ProSiebenSat.1 Media SE

Annual Report 2017

THE CORE OF OUR STRATEGY

KEY FIGURES OF PROSIEBENSAT.1 GROUP

in EUR m

	2017	2016
Revenues	4,078	3,799
Revenue margin before income taxes (in %)	15.8	17.3
Total costs	3,590	3,056
Operating costs[1]	3,053	2,804
Consumption of programming assets	1,145	915
Adjusted EBITDA[2]	1,050	1,018
Adjusted EBITDA margin (in %)	25.8	26.8
EBITDA	1,084	982
Reconciling items (net)[3]	34	-35
Operating profit (EBIT)	820	777
Financial result	-174	-119
Profit before income taxes	646	658
Consolidated net profit (after non-controlling interests)[4]	471	402
Profit from discontinued operations (net of income taxes)	-/-	-42
Adjusted net income[5]	550	536[9]
Basic earnings per share (adjusted, in EUR)	2.40[8]	2.47[9]
Investments in programming assets	1,048	992
Free cash flow	728	-4
Cash flow from investing activities	-894	-1,623
	12/31/2017	12/31/2016
Programming assets	1,198	1,312
Equity	1,252	1,432
Equity ratio (in %)	19.1	21.7
Cash and cash equivalents	1,552	1,271
Financial liabilities	3,185	3,185
Leverage[6]	1.6[10]	1.9
Net financial debt	1,632[10]	1,913
Employees[7]	6,483	6,565

[1]Total costs excl. D&A and expense adjustments. [2]EBITDA before reconciling items (net). [3]Expense adjustments less income adjustments. [4]Consolidated net profit attributable to shareholders of ProSiebenSat.1 Media SE including discontinued operations. [5]Consolidated profit for the period attributable to shareholders of ProSiebenSat.1 Media SE before the effects of purchase price allocations and additional reconciling items. [6]Ratio net financial debt to adjusted EBITDA in the last twelve months. [7]Full-time equivalent positions as of reporting date from continuing operations. [8]Calculated on the basis of the volume weighted average number of shares for the financial year 2017 of 228.9 million; taking into account the shares carrying dividend rights at the reporting date, the economic underlying earnings per share amount to EUR 2.40. [9]Adjusted due to changes in reporting practices for non-IFRS figures from the beginning of financial year 2017. The Annual Report 2016 comprises more detailed information on pages 73 and 74. [10]After reclassification of cash and cash equivalents of Tropo.

THE CORE OF OUR STRATEGY

Annual Report 2017

ProSiebenSat.1 Group is one of the most successful independent entertainment and commerce companies in Europe with a strong lead in the TV and digital market. The Group comprises our traditional and digital entertainment business with our seven free TV stations as well as our online video platform maxdome. Also, the program production and distribution business Red Arrow Studios and NuCom Group's commerce portfolio with companies including Verivox and Parship are part of ProSiebenSat.1. The Group has thus a broadly diversified revenue and earnings base.

2017 was another record year for ProSiebenSat.1: Revenues rose by 7% to EUR 4,078 million. At the same time, adjusted EBITDA increased by 3% to EUR 1,050 million. The Company employs around 6,500 people in average.

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[1] This section is part of the audited Combined Management Report.

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OUR STRATEGY

THE THREE-PILLAR STRATEGY OF PROSIEBENSAT.1 MEDIA SE

The media industry is in the midst of digital transformation. New competitors and technologies have emerged, altering both revenue models and media usage. Our industry is characterized by constant change. This is why we have structured our organization around agility and greater efficiency so that we can actively translate this transformation into growth potential.

Today, ProSiebenSat.1 is already a broad-based entertainment and commerce company with strong brands, a leading position in the audience and TV advertising markets, innovative marketing offerings, an international production network as well as a profitable commerce portfolio. In order to retain our competitive edge going forward and continue our sustained, profitable growth, we have organized ProSiebenSat.1 into three strong pillars as of January 2018.

ENTERTAINMENT

Great entertainment will remain at the core of our future activities. This is why we have integrated our TV business and our digital entertainment area into a single pillar. In this way, we can offer our viewers fascinating content that they can consume on their choice of platform – either linearly or digitally. The same goes for advertising clients, who will benefit from our marketing innovations across all channels as well as from environments that are perfect for their advertising. At the same time, we are investing in the growth areas of AdTech and data in order to tap into additional revenues in the advertising market through data-driven offerings.

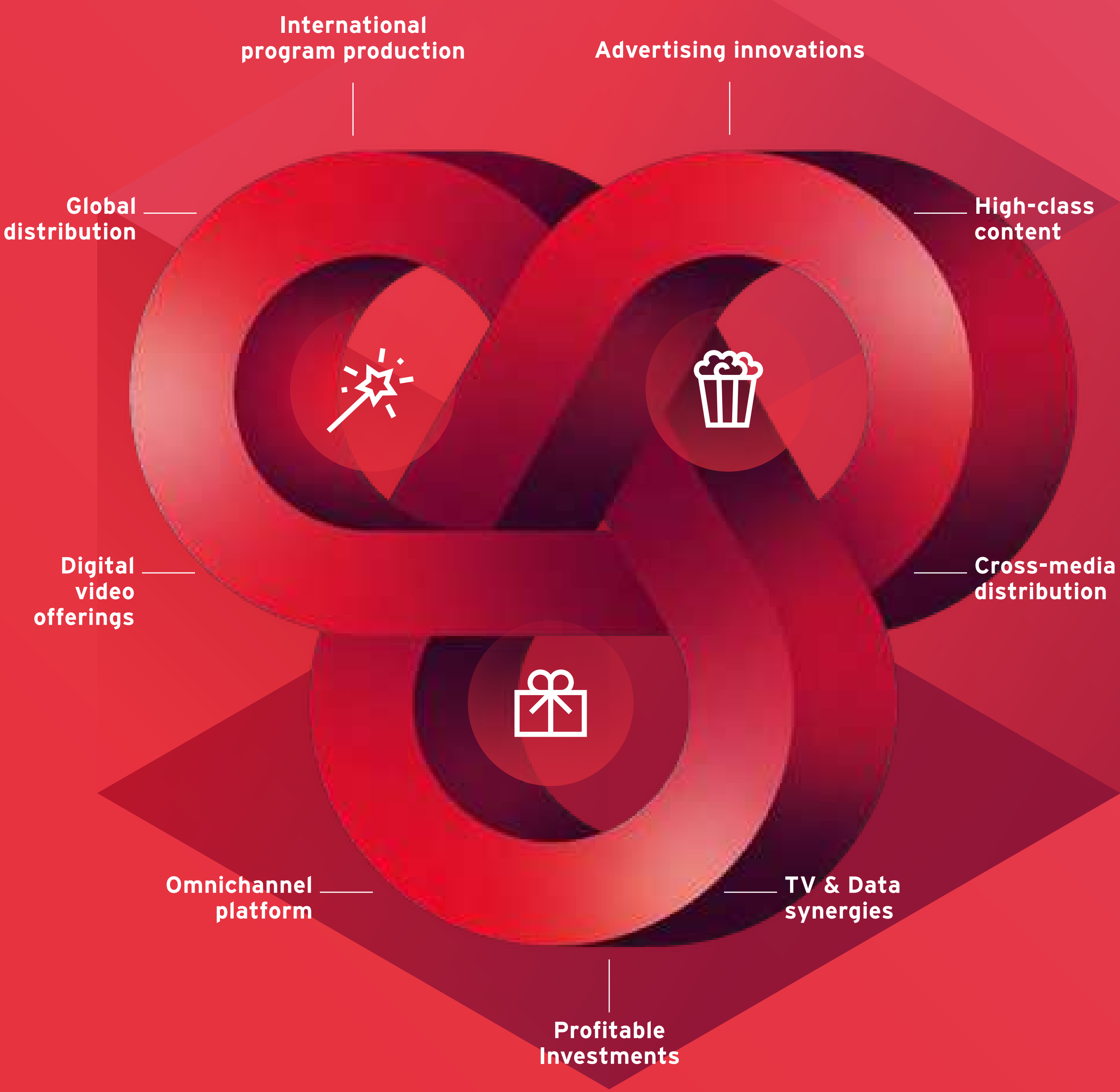
CONTENT PRODUCTION & GLOBAL SALES

This pillar combines our international TV production and distribution business Red Arrow with the global digital studio Studio71 under the umbrella of Red Arrow Studios. The company produces exceptional entertainment content for broadcasters and digital platforms around the world – including the ProSiebenSat.1 stations. This setup allows us to meet the rising demand for content across all channels as well as for branded content and influencer marketing while harnessing synergies between the international production companies and distribution channels and the rapidly expanding digital studio. At present, we are considering investments by external partners in Red Arrow Studios in order to accelerate growth in this business area.

COMMERCE

ProSiebenSat.1's commerce activities are bundled in NuCom Group. Through the portfolio of leading digital commerce platforms, we have unleashed powerful synergies for the Group: Thanks to advertising on our stations, we are boosting the growth of our commerce brands while these in turn generate valuable data for new and innovative advertising products. In February 2018, we took an important step in strategically advancing this business. Global growth investor General Atlantic acquired a 25.1 percent stake in NuCom Group. We intend to profit from General Atlantic's expertise and global network to raise our commerce business to new heights by expanding the investment portfolio and consequently stepping up revenue growth and profitability. With this partnership, we aim to evolve NuCom Group into a leading European omnichannel platform for consumer services and lifestyle brands.

Based on our three-pillar strategy, ProSiebenSat.1 will continue to make selective investments in 2018 – in the Group's programming, in new marketing innovations and cutting-edge advertising technologies, in expanding our data activities as well as in acquiring additional companies that will drive the Group's growth and transformation. In doing so, we aim to strengthen our position as Europe's leading entertainment and commerce company and to remain the number one choice for our audiences and clients going forward.



DIVERSIFIED STRATEGY → **SUSTAINABLE GROWTH**

THOMAS EBELING

CEO (until February 22, 2018)

»With revenues of more than EUR 4 billion, we have achieved another record year in 2017.«

THOMAS EBELING

2017 was a challenging year for ProSiebenSat.1 – especially in the TV advertising market. We nevertheless exceeded the EUR 4 billion revenue mark for the first time and achieved another record year. This success was only possible because we have developed into Europe's most highly diversified media company.

When I joined ProSiebenSat.1 nine years ago, our shares were trading for less than EUR 1. At the time, our leverage ratio was very high compared to our profitability, and we generated nearly 90 percent of our revenues in the TV advertising business.

In the past nine years, we have taken advantage of the opportunities in digitalization to create new business models and new sources of earnings – be they digital entertainment offerings, innovative advertising products or the media-for-equity investment model. We have set up a commerce and AdTech portfolio that is unique among TV companies while also defending our leading position in the audience and TV advertising market. That is how we have successfully diversified our business, today generating over 50 percent of our revenues outside the TV advertising business. In total, our revenues have risen by nearly 50 percent since 2009 and net profit has tripled. We have also massively increased the enterprise value, to our shareholders' and employees' benefit.

This performance is unique in an environment as highly dynamic as the media industry, and I am proud of what we have achieved together. With our new structure based on three strong pillars, the Group will keep pursuing this course. Today, ProSiebenSat.1 is a broadly positioned, independent entertainment and commerce group that will continue to transform challenges into opportunities and grow sustainably going forward.

CONRAD ALBERT

**CEO (from February 23 until May 31, 2018);
Deputy CEO; Group General Counsel**

In the wake of digitalization and the rise of global Internet platforms, competition in our industry has become more and more intense. In order to leverage this transformation for ProSiebenSat.1 in the best possible way and translate it into growth opportunities, we must look beyond our current success and already set our sights on the future.

This is why our watchword for 2018 is realignment. At the beginning of the year, we structured the Group into the three strong pillars of Entertainment, Content Production & Global Sales, and Commerce. With this move, we aim to invest in the future of our entertainment business to delight viewers across all channels with the best that entertainment has to offer and provide clients with an environment just perfect for their advertising. At the same time, the new setup allows us to accelerate our diversification activities.

Powerful content plays an instrumental role here as the engine behind our entire business model. High-quality content draws viewers and advertisers to our offerings – and without it, every platform is nothing but an empty shell. That's why we will be investing even more in local content going forward.

To retain our competitive position long term, we also need a level playing field for all providers of audiovisual content: We call for a meaningful reform of our media regulations. License fee funding in Germany should not be linked to institutions or broadcasters but rather to socio-politically relevant content. Quantitative and qualitative restrictions on airing TV advertising are also putting the dampers on fair competition. We have to put an end to this overregulation – because after all, we European companies should remain a powerful counterpoint to global competitors.

»We accelerate the diversification of the Group with our new setup.«

CONRAD ALBERT

SABINE ECKHARDT

Member of the Executive Board for Sales & Marketing

Digital transformation opens up a wealth of opportunities as new platforms and technologies arise, expanding our options for spreading content. This helps ProSiebenSat.1 to strengthen the core business on a lasting basis. Whether it's via our TV stations, digital entertainment offerings or commerce platforms, we provide advertising clients with a secure environment on every channel to reach millions of people every day with their advertising messages.

Thanks to the integration of TV and digital, we are able not only to offer traditional TV ads and digital videos but also to create innovative products, which allow advertisers to reach their customers even more effectively as well as focus more selectively on target groups. Going forward, we intend to take addressable TV as a technology further by making our clients customized offers based on data generated within the Group.

Despite all the technological innovation, creativity remains at the heart of every successful advertising campaign. Our clients know that, with our TV stations and digital portfolio, we not only deliver an ideal platform but also do our utmost to present their products in the best possible light. We design all-channel, high-reach and networked campaigns around successful formats such as "Germany's next Topmodel," "The Voice of Germany" and the shows with Joko and Klaas. What gives us the edge is that we are creative – and we know how to effectively capitalize on this.

With innovations such as addressable TV, the advertising market will continue to offer attractive growth potential also in the coming years. And ProSiebenSat.1 is excellently positioned to go on reaping the benefits.

»Digital transformation is a big opportunity to strengthen our core business in the long run.«

SABINE ECKHARDT

DR. JAN KEMPER

CFO; Member of the Executive Board for Commerce (as of February 23, 2018)

»We rank among the most profitable media companies in Europe.«

DR. JAN KEMPER

ProSiebenSat.1 is pushing ahead with the biggest transformation in the Group's history, which involves making our core business of TV fit for the future while also stepping up our focus on digital business areas. At the same time, we must always maintain the balance between growth and profitability. So far we have achieved that: ProSiebenSat.1 ranks among the most profitable media companies in Europe. In addition to the high-margin TV business, we have established another successful business pillar, especially through investing in our commerce activities. Our priority here is ensuring that our acquisitions' yields justify the purchase price in the long term and that these investments help drive our organic growth.

Last year, we once again strengthened the Group through acquisitions in all segments, securing an even more powerful position. The majority stake in experience gifts provider Jochen Schweizer is just one example of how we add meaningfully to the value of our commerce portfolio through acquisitions.

We have sufficient financial scope to continue pursuing our sustained M&A strategy in 2018 and investing in strong companies. Our highly promising partnership with General Atlantic represents an important milestone: The international growth investor has acquired a minority stake in our commerce unit NuCom Group. Together, we now intend to expand the portfolio of leading commerce platforms and consequently accelerate the growth and profitability of this business.

JAN DAVID FROUMAN

Member of the Executive Board for Content Production & Global Sales; CEO & Chairman of Red Arrow Studios

»With Studio71, Red Arrow is strengthening its market position in the linear and digital TV business worldwide.«

JAN DAVID FROUMAN

When we established Red Arrow in 2010, our initial focus was on the German-speaking and European TV markets. Today, we have built a production and distribution network that spans the globe, with a particularly strong presence in the US market. Our focus on the US has been important: when you've made a name for yourself in the world's leading TV market, the rest of the international television opens up to you.

With our targeted acquisitions strategy, we have succeeded in bringing top creatives on board and building a high-value portfolio. At present, our more than 20 Red Arrow production companies annually produce in excess of 2,400 hours of programming – including international TV hits such as "Bosch," "Married at First Sight" and "The Taste" – for the premier TV stations and streaming platforms in the US, the UK and Germany. What's more, we have expanded our distribution base in 2017 by acquiring Gravitas Ventures, which sells feature films and has close ties with the major global OTT and SVoD providers. This significantly enhances our co-production and co-financing capacity – a decisive factor for success in today's TV industry.

We kicked off 2018 with a new lineup that bears the name Red Arrow Studios, having incorporated Studio71 into our network. This rapidly growing digital studio rounds out our portfolio perfectly, ensuring that we are involved in every aspect of the production business. In our new configuration, we are providing stations, platforms and brands with integrated, 360-degree offers and further strengthening our market position in the linear and digital TV business around the world.

CHRISTOF WAHL

Chief Operating Officer

In 2017, the digital media landscape was shaped by alliances and partnerships. A paradigm shift took place in our industry that raised selective forms of collaboration to whole new structural levels. As so often, the impetus behind this development was digital transformation. In order to meet the new challenges successfully and make a stand against the competition, it is no longer a case of "every man for himself" but rather "let's stick together." In 2017, this momentous endeavor was increasingly translated into action.

As one of the pioneers in this regard among large European media players, ProSiebenSat.1 Group entered into more than 20 new partnerships last year, paving the way for us and our partners to achieve lasting commercial success. Together with TF1, Channel 4 and Mediaset, we established the pan-European marketing platform "European Broadcaster Exchange" which, from day one, reaches around 300 million people in over five countries – that's more or less equivalent to the population of the United States. Other examples of partnerships include a joint venture with Discovery Networks in the area of digital videos and the log-in alliance with partners United Internet and RTL for a simple and transparent online registration and log-in process, which is also open to all other market participants.

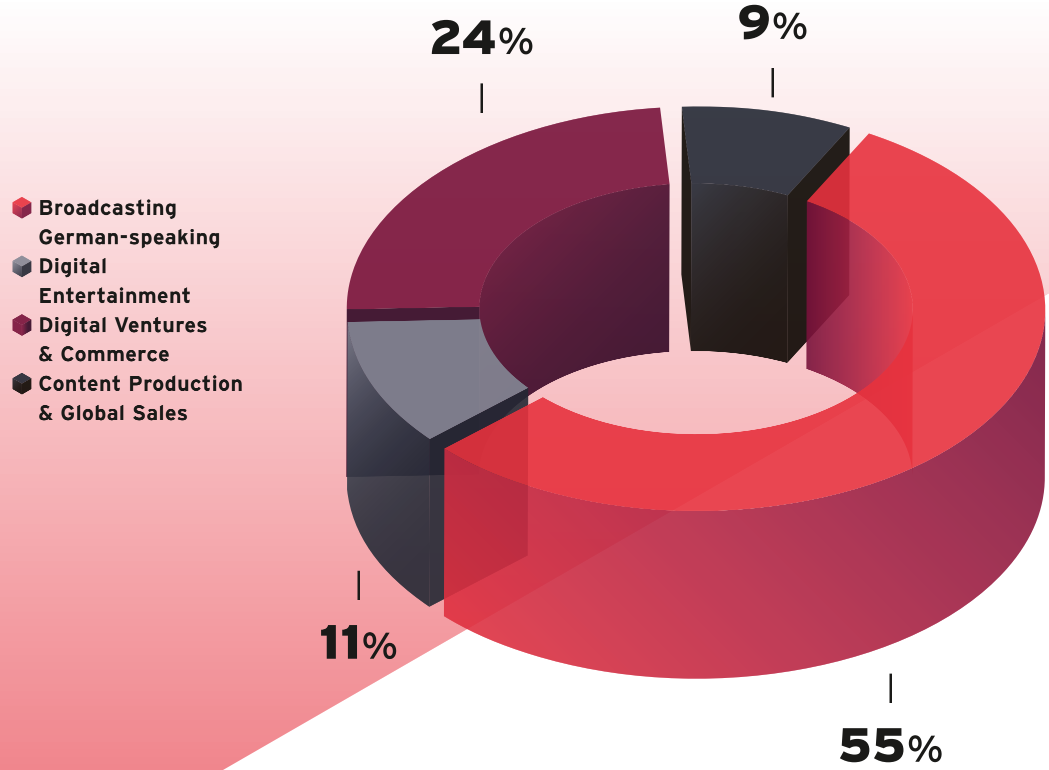
Instead of relying solely on cooperation projects with the US tech giants, which can lead to dependencies in the long term, the European media industry is leveraging its own strengths by countering the global players' closed systems with joint – and hence consumer-relevant – solutions. This generates actual win-win situations for all partners in which we tap additional growth potential for ProSiebenSat.1 and secure our competitive edge going forward.

»We achieve lasting commercial success through partnerships and alliances.«

CHRISTOF WAHL

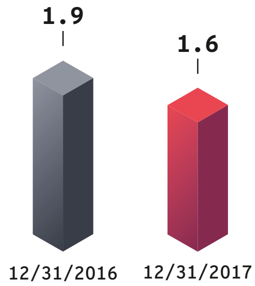
OUR RESULTS

GROUP REVENUE SHARE BY SEGMENT



The Broadcasting German-speaking segment grew profitably with a constantly high margin. In the Digital Entertainment segment, the strategically important ad-video-on-demand business is developing particularly dynamically. The strongest growth driver was the Digital Ventures & Commerce segment; acquisitions complemented the portfolio and added value. → Development of the Business Segments, page 140

LEVERAGE RATIO



The leverage ratio was at the lower end of the target range of 1.5 and 2.5.

→ Financing Analysis, page 143

CHANGE OF CONSOLIDATED REVENUES

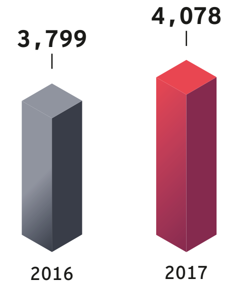
compared to the previous year

+7%

EUR 4,078 million

REVENUES

in EUR million

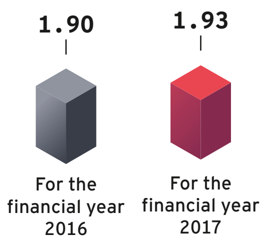


The main revenue driver was the Digital Ventures & Commerce segment.

→ Group Earnings, page 137

DIVIDEND PROPOSAL

in EUR



We are continuing our earnings-oriented dividend policy. The aim is to pay 80% to 90% of adjusted net income as a dividend each year.

→ The ProSiebenSat.1 Share, page 95

CHANGE OF ADJUSTED EBITDA

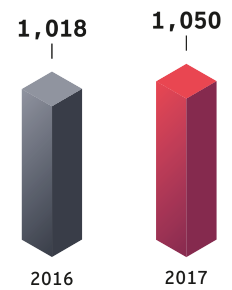
compared to the previous year

+3%

EUR 1,050 million

ADJUSTED EBITDA

in EUR million



The corresponding adjusted EBITDA margin amounted to 25.8%.

→ Group Earnings, page 137

ANOTHER RECORD YEAR FOR PROSIEBENSAT.1

2017 marked another record year for ProSiebenSat.1 in which we achieved our profitability targets. In the strategically relevant business areas outside the TV segment we grew strongly overall and synergistically expanded our portfolio on the basis of acquisitions. Overall, ProSiebenSat.1 Group is characterized by very good earnings, financial position and performance.

+3%

increase of adjusted net income to

EUR 550 million

(previous year: EUR 536 million)

→ Financing Analysis, page 143

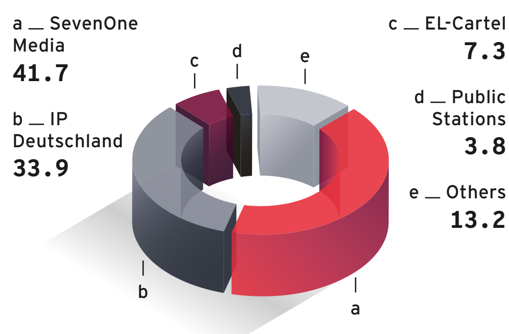
REVENUES OUTSIDE THE TV ADVERTISING BUSINESS

>50%

We are diversifying our business portfolio around the core business of television and are driving the digital transformation in all segments.

SHARE IN THE GERMAN TV ADVERTISING MARKET (GROSS)

in %



ProSiebenSat.1 is the market leader in the German TV advertising market. → Development of the TV and Online Advertising Market, page 131

ENTERTAINMENT

In the Entertainment business area, ProSiebenSat.1 offers viewers the Group's entertainment content across all its media platforms.

↓ **TV BROADCASTING & SALES**

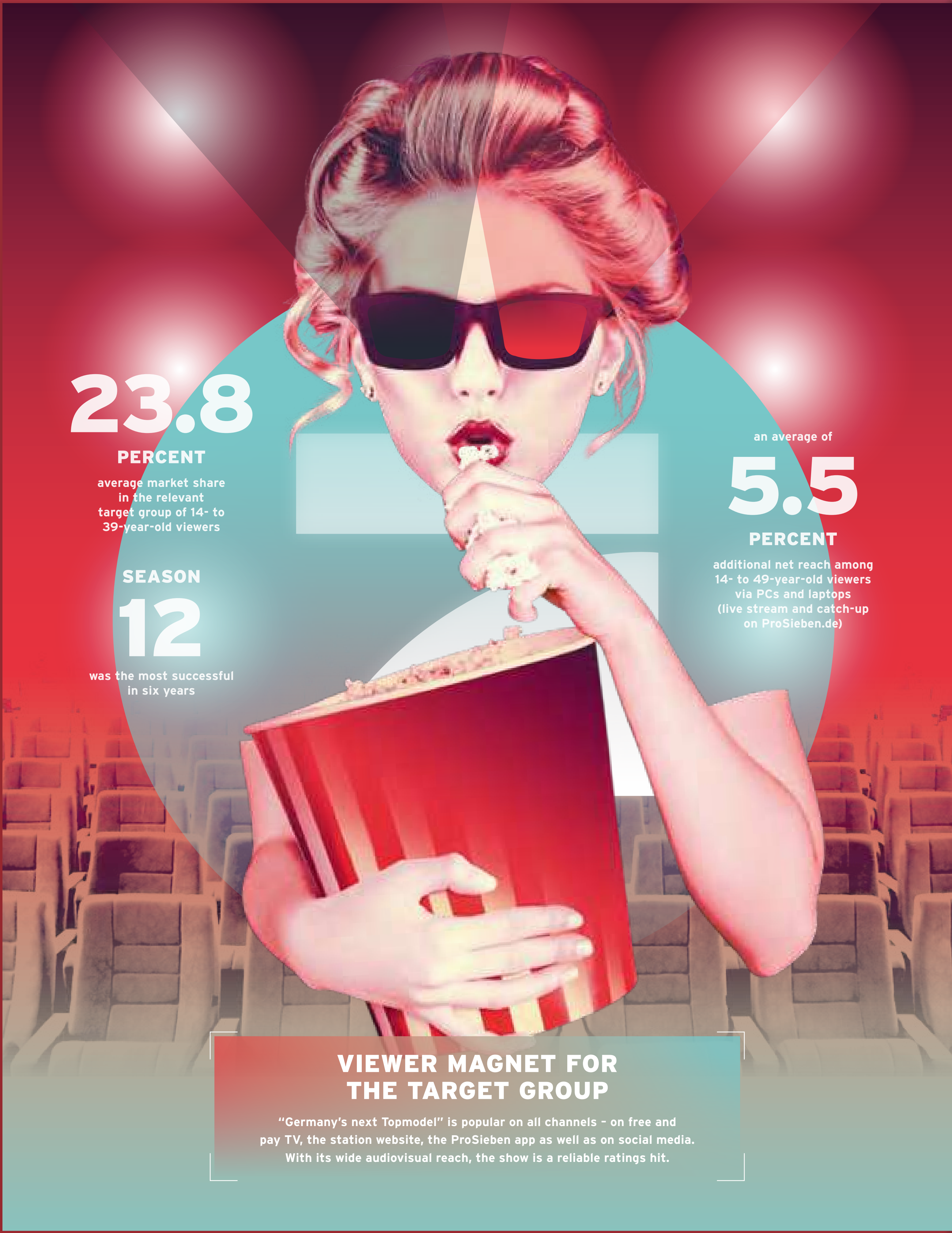
↓ **DISTRIBUTION**

↓ **ADVERTISING PLATFORM SOLUTIONS (ADTECH)**

↓ **SEVENVENTURES**

↓ **DIGITAL PLATFORMS**

WE ENTERTAIN YOU



VIEWER MAGNET FOR THE TARGET GROUP

"Germany's next Topmodel" is popular on all channels – on free and pay TV, the station website, the ProSieben app as well as on social media. With its wide audiovisual reach, the show is a reliable ratings hit.

A PERFECT MATCH FOR ADVERTISING PARTNERS

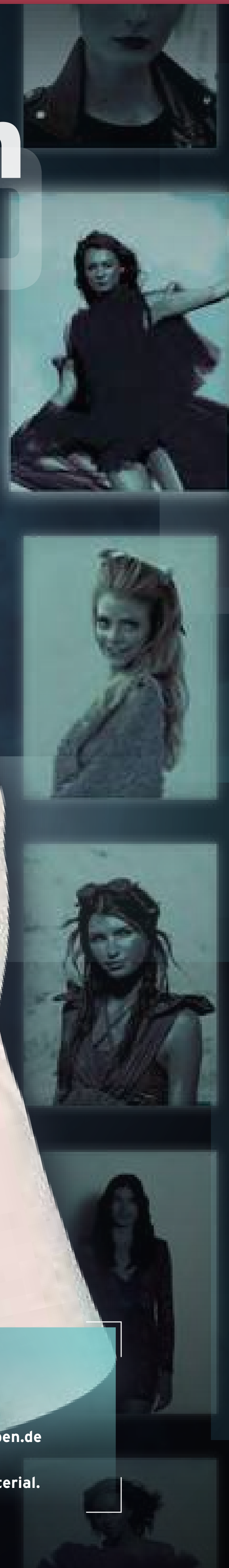
The ProSiebenSat.1 sales companies, SevenOne Media and SevenOne AdFactory, offer clients innovative, 360-degree advertising concepts. Thanks to these additional services on top of traditional TV commercials, advertisers are able to reach audiences in especially effective ways.

over
1 million
LIKES
on the GNTM Facebook page

over
400 K
SUBSCRIBERS
to the official GNTM YouTube channel

weekly
20
stories produced exclusively for the web during each season

over
100 million
VIDEO VIEWS
of the 12th season via ProSieben.de, channel apps, Smart TV, HbbTV and YouTube



DIGITAL APPEAL

The models also run the catwalk successfully online. On ProSieben.de and the station's social media channels, fans get a peek behind the scenes of the hit show thanks to exclusive video material.

STRONG TOGETHER

VALUE CREATION

GNTM ranks among the most successful shows produced by ProSiebenSat.1's wholly-owned subsidiary RedSeven Entertainment, a production company founded in 2008.

The ProSieben channel has been broadcasting GNTM since 2006. Season 12, which aired in 2017, achieved an average market share of 17.5 percent among 14- to 49-year-old viewers, making it the strongest in six years.

SevenOne Media
SevenOne AdFactory

The ProSiebenSat.1 Group's sales subsidiaries SevenOne Media and SevenOne AdFactory deliver 360-degree marketing for advertising clients. They use creative concepts to set the perfect, GNTM-compatible stage for brands and products – and they do it on all platforms.

ProSiebenSat.1 Licensing

ProSiebenSat.1 Licensing awards product and promotion licensing agreements to all official GNTM partners so they can benefit from the brand's image. With a total of 11 licensees in season 12, GNTM is one of the most successful licenses in the ProSiebenSat.1 subsidiary's portfolio.

GERMANY'S NEXT topmodel by Heidi Klum

The channel's website and apps give viewers the opportunity to watch the show live or time-shifted, and offer behind-the-scenes material. With live streaming and catch-ups on ProSieben.de (on a PC or laptop), season 12 achieved an average additional net reach of 5.5 percent among 14- to 49-year-old audiences.

SAM
STARWATCH ARTIST MANAGEMENT

Starwatch Artist Management (SAM) manages and looks after the models during each GNTM season. During this time, the ProSiebenSat.1 artist agency negotiates all jobs and handles them in the models' best interests.

maxdome

All episodes of GNTM are available on the online video library maxdome. The 12th season represented a high point for the show, with individual episodes viewed up to 13,000 times per week. In addition, views of previous seasons are again on the rise during the current season.

STUDIO 71

Studio71 maintains the official GNTM YouTube channel, which, with more than 440,000 subscribers, counts among the digital studio's top ten TV YouTube channels. It shows highlight clips from all seasons, providing users with content of their favorite program throughout the year.

AN ALL-AROUND DAZZLING PERFORMANCE

"Germany's next Topmodel – by Heidi Klum" captivates audiences like virtually no other TV show. And its appeal has long since gone well beyond traditional TV. Over the past 13 years, the casting show has evolved into an unparalleled multimedia brand on all platforms. It epitomizes transmedia integration like no other program in the German TV landscape, exploiting all digital possibilities and offering a glimpse into the future of the entertainment business.

What a worthy finale: Dressed in their best evening wear, 8,500 fans joined Heidi Klum and her celebrity guests Naomi Campbell, Beth Ditto, Helene Fischer, Wolfgang Joop, Robin Schulz and James Blunt at the Arena Oberhausen for the showdown of the 12th season of "Germany's next Topmodel – by Heidi Klum" (#GNTM). Plus, more than 2.4 million viewers were rooting for their favorites in front of the TV. Among young women between the ages of 14 and 29, the finale achieved an impressive 48.9 percent market share. In other words, almost one in two young women tuned into #GNTM that evening. Throughout the entire 12th season, #GNTM proved a hit, attracting a 17.5-percent market share among 14- to 49-year-old viewers – the best figure in six years.

The strong rankings are not the only factor that has, over the past 13 years, made the show one of Germany's most successful TV programs. Various ProSiebenSat.1 departments have built an all-encompassing #GNTM value chain. In this way, the Group can tap into synergies within the company and pursue two goals: enthralling viewers and users across all media platforms and providing advertising clients with an ideal environment for their brands and products. For years now, #GNTM has been a shining example of how successfully ProSiebenSat.1 is dovetailing the realms of TV, online and marketing and systematically driving this process forward.

EDITORIAL DEPARTMENT

Summer 2016. The finale of the 11th season has taken place just a few weeks back when Elisabeth Sofeso boards a plane to New York. As Program Manager at ProSiebenSat.1 TV Deutschland, Sofeso is responsible for fine-tuning #GNTM content. That evening, just as prior to each new season, she has a meeting with Heidi Klum. "Our motto is, 'There's always another #GNTM coming up,'" says Sofeso, "and we start each new season asking ourselves what we can do better this time." The more recent innovations include, for instance, staging the opening episodes abroad. In season 12, the candidates traveled on a cruise ship from Marseille via Palma de Mallorca to Barcelona, while the 13th season kicked off in the Caribbean. "We keep surprising viewers with new ideas and locations, continually pushing the format's development further. That's precisely what makes #GNTM so successful," explains Sofeso.

48.9

PERCENT

market share of women between the ages of 14 and 29 years achieved for the season 12 finale

Sofeso's duties as Program Manager also include working closely with colleagues at ProSiebenSat.1 sales subsidiary SevenOne AdFactory to come up with concepts allowing the seamless integration of advertising partners' products and brands into the show's action. A winning formula for marketing at #GNTM involves inviting the candidates to castings staged by advertising clients as part of the show. The coveted reward is a photo or TV commercial shoot for the client. The casting situation can be perfectly dovetailed into the story line and the models become fitting brand ambassadors. Another successful example has already become something of a tradition: When the candidates move into the model mansion, they are surprised with complimentary gifts. And the response to Daniel Wellington watches or Gillette Venus razors? The aspiring models are thrilled with the giveaways, eliciting I-want-that-too desires in viewers and triggering spikes in the relevant #GNTM advertising partner's sales.

MARKETING & SALES

Kerstin Bensch, Senior Product Manager at SevenOne AdFactory, is not surprised by these reactions. After all, #GNTM holds "tremendous allure" for young women. "For fashion and lifestyle brands targeting young women, there is no more beneficial format in Germany," explains Bensch.

After each broadcast, the marketing expert can virtually track the power of this allure live. "The feedback we get from our clients indicates that the brands and products placed in the show are greatly sought after among viewers," reports Bensch. SevenOne AdFactory's concepts are attracting ever more advertisers. In the 12th season, 13 clients marketed their products on TV and digital channels under the auspices of the #GNTM brand. The extent to which SevenOne AdFactory constantly

»Today, ProSiebenSat.1 viewers want to be able to enjoy our content via the greatest number of channels and in the maximum number of places – preferably whenever they feel like it.«

NICOLE AGUDO BERBEL
The Chief Distribution Officer and Executive Vice President Digital Publishing ensures that ProSiebenSat.1 Media SE content reaches its viewers.

strikes out in innovative, new directions in order to attract accounts is evident in its partnership with Opel.

13

OFFICIAL ADVERTISING PARTNERS

(sponsorship, product placement and licensing partners) in season 12

For years, the Rüsselsheim-based carmaker has relied exclusively on #GNTM to promote its Adam model on TV and benefited from the all-in services that SevenOne AdFactory provides advertisers. For instance, in season 12, Opel booked a virtual reality campaign in which one of the candidates appeared in various virtual worlds together with the Opel Adam. The campaign video was produced with the help of SevenOne AdFactory and featured on the Opel campaign website, on ProSieben.de as well as on the YouTube and Facebook platforms. Thanks to these measures, the ProSiebenSat.1 marketing subsidiary succeeded in harnessing virtual reality for cutting-edge brand communications.

DIGITAL REALIZATION

While Elisabeth Sofeso and her team are still in the thick of shooting for the opening episode, her ProSieben Digital colleagues are already well into publicizing the show on all digital channels, including social media. Audition videos, pictures from shoots and previews ensure #GNTM creates a big buzz on all digital channels weeks before the first episode of a new season airs. The first candidate audition clips are available online long before the first episode is broadcast on free TV. To capture the best behind-the-scenes moments, for example, the digital experts are on set during shooting. Each week, they produce about 20 web-exclusive stories for the station group's digital channels. In this way, Marco Kunze, Director ProSieben Digital, and his team create content that hits the spot with the target group and generates roughly two-thirds of all short clip views.

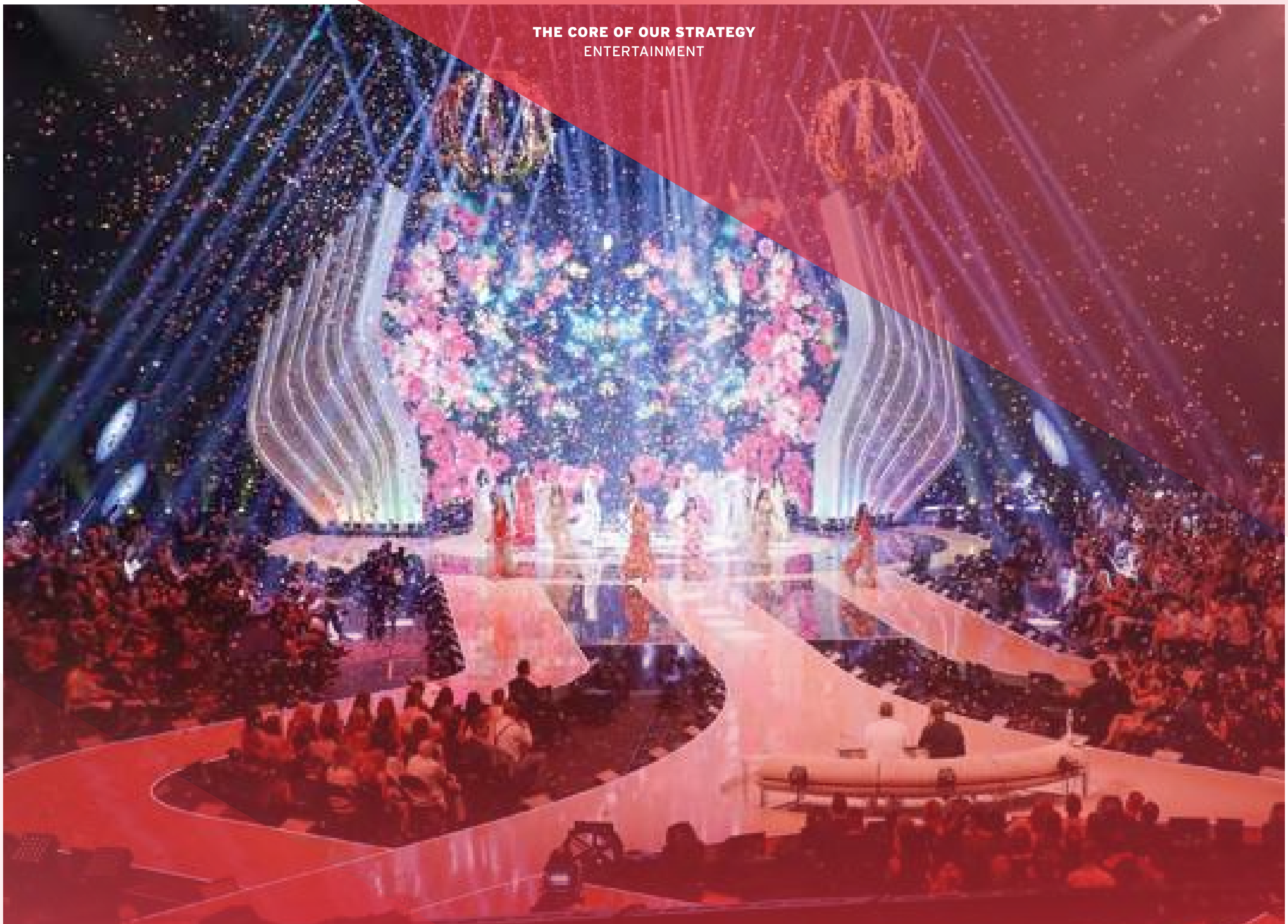
Over
500 K
FOLLOWERS
of the #GNTM Instagram account

"Even before the season starts properly, we register over a million video views via our website, HbbTV, SmartTV and our channel apps. No other German TV show can do that," says Kunze. "Six weeks before the season kicks off, fans can already find the first bits of information and pictures about it online. Three weeks before, we pull out all the digital stops," explains Kunze. Above all, he underscores the additional opportunities created by digitally prolonging #GNTM: "In the online world, we further elaborate on the stories in the episodes and pick up on exciting narratives that can't be covered in the TV format." Brief interviews and portraits of the candidates provide fans with an opportunity to take a peek behind the scenes of their coveted show and discover more about their favorite candidates – "all in an extremely authentic way. The fans love that," emphasizes Kunze. In addition to the videos available exclusively on the web, users can also watch all the TV episodes of #GNTM live or time-shifted online.




»Even before the season starts, we register over a million video views. No other German TV format can do that.«

MARCO KUNZE
The Director ProSieben Digital has worked on #GNTM since 2011. He relishes how digital formats open up a wealth of ways to tell the #GNTM candidates' stories.



