effects from cost measures. At the same time, ProSiebenSat.1 assumes the Group's high-margin advertising revenues in the German-speaking region of Germany, Austria and Switzerland to be presumably down around EUR 130 million or around 17% year-on-year in the fourth quarter (previous year: EUR 776 million) and around EUR 160 million or around 7% down year-on-year for the full-year (previous year: EUR 2,233 million). This affects the Entertainment and Commerce & Ventures segments. Adjusted net income, adjusted operating free cash flow, P7S1 ROCE and leverage ratio² will thus be below the previously communicated targets, following the update of adjusted EBITDA expectations.

ProSiebenSat.1 Group continues to aim to increase its revenues by an average of 4 to 5% per year in the medium- to long-term, even though the macroeconomic environment is currently affecting these growth expectations. The Group is consistently driving forward its digital transformation and, as an early-cyclical company, is well positioned to be one of the first to benefit from an economic recovery, especially in the advertising market.

(1) Organic = adjusted for portfolio and currency effects.

(2) Definition of the key figures from page 115 of the Annual Report 2021.

Further key figures can be found on our Group website at www.ProSiebenSat1.com. The presentation and Quarterly Statement for the third quarter of 2022 will also be available here from 7:30 a.m. on November 15, 2022.

Key figures of ProSiebenSat.1 Group

in EUR m

	Q3 2022	Q3 2021	Absolute change	Change in %	Q1-Q3 2022	Q1-Q3 2021	Absolute change	Change in %
Revenues	921	1,055	-133	-12.7%	2,930	3,041	-111	-3.6%
Adjusted EBITDA ⁽¹⁾	118	162	-44	-26.9%	407	470	-63	-13.3%
Adjusted net income ⁽²⁾	43	58	-15	-26.2%	153	158	-5	-3.2%
Adjusted operating free cash flow ⁽³⁾	38	134	-96	-71.9%	292	303	-11	-3.7%

Key figures of ProSiebenSat.1 Group

in EUR m

	Sep. 30, 2022	Dec. 31, 2021	Sep. 30, 2021
Employees ⁽⁴⁾	6,996	7,906	8,026
Programming assets	1,076	1,145	1,136
Cash and cash equivalents	704	594	483
Net financial debt ⁽⁵⁾	1,739	1,852	2,111
Leverage ratio ⁽⁶⁾	2.2x	2.2x	2.5x

(1) EBITDA before reconciling items. (2) Net income attributable to shareholders of ProSiebenSat.1 Media SE before the amortization and impairments from purchase price allocations as well as impairments of goodwill, adjusted for the reconciling items. These include valuation effects recognized in other financial result, valuation effects of put options and earn-out liabilities, valuation effects from interest rate hedging transactions as well as other material one-time items. Moreover, the tax effects resulting from such adjustments are also adjusted. See Annual Report 2021, page 118. (3) For a definition of the adjusted operating free cash flow, please refer to the Annual Report 2021, page 116. (4) Full-time equivalent positions as of reporting date. (5) As of September 30, 2022, the definition of ProSiebenSat.1 Group's net financial debt does not include lease liabilities according to IFRS 16 of EUR 177 million (December 31, 2021: EUR 220 million; September 30, 2021: EUR 221 million) and real estate liabilities of EUR 120 million (December 31, 2021: EUR 97 million; September 30, 2021: EUR 89 million). (6) Ratio of net financial debt to adjusted EBITDA in the last twelve months.

Contact

Stefanie Rupp-Menedetter
Head of Group Communications & Events
Phone: +49 [0] 89 95 07-2598
E-mail: Stefanie.Rupp@ProSiebenSat1.com

Susanne Brieu
Head of Corporate Communications Strategy & Finance
Phone: +49 [0] 89 95 07-1137
E-mail: Susanne.Brieu@ProSiebenSat1.com

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

Press release online: www.ProSiebenSat1.com
Twitter: [@P7S1Group](https://twitter.com/P7S1Group)

About ProSiebenSat.1

As a digital group, ProSiebenSat.1 combines leading Entertainment brands with a strong Dating & Video and Commerce & Ventures portfolio under one roof. We are pursuing a clear strategy based on synergies and a focus on reach, monetization, and value creation. We offer the best entertainment – whenever, wherever and on any device. From lighthouse formats such as "The Masked Singer" to successful in-house productions like "Germany's Next Topmodel – by Heidi Klum". We have a wide reach with our 15 free and pay TV channels in Germany, Austria and Switzerland, live and on-demand, which we are continually strengthening and monetizing in a variety of ways – directly by marketing advertising spots in the Entertainment segment as well as indirectly via our Commerce & Ventures portfolio. Here, we invest advertising time in young digital companies and in exchange participate in the growth of the companies. With our investment and commerce activities, we build digital consumer brands such as flaconi, Jochen Schweizer mydays or Verivox by using our TV reach and advertising power and turn them into market leaders in their respective industries. The Dating & Video segment was also established in line with this principle: With ParshipMeet Group, we have created a leading globally operating player in the dating segment that now is an important part of our Group reflecting the success of our diversification. In this way, the Group creates long-term value for all stakeholders. Behind ProSiebenSat.1 are around 7,000 employees, who delight our audience and customers with great passion every day. All of them follow one shared vision: "We empower brands & create moments that matter."