TV ADVERTISING
IS HIGHLY EFFECTIVE

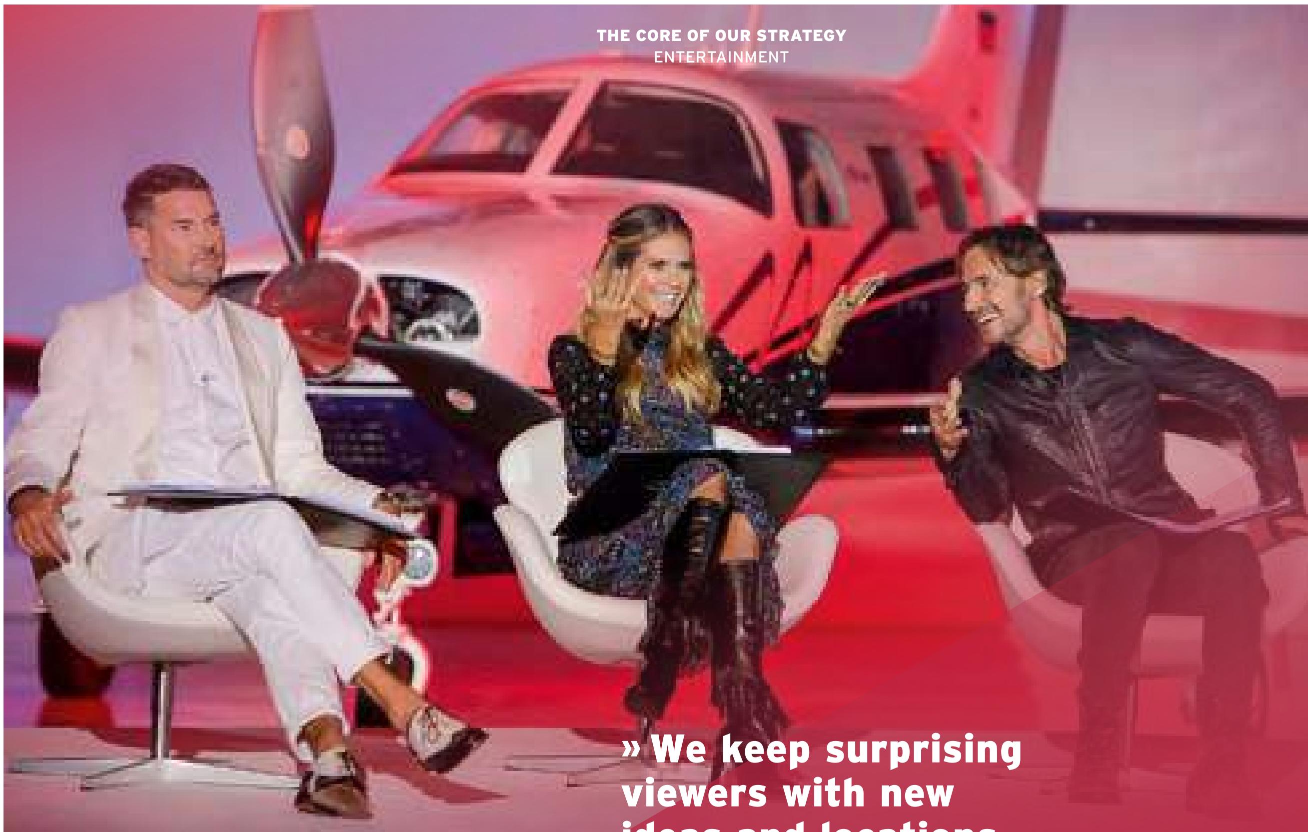
Digitalization of the media landscape is increasingly opening new doors to media use. With smartphones and tablets, content can today be accessed whenever and wherever. Nevertheless, consumption of traditional media is more resilient than most imagine. Despite the advance of digitalization, the importance of TV has not declined. Quite the contrary. Among 14 to 49-year-olds in Germany, average TV viewing time in 2017 remains high at 189 minutes per day and accounts for the lion's share of daily media consumption. TV reaches eleven million people every minute. No other media can match that. Online video channels, such as YouTube, attract some 700,000 users per minute in Germany. This means that, contrary to public perception, the reach of online video channels is still relatively limited.

Reaching as many viewers as possible in this increasingly fragmented media landscape is more important than ever to today's advertisers. Against this backdrop, the value of TV advertising gains even more weight. Reach is, after all, a decisive factor when it comes to increasing brand awareness and consequently boosting sales. Digital companies appreciate this fact and invest over 70 percent of their total advertising budgets on TV.

189
minutes of daily
VIEWING TIME
(for audiences aged between 14 and 49)

TV reaches
11 MILLION PEOPLE
per minute

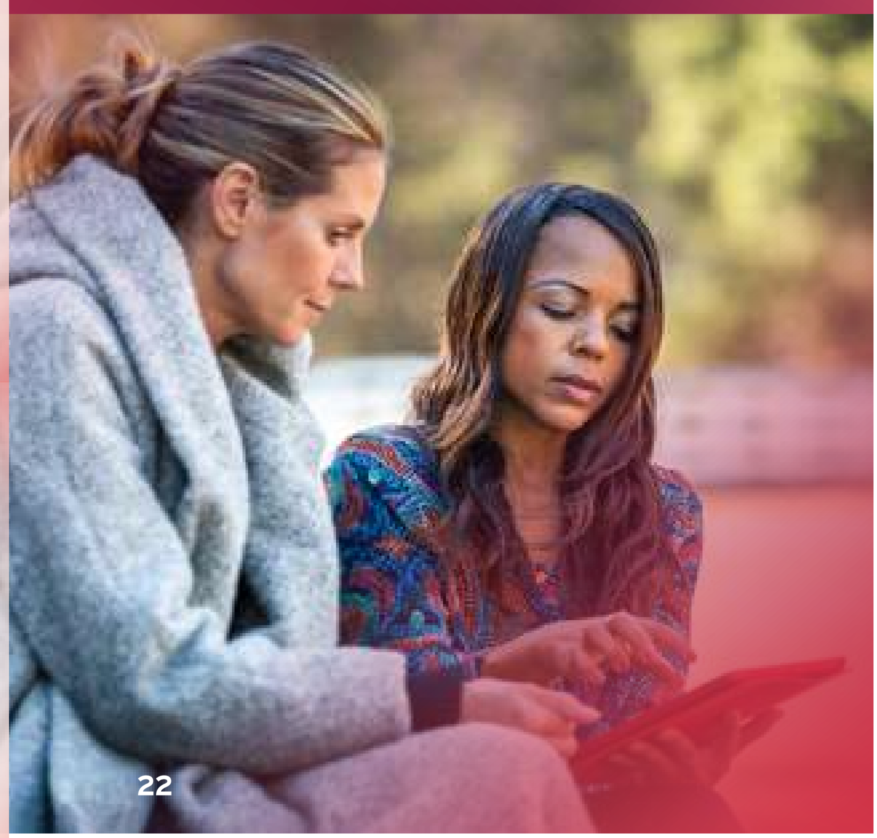
Online businesses spend
73 PERCENT
of their advertising budgets on TV



» We keep surprising viewers with new ideas and locations. That's precisely what makes us so successful.«

ELISABETH SOFESO

The Program Manager at ProSiebenSat.1 TV Deutschland has worked on the casting show since as far back as 2014.



DISTRIBUTION

Making TV content accessible whenever and wherever is a firm feature of the ProSiebenSat.1 strategy. "Today, our viewers want to be able to enjoy ProSiebenSat.1 content via the greatest number of channels and in the maximum number of places – preferably whenever they feel like it," says Nicole Agudo Berbel, Chief Distribution Officer & EVP Digital Publishing. No other medium can establish as wide a reach across all target audiences within as short a time as TV can. At the same time, young viewers in particular are also making increasing use of digital offerings streamed via a smartphone or tablet. This is why, together with colleagues from digital publishing and TV, Agudo Berbel develops strategies for airing ProSiebenSat.1 programs on various media platforms with a view to achieving the greatest possible overall reach. Consequently, when a new ProSiebenSat.1 prime-time program is planned, the TV and digital teams put their heads together from the start to ensure that the show will be a high-reach, multimedia experience. "To do that, we evaluate each and every program to determine what content to exploit when and on which platform. In other words, when is the broadcast scheduled? When do we upload content to our website and when will it be available in the apps? And when is it best to make content available to our distribution partners such as cable network operators and mobile service providers?" says Agudo Berbel.

IT'S A WRAP.

Friday, May 26, 2017. The stage at the Arena Oberhausen is still covered in the confetti shower from the finale the night before when Marco Kunze and his digital team hold their morning meeting, already fine-tuning new ideas for the next season's online execution. Once again, Elisabeth Sofeso will soon be jetting off to see Heidi Klum to discuss new highlights and story lines for the show. And Kerstin Bensch is already brainstorming innovative campaign concepts for the next year with the first advertising clients.

Never a truer word was spoken:
There's always another #GNTM coming up.

»For fashion and lifestyle brands targeting young women, there is no more beneficial format in Germany.«

KERSTIN BENSCH

Senior Product Manager at SevenOne AdFactory. The ProSiebenSat.1 subsidiary develops and markets ad specials for #GNTM.

PACKING A PROMOTIONAL PUNCH

Whether they're welcoming gifts when the models move into the mansion, prizes for winning challenges, or in the form of a highly coveted modeling job, promotional products are part of "Germany's next Topmodel" and feed into the show's storyline. The concept is unique in German television. ProSiebenSat.1 advertising clients benefit from not only the program's enormous reach but also the appeal that's perfectly tailored to their products' target group: If you want to speak to trend-savvy young women, it's hard to beat "Germany's next Topmodel." What's more, thanks to our 360-degree approach to marketing, the show doesn't just reach this target group through TV but touches all aspects of their lives.

LET'S GET

TITAN

TITAN advertised on GNTM for the first time in the 12th season. Right from the first episode, the wheeled suitcases made an appearance on the catwalk at Kassel airport before all of the top 50 candidates were gifted the brand's luggage – naturally in the appropriate team color of black or white.

DANIEL WELLINGTON

Since 2015, Daniel Wellington's watch gift sets have thrilled the candidates who move into the model mansion. In season 11, there was also a sponsored casting marathon: The candidate who managed to arrive on time for all her appointments received a watch by the brand.

MAYBELLINE NEW YORK

Over the past eleven years, Maybelline New York's advertising partnership with GNTM has taken the most varied forms – from chock-full makeup cases for all the candidates on their arrival at the mansion, through castings for modeling jobs, to styling tips from Boris Entrup.

GILLETTE VENUS

Since season 5, the Gillette Venus casting and job have been a firm feature of the show. Each year, the candidates give their all in the hopes of becoming the new face of the advertising campaign for women's razors. What's more, when the participants move into the mansion, the latest Gillette Venus products are on hand for them to use.

THE GNTM LOOK

OPEL

Also in season 12, SevenOne AdFactory devised a spectacular concept for the show's longstanding partner Opel: Casting winner Carina appeared in various virtual-reality ads that were flanked by traditional TV and online advertising, product placement, and an editorial competition.

HARNESSING DIGITAL ADVERTISING TECHNOLOGY FOR INCREASED REVENUES

ProSiebenSat.1
Advertising Platform Solutions

ADVERTISING TECHNOLOGY (ADTECH)

VIRTUALMINDS
AdTech-Holding

- Active Agent — Demand-side platform (DSP)
- Yieldlab (Premium Programmatic Advertising) — Supply-side platform (SSP)
- ADEX — Data-management platform (DMP)
- ADCLEAR — Attribution modeling
- ADITION technologies AG — AdServer
- myLoc managed IT — Hosting

ADVERTISING PLATFORMS

- SMARTSTREAM.TV — Video audience reach
- glomex — Online video marketplace
- kairion — E-commerce marketer
- esome ADVERTISING — Performance & social advertising[1]
- EBX — Pan-European video marketer
- BuzzBird — Influencer marketing platform

Since acquiring a stake in Virtual Minds in 2015, ProSiebenSat.1 has continued to grow its investments in AdTech businesses. AdTech serves as the foundation for programmatic advertising – the data-based, automated, customized buying, selling and selective configuration of advertising space in real time. ProSiebenSat.1 bundles its investments and activities in this field under the Advertising Platform Solutions umbrella. The objective is to build up an ecosystem of leading technology suppliers and platforms to offer advertisers, agencies and publishers a strong, independent alternative to the global players, thus generating additional revenue.

[1] As of the publication of the annual report (march 2018) the closing was still pending.

Dr. Jens Mittnacht, Managing Director of ProSiebenSat.1 Advertising Platform Solutions, talks about digital technologies and the future of TV advertising.

For some time now, ProSiebenSat.1 has made increasing use of AdTech solutions. Please explain to us what that means.

MITTNACHT AdTech is the basis for programmatic advertising – data-based, automated ad buying in real time. Unlike in the past, advertising can now be placed without manual booking. At present, the entire AdTech industry is still dominated by companies that provide infrastructure but are also our competitors, such as Google. In order to make us less dependent on these global players and free us to drive innovation ourselves, we invested in Germany's biggest AdTech supplier – Virtual Minds, which is active on both demand and supply-side programmatic advertising – in 2015. Using Virtual Minds, our platforms allow today's advertising clients to identify the perfect spot for their advertising format in milliseconds. Think of it this way: When someone accesses one of our websites, programmatic advertising technology, which operates in the background in tandem with the site, determines which banner to load on the site for this user in the blink of an eye.

That sounds like a business for the future.

MITTNACHT In the digital segment, programmatic advertising already carries significant weight for us today. We are already selling around 50 percent of our display advertising via these systems. What's more, by investing in AdClear and esome in 2017, we acquired companies whose technology will help us to better measure and optimize our advertising clients' overall campaign performance going forward. While we are currently capitalizing on the technology notably in digital advertising, programmatic advertising will in the future also find its way onto big-screen TVs. Here, the keyword is addressable TV.

»Programmatic advertising will in the future also find its way onto big-screen TVs.«

How do you rate addressable TV's strategic importance for ProSiebenSat.1?

MITTNACHT Extremely high. Addressable TV makes it possible for us to exploit the advantages of digital advertising in the world of TV – in other words, to combine TV's reach with the Internet's capacity to target appeals. This means we can selectively target advertisements on Internet-enabled TVs. Thanks to HbbTV technology, we are already in a position to display selected digital ad banners on the latest smart TVs with our SwitchIn formats. The next step is to actually "swap out" advertisements within the context of our ad overlays. The bottom line is that this technology serves everyone involved: For our advertising clients, it means not only reaching their audience quickly and effectively but also homing in on target groups. Our viewers, for their part, will be presented with advertising that is even more informative and relevant for them. We, too, benefit because in addition to traditional ads, we are able to offer our advertising clients additional alternatives and show them exactly how their spending on our channels adds value. In this way, we can tap into additional revenue streams in the TV advertising business.

How will this impact advertising on your stations?

MITTNACHT Initial results are already in. For our client BMW MINI, we designed an addressable TV retargeting campaign in 2017 that was tailored to the consumers who had actually viewed the MINI TV commercial. A little while later, only these specific viewers were shown a SwitchIn XXL – a digital ad banner that is superimposed on the program, recapping the ad's message and acting as a reminder of the brand. As part of an ad overlay test, we also dynamically displayed Johnson & Johnson and MediaMarkt ads during commercial breaks on our ProSieben MAXX station. These are just two of countless ways in which we can place more target-group-specific advertising.

CONTENT PRODUCTION & GLOBAL SALES

In the Content Production & Global Sales business segment, ProSiebenSat.1 integrates its traditional production business, the international distribution networks and digital video offerings under the umbrella of Red Arrow Studios.

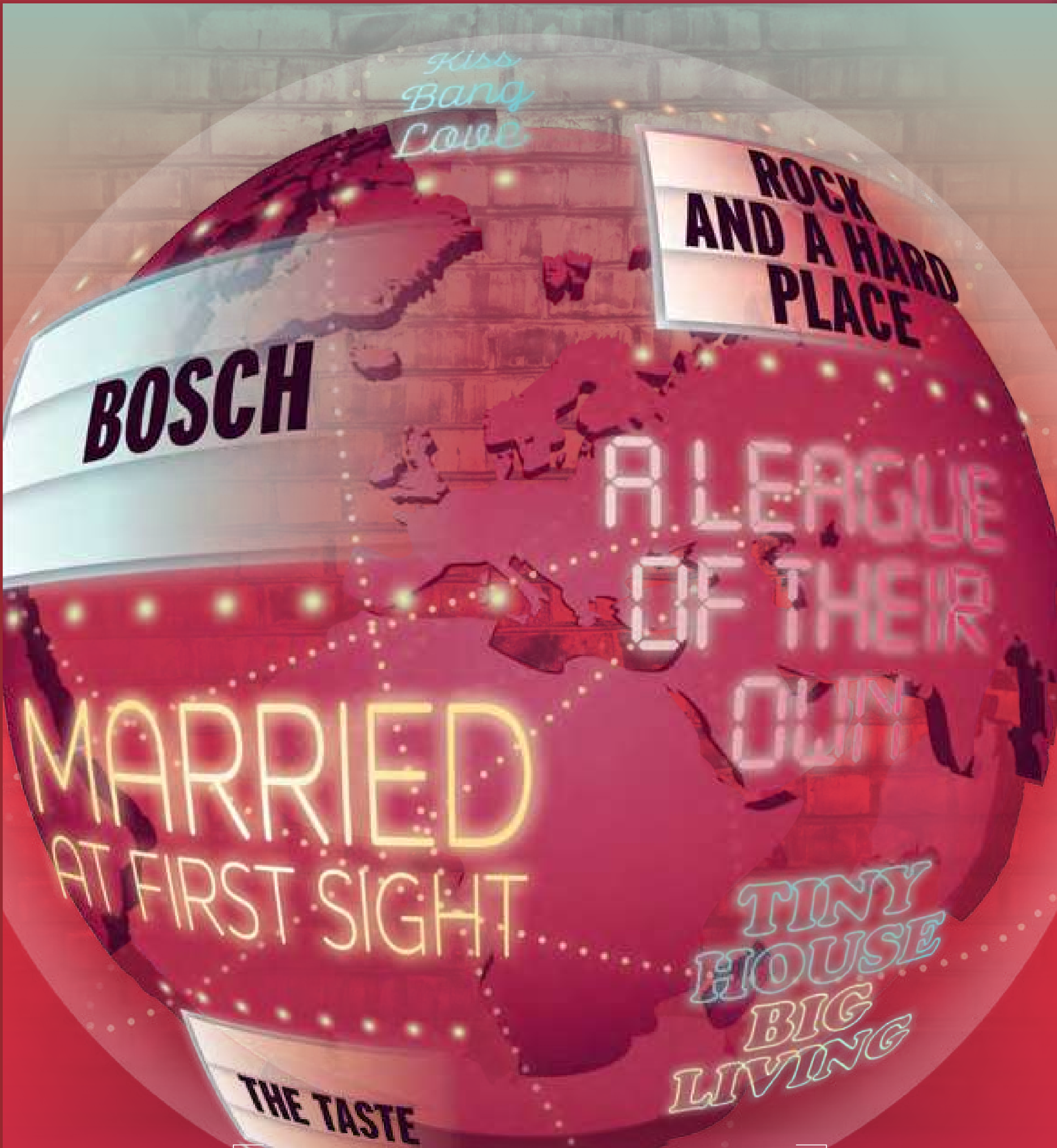
RED ARROW STUDIOS

↓ **PRODUCTION**

↓ **DISTRIBUTION**

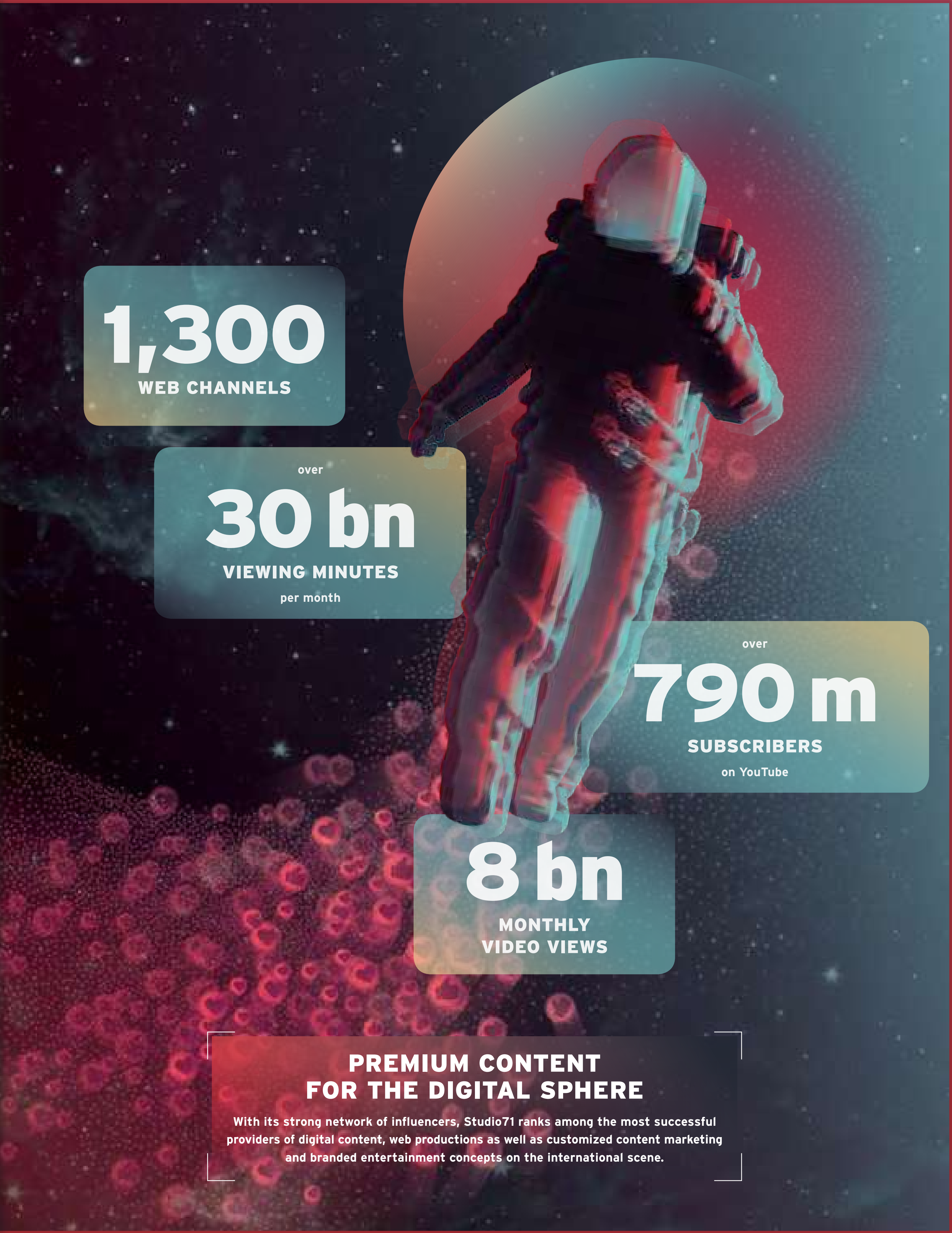
↓ **DIGITAL STUDIO**


WE SUR PRISE YOU
Red Arrow Studios
WE SURPRISE YOU



CREATIVE FORMATS FOR VIEWERS AROUND THE WORLD

Whether entertainment, reality and factual formats or TV series, feature films and digital content, the Red Arrow companies produce popular programs for TV stations and video platforms across the planet.



1,300
WEB CHANNELS

over
30 bn
VIEWING MINUTES
per month

over
790 m
SUBSCRIBERS
on YouTube

8 bn
MONTHLY VIDEO VIEWS

PREMIUM CONTENT FOR THE DIGITAL SPHERE

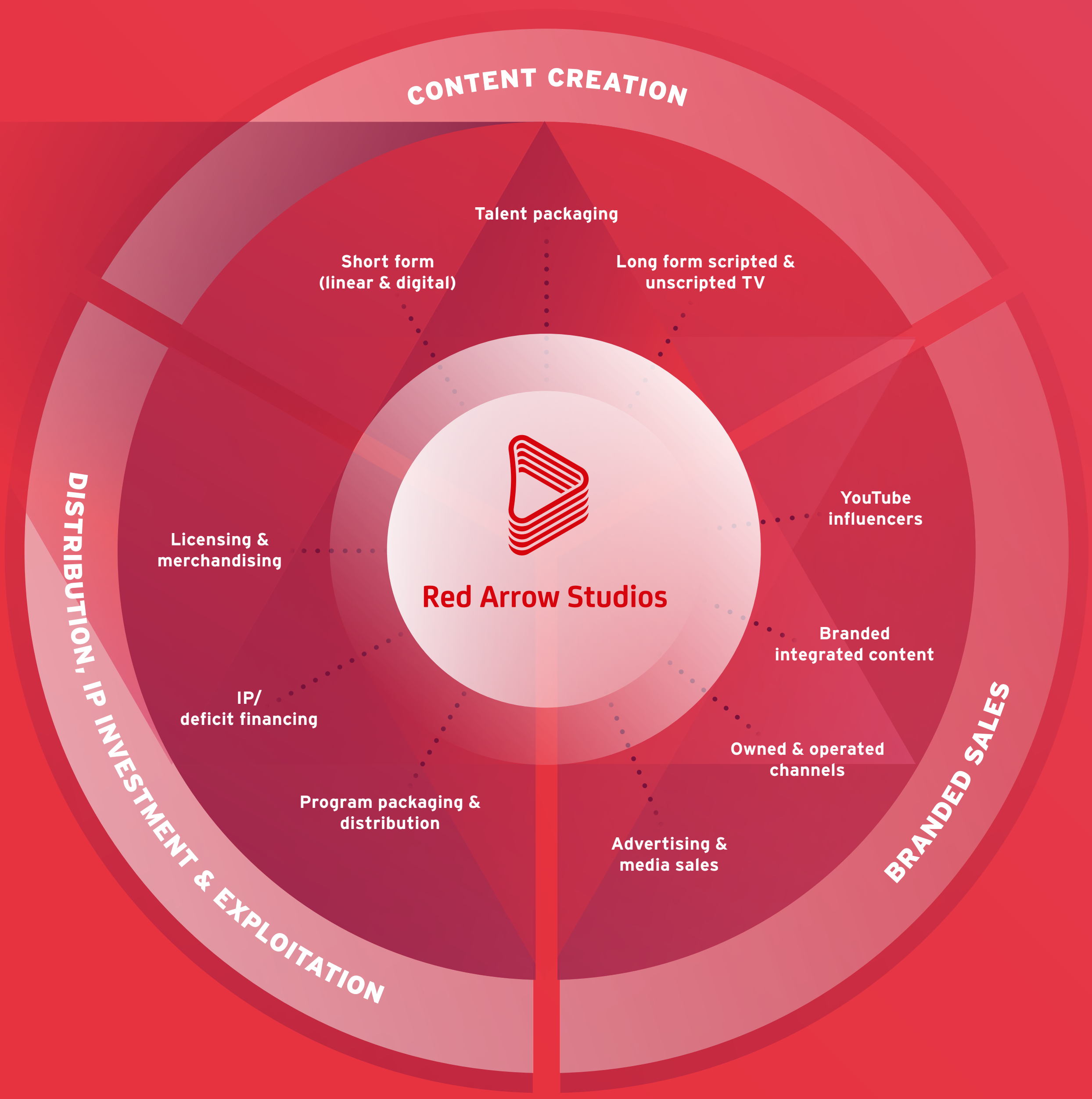
With its strong network of influencers, Studio71 ranks among the most successful providers of digital content, web productions as well as customized content marketing and branded entertainment concepts on the international scene.

STRONG IN THE STATES

Red Arrow Studios has made a name for itself as a successful production and distribution partner in the United States – the world's biggest TV market. Going forward, the company will further strengthen its network with top international creative talent.

GET IT ALL FROM A SINGLE SOURCE

STUDIO PLATFORM



A CONTENT NETWORK SPANNING THE GLOBE

The content industry is booming – and it has digitalization to thank. Digitalization has vastly increased the number of TV stations and video platforms around the world, and they all need high-quality content to attract and entertain customers and viewers. The United States retains its lead in competing for the best content, with over 500 series broadcast in the world's largest TV market in 2017. No other country invests more in programming.

In this market environment, it was a logical step for ProSiebenSat.1 to give Red Arrow Studios – its production and distribution group – a more international footprint and place the geographic focus on the US market. This enables the Group to profit from the growing demand for content.

And the strategy has certainly paid off. Red Arrow Studios has stepped up its investment in US businesses over the last few years, and today, with 13 US production and distribution companies in its portfolio, ranks as a key player in American TV and digital content production and distribution. In 2017, more than 70 percent of its revenues were generated in the US market.

Within the Group, ProSiebenSat.1 also benefits from this content network. Red Arrow Studios is significantly expanding its cooperation with the ProSiebenSat.1 stations and producing an increasing number of programs for them. Examples of this successful synergy are shows such as "Hochzeit auf den ersten Blick" (Married at First Sight) (SAT.1), "The Taste" (SAT.1) and "Kiss Bang Love" (ProSieben).

The next step for Red Arrow Studios is digital expansion. As of January 2018, digital studio Studio71 is also part of Red Arrow, enabling the company to add an exciting new chapter to its success story.

COMPANIES IN
EUROPE AND ASIA

1 STORIES — MUNICH, GERMANY

Expertise: Factual, branded entertainment

Highlights: Galileo 360°, Mavericks Unlimited, Mystery Places

Partner: include ProSieben MAXX, SAT.1 Gold, TV24, Deutsche Telekom (Advertorial)

* Founded in 2016, part of Red Arrow since 2016

4 endor — LONDON, UK

Expertise: Scripted

Highlights: Deep State, Roald Dahl's Esio Trot, Close to the Enemy

Partner: include BBC, Fox International Channels, Sky

* Founded in 1998, part of Red Arrow since 2012

SNOWMAN PRODUCTIONS Married at First Sight

2 COVE PICTURES — LONDON, UK

Expertise: Scripted, comedy, factual

Highlights: Cove Pictures is a joint venture between Patrick Milling-Smith and Brian Carmody, the co-founders of production firm Smuggler Inc., and Red Arrow.

* Founded in 2016, part of Red Arrow since 2016

5 July August Productions — TEL AVIV, ISRAEL

Expertise: Scripted, entertainment

Highlights: Still Standing, The 'A' Word

Partner: include Keshet, Channel 10

* Founded in 2004, part of Red Arrow since 2012

DISTRIBUTION 8 Red Arrow Studios INTERNATIONAL — MUNICH, GERMANY; LONDON, UK; NEW YORK, USA; HONG KONG, CHINA

Expertise: Global distribution of TV programs (scripted, factual, formats), co-productions and co-financing

KPIs: A catalog of over 950 shows, clients in over 200 countries

* Founded in 2004, part of Red Arrow since 2010

CPL PRODUCTIONS Old People's Home for 4 Year Olds

6 KARGA SEVEN PICTURES — ISTANBUL, TURKEY

Expertise: Scripted, factual, films, branded entertainment

Highlights: City of Secrets, The Team, 40

Partner: include Fox Turkey

* Founded in 2017, part of Red Arrow since 2017

9 redseven ENTERTAINMENT — MUNICH, COLOGNE, GERMANY

Expertise: Entertainment

Highlights: Germany's next Topmodel – by Heidi Klum, The Taste, Eine Liga für sich – Buschis Sechserkette

Partner: include ProSieben, SAT.1, Sky Deutschland

* Founded in 2008, part of Red Arrow since 2010

3 CPL — LONDON, UK

Expertise: Entertainment, comedy, factual, factual entertainment, scripted

Highlights: A League of Their Own, Married at First Sight, Old People's Home for 4 Year Olds

Partner: include Sky, ITV, Channel 4

* Founded in 1979, part of Red Arrow since 2012

REDSEVEN ENTERTAINMENT The Taste

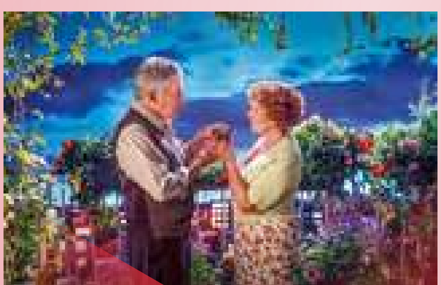
10 SNOWMAN productions — COPENHAGEN, DENMARK

Expertise: Non-scripted, factual, entertainment

Highlights: Married at First Sight, Kiss Bang Love, Buying Blind

Partner: include Kanal 4, Kanal 5, TV3, creative partner for Red Arrow companies

* Founded in 2011, part of Red Arrow since 2011



ENDOR PRODUCTIONS Roald Dahl's Esio Trot

7 NERD. — LONDON, UK

Expertise: Factual, factual entertainment

Highlights: Find My First Love, The Beatles, Hippies & Hells Angels

Partner: include FYI, A&E, Sky

* Founded in 2010, part of Red Arrow since 2012

STUDIO71 #DeineWahl

11 — 44 BLUE PRODUCTIONS
LOS ANGELES, USA

Expertise: Non-scripted, docuseries, reality, lifestyle and action-adventure programming

Highlights: Wahlburgers, Hollywood Medium with Tyler Henry, Nightwatch

Partner: include A&E, E!, MSNBC

* Founded in 1984, part of Red Arrow since 2016

12 — BAND OF OUTSIDERS
LOS ANGELES, USA

Expertise: TV and digital formats

Highlights: Dope Nation, Anti-social Network

Partner: include media brand Galore, crowd-funding platform Seed & Spark

* Founded in 2013, part of Red Arrow since 2016

13 — DORSEY PICTURES
DENVER, USA

Expertise: Non-scripted, branded entertainment

Highlights: Tiny House Big Living, Building Alaska, The Treehouse Guys

Partner: include HGTV, DIY, Travel Channel

* Founded in 2000, part of Red Arrow since 2016

14 — Fabrik Entertainment
LOS ANGELES, USA

Expertise: Scripted

Highlights: Bosch, The Killing, Hit the Road

Partner: include Amazon, AMC, NBC

* Founded in 2005, part of Red Arrow since 2011

15 — Gravitas Ventures — DISTRIBUTION
LOS ANGELES, CLEVELAND, USA

Expertise: Distribution of independently produced films (scripted and non-scripted)

KPIs: Catalog of over 3,000 English-speaking films, experts in distribution to US and global digital SVOD and OTT platforms

* Founded in 2006, part of Red Arrow since 2017

16 — HALF YARD
NEW YORK, BETHESDA/ WASHINGTON, USA

Expertise: Reality, factual entertainment, documentaries

Highlights: Say Yes to the Dress, The Last Alaskans, Junkyard Empire

Partner: include TLC, Discovery, Nat Geo

* Founded in 2006, part of Red Arrow since 2014

17 — KARGA SEVEN PICTURES
LOS ANGELES, USA

Expertise: Factual entertainment, documentaries

Highlights: Booze Traveler, Hunting Hitler, Shot in the Dark

Partner: include Travel Channel, History Channel, Netflix

* Founded in 2008, part of Red Arrow since 2015

18 — KINETIC CONTENT
LOS ANGELES, USA

Expertise: Non-scripted, entertainment

Highlights: Married at First Sight, Little Women, The Spouse House

Partner: include A&E, Lifetime, Bravo

* Founded in 2010, part of Red Arrow since 2010

19 — LEFT/RIGHT
NEW YORK, USA

Expertise: Documentaries, factual entertainment, reality, scripted, comedy

Highlights: The Circus, Odd Mom Out, Ride with Norman Reedus

Partner: include Showtime, Bravo, VH1

* Founded in 2005, part of Red Arrow since 2012

20 — MADRABBIT
TORONTO, CANADA

Expertise: Scripted

Highlights: Mad Rabbit is a joint venture between Red Arrow and Canadian director and showrunner Kari Skogland, who has directed successful TV drama series including House of Cards, The Walking Dead and The Handmaid's Tale.

* Founded in 2016, part of Red Arrow since 2016

21 — RIPPLE ENTERTAINMENT
LOS ANGELES, USA

Expertise: Online video networks, brands

Highlights: Snarled, Hissy Fit

* Founded in 2015, part of Red Arrow since 2015

22 — TENFOLD
LOS ANGELES, USA

Expertise: Scripted and non-scripted

Highlights: The company is run by Emmy-award winning producers Craig Armstrong and Rick Ringbakk.

* Founded in 2017, part of Red Arrow since 2017

23 — STUDIO 71 — DIGITAL
LOS ANGELES, USA · TORONTO, CANADA · BERLIN, GERMANY · VIENNA, AUSTRIA · LONDON, UK · PARIS, FRANCE · MILAN, ITALY

Expertise: premium content and digital production studio

Highlights: 1,300 channels, 8 billion monthly video views; own productions #DeineWahl – YouTuber fragen Angela Merkel (YouTube), Guten Morgen, Internet! (funk), Lifeline (YouTube Red)

Partner: strategic partnership with European media companies TF1 Group (France) and Mediaset (Italy)

* Founded in 2015, part of Red Arrow since 2018


44 BLUE PRODUCTIONS Wahlburgers

24 — Spinnaker Chaos
LOS ANGELES, USA

Expertise: Non-scripted programs

Highlights: The company is run by producer and industry veteran John Saade

* Founded in 2018, part of Red Arrow since 2018

COMPANIES IN
NORTH AMERICA

WITH RED ARROW AND STUDIO71, WE HAVE A MATCH MADE IN HEAVEN

INTERVIEW WITH JAN DAVID FROUMAN
MEMBER OF THE PROSIEBENSAT.1 EXECUTIVE BOARD
RESPONSIBLE FOR CONTENT PRODUCTION & GLOBAL SALES,
CHAIRMAN & CEO OF RED ARROW STUDIOS

In January 2018, digital studio Studio71 was integrated into Red Arrow Entertainment Group – the ProSiebenSat.1 production and distribution network. This created Red Arrow Studios, which now has direct access to a new talent pool and additional digital channels. Chairman & CEO Jan David Frouman discusses the rationale for the integration and the future of the business.

Why did ProSiebenSat.1 integrate Studio71 into the Red Arrow production and distribution network?

FROUMAN This is a match made in heaven. The digital business of Studio71 is the perfect complement to the traditional Red Arrow TV production business. The partnership couldn't feel more natural to us. Digitalization has changed the TV market. In order to meet the needs of today's viewers, stations and video platforms require a variety of program formats. As a production and distribution company, we aim to tailor our strategy so that we can profit from these new growth areas. Thanks to Studio71, we can now make stations, platforms, and markets integrated, 360-degree offers that encompass everything from creation, through the production of digital and linear content as well as user and premium content, to branded content and new distribution options. What's more, Studio71 boasts a huge talent pool, which we can now more effectively harness: we're talking about 1,300 influencers who come up with new ideas every day.

What added value does a global production network provide for ProSiebenSat.1?

FROUMAN Around the world, demand for TV content is higher than it's ever been. Which means that TV production and distribution have significant future prospects. However, in order to take full advantage of this growth market, you need a certain critical mass. That's why we have gone on broadening our scope ever since Red Arrow was established in 2010. We now have more than 20 production companies active in seven countries. This extensive network, along with the program formats that are continually being created from within the group, also benefits our ProSiebenSat.1 stations. Red Arrow works closely with the Entertainment segment, and in recent years has become an important content provider to our Group.

What criteria do you apply when selecting companies for investment?

FROUMAN We have consciously put together a portfolio of production companies that complement each other in terms of content. Our proven formula is: the company must be active in an interesting region – preferably English-speaking – and, of course, be led by high-caliber producers and creative minds with an impressive track record and an excellent network in the TV business. Cultural fit is also extremely important to us. We need partners who are truly ready to join a group, who look forward to engaging in creative cross-pollination, and will bring the right team spirit. In short, a company in the content business is only as good as the people who work there. They are the ones we want to win over for Red Arrow.

What goals have you set for Red Arrow?

FROUMAN Our top priority is integrating Studio71 into our network in such a way that we can tap into the full range of potential synergies. We want to establish Red Arrow as one of the leading providers of talent, production and distribution services for digital and TV content. It's also vital for our production business that we retain the rights to our programs in order to be able to distribute them internationally. Consequently, we will automatically improve our standing as a program supplier to ProSiebenSat.1 and strengthen synergies with the Entertainment segment. Whilst we intend to keep on growing, the team spirit at Red Arrow is also important to me. After all, this is what convinces top international creative talent to join Red Arrow and to stay with us long term.

»Joining Red Arrow Studios has been a godsend for us. Jan and his team have encouraged us to continue creating the type of content we are known for both here in the USA and internationally. They've also inspired us to create and find new ways to work and thrive in this ever-changing landscape called Entertainment. We feel that we're part of something big and that the sky is the limit thanks for the support and passion of Red Arrow Studios.«

RICK RINGBAKK AND CRAIG ARMSTRONG
Co-founders and Co-CEOs 10Fold

»At Gravitas, we and our many filmmakers are excited to help grow Red Arrow Studios. Collaborating with Red Arrow allows global audiences increased access to the latest world renowned films and documentaries. Red Arrow companies are known for compelling content and at Gravitas we look forward in continuing that mission for the benefit of movie lovers everywhere.«

NOLAN GALLAGHER
CEO Gravitas Ventures

»Jan and his team have been a part of our journey with ProSiebenSat.1 from the start. Formalizing this structure is a natural evolution of the relationship. From Primetime scripted series to premium digital short form, Red Arrow Studios now has a complete suite of companies to service the needs of all content buyers on a global basis. It is really exciting to be a part of a company with all these capabilities and we are looking forward to being part of the team that puts together that next great cultural moment in video.«

REZA IZAD
CEO Studio71

JULY AUGUST PRODUCTIONS The A Word

REDSEVEN ENTERTAINMENT Kiss Bang Love

ENDOR PRODUCTIONS Deep State

CPL PRODUCTIONS A League Of Their Own

KARGA SEVEN PICTURES Shot in the Dark

SNOWMAN PRODUCTIONS Buying Blind

STUDIO71 US Roman Atwood

THE CORE OF OUR STRATEGY
CONTENT PRODUCTION & GLOBAL SALES


GRAVITAS VENTURES All We Had


LEFT RIGHT Ride with Norman Reedus

44 BLUE PRODUCTIONS Rock & A Hard Place


HALF YARD PRODUCTIONS The Last Alaskans


RED ARROW STUDIOS INTERNATIONAL Stella Blomkvist


DORSEY PICTURES Tiny House Big Living


KINETIC CONTENT Little Women

COMMERCE

In the Commerce business area, ProSiebenSat.1 operates under the name NCG – NuCom Group and has established a portfolio of leading digital commerce platforms.

NCG – NUCOM GROUP

↓

Amorelie billiger-mietwagen.de Flaconi Jochen Schweizer mydays Holding Käuferportal moebel.de Parship Elite Group Stylight Verivox Windstar Medical

WE INSPIRE YOU

THE GIFT OF RELAXATION WITH MYDAYS

Under the banner "Time together," mydays focuses on offering experience gifts. Since ProSiebenSat.1 acquired the online portal in 2013, mydays has been part of the Group's commerce portfolio and benefited strongly from TV advertising over this period.

ADRENALINE AND ADVENTURES WITH JOCHEN SCHWEIZER

The provider of experiences has travel, action and outdoor activities in the form of appointments and vouchers in its broad portfolio. In 2004, former stuntman Jochen Schweizer founded the online business offering experiences, which became a ProSiebenSat.1 company in 2017.

about
5–7
PERCENT
annual growth expected for the experience market up to 2022*

over
3,000
PROVIDERS
under contract with Jochen Schweizer mydays Holding

#1
MARKET POSITION
in the experience sector

around
2.7
BILLION EUROS
in revenues were generated in the experience market in Germany in 2017*

TWO EXPERIENCE GIANTS UNDER ONE ROOF

In the Jochen Schweizer mydays Holding GmbH, ProSiebenSat.1 has brought together the two leading providers of experiences within the German-speaking countries. The two brands complement each other perfectly while continuing to exist independently.

* OC&C Strategy Consultants; in the context of the Commercial Due Diligence Report, prepared for ProSiebenSat.1.

KNOW-HOW TRANSFER

OUR OFFERING

NCG – NuCom Group is far more than a financial investor, offering its portfolio companies a lot of benefits. The group raises the profile of its investments through media reach and cultivates synergies and cooperation among its companies. Their organic growth is thus also boosted through the transfer of business knowledge within the portfolio, which includes individual companies drawing on one another's pool of experts.


EFJ

THE EMOTIONAL PUNCH OF REAL EXPERIENCES

JÖRG TROUVAIN
MANAGING DIRECTOR
NCG – NUCOM GROUP

DR. FABIAN STICH
CEO JOCHEN SCHWEIZER
MYDAYS HOLDING GMBH

JOCHEN SCHWEIZER
FOUNDER
JOCHEN SCHWEIZER GMBH

When it brought mydays and Jochen Schweizer together, ProSiebenSat.1 married the two leading experience providers in the German-speaking world. The two brands now operate on an equal footing and in a complementary way under the umbrella of Jochen Schweizer mydays Holding GmbH. In our interview, Jochen Schweizer, Dr. Fabian Stich and Jörg Trouvain discuss why ProSiebenSat.1 is the ideal owner of this company, the potential they see in the partnership and why "experience" as a business model has a big future ahead.

What makes the experience providers mydays and Jochen Schweizer such a perfect match for each other – and for ProSiebenSat.1?

TROUVAIN Jochen Schweizer and mydays are both leading experience providers, yet they complement each other beautifully. Each brand has its own focus. With its "Time together" slogan, mydays is somewhat more feminine and focuses on giving presents. Jochen Schweizer, with "You are what you experience," takes a more masculine, action-based approach. By acquiring the Jochen Schweizer experience brand, we have now united the two top players at ProSiebenSat.1. This has generated a wealth of synergies for us. We can push these emotional brands with TV advertising and increase their recognition, thereby boosting revenues. Other benefits include the ability to negotiate better terms with other experience providers and share various back-office functions. This acquisition more than met our investment criteria (see page 47).

STICH With mydays, we have already delivered impressive proof that ProSiebenSat.1's TV muscle can give a brand a tremendous push. Our brand awareness has increased significantly since the company joined ProSiebenSat.1. In addition, the Group has its own commerce business in the NuCom Group.

»ProSiebenSat.1's TV muscle can give a brand a tremendous push.«

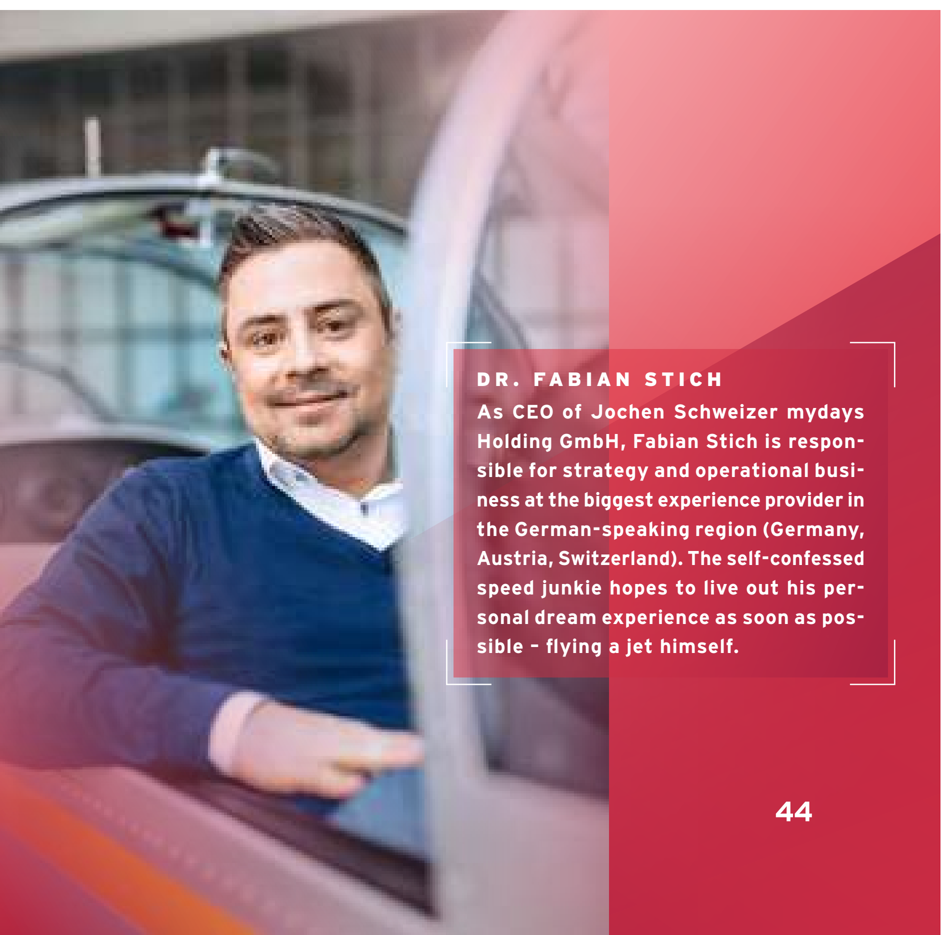
We derive substantial benefits from our exchange with the other portfolio companies, be it with SEO issues, online marketing or optimizing internal processes. Every company has specialists whose expertise we harness to support one another.

Sounds like a dream team.

TROUVAIN Definitely. For as long as I've been at ProSiebenSat.1, we have always had our eye on Jochen Schweizer GmbH. And now it finally happened.

SCHWEIZER The opposite was also true: We were always positive that the brands were a perfect match and would have liked to acquire mydays back in the day. Then ProSiebenSat.1 bought mydays in 2013. And now that we're joining up under one roof, the above mentioned synergies are being created automatically. We can pool our expertise in purchasing from experience providers, for example, and combine central functions such as accounting, HR, financial control and IT.

STICH We were sporting but fair rivals who always kept a close watch on one another's



DR. FABIAN STICH
As CEO of Jochen Schweizer mydays Holding GmbH, Fabian Stich is responsible for strategy and operational business at the biggest experience provider in the German-speaking region (Germany, Austria, Switzerland). The self-confessed speed junkie hopes to live out his personal dream experience as soon as possible – flying a jet himself.

JOCHEN SCHWEIZER
Jochen Schweizer is a former stuntman, extreme kayaker, skydiver and the entrepreneur behind several successful businesses. He is also a bestselling author and motivational speaker. Over seven out of ten Germans between the ages of 20 and 59 are familiar with the Jochen Schweizer name. As far back as 1989, he opened the first stationary bungee jumping facility in Germany and subsequently set up numerous companies. In 2004, Schweizer started selling experience vouchers online.

activities. Now we can focus on the shared opportunities waiting for us in the market. And they are substantial.

Can you give us an example?

STICH Omnichannel and physical products are strategically a must for both brands. We see a lot of growth potential here, especially in the gift segment.

SCHWEIZER What that means specifically is that when someone gives a tandem parachute jump as a gift voucher, you could offer them a backpack with a skydiving design to go with it. You would have to print "This is not a parachute" on it, of course, to be on the safe side (laughs).

Mr. Schweizer, you are an entrepreneur through and through. What made you give up all but a minority stake in your experience business?

SCHWEIZER My goal was always to make this enterprise the market leader in terms of revenue, profitability and brand recognition while generating an enterprise value of at least EUR 100 million. My plan was to then spin the company off from the Jochen Schweizer Group and put it in good hands for onward growth. I achieved all of that. At the same time, I reinvested EUR 17 million in Jochen Schweizer mydays Holding. That shows that I firmly believe in the joint company's potential. For the employees and for me as an investor, this arrangement made much more sense than going public or selling to a financial investor – even if that might have been more lucrative.

STICH Jochen's staying on board as an investor sends a great signal. It shows that we are all confident of the joint company's prospects.

How will you move forward with integrating the brands from here?

TROUVAIN We've made a conscious decision to continue the two brands with different positionings – even going as far as letting them compete against one another. Our business based on experiences opens up a variety of avenues for growth. At mydays, for instance, we want to expand our gift portfolio in order to increase customers' purchasing frequency. Plus, we intend to complement our offerings with round-trip travel arrangements and overnight accommodation so that we can sell all-in travel experiences. What's more, we can use customer data to home in more selectively in terms of customer relationship management.

»We were always positive that the brands were a perfect match.«

STICH Our shared ambition is to become Europe's market leader in experiences. We have already achieved that in the German-speaking countries. Both mydays and Jochen Schweizer are already active there as omnichannel brands. In other words, customers can book our offerings either online or in stores. Both brands have partnerships with retailers such as Depot and Rewe. On top of that, Jochen Schweizer has its own outlets in malls. This provides a solid launch pad for dynamic and profitable annual growth as well as for the move into international markets.

JÖRG TROUVAIN
As the Managing Director of the NuCom Group, Jörg Trouvain not only oversees the mydays and Jochen Schweizer investments but also serves on the billiger-mietwagen.de management. In the past, he successfully expanded the ProSiebenSat.1 travel segment. During his time at games provider Activision Blizzard, Trouvain was involved in brand integrations similar to the mydays and Jochen Schweizer project.

What sets the two brands apart?

SCHWEIZER Both brands have distinctive identities. Brands are like lighthouses – the more clear-cut their beam, the easier it is to get your bearings.

STICH mydays appeals to people who want to spend quality time with friends or family and do this by booking a shared experience. This is why mydays experiences are often given as gifts. With Jochen Schweizer, however, it's more about the experience itself. While it's great to have friends along, that's not absolutely necessary.

Have you ever booked an experience with your counterpart brand?

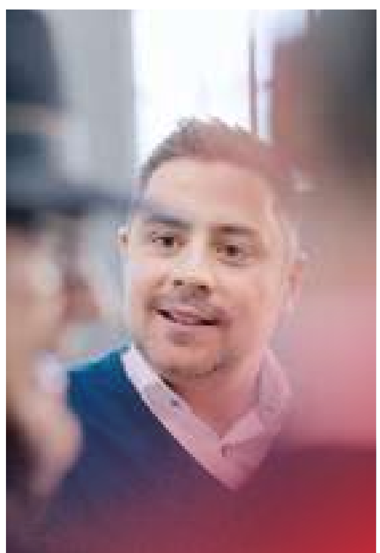
STICH Yes! Many years ago, I was given a Jochen Schweizer-brand tandem skydiving experience by my colleagues. It was unforgettable. When I meet up with coworkers from back then, we still talk about it to this day.

»We've made a conscious decision to continue the two brands with different positionings – even going as far as letting them compete against one another.«

TROUVAIN I once went on a Jochen Schweizer indoor skydiving experience in a wind tunnel. It was truly thrilling. I definitely want to go again. Ever since I started using one of the shots as my WhatsApp profile picture, people are always asking me about it.

SCHWEIZER These anecdotes are testimony to the fact that experiences are the more enduring gifts. Real experiences serve an important social function at a time when people are struggling noticeably to differentiate between fiction and reality. Authentic experiences make you much more aware of yourself. That's why I see mydays and Jochen Schweizer as sources of inspiration: We help people get to know themselves better and sometimes even do things they never thought they could. It's for this reason that my personal social network isn't Facebook, Twitter or Instagram, it's called "outdoors."

STICH Many people already own everything they need, not to mention a whole lot of stuff that they don't. So we should rather collect memories and bestow them as gifts instead of just material things. Jochen Schweizer and mydays can help with that!



OUR INVESTMENT CRITERIA

For the selection of acquisition targets, ProSiebenSat.1 has defined a clear set of requirements.

GROWTH POTENTIAL

The company must have a certain market size as well as potential for structural growth and profitability.

ASSET-LIGHT BUSINESS MODEL

The company does not stockpile large inventories and does not require investment in factories, etc. The business model should be highly marketable.

HIGH TV AFFINITY

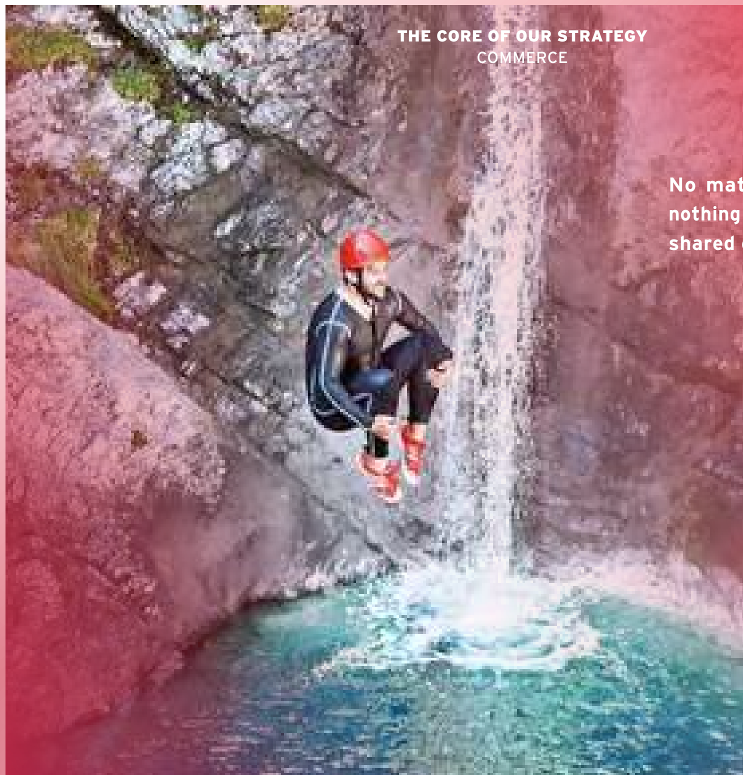
The company has a B2C-focused business model that would benefit from TV advertising and the significant boost this gives to brand awareness.

"LOCAL HERO" POTENTIAL

The company mainly operates in local markets that are not dominated by global players.

STRONG MANAGEMENT

The company has a strong management team with a vision that is a good match for ProSiebenSat.1.



No matter what the element, nothing brings people closer than shared experiences.

American researchers have shown that experiences make us happy longer than material goods.

WHY REAL EXPERIENCES ARE PRICELESS

ESSAY

Parachute jumping. Learning to yodel. Climbing your first 3,000-meter peak. Exploring Tuscany in a convertible. As different as these experiences are, they have one thing in common: They deliver satisfaction. Why is that?

Everything we know about Thomas D. Gilovich, an American researcher, suggests that he is a fact-oriented, scientifically-minded person. He holds a PhD in psychology and teaches at the prestigious Cornell University in Ithaca, New York, where he researches questions in psychology such as everyday decision-making, critical thinking and behavioral economics. Gilovich is considered an expert in his field. But what really fires him up is exploring the meaning of experiences.

In an essay entitled "Why You Should Spend Your Money on Experiences, Not Things," the researcher explains why the things we do usually give us pleasure for far longer than the things we buy. "One of the enemies of happiness is adaptation," Gilovich says. "We buy things to make us happy and we succeed. But only for a while. New things are exciting to us at first, but then we adapt to them."

This effect was confirmed by a study that asked participants to compare their satisfaction with major purchases versus paid-for experiences. While these were on a par at the beginning of the study, satisfaction with the purchased items waned as time went on. By contrast, the happiness people derived from their experiences in fact grew over time.

»Experiences grow more valuable the more often we recall them.«

Do these findings really bear out? After all, even a long vacation is history as soon as you're back home, while a new car or a pricey ring is normally still in your possession months after the purchase. Ironically, it is this fact that works against your satisfaction: We quickly get used to things we own precisely because they are always around. Even the fastest car and the most valuable diamond ring soon become part of the wallpaper of our lives. But experiences grow more valuable the more often we recall them – especially when we do it with other people.

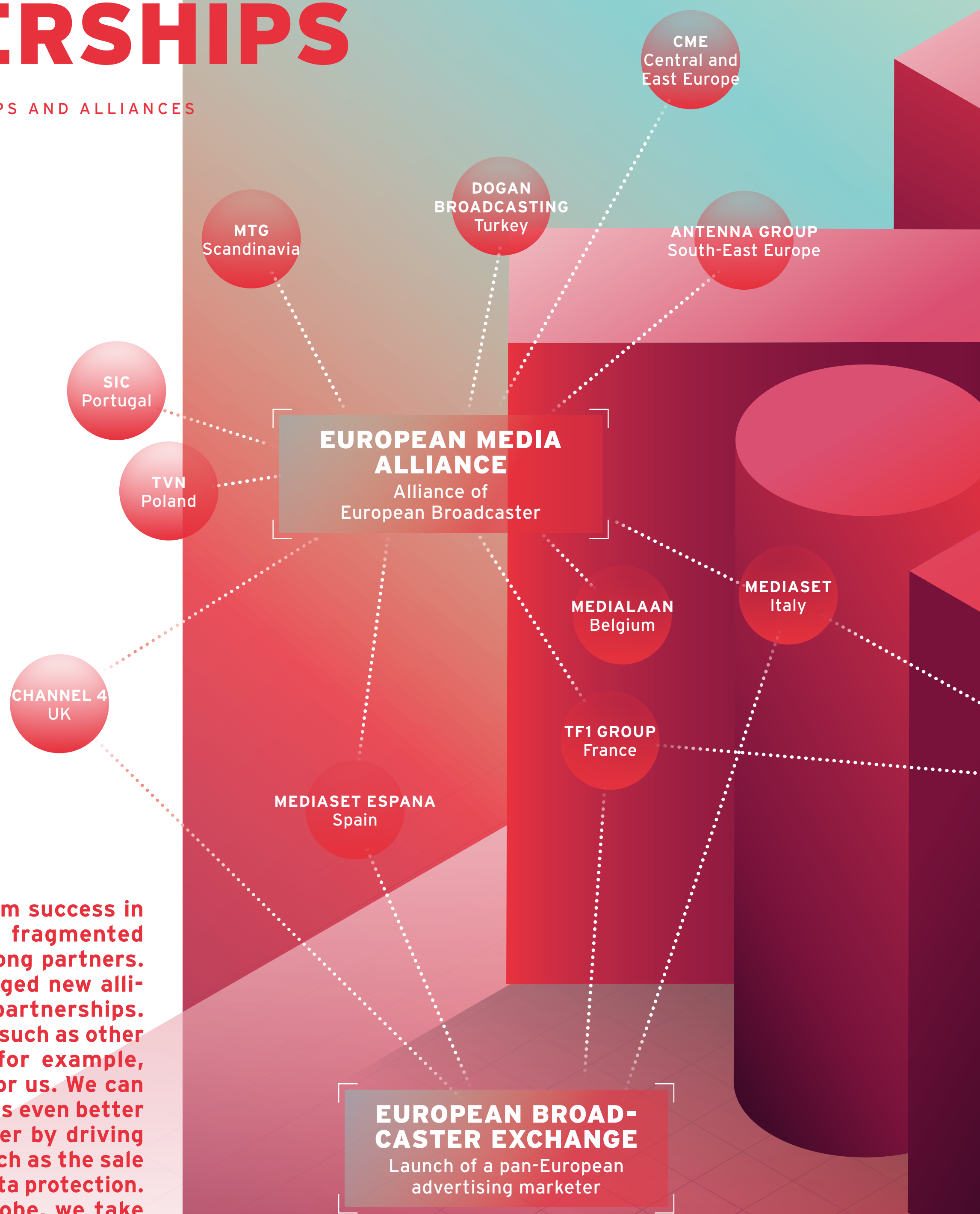
That's because the beautiful thing about experiences is that they strengthen our bonds with others. "Even if you have nothing else in common, you're much more likely to bond with someone over both having hiked the Appalachian Trail than you are over both owning the same fitness tracker," is how the US-based business magazine Fast Company describes this effect.

"Our experiences are a bigger part of ourselves than our material goods," Gilovich says. "You can even think that part of your identity is connected to your material things, but nonetheless they remain separate from you. In contrast, your experiences really are part of you. We are the sum total of our experiences."

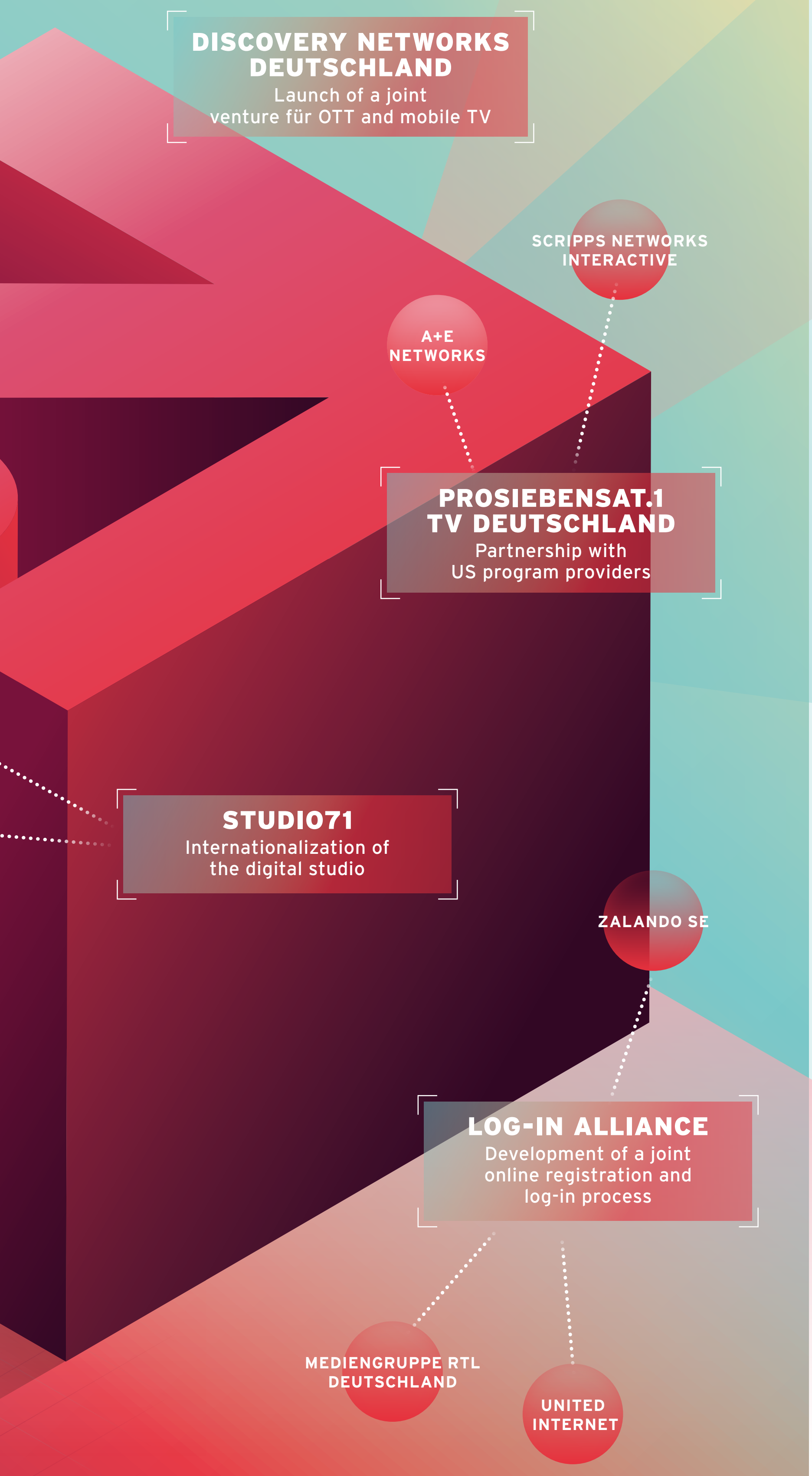
That explains why nowadays real experiences are considered riches – because they deliver huge gains in every sense of the word. And the same goes for people who organize and provide unforgettable experiences.

THE YEAR OF PARTNERSHIPS

PROSIEBENSAT.1'S PARTNERSHIPS AND ALLIANCES



If you want to achieve long-term success in the increasingly complex and fragmented media landscape, you need strong partners. So in 2017, ProSiebenSat.1 forged new alliances and expanded existing partnerships. Cooperating with organizations such as other European media companies, for example, opens up many opportunities for us. We can stand up for our shared interests even better and attain our goals even faster by driving forward innovations in areas such as the sale of advertising, mobile TV and data protection. In Germany and across the globe, we take advantage of the synergies these partnerships generate. This gives us more clout vis-à-vis our international competitors and will help us strengthen the German and European digital market in the long term.



EUROPEAN MEDIA ALLIANCE

ProSiebenSat.1 joined with leading European broadcasters to initiate the European Media Alliance back in 2014. The Alliance lets all twelve of its current members access a pan-European market, generate added revenues by doing so, and collaborate on innovative business models, especially digital. Its most recent addition is the CME Media Group, which chiefly operates in Eastern Europe. With this expansion, the European Media Alliance now covers a geographic area with around 550 million residents.

EUROPEAN BROADCASTER EXCHANGE (EBX)

ProSiebenSat.1 worked with the TF1 Group (France) and Mediaset (Italy and Spain) to establish the marketing partnership European Broadcaster Exchange (EBX). The London-based joint venture focuses on programmatic sales of pan-European video campaigns. Channel 4 in the UK also recently joined the new enterprise as a partner, which not only marked the start of a deeper strategic collaboration among the partners but also aims to drive forward the technological development of online advertising.

STUDIO71

As part of a capital increase, the media corporations TF1 Group in France and Mediaset in Italy acquired 5.5 percent (Mediaset) and 6.1 percent (TF1 Group) of Studio71, ProSiebenSat.1's digital studio. With this strategic partnership, Studio71 tapped into new markets in addition to Germany, the US, Canada, the UK and Austria, thereby continuing its systematic growth trajectory of recent years.

PROSIEBENSAT.1 TV DEUTSCHLAND

ProSiebenSat.1 TV Deutschland's multi-year licensing agreements with the US-based programming providers Scripps Networks Interactive and A+E Networks give us access to their extensive factual portfolio. These high-quality shows strengthen all ProSiebenSat.1 channels' programming.

DISCOVERY NETWORKS DEUTSCHLAND

ProSiebenSat.1 and the Discovery Group have established a joint venture for OTT and mobile TV in Germany. ProSiebenSat.1 brings its 7TV app with seven free TV stations to the strategic partnership. Discovery also brings in its station brands. Ad-based video-on-demand (AdVoD) lets users watch their favorite Discovery and ProSiebenSat.1 shows for free and in top quality on a shared OTT platform, either live or on demand.

LOG-IN ALLIANCE

A simple, transparent online registration and login process is the goal of the log-in alliance shared by ProSiebenSat.1, the Mediengruppe RTL and United Internet. The partners are also aligning their platforms with the new European data protection standards. Zalando is the first partner to use the log-in system.

2017

THE YEAR AT A GLANCE

Q1

JAN _ European broadcasters invest in Studio71

→ The year of partnerships, page 50

FEB _ PULS 4 acquires Austrian TV station ATV

ProSiebenSat.1 PULS 4 acquires the Austrian TV station group ATV from Tele München Fernseh GmbH & Co. Produktionsgesellschaft. Meaningful complementary programming by PULS 4 and ATV not only ensures that more prime-time viewing with an Austrian imprint is on offer but also that ATV is more clearly positioned. With this integration and the planned restructuring, PULS 4 secures the continued existence of ATV in the long term.

Q2

MAY _ Annual General Meeting approves dividend payment of EUR 1.90 per share

ProSiebenSat.1 continues to pursue its profit-driven pay-out policy in 2017. At EUR 1.90, the dividend has increased by around 5.5 percent or EUR 0.10 compared with the previous year.

MAY _ ProSiebenSat.1 and Discovery launch joint venture for OTT and mobile TV in Germany

→ The year of partnerships, page 50

JUN _ ProSiebenSat.1, TF1 and Mediaset establish "European Broadcaster Exchange"/ Channel 4 exclusive UK partner (from Nov. 2017)

→ The year of partnerships, page 50

JUN _ ProSiebenSat.1 acquires commerce business for experience gifts from Jochen Schweizer

ProSiebenSat.1 acquires a majority stake in Jochen Schweizer GmbH and is combining the company with its wholly-owned subsidiary mydays under the umbrella of Jochen Schweizer mydays Holding GmbH.

JUN _ SevenVentures: Successful sale of media-for-equity investments

SevenVentures, ProSiebenSat.1 Media SE's financial investor, successfully sells a large part of its media-for-equity portfolio to the leading US private equity firm Lexington Partners. The proceeds amount to a mid-double-digit million EUR figure.

Q3

JUL _ ProSiebenSat.1, Mediengruppe RTL Deutschland and United Internet launch Login Alliance, with Zalando as the first partner

→ The year of partnerships, page 50

SEP _ ProSiebenSat.1 signs program deals with Scripps Networks and A+E Networks

→ The year of partnerships, page 50

Q4

NOV _ Red Arrow acquires majority stake in US film distributor Gravitas Ventures

Red Arrow acquires a majority stake in US-based Gravitas Ventures. The globally active company is one of the world's largest film distributors. In October 2017, the program production and distribution arm of ProSiebenSat.1 also entered into a partnership with the newly established US production company 10Fold.

DEC _ ProSiebenSat.1 expands AdTech portfolio with esome

ProSiebenSat.1 acquires a majority stake in esome advertising technologies, the leading social-advertising provider in the GAS region comprising Germany, Austria and Switzerland. The new investment complements the Group's growing AdTech portfolio. In November, ProSiebenSat.1 also purchases a 42-percent stake in BuzzBird, a platform that makes rolling out influencer marketing campaigns easy.

DEC _ Capital Markets Day 2017: ProSiebenSat.1 realigns Group under new three-pillar strategy

As of January 2018, the Group is organized into the three business areas of Entertainment, Content Production & Global Sales and Commerce. The aim is to adapt the Group to the dynamically changing environment and to secure further sustained, profitable growth.

DEC _ ProSiebenSat.1 sells online travel portals weg.de and Etraveli

ProSiebenSat.1 Group regularly reviews its portfolio and evaluates potential synergies. This M&A strategy also includes the sale of businesses. In December, ProSiebenSat.1 disposes of all its shares in Comvel GmbH, which operates the travel portal weg.de, to the lastminute.com Group. In June, the Group sells the online travel agency Etraveli to private equity company CVC Capital Partners.

PROMOTING POTENTIAL

TO OUR SHAREHOLDERS

[1]This section is part of the audited Combined Management Report.

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

ProSiebenSat.1 Group posted another record year in 2017. The Company increased its revenues to EUR 4,078 million and generated roughly half of its revenues outside the traditional TV business. The diversification strategy was systematically implemented and also enhanced. In August 2017, the Executive Board thus announced a new three-pillar strategy. We on the Supervisory Board explicitly support this strategy and are convinced that it forms the basis for further sustainable growth in the Company's value. → Strategy and Management System, page 107

A few years ago, ProSiebenSat.1 was still a TV group. Today it is a broadly diversified, international entertainment and commerce company. The media industry is constantly changing. It is therefore essential to keep realigning the Group structure to the current challenges. The three-pillar strategy will strengthen ProSiebenSat.1's competitiveness and accelerate the digital transformation.

COOPERATION BETWEEN THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

We, the Supervisory Board of ProSiebenSat.1 Media SE, provide the Executive Board with comprehensive advice and ongoing support. In financial year 2017, the Supervisory Board again performed the tasks required of it by law, the Company's Articles of Incorporation, and the rules of procedure, taking into account the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex – DCGK).

In financial year 2017, the Supervisory Board regularly advised the Executive Board on its management of the Company in a spirit of close and trusting cooperation, and diligently and continuously oversaw the Board in conducting the Company's business. Our work included a detailed examination of the Group's operating and strategic performance. The Supervisory Board received regular, prompt, and comprehensive information from the Executive Board regarding all issues relevant to the Company's strategy, planning, business performance, risk situation, risk management, and compliance, both at the Supervisory Board meetings and outside of meetings. The Executive Board explained to the Supervisory Board all deviations from the projected figures in detail and consulted with the Supervisory Board in that regard. We were therefore directly involved in all decisions of fundamental importance to the Company at an early stage.

The Supervisory Board meetings were characterized by an open, in-depth exchange between the Supervisory and Executive Boards. Closed sessions, in which the members of the Supervisory Board meet without the Executive Board being present, are also an integral part of the meetings. Wherever specific actions required the consent of the Supervisory Board or one of its committees pursuant to the law, the Articles of Incorporation, or the rules of procedure, we consulted on the matter and adopted the requisite resolution. We were kept consistently and comprehensively informed of all matters requiring our approval, and the associated draft resolutions were promptly submitted for review by the Executive Board. The Supervisory Board was supported in this process by the competent Board committees, and it also discussed the proposals with the Executive Board.

In addition to the reports it presented at Supervisory Board meetings, the Executive Board kept us updated on the Company's key financial indicators in written monthly reports and also provided us with both financial information set up during the financial year and annual financial information and reports. Information on events of significance was provided without delay also outside of meetings and the regular reporting process and, where necessary, we were asked to adopt resolutions by circular vote in consultation with the chairman of the Supervisory Board. In addition, I maintained an ongoing and close one-on-one dialog with Thomas Ebeling, the Company's CEO, in my capacity as Supervisory Board chairman and, where necessary, also with the other Executive Board members.

Based on the reports submitted by the Executive Board, the Supervisory Board stayed up to date on the Company's situation at all times, was directly involved in upcoming decisions at an early stage, and was therefore able to perform its tasks in their entirety. There was hence no need for the Supervisory Board to examine the Company's books and other records beyond the documentation provided to us in the course of the Executive Board's reporting activities.

FOCAL POINTS OF THE SUPERVISORY BOARD'S ADVISORY AND MONITORING ACTIVITIES

In financial year 2017, the Supervisory Board once again dealt with the Company's business and financial situation, fundamental questions of corporate policy and strategy, the general personnel situation, and specific investment projects. → Members of the Supervisory Board, page 63 → Corporate Governance Report, page 64

The course was set with regard to significant strategic aspects in 2017: The announced three-pillar strategy is an important milestone in the diversification and digital transformation of the Company. We are hereby strengthening the Group for further growth and creating added value for employees and shareholders. The ProSiebenSat.1 management team came to an agreement with the Supervisory Board regarding the three-pillar strategy. In addition, the Supervisory Board dealt intensively throughout the year with succession planning for the longstanding chairman of the Executive Board Thomas Ebeling. The Supervisory Board discussed the required profile and possible candidates in depth at its meeting on March 1, 2017, after the strategy meeting on June 28, 2017, and on September 7, 2017 as well as in numerous teleconferences. In November and December of the past financial year, corresponding candidates were interviewed by the members of the Supervisory Board. In Max Conze, we have found a CEO for ProSiebenSat.1 with effect from June 1, 2018, who has extensive international management experience in different sectors, most recently successfully implementing the digital transformation of the British technology company Dyson.

All in all, the Supervisory Board of ProSiebenSat.1 Media SE held six regular, in-person meetings, five extraordinary teleconferences, and one full-day session. All members of the Supervisory Board, except one, attended all meetings. An individual breakdown of meeting attendance is presented in the Corporate Governance Report, which can be found online at → www.prosiebensat1.de/en/investor-relations/corporate-governance/corporate-governance-report and in the Annual Report starting on → page 64.

- At an extraordinary meeting on March 1, 2017, the Supervisory Board dealt in depth with possible succession planning for Thomas Ebeling. Thomas Ebeling had announced in November 2016 that he would step down as CEO of ProSiebenSat.1 Media SE in 2019 at the latest.

- At another extraordinary meeting on March 12, 2017, the Executive Board involved us in its strategic considerations with regard to restructuring the commerce portfolio.

- At the financial statements meeting held on March 13, 2017, the Supervisory Board approved the Annual and Consolidated Financial Statements, the Combined Management and Group Management Report, and the Corporate Governance Report for financial year 2016 as well as the 2016 Declaration of Compliance. The Board reviewed and concurred with the proposal of the Executive Board for the allocation of profits. This also applies to the Audit and Finance Committee's proposal for the appointment of the auditor for financial year 2017. We also approved the agenda for the Annual General Meeting on May 12, 2017, with the corresponding proposed resolutions. The Supervisory Board followed the recommendations of the Compensation Committee and approved topics relating to Executive Board remuneration, i.e. payment of a performance bonus for financial year 2016 as well as settlement of the 2013 Group Share Plan and the amounts of the related cash disbursements. We also extensively discussed and approved the individual targets for the Executive Board members for the financial year. In addition, we approved another Supervisory Board mandate for Thomas Ebeling at GfK SE, after having previously discussed the topic at length with regard to a potential conflict of interests. At the financial statements meeting, we were moreover

supplied with a detailed overview of the Company's current performance and were informed about possible transactions in the M&A area.

- At an extraordinary meeting held by teleconference on April 25, 2017, the Supervisory Board dealt with succession planning for the Mergers & Acquisitions executive department. Dr. Ralf Schremper left the Company at his own request on July 31, 2017. Since then, M&A has come under the area of responsibility of the Chief Financial Officer (CFO). In Dr. Jan Kemper, we gained a new Chief Financial Officer with effect from June 1, 2017, who feels at home in a dynamic market environment. Dr. Jan Kemper took over from Dr. Gunnar Wiedenfels, who left the Company at the end of March 2017. In the transitional phase, the finance division was managed by Ralf Peter Gierig, who has since been acting as Deputy CFO. Dr. Jan Kemper will push ahead ProSiebenSat.1's digital transformation with his focus on M&A and his financial expertise. In this way, continuity in the Group is ensured.

- A regular plenary meeting was held on May 12, 2017, after the Annual General Meeting. At this meeting, we discussed the matter of transforming the Group structure into a three-pillar structure with the Executive

Board. In this context, we were thoroughly informed about the development in the individual business areas and possible M&A transactions. The Executive Board informed us about the strategic review of the online travel agency Etraveli and a possible investment in Jochen Schweizer GmbH. The Supervisory Board members Antoinette Aris and Angelika Gifford took the precaution of leaving the meeting before these two topics were discussed due to possible conflicts of interest. Another topic of the Supervisory Board meeting was setting targets for the proportion of women on the Executive Board and the Supervisory Board. In addition, we agreed on a modification to the rules of procedure for the Executive Board, the Supervisory Board, and the Audit and Finance Committee in order to make these bodies' work even more targeted and efficient.

- On June 19, 2017, an extraordinary meeting was held by teleconference. In this teleconference, the Supervisory Board approved the purchase of Jochen Schweizer GmbH and the sale of Etraveli. Antoinette Aris and Angelika Gifford did not take part in the vote. At the same meeting, we also approved the sale of several investments from the SevenVentures GmbH fund.

- The Company's annual strategy meeting was held on June 28, 2017. Here we were provided with a comprehensive report on the possible restructuring on the basis of a three-pillar strategy. This strategy aims to align the Group to the dynamically changing market environment and generate additional synergies, particularly by combining linear TV business with the digital entertainment segment. → Opportunity Report, page 162

- In a teleconference on August 16, 2017, the Supervisory Board dealt with the review of its efficiency. We also discussed succession planning for the Executive Board once again.

- On September 6 and 7, 2017, another regular Supervisory Board meeting was held, where we discussed the three-pillar strategy with the Executive Board again. In addition, the Executive Board informed us about planned M&A transactions and the Company's operational and financial performance. We were also given detailed insight into strategically relevant growth areas such as addressable TV, HbbTV, data, and AdTech. Another topic was the media policy attempt for a reorganization of the dual broadcasting system in Germany. With "Media Regulations 4.0", ProSiebenSat.1 advocated for public funding not to be restricted to public institutions any more, but instead to be granted based on content. Private providers do not currently receive any public funding, but their programs contribute to basic provision of media, particularly among young viewers.

- An extraordinary meeting of the Supervisory Board was called on November 19, 2017. At this meeting, the committee dealt in depth with the early departure of the Executive Board chairman Thomas Ebeling. We mutually agreed with Thomas Ebeling to terminate his contract as of February 22, 2018. Conrad Albert, previously the Executive Board member for External Affairs & Industry Relations and the Company's General Counsel, was appointed as deputy chairman of the Executive Board with immediate effect. He has been supporting the Group's development for years and worked closely with Thomas Ebeling at the top management level in both operational and strategic business. Conrad Albert has our full confidence.

- Another Supervisory Board meeting was held by teleconference on November 27, 2017. The purpose of this meeting was to prepare for the Capital Markets Day on December 6, 2017.

- At the regular Supervisory Board meeting on December 11, 2017, the provisional budget for ProSiebenSat.1 Group for 2018 was presented to us. In addition, we were provided with extensive reports on the performance of our key business areas. Other items on the agenda concerned security at the Company, notably IT security. The Board was given a detailed report on the current status and was informed on measures to be implemented in the future.

In addition, the Supervisory Board adopted five resolutions by way of written circular vote following extensive discussions in the regular Supervisory Board meetings, including resolutions on the following topics: In January, the Supervisory Board approved the 100% acquisition of the ATV Group by ProSiebenSat.1 Puls4 GmbH in Austria, in October the Supervisory Board granted its approval for the acquisition of a majority interest (62.5%) in the US film distributor Gravitas Ventures via the Red Arrow Entertainment Group, and in November we approved the majority interest in esome Advertising Technologies GmbH by ProSiebenSat.1

Advertising Platform Solutions GmbH. In December, the Supervisory Board approved by way of written circular vote the terms and conditions of the 2017 Group Share Plan as well as the distribution of Performance Share Units (PSUs) to Executive Board members in line with the recommendation of the Compensation Committee.

REPORT ON THE WORK OF THE COMMITTEES

The Supervisory Board of the Company has formed various committees to support it in its work. In 2017, the Board had four committees to ensure efficient execution of its duties: The Presiding and Nominating Committee, the Compensation Committee, the Audit and Finance Committee, and the Capital Markets Committee. The committees reported to the Supervisory Board regularly and comprehensively on their activities in its plenary sessions. The main emphases of the committees' work are described below. An individual breakdown of attendance at meetings of the Supervisory Board's committees is provided in the Corporate Governance Report, which can be found on our website at → www.prosiebensat1.de/en/investor-relations/corporate-governance/corporate-governance-report as well as starting on → page 64 of the Annual Report.

The **Presiding and Nominating Committee** met three times in person in 2017 and once by teleconference. It passed a total of nine resolutions by way of circular vote. This committee coordinates the work of the Supervisory Board and prepares its meetings. In addition, it is responsible for the tasks of a nominating committee in accordance with the German Corporate Governance Code and adopts resolutions that have been delegated to it under the Supervisory Board's rules of procedure. This includes examining license agreements, distribution agreements, and marketing agreements. For example, the committee granted its approval for the extension of output deals with Constantin Film Verleih GmbH and a major US studio and for the extension of the news production agreement with N24 in 2017.

One focus area of the discussions in the Presiding and Nominating Committee was the ongoing development of the Group strategy: At an extraordinary meeting in person on March 1, 2017, the committee discussed a possible realignment of the Entertainment and Commerce segment with the Executive Board. The structuring of the Group on the basis of a three-pillar strategy was the subject matter of an extraordinary meeting on May 11, 2017, and another extraordinary meeting on November 14, 2017. Prof. Dr. Rolf Nonnenmacher attended all meetings as an independent financial expert.

On October 31, 2017, the committee held a teleconference that was also attended by the Supervisory Board member Prof. Dr. Rolf Nonnenmacher. Here, the committee was informed about the Group's financial performance. ProSiebenSat.1 Media SE adjusted its financial outlook for the full-year 2017 on November 8, 2017.

The **compensation committee** prepares resolutions on personnel-related Executive Board matters for plenary sessions of the Supervisory Board. This committee held one regular meeting in person and one additional meeting by teleconference in 2017. At an extraordinary meeting on March 1, 2017, the committee also dealt in detail with the performance bonus targets for the individual Board members for financial year 2017 and agreed on a corresponding recommendation to the full Supervisory Board. In view of the Annual General Meeting's vote against the agenda item relating to the compensation system, the Compensation Committee fundamentally revised the compensation system at several meetings. → Compensation Report, page 74

In addition, eight resolutions were adopted by circular vote: In February 2017, the committee agreed on the Executive Board's target attainment in relation to the performance bonus for financial year 2016 and made a corresponding recommendation to the full Supervisory Board. In the same circular vote, the Compensation Committee approved the cash settlement of the 2013 Group Share Plan and the amount of the related payouts to the Executive Board for a corresponding recommendation to the full Supervisory Board. In June, the Committee agreed to the continuation of the MyShares employee stock option plan. In December 2017, the Compensation Committee communicated by way of a circular vote its recommendation to the Supervisory Board to adopt the terms and conditions of the 2017 Group Share Plan and the distribution of Performance Share Units (PSUs) to the individual Executive Board members. The terms and conditions of the Group Share Plan contained no significant changes compared to the prior year. The Compensation Committee also approved the distribution of PSUs from the 2017 Group Share Plan to selected Company executives.

The **Audit and Finance Committee** held five meetings in the reporting year, which were also attended by the CFO and the auditor. It reviewed the Annual Financial Statements and the Consolidated Financial Statements, the Combined Management Report, and the proposal for the allocation of profits in preparation for the Supervisory Board, discussing the audit report and the auditor's verbal report on the main findings of the audit in particular depth. The Audit and Finance Committee did not find any grounds for objections in its reviews. In addition, the Audit and Finance Committee discussed the interim reports and the Half-Yearly Financial Report with the Executive Board prior to their publication, taking account of the auditor's report on the audit review.

In the year under review, monitoring of the financial reporting particularly focused on the potential impairment of goodwill and other intangible assets, the measurement of plan assets, accounting for acquisitions of companies and shareholdings, revenue recognition, hedge accounting, accounting for financial liabilities, and income taxes.

The Audit and Finance Committee monitored the accounting process and the effectiveness of the internal control system and the risk management system, also referring to the corresponding reports by the head of Internal Audit and the auditor. No significant weaknesses in the internal control system for the accounting process or in the early risk detection system were identified by the auditor.

In addition, the Audit and Finance Committee handled the preparation of the Supervisory Board's proposal for the appointment of the auditor by the Annual General Meeting, the engagement of the auditor, and the fee agreement with the auditor. It monitored the effectiveness of the audit of the financial statements and the independence of the auditor, as well as the services performed by the auditor in addition to auditing services.

The Audit and Finance Committee continuously engaged in dialog with the auditor regarding the main audit risks and the required focus of the audit of the financial statements. It established an internal regulation on services by the auditor that are not related to the audit of the financial statements and ensured that the auditor and the Executive Board informed it at each meeting about corresponding contracts and the fees incurred in this context.

In addition, the Audit and Finance Committee was regularly informed about the further development of the compliance management system, the handling of suspected compliance incidents, legal and regulatory risks, and the risk situation, risk identification, and risk monitoring at the Company. There were also regular reports on the risk assessment by the Internal Audit department, its resources, and audit planning.

The Executive Board regularly informed the Audit and Finance Committee of the status of various activities to finance and secure liquidity for the Company.

The heads of the responsible departments also attended the Audit and Finance Committee's meetings for selected items of the agenda, providing reports and answering questions. In addition, the chairman of the Audit and Finance Committee held discussions on important individual topics between the meetings, particularly with the chairman of the Supervisory Board, the Chief Financial Officer, and the auditor. The main results of these discussions were regularly reported to the Audit and Finance Committee, as well as to the Supervisory Board where necessary.

One new task of the Audit and Finance Committee was to prepare the Supervisory Board's review of the Company's non-financial reporting, which was required for the first time in financial year 2017. The task of possibly commissioning an external auditor to audit the content of this reporting was also delegated to the Audit and Finance Committee. The Audit and Finance Committee dealt with the issues that arose in this context. In consultation with the Audit and Finance Committee, the Executive Board decided to expand the Management Report with a non-financial declaration. The Audit and Finance Committee decided to commission KPMG with the audit review of the content of the non-financial declaration with the aim of an assessment with limited assurance and awarded the contact for this.

The **Capital Markets Committee** is authorized to decide in lieu of the full Supervisory Board on whether to approve the use of the Company's Authorized Capital as well as on the associated measures. No Capital Markets Committee meetings were held in financial year 2017.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2017

The Annual and Consolidated Financial Statements of ProSiebenSat.1 Media SE and the Combined Management Report for financial year 2017 were audited by the Munich office of KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) in accordance with generally accepted accounting principles and were issued an unqualified audit report on February 21, 2018.

All documents relating to the financial statements, the Risk Report, and the KPMG audit reports were made available to the members of the Supervisory Board in due time and were subjected to a thorough review by us. Another subject of the discussions was the Non-Financial Group Declaration in accordance with Sections 289c and 315c (1) HGB. The documents were discussed in detail in the presence of the auditors, first at a meeting of the Audit and Finance Committee and then at a meeting of the Supervisory Board. At those meetings, the auditor reported on its significant audit findings. No accounting-related deficiencies were identified in either the internal control system or the risk management system, nor did any circumstances arise that could give cause for concern about the independence of the auditors.

In addition to auditing services, the auditors performed other attestation services amounting to EUR 0.5 million (previous year: EUR 0.2 million), tax advisory services amounting to EUR 0.1 million (previous year: EUR 0.2 million), and other services amounting to EUR 0.3 million (previous year: EUR 1.1 million). Details of the services provided by the auditors and the amounts remunerated are presented in → Note 34, page 242 of the Notes to the Consolidated Financial Statements.

The Supervisory Board acknowledged and approved the auditor's findings and, after completing its own examination, found no cause for objection on its part either. The Supervisory Board also approved the Annual and Consolidated Financial Statements prepared by the Executive Board and audited by the auditor as well as the Combined Management Report. The Annual Financial Statements are thus adopted. Finally, the Supervisory Board reviewed and concurred with the Executive Board's proposal for the allocation of profits.

KPMG issued an unqualified audit opinion on the Non-Financial Group Declaration. This means that, based on the audit activities performed and the audit evidence obtained, no matters were identified that could lead to the conclusion that the Non-Financial Group Declaration was not prepared in compliance with Sections 315b and 315c in conjunction with Sections 289c to 289e HGB in all material respects. Based on its own review, the Audit and Finance Committee's report on its preparatory review and its recommendation, and the review of KPMG's report and its audit opinion, the Supervisory Board likewise did not identify any reasons to doubt the correctness and appropriateness of the Non-Financial Group Declaration.

CONFLICTS OF INTEREST

The members of the Supervisory Board are required to disclose to the Presiding and Nominating Committee possible conflicts of interest without delay. In financial year 2017, the following indications of conflicts of interest were determined due to certain members of the Supervisory Board simultaneously having seats on corporate bodies of competitors or business partners of ProSiebenSat.1 Media SE:

- Antoinette (Annet) P. Aris is on the Supervisory Board of Thomas Cook PLC. As a precautionary measure, she therefore absented herself from the Company's Supervisory Board meetings before any discussion of the travel portfolio took place. Ms. Aris rejoined the meetings only after the discussions had been completed or the relevant resolutions adopted.

- The same applies to Angelika Gifford, who has held a seat on the Supervisory Board of TUI AG since February 2016. She also took the precaution of leaving the Supervisory Board meetings of ProSiebenSat.1 Media SE before any discussion of that topic. She rejoined the meetings only after the discussions had been completed or the relevant resolutions adopted.

Otherwise, there were no indications of any conflicts of interest.

CORPORATE GOVERNANCE

The Executive Board and the Supervisory Board have compiled a separate report on corporate governance. The Corporate Governance Report and the Management Declaration pursuant to Sections 289f and 315d of the German Commercial Code can be found on our website at → www.prosiebensat1.com/en/ and starting on → page 64 of the Annual Report.

CHANGES IN THE COMPOSITION OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

The longstanding chairman of the Executive Board of ProSiebenSat.1 Media SE, Thomas Ebeling, left the Company with effect from the end of February 22, 2018. The chairman of the Executive Board and the Company's Supervisory Board mutually agreed to this on November 19, 2017. Thomas Ebeling had a contract lasting until mid-2019. When his contract was last extended, however, he already stated that he would no longer be available for another extension afterwards.

Conrad Albert, who has been at the Company since 2005 and is currently the Executive Board member for External Affairs & Industry Relations and the Company's General Counsel, was appointed as deputy chairman of the Executive Board with immediate effect as of November 19, 2017. The aim is to ensure continuity at the Company and guarantee the implementation of the strategy.

During 2017, the following changes also occurred in the Group's Executive Board:

- Dr. Jan Kemper took up the position of Chief Financial Officer of ProSiebenSat.1 Media SE as of June 1, 2017. He took over from Dr. Gunnar Wiedenfels, who left the Company at his own request as of March 31, 2017. To ensure a smooth transition, Ralf Peter Gierig, Executive Vice President for Group Finance & Investor Relations, had taken on the role of Deputy Group CFO alongside his existing duties.

- The Supervisory Board appointed Sabine Eckhardt to the Executive Board of ProSiebenSat.1 Media SE as Chief Commercial Officer, effective January 1, 2017. Sabine Eckhardt is a long-time executive at the Company and the founder and managing director of SevenOne AdFactory GmbH. In her role as Executive Board member, she handles marketing issues and works to leverage synergies and implement innovations within the Group. As of January 1, 2017, Christof Wahl additionally took on Executive Board responsibility for the digital commerce verticals Online Price Comparison, Online Dating, Online Travel, and Stylight.

On February 21, 2018, we appointed Max Conze as the new chairman of the Executive Board of ProSiebenSat.1 Media SE. He will take over from Thomas Ebeling as of June 1, 2018. Until he takes office, Conrad Albert will assume the role of Executive Board chairman on an interim basis. Max Conze was most recently Chief Executive Officer at Dyson. With his innovativeness and marketing expertise, he expanded the company into a dynamically growing global technology group. The Supervisory Board wishes Max Conze every success in his role and looks forward to working with him.

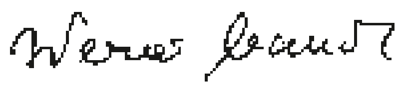
The composition of the Company's Supervisory Board did not change in financial year 2017.

THANK YOU FROM THE SUPERVISORY BOARD

On behalf of the Supervisory Board, I would like to wholeheartedly thank the members of the Executive Board. Our special thanks go to Thomas Ebeling for his outstanding performance. He has managed the Company as chairman of the Executive Board since 2009, recently taking it into the DAX. Thomas Ebeling is an outstanding businessman in the media industry. I wish him all the best for the future. In addition, I would like to thank Conrad Albert for managing the Company until the summer and particularly pressing ahead with the realignment of ProSiebenSat.1 in line with the three-pillar strategy during that period.

I would also like to take this opportunity to explicitly thank all employees for their great commitment in financial year 2017. Their work forms the cornerstone for the success of ProSiebenSat.1 Group. In conclusion, I would like to convey my thanks to you, our esteemed shareholders, for your confidence in the Company and in the company stock of ProSiebenSat.1.

Unterföhring, March 2018
On behalf of the Supervisory Board



DR. WERNER BRANDT
CHAIRMAN OF THE SUPERVISORY BOARD

001 / MEMBERS OF THE SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA SE AND THEIR MANDATES IN OTHER SUPERVISORY BOARDS

Dr. Werner Brandt Chairman	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 (Consultant)	Mandates: RWE AG (non-executive), Innogy SE (non-executive), Osram Licht AG* (non-executive), Deutsche Lufthansa AG (non-executive) * Until December 31, 2017
Dr. Marion Helmes Vice Chairwoman	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 (Consultant)	Mandates: Uniper SE (non-executive), NXP Semiconductors N.V. (non-executive), Bilfinger SE (non-executive), British American Tobacco LTD (non-executive)
Lawrence A. Aidem	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 Our Film Festival, Inc. (Fandor) (President, CEO)	Mandates: none
Antoinette (Annet) P. Aris	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 INSEAD (Adjunct Professor of Strategy)	Mandates: Thomas Cook PLC (non-executive), Jungheinrich AG (non-executive), ASR Netherlands N.V. (non-executive), ASML N.V. (non-executive)
Adam Cahan	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 Self Employed	Mandates: none
Angelika Gifford	Member of the Supervisory Board of ProSiebenSat.1 Media AG and ProSiebenSat.1 Media SE since May 21, 2015 VP Software Dach, Micro Fokus GmbH	Mandates: Rothschild & Co. S.C.A, Paris (non-executive), TUI AG, Berlin/Hannover (non-executive)
Erik Adrianus Hubertus Huggers	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 Vevo LLC (President, CEO)	Mandates: none
Ketan Mehta	Member of the Supervisory Board of ProSiebenSat.1 Media SE since November 24, 2015 Allen & Company LLC (Managing Director)	Mandates: none
Prof. Dr. Rolf Nonnenmacher	Member of the Supervisory Board of ProSiebenSat.1 Media SE since May 21, 2015 (German Public Auditor)	Mandates: Continental AG (non-executive), Covestro AG (non-executive), Covestro Deutschland AG (non-executive)

CORPORATE GOVERNANCE REPORT

In the following, the Executive Board and Supervisory Board present their annual report on corporate governance at the Company in accordance with the recommendation given in Item 3.10 of the German Corporate Governance Code (GCGC) (Deutscher Corporate Governance Kodex — DCGK) and give their view on the Code's proposals.

The Executive Board and Supervisory Board regard good corporate governance as an essential component of responsible, transparent management and control geared toward long-term value creation. The German Corporate Governance Code establishes a standard for transparent control and management of companies that is particularly aligned to the interests of shareholders. Many of the principles contained in the German Corporate Governance Code have already long been standard practice at ProSiebenSat.1.

Specific issues relating to corporate governance at ProSiebenSat.1 Media SE and ProSiebenSat.1 Group are presented in more detail in the Management Declaration in accordance with Sections 289f and 315d of the German Commercial Code (Handelsgesetzbuch — HGB); this includes in particular the annual Declaration of Compliance with the German Corporate Governance Code and stipulations on the equal participation of women in management positions at the two management levels below the Executive Board. Supplementary statements such as a description of the working procedures of the Executive Board and Supervisory Board, stipulations on the equal participation of women in management positions on the Executive Board and the Supervisory Board, a presentation of the composition and working procedures of the committees, and supplementary information regarding capital market communications and accounting principles can be found in this Corporate Governance Report.

002 / AMENDED REGULATIONS

The content of Section 289f and Section 315d HGB corresponds to that of Section 289a and Section 315(5) HGB respectively. The regulations were amended with effect from April 19, 2017, by the German Act to Strengthen Non-Financial Reporting by Companies in Their Management Reports and Group Management Reports (CSR Directive Implementation Act) dated April 11, 2017 (BGBl. I, p. 802). They are applicable to annual and consolidated financial statements and to management reports and Group management reports for financial years beginning after December 31, 2016.

In the Non-Financial Statement in accordance with section 289c and section 315c (1) of the German Commercial Code (HGB), ProSiebenSat.1 also reports on the main non-financial aspects for the financial year 2017 with the corresponding information needed in order to understand the Company's business development, results and position as well as the effects of its business activities on the non-financial aspects.

FUNDAMENTALS OF CORPORATE GOVERNANCE

ProSiebenSat.1 Media SE is a listed European stock corporation (Societas Europaea — SE), with its registered office located in Germany. Thus, in addition to the German Corporate Governance Code, the formal structure for corporate governance is derived from German and European law, notably the law governing European Companies (SEs), stock corporation and capital markets law, and the Articles of Incorporation of ProSiebenSat.1 Media SE.

INFORMATION ON CORPORATE GOVERNANCE PRACTICES

The Executive Board believes that sustained economic success in a competitive environment can only be achieved by ensuring that all action taken is in compliance with the applicable laws. Therefore, preventing corruption and other breaches of law are key success factors with regard to strengthening our market position and achieving our corporate targets. In addition to preventing corruption, the Company particularly focuses on antitrust legislation and media law as well as data protection due to increasing digitalization of the Group's activities.

ProSiebenSat.1 Group has implemented a compliance management system (CMS) to monitor compliance with the law. The main objective of the CMS is to ensure that all employees always think and act with integrity and in accordance with the law and thus to prevent law- and rule-breaking from the start. In view of its Group structure, ProSiebenSat.1 has established both a central and a decentralized compliance organization. The central organization is made up of the Compliance Board and the Group's Chief Compliance Officer (CCO), who are assisted in the performance of their duties by experts from other areas, such as the Legal department. The Compliance Board and the CCO support and advise the Executive Board in implementing, monitoring, and updating the CMS. The CCO is entrusted with implementing the CMS in the Group, carries out risk analyses and training, and advises the Executive Board on the development and implementation of appropriate measures to minimize risk. In addition, he or she monitors legal developments and makes proposals for updating the CMS. The decentralized compliance organization is represented by Unit Compliance Officers (UCOs), who are appointed in Group entities. Overall responsibility for the CMS lies with the Executive Board of ProSiebenSat.1 Media SE as the parent company of ProSiebenSat.1 Group.

ProSiebenSat.1 Group has laid down basic guidelines and policies in its Code of Conduct. The guidelines define the general standards for conduct in business, legal and ethical matters and also govern how employees can report misconduct in the Company. They serve all members of the Executive Board, the management, and the employees of ProSiebenSat.1 Group as a binding reference and regulatory framework for dealing with each other and with business partners, customers, suppliers, and other third parties. The Code of Conduct can be downloaded from the Internet at → www.prosiebensat1.com/en/investor-relations/corporate-governance/code-of-conduct.

THE COMPANY'S GOVERNING BODIES

As a European Company (Societas Europaea – SE), ProSiebenSat.1 Media SE operates under a dual system via its three governing bodies: the Annual General Meeting, the Supervisory Board (supervisory body) and the Executive Board (managing body). Those bodies' duties and powers are governed by Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European Company (SE), the SE Implementation Act (Gesetz zur Ausführung der SE-VO – SEAG), the German Stock Corporation Act (Aktiengesetz – AktG) and the Articles of Incorporation of ProSiebenSat.1 Media SE.

A clear separation of powers is maintained between the management function and the supervisory function. The managing body is the Executive Board, which is overseen and advised by the Supervisory Board on management of the Company. All transactions and decisions of fundamental significance for the Company are undertaken by the Executive Board in close consultation with the Supervisory Board. To this end, open communication and close cooperation between the two bodies is of particular importance. This Corporate Governance Report describes the working procedures of the Executive Board and Supervisory Board and the cooperation between them. The remuneration paid to the members of the Executive Board and the Supervisory Board is described in the Compensation Report, which is part of the Combined Management Report. → page 74 et seq. of the 2017 Annual Report

The Company's shareholders exercise their rights of co-administration and oversight at the Annual General Meeting, which is handled rapidly by the chair of the meeting and should be finished after four to six hours at the latest. Parts of the Annual General Meeting are also broadcast online. Each common share confers one vote at the Annual General Meeting. The shareholders are notified of the items on the agenda of the Annual General Meeting and the resolutions proposed by the Executive Board and the Supervisory Board in a timely manner in the meeting invitation. The Executive Board ensures that a proxy is appointed to exercise shareholders' voting rights as per their instructions and thus make it easier for shareholders to exercise their rights. The proxy is present and available at the Annual General Meeting, and shareholders or their representatives are able to authorize and issue instructions to the proxy up until the day before the respective Annual General Meeting. In the event of a takeover offer, the Executive Board may convene an Extraordinary General Meeting at which the shareholders will discuss the takeover offer and possibly adopt corporate law measures.

COMPOSITION OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

According to the Company's Articles of Incorporation, the Executive Board must be composed of one or more members. The number of Executive Board members is determined by the Supervisory Board. As of December 31, 2017, the Executive Board of ProSiebenSat.1 Media SE had six members (previous year: seven members). Members of the Executive Board are appointed and removed by the Supervisory Board in accordance with Article 39 (2) SE Regulation. In accordance with Section 7 (2) Sentence 1 of the articles of incorporation in conjunction with Article 46 SE Regulation, Executive Board members are appointed for a maximum period of five years. Reappointments are permitted for a maximum of five years respectively. → Members of the Executive Board, page 260 → Takeover-Related Disclosures, page 92

The Articles of Incorporation stipulate that the Supervisory Board must have nine members, all of whom are to be elected by the Annual General Meeting. As in the previous year, the Supervisory Board of ProSiebenSat.1 Media SE had nine members as of December 31, 2017. New Supervisory Board members take part in a structured onboarding process, in which they are familiarized with the Company and their tasks. → Members of the Supervisory Board, page 261

TARGETS FOR EXECUTIVE BOARD COMPOSITION AND STIPULATIONS CONCERNING THE EQUAL PARTICIPATION OF WOMEN ON THE EXECUTIVE BOARD IN ACCORDANCE WITH SECTION 111(5) OF THE GERMAN STOCK CORPORATION ACT (AKTG) IN CONJUNCTION WITH ARTICLE 9(1) LIT. C) II) OF THE SE REGULATION AND DESCRIPTION OF THE DIVERSITY CONCEPT FOR THE EXECUTIVE BOARD IN ACCORDANCE WITH SECTIONS 289F (2) NO. 6 AND 315D OF THE GERMAN COMMERCIAL CODE (HGB)

On May 12, 2017, the Supervisory Board resolved to set a target for the equal participation of women on the Executive Board of at least one woman. The deadline for implementing this target is December 31, 2019. The appointment of Sabine Eckhardt as of January 1, 2017, put one female member on the Executive Board of ProSiebenSat.1 Media SE. This means that the Executive Board already fulfills this target for the equal participation of women on the Executive Board in its current composition.

ProSiebenSat.1 values the diversity of individual characteristics, experience, and expertise that its employees and managers contribute to the Company, and regards diversity as an important success factor for the Group's development. In particular, the proportion of men and women at the Company and in management positions is a key diversity aspect for ProSiebenSat.1. Besides the proportion of women, no other aspects have been defined as targets for the Executive Board yet.

On September 30, 2015, the Supervisory Board initially decided in accordance with Section 111(5) AktG in conjunction with Art. 9(1) lit. c) ii) of the SE Regulation in the interests of flexibility with regard to future appointments of Executive Board members

- to refrain from making any changes to the composition of the Executive Board of ProSiebenSat.1 Media SE prior to June 30, 2017, thus setting a target of 0% for the share of women on the Executive Board,
- to nonetheless reconsider such target should it appear necessary or are intended – even before June 30, 2017 – to alter the composition of the Executive Board of ProSiebenSat.1 Media SE.

This target was set because at that point of time there was no female representation on the Executive Board of ProSiebenSat.1 Media SE, the contracts of the Executive Board members in office at that time extended beyond June 30, 2017, and the Supervisory Board of ProSiebenSat.1 Media SE did not wish to increase the number of Executive Board members merely on the basis of the statutory change enacted in Section 111(5) of the German Stock Corporation Act (AktG).

TARGETS FOR SUPERVISORY BOARD COMPOSITION AND STIPULATIONS CONCERNING THE EQUAL PARTICIPATION OF WOMEN ON THE SUPERVISORY BOARD IN ACCORDANCE WITH SECTION 111(5) OF THE GERMAN STOCK CORPORATION ACT (AKTG) IN CONJUNCTION WITH ARTICLE 9(1) LIT. C) II) OF THE SE REGULATION, DESCRIPTION OF THE SKILLS PROFILE FOR THE SUPERVISORY BOARD IN ACCORDANCE WITH ITEM 5.4.1 GCGC, AND DESCRIPTION OF THE DIVERSITY CONCEPT FOR THE SUPERVISORY BOARD IN ACCORDANCE WITH SECTIONS 289F (2) NO. 6 AND 315D OF THE GERMAN COMMERCIAL CODE (HGB)

Having thoroughly reviewed the recommendations of Items 5.4.1(2) and (3) of the German Corporate Governance Code regarding the specific targets for its composition, the Supervisory Board has set targets for its composition that take account of the specifics of the Company pursuant to Section 111(5) of the Stock Corporation Act in conjunction with Article 9(1) lit. c) ii) of the SE Regulation, most recently on March 12, 2018. The Supervisory Board has accordingly set the following targets:

- the share of independent Supervisory Board members within the meaning of Item 5.4.2 of the German Corporate Governance Code should be at least 30%;
- the share of women should be at least 1/3 (one third), to be attained by no later than March 31, 2019;
- the members of the Supervisory Board should have specific international expertise and experience in the areas of broadcasting, media, and communication;
- the international activities of the Company should be taken into account. The Supervisory Board should be filled with members who, based on their origin or professional activities, represent regions or cultures in which the Company has significant business operations. In this context, diversity should also be taken into account when appointing members to the Supervisory Board, and the current level of diversity should be maintained. The Supervisory Board should be filled with members who, based on their origin, their personal background, their education, or professional activities, are able to contribute a wide range of experience and specific expertise;
- the Supervisory Board will continue to assess how it intends to handle potential or actual conflicts of interest in order to continue to guarantee unbiased supervision of and provision of advice to the Executive Board of the Company in the Company's best interests in each individual case within the legal framework and taking into account the German Corporate Governance Code;
- the age limit of 70 at the time of appointment to the Supervisory Board, as stipulated in the rules of procedure adopted by the Supervisory Board, should continue to apply;
- individuals who have been members of the Company's Supervisory Board for three full consecutive terms, and thus generally for fifteen years, should as a rule no longer be nominated for reelection to the Supervisory Board.

The Supervisory Board already meets the aforementioned targets it has set for its composition pursuant to the German Corporate Governance Code and the Stock Corporation Act. The Supervisory Board had already adopted the targets mentioned above in a resolution dated June 30, 2015. However, the proportion of women was initially 33% and was to be achieved by June 30, 2017; the composition of the Supervisory Board as of June 30, 2017, also fulfilled this target. As independent members of the Supervisory Board, the Supervisory Board considers Dr. Werner Brandt, Dr. Marion Helmes, Lawrence Aidam, Adam Cahen, Erik A. H. Huggers, Ketan Mehta, and Prof. Dr. Rolf Nonnenmacher. Supervisory Board members Antoinette P. Aris and Angelika Gifford had evidence of conflicts of interest mentioned in the Report of the Supervisory Board.

The described targets for the Supervisory Board's composition and stipulations concerning the equal participation of women on the Supervisory Board in accordance with section 111(5) AktG in conjunction with Art. 9(1) lit. c) ii) of the SE Regulation form part of the diversity concept for the Supervisory Board in accordance with sections 289f(2) No. 6 and 315d HGB. In light of the adjusted recommendation of the German Corporate Governance Code (GCGC) in the currently applicable version dated February 7, 2017, with regard to Item 5.4.1 (Composition of the Supervisory Board), the Supervisory Board of ProSiebenSat.1 Media SE also developed a skills profile for the committee as a whole and adopted this on March 12, 2018, so as to ensure qualified advice and monitoring of the Company by the Supervisory

Board. The committee as a whole already satisfies the requirements in its current composition.

Each member of the Supervisory Board should contribute essential general expertise, with the effect that the corresponding candidates are able to perform the tasks of the Supervisory Board in an international media/digital group based on their personality, independence, motivation, and integrity. In addition, it should be ensured that the topic of diversity is taken into account in the nomination of candidates by the Supervisory Board's Presiding and Nomination Committee to the Supervisory Board as a whole and subsequently to the Annual General Meeting.

The expertise and experience required for qualified and successful work by the Supervisory Board should – in keeping with the Supervisory Board's nature as a collegial body – be ensured by all members of the Supervisory Board together.

Overall, the Supervisory Board of ProSiebenSat.1 Media SE should have the skills and expertise considered to be material in view of ProSiebenSat.1 Group's activities. This particularly includes in-depth knowledge with regard to:

- Experience in the management of a listed, internationally operating company;
- In-depth understanding of ProSiebenSat.1 Group's different business areas – particularly content and broadcasting, distribution, digital entertainment, e-commerce, and production – and of the Group's market environment and media regulation/policy;
- In-depth knowledge in the field of digital business development, digital diversification and platform strategies (such as "addressable TV" or "digital out-of-home"), data and advertising technology, and M&A;
- In-depth knowledge in the field of accounting, financial reporting, and auditing;
- In-depth knowledge in the fields of controlling and risk management;
- In-depth knowledge in the fields of human resources development and management;
- In-depth knowledge in the fields of governance and compliance.

In addition, at least one independent member of the Supervisory Board, who is the Chairman of the Audit & Finance Committee, must have specific expertise and experience in the areas of accounting principles and internal controlling methods.

When putting forward nominations to the Annual General Meeting, particular attention should be paid to the personality, integrity, motivation, and independence of the candidates. In addition, existing and prospective Supervisory Board members should comply with the limit recommended in Item 5.4.5 of the GCGC with regard to mandates at listed companies outside the Group or on supervisory bodies of companies outside the Group that make comparable demands.

With regard to nominations by the Supervisory Board to the Annual General Meeting, all requirements (in relation to the articles of incorporation, the rules of procedure for the Supervisory Board, and the German Corporate Governance Code) should be met and the above targets should be taken into account so as to ensure overall fulfillment of the skills profile for the Supervisory Board as a whole.

If a position is possibly to be restaffed, it should first be checked which of the corresponding areas of expertise are lacking or need to be strengthened on the Supervisory Board. Based on this requirements profile, candidates with the corresponding expertise or skills should then be identified. With a view to continuous Supervisory Board work and sustainable, efficient succession planning, the specified age limit for members of the Supervisory Board should also be taken into account here.

WORKING PROCEDURES OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Each member of the Executive Board is assigned an area of responsibility regarding which that member keeps his or her colleagues on the Executive Board continuously updated. Rules of procedure enacted by the Supervisory Board for the Executive Board and updated as necessary govern the cooperation between the Executive Board members and the Executive Board members' areas of responsibility. As a rule, the full Executive Board meets on a weekly basis; the meetings are chaired by the CEO. One of the functions of the meetings is to adopt resolutions on measures and transactions that require the consent of the full Executive Board under the Executive Board's rules of procedure. When voting on resolutions, at least half of the Executive Board members must participate in the vote. Resolutions of the full Executive Board are adopted by simple majority. In the event of a tie, the CEO casts the deciding vote. When significant events occur, any Board member may call an extraordinary meeting of the full Executive Board; the Supervisory Board may likewise call such meetings. The Executive Board may also adopt resolutions outside of the meetings by casting votes verbally, by phone, in writing, or by text message. Written minutes of every meeting of the full Executive Board and of every resolution adopted outside of the meetings are prepared and signed by the CEO or the chairman of the meeting. The minutes are then promptly forwarded to each member of the Executive Board in writing or by text message; if none of the individuals who attended the meeting or took part in the resolution object to the content or the wording of the minutes within one week of dispatch, the minutes shall be deemed approved. In addition to the regular Executive Board meetings, a strategy workshop is held at least once a year. The workshops serve to prioritize strategic targets across the Group and to define the strategy for the current financial year in cooperation with senior executives from the various business units.

Further details on the working procedures of the Executive Board are included in the rules of procedure defined by the Supervisory Board for the Executive Board, which notably also govern the allocation of responsibilities and matters reserved for the full Executive Board.

The Executive Board provides the Supervisory Board with prompt and complete information — both in writing and at the Supervisory

Board's quarterly meetings — on planning, business performance, and the situation of the Company, including risk management and compliance matters. Where indicated, an extraordinary meeting of the Supervisory Board is called to address important events. The Executive Board includes the Supervisory Board in Company planning and strategy as well as in all matters of fundamental importance to the Company. The Company's Articles of Incorporation and the rules of procedure for the Executive Board stipulate that all significant transactions must be approved by the Supervisory Board. Such significant transactions requiring the consent of the Supervisory Board include adopting the annual budget, making major acquisitions or divestments, and investing in program licenses. More information on cooperation between the Executive Board and the Supervisory Board and on the significant matters on which they consulted in financial year 2017 is available in the Report of the Supervisory Board. → page 55 et seq. of the 2017 Annual Report

The Supervisory Board holds a minimum of two meetings during the first half of the financial year and two meetings during the second half. To facilitate its work, the Supervisory Board has adopted rules of procedure to supplement the provisions of the Articles of Incorporation. The rules of procedure stipulate that the chairman of the Supervisory Board is to coordinate the work of the Supervisory Board, chair the Supervisory Board meetings, and represent the Supervisory Board's interests externally. In the case of investor meetings, the chairman of the Supervisory Board holds discussions on topics specific to the Supervisory Board in an appropriate framework. For example, at the Company's Capital Markets Day in December 2017 it took a stand regarding ProSiebenSat.1's strategic realignment. As a rule, the Supervisory Board adopts its resolutions at the Supervisory Board meetings. However, on instruction of the Supervisory Board chairman, resolutions may also be adopted on conference calls, in videoconferencing sessions or outside of the meetings. Equally admissible is the adoption of resolutions via a combination of voting at meetings and voting via other methods.

The Supervisory Board is deemed to constitute a quorum if at least half of its members participate in the vote. Resolutions of the Supervisory Board are generally adopted by simple majority of the votes cast, unless otherwise prescribed by law. In the event of a tie, the deciding vote is cast by the chairman of the Supervisory Board, or in his absence the deputy chairman.

The meetings of the Supervisory Board are recorded in minutes that are signed by the chairman. A written record is also kept of resolutions adopted outside of the meetings. A copy of the minutes, or of resolutions adopted outside of meetings, is sent promptly to all members of the Supervisory Board. The Supervisory Board members participating in the meetings or voting on the resolutions may raise objections to the minutes. Objections must be made in writing to the chairman of the Supervisory Board within one month of the minutes being sent out. Otherwise, the minutes shall be deemed approved.

Prof. Dr. Rolf Nonnenmacher, who is also chairman of the Audit and Finance Committee, meets the requirements of Sections 100(5) and 107(4) of the Stock Corporation Act in conjunction with Article 9(1) lit. c) ii) of the SE Regulation and Item 5.3.2 Sentences 2 and 3 of the German Corporate Governance Code as an independent, expert member. In other respects, the members of the Audit and Finance Committee are, as a whole, familiar with the sector in which the Company operates pursuant to Sections 100(5) and 107(4) of the Stock Corporation Act in conjunction with Article 9(1) lit. c) ii) of the SE Regulation.

The members of the full Supervisory Board are, as a whole, also familiar with the sector in which the Company operates pursuant to Section 100(5) of the Stock Corporation Act in conjunction with Article 9(1) lit. c) ii) of the SE Regulation. All Supervisory Board members must report any conflicts of interest without delay to the Supervisory Board's Presiding and Nomination Committee, particularly those conflicts that may arise from exercising an advisory or executive function vis-à-vis customers, suppliers, creditors, or other business partners.

The recommendation contained in Item 5.6. of the German Corporate Governance Code states that the Supervisory Board should examine the efficiency of its activities on a regular basis. The review extends primarily to the Supervisory Board's view of its mission, the organization of its activities, the independence of its members, the handling of potential conflicts of interest, and the composition of its committees.

COMPOSITION AND WORKING PROCEDURES OF THE COMMITTEES

The Executive Board has not formed any committees; the Supervisory Board established four committees in financial year 2017. The Supervisory Board decides on the composition of its committees. In selecting committee members, potential conflicts of interest involving Board members are taken into account, as are their professional qualifications. → Fig. 003

003 / COMPOSITION OF THE SUPERVISORY BOARD COMMITTEES AS OF DECEMBER 31, 2017

PRESIDING AND NOMINATION COMMITTEE:
Dr. Werner Brandt (co-chairman), Dr. Marion Helmes (co-chairwoman), Lawrence Aidem, Ketan Mehta

AUDIT AND FINANCE COMMITTEE:
Prof. Dr. Rolf Nonnenmacher (chairman and independent financial expert within the meaning of Sections 100(5) and 107(4) of the Stock Corporation Act in conjunction with Article 9(1) lit. c) ii) of the SE Regulation and Item 5.3.2 Sentences 2 and 3 of the German Corporate Governance Code), Antoinette (Annet) P. Aris, Dr. Marion Helmes

COMPENSATION COMMITTEE:
Dr. Werner Brandt (chairman), Antoinette (Annet) P. Aris, Angelika Gifford, Dr. Marion Helmes

CAPITAL MARKETS COMMITTEE:
Dr. Werner Brandt (chairman), Antoinette (Annet) P. Aris, Dr. Marion Helmes, Ketan Mehta, Prof. Dr. Rolf Nonnenmacher

The committees of the Supervisory Board normally meet once per quarter. The Capital Markets Committee meets only when the consent of the Supervisory Board is required for the Executive Board to utilize the Company's Authorized Capital and for associated measures. To the extent permitted by law, the committees have been entrusted with adopting resolutions concerning various Supervisory Board tasks, especially approving certain management actions. A committee is deemed to constitute a quorum when at least half – and under no circumstances less than three – of its members participate in the vote. Committee resolutions are normally adopted by a simple majority vote. In the event of a tie, the committee chairman casts the deciding vote. Written minutes are prepared of each committee meeting and are signed by the committee chairman. Resolutions adopted outside of the meetings are also recorded in writing. Minutes and the text of resolutions adopted are sent to all members of the committee concerned. These shall be deemed approved if no committee member who was present at the meeting, or who took part in the vote on the resolution, objects to the content within one week of dispatch. The committee chairmen report on the work of the committees at the meetings of the Supervisory Board.

The CFO, the Chief Legal Officer, and the independent auditor participate regularly in the meetings of the Audit and Finance Committee. In addition, the chairman of the Audit and Finance Committee invites employees – in particular senior executives – from the areas of finance and accounting to provide information at meetings if required. The Audit and Finance Committee meets without any Executive Board members being present at least once per financial year. The Supervisory Board has issued rules of procedure to govern the work of the Audit and Finance Committee. In addition, the Audit and Finance Committee and the auditors maintain a regular dialog between meetings.

INDIVIDUAL BREAKDOWN OF MEETING PARTICIPATION

The Supervisory Board sees it as part of good corporate governance to disclose an individual breakdown of participation in meetings of the plenary Supervisory Board and meetings of the Supervisory Board committees. → Fig. 004

004 / INDIVIDUAL BREAKDOWN OF MEETING PARTICIPATION IN FINANCIAL YEAR 2017

	Sitzungs-teilnahme	Anwesen-heit in %
FULL SUPERVISORY BOARD		
Dr. Werner Brandt, Chairman (since June 26, 2014)	12/12	100
Dr. Marion Helmes, Vice Chairwoman (since June 26, 2014, Vice Chairwoman since May 21, 2015)	12/12	100
Lawrence Aidem (since June 26, 2014)	11/12	92
Antoinette (Annet) P. Aris (since June 26, 2014)	12/12	100
Adam Cahan (since June 26, 2014)	12/12	100
Angelika Gifford (since May 21, 2015)	12/12	100
Erik Adrianus Hubertus Huggers (since June 26, 2014)	12/12	100
Ketan Mehta (since November 24, 2015)	12/12	100
Prof. Dr. Rolf Nonnenmacher (since May 21, 2015)	12/12	100
PRESIDING AND NOMINATION COMMITTEE		
Dr. Werner Brandt, Co-Chairman (since June 26, 2014)	4/4	100
Dr. Marion Helmes, Co-Chairwoman (since May 21, 2015)	4/4	100
Lawrence Aidem (since June 26, 2014)	4/4	100
Ketan Mehta (since June 30, 2016)	4/4	100
AUDIT AND FINANCE COMMITTEE		
Prof. Dr. Rolf Nonnenmacher, Chairman (since May 21, 2015)	5/5	100
Antoinette (Annet) P. Aris (since June 26, 2014)	5/5	100
Dr. Marion Helmes (since June 26, 2014)	5/5	100
COMPENSATION COMMITTEE		
Dr. Werner Brandt, Chairman (since June 26, 2014)	2/2	100
Antoinette (Annet) P. Aris (since June 26, 2014)	2/2	100
Angelika Gifford (since May 21, 2015)	2/2	100
Dr. Marion Helmes (since May 21, 2015)	2/2	100

The Capital Markets Committee did not hold any meetings in financial year 2017.

CAPITAL MARKET COMMUNICATIONS AND ACCOUNTING POLICIES

- **Transparency:** We aim to strengthen trust among shareholders, capital providers, and other interested parties through openness and transparency. For that reason, ProSiebenSat.1 Media SE reports regularly on key business developments and changes within the Group. In addition, the Company holds a Capital Market Day once a year. The Company generally provides information simultaneously to all shareholders, media representatives, and other interested parties. Given the international nature of our stakeholders, we provide reports in English as well.

  To ensure fair communication and prompt disclosure both in Germany and elsewhere, the Company makes use of the Internet as one of its main communication channels. All relevant corporate information is published on our website at → www.prosiebensat1.com/en/. Annual reports, half-yearly financial reports, quarterly statements, current stock price charts, and company presentations can be downloaded from the website at any time. The website includes a special section dedicated to the Annual General Meeting, where the Group provides information on organizational and legal matters relating to the Annual General Meeting. The meeting agenda can be found here, and the CEO's speech and the results of votes are made available after the meeting. In the Corporate Governance section, ProSiebenSat.1 Media SE also publishes the annual Corporate Governance Report, the current Management Declaration pursuant to Sections 289f, 315d and 315e of the German Commercial Code (Handelsgesetzbuch – HGB), and the Declaration of Compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act, which includes an archive of previous declarations of compliance and the Company's Articles of Incorporation.

- **Regular reporting and ad hoc disclosures:** Four times a year, ProSiebenSat.1 Group presents information on the Group's business performance as well as its financial position and earnings as part of the Company's annual and interim financial reporting. As required by law, matters that could significantly influence the price of the Company's stock are announced immediately in ad hoc disclosures outside of the scheduled reports and are made available on the Internet without delay.

- **Financial calendar:** The financial calendar presents the release dates of financial reports and statements well in advance, along with other important dates such as the date of the Annual General Meeting. The calendar is available at → www.prosiebensat1.com/en/investor-relations/presentations-events/financial-calendar and is also reproduced on → page 281 of the 2017 Annual Report.

- **Significant voting rights:** Notifications of changes in significant voting rights pursuant to Sections 33 et seq. of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) are published immediately upon receipt. Current information is available at → www.prosiebensat1.com/en/investor-relations/publications/voting-rights-notifications.

- **Directors' dealings notifications:** Directors' dealings notifications in accordance with Article 19 of Regulation (EU) No. 596/2014 (Market Abuse Regulation – MAR) are likewise published at → www.prosiebensat1.com/en/investor-relations/publications/directors-dealings immediately upon receipt. In financial year 2017, twelve transactions in company stock or in financial instruments relating to company stock were reported to ProSiebenSat.1 Media SE by management personnel or related parties in compliance with Article 19 of the Market Abuse Regulation.

- **Shareholdings of the Executive Board and Supervisory Board:** As of December 31, 2017, members of the Executive Board held a total of 64,450 shares and members of the Supervisory Board a total of 26,180 shares in ProSiebenSat.1 Media SE. → Fig. 005

005 / INDIVIDUALIZED SHAREHOLDINGS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD AS OF DECEMBER 31, 2017

	Number of shares
EXECUTIVE BOARD	
Thomas Ebeling	44,750
Conrad Albert	10,500
Sabine Eckhardt	2,000
Jan David Frouman	3,000
Dr. Jan Kemper	0
Christof Wahl	4,200
SUPERVISORY BOARD	
Dr. Werner Brandt	10,000
Dr. Marion Helmes	4,240
Lawrence Aidem	1,239
Antoinette (P.) Aris	1,340
Adam Cahan	1,275
Angelika Gifford	1,431
Erik Adrianus Hubertus Huggers	1,776
Ketan Mehta	2,115
Prof. Dr. Rolf Nonnenmacher	2,764

Under the share-based payment plan (Group Share Plan), performance share units (PSUs) are issued to participants. After the end of a four-year holding period starting at the beginning of the year of issue, participants are entitled, at the Company's discretion, to receive shares of the Company or to a corresponding payment in cash in the amount of the market value of these shares. In March 2016, the Company and the Supervisory Board, as applicable, decided to avail itself of the right to settle its obligation in cash, for which reason the PSUs will be paid out in cash following expiration of the respective holding period (see Note 31 of the Notes to the Consolidated Financial Statements: Share-based payment). The conversion factor by which the PSUs are converted into ProSiebenSat.1 shares or an equivalent amount in cash after the end of the holding period depends on the achievement of predefined annual targets during the holding period. In financial year 2017, Executive Board members held a total of 392,938 PSUs. → Compensation Report, page 74

- **Accounting and audit of financial statements:** ProSiebenSat.1 Group's financial reporting conforms to the IFRSs (International Financial Reporting Standards) as adopted by the European Union. The Annual Financial Statements of ProSiebenSat.1 Media SE, the Group parent, are prepared under the accounting principles of the German Commercial Code (HGB). Both the single-entity financial statements of ProSiebenSat.1 Media SE and the Consolidated Financial Statements are available on the Company's website at → www.prosiebensat1.com/en/. Both sets of financial statements are audited and issued an audit opinion by an independent accounting and auditing firm. The financial statements for financial year 2017 were duly audited by KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Munich office, with Haiko Schmidt acting as the lead auditor. They were issued an unqualified audit opinion on February 21,

2018. Haiko Schmidt has worked with the Company since financial year 2012 as lead auditor at KPMG.

- **Stock option plans and similar securities-based incentive systems:** Information on ProSiebenSat.1 Media SE's share-based payment plan (Group Share Plan), the Mid Term Incentive Plan (MTI) to be paid out in cash, the former stock option plan (Long Term Incentive Plan), and the employee stock option plan (MyShares) can be found in the Notes to the Consolidated Financial Statements and in the Management Report. → Notes, page 181 → Compensation Report, page 74 → The ProSiebenSat.1 Share, page 95

MANAGEMENT DECLARATION

In this Management Declaration, the Executive Board and Supervisory Board report on corporate governance pursuant to Sections 289f and 315d of the German Commercial Code (Handelsgesetzbuch – HGB). The Management Declaration includes information on relevant corporate governance practices and other aspects of corporate governance in addition to the annual Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz — AktG). Supplementary information such as a description of the working procedures of the Executive Board and the Supervisory Board, an overview of the composition and working procedures of the committees, a description of the diversity concept, and information on capital market communications and accounting principles can be found in the Corporate Governance Report. → page 64 et seq. of the Annual Report 2017

006 / DECLARATION OF COMPLIANCE OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA SE WITH THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

The Executive Board and the Supervisory Board of ProSiebenSat.1 Media SE hereby declare that ProSiebenSat.1 Media SE complies and has complied in principle with the recommendations of the "Government Commission on the German Corporate Governance Code" (GCGC) as amended on February 7, 2017, and published in the official section of the Federal Gazette (Bundesanzeiger) on April 24 and May 19, 2017, since their publication. Only the following Code recommendations have not been and are currently not being applied:

- The D&O insurance contracts concluded for the Executive Board and the Supervisory Board provide for payment of a deductible by the insured members of the Executive Board in the scope stipulated by law (Section 93(2) Sentence 3 of the Stock Corporation Act in conjunction with Article 51 of the SE Regulation) and in their contracts of employment. However, neither the Executive Board nor the Supervisory Board regards a deductible as an effective way of enhancing board members' motivation or sense of responsibility. Therefore, no deductible is currently agreed for Supervisory Board members, contrary to the recommendations of Item 3.8 of the German Corporate Governance Code.

- The Executive Board has established a compliance management system (CMS) at the Company that maps suitable measures based on the Company's risk situation and has disclosed the main features of the CMS in the Company's Corporate Governance Report and in the Group´s Non-Financial Statement. In this context, employees are given appropriate opportunities to report legal violations within the Company. In accordance with the new recommendation under Item 4.1.3 Sentence 2 of the GCGC, employees are protected by the regulation in section XIX (Violations of the Code of Conduct) of the Company's Code of Conduct, which is established in a works agreement, stipulating that well-intentioned whistle-blowers must not be discriminated against for reporting a violation. The Executive Board has also resolved to give employees the opportunity to report legal violations anonymously via an ombudsperson in future. Coordination with the responsible works council regarding the organization of the reporting system has not yet been completed. The measure is planned to be implemented by the end of the fourth quarter of 2018.

ProSiebenSat.1 Media SE intends to continue complying with the recommendations of the "Government Commission on the German Corporate Governance Code" (GCGC) as amended on February 7, 2017, and published in the official section of the Federal Gazette (Bundesanzeiger) on April 24 and May 19, 2017, also in the future, with the aforementioned exceptions.

The Executive Board and the Supervisory Board of ProSiebenSat.1 Media SE hereby declare that ProSiebenSat.1 Media SE complied with the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on May 5, 2015, and published in the official section of the Federal Gazette (Bundesanzeiger) on June 12, 2015, in the period since issuing its most recent Declaration of Compliance in March 2017 and until the publication of the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on February 7, 2017, in the official section of the Federal Gazette on April 24 and May 19, 2017, also with the following exception:

- The D&O insurance contracts concluded for the Executive Board and the Supervisory Board provide for payment of a deductible by the insured members of the Executive Board in the scope stipulated by law (Section 93(2) Sentence 3 of the Stock Corporation Act in conjunction with Article 51 of the SE Regulation) and in their contracts of employment. However, neither the Executive Board nor the Supervisory Board regards a deductible as an effective way of enhancing board members' motivation or sense of responsibility. Therefore, no deductible is currently agreed for Supervisory Board members, contrary to the recommendations of Item 3.8 of the German Corporate Governance Code.

March 2018
The Executive Board and Supervisory Board of ProSiebenSat.1 Media SE

INFORMATION ON RELEVANT CORPORATE GOVERNANCE PRACTICES

The Executive Board is convinced that sustainable economic success in a competitive environment can only be achieved by ensuring that all action taken is in compliance with the applicable laws. Therefore, preventing corruption and breaches of law are key success factors with regard to our market position and attainment of our corporate targets. This applies in particular to antitrust legislation and media law as well as to data protection and the associated preservation of privacy rights due to increasing digitalization of the Group's activities. For more information on the compliance management system (CMS) in effect at ProSiebenSat.1 Group for this purpose, as well as on the Code of Conduct applicable to ProSiebenSat.1, please refer to the Corporate Governance Report.

DESCRIPTION OF THE COMPOSITION AND WORKING PROCEDURES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD, THE COMMITTEES, AND THE DIVERSITY CONCEPT

A general description of the working procedures of the Executive Board and the Supervisory Board and their committees can be found in the Corporate Governance Report. The composition of the Executive Board is presented on → page 64 et seq. of the Annual Report 2017; the composition of the Supervisory Board and its committees is shown on → page 64 or 261 of the Annual Report 2017 and in the Corporate Governance Report. The Corporate Governance Report also includes a description of the diversity concept and its goals, the way in which it is implemented, and the results achieved in the financial year in accordance with Sections 289f(2) No. 6 and 315d HGB.

REGULATIONS ON THE EQUAL PARTICIPATION OF WOMEN IN MANAGEMENT POSITIONS IN ACCORDANCE WITH SECTIONS 76(4) AND 111(5) OF THE GERMAN STOCK CORPORATION ACT IN CONJUNCTION WITH ARTICLE 9(1) LIT. C) II) OF THE SE REGULATION

Executive Board and Supervisory Board. The Supervisory Board of ProSiebenSat.1 Media SE has established targets for the composition of the Executive Board and the Supervisory Board with regard to the equal participation of women on both Boards in accordance with Section 111(5) of the German Stock Corporation Act (AktG) in conjunction with Article 9(1) lit. c) ii) of the SE Regulation as well as deadlines for the respective target achievement. For more information on those targets and deadlines, please refer to the Corporate Governance Report.

Management levels below the Executive Board. In a resolution dated June 30, 2017, with reference to Section 76(4) of the German Stock Corporation Act in conjunction with Article 9(1) lit. c) ii) of the SE Regulation, the Executive Board of ProSiebenSat.1 Media SE established the following new targets — to be reached by June 30, 2022 — for the proportion of women at the two management levels below Executive Board level:

- 1. Management Level 1: 15%
- 2. Management Level 2: 30%

At the end of the past financial year, the proportion of women at the first management level of ProSiebenSat.1 Media SE was 13.8%. At the second management level, the percentage of women was 25.7% as of December 31, 2017.

The target set as of June 30, 2017, for the proportion of women in first-level management (15%) was not achieved, with a figure of 12.5%. This was due to the reorganization of the Group Controlling division. As a result of the new central organizational structure, the management levels were adjusted. Without this restructuring, the target would have been exceeded at 17.6%. The proportion of women in second-level management of 29.7% was higher than the corresponding target of 25%.

COMPENSATION REPORT[1]

Dear Shareholders,

At last year's Annual General Meeting on May 12, 2017, the agenda item "Resolution on the approval of the compensation system for members of the Executive Board" was put to the vote. The Executive Board compensation system was the only one of eight agenda items put to the vote at the Annual General Meeting that did not achieve majority approval by the shareholders. The Supervisory Board of ProSiebenSat.1 Media SE took this result as an opportunity to analyze the criticisms expressed by shareholders in depth. In the end, it can be concluded that the reasons for the refusal as conveyed to the company were mainly focused on the general compensation structure, individual compensation components, and a lack of transparency in the presentation of the compensation system.

The Supervisory Board accepted the criticisms and thoroughly revised the Compensation Report in order to achieve much greater comprehensibility for the existing compensation system on the capital market. In addition, the company has increasingly sought dialog with its shareholders since the last Annual General Meeting in order to gain a better understanding of the report readers' needs and optimize the Compensation Report accordingly.

As well as improving transparency by revising the Compensation Report, the Supervisory Board also decided to adjust the compensation system for the members of the Executive Board promptly to take account of the shareholders' criticisms of the structural elements within the current compensation system. In this context, key elements of a new compensation system have already been developed in cooperation with an external independent compensation consultant. The new compensation system will be designed to be more consistent with our shareholders' interests and geared toward a sustainable company performance. First and foremost, the compensation system is to be simplified, while performance-based compensation will still be calculated based on predominantly long-term parameters. Free discretionary decisions by the Supervisory Board in the case of individual compensation components are to be avoided entirely in future. In the new compensation system, long-term variable compensation will consist of only one plan type. The Mid Term Incentive Plan is to be scrapped completely and the Group Share Plan will be replaced by a new Performance Share Plan with a structure in line with the market. Different strategically relevant performance targets in the short-term and long-term variable compensation will ensure that the Executive Board's performance is fully reflected in the compensation system and relevant incentives are set for successful corporate management. In order to further align the interests of the shareholders and the Executive Board, a relative comparison with relevant comparable companies is specified as an additional performance target in the long-term variable compensation. In addition, share ownership guidelines are to be introduced for the Executive Board in order to strengthen the equity culture. Each Executive Board member will be required to invest payouts from the variable compensation pro rata in ProSiebenSat.1 Media SE shares up to a defined target amount and to hold these shares at least until the end of their appointment as a member of the Executive Board.

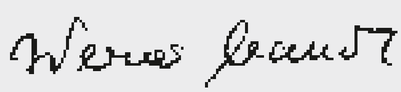
[1] This section is part of the audited Combined Management Report.

In summary, the revision of the Executive Board compensation system comprises the following aspects:

GOALS OF THE REVISED COMPENSATION SYSTEM	EXPECTED INSTRUMENTS
Ambitious incentives for sustainable company performance (“pay for performance”)	_ Use of strategically relevant financial target parameters _ Measurement of the Executive Board’s performance based on individual and collective targets _ Inclusion of financial and non-financial targets _ Calculation of variable compensation based on pre-dominantly long-term targets _ Long-term variable compensation to account for a larger share of total compensation than short-term variable compensation _ Structure of target range in line with the market: › Maximum payout of target amounts in line with market › Total loss of variable compensation possible
Reduced complexity	_ Use of only one plan in long-term variable compensation
Removal of components involving free discretionary decisions	_ Assessment of Executive Board members’ individual and collective performance based on pre-defined criteria
Alignment of interests between the Executive Board and shareholders	_ Comparison of the total shareholder return with comparable companies in long-term variable compensation as a target in a Performance Share Plan _ Introduction of share ownership guidelines for Executive Board members
Increase in transparency	_ Specification of financial parameters and criteria for non-financial targets _ Ex-post publication of target achievement for individual target parameters
Avoidance of double incentives in variable compensation	_ Use of different target parameters in short-term and long-term variable compensation

We intend to put the revised compensation system for Executive Board members to the vote at the Annual General Meeting on May 16, 2018, and ask you to approve this agenda item.

Yours,



DR. WERNER BRANDT
CHAIRMAN OF THE SUPERVISORY BOARD

The Compensation Report describes the main features of the compensation system for the Executive Board and Supervisory Board of ProSiebenSat.1 Media SE for the financial year 2017. It explains the structure and level of compensation of the individual members of the Executive Board and Supervisory Board. The Compensation Report is part of the audited Combined Management Report and complies with the applicable statutory requirements. It also takes into account the recommendations of the German Corporate Governance Code in the version of February 7, 2017.

COMPENSATION PAID TO THE EXECUTIVE BOARD

Responsibility and Procedure for Determining Executive Board Compensation

In addition to their functions as directors and officers of the Company, the members of the Executive Board of ProSiebenSat.1 Media SE have contractual relationships with the Company. The ProSiebenSat.1 Media SE Supervisory Board is responsible for making the employment agreements with the members of the Executive Board. The employment contracts of Executive Board members have a maximum term of five years and also regulate compensation. After a proposal by the Compensation Committee, the structure and amount of the Executive Board's compensation are defined by the Supervisory Board as a whole and are regularly reviewed → Fig. 007. The Supervisory Board hereby ensures that there is an appropriate relationship between the personal performance and areas of work and responsibility of the individual members of the Executive Board on the one hand and the Company's business situation on the other. → Report of the Supervisory Board, page 55

In addition, the compensation structure within ProSiebenSat.1 Media SE is taken into account, whereby the Supervisory Board above all considers the relationship of Executive Board compensation to the compensation of senior management and the workforce as a whole and looks at the amount and structure of Executive Board compensation in comparable companies. The Supervisory Board currently considers comparable companies to be companies listed in the DAX, MDAX and STOXX Europe 600 Media, a sub-index of the STOXX Europe 600 index comprising companies from the European media industry, and direct competitors. The comparable companies therefore include, for example, Axel Springer, ITV and Mediengruppe RTL Deutschland. If the Supervisory Board deems it necessary or expedient, it consults experts to determine and review the Executive Board compensation. To date, the Supervisory Board has also had the Executive Board compensation reviewed at regular intervals by independent external consultants with regard to common market practice. The last such review was performed in December 2015 by an international and independent compensation consulting firm.

Principles of the Compensation System

The ProSiebenSat.1 Media SE compensation system has clear and transparent structures and is in line with our Group strategy. In order to continuously improve, we review our compensation system regularly. For this reason, we have also increasingly entered into dialog with relevant capital market participants, especially last year. The aim of the compensation system for the Executive Board is to create an incentive for successful and sustainable company performance. The system is therefore geared toward a compensation that is transparent, performance-based and closely linked to the Company's success. This depends in particular on long-term and challenging individual targets and the performance of the ProSiebenSat.1 share. The compensation system is intended to motivate the members of the Executive Board to achieve the targets enshrined in ProSiebenSat.1 Media SE's business strategy and to avoid disproportionate risks.

Structure and Components of Executive Board Compensation

The Executive Board compensation comprises fixed compensation and several variable compensation components, which, within a certain range, stand in a balanced and appropriate relationship to one another. → Fig. 008

008 / STRUCTURE AND COMPENSATION COMPONENTS OF THE COMPENSATION SYSTEM

Fixed compensation	Fixed base salary	25% – 35%[1]
Variable compensation	Annual variable compensation (performance bonus)	15% – 30%
	+	
	Multi-year variable compensation	
	Group Share Plan (share-based)	25% – 45%
	Mid Term Incentive Plan	10% – 20%

[1] Stated in 5% steps for better clarity for readers and assuming a target achievement of 100% and appointment of the Executive Board member for the whole year

007 / PROCEDURE FOR DETERMINING EXECUTIVE BOARD COMPENSATION

Compensation Committee	Supervisory Board	Annual General Meeting
Prepares resolutions on the compensation system and the amount of compensation and presents these to the Supervisory Board.	Adopts resolution on the compensation system and the amount of compensation. The resolved compensation system is presented to the Annual General Meeting for approval.	Adopts resolution on the approval of the compensation system.

In addition, Executive Board members receive pension entitlements and non-performance-based fringe benefits.

FIXED COMPENSATION

All Executive Board members each received a fixed base salary. It was determined with reference to the individual Executive Board member's areas of work and responsibility and was paid monthly.

VARIABLE COMPENSATION COMPONENTS

The variable compensation comprises one one-year (performance bonus) and two multi-year compensation components (Group Share Plan and Mid-Term Incentive Plan). The variable compensation components each follow different business goals and accordingly provide different incentives.

009 / ALLOCATION OF TARGETS TO THE INDIVIDUAL VARIABLE COMPENSATION COMPONENTS

PERFORMANCE BONUS
Group EBITDA
Group net financial debt
Individual target parameters (selection):
- EBITDA and revenues of the respective Executive Board segments
- Project- and process-related objectives, e.g. establishment of effective processes
- Strategy-related objectives, e.g. development of a new Digital & Adjacent portfolio strategy

Adjustment for individual performance (up to +/- 20%)

GROUP SHARE PLAN
Group EBITDA
Consolidated net income
Share price
Individual adjustment for extraordinary performance (up to +/- 25%)

MID-TERM INCENTIVE PLAN
Adjusted EBITDA of the Group
Consolidated revenues

Annual Variable Compensation

In addition to the fixed base salary, Executive Board members also received performance-based variable annual compensation, also known as a performance bonus. The structure of the performance bonus is regulated uniformly in the employment contracts of the Executive Board members. The amount is determined on the basis of the so-called target bonus. The target bonus is the amount that the respective Executive Board members would be entitled to if they achieved each of their annual targets at a rate of 100%. For financial year 2017, the target bonus in the event of 100% target achievement for Thomas Ebeling is EUR 1,000,000, Dr. Jan Kemper EUR 379,167 (pro rata for the months June to December 2017), Conrad Albert EUR 400,000, Sabine Eckhardt EUR 375,000, Jan David Frouman EUR 325,000 and Christof Wahl EUR 325,000. In connection with his early departure from the Executive Board as of March 31, 2017, Dr. Gunnar Wiedenfels received a pro rata, non-performance-based performance bonus of EUR 81,250 for 2017. Dr. Ralf Schremper left the Executive Board as of July 31, 2017; his entitlement to the performance bonus for financial year 2017 was satisfied in full with the severance payment. If the annual targets are exceeded, the performance bonus may also exceed the target bonus; however, it may not amount to more than 200% of the target bonus (cap). If annual targets are not met in full, the performance bonus may also be lower than the target bonus or may not be paid at all.

Both the underlying target parameters and the size of the annual targets are derived from the corporate planning for the respective financial year. The performance bonus can thus be adjusted to the prevailing situation of the Company and tailored to the responsibilities of each Executive Board member. EBITDA is defined as a key target parameter for compensation because, as an operating earnings figure, it is the most important corporate key indicator and a central parameter for corporate planning before investment and financing decisions. In addition, EBITDA is a suitable reference value for the calculation of enterprise value (EV). Enterprise value is the basis for determining international valuation comparisons in particular and is therefore the primary key figure for the valuation of both ProSiebenSat.1 and comparable European companies in the broadcasting sector. Net financial debt is a key indicator that is regularly communicated to the capital market. This indicator ensures that our Group has a sustainable financing structure.

Annual targets for 2017 were defined in the target agreements of the Executive Board members. Their achievement is based on the target parameters of Group EBITDA and net financial debt in addition to other, individual target parameters according to the responsibilities allocated to Executive Board members. For financial year 2017, the Group EBITDA target parameter had a weighting of 40% for Thomas Ebeling and Dr. Jan Kemper and 20% for the other Executive Board members; the Group net financial debt target parameter had a 10% weighting for all Executive Board members; the individual target parameters had a weighting of 50% for Thomas Ebeling and Dr. Jan Kemper and 70% for the other Executive Board members. Personal target agreements for Executive Board members who bear segment responsibility in relation to agreed segment targets are essentially based on the revenue and EBITDA target parameters of the respective segments.

If target parameters relate to key financial figures of ProSiebenSat.1 Group, target achievement is determined on the basis of the audited and approved Consolidated Financial Statements for the financial year in question. In the event of major unexpected developments during the year, especially in the case of acquisitions, disposals, amendments to IFRSs and other such non-recurring events, the values actually achieved for the respective key financial figures can, for the purposes of determining target achievement, be adjusted for the effects of such developments, provided the event concerned was not (or not to the appropriate extent) taken into account when setting the relevant annual targets.

At its due discretion, the Supervisory Board can increase or decrease the target achievement by up to 20%. However, the resulting adjusted target achievement cannot exceed the cap of 200%. The adjustment option can be used to take account of individual achievements by Executive Board members, either positively or negatively. When selecting the criteria that can be applied to a decision on a potential adjustment, the Supervisory Board takes account of factors including the relevance of the achievement to sustainable corporate management, the contribution to diversification and transformation, and/or the Company's business situation.

The following annual targets and target achievement resulted for the target parameters of the performance bonus for financial year 2017: → Fig. 010

010 / TARGET PARAMETERS in EUR m

	100% target value	Actual value in FY 2017 (before adjustment)	Actual value in FY 2017 (adjusted)	Target achievement[1]
Group EBITDA	1,040.3	1,083.8	879.3	0%
Group net financial debt	−2,131.9	−1,632.4	−1,959.9	200%
Individual target parameters				17% – 130%

[1]Unweighted target achievement without taking account of individual adjustment by the Supervisory Board.

To calculate target attainment for financial year 2017 in the target parameters of the Group's EBITDA and net financial debt, the Supervisory Board primarily adjusted for positive non-recurring items (gains) from the disposal of eTRAVELi Holding AB.

In addition, the Supervisory Board made an individual adjustment to the target achievement of +5% to +20% in the overall assessment for five Executive Board members for financial year 2017. This took account of the non-quantifiable contribution of the individual members of the Executive Board team to the achievement of the targets for 2017. Based on the overall assessment of their individual performance, the members of the Executive Board therefore achieved overall degrees of target achievement for the performance bonus of between 50% and 99% in financial year 2017.

Multi-Year Variable Compensation
Group Share Plan

The Group Share Plan, which was created in 2012, also gives Executive Board members a long-term, share-based compensation component. Performance share units (PSUs) are issued to participants. After the end of a four-year performance period starting at the beginning of the year of issue, participants are entitled, at the Company's discretion, to receive shares of the Company or to a corresponding payment in cash in the amount of the market value of these shares. In March 2016, the Company and the Supervisory Board decided to exercise this right to settle these in cash until further notice and thus to pay for these PSUs in cash after the four-year performance period has expired → Notes, Note 32 "Share-based payments," page 237. Cash settlement is firstly less complex and thus less cost-intensive, which is ultimately in the interests of the Company and thus also the shareholders. Secondly, in the case of settlement with shares, the participants would be forced to immediately sell a portion of the shares to cover the income tax incurred on the settlement.

Annual conversion factor and PSU conversion factor: The conversion factor by which the PSUs are converted into ProSiebenSat.1 shares or an equivalent amount in cash after the end of the four-year performance period ("PSU conversion factor") depends on the achievement of predefined annual targets during the entire four-year performance period. These annual targets relate to the development of the EBITDA performance targets and the achievement of certain minimum values for the Group's consolidated net income and EBITDA for each year of the four-year performance period, which are derived annually from the current corporate planning and measure the continuous fulfillment of annual planning over a longer period. In principle, the performance targets and minimum values equate to target achievement of 100% according to the respective corporate planning. → Fig. 011

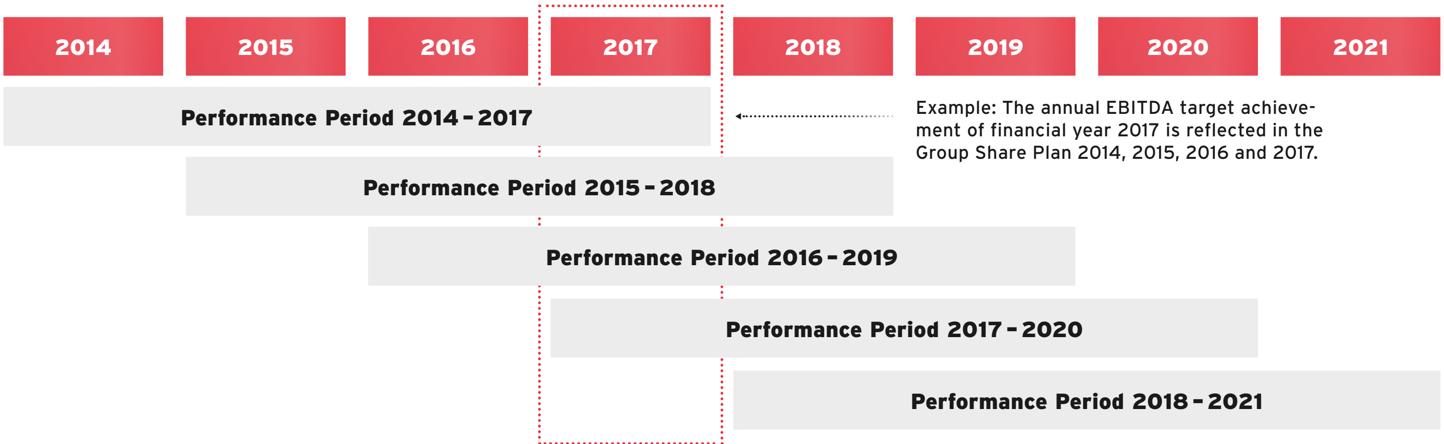
An "annual conversion factor" is initially determined on the basis of the respective target achievement in each year of a four-year performance period. The average annual conversion factor from all four years of a performance period then gives the PSU conversion factor. The Company's performance over the entire four-year performance period is thus included at the same time. In accordance with the plan conditions, the annual conversion factor and thus the PSU conversion factor are – subject to any adjustments as described below – between 0% and 150% ("performance-related cap") depending on the degree of target achievement.

The PSU conversion factor is also adjusted via the additional link with share price performance over the four-year performance period. If the share price at the time the PSU conversion factor is defined exceeds the share price when the PSUs of the four-year performance period were issued by more than 200%, the PSU conversion factor is reduced so that a price increase above the threshold of 200% does not result in a further increased value of the corresponding PSUs ("price-related cap"). → Notes, Note 32 "Share-based payments," page 237

Adjustment mechanisms: The main adjustment mechanisms for the annual conversion factor, the PSU conversion factor and the number of PSUs are as follows:

- The annual conversion factor and thus the PSU conversion factor for a four-year performance period can be adjusted by correcting the EBITDA actually achieved in the year in question for the effects of extraordinary developments or special circumstances such as material M&A transactions or amendments to IFRSs with a considerable effect on the EBITDA of that year that were not yet accounted for when setting the annual performance targets. Any adjustments must not result in the performance-related cap of 150% being exceeded.
- In the event of exceptional developments, the Supervisory Board can also raise or lower the PSU conversion factor by up to 25 percentage points while taking into account the individual performance of the

011 / **FOUR-YEAR PERFORMANCE PERIOD OF THE GROUP SHARE PLAN**



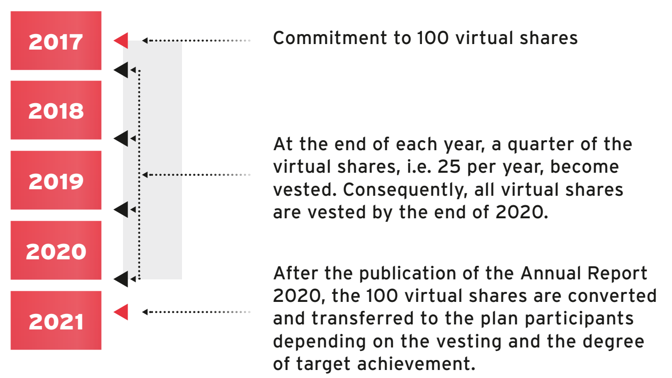
Executive Board members. The Supervisory Board has previously only made use of this in the case of the Group Share Plan 2012, making an individual adjustment of 17.5 percentage points for extraordinary performance on the part of the Executive Board members in office in the financial year 2012 Thomas Ebeling, Conrad Albert and Dr. Christian Wegner, which they achieved with particular regard to the conclusion of successful M&A transactions, the positive share price performance and the early achievement of the targets communicated to the capital market for 2015.

- Finally, the number of PSUs for anti-dilution protection is adjusted if a **superdividend** is distributed. In accordance with the terms and conditions of the plan, the superdividend is the amount by which the dividend distributions per share for a financial year exceed the adjusted net income per share for that financial year. In the event of such a superdividend, a corresponding increase in the factor for converting PSUs into shares ensures that the plan participants are not financially diluted by these dividend distributions. An adjustment of the number of PSUs due to the distribution of a superdividend has previously only occurred in the Group Share Plan 2012 as a result of the dividend distribution for the financial year 2012. The increased dividend distribution was possible because the Group's operating cash flow was available for other purposes due to the successful sale of Northern European TV and radio activities. No more use has been made of this since 2013.

Timing of the adjustments: The annual conversion factor is adjusted in accordance with the terms and conditions of the plan within a month of the publication of the audited and approved Consolidated Financial Statements for the respective financial year. In accordance with the terms and conditions of the plan, the final PSU conversion factor is defined taking account of other adjustments of the annual conversion factor and the number of PSUs for anti-dilution protection in the event of a superdividend not later than one month after the publication of the audited and approved Consolidated Financial Statements for the last financial year of each performance period.

Vesting: After the end of each year of the four-year performance period, a quarter of the PSUs awarded become vested; a requirement for this is that consolidated net income is positive in the year in question and ProSiebenSat.1 Group's EBITDA does not fall below a defined minimum. The diagram below shoes the timing of vesting during the four-year performance period: → Fig. 012

012 / **VESTING DURING THE FOUR-YEAR PERFORMANCE PERIODE**



As of the end of 2017, the Group Share Plans from 2014 (with the performance period 2014 - 2017), from 2015 (with the performance period 2015 - 2018), from 2016 (with the performance period 2016 - 2019) and from 2017 (with the performance period 2017 - 2020) are still outstanding. The required minimum values for the Group's consolidated net income and EBITDA have so far been achieved for each year of the respective four-year performance period of the outstanding Group Share Plans. The respective annual conversion factors are 112% for financial year 2014 (Group Share Plan 2014), 105% for financial year 2015 (Group Share Plans 2014 and 2015) and also 105% for financial year 2016 (Group Share Plans 2014 - 2016). For financial year 2017, the annual conversion factor is 78% (Group Share Plans 2014 - 2017). The

PSU conversion factor (calculated as the average annual conversion factor from all four years) for the completed four-year performance period of the Group Share Plan 2014 thus comes to 100% now. The PSU conversion factors for the respective four-year performance periods of the Group Share Plans 2015 to 2017 accordingly cannot be calculated and reported until the end of the respective financial years. In the previous year, the PSU conversion factor of the Group Share Plan 2013 for the completed four-year performance period was 108%.

i Further information on the Group Share Plan can be found in the Notes to the Consolidated Financial Statements.

Mid-Term Incentive Plan

Under the Mid-Term Incentive Plan, which was introduced in 2015, Executive Board members receive another multi-year variable compensation component. This involves a mid-term remuneration instrument to be paid out in cash for members of the Executive Board and other selected executives, which gives the participants the opportunity to share in the future development of ProSiebenSat.1 Group's adjusted EBITDA. The Mid-Term Incentive Plan has a three-year plan term starting in the financial year 2016 and encourages the achievement of the mid-term targets communicated to the capital market for the financial year 2018. In addition, it is a key incentive for a successful transformation of ProSiebenSat.1 Group from a TV company into an entertainment and commerce powerhouse, which will secure the future viability of our Company. The payment amount depends on adjusted EBITDA achieved by ProSiebenSat.1 Group in the financial year 2018 in addition to the achievement of certain minimum thresholds for revenues and adjusted EBITDA during the plan term. The adjusted EBITDA actually achieved in the respective year and the 2018 consolidated revenues can be corrected and adjusted accordingly for the effects of extraordinary developments or special circumstances, such as material M&A transactions, that were not accounted for in the adjusted EBITDA or revenue target. The payment amount can amount to between 0% and a maximum of 250% of the target value. The achievement of the minimum thresholds, the level of target achievement, and the respective payment amount therefore cannot be calculated until the end of financial year 2018. Executive Board members and other participants in the Mid-Term Incentive Plan each receive a one-off allocated amount for the entire plan term. If participants leave the Company prematurely before the end of the plan term, their payment shall be reduced on a pro rata basis. This one-off amount under the Mid-Term Incentive Plan was allocated to the Company's Executive Board members in office in the financial year 2015 in February and April 2015, to new Executive Board members appointed in the financial year 2016 in March and June 2016, and to new Executive Board members appointed in the financial year 2017 in November and December 2016. The Mid-Term Incentive Plan is reported in the table of benefits in accordance with the German Corporate Governance Code (GCGC) from 2016 as the plan term as defined by the GCGC does not begin until 2016. The target value, i.e. the value that is granted to the Executive Board if 100% of the target has been achieved, is EUR 1.5 million for Thomas Ebeling, EUR 1.0 million each for Dr. Gunnar Wiedenfels, Conrad Albert, Dr. Ralf Schremper, Jan David Frouman and Christof Wahl, and EUR 0.67 million each for Dr. Jan Kemper and Sabine Eckhardt. Dr. Gunnar Wiedenfels left the Executive Board as of March 31, 2017, Dr. Ralf Schremper as of July 31, 2017, and Thomas Ebeling will leave as of February 22, 2018. For information on the effects on the Mid-Term Incentive Plan, please refer to "Notes on the Compensation of Departed or Departing Executive Board Members."

Claims for Restitution

In line with common practice on the German market, the Executive Board members' contracts do not include provisions on claims for restitution on the part of the Company against the Executive Board members for variable compensation paid, e.g. clawback clauses, as variable compensation is only paid out once the compensation is definitively vested. All variable compensation components for Executive Board members are therefore forward-looking and are not paid out until the end of the plan term. Until then, they also reflect negative value risks at the expense of the variable compensation. An additional clawback provision is therefore neither needed nor planned. This does not affect the applicable legal situation regarding any claims for damages on the part of the Company against Executive Board members in the event of culpable breaches of duty (such as according to Section 93 (2) of the German Stock Corporation Act, AktG). For further information on the D&O insurance taken out for the event of such claims for damages, please refer to the comments under "D&O Insurance."

PENSION AGREEMENTS

Pension agreements were signed for all members of the Executive Board: For the period of the employment relationship, the Company pays an annual total contribution into the personal pension account managed by the Company. The total contribution made by the Company is equivalent to 20% of the respective fixed annual gross salary. Each member of the Executive Board has the right to pay any additional amount into the pension account in the context of deferred compensation. There are no further payments after the end of the employment relationship. The Company guarantees the paid-in capital and an annual interest of 2%. The amounts paid-in are invested on the money and capital markets. A monthly retirement pension or alternatively a one-off retirement payment is paid if the Executive Board member reaches the age of 60, or 62 in the case of Dr. Ralf Schremper, Dr. Gunnar Wiedenfels, Jan David Frouman, Christof Wahl, Dr. Jan Kemper and Sabine Eckhardt, and has been a member of the Executive Board for at least three full years. This entitlement also arises in the case of permanent disability. The monthly retirement pension is derived from the actuarially calculated life-long pension as of the time of the entitlement to benefits. If no monthly retirement pension is paid, then a retirement payment is made in the amount of the guaranteed capital as a one-off payment (or in up to ten equal annual installments).

NON-PERFORMANCE-BASED FRINGE BENEFITS

In addition, Executive Board members receive other **non-performance-based fringe benefits** (particularly, the provision of company cars, group accident insurance and occasionally chauffeur services, flights home and benefits for the maintenance of two households).

COMMITMENTS IN THE EVENT OF TERMINATION OF EXECUTIVE BOARD EMPLOYMENT

Premature Termination without Good Cause

If the employment contracts of Executive Board members are terminated prematurely by the Company without good cause, these contracts provide for a severance payment amounting to two years' worth of total compensation as defined by section 4.2.3 of the GCGC; however, this may not exceed the amount of compensation that would have been paid until the end of the contract period.

Premature Termination in the Event of a Change of Control

The contracts of Executive Board members contain change of control clauses in the event of a change of control at the Company. A change of control as defined in the agreements of the Executive Board members takes place (i) if control is acquired within the meaning of takeover law, i.e. at least 30% of the voting rights in the Company are acquired by the acquirer, (ii) if the merger of the Company is implemented with the Company as the transferring legal entity, or (iii) if a control agreement comes into force with the Company as the dependent entity. In the event of a change of control, Executive Board members have the right to terminate their employment contract with three months' notice at the end of the month and resign from the Executive Board if the change of control significantly affects the position of these Executive Board members. If this right of termination is exercised, the Executive Board members shall receive a payment in cash that is to be added in full to any waiting allowances. Compensation in cash corresponds to three years' remuneration, but shall not exceed remuneration for the remainder of the employment contract discounted to the termination date. When determining this cash settlement, fixed remuneration for the last financial year that Executive Board members are contractually entitled to, the performance bonus, multi-annual compensation components and pension contributions are to be regarded as annual compensation.

COMPENSATION OF EXECUTIVE BOARD MEMBERS FOR THE FINANCIAL YEAR 2017 IN ACCORDANCE WITH GAS 17

The following total compensation for Executive Board members in office in the financial year 2017 was determined in accordance with GAS 17: → Fig. 013

Notes on the Compensation of Departed or Departing Executive Board Members

Dr. Gunnar Wiedenfels left the Executive Board at his own request on March 31, 2017; his employment contract ended effective March 31, 2017. In accordance with his termination agreement, Dr. Gunnar Wiedenfels did not receive a severance payment. The performance bonus for 2016 was calculated and paid out based on the actual targets achieved in accordance with the provisions contained in his employment contract. Dr. Gunnar Wiedenfels received a non-performance-based pro rata amount worth 3/12 of the target bonus for the performance bonus (EUR 81,250) as a performance bonus for 2017. The target bonus is based on the assumption that 100% of the target for the performance bonus has been achieved. For 2017, there was no further entitlement to allocation of PSUs under the Group Share Plan. The PSUs issued to Dr. Wiedenfels under the Group Share Plan (GSP) in 2015 and 2016 as part of his work as an Executive Board member were vested at 50% (GSP 2015) and 25% (GSP 2016) when he left the Company, and were settled in cash in the allocated amount (or any lower market value in accordance with the terms and conditions of the plan). The PSUs issued to him in 2013 and 2014 for work performed before his appointment to the Executive Board were vested at 100% (GSP 2013) or 75% (GSP 2014) when he left the Company and will be settled as planned after the end of the respective four-year performance period. All PSUs that were not vested upon departure expired without compensation. Due to the premature termination of his employment contract before the end of the plan term, all of the entitlements of Dr. Gunnar Wiedenfels under the Mid-Term Incentive Plan expired without compensation. Since the three-year waiting period for the contractual vesting was not reached, the pension agreement provides only for entitlements that Dr. Gunnar Wiedenfels obtained from deferred compensation. In addition, the termination agreement stipulated that the post-contractual non-competition clause and the associated provisions regarding the waiting allowance were canceled without replacement.

Dr. Ralf Schremper stepped down from the Executive Board as of July 31, 2017. His employment contract, which would have had been effective until March 31, 2018, also ended effective July 31, 2017. In accordance with his termination agreement, Dr. Ralf Schremper received a severance payment of EUR 1.7 million, which was made up of the following elements: fixed remuneration of EUR 212,500 for the months from August to December 2017, performance bonus of EUR 325,000 for the months from January to December 2017 (assuming 100% target achievement) and EUR 200,000 as compensation for the non-participation in the Group Share Plan for 2017, which were payable on the termination date. The termination agreement stipulated the following with regard to the Mid-Term Incentive Plan: Under the Mid-Term Incentive Plan, Dr. Ralf Schremper was allocated an amount worth EUR 1.0 million with a plan term from 2016 to 2018. Based on the agreement in his termination agreement, this amount was paid out on the termination date on a pro rata basis for 2016 and 2017, amounting to EUR 666,666.67. Concerning the Group Share Plan, the termination agreement stipulates that Dr. Ralf Schremper is still participating in the Group Share Plan in accordance with the terms and conditions of this plan with the PSUs issued up to the termination date, but on the condition that they are treated as if they would have vested not before December 31, 2017. Accordingly, the PSUs allocated under GSP 2015 were 75% vested on his departure, the PSUs allocated under GSP 2016 50%; a provision of EUR 262,954.45 was recognized for this. All PSUs that were not vested upon departure expired without compensation. For 2017, there was no further entitlement to allocation of PSUs under the Group Share Plan. In addition, Dr. Ralf Schremper still received pension contributions of EUR 42,500 for August to December 2017, whereby for the purposes of the provisions of the pension agreement with regard to vesting Dr. Ralf Schremper was treated as if the employment relationship had not ended until the regular end of the contract on March 31, 2018. It has also been agreed that the post-contractual non-competition clause and the associated provisions regarding the waiting allowance are canceled without compensation.

013 / COMPENSATION OF EXECUTIVE BOARD MEMBERS FOR THE FINANCIAL YEAR 2017 IN ACCORDANCE WITH GAS 17 in EUR thousand

	Thomas Ebeling Group CEO until Feb. 22, 2018		Dr. Jan Kemper Group CFO since Jun. 1, 2017		Conrad Albert Vice chairman of the Executive Board, Group General Counsel since Oct. 1, 2011		Sabine Eckhardt CCO Entertainment since Jan. 1, 2017		Jan David Frouman Executive Board member for Content Production & Global Sales, Chairman & CEO Red Arrow Studios since Mar. 1, 2016	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Fixed compensation	1,000.0	1,000.0	379.2	–	725.0	725.0	510.0	–	555.0	462.5
Fringe benefits[1]	120.2	97.1	29.7	–	9.8	10.0	8.7	–	9.7	8.1
Total fixed compensation	**1,120.2**	**1,097.1**	**408.9**	**–**	**734.8**	**735.0**	**518.7**	**–**	**564.7**	**470.6**
Annual variable compensation	832.0	1,490.0	341.3	–	396.8	500.0	331.9	–	162.5	300.6
Multi-year variable compensation										
Group Share Plan (2016-2019)[2]	–	1,000.0	–	–	–	800.0	–	–	–	800.0
Group Share Plan (2017-2020)	–	–	800.0	–	800.0	–	800.0	–	800.0	–
Other[3]	–	–	2,000.0	–	–	–	–	–	–	–
Total variable compensation	**832.0**	**2,490.0**	**3,141.3**	**–**	**1,196.8**	**1,300.0**	**1,131.9**	**–**	**962.5**	**1,100.6**
Total compensation	**1,952.2**	**3,587.1**	**3,550.2**	**–**	**1,931.6**	**2,035.0**	**1,650.6**	**–**	**1,527.2**	**1,571.2**
Increase of pension obligation (DBO)	503.3	537.5	59.1	–	493.5	547.9	85.0	–	291.7	119.0
thereof entitlements from deferred compensation	253.7	277.3	–	–	352.3	306.6	–	–	194.0	44.2
Amount of pension obligation (DBO)[4]	9,875.2	9,371.9	59.1	–	1,609.8	1,116.3	85.0	–	410.7	119.0
thereof entitlements from deferred compensation	7,984.9	7,731.2	–	–	814.4	462.2	–	–	238.2	44.2

	Christof Wahl[5] CCO Entertainment since May 1, 2016		Dr. Gunnar Wiedenfels[6] Group CFO until Mar. 31, 2017		Dr. Ralf Schremper[7] Chief Investment Officer - CIO until Jul. 31, 2017		Dr. Christian Wegner Executive Board member for Digital Ventures & Commerce until Dec. 31, 2016		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Fixed compensation	510.0	340.0	127.5	510.0	297.5	510.0	–	700.0	4,104.2	4,247.5
Fringe benefits[1]	8.0	0.3	4.2	15.7	7.1	12.2	–	15.4	197.4	158.8
Total fixed compensation	**518.0**	**340.3**	**131.7**	**525.7**	**304.6**	**522.2**	–	**715.4**	**4,301.6**	**4,406.3**
Annual variable compensation	322.4	253.5	81.3	490.8	0.0	529.8	–	623.0	2,468.2	4,187.7
Multi-year variable compensation										
Group Share Plan (2016-2019)[2]	–	1,615.0	–	800.0	–	800.0	–	800.0	–	6,615.0
Group Share Plan (2017-2020)	800.0	–	–	–	–	–	–	–	4,000.0	–
Other[3]	–	–	–	–	–	–	–	–	2,000.0	–
Total variable compensation	**1,122.4**	**1,868.5**	**81.3**	**1,290.8**	**0.0**	**1,329.8**	–	**1,423.0**	**8,468.2**	**10,802.7**
Total compensation	**1,640.4**	**2,208.8**	**213.0**	**1,816.5**	**304.6**	**1,852.0**	–	**2,138.4**	**12,769.7**	**15,209.0**
Increase of pension obligation (DBO)	94.2	57.5	-139.2	387.5	187.2	95.1	–	404.1	1,574.8	2,148.6
thereof entitlements from deferred compensation	–	–	5.3	296.8	–	–	–	54.2	805.3	979.1
Amount of pension obligation (DBO)[4]	151.7	57.5	328.1	467.3	340.6	153.4	–	1,332.6	12,860.3	12,618.1
thereof entitlements from deferred compensation	–	–	328.1	322.8	–	–	–	533.2	9,365.6	9,093.5

[1] Includes lease payments for use of company car and insurance premiums (excluding D&O). Dr. Gunnar Wiedenfels' fringe benefits include additional benefits for chauffeur services. Thomas Ebeling's fringe benefits include additional benefits for chauffeur services and flights home. In Dr. Jan Kemper's case, they include additional benefits for the maintenance of two households.

[2] To settle incentives for work performed before joining the Executive Board, Christof Wahl was allocated a one-off additional amount of 24,000 performance share units in the financial year 2016.

[3] Dr. Jan Kemper receives a compensation payment for forfeited entitlements from the stock option program of his previous employer.

[4] Defined benefit obligation (DBO) as of December 31 of the reporting year. Pension obligations for Dr. Christian Wegner are related to the financial years 2016 and 2017 in accordance with the termination agreement.

[5] In accordance with the termination agreement from his previous executive contract, Christof Wahl was granted EUR 100,000 in financial year 2016, which was deducted from his fixed remuneration.

[6] Dr. Gunnar Wiedenfels left the Executive Board effective March 31, 2017; his employment contract ended effective March 31, 2017. The fixed and annual variable compensation shown relates to January to March 2017; the pension obligations relate to the entire 2017 financial year. Since the three-year waiting period for the contractual vesting was not reached, the pension agreement provides only for entitlements that Dr. Gunnar Wiedenfels obtained from deferred compensation.

[7] Dr. Ralf Schremper left the Executive Board effective July 31, 2017; his employment contract ended effective July 31, 2017. The fixed compensation shown relates to January to July 2017; the pension obligations relate to the entire 2017 financial year. Dr. Ralf Schremper's entitlement to the annual variable compensation (performance bonus) for financial year 2017 was satisfied in full with the severance payment.

Thomas Ebeling will step down from the Executive Board as of February 22, 2018. His employment contract, which would have had been effective until June 30, 2019, will also end effective February 22, 2018. In accordance with the termination agreement, Thomas Ebeling's contractual compensation will continue to be paid unchanged until the termination date. His compensation entitlements for the remaining term of the employment contract will be paid out in the full amount of EUR 7.1 million as a severance payment following the termination date and, in the case of the contractual pension contributions, continued normally for the remaining term in accordance with the termination agreement. The following specific provisions were made in the termination agreement in this regard: The regular fixed compensation will be granted up to and including February 2018 and a total of EUR 1,333,333.33 paid as a severance payment for the remaining term of the employment contract (March 2018 to June 2019). The performance bonus will be settled regularly for the last time for 2017. For the full year 2018 and pro rata temporis for the period up to and including June 2019, the performance bonus will instead be paid on the basis of assumed target achievement of 100% as severance totaling EUR 1.5 million. In addition, the total amount of the non-cash benefit from the option to privately use the company car for the period from the termination date to the end of June 30, 2019, amounting to EUR 20,384 will be paid out as severance. The contractual remuneration of the pension agreement will be continued unchanged for the remaining term of the contract; pension contributions of EUR 266,666.67 will be attributed to the period from March 2018 up to and including June 2019. Thomas Ebeling's multi-year compensation components will be settled in cash following the termination date in accordance with the termination agreement, provided the plan term has not yet expired as of the termination date. The following specific agreement was made on this point: Thomas Ebeling's participation in the Mid-Term Incentive Plan will be paid off at the allocated amount of EUR 1.5 million with a plan term from 2016 to 2018. In accordance with this employment contract, Thomas Ebeling is owed an annual allocation of performance share units (PSUs) worth EUR 1.0 million, each with a four-year performance period, under the Group Share Plan. The PSUs allocated in 2014, whose performance period ended at the end of 2017, will be settled normally. The PSUs allocated in 2015 and 2016 are settled at the allocated amount; the allocated amount is likewise paid instead of the outstanding allocation for 2017 and 2018. With regard to the provisions on vesting, which provide for 25% vesting at the end of each year of the four-year performance period, the measurement of the PSUs assumes the continuation of the employment contract for the remaining term until June 2019. Accordingly, a settlement is only paid if the corresponding PSUs are to become vested by then. This gives a settlement amount totaling EUR 2.5 million for the allocations or allocation entitlements of the years 2015 to 2018. According to the termination agreement, the planned severance amounts also compensate Thomas Ebeling's handover work for a transitional period of three months after the termination date, in which he will remain available to the Company to an appropriate extent for information and other handover and consulting tasks associated with his previous work. Furthermore, this also compensates Thomas Ebeling's post-contractual non-competition clause agreed for the period up to and including June 2019, so the Company does not have to pay a separate waiting allowance for this.

Additional Disclosures on Share-Based Payment Instruments (Group Share Plan)

The performance share units (PSUs) granted to active members of the Executive Board for their work as members of the Executive Board developed as follows in the financial year 2017: → Fig. 014

In the financial year 2017, 70,857 performance share units from the Group Share Plan were exercised and 41,749 performance share units expired. For more information on the performance share units granted for the financial year 2017, please refer to Note 32 in the Notes to the Consolidated Financial Statements. → Notes, Note 32 "Share-based payments," page 237

i Further information on shares in the Company held by the Executive Board can be found in the Corporate Governance Report on page 70.

Other Compensation Components

The Company has granted neither loans nor provided guarantees or warranties to the members of the Executive Board.

COMPENSATION OF EXECUTIVE BOARD MEMBERS FOR THE FINANCIAL YEAR 2017 IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE (GCGC)

The GCGC recommends the individual disclosure of specific compensation components for each Executive Board member according to certain criteria. It further recommends the use of the template tables included in the GCGC for their presentation — in some cases deviating from GAS 17.

BENEFITS GRANTED IN ACCORDANCE WITH GCGC

The table below shows the benefits that have been granted for the financial year 2017, including fringe benefits and the minimum and maximum compensation achievable in the financial year 2017 that were granted to active members of the Executive Board for their work as Executive Board members. In deviation from the presentation of total compensation according to GAS 17, to comply with the GCGC the annual variable compensation must be disclosed as the target value, i.e. the value granted to the Executive Board member in the event of 100% target achievement. The degree of respective target achievement for a financial year, i.e. the extent to which the amount payable in the event of 100% target achievement was exceeded or fallen short of, is obtained by comparing the variable compensation granted for a financial year with the corresponding disclosures on the variable compensation actually received for the financial year in question in the receipt table according to GCGC. Furthermore, the pension cost, i.e. the service cost in accordance with IAS 19, must be included in total compensation in accordance with GCGC. → Fig. 015–023

014 / ADDITIONAL DISCLOSURES ON SHARE-BASED PAYMENTS INSTRUMENTS

		GROUP SHARE PLAN[4]						
		Outstanding performance share units at the start of the financial year	Performance share units granted in the financial year		Performance share units expired in the financial year[5]	Performance share units exercised in the financial year	Outstanding performance share units at the end of the financial year	Total cost for share-based compensation[6]
		Number	Number	Fair value of the grant in EUR	Number	Number	Number	in EUR
Thomas Ebeling	**2017**	**113,560**	**0**	**0**	**0**	**31,536**	**82,024**	**3,425**
	2016	132,540	29,447	1,000,000	0	48,427	113,560	194,093
Dr. Jan Kemper	**2017**	**0**	**30,019**	**800,000**	**0**	**0**	**30,019**	**382,556**
	2016	–	–	–	–	–	–	–
Conrad Albert	**2017**	**90,849**	**30,019**	**800,000**	**0**	**25,229**	**95,639**	**451,938**
	2016	106,032	23,558	800,000	0	38,741	90,849	155,253
Sabine Eckhardt[1]	**2017**	**0**	**30,019**	**800,000**	**0**	**0**	**30,019**	**382,556**
	2016	–	–	–	–	–	–	–
Jan David Frouman	**2017**	**23,558**	**30,019**	**800,000**	**0**	**0**	**53,577**	**468,226**
	2016	0	23,558	800,000	0	0	23,558	406,160
Christof Wahl[2]	**2017**	**47,558**	**30,019**	**800,000**	**0**	**0**	**77,577**	**555,506**
	2016	0	47,558	1,615,040	0	0	47,558	819,922
Dr. Gunnar Wiedenfels[1]	**2017**	**39,962**	**0**	**0**	**25,870**	**14,092**	**0**	**38,303**
	2016	16,404	23,558	800,000	0	0	39,962	200,765
Dr. Ralf Schremper[1]	**2017**	**39,962**	**0**	**0**	**15,879**	**0**	**24,083**	**-11,643**
	2016	16,404	23,558	800,000	0	0	39,962	463,995
Dr. Christian Wegner[3]	**2017**	–	–	–	–	–	–	–
	2016	106,032	23,558	800,000	15,879	38,741	74,970	453,328
Total	**2017**	**355,449**	**150,095**	**4,000,000**	**41,749**	**70,857**	**392,938**	**2,270,867**
	2016	377,412	194,795	6,615,040	15,879	125,909	430,419	2,693,517

[1] Executive Board members Sabine Eckhardt, Dr. Gunnar Wiedenfels and Dr. Ralf Schremper also have PSUs from work performed before they joined the Executive Board. These were not granted as remuneration for their role on the Executive Board and are thus not included in the overview.
[2] To settle incentives for work performed before joining the Executive Board, Christof Wahl was allocated a one-off additional amount of 24,000 PSUs in the financial year 2016.
[3] Dr. Christian Wegner left the Executive Board effective December 31, 2016. Information on share-based compensation instruments in his case can be found in the chapter regarding total compensation of former members of the Executive Board.
[4] Nominal amounts of PSUs when granted.
[5] Dr. Gunnar Wiedenfels left the Executive Board as of March 31, 2017, Dr. Ralf Schremper as of July 31, 2017, and Thomas Ebeling will leave as of February 22, 2018. For information on the effects on the Group Share Plan, please refer to "Notes on the Compensation of Departed or Departing Executive Board Members.
[6] The total cost in the financial year 2017 includes an adjustment of the conversion factor for the performance share units granted (100.1%) for the Group Share Plan 2014 and was measured as of December 31, 2017. No adjustments were made due to anti-dilution protection or an individual increase by the Supervisory Board. The total cost for Dr. Ralf Schremper is negative due to declines in the share price in the financial year 2017. The total cost in the financial year 2016 includes an adjustment of the conversion factor for the performance share units granted (107.6%) for the Group Share Plan 2013 and was measured as of December 31, 2016.

015 / BENEFITS GRANTED in EUR thousand

	Thomas Ebeling Group CEO – until Feb. 22, 2018			
	2016	2017	2017 (min.)	2017 (max.)
Fixed compensation	1,000.0	1,000.0	1,000.0	1,000.0
Fringe benefits[1]	97.1	120.2	120.2	120.2
Total fixed compensation	**1,097.1**	**1,120.2**	**1,120.2**	**1,120.2**
Annual variable compensation	1,000.0	1,000.0	0.0	2,000.0
Multi-year variable compensation				
Group Share Plan (2016 - 2019)	1,000.0	–	–	–
Group Share Plan (2017 - 2020)	–	–	–	–
Mid-Term Incentive Plan (2016 - 2018)[2]	500.0	500.0	0.0	1,250.0
Total variable compensation	**2,500.0**	**1,500.0**	**0.0**	**3,250.0**
Pension cost[3]	203.4	209.2	209.2	209.2
Total compensation (GCGC)	**3,800.5**	**2,829.4**	**1,329.4**	**4,579.4**

[1]Includes lease payments for use of company car and insurance premiums (excluding D&O). Thomas Ebeling's fringe benefits include additional benefits for chauffeur services and flights home.
[2]The Mid-Term Incentive Plan is settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.5 million.
[3]Pension cost comprises service cost in accordance with IAS 19.

016 / BENEFITS GRANTED in EUR thousand

	Dr. Jan Kemper Group CFO – since Jun. 1, 2017			
	2016	2017	2017 (min.)	2017 (max.)
Fixed compensation	–	379.2	379.2	379.2
Fringe benefits[1]	–	29.7	29.7	29.7
Total fixed compensation	**–**	**408.9**	**408.9**	**408.9**
Annual variable compensation	–	379.2	0.0	758.3
Multi-year variable compensation				
Group Share Plan (2016 - 2019)	–	–	–	–
Group Share Plan (2017 - 2020)	–	800.0	0.0	4,200.0
Mid-Term Incentive Plan (2016 - 2018)	–	333.0	0.0	832.5
Other[2]	–	2,000.0	2,000.0	2,000.0
Total variable compensation	**–**	**3,512.2**	**2,000.0**	**7,790.8**
Pension cost[3]	–	59.1	59.1	59.1
Total compensation (GCGC)	**–**	**3,980.1**	**2,468.0**	**8,258.8**

[1]Includes lease payments for use of company car and insurance premiums (excluding D&O). Dr. Jan Kemper's fringe benefits include additional benefits for the maintenance of two households.
[2]Dr. Jan Kemper receives a compensation payment for forfeited entitlements from the stock option program of his previous employer.
[3]Pension cost comprises service cost in accordance with IAS 19. In the case of Dr. Jan Kemper, this comprises past service costs for 2017 as a result of pension commitments granted during the year.

017 / BENEFITS GRANTED in EUR thousand

	Conrad Albert Vice chairman of the Executive Board, Group General Counsel – since Oct. 1, 2011			
	2016	2017	2017 (min.)	2017 (max.)
Fixed compensation	725.0	725.0	725.0	725.0
Fringe benefits[1]	10.0	9.8	9.8	9.8
Total fixed compensation	**735.0**	**734.8**	**734.8**	**734.8**
Annual variable compensation	400.0	400.0	0.0	800.0
Multi-year variable compensation				
Group Share Plan (2016 - 2019)	800.0	-	-	-
Group Share Plan (2017 - 2020)	-	800.0	0.0	4,200.0
Mid-Term Incentive Plan (2016 - 2018)	333.3	333.3	0.0	833.3
Total variable compensation	**1,533.3**	**1,533.3**	**0.0**	**5,833.3**
Pension cost[2]	99.5	127.0	127.0	127.0
Total compensation (GCGC)	**2,367.8**	**2,395.1**	**861.8**	**6,695.1**

[1]Includes lease payments for use of company car and insurance premiums (excluding D&O).
[2]Pension cost comprises service cost in accordance with IAS 19.

018 / BENEFITS GRANTED in EUR thousand

	Sabine Eckhardt CCO Entertainment – since Jan. 1, 2017			
	2016	2017	2017 (min.)	2017 (max.)
Fixed compensation	–	510.0	510.0	510.0
Fringe benefits[1]	–	8.7	8.7	8.7
Total fixed compensation	**–**	**518.7**	**518.7**	**518.7**
Annual variable compensation	–	375.0	0.0	750.0
Multi-year variable compensation				
Group Share Plan (2016 - 2019)	–	-	-	-
Group Share Plan (2017 - 2020)	–	800.0	0.0	4,200.0
Mid-Term Incentive Plan (2016 - 2018)	–	333.3	0.0	833.3
Total variable compensation	**–**	**1,508.3**	**0.0**	**5,783.3**
Pension cost[2]	–	85.0	85.0	85.0
Total compensation (GCGC)	**–**	**2,112.1**	**603.7**	**6,387.1**

[1]Includes lease payments for use of company car and insurance premiums (excluding D&O).
[2]Pension cost comprises service cost in accordance with IAS 19. In the case of Sabine Eckhardt, this comprises past service costs for 2017 as a result of pension commitments granted during the year.

019 / BENEFITS GRANTED in EUR thousand

	Jan David Frouman Executive Board member for Content Production & Global Sales, Chairman & CEO Red Arrow Studios – since Mar. 1, 2016			
	2016	2017	2017 (min.)	2017 (max.)
Fixed compensation	462.5	555.0	555.0	555.0
Fringe benefits[1]	8.1	9.7	9.7	9.7
Total fixed compensation	**470.6**	**564.7**	**564.7**	**564.7**
Annual variable compensation	270.8	325.0	0.0	650.0
Multi-year variable compensation				
Group Share Plan (2016-2019)	800.0	-	-	-
Group Share Plan (2017-2020)	-	800.0	0.0	4,200.0
Mid-Term Incentive Plan (2016-2018)	333.3	333.3	0.0	833.3
Total variable compensation	**1,404.2**	**1,458.3**	**0.0**	**5,683.3**
Pension cost[2]	74.8	91.6	91.6	91.6
Total compensation (GCGC)	**1,949.6**	**2,114.6**	**656.3**	**6,339.6**

[1]Includes lease payments for use of company car and insurance premiums (excluding D&O).
[2]Pension cost comprises service cost in accordance with IAS 19. In the case of Jan David Frouman, this comprises past service costs for 2016 as a result of pension commitments granted during the year.

020 / BENEFITS GRANTED in EUR thousand

	Christof Wahl CCO Entertainment – since May 1, 2016			
	2016	2017	2017 (min.)	2017 (max.)
Fixed compensation[1]	340.0	510.0	510.0	510.0
Fringe benefits[2]	0.3	8.0	8.0	8.0
Total fixed compensation	**340.3**	**518.0**	**518.0**	**518.0**
Annual variable compensation	216.7	325.0	0.0	650.0
Multi-year variable compensation				
Group Share Plan (2016-2019)[3]	1,615.0	-	-	-
Group Share Plan (2017-2020)	-	800.0	0.0	4,200.0
Mid-Term Incentive Plan (2016-2018)	333.3	333.3	0.0	833.3
Total variable compensation	**2,165.0**	**1,458.3**	**0.0**	**5,683.3**
Pension cost[4]	57.5	88.0	88.0	88.0
Total compensation (GCGC)	**2,562.8**	**2,064.3**	**606.0**	**6,289.3**

[1]In accordance with the termination agreement from his previous executive contract, Christof Wahl was granted EUR 100,000 in financial year 2016, which was deducted from his fixed remuneration.
[2]Includes lease payments for use of company car and insurance premiums (excluding D&O).
[3]To settle incentives for work performed before joining the Executive Board, Christof Wahl was allocated a one-off additional amount of 24,000 performance share units in the financial year 2016.
[4]Pension cost comprises service cost in accordance with IAS 19. In the case of Christof Wahl, this comprises past service costs for 2016 as a result of pension commitments granted during the year.

021 / BENEFITS GRANTED in EUR thousand

	Dr. Gunnar Wiedenfels[1] Group CFO – until Mar. 31, 2017			
	2016	2017	2017 (min.)	2017 (max.)
Fixed compensation	510.0	127.5	127.5	127.5
Fringe benefits[2]	15.7	4.2	4.2	4.2
Total fixed compensation	**525.7**	**131.7**	**131.7**	**131.7**
Annual variable compensation	325.0	81.3	81.3	81.3
Multi-year variable compensation				
Group Share Plan (2016-2019)	800.0	–	–	–
Group Share Plan (2017-2020)	–	–	–	–
Mid-Term Incentive Plan (2016-2018)	333.3	–	–	–
Total variable compensation	**1,458.3**	**81.3**	**81.3**	**81.3**
Pension cost[3]	73.5	84.2	84.2	84.2
Total compensation (GCGC)	**2,057.5**	**297.2**	**297.2**	**297.2**

[1]Dr. Gunnar Wiedenfels left the Executive Board effective March 31, 2017; his employment contract ended effective March 31, 2017. The fixed and annual variable compensation shown relates to January to March 2017; the pension cost relates to the financial year 2017 as a whole. Since the three-year waiting period for the contractual vesting was not reached, the pension agreement provides only for entitlements that Dr. Gunnar Wiedenfels obtained from deferred compensation. Due to the premature termination of the employment contract before the plan term, all entitlements under the Mid-Term Incentive Plan expire without compensation.
[2]Includes lease payments for use of company car and insurance premiums (excluding D&O). Dr. Gunnar Wiedenfels' fringe benefits include additional benefits for chauffeur services.
[3]Pension cost comprises service cost in accordance with IAS 19.

022 / BENEFITS GRANTED in EUR thousand

	Dr. Ralf Schremper[1] Chief Investment Officer – CIO – until Jul. 31, 2017			
	2016	2017	2017 (min.)	2017 (max.)
Fixed compensation	510.0	297.5	297.5	297.5
Fringe benefits[2]	12.2	7.1	7.1	7.1
Total fixed compensation	**522.2**	**304.6**	**304.6**	**304.6**
Annual variable compensation	325.0	0.0	0.0	0.0
Multi-year variable compensation				
Group Share Plan (2016-2019)	800.0	–	–	–
Group Share Plan (2017-2020)	–	–	–	–
Mid-Term Incentive Plan (2016-2018)	333.3	333.3	0.0	833.3
Total variable compensation	**1,458.3**	**333.3**	**0.0**	**833.3**
Pension cost[3]	79.7	89.4	89.4	89.4
Total compensation (GCGC)	**2,060.2**	**727.4**	**394.0**	**1,227.4**

[1]Dr. Ralf Schremper left the Executive Board effective July 31, 2017; his employment contract ended effective July 31, 2017. The fixed and annual variable compensation shown relates to January to July 2017; the pension cost relates to the financial year 2017 as a whole. Dr. Ralf Schremper's entitlement to the annual variable compensation (performance bonus) for financial year 2017 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely pro rata for the plan years 2016 and 2017 via a payment equal to two-thirds of the target value, i.e. EUR 0.67 million.
[2]Includes lease payments for use of company car and insurance premiums (excluding D&O).
[3]Pension cost comprises service cost in accordance with IAS 19.

023 / BENEFITS GRANTED in EUR thousand

	Dr. Christian Wegner Executive Board member for Digital Ventures & Commerce – until Dec. 31, 2016			
	2016	2017	2017 (min.)	2017 (max.)
Fixed compensation	700.0	–	–	–
Fringe benefits[1]	15.4	–	–	–
Total fixed compensation	**715.4**	**–**	**–**	**–**
Annual variable compensation	700.0	–	–	–
Multi-year variable compensation				
Group Share Plan (2016-2019)	800.0	–	–	–
Group Share Plan (2017-2020)	–	–	–	–
Mid-Term Incentive Plan (2016-2018)	333.3	–	–	–
Total variable compensation	**1,833.3**	**–**	**–**	**–**
Pension cost[2]	108.2	–	–	–
Total compensation (GCGC)	**2,656.9**	**–**	**–**	**–**

[1]Includes lease payments for use of company car and insurance premiums (excluding D&O).
[2]Pension cost comprises service cost in accordance with IAS 19.

For information on the termination agreements of Dr. Gunnar Wiedenfels, Dr. Ralf Schremper and Thomas Ebeling, please refer to "Notes on the Compensation of Departed or Departing Executive Board Members."

RECEIPT IN ACCORDANCE WITH GCGC

As the compensation granted to members of the Executive Board for the financial year is not always accompanied by a payment in the respective financial year, a separate table – in accordance with the relevant recommendation of the GCGC – shows the amount received by members of the Executive Board for work performed in the financial year.

In line with GCGC recommendations, the fixed compensation and annual variable compensation must be recognized as receipts for the respective financial year. According to the GCGC, share-based payment is considered received at the date and value relevant to German tax law.

Following the recommendations of the GCGC, when disclosing receipts the pension cost in the sense of service cost according to IAS 19 equates to the contributions made, even though strictly speaking it is not an actual receipt. → Fig. 025

POST-CONTRACTUAL NON-COMPETITION CLAUSE

A post-contractual non-competition clause was agreed for all Executive Board members covering one year following the termination of the employment contract. As part of the termination agreement with Dr. Gunnar Wiedenfels and Dr. Ralf Schremper, their respective post-contractual non-competition clauses and associated entitlement to a waiting allowance in relation to their premature termination were canceled. As part of the termination agreement with Thomas Ebeling, it was agreed that the post-contractual non-competition clause applies not for one year but for the period from the termination date at the end of February 22, 2018, to the end of June 30, 2019, and that the waiting allowance is settled by the severance payment.

If the post-contractual non-competition clause applies, Executive Board members receive a monthly waiting allowance for the duration of the post-contractual non-competition agreement, which in each case amounts to 1/12 of 75% of the annual remuneration amount most recently received. In order to determine the waiting allowance, the sum of fixed remuneration, the performance bonus and, if applicable, additional multi-annual compensation components that have been granted are to be regarded as annual compensation. This calculation assumes a target achievement of 100% for the performance bonus and the allocated amount of multi-year compensation components or, if no annual allocation has been made, the pro rata allocated value attributable to one year of the plan term. Any income generated from work performed while the non-competition clause is in force is to be offset against in the waiting allowance – based on a one-year period – if it exceeds 50% of the annual compensation most recently obtained. The Company may waive the non-competition clause before the end of the agreement. In this case, the Executive Board member is entitled to a waiting allowance only for the period between the end of the agreement and the end of a six-month period after the waiver has been received. Sections 74 ff. of the German Commercial Code also apply accordingly.

The following table shows the net present value of compensation to be paid in connection with the post-contractual non-competition clause. This consists of the present value of the amounts that would be paid assuming that Executive Board members were to leave the Company at the end of the term of their respective current contracts and that the contractual benefits received immediately before the termination of their contracts equal their most recent annual compensation. It can be assumed that actual compensation resulting from the post-contractual non-competition clause will differ from the amounts presented in this table. This depends on the exact date on which the employment contract is terminated and the level of compensation received on this date. → Fig. 024

024 / WAITING ALLOWANCE in EUR thousand

	Duration of the contract	Net present value of the waiting allowance[1]
Dr. Jan Kemper	05/31/2020	1,556.7
Conrad Albert	04/30/2021	1,414.2
Sabine Eckhardt	12/31/2019	1,501.0
Jan David Frouman	02/28/2019	1,504.8
Christof Wahl	04/30/2019	1,469.9
Total		**7,446.6**

[1]The following discount rates according to IAS 19 were used for this calculation: Dr. Jan Kemper 0.49%, Conrad Albert 0.62%, Sabine Eckhardt 0.42%, Jan David Frouman 0.30%, Christof Wahl 0.32%.

TOTAL COMPENSATION OF FORMER EXECUTIVE BOARD MEMBERS

Total compensation of EUR 4.7 million was paid to former members of the Executive Board in the financial year 2017 (previous year: EUR 6.0 million). This includes the payment of 75,687 performance share units from the Group Share Plan 2013 amounting to EUR 2.6 million (previous year: EUR 3.3 million) and the severance payment for Dr. Ralf Schremper of EUR 1.4 million payable on the termination date (July 31, 2017). In accordance with the termination agreement, a provision of EUR 0.3 million was recognized for Dr. Ralf Schremper's participation in the Group Share Plan. Dr. Ralf Schremper also received pension contributions of EUR 42,500 for 2017. In addition, pension benefits of EUR 0.4 million (previous year: EUR 0.4 million) were paid to former Executive Board members. As of December 31, 2017, pension provisions for former members of the Executive Board in accordance with IFRS amounted to EUR 14.4 million (previous year: EUR 14.4 million). The pension provisions for Dr. Gunnar Wiedenfels and Dr. Ralf Schremper are shown in the table on total compensation of the Executive Board according to GAS 17.

025 / RECEIPT in EUR thousand

	Thomas Ebeling Group CEO until Feb. 22, 2018		Dr. Jan Kemper Group CFO since Jun. 1, 2017		Conrad Albert Vice chairman of the Executive Board, Group General Counsel since Oct. 1, 2011		Sabine Eckhardt CCO Entertainment since Jan. 1, 2017	
	2017	2016	2017	2016	2017	2016	2017	2016
Fixed compensation	1,000.0	1,000.0	379.2	–	725.0	725.0	510.0	–
Fringe benefits[1]	120.2	97.1	29.7	–	9.8	10.0	8.7	–
Total fixed compensation	**1,120.2**	**1,097.1**	**408.9**	**–**	**734.8**	**735.0**	**518.7**	**–**
Annual variable compensation	832.0	1,490.0	341.3	–	396.8	500.0	331.9	–
Multi-year variable compensation[2]								
Group Share Plan (2012-2015)[3]	–	3,251.6	–	–	–	2,601.2	–	–
Group Share Plan (2013-2016)[4]	1,310.4	–	–	–	1,048.3	–	–	–
Group Share Plan (2015-2018)	–	–	–	–	–	–	–	–
Group Share Plan (2016-2019)	–	–	–	–	–	–	–	–
Other[5]	–	–	2,000.0	–	–	–	–	–
Total variable compensation	**2,142.4**	**4,741.6**	**2,341.3**	**–**	**1,445.1**	**3,101.2**	**331.9**	**–**
Pension cost[6]	209.2	203.4	59.1	–	127.0	99.5	85.0	–
Total compensation (DCGK)	**3,471.8**	**6,042.1**	**2,809.3**	**–**	**2,306.9**	**3,935.7**	**935.6**	**–**

	Jan David Frouman Executive Board member for Content Production & Global Sales, Chairman & CEO Red Arrow Studios since Mar. 1, 2016		Christof Wahl[7] CCO Entertainment since May 1, 2016		Dr. Gunnar Wiedenfels[8] Group CFO until Mar. 31, 2017		Dr. Ralf Schremper[9] Chief Investment Officer - CIO until Jul. 31, 2017		Dr. Christian Wegner Executive Board member for Digital Ventures & Commerce until Dec. 31, 2016	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Fixed compensation	555.0	462.5	510.0	340.0	127.5	510.0	297.5	510.0	–	700.0
Fringe benefits[1]	9.7	8.1	8.0	0.3	4.2	15.7	7.1	12.2	–	15.4
Total fixed compensation	**564.7**	**470.6**	**518.0**	**340.3**	**131.7**	**525.7**	**304.6**	**522.2**	**–**	**715.4**
Annual variable compensation	162.5	300.6	322.4	253.5	81.3	490.8	0.0	529.8	–	623.0
Multi-year variable compensation[2]										
Group Share Plan (2012-2015)[3]	–	–	–	–	–	–	–	–	–	2,601.2
Group Share Plan (2013-2016)[4]	–	–	–	–	–	–	–	–	–	–
Group Share Plan (2015-2018)	–	–	–	–	319.9	–	–	–	–	–
Group Share Plan (2016-2019)	–	–	–	–	200.0	–	–	–	–	–
Other[5]	–	–	–	–	–	–	–	–	–	–
Total variable compensation	**162.5**	**300.6**	**322.4**	**253.5**	**601.2**	**490.8**	**0.0**	**529.8**	**–**	**3,224.2**
Pension cost[6]	91.6	74.8	88.0	57.5	84.2	73.5	89.4	79.7	–	108.2
Total compensation (DCGK)	**818.8**	**846.0**	**928.4**	**651.3**	**817.1**	**1,090.0**	**394.0**	**1,131.7**	**–**	**4,047.8**

[1] Includes lease payments for use of company car and insurance premiums (excluding D&O). Dr. Gunnar Wiedenfels' fringe benefits include additional benefits for chauffeur services. Thomas Ebeling's fringe benefits include additional benefits for chauffeur services and flights home. In Dr. Jan Kemper's case, they include additional benefits for the maintenance of two households.
[2] In addition to remuneration as members of the Executive Board, Dr. Gunnar Wiedenfels, Dr. Ralf Schremper and Sabine Eckhardt were paid amounts from multi-year variable compensation in the financial year 2017 due to rights from the period before commencing their work as Executive Board members.
[3] In addition to adjustments to performance share units granted for anti-dilution protection for a superdividend (1.23) and to the conversion factor (102.7%), the payment for the Group Share Plan 2012 also includes the individual increase by the Supervisory Board (17.5%) measured in accordance with the terms and conditions of the plan with a share price as of the date the conversion factor was determined.
[4] The payment for the Group Share Plan 2013 includes an adjustment of the conversion factor for the performance share units granted (107.6%) measured in accordance with the terms and conditions of the plan with a share price as of the date the conversion factor was determined. No adjustments were made due to anti-dilution protection or an individual increase by the Supervisory Board.
[5] Dr. Jan Kemper receives a compensation payment for forfeited entitlements from the stock option program of his previous employer.
[6] Pension cost comprises service cost in accordance with IAS 19. This comprises past service costs for 2016 in the case of Jan David Frouman and Christof Wahl and for 2017 in the case of Sabine Eckhardt and Dr. Jan Kemper as a result of pension commitments granted during the year.
[7] In accordance with the termination agreement from his previous executive contract, Christof Wahl was granted EUR 100,000 in financial year 2016, which was deducted from his fixed remuneration.
[8] Dr. Gunnar Wiedenfels left the Executive Board effective March 31, 2017; his employment contract ended effective March 31, 2017. The fixed and annual variable compensation shown relates to January to March 2017; the pension cost relates to the financial year 2017 as a whole. Since the three-year waiting period for the contractual vesting was not reached, the pension agreement provides only for entitlements that Dr. Gunnar Wiedenfels obtained from deferred compensation. The performance share units from the Group Share Plan 2015 and 2016 vested as of the termination date in accordance with the terms and conditions of the plan are settled in cash; otherwise, the non-vested PSUs as of the termination date expire without compensation. As annual variable compensation (performance bonus), Dr. Gunnar Wiedenfels receives a pro rata, non-performance-based amount of EUR 81,250.
[9] Dr. Ralf Schremper left the Executive Board effective July 31, 2017; his employment contract ended effective July 31, 2017. The fixed compensation shown relates to January to July 2017; the pension cost relates to the financial year 2017 as a whole. Dr. Ralf Schremper's entitlement to the annual variable compensation (performance bonus) for financial year 2017 was satisfied in full with the severance payment.

026 / **COMPENSATION PAID TO THE SUPERVISORY BOARD FOR THE FINANCIAL YEAR 2017** in EUR thousand

		Fixed basic compensation	Presiding Committee compensation	Audit and Finance Committee compensation	Compensation Committee compensation	Meeting honorarium for personal attendance	Total
Dr. Werner Brandt Chairman	**2017**	**250.0**	**30.0**	**0.0**	**30.0**	**48.0**	**358.0**
	2016	250.0	30.0	0.0	30.0	45.0	355.0
Dr. Marion Helmes Vice Chairwoman	**2017**	**150.0**	**30.0**	**7.5**	**7.5**	**38.0**	**233.0**
	2016	150.0	30.0	7.5	7.5	34.0	229.0
Lawrence A. Aidem	**2017**	**100.0**	**7.5**	**0.0**	**0.0**	**26.0**	**133.5**
	2016	100.0	7.5	0.0	0.0	20.0	127.5
Antoinette (Annet) P. Aris	**2017**	**100.0**	**0.0**	**7.5**	**7.5**	**32.0**	**147.0**
	2016	100.0	0.0	7.5	7.5	34.0	149.0
Adam Cahan	**2017**	**100.0**	**0.0**	**0.0**	**0.0**	**22.0**	**122.0**
	2016	100.0	0.0	0.0	0.0	18.0	118.0
Angelika Gifford	**2017**	**100.0**	**0.0**	**0.0**	**7.5**	**24.0**	**131.5**
	2016	100.0	0.0	0.0	7.5	18.0	125.5
Erik Adrianus Hubertus Huggers	**2017**	**100.0**	**0.0**	**0.0**	**0.0**	**22.0**	**122.0**
	2016	100.0	0.0	0.0	0.0	20.0	120.0
Ketan Mehta	**2017**	**100.0**	**7.5**	**0.0**	**0.0**	**28.0**	**135.5**
	2016	100.0	3.8	0.0	0.0	24.0	127.8
Prof. Dr. Rolf Nonnenmacher	**2017**	**100.0**	**0.0**	**50.0**	**0.0**	**38.0**	**188.0**
	2016	100.0	0.0	50.0	0.0	32.0	182.0
Total	**2017**	**1,100.0**	**75.0**	**65.0**	**52.5**	**278.0**	**1,570.5**
	2016	1,100.0	71.3	65.0	52.5	245.0	1,533.8

PENSION PROVISIONS

In the financial year 2017, there were additions to pension provisions for active and former Executive Board members in accordance with IFRS. These amounted to EUR 1.5 million in total (previous year: EUR 2.8 million). EUR 0.7 million of this amount is attributable to current service costs (previous year: EUR 0.6 million), while EUR 0.5 million is attributable to interest expenses (previous year: EUR 0.6 million). EUR 0.04 million of this amount is attributable to actuarial gains (previous year: actuarial losses of EUR 1.3 million) while minus EUR 0.4 million is attributable to pension payments (previous year: minus EUR 0.4 million). Furthermore, deferred compensation in the amount of EUR 0.6 million (previous year: EUR 0.6 million) has been made in the past financial year. As of December 31, 2017, pension provisions for active and former Executive Board members totaled EUR 27.2 million (previous year: EUR 25.7 million).

D&O INSURANCE

Executive Board members are covered by group liability insurance (D&O insurance). This D&O insurance covers the personal liability risk should Executive Board members be made liable for financial losses when exercising their professional functions for the Company. The insurance includes a deductible according to which an Executive Board member against whom a claim is made pays a total of 10% of the claim in each insured event, but not more than 150% of the respective fixed annual compensation for all insurance events in one insurance year. The relevant figure for calculating the deductible is the fixed remuneration in the calendar year in which the breach of duty occurred.

COMPENSATION PAID TO THE SUPERVISORY BOARD

Structure and Components of Supervisory Board Compensation

The Supervisory Board's compensation is determined in the articles of incorporation of the Company.

Members of the Supervisory Board receive fixed annual compensation for each full financial year of their membership of the Supervisory Board. The fixed compensation amounts to EUR 250,000 for the chairman of the Supervisory Board, EUR 150,000 for the vice chairman and EUR 100,000 for all other members of the Supervisory Board. The chairman of a Supervisory Board committee receives additional fixed annual compensation of EUR 30,000; the additional fixed annual compensation for the chairman of the Audit and Finance Committee amounts to EUR 50,000. Members of the Supervisory Board also receive fixed annual compensation of EUR 7,500 for membership in a Supervisory Board committee. In addition, members of the Supervisory Board receive a meeting honorarium of EUR 2,000 for each meeting attended in person. For the chairman of the Supervisory Board, the meeting honorarium amounts to EUR 3,000 for each meeting attended in person. If multiple meetings are held on one day, the meeting honorarium is paid only once. No performance-based variable compensation is granted.

The current members of the Supervisory Board have declared to the Supervisory Board that they voluntarily undertake to each use 20% of their fixed remuneration granted on a yearly basis in accordance with article 14 (1) and (2) of the articles of incorporation (before deduction of taxes) in order to purchase shares in ProSiebenSat.1 Media SE every year, and to hold these for a period of four years which, however, shall not exceed the duration of their membership on the Supervisory Board of ProSiebenSat.1 Media SE; if they are re-elected, the obligation to hold these shares shall apply to their individual terms of office. With this self-commitment to invest in and hold ProSiebenSat.1 shares, the members of the Supervisory Board want to underline their interest in the long-term, sustainable success of the Company.

i Further information on shares in the Company held by the Supervisory Board can be found in the Corporate Governance Report on page 70.

The Supervisory Board members received the following compensation for the financial year 2017: → Fig. 026

In addition to this fixed annual compensation and meeting honoraria, the members of the Supervisory Board were reimbursed for all out-of-pocket expenses and value-added tax levied on their compensation and out-of-pocket expenses.

D&O insurance covers the personal liability risk should Board members be made liable for financial losses when exercising their functions. No deductible has been agreed for members of the Supervisory Board.

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during the financial year 2017. Members of the Supervisory Board do not receive loans from the Company.

TAKEOVER-RELATED DISCLOSURES[1]
(IN ACCORDANCE WITH SECTIONS 289A (1) AND 315A (1) OF THE GERMAN COMMERCIAL CODE)

As a publicly traded company whose voting shares are listed in an organized market as defined by Section 2 (7) of the German Securities Acquisitions and Takeover Act (WpÜG), ProSiebenSat.1 Media SE is obliged to disclose the information stipulated in Sections 289a (1) and 315a (1) of the German Commercial Code (HGB) in the management report and Group management report. The disclosures are intended to enable a third party interested in taking over a publicly traded company to inform itself about the company, its structure, and any obstacles to the takeover. In addition to these statutory disclosures, the following section also includes the related explanations in accordance with Section 176 (1) Sentence 1 of the German Stock Corporation Act (AktG) in conjunction with Article 9 (1) lit. c) ii) SE Regulation:

COMPOSITION OF THE SUBSCRIBED CAPITAL

As of December 31, 2017, the share capital of ProSiebenSat.1 Media SE amounted to EUR 233,000,000. It is divided into 233,000,000 no-par registered common shares with a pro rata share in the share capital of EUR 1.00 per share. All shares entail the same rights and obligations. Each share in ProSiebenSat.1 Media SE grants one vote at the Annual General Meeting and an identical share in profits. → Organization and Group Structure, page 102

RESTRICTIONS AFFECTING VOTING RIGHTS OR THE TRANSFER OF SHARES

The Executive Board has no information on any restrictions on the exercise of voting rights or the transferability of shares that go beyond the legal requirements of the law governing the capital market and the German Interstate Broadcasting Treaty (Rundfunkstaatsvertrag).

SHAREHOLDINGS THAT EXCEED 10% OF THE VOTING RIGHTS

On the basis of the voting rights notifications according to Sections 21 and 22 of the German Securities Trading Act (WpHG) (regulated in Sections 33 and 34 WpHG since January 3, 2018), received by the Company by December 31, 2017, a share in the Company's voting rights of 15.87% is held by The Capital Group Companies, Inc.

SHARES WITH SPECIAL RIGHTS THAT CONFER CONTROLLING POWERS

No shares with special rights that confer controlling powers have been issued.

VOTING CONTROL IF EMPLOYEES HOLD A CAPITAL SHARE

There is no control over voting rights in the event that employees hold a share in the share capital of ProSiebenSat.1 Media SE and do not exercise their controlling rights directly.

APPOINTMENT AND REMOVAL OF EXECUTIVE BOARD MEMBERS; AMENDMENTS OF THE ARTICLES OF INCORPORATION

In accordance with Section 7 (1) Sentence 1 of the Company's articles of incorporation, the Executive Board of ProSiebenSat.1 Media SE comprises several people. The exact number is determined by the Supervisory Board in accordance with Section 7 (1) Sentence 2 of the articles of incorporation. Members of the Executive Board are appointed and removed by the Supervisory Board in accordance with Article 39 (2) SE Regulation. In accordance with Section 7 (2) Sentence 1 of the articles of incorporation in conjunction with Article 46 SE Regulation Executive Board members are appointed for a maximum period of five years. Reappointments are permitted for a maximum of five years respectively. Executive Board members can be removed by the Supervisory Board prematurely for good cause. The appointment and removal of Executive Board members require a simple majority of the votes cast in the Supervisory Board. In the event of a tie, the vote of the Supervisory Board Chairman shall prevail (Article 12 (1) Sentence 3 of the Company's articles of incorporation). In urgent cases, the court shall appoint a member at the request of one of the parties involved if the Executive Board does not have the required number of members (Section 85 (1) Sentence 1 AktG in conjunction with Article 9 (1) lit. c) ii) SE Regulation).

The Annual General Meeting must decide on changes to the articles of incorporation (Article 59 (1) SE Regulation). In the case of

[1] This section is part of the audited Combined Management Report.

ProSiebenSat.1 Media SE, a resolution by the Annual General Meeting to change the articles of incorporation requires the simple majority of the votes cast if at least half of the share capital entitled to vote is represented when the resolution is being passed (Article 59 (2) SE Regulation, Section 51 Sentence 1 of the German SE Implementation Act (SEAG)). Otherwise, this requires a majority of two thirds of the votes cast (Section 59 (1) SE Regulation) unless the articles of incorporation or the law require a greater majority. For example, this is the case for changing the purpose of the Company (Section 179 (2) Sentence 1 AktG in conjunction with Article 59 (1) and (2) SE Regulation and Section 51 Sentence 2 of the German SE Implementation Act) and creating Contingent Capital (Section 193 (1) Sentences 1 and 2 AktG in conjunction with Article 57 SE Regulation, Section 51 Sentence 2 of the German SE Implementation Act) or Authorized Capital (Section 202 (2) Sentences 2 and 3 AktG in conjunction with Article 57 SE Regulation, Section 51 Sentence 2 of the German SE Implementation Act) for which a majority of at least three quarters of the valid votes cast is required. The Supervisory Board is authorized to pass amendments that relate solely to the wording of the articles of incorporation (Section 179 (1) Sentence 2 AktG in conjunction with Article 9 (1) lit. c) ii) SE Regulation and Section 13 of the Company's articles of incorporation).

EXECUTIVE BOARD'S POWERS TO ISSUE OR REPURCHASE SHARES

By resolution of the Annual General Meeting of June 30, 2016, the Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the share capital of ProSiebenSat.1 Media SE on one or more occasions on or before June 30, 2021, by not more than EUR 87,518,880 in return for contributions in cash and/or in kind by issuing new registered no-par value shares (Authorized Capital 2016). Following the capital increase in November 2016 resulting from the partial utilization of Authorized Capital in the amount of EUR 14,202,800, Authorized Capital 2016 currently amounts to EUR 73,316,080. Subject to the consent of the Supervisory Board, the Executive Board is also authorized to determine the further content of the rights attached to the shares and the conditions of the share issue. Shareholders generally have a legal preemptive right when new shares are issued.

By resolution of the Annual General Meeting of June 30, 2016, the Executive Board is also authorized, subject to the consent of the Supervisory Board, to issue bearer and/or registered convertible and/or warrant-linked bonds in the total nominal amount of up to EUR 1.5 billion with a limited or unlimited term, on one or more occasions on or before June 29, 2021, and to grant conversion or option rights to the holders or creditors of such bonds in order to acquire up to 21,879,720 new registered no-par value shares in the Company in the pro rata amount of up to EUR 21,879,720 of the Company's share capital as specified in more detail in the terms and conditions of the bonds and/or to stipulate the corresponding conversion rights of the Company.

By resolution of the Annual General Meeting on June 30, 2016, there was a contingent increase in share capital by up to EUR 21,879,720 due to the issuance of up to 21,879,720 new registered no-par value shares (Contingent Capital 2016). The Contingent Capital increase serves to grant shares to holders or creditors of convertible bonds in addition to holders of option rights attached to warrant-linked bonds to be issued on or before June 29, 2021, as a result of the authorization granted by resolution of the Annual General Meeting of June 30, 2016, by the Company or a German/foreign entity in which the Company either directly or indirectly holds the majority of votes and capital.

By resolution of the Annual General Meeting of May 21, 2015, ProSiebenSat.1 Media SE is authorized to acquire its own shares on or before May 20, 2020, in the total amount of up to 10% of the share capital existing on the resolution date or, if this figure is lower, on the exercise date of the authorization. The Company may utilize this authorization in full or in part, on one or more occasions, and for any purposes permitted by law. The purchase can — also with the use of derivatives — be made via the stock exchange or by means of a public tender offer directed to all shareholders and/or by way of a public solicitation to submit sales offers. Purchased treasury shares can be sold again or redeemed without an additional Annual General Meeting resolution. On the resale of treasury shares, the Executive Board is authorized, subject to the consent of the Supervisory Board, to partially or fully exclude the shareholders' preemptive rights in certain cases described in more detail in the resolution of the Annual General Meeting.

SIGNIFICANT AGREEMENTS OF THE COMPANY SUBJECT TO A CHANGE OF CONTROL RESULTING FROM A TAKEOVER BID

ProSiebenSat.1 Media SE concluded the following significant agreements that entail regulations for the event of a change of control, which could result from a takeover bid:

ProSiebenSat.1 Media SE has an unsecured syndicated facilities agreement which, as of December 31, 2017, includes a term loan of EUR 2.1 billion and a revolving credit facility with a facility amount of EUR 750 million. In the event of a change of control over ProSiebenSat.1 Media SE due to the direct or indirect acquisition of more than 50% of the voting rights in ProSiebenSat.1 Media SE by a third party, the lenders are entitled to terminate their participation in the facility and to demand repayment of outstanding amounts allocable to them within a certain period after the change of control takes place. → Borrowings and Financing Structure, page 142

In addition, ProSiebenSat.1 Media SE has outstanding unsecured notes of EUR 600 million. In the event that control over ProSiebenSat.1 Media SE changes due to the direct or indirect acquisition of more than 50% of the voting rights in ProSiebenSat.1 Media SE by a third party and a negative rating event occurs following such a change of control, the note creditors are entitled to call in their notes and demand repayment.

In addition, ProSiebenSat.1 Media SE issued three unsecured syndicated promissory notes totaling EUR 500 million with maturity ranges of seven years (EUR 225 million at a fixed interest rate and

EUR 50 million at a variable interest rate) and ten years (EUR 225 million at a fixed interest rate). In the event of a change of control over ProSiebenSat.1 Media SE due to the direct or indirect acquisition of more than 50% of the voting rights in ProSiebenSat.1 Media SE by a third party (change of control), the lenders are entitled to call in their loan participation and demand repayment. → Borrowings and Financing Structure, page 142 → http://annual-report2017.prosiebensat1.com/servicepages/glossary.html

In addition, some license agreements for films, TV series and other programs that are important for the Company include regulations that, in the event of a change of control, entitle the provider of the program content to terminate the corresponding license agreement prematurely. In the event of a change of control, individual format license agreements grant the contract partner the right to terminate the respective agreement. In addition, individual contracts with cable network operators also grant the contract partner the right to terminate the respective agreements.

COMPANY'S COMPENSATION AGREEMENTS WITH EXECUTIVE BOARD MEMBERS OR EMPLOYEES FOR THE EVENT OF A TAKEOVER BID

The employment contracts of all Executive Board members contain change of control clauses if control over the Company is acquired by one or multiple third parties as defined in Section 29 (2) and Section 30 of the German Securities Acquisitions and Takeover Act. In this case, Executive Board members have the right to terminate their employment contract with three months' notice and resign if the change of control significantly impairs the position of the Executive Board. On effective exercise of the right to terminate, the respective Executive Board members shall receive a cash severance payment equating to up to three years' compensation, but no more than the compensation for the remaining term of the Executive Board employment agreement. → Compensation Report, page 74

Apart from that, the employment contracts of ProSiebenSat.1 Media SE employees only rarely include change of control clauses in the event of a takeover bid.

THE PROSIEBENSAT.1 SHARE[1]

ProSiebenSat.1 pursues an earnings-oriented dividend policy: The Executive Board and Supervisory Board intend to propose a dividend payment of EUR 1.93 per share for the financial year 2017 to the Annual General Meeting on May 16, 2018. This results in an attractive dividend yield of 6.7% of the closing price of the ProSiebenSat.1 share at the end of 2017.

DEVELOPMENT OF STOCK MARKETS

The stock markets' upward trend of recent years also continued in 2017. In particular, the positive economic development in EU member states and the European Central Bank's (ECB) low interest rate policy supported the stock markets. The leading index, the DAX, closed the 2017 trading year at 12,918 points, representing an increase of 12.5%. The DAX peaked in November at 13,479 points. The relevant sector index for European media stocks, the EURO STOXX Media, was particularly volatile in the second half of the year and closed at 230 points, representing an increase of 4.3%. → Economic Development, page 125

PROSIEBENSAT.1 ON THE CAPITAL MARKET

Over the course of 2017, however, media stocks in general and also the ProSiebenSat.1 share (ISIN: DE000PSM7770; WKN: PSM777) significantly underperformed the leading DAX index → Fig. 027. As of December 31, 2017, the weighting in the DAX was 0.63%.

While the ProSiebenSat.1 share performed better than the market in the first months of 2017, the publication of the figures for the first quarter of 2017 led to price decreases: Besides the adjusted forecast for the German TV advertising market on May 11, 2017, the ex-dividend of EUR 1.90 on May 15, 2017 also had an effect. The development of the advertising market in Europe and Germany fell short of expectations as the year went on, causing major advertising agencies to revise their

027 / **PRICE PERFORMANCE OF THE PROSIEBENSAT.1 SHARE**

— ProSiebenSat.1 — Euro Stoxx Media — MDAX — DAX / Basis: Xetra closing quotes, an index of 100 = last trading day 2012; Source: Reuters.

[1] This section is part of the audited Combined Management Report.

revenue forecasts in August. Against this backdrop, ProSiebenSat.1 Group also had to make further adjustments to its forecasts, which in combination with a lower valuation of the media sector as a whole reinforced the price decline. Uncertainties about the future of linear television also had negative effects on share performance. The share made gains again at the end of the year. Among other things, analysts and investors had their confidence strengthened by the Group's realignment on the basis of a three-pillar strategy presented at Capital Markets Day (CMD) on December 6, 2017 and the confirmation of the forecast for the fourth quarter. In this context, the ProSiebenSat.1 share closed the 2017 trading year at EUR 28.71. → The Year 2017 at a Glance, page 52 → Strategy and Management System, page 107

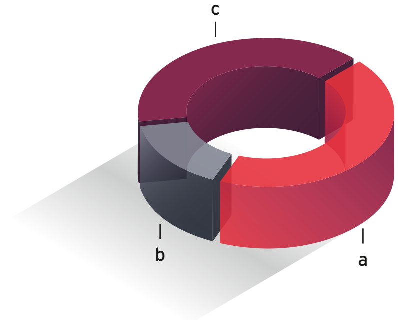
A majority of analysts (44%) recommended the share as a buy. At the end of the year, another 40% were in favor of holding the share → Fig. 29. At the end of 2017, a total of 25 brokerage firms and financial institutions actively analyzed the ProSiebenSat.1 share and published research reports. Recommendations by financial analysts are an important basis for decision making, particularly for institutional investors. The analyst assessments – especially following ProSiebenSat.1's Capital Markets Day – indicate the share's price potential. The analysts' median price target at the end of the year was EUR 32 (previous year: EUR 45).

029 / ANALYSTS' RECOMMENDATIONS in %

a — Buy
44

b — Sell
16

c — Hold
40



As of December 31, 2017.

028 / KEY FIGURES FOR THE PROSIEBENSAT.1 SHARE[1]

		2017	2016	2015	2014	2013
Share capital at closing date	EUR	233,000,000	233,000,000	218,797,200	218,797,200	218,797,200
Number of shares as of closing date	Shares	233,000,000[2]	233,000,000[2]	218,797,200[2]	218,797,200[2]	218,797,200[2]
Free float market capitalization at end of financial year (according to Deutsche Börse)	EUR m	6,502	8,149	10,214	7,271	6,024
Close at end of financial year (XETRA)	EUR	28.71	36.61	46.77	34.83	36.00
High (XETRA)	EUR	41.51	48.66	50.70	35.55	36.00
Low (XETRA)	EUR	24.28	31.80	33.31	28.35	21.85
Dividend per entitled share	EUR	-/-[3]	1.90	1.80	1.60	1.47
Total dividend	EUR m	-/-[3]	435	386	341.9	313.4
Adjusted earnings per share (from continuing operations)	EUR	2.40[4]	2.47[4]	2.18[5]	1.96[5]	1.78[5]
Attributable to shareholders of ProSiebenSat.1 Media SE (from continuing operations)[6]	EUR m	550	536	466	419	380
Weighted average number of shares issued	Shares	228,854,304	216,755,645	213,776,180	213,315,036	212,897,705
Dividend yield per share on basis of closing price	Percent	-/-[3]	5.2	3.8	4.6	4.1
Total XETRA trading volume	Million shares	348.0	231.2	158.9	179.9	170.0

[1] The share capital of ProSiebenSat.1 Media SE amounts to EUR 233,000,000.00. As a result of a capital increase, it rose from EUR 218,797,200.00 to a nominal amount of EUR 233,000,000.00 with effect from November 7, 2016. In this capital increase, ProSiebenSat.1 made partial use of the company's Authorized Capital and issued 14,202,800 new, registered shares. On August 16, 2013, the 109,398,600 bearer preference shares that existed at that time had already been converted into registered common shares, with the effect that the share capital then totaling EUR 218,797,200.00 consisted of 218,797,200 registered common shares with a nominal share in the share capital of EUR 1.00 each. Today, all (233,000,000) of the company's registered common shares are now tradable, i.e. both the formerly unlisted registered common shares and the registered common shares resulting from the conversion of the bearer preference shares. Until August 16, 2013, only the bearer preference shares of the company were publicly traded.
[2] Including treasury shares.
[3] Dividend proposal, see page 97.
[4] For the 2017 financial year, basic earnings per share were determined on the basis of adjusted net income from continuing operations. For reasons of comparison, the previous year's figure has been adjusted accordingly (previously: EUR 2.37). Further information on the renaming of underlying net income to adjusted net income as well as on reporting and accounting policies comprises the Annual Report from page 110.
[5] The calculation is based on underlying net income from continuing operations.
[5] Since January 1, 2017, renaming of underlying net income to adjusted net income.

SHAREHOLDER STRUCTURE OF PROSIEBENSAT.1 MEDIA SE

The shareholder structure is almost unchanged compared to December 31, 2016. ProSiebenSat.1 shares are mostly held by institutional investors in the US, the UK and Germany. As of December 31, 2017, 21% of the shares were held by private shareholders (December 31, 2016: 10%). In total, 98.3% were held in free float as of December 31, 2017 (December 31, 2016: 98.2%). → Fig. 030

030 / SHAREHOLDER STRUCTURE OF PROSIEBENSAT.1 MEDIA SE AS OF DECEMBER 31, 2017

Free float	ProSiebenSat.1[1] (treasury shares)
98.3% common shares	1.7% common shares
ProSiebenSat.1 Media SE[2]	

[1] Shares are not entitled to vote nor to a dividend.
[2] The share capital of ProSiebenSat.1 Media SE amounts to EUR 233,000,000.00 and is divided into 233,000,000 registered common shares.

i In 2017, the Group also covered its refinancing requirements on the bank and bond market. Further information on the financing structure can be found in the "Borrowings and Financing Structure" section on page 142.

In order to promote the shareholder culture within ProSiebenSat.1 Group and strengthen employees' identification with the Company, a share-based incentive system was developed by the Company in June 2016 ("MyShares"). In addition to their own investment in ProSiebenSat.1 shares, employees who take part in this system also participate in a tax-free subsidy in the form of subsidized investment shares and a long-term matching component. Over 2,000 employees, corresponding to 45% of all eligible employees, participated in the two MyShares tranches issued to date in 2016 and 2017. As of December 31, 2017, they held 78,348 shares in total.

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2016

The Annual General Meeting of ProSiebenSat.1 Media SE for the financial year 2016 took place on May 12, 2017. Over 900 participants attended the Annual General Meeting. Attendance was approximately 63% of share capital. Distribution of a dividend of EUR 1.90 per share for the financial year 2016 was approved at the Annual General Meeting. The total payout therefore amounts to around EUR 435 million; the payout ratio is 84.7% of Group adjusted net income and is thus in line with our communicated dividend policy. The dividend was paid out on May 17, 2017. → Report of the Supervisory Board, page 55 → Compensation Report, page 74

With a dividend yield of 5.2% – based on the 2016 closing price and a dividend payment of EUR 1.90 per dividend-entitled share – the ProSiebenSat.1 share was among the top stock in the DAX (previous year: 3.8%).

031 / DIVIDEND PROPOSAL OF EUR 1.93 PER SHARE[2]

We have a strong financial basis and give our shareholders an appropriate share in the Company's success. We want to continue our earnings-oriented dividend policy in the future and distribute a dividend of 80% to 90% of adjusted net income each year. At the same time, we are sticking to the target range for the leverage ratio of 1.5 to 2.5. The ProSiebenSat.1 Media SE Executive Board and Supervisory Board intend to propose a dividend payment of EUR 1.93 per share for the financial year 2017 to the Annual General Meeting on May 16, 2018. This represents an expected total dividend payout of EUR 442 million or a payout ratio of 80.3% of adjusted net income.

CAPITAL MARKET COMMUNICATION

We provide our shareholders with regular information on all key events and developments at ProSiebenSat.1 to ensure the transparent communication of our financial figures and growth prospects. On the website → www.prosiebensat1.com/en/, all relevant company information is published in German and English promptly and on an ad-hoc basis if necessary. Further tools for providing extensive information to the capital market are press conferences and events for investors and analysts. In addition to 22 road shows, ProSiebenSat.1 also presented itself at 21 investor conferences in Europe and the US in 2017. Another important event is the regular Capital Markets Day, at which the Group explains its growth strategy. The Investor Relations activities are complemented by the ProSiebenSat.1 investor hotline. → The Year 2017 at a Glance, page 52

Numerous awards attest to the high-quality content of ProSiebenSat.1 financial reporting and the Company's transparent financial communication. → Fig. 032

[2] Total dividend pay-out and pay-out ratio are subject to change in treasury shares until dividend payment date.

032 / AWARDS FOR PROSIEBENSAT.1'S CAPITAL MARKET COMMUNICATION

2017 ALL-EUROPE EXECUTIVE TEAM (INSTITUTIONAL INVESTOR; TRADE MAGAZINE)

"Most Honored Company" (ProSiebenSat.1)
"Best IR Professional" (1st place, Dirk Voigtländer – Head of Investor Relations) in the Media category
"Best Analyst Day" (1st place, Capital Markets Day) in the Media category
"Best IR Program" (1st place) in the Media category

GERMAN INVESTOR RELATIONS RANKING (EXTEL 2017)

"Best IR Professionals - Media" (1st place, Dirk Voigtländer – Head of Investor Relations)
"Corporates Best for Investor Relations - Media" (3rd place, ProSiebenSat.1)

BEST ANNUAL REPORT 2017 (PROF. DR. DR. H.C. JÖRG BAETGE; BILANZ)

"Overall DAX ranking" (1st place)
"Overall ranking in all stock market indices" (1st place)

EVALUATION OF CORPORATE REPORTING 2017 (CORPORATE COMMUNICATION INSTITUTE, CCI)

"DAX Annual Report Print" (classified as "Excellent")
"DAX Annual Report Online" (classified as "Above Standard")
"DAX Corporate Reporting" (classified as "Above Standard")

LEVERAGING SYNERGIES

COMBINED MANAGEMENT REPORT

OUR GROUP: BASIC PRINCIPLES

MILLION TV HOUSEHOLDS

in Germany, Austria and Switzerland are reached every day by our free TV stations. The portfolios of these individual countries is characterized by a coordinated TV offering that covers a broad range of target groups in the audience and advertising market.

ORGANIZATION AND GROUP STRUCTURE

ProSiebenSat.1 is one of the most successful media companies. We are diversifying our portfolio around the core business of free TV and have connected TV and digital brands. This enables us to offer content across different media and market products universally. In order to make use of this potential even more consistently, we combine our TV and Digital Entertainment business and have been reporting in three segments since 2018.

BUSINESS ACTIVITIES AND SEGMENTS

Corporate Profile and Market Position

ProSiebenSat.1 Group is one of the most successful media companies in Europe. Advertising-financed free TV is the Group's core business. Here, the Group is a leading player on the German TV market. At the same time, the Group is pushing ahead with its digital transformation and diversifying its portfolio. To achieve this, the Company is making use of its wide TV reach and leveraging synergies by linking television with digital entertainment offerings. Already today, ProSiebenSat.1 is Germany's leading video marketer on the Internet and one of the most successful providers of digital entertainment.

Our aim is to offer viewers and users entertainment on all screens and thus to serve various media usage interests. However, digitalization is not only changing and increasing video usage, but other areas as well. For instance, digital media is also influencing purchasing behavior: consumers are making purchase decisions online. This is why ProSiebenSat.1 has built up a Commerce & Ventures business area in recent years, which comprises online platforms that are suitable for marketing on our channels. This entertainment and commerce portfolio is supplemented by an international production and distribution network (Segment Content Production & Global Sales). → Fig. 033

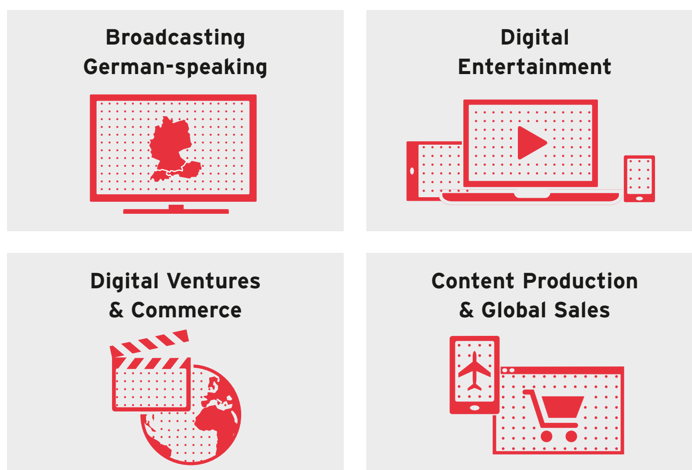
ℹ ProSiebenSat.1's largest revenue market is Germany, where it also has its main headquarters. The Group also runs TV stations in Austria and Switzerland. Red Arrow is international; an overview of the production and distribution network with all relevant sales markets and locations can be found on page 50.

Segments and Brand Portfolio

TV is the most widely used medium in Germany. At the same time, the digital trend is enabling new revenue models. ProSiebenSat.1 Group therefore pursues a diversification strategy with the aim of strengthening the core business of advertising-financed television and generating additional revenues outside of the TV advertising business.

In order to accelerate this transformation, the Group has been organized into the three segments Entertainment, Content Production & Global Sales and Commerce since January 2018. With this, the former Broadcasting German-speaking and Digital Entertainment segments were combined, among others. For the past financial year 2017, the Group reports on the Company's performance in the following four segments. → Fig. 033

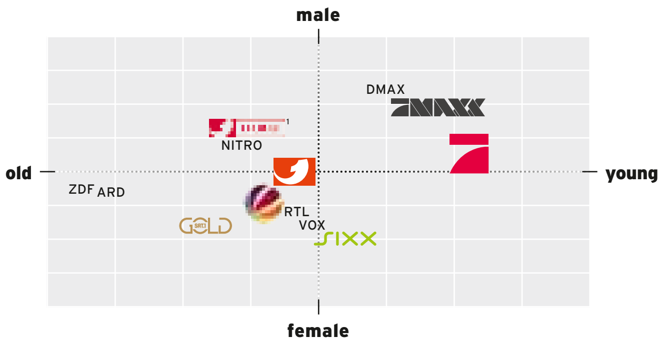
033 / SEGMENTS OF PROSIEBENSAT.1 GROUP AS OF DECEMBER 31, 2017



Broadcasting German-speaking segment: TV activities in Germany, Austria and Switzerland are allocated to the Broadcasting German-speaking segment. As well as the advertising-financed free TV brands accompanying the main stations SAT.1 and ProSieben, these also include the basic pay and HD TV stations.

Every day, the free TV stations reach around 45 million TV households in Germany, Austria and Switzerland. The portfolios of these individual countries are characterized by a coordinated TV offering that covers a broad range of target groups in the audience and advertising market → Fig. 034. Germany is the most important revenue market; the Group is market leader in Germany with its sales subsidiaries SevenOne Media and SevenOne AdFactory. The two sales companies support advertising customers and agencies by finding ideas and concepts and implementing them across platforms.

034 / PROSIEBENSAT.1 CHANNEL PORTFOLIO IN GERMANY



Source: AGF in cooperation with GfK/TV Scope 6.1/SevenOne Media Committees Representation.

Digital Entertainment segment: The Group bundles its online video business activities in the Digital Entertainment segment. This includes the pay-video-on-Demand (PayVoD) portal maxdome, the digital studio Studio71, the business with ad-video-on-demand (AdVoD) portals and the areas of AdTech and data. We also operate our own record label and are active in the areas of artist management, music and live entertainment.

The Group is continuously developing new forms of advertisement and designing campaigns that incorporate various online platforms and distribution channels based on the main medium of TV. Such cross-media solutions allow the Group to increase the return on investment (ROI) of advertising campaigns and combine the reach of TV with the advantages of digital media. This integrated approach is a key competitive factor, which we will make greater use of in the future by merging the Broadcasting German-speaking and Digital Entertainment segments since January 2018. → Development of Media Consumption and Advertising Impact, page 125 → Opportunity Report, page 162

Digital Ventures & Commerce segment: Raising brand awareness quickly is a decisive competitive factor, especially for young companies in an early stage of development. We therefore use our wide reach in TV and on digital platforms to enhance our portfolio with commerce platforms. We tap into new market segments and finance our growth in line with the "reach meets ideas" principle. Our commerce portfolio has now become our largest revenue growth driver and is making a significant contribution to the expansion of the digital business. → Business Development of the Segments, page 140

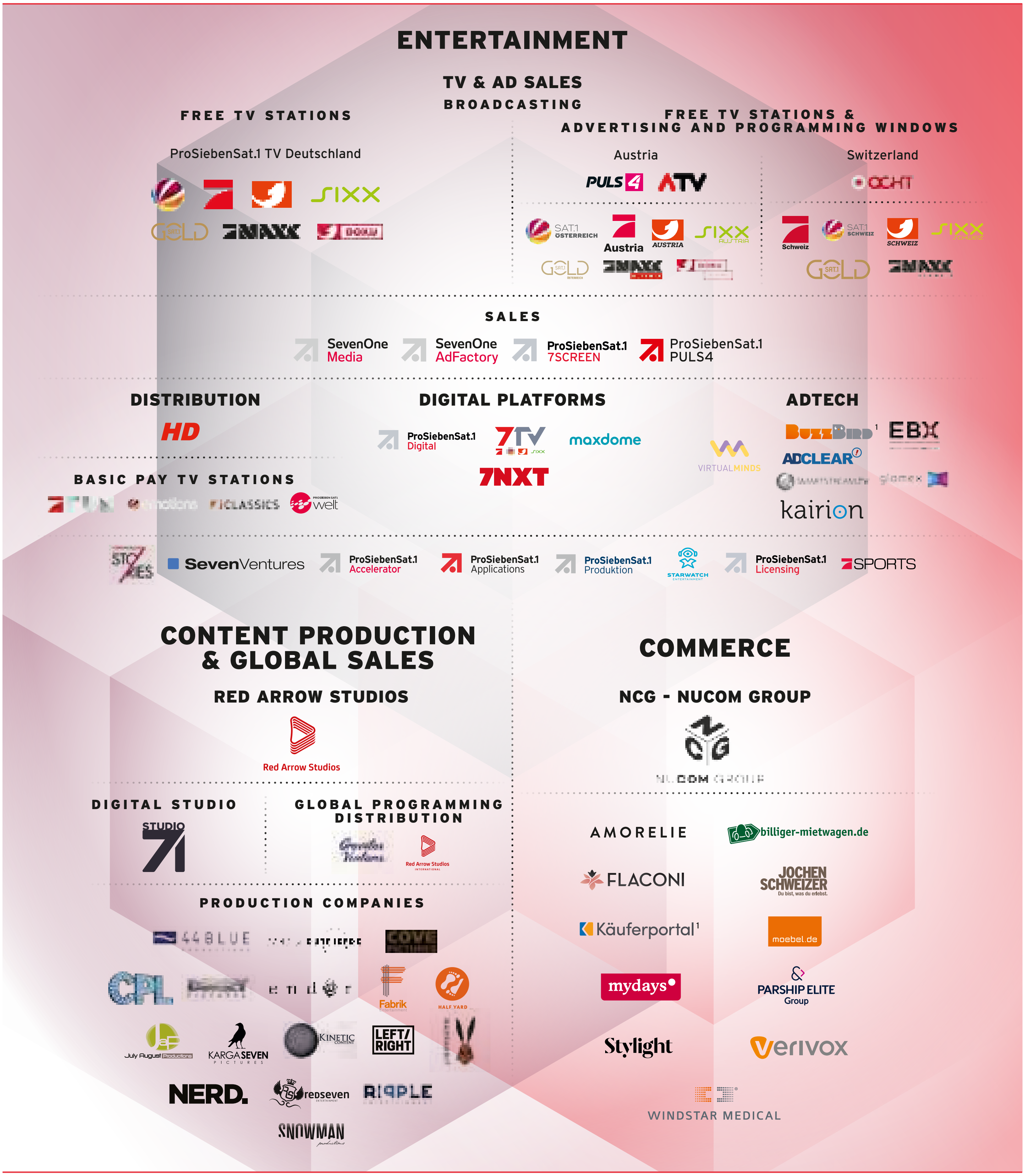
Over the last three years, ProSiebenSat.1 has increasingly made major acquisitions in the commerce sector, including the majority interests in Verivox, PARSHIP ELITE and Jochen Schweizer. In parallel, the Group is expanding its portfolio with media services or acquiring minority interests in businesses. Every investment decision is based on the potential synergy identified: ProSiebenSat.1 primarily invests in companies that can be marketed effectively with TV advertising and complement the existing portfolio synergistically. The Group therefore bundles its partnerships into themed "verticals." → Opportunity Report, page 162

Content Production & Global Sales segment: Red Arrow Entertainment Group complements the value-adding processes. The company develops, produces and sells programs for ProSiebenSat.1 Group stations and for third parties. Red Arrow is a global company, but it focuses on the US. In addition to high revenues, the US is also relevant for Red Arrow because TV content in English can be sold most easily around the world. In 2017, Red Arrow has expanded ist production and distribution network through strategic acquisitions. → The Year 2017 at a Glance, page 52 → Opportunity Report, page 162

035 / REPORTING ON THE BASIS OF CONTINUING OPERATIONS

Unless otherwise indicated, the analysis of the earnings, financial position and performance of the Group is based on continuing operations. This reflects the performance indicators relevant to ProSiebenSat.1. In accordance with IFRS 5, the earnings contributions that arise in connection with disposals are not included in the individual items of the income statement; they are shown separately as the "Result from discontinued operations." This also applies to the statement of cash flows, where the corresponding cash flows are presented as "Cash flow from discontinued operations." → Notes, Note 4 "Aquisitions, disposals and other transactions in the connection with subsidiaries," page 189

036 / **STRATEGIC BRAND PORTFOLIO OF PROSIEBENSAT.1 GROUP**

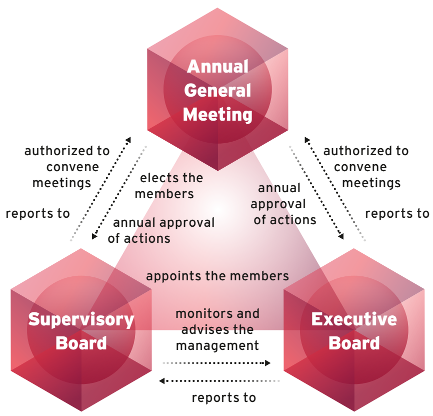


As of February 2018 / [1]Associated company

MANAGEMENT AND CONTROL

ProSiebenSat.1 Group is managed centrally by ProSiebenSat.1 Media SE. The organizational structure at Group level did not change materially in 2017, either structurally or legally. ProSiebenSat.1 Media SE is listed in Germany at the stock exchange in Frankfurt am Main and at the stock exchange in Luxembourg (Bourse de Luxembourg). The Company has three governing bodies: the Annual General Meeting, the Executive Board (managing body) and the Supervisory Board (supervisory body). The decision-making powers of these governing bodies are strictly demarcated from each other.

037 / CORPORATE GOVERNANCE STRUCTURE OF PROSIEBENSAT.1 MEDIA SE AS OF DECEMBER 31, 2017



_ The shareholders of ProSiebenSat.1 Media SE exercise their rights of joint administration and oversight at the Annual General Meeting. Each share grants the same legal rights and obligations in addition to one vote each at the Annual General Meeting. → The ProSiebenSat.1 Share, page 95

_ The Executive Board is responsible for the overall performance of ProSiebenSat.1 Group, and has both professional and disciplinary authority over the managers of the business segments and holding company units.

_ The Supervisory Board monitors and advises the Executive Board on its conduct of business, and is thus directly involved in all corporate decisions of major importance.

The basic rules for this dual management and supervisory system are defined in the articles of incorporation of ProSiebenSat.1 Media SE and in the rules of procedure for the Executive Board and Supervisory Board. The articles of incorporation also define the corporate objective. In accordance with Article 18 (2) of the Company's articles of incorporation, this may be changed by a majority resolution of the Annual General Meeting if at least half of share capital is represented when the resolution is passed (Section 59 (2) SE Regulation and Section 51 Sentence 1 of the German SE Implementation Act (SE-Ausführungsgesetz – SEAG)). Otherwise, this requires a resolution by a majority of two thirds of the votes cast, provided that the law does not provide or permit a larger majority (Section 59 (1) SE Regulation). However, changes to the corporate objective still require a majority of at least three quarters of the valid votes cast in accordance with Section 179 (2) Sentence 1 of the German Stock Corporation Act (AktG) in conjunction with Section 59 (1) and (2) SE Regulation and Section 51 Sentence 2 SEAG. → Compensation Report, page 74 → Report of the Supervisory Board, page 55

i We do not report on personnel changes in the Executive Board in this Management Report. However, further information comprises the Report of the Supervisory Board from page 55.

CORPORATE STRUCTURE AND INVESTMENTS

The economic development of ProSiebenSat.1 Group is determined primarily by the subsidiaries, held both directly and indirectly. ProSiebenSat.1 Media SE is the Group's holding company. In this function, its tasks include central financing, Group risk management and the ongoing development of the corporate strategy. These Consolidated Financial Statements include ProSiebenSat.1 Media SE and all significant subsidiaries – meaning entities in which ProSiebenSat.1 Media SE directly or indirectly holds a majority of voting rights, or whose relevant activities it is otherwise able to control. → Fig. 038 → Notes, Note 3 "Scope of consolidation," page 188

The Group has an integrated portfolio that is also reflected in the investment structure. For example, ProSiebenSat.1 Media SE holds 100% of the shares in ProSiebenSat.1 TV Deutschland GmbH. The free TV stations of ProSiebenSat.1 and the pay TV channels (ProSiebenSat.1 Pay TV GmbH) work under its umbrella. ProSiebenSat.1 also indirectly holds a 100% stake in the sales companies SevenOne Media GmbH and SevenOne AdFactory GmbH. This results in advantages with regard to the stations' programming and the sale of advertising time.

i A detailed overview of the shareholding structure in ProSiebenSat.1 Group can be found in the Notes from page 262.

038 / GROUP STRUCTURE AS OF DECEMBER 31, 2017 (EXCERPT)

ProSiebenSat.1 Media SE

- **ProSiebenSat.1 TV Deutschland GmbH** 100% ProSieben, kabel eins, sixx, ProSieben MAXX, SAT.1 Gold, kabel eins Doku
  - SAT.1 Satelliten Fernsehen GmbH 100% SAT.1
  - ProSiebenSat.1 Pay TV GmbH 100% kabel eins CLASSICS, ProSieben FUN, SAT.1 emotions
  - SevenPictures Film GmbH 100%
  - 7Stories GmbH 100%
- **ProSiebenSat.1 Broadcasting GmbH** 100%
  - ProSiebenSat.1 Applications GmbH 100%
  - ProSiebenSat.1 Produktion GmbH 100%
  - ProSiebenSat.1 Welt GmbH 100%
  - SevenOne Brands GmbH 100%
    - SevenOne Media GmbH 100%
    - SevenOne AdFactory GmbH 100%
    - 7Screen GmbH 100%
    - ProSiebenSat.1 Puls4 GmbH 100%
    - SevenOne Media (Schweiz) AG 100%
- **Red Arrow Studios GmbH** 100%
  - RedSeven Entertainment GmbH 100%
  - Red Arrow Studios International GmbH 100%
- **NCG – NUCOM GROUP SE** 100%
  - ProSiebenSat.1 Commerce GmbH 100%
  - WSM Holding GmbH 92%
  - Silver Tours GmbH 74.9%
  - Jochen Schweizer mydays Holding GmbH 89.90%
- **SevenOne Investment (Holding)** 100%
  - SevenOne Capital (Holding) GmbH 100%
  - ProSiebenSat.1 Accelerator GmbH 100%
- **ProSiebenSat.1 Sports GmbH** 100%

ProSiebenSat.1 Digital & Adjacent GmbH 100%

- Studio71 GmbH <100%
- maxdome GmbH 100%
- ProSiebenSat.1 Adjacent Holding GmbH 100%
  - ProSiebenSat.1 Licensing GmbH 100%
  - Starwatch Entertainment GmbH 100%
- ProSieben Travel GmbH 100%
- ProSiebenSat.1 Digital GmbH 100%
  - Virtual Minds AG 51%
- 7Wellbeing GmbH 100%
  - 7NXT GmbH 90%
- ProSiebenSat.1 Advertising Platform Solutions GmbH 100%
  - SMARTSTREAM.TV GmbH 91%
- SevenVentures GmbH 100%
  - SevenVentures (Schweiz) AG 100%
  - SevenVentures Austria GmbH 100%
- Glomex GmbH 100%

STRATEGY AND MANAGEMENT SYSTEM

ProSiebenSat.1's most important goal is to grow sustainably and profitably in a dynamic competitive environment. With this, we are pushing ahead with the digital transformation. Since January 2018, the Group has bundled its portfolio in the pillars of Entertainment, Content Production & Global Sales and Commerce. Thereby, we have a holistic management system that reflects the financial growth targets and the interests of investors.

STRATEGY AND OBJECTIVES

ProSiebenSat.1 Group's most important goal is to seize opportunities in a changing market environment and to continue its profitable growth in the long term. For this purpose, the Group consequently continues to push ahead with its transformation from a traditional TV company into an integrated entertainment and commerce corporation. In order to accelerate this process, the Group rearranged itself into the three pillars of Entertainment, Content Production & Global Sales and Commerce since January 2018. → Company Outlook, page 168 → Opportunity Report, page 162

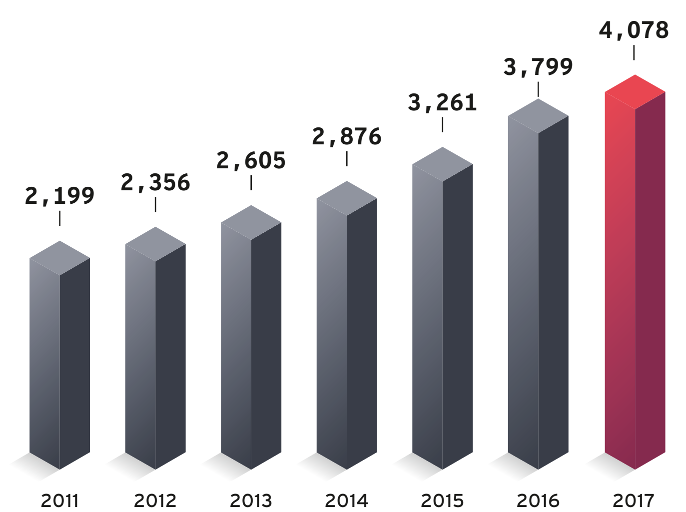
With everything we do, we want to delight, inspire and support those who use our offerings – and offer our advertising customers unique added value. Therefore, we are successively extending our value chain based on the high reach of TV. Thanks to our digital entertainment offerings, we deliver viewers and users attractive entertainment at any time or place. Our production businesses operates worldwide, which gives us crucial access to program content. In addition, we are using our wide TV reach to expand our dynamically growing commerce business and to increase and reinforce brand awareness via advertising.

At the same time, ProSiebenSat.1 is extending the value chain with the aim of increasingly offering its own products and mapping the entire retail chain, both digitally and offline. There is significant potential here as consumers and especially young customers, known as "digital natives," now determine themselves when and where they want to see offers or products. ProSiebenSat.1 is therefore reacting to changes in consumer behavior. Commerce and entertainment are merging like never before as various media and channels are being used simultaneously. Furthermore, we are stimulating new advertising segments with our own products, e.g. in the health sector. The next step is to invest more in the growing fields of addressable TV, AdTech and data in order to generate additional revenues with data-driven offerings and to customize advertising.

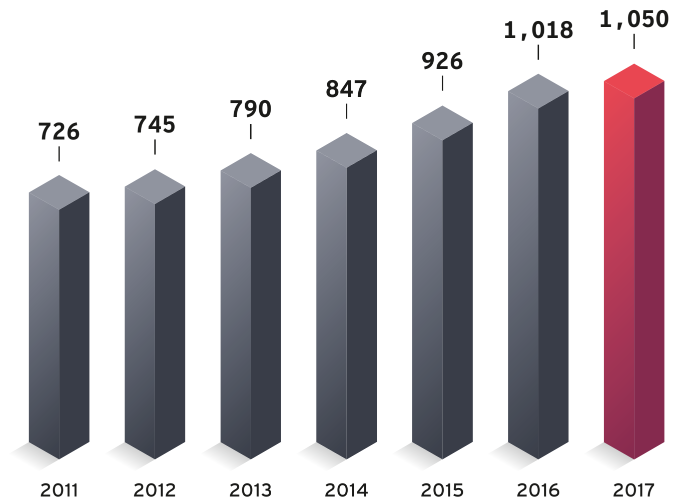
ProSiebenSat.1 is already one of the world's most diversified TV companies. We established thriving initiatives in every business field. By successfully diversifying our business, we do not only strengthen the TV business, but can also generate additional revenues and grow more independent from the TV advertising market. Acquisitions are part of our strategy to push ahead with the transformation from a traditional TV company into a digital corporation as well as to open up new growth markets.

In 2017, the Group already generated half of its revenues outside the traditional TV advertising business. With this, we have achieved an important target of our growth strategy. With cross-linking, we are marketing our offerings on different media and can make optimum usage of the synergy potential between our business areas. This is the basis for our continuous growth: Consolidated revenues have grown by 11% every year since 2011, while adjusted EBITDA has increased by an average of 6% at the same time. Acquisitions have accelerated growth. → Fig. 039 → Fig. 040

039 / **MULTI-YEAR COMPARISON OF REVENUES** in EUR m



040 / MULTI-YEAR COMPARISON OF ADJUSTED EBITDA PERFORMANCE[1] in EUR m



[1]Since January 1, 2017 renaming of recurring EBITDA in adjusted EBITDA.

ProSiebenSat.1 expects to continue growing profitably. ProSiebenSat.1 has also set clear targets for its M&A measures. The corresponding financial targets result from the target range for the leverage ratio, while the Group pursues an earnings-oriented dividend policy. The distribution ratio is based on adjusted net income and has been between 80% and 90% over the last five years. Due to the significant growth in earnings, ProSiebenSat.1 has stated an annual average increase in its dividend payments over the last five years of 12% (CAGR). The Group has also intensified its M&A activities at the same time. The leverage ratio has constantly been within the defined benchmark range of 1.5 to 2.5 at the end of the year. → Opportunity Report, page 162

Our financial strategy includes ongoing assessments of the capital structure. In this context, the Group increased its share capital by around 6.5% in November 2016. This capital increase has given the Group additional financial headroom for acquisitions. Funding needs for acquisitions made in the past financial year were covered with cash and cash equivalents. In addition, the media volume on digital platforms and on TV stations in particular represents a second investment currency for ProSiebenSat.1. By using media, the Group is able to establish new brands without high cash investments while accelerating companies' growth at the same time. As a result, ProSiebenSat.1 is not only growing profitably; the Group is also earning high interest on the purchase price of its investments.

i In the interest of reporting efficiency, ProSiebenSat.1 does not make further statements on the Group's objectives and strategies in this Combined Management Report. Information on how the Group intends to manage and develop its business in the medium and long term and on changes in the objectives and strategies since the previous year can be found in the Annual Report from page 4.

PLANNING AND MANAGEMENT

ProSiebenSat.1 has a management system based on key figures. This forms the basis for all economic and strategic decisions. Company-specific key performance indicators (KPI) are derived from the Group's strategy and cover both financial and non-financial aspects → Fig. 041. They are planned and managed centrally by the Executive Board of ProSiebenSat.1 Media SE. The planning and management process is complemented by the monitoring of key figures on the basis of regularly updated data. This also includes the assessment of developments as part of opportunity and risk management. → Risk and Opportunity Report, page 152

Intragroup Management System

The performance indicators specific to ProSiebenSat.1 are aligned to the interests of the capital providers and cover financial planning as well as aspects of comprehensive revenue and earnings management. The Group has defined specific performance indicators for each segment and will update its management system accordingly as part of the switch to a three-pillar structure.

041 / OVERVIEW OF RELEVANT KEY PERFORMANCE INDICATORS AS OF DECEMBER 31, 2017

NON-FINANCIAL PERFORMANCE INDICATORS
Broadcasting German-speaking segment
_ Audience shares

FINANCIAL PERFORMANCE INDICATORS
Group
_ Revenues
_ Adjusted EBITDA
_ EBITDA
_ Adjusted net income
_ Leverage ratio

Broadcasting German-speaking segment and
Content Production & Global Sales segment
_ External revenues
_ Adjusted EBITDA

Digital Entertainment segment and
Digital Ventures & Commerce segment
_ External revenues
_ Adjusted EBITDA
_ EBITDA

_ **Non-financial performance indicators:** The development of audience shares is a key criterion in programming and media planning in the core business of advertising-financed television. At the same time, the Group is using its advertising reach to establish new brands and expand its portfolio with digital business sectors. In Germany, TV usage data is collected by GfK Fernsehforschung on behalf of Arbeitsgemeinschaft Fernsehforschung (AGF).

ProSiebenSat.1 analyzes viewer ratings that have been empirically collected by the institutions on a daily basis; these form the basis for program planning. In addition, this data is used as a benchmark for the calculation of advertising time prices since this indicates the number of potential customers a broadcast is able to reach.

- **Financial performance indicators**: External revenues, adjusted EBITDA and adjusted net income are the central key figures used to manage profitability. The earnings figure adjusted EBITDA stands for adjusted earnings before interest, taxes, depreciation and amortization. Significant reconciling items, such as costs related to M&A transactions, reorganizations and legal claims, are not taken into account so that this figure provides the Executive Board as the chief operating decision maker with the appropriate performance measure to assess the operating profitability of the Group and the segments respectively. Adjusted net income represents the adjusted consolidated net profit after non-controlling interests and provides a suitable indicator for calculating the dividend. In addition to the adjustments from adjusted EBITDA, effects of purchase price allocations and other reconciling items in particular are adjusted in the calculation.

  Reconciling items can influence or even overshadow operating performance and can make a multi-year comparison difficult. Therefore, adjusted earnings figures constitute suitable measures of performance with regard to sustainable profitability. However, the analysis of unadjusted key earnings figures provides a holistic view of the expense and income structure. For this reason, ProSiebenSat.1 Group also uses EBITDA as a financial performance indicator. In addition, EBITDA facilitates international comparison, as it does not take into account the effects of taxes and depreciation and amortization or the financing structure. Internally, EBITDA serves as a performance indicator both at Group level and for the Digital Entertainment and Digital Ventures & Commerce segments.

  ProSiebenSat.1 Group is investing in markets with long-term growth opportunities and examining options to expand its portfolio. Part of the investment strategy is the acquisition of companies that complement our value chain synergistically. A capital-efficient leverage ratio is a key performance indicator for the Group's financial planning. The leverage ratio indicates the level of net financial debt in relation to LTM adjusted EBITDA – i.e. EBITDA adjusted for reconciling items that ProSiebenSat.1 Group has generated in the last twelve months (LTM = last twelve months). The target value is a ratio between 1.5 and 2.5.

Our Group strategy is designed for sustainable and profitable growth. A primary objective is therefore to increase the above earnings figures through continuous revenue growth in all segments. The business units operate mainly as profit centers, which means that they act with full responsibility for revenues and earnings. At the same time, this results in flexibility, which is an important element for ProSiebenSat.1's success, as the Company operates in a dynamic industry environment and is consistently diversifying its value chain. The organizational entities reach operating decisions independently within a centrally adopted framework based on the competitive environment. This performance-based approach supports entrepreneurial activities among our employees on all levels.

With their knowledge and ideas, every employee of our Company is contributing towards the development of ProSiebenSat.1's strengths while driving innovation. We are therefore systematically investing in human resources development and targetedly promoting young staff while giving all employees an appropriate share in the Company's success. Adjusted EBITDA is the key indicator for the Group and its segments. In addition to adjusted EBITDA, EBITDA in financial year 2017 also served as a performance indicator and as a basis for measuring performance-based employee compensation thanks to the holistic view of the Company's expense and income structure. Net financial debt and EBITDA of the Group and external revenues and EBITDA in the Digital Entertainment and Digital Ventures & Commerce segments serve as a variable basis for determining the Executive Board's compensation.

By harmonizing the Executive Board's compensation with our KPI for corporate management, we implemented a holistic and effective management system, which reflects the company-specific characteristics. Further information about the individual compensation of Executive Board members can be found in the Compensation Report.
→ Compensation Report, page 74

042 / DEFINITION OF SELECTED NON-IFRS FIGURES

ADJUSTED EBITDA:
Adjusted EBITDA stands for adjusted earnings before interest, taxes, depreciation and amortization. It describes earnings before interest, taxes, depreciation and amortization, adjusted for certain influencing factors.

These factors include costs in connection with M&A transactions, reorganizations, legal claims, valuation effects of incentive programs such as the Group Share Plan (GSP), results of deconsolidation and other significant influences. Since the review of the Group-wide management system in the third quarter of 2017, this also includes valuation effects in connection with the strategic realignment of business units.

- Costs in connection with M&A transactions include consulting expenses and other expenses for ongoing, closed or cancelled M&A transactions.
- Reorganization measures include functional and personnel expenses for significant reorganizations and restructurings. They comprise expenses such as severance payments, leave compensation, consulting costs and impairments on non-current assets.
- Legal claims include fines, penalties, repayment claims and consulting costs in connection with significant ongoing or expected legal claims.
- Valuation effects of the Group Share Plan (GSP) include the portion of the changes in the fair value of the share-based payment plans that affects profit or loss, which results from the difference between the share price on the issue date and the current price on the reporting date.
- Other significant effects include transactions approved by the Group Chief Financial Officer but not connected to current operating performance. In this context, ProSiebenSat.1 considers transactions of at least EUR 0.5 million to be significant.
- Valuation effects in connection with the strategic realignment of business units primarily relate to the underlying business objective or strategy of the unit in question.

ADJUSTED NET INCOME:
Adjusted net income is the consolidated net profit (after non-controlling interests) before the effects of purchase price allocations and additional reconciling items. These include valuation effects on financial investments, put options, and earn-out liabilities recognized in the other financial result item, as well as ineffectiveness from financial derivatives and valuation effects on the Group Share Plans.

043 / INFORMATION ON REPORTING AND ACCOUNTING POLICIES

REPORTING AND USE OF NON-IFRS FIGURES:
In addition to the financial information determined in accordance with IFRS, this Annual Report also includes non-IFRS figures. The reconciliation of these non-IFRS figures with the corresponding IFRS figures is shown in the → Group's earnings from page 137 onwards. Detailed definitions of these non-IFRS figures can be found in the glossary at → http://annual-report2017.prosiebensat1.com/servicepages/glossary.html.

For its financial, strategic and operating decisions, ProSiebenSat.1 Media SE uses primarily non-IFRS figures as the basis of making decisions. These also provide investors with additional information which also allow a multi-year performance comparison, as they are adjusted for specific factors.

These figures are not determined on the basis of IFRS and may therefore differ from other entities' non-IFRS figures. Therefore, they do not replace the IFRS figures and are not more important than the IFRS figures, but they do provide supplementary information. We are convinced that the non-IFRS figures are of particular interest to our investors for the following reasons:

- Reconciling items can influence or even overshadow operating performance; figures adjusted for such items therefore offer supplementary information for the assessment of the Company's operating performance. Adjusted figures thus are more relevant for managing the Company.
- Moreover, adjusted net income is an important factor at ProSiebenSat.1 Media SE for the calculation of the dividend payment, as we want to give the shareholders a share in the Company's operating profitability.
- The Group has implemented a holistic management system. Non-IFRS figures are calculated consistently for the past and the future; they form an important foundation for internal controlling and the management's decision-making processes.

ADJUSTING THE MANAGEMENT SYSTEM:
At the beginning of the financial year 2017, we refined the internal management system. In comparison to the current methodology of adjusting selected earnings-based performance indicators, a complete income statement adjusted for certain influencing matters (non-IFRS income statement) will be prepared and disclosed in the analysis of Group earnings of the Management Report. The conceptional refinement of the management system results in

- increased transparency in the presentation of specific factors where adjustment is required,
- integrated and consistent treatment of specific factors in the complete income statement where adjustment is required and
- standardization in the labeling of the adjusted earnings-related performance indicators.

In this context, the new labeling for the terms recurring EBITDA and underlying net income are adjusted EBITDA and adjusted net income.

For adjusted EBITDA there is no deviation to what previously was recurring EBITDA. On the other hand, the consistent adjustment of special factors in the reconcilation to adjusted net income results in a difference in value.

ACCOUNTING OF SHARE-BASED PAYMENTS FROM THE GROUP SHARE PLANS:
ProSiebenSat.1 involves its employees in the company's success with performance-based compensation. This also includes share-based payment plans (Group Share Plans) in which selected executives and the Executive Board participate. In this context, participants receive so called Performance Share Units that entitle them to subscribe for shares. Due to the decision of the Executive Board and Supervisory Board of March 11, 2016, to settle the claims of the beneficiaries of the Group Share Plans in cash in the future and the associated conversion of the accounting for these share-based payments from equity-settled to cash-settled, cash-settled share-based payments in accordance with IFRS 2 are recognized in this Annual Report. In contrast to previous accounting (equity settlement), the ongoing recognition in profit or loss of changes in the fair value of the obligation with cash settlement planned in accordance with IFRS 2 results in significantly higher earnings volatility, which is attributable to the fluctuations in the price of the ProSiebenSat.1 share. ProSiebenSat.1 Group is therefore adjusting adjusted EBITDA and adjusted net income for the portion of the changes in the fair value of the share-based payment plans that affects profit or loss, which results from the difference between the share price on the issue date and the current price on the reporting date.

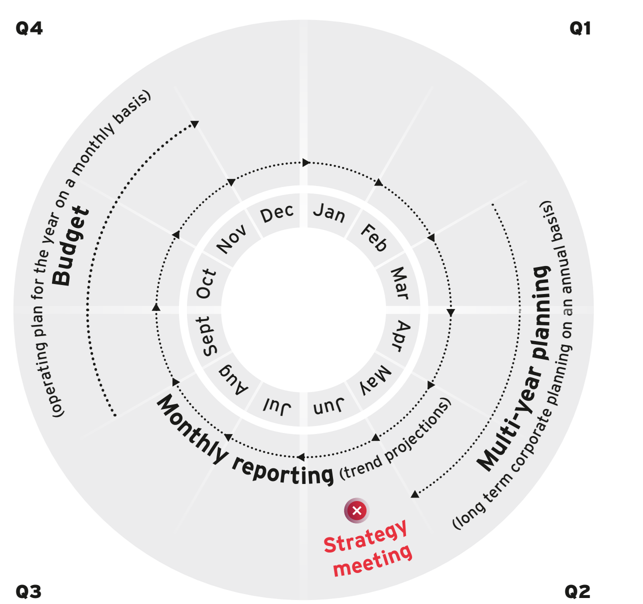
VALUATION OF EARN-OUTS AND PUT OPTIONS:
Due to the Company's continuous M&A activities and the current investment strategy, the obligations from earn-outs and put options have steadily increased as ProSiebenSat.1 Group acquires further shares in connection with the acquisition of the ability to control these entities. ProSiebenSat.1 Media SE therefore adjusts the changes in the fair value of these liabilities in the calculation of adjusted net income. This adjustment results in greater transparency by revealing these effects and enables better comparison with operating performance.

Operational and Strategic Planning

Management and planning are closely intertwined at ProSiebenSat.1. Target figures are defined and determined for various periods within the context of planning, with a focus on the management indicators outlined above.

The diagram below shows the individual planning levels for the financial year 2017 → Fig. 044. The different levels in the planning process build on each other and are closely linked to our risk management:

044 / PLANNING CALENDAR 2017



Multi-year planing (long term corporate planning on a annual basis); in the forth quarter of 2017, multi-year planning has been actualised.
Budget (operating plan for the year on a monthly basis
Monthly reporting (trend projections)

- **Strategy meeting:** Analyses of strengths and weaknesses are an important strategic planning instrument. Market conditions and current key figures for relevant competitors are compared, the Company works out its own strengths, opportunities and risks are assessed and growth strategies are developed. Once a year, the Executive Board and the Supervisory Board discuss the results at a strategy meeting. → Report of the Supervisory Board, page 55

  The Group pursues a consistent growth and diversification strategy aimed at strengthening the core business of television and leveraging synergies by linking the advertising business to the digital business. Nothing changed here in 2017; however, individual requirements were prioritized and redefined at the strategy meeting. The strategy meeting was held in June 2017.

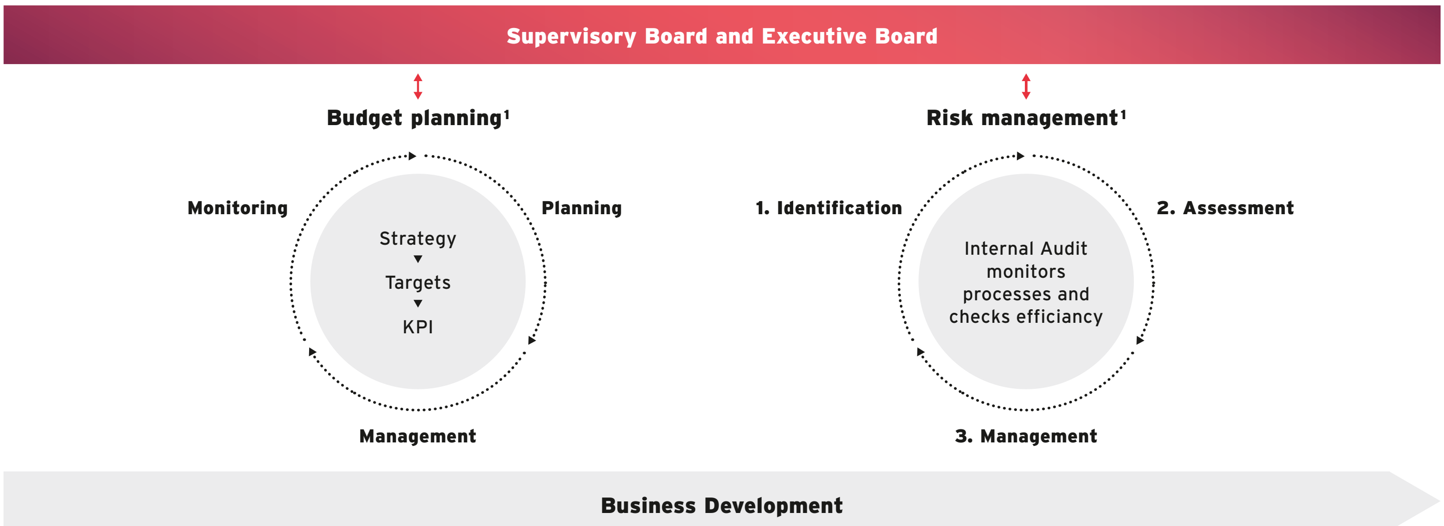
- **Multi-year planning (long-term corporate planning on an annual basis):** Multi-year planning constitutes a detailed quantitative depiction of strategic planning. This is done on an annual basis and contains targets for a five-year period. The relevant key financial figures from the income statement, statement of financial position and statement of cash flows of individual subsidiaries are analyzed and aggregated at segment and Group level.

- **Budget (operating plan for the year on a monthly basis):** For the budget, the targets based on the multi-year planning for the individual financial and non-financial performance indicators are specified on a monthly basis in a top-down/bottom-up process.

- **Monthly reporting and trend projections:** Trend projections are an important tool in planning during the year. They allow the Company's expected performance for the year to be calculated on the basis of the targets achieved to date and to be compared with the target figures that were originally budgeted. The aim is to identify potential discrepancies between the target and actual figures immediately and to implement the necessary countermeasures promptly.

In 2017, the Executive Board and the Supervisory Board also discussed short-term and long-term targets. In addition to monthly reporting, potential risks are reported to the Group Risk and Compliance Officer on a quarterly basis. In particular, any changes to the early warning risk indicators during the year and over time are analyzed here. For example, the development of audience shares is an important early warning indicator. Additional growth opportunities and therefore potential positive deviations from projected targets are analyzed in parallel with risk management; they are taken into account in budget planning. → Fig. 045

045 / BUDGET PLANNING AND RISK MANAGEMENT AT PROSIEBENSAT.1



[1] Also refer to Annual Report 2017 starting on page 154.

SUSTAINABILITY

(NON-FINANCIAL GROUP STATEMENT IN ACCORDANCE WITH SECTION 289C AND SECTION 315C (1) HGB)

We are aware of our corporate and social responsibility and perceive this as a comprehensive challenge. For ProSiebenSat.1, success not only means sustainably increasing our financial results and growing dynamically. It also implies consistently enhancing the Group's non-financial performance.

We believe that enterprises that identify opportunities and risks in the field of sustainability at an early stage can also better prevail in competitive markets. After all, the strength of a business strategy cannot just be measured financially; non-financial aspects are also relevant for lasting success. In this context, ProSiebenSat.1 defines sustainable entrepreneurial activity as a comprehensive approach for ensuring both the economic as well as the environmental and social performance of our Group.

i Non-financial aspects and sustainability performance indicators particularly come under the area of responsibility of the CFO at ProSiebenSat.1.

In this Group Statement in accordance with section 289c and section 315c (1) of the German Commercial Code (HGB) for the financial year 2017, ProSiebenSat.1 reports on the material non-financial aspects with the corresponding information needed in order to understand the Company's business development, results and position and the effects of the business activities in this regard → Fig. 046. Material risks for individual non-financial aspects were not identified in this context. Thereby, the Non-Financial Group Statement is combined with the Non-Financial Statement (NFS) of the parent company within the meaning of section 315b (1) sentence 2 HGB.

ProSiebenSat.1 uses the Global Reporting Initiative's GRI Standards as a basis when preparing the NFS. The GRI sets out guidelines for sustainability reporting as part of a global multi-stakeholder process and provides accounting policies and standard disclosures for the preparation of sustainability reports by companies, irrespective of their size, sector or location. → www.globalreporting.org/standards

In accordance with section 317 (2) sentence 4 HGB, the auditor checked that the NFS was presented in line with the legal regulations. The Supervisory Board also commissioned the auditing company KPMG to audit the content of the NFS with limited assurance. The audit opinion dated February 19, 2018, which describes the type, scope and findings of this audit, is reproduced online at → www.prosiebensat1.com/en/sustainability/publications/reports and is part of the Annual Report.

046 / MATERIAL NON-FINANCIAL ASPECTS AT PROSIEBENSAT.1 GROUP

Employees and diversity	Social responsibility (Public value)	Product responsibility	Compliance
Employee matters	**Social matters / company-specific aspects**	**Company-specific aspects**	**Combating corruption and bribery / company-specific aspects**
▸ Talent management / education and training ▸ Recruitment / employer branding ▸ Work-life balance ▸ Diversity management	▸ Opinion forming and media skills ▸ Dissemination of information ▸ Employee engagement ▸ Donations and sponsorship	▸ Data protection ▸ Media law (advertising guidelines, journalistic independence, protection of young people)	▸ Anti-corruption ▸ Antitrust law

The audit was conducted using the relevant auditing standards "Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)" in order to obtain limited assurance with regard to the legally required disclosures in accordance with sections 315b and 315c in conjunction with sections 289c to 289e HGB.
→ www.prosiebensat1.com/en/sustainability/publications/reports

As part of a materiality analysis, we identified four non-financial aspects for ProSiebenSat.1 on which we make disclosures below in accordance with section 289c (3) HGB regarding the concepts followed, the due diligence processes used, the results, and the related performance indicators → Fig. 047. For the required information on the business model in accordance with section 289c (1) HGB, we refer to the below-mentioned Combined Management Report of ProSiebenSat.1 Group. Information on corporate governance can particularly be found in the "To Our Shareholders" section in the Annual Report 2017. All references to content outside the Combined Management Report are to be understood as additional information and not as mandatory part of the NFS. → Organization and Group Structure, page 102 → Group Environment, page 125 → To Our Shareholders, page 53

047 / SCOPE OF REPORTING AND DATA COLLECTION

The organizational reporting framework for the information on concepts and key figures for our sustainability performance as contained in the summarized NFS essentially comprises all Group companies and corresponds to the financial scope of consolidation of ProSiebenSat.1 Group, which is managed centrally by ProSiebenSat.1 Media SE. Here, ProSiebenSat.1 follows the principle of operational control, which exists either if there is a majority interest of more than 50% or if ProSiebenSat.1 has full decision-making power over operating business by means of other contractual regulations.

Exceptions and restrictions with regard to the scope of reporting for the individual defined aspects and data collection for performance indicators are described below. Further specifications – particularly for key HR figures – are indicated accordingly in the information on the aspects.

- **Employees and Diversity**
  In particular, the companies in the Digital Ventures & Commerce segment and international business in the Content Production & Global Sales segment are not included in the examination of the concepts for the "employees and diversity" aspect or in data collection for the key non-financial figures in some cases. Individual corporate functions or programs such as recruitment and employer branding are managed centrally or are not implemented in this form at some individual investments due to the relatively small number of employees. ProSiebenSat.1 also performs a dynamic portfolio management, meaning that changes in the scope of consolidation are continuously occurring. Due to contract manufacturing, the number of employees in the production sector is characterized by high volatility.

- **Social Responsibility (Public Value)**
  The information on public value particularly relates to ProSiebenSat.1's sustainability-related business activities in the TV program (Broadcasting German-speaking segment). The concepts described also include public value measures that are supported by the Advisory Board of ProSiebenSat.1 Media SE as the governance body and implemented by employees at the Unterföhring site.

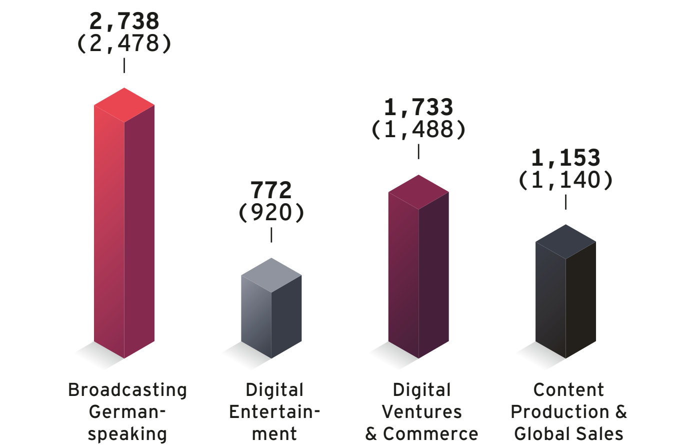
- **Product Responsibility and Compliance**
  With the compliance management system (CMS), ProSiebenSat.1 largely covers the relevant legal areas throughout the Group and records the performance indicators across all companies. Some individual concepts, such as complying with advertising laws and ensuring journalistic independence, relate only to selected Group companies due to different legal regulations in foreign countries and a lack of relevance to many companies, for example in the production sector. These selected companies primarily include the holding company ProSiebenSat.1 Media SE, ProSiebenSat.1 TV Deutschland GmbH, and the marketing companies SevenOne Media and SevenOne AdFactory. For key figures relating to aspects of product responsibility and compliance, companies acquired by ProSiebenSat.1 are included in data collection no later than in the reporting period in which they have been consolidated in financial reporting for a whole financial year.

EMPLOYEES AND DIVERSITY

As of December 31, 2017, the Group had 6,483 employees (previous year: 6,565), calculated on the basis of full-time equivalents. The number of full-time equivalents averaged 6,452 in the period under review (previous year: 6,054). The increase of 6.6% is mainly due to acquisitions and reflects the expansion of the Broadcasting German-speaking and Digital Ventures & Commerce segments → Fig. 048. In 2017, an average of 696 people (previous year: 570) were employed at ProSiebenSat.1 Media SE. In Germany, Austria, and Switzerland, the Group had an average of 5,335 full-time equivalents in the reporting period (previous year: 4,876) → Fig. 049. This equates to growth of 9.4% year-on-year and an 82.7% share of the Group's total employees (previous year: 80.5%).

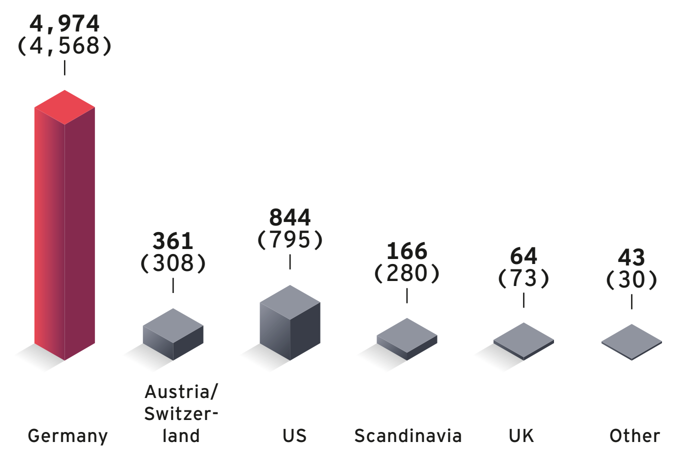
i Due to the increased number of employees, personnel expenses reported in the cost of sales, selling expenses and administrative expenses also increased to EUR 660 million in the financial year 2017. This equates to growth of 7% or EUR 44 million compared to the previous year.

048 / **EMPLOYEES BY SEGMENT**[1] average full-time equivalents, 2016 figures in parentheses



[1]The total amount of 6,452 average full-time equivalents includes 57 employees who are not allocated to a segment.

049 / **EMPLOYEES BY REGION** average full-time equivalents, 2016 figures in parentheses



The average duration of employment increased year-on-year to 6.1 years (previous year: 5.5). The turnover rate in the Group was 12.8% in the financial year 2017 (previous year: 10.2%). These two key figures do not include the international investments in the Content Production & Global Sales segment.

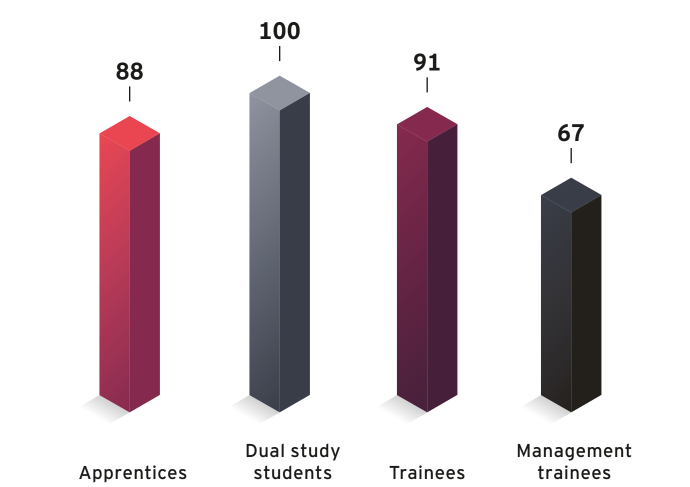
For the calculation of the turnover rate is the number of former employees who left in in the reporting period divided by the number of employees at effective date. Reasons for leaving are cancellations or termination agreements. Resignations due to temporal limitations of employment contracts, end of apprenticeship, retirement or death are not considered.

Our employees are the key to our economic success. ProSiebenSat.1 thrives on the creativity of its staff, their fast pace of innovation, and their ability to adapt quickly to new media usage habits. For this reason, our corporate culture is characterized by constant willingness to change. It forms part of our self-conception as an employer to create personnel-related conditions that support this process and cater to the individual interests of our employees. Employee matters and diversity in the workforce are therefore among the material non-financial aspects. Managers who have an entrepreneurial spirit and encourage their employees to be innovative are also important for the Group's development. To this end, new measures and concepts – such as leadership development, talent management, or employer branding – are presented on a regular basis in "HR Sounding Boards". The results are submitted to the ProSiebenSat.1 Executive Board member responsible for Human Resources for decision-making and presented to the Executive Board as a whole before being implemented.

Talent management/education and training

ProSiebenSat.1 continuously trains qualified junior staff for the Group through various apprenticeships. With our management traineeships, trainee programs, Chamber of Commerce and Industry training, and dual study programs, talented young people have a range of options for joining our Company. We offer specialisms in IT, digital media, sales, marketing, finance, HR, project management, or editorial work. In this way, we create a strong foundation of well-trained junior staff with an extensive internal network and specific company and industry knowledge. In 2017, a total of 158 employees were supported by our Young Talents department; the majority of our graduates were retained upon completion → Fig. 050. Objective is to counter skills shortage on the labor market and to support the diversification strategy of ProSiebenSat.1 by adapting appropriate apprenticeship formats in our company.

050 / **PROPORTION OF YOUNG TALENTS TAKEN ON** in %



Besides initial training for young employees, ongoing training is also a key element of ProSiebenSat.1's HR strategy. We systematically plan the short-, medium-, and long-term development of our employees within the Group by means of our talent management. The control of employee development and the selection of appropriate measures is based on appraisal interviews. They are based on a target system that breaks down the overarching corporate targets into segment, department and individual targets and thus specifies them for employees and managers. Personal development goals can also be defined in these interviews. We thereby ensure that individual skills are encouraged in a targeted manner.

Furthermore, the ProSiebenSat.1 Academy, offers a wide-ranging portfolio of technical and personal training. In 2017, a total of 596 events (with 6,266 participants) were held in the Academy, including 60 manager training courses (with 568 participants). One focus area is digitalization, with content such as "Digital Economy", "E-Commerce & Online Marketing" and "Lean Start-up for User Experience". These training courses aim to ensure that employees understand digital trends and current technologies and can assess their effects on the media industry in order to develop new products and business models for ProSiebenSat.1. As in the previous year, ProSiebenSat.1 Group invested around EUR 3 million in its education and training programs in 2017. Part of this was attributable to the courses offered by the ProSiebenSat.1 Academy. In addition, there are programs such as mentoring and the "Lunch & Learn" events that have been held since 2010. With the job rotation program, ProSiebenSat.1 employees also have the opportunity to gather experience in other departments and apply this to their own field of work.

ProSiebenSat.1 needs managers who inspire people and create optimal conditions for their employees. To give managers guidance and support as to how the work of their teams can be optimally geared to the market requirements and how employees can be encouraged to innovate and think entrepreneurially, the Executive Board of ProSiebenSat.1 Media SE defined the P7S1 Leadership Values at the start of 2015. On this basis, we offer a systematic development program for managers that ranges from onboarding to training courses to 360° feedback in the P7S1 Center of Leadership.

Recruitment/employer branding

We set high standards for the development and training of our employees. The same applies to recruitment at ProSiebenSat.1. The central platform is the careers portal www.fascinating-people.com. Since December 2014, the online portal has been supplemented by the digital job recommendation program Talentry, which allows Group employees to recommend suitable individuals from their own networks for vacant positions. In many cases, they receive a bonus if the person they recommend is eventually hired. ProSiebenSat.1 also uses social media channels such as Xing and LinkedIn to address talented candidates. In 2017, around one-third of all applications were received via new sourcing channels such as employee recommendations, social media, direct contact, and university marketing. Group Recruiting recorded a total of around 29,000 applications.

With campaigns such as "Claim New Grounds" and "Connect.Code. Create", we are also stepping up our efforts to address potential candidates with a digital or IT focus. Our employer branding concept aims to ensure the best possible candidate experience for all of our target groups on the personnel market. Besides application numbers also external rankings are an important indicator for our HR strategy success. Here it becomes evident that ProSiebenSat.1 Group is one of the most popular employers in Germany. → Fig. 051

051 / SELECTED EMPLOYER RANKINGS

EMPLOYER BRANDING AWARD
Best Employer Value Proposition Germany – Global Players
GOLD

POTENTIALPARK
13th place (previous year: 11th place)

TRENDENCE SCHOOL STUDENT BAROMETER
8th place (previous year: 9th place)

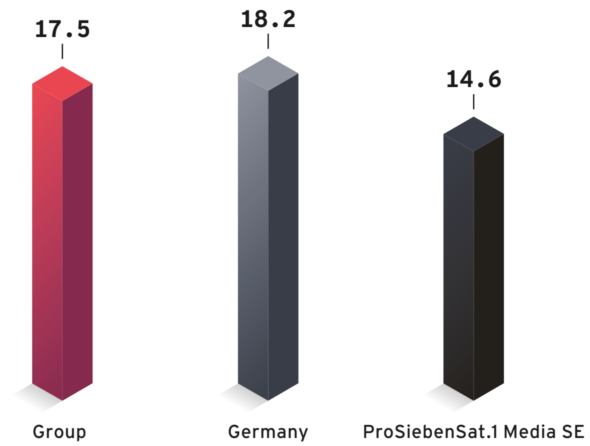
UNIVERSUM
Media industry
1st place (previous year: 1st place)

In 2017, ProSiebenSat.1 launched a new tool for employee surveys with "Pulse Check", which aims to record the current mood within the Group, gather ideas for improvements, and quickly implement these in specific projects. The focus is on deriving measures for optimization and creating a work environment that promotes team spirit, creativity, and performance. The initial survey is to be followed by topic-specific Pulse Checks every six months. Another aspect is the net promoter score (NPS), which is surveyed using the new tool. This key figure is intended to provide an indication of employee satisfaction. External rankings also show ProSiebenSat.1's attractiveness as an employer.

Work-life balance

Our works agreements aim to promote an appropriate work-life balance. This is supported by teleworking jobs, part-time work, and sabbatical models → Fig. 052. On January 1, 2015, we also introduced the FlexTime working hours model, which takes account of the increased requirements in day-to-day work, makes it easier to balance work, family and free time, and offers employees of ProSiebenSat.1 more flexibility overall when it comes to organizing their working hours.

052 / **PROPORTION OF PART-TIME EMPLOYEES** in %



Not including international investments in the Content Production & Global Sales segment.

At the same time, our staff benefits from several social security and fringe benefits. At the headquarters in Unterföhring, for example, we have been running an in-house daycare center for over ten years. We offer these services to all employees, regardless of whether they work part-time or full-time or are on a temporary contract. There is also a focus on health and sport. With an in-house restaurant, gym and company doctor at the corporate headquarters, we cover a wide range of work-life standards for modern employers.

Diversity management

Our corporate culture is characterized by openness and respect. ProSiebenSat.1 values the diversity of individual characteristics, talents, and skills that our employees contribute to the Company. We are convinced that diverse teams are better at solving complex tasks and understanding the different needs of our customers. Therefore, we regard diversity as an important success factor for our Company. In the financial year 2017, people from around 50 countries were employed at ProSiebenSat.1 in Germany, with 28 different nationalities represented in the workforce at ProSieben Sat.1 Media SE. The average age of ProSiebenSat.1 employees as of December 31, 2017 was 36.8 years.

053 / **AGE STRUCTURE OF EMPLOYEES**

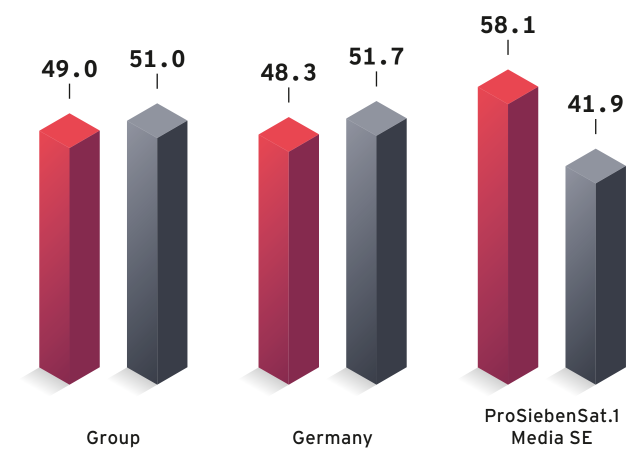
Age in years	number
<= 20	21
21-25	388
26-30	1,355
31-35	1,385
36-40	1,131
41-45	761
46-50	613
51-55	324
56-60	136
>= 61	54

Not including international investments in the Content Production & Global Sales segment.

We hire employees entirely on the basis of objective criteria at all hierarchy levels and promote staff based on their skills alone. Other factors – background and culture, age, gender, sexual orientation and identity, religious beliefs and ideology, or physical abilities – do not play any role here → Fig. 053. A balanced relationship of men and women at the Company and in management positions also contributes to diversity → Fig. 054 → Fig. 055. 49.0 percent of the employees in the Group were female in 2017, the share in ProSiebenSat.1 Media SE was 58.1 percent.

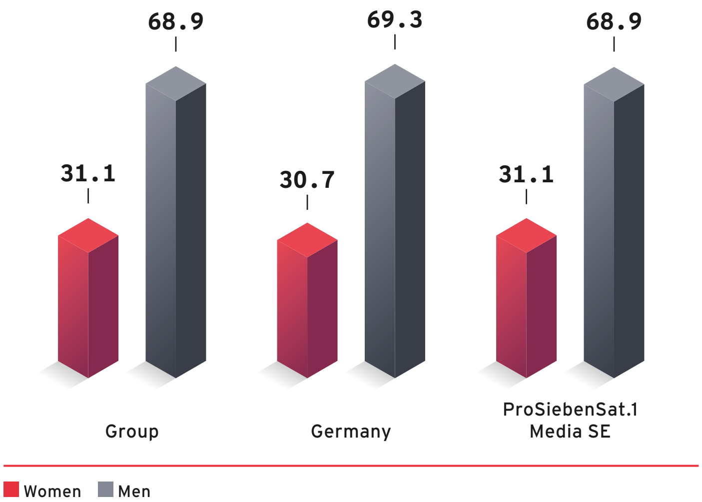
For information on the percentage of women in the two management levels below the Executive Board at ProSiebenSat.1 Media SE and the corresponding targets, please refer to the Management Declaration. For disclosures regarding diversity on the Executive Board and the Supervisory Board, please refer to the Corporate Governance Report. → Management Declaration, page 72 → Corporate Governance Report, page 64

054 / **PROPORTION OF MEN AND WOMEN IN THE WORKFORCE** in %



Women Men
Not including international investments in the Content Production & Global Sales segment.

055 / **PROPORTION OF MEN AND WOMEN IN MANAGEMENT POSITIONS** in %



Not including international investments in the Content Production & Global Sales segment.

ProSiebenSat.1 Group signed the Diversity Charter back in 2014 and follows the guidelines specified in it.Thereby, we emphasize our commitment to creating a working environment free of prejudice and exclusion that specifically promotes diversity among employees. Employees can report discrimination or violations of other principles set out in ProSiebenSat.1's Code of Conduct to contact persons such as the Chief Compliance Officer or works council members at the company without having to fear any ensuing disadvantage from this. In addition, we provide the workforce with mandatory training on the German General Act on Equal Treatment (AGG).

SOCIAL RESPONSIBILITY (PUBLIC VALUE)

ProSiebenSat.1 Group reaches around 45 million TV households every day with its stations in its TV markets in the DACH region; ProSiebenSat.1's marketer SevenOne Media reached at the end of 2017 38 million unique users with their supervised websites. The distributed content contributes to the diversity of information and helps to shape the opinions of viewers and users. We are aware of our level of social responsibility. Therefore, ProSiebenSat.1 makes targeted use of the wide reach of its media offerings to focus on important ecological, societal and sociopolitical matters and thus makes a valuable contribution to society as a company. In doing so, we observe the principles of editorial freedom and journalistic independence.

Our public value activities also serve to increase the public relevance of our TV stations and media offerings, thus setting us apart from our competitors. Due to the large number of available free TV and pay TV stations, public value measures in the ProSiebenSat.1 station family also represent a tool for brand management and loyalty. Another important reason for dealing with social matters is to secure revenues and reduce risks, as our initiatives help us achieve greater acceptance of our offers and business models among important stakeholders such as viewers and Internet users, politicians and regulatory authorities, and advertising customers and media agencies. They therefore represent an important non-financial aspect for ProSiebenSat.1. → Fig. 056

When it comes to selecting measures, we pursue four strategic goals: We want to build knowledge, offer opportunities, communicate values, and promote culture. In doing so, we base our actions on regulations such as the ProSiebenSat.1 Code of Conduct, the International Federation of Journalists' Principles on the Conduct of Journalists, and internal guidelines on data protection, protection of young people, and the separation of advertising and programming. In addition to the stations, departments such as Governmental Relations & Regulatory Affairs also have budgets for public value projects. We measure the success of our actions quantitatively in some cases, for example based on audience shares, employee involvement in projects such as the Social Day, or funds raised in the RED NOSE DAY campaign.

056 / **FOCUS AREAS OF PUBLIC VALUE ACTIVITIES AND SELECTED MEASURES**

OPINION FORMING AND MEDIA SKILLS
- Programming focus areas and campaigns (e.g. German parliamentary elections)
- Green Seven
- SchoolsON

DISSEMINATION OF INFORMATION
- Accessibility (subtitles in TV programming)

EMPLOYEE ENGAGEMENT
- Social Day
- WE HELP

DONATIONS AND SPONSORSHIP
- RED NOSE DAY
- "We support children"
- FIRST STEPS Awards

In 2011, the Group placed its public value activities in a larger social context and underscored their relevance for the Group by establishing an Advisory Board. The interdisciplinary body chaired by Bavaria's former minister president Dr. Edmund Stoiber advises ProSiebenSat.1 Group on relevant social, ethical and media-political issues and provides impetus on important topics such as education and culture. In 2017, the Advisory Board met three times. Members of the Executive Board as well as other decision-makers in the Group participated in these events. In view of ProSiebenSat.1's young target group, the Advisory Board prioritized the issue of digital education. The Board intends to use corresponding measures to strengthen the media skills of young people in particular and give them guidance in the digital world, as these skills are increasingly becoming a prerequisite for participation in society and for entering the labor market.

One example of this is the SchoolsON project, which was carried out for the third time in 2017. This competition for school students arose from an initiative of the ProSiebenSat.1 Advisory Board with the support of the German Children and Youth Foundation (Deutsche Kinder- und Jugendstiftung). Within this contest, young people can design and produce a TV report for the formats "Galileo", "taff", or "Newstime". Extensive tutorials are available at → www.schools-on.de to help them, not only providing technical and editorial instructions but also dealing with the topics of personal rights, copyright, and rights to the use of third-party work. As such, SchoolsON not only gives young people scope for creative development, but also fosters their media competence.

Due to the German parliamentary elections in 2017, another topic of our public value portfolio with regard to opinion forming was a campaign to convey political issues and promote political participation among young viewer groups in particular. ProSiebenSat.1 Group's stations reported extensively on the parliamentary elections in various election formats and other programs focusing on specific topics, as well as on their websites. As in 2009 and 2013, ProSiebenSat.1 also called on viewers to take part in the elections with a large-scale campaign based on the motto "Help shape your future. Vote!" on the German TV stations on the Group's online and social media platforms. → www.prosiebensat1.de/en/sustainability/publications/media-regulations-4-0

When choosing our measures, we focus on topical, socially relevant issues that affect young target groups in particular. In addition to the Advisory Board as the governance committee, such projects are generally selected and implemented on the basis of a bottom-up process. For example, relevant sustainability topics are identified by the editorial teams of the TV stations as part of their journalistic work and corresponding formats and program environments are developed for them.

One example is the sustainability brand "Green Seven": The annual "Green Seven" documentary broadcasting on a specific environmental topic (2017: "Save the Ice") on ProSieben is supported by the same thematic focus in magazines and other programs. This broadcasting is accompanied by cooperations with external partners and employee campaigns. In addition, ideas for supporting social projects or implementing internal initiatives at the Company also come directly from ProSiebenSat.1's staff. The refugee aid project "WE HELP" is one example of this.

It is not just with our programs and campaigns that we fulfill our responsibility, but also by making our offers accessible to everyone. ProSiebenSat.1 Group is therefore continuously expanding its range of subtitled programming for deaf and hearing-impaired people and the number of stations on which subtitles are available in order to improve its dissemination of information. Subtitles are available on five of the Group's German stations, also including sixx since the reporting period. Compared to the survey of media institutions in 2016, ProSiebenSat.1 increased the number of broadcasts by more than 20% overall, while the airtime with subtitles rose by more than 30%. Almost 25% of ProSieben's programming is now subtitled.

PRODUCT RESPONSIBILITY

Due to the increasing digitalization of our business operations, data protection forms another pillar – besides the prevention of violations of media law – of the compliance management system (CMS), which additionally includes the sub-areas of anti-corruption and antitrust law and is described in detail in the non-financial section Compliance → Fig. 058. The Group has also set out rules relating to product responsibility issues in its Code of Conduct. → www.prosiebensat1.com/en/investor-relations/corporate-governance/code-of-conduct → Risk Report, page 153

Data protection

A large part of ProSiebenSat.1 Group's business activities involves processing personal data of various different stakeholder groups. This especially applies in the context of growing digitalization in the media environment. These stakeholders particularly include customers, online users, viewers, applicants, employees, and business partners. For this reason, we see data protection as an important competitive factor with a lasting impact on trust in ProSiebenSat.1 Group's products and brands and thus also on the economic success of the Group. In 2017, we identified two cases of information leakage as well as data theft or loss.

The overarching goal of the Group's data protection is a consistent, adequate level of data protection within ProSiebenSat.1 Group in line with national and international provisions. This is to be ensured on the basis of a risk-oriented data protection management system (DPMS) and standardized processes, guidelines, and specifications, some of which apply throughout the Group. In 2017, ProSiebenSat.1 started on the first steps to achieve compliance with the General Data Protection Regulation (GDPR). In addition to legal provisions, the Company's internal guidelines on handling personal data and its automated collection, processing, and use are also applied. ProSiebenSat.1 has set out its data protection principles and processes in the Global Data Protection Standard (GDPS), the Data Protection Policy, the Code of Conduct, and other data protection regulations. → Fig. 057

057 / DATA PROTECTION PROCESSES

Preliminary monitoring	Performance of a risk analysis including a compliance check in the context of introducing/changing automated procedures for processing personal data in accordance with section 4f of the German Federal Data Protection Act (BDSG) in order to address data protection law requirements at an early stage.
Order data processing	Process for legally compliant preparation of agreements on order data processing and for the performance of the legally stipulated preliminary check in accordance with section 11 BDSG.
Information to public authorities	Process for legally compliant disclosure of personal data to public authorities.
Rights of persons affected	Legally compliant processing of requests from persons affected: ▸ Complaints management ▸ Information rights (section 34 BDSG) ▸ Right to correction (section 35 BDSG) ▸ Right to deletion (section 35 BDSG) ▸ Objection rights (section 35 BDSG)
Data breach notification	Process for legally compliant reporting of data breaches (= third parties unlawfully obtaining personal data) in accordance with section 42a BDSG and section 15a of the German Telemedia Act (TMG).

ProSiebenSat.1 Group has implemented processes and measures to protect personal data from misuse. No processing of personal data takes place unless compliance with the applicable laws has been ensured. We grant each individual the right to object to use of their personal data and to demand that their personal data be deleted or blocked. In addition, ProSiebenSat.1 passes on personal data to third parties, including within the Group, only if this complies with the legal provisions. We also take appropriate precautions to protect personal data from loss, destruction, unauthorized access, or unauthorized use, processing, or disclosure.

Media law

The media law provisions of the CMS particularly deal with journalistic independence, the principles of the separation of advertising and programming, the requirements for product placement and protection of young people, and the prevention of surreptitious advertising and broadcasting of legally prohibited advertising. Eleven cases of violation against our programming principles and journalistic due diligence as well as youth protection were identified in 2017.

_ ProSiebenSat.1 Group is particularly committed to differentiating between editorial reporting and broadcasts for advertising purposes in its TV programs. The responsible TV editors and editorial management are responsible for ensuring that advertising and programming are clearly separated. At corresponding compliance events, they are trained on the bans in place and the legal consequences in the event of violations. The management of the TV stations must also ensure that suitable budgets are chosen for each program and that sufficient funds are available so that there is no need to accept financial contributions from third parties to the extent that this would constitute impermissible surreptitious advertising. In substantiated individual cases where the use of surreptitious advertising is suspected, an ad-hoc supervisory committee takes action. This committee is set up by the Executive Board of ProSiebenSat.1 Media SE and consists of one employee each from the Internal Audit and Legal Affairs departments and an external lawyer.

The Group is committed to following the provisions of the German Interstate Broadcasting Agreement and the Common Guidelines of the State Media Authorities for advertising, for ensuring separation of advertising and programming, and for sponsorship on television. In particular, each employee has to ensure that the prohibition of programming influence, the ban on surreptitious advertising, and the identification requirements are upheld. It is also necessary to prevent the content and location of a sponsored program from being influenced by the sponsor in a way that impairs the responsibility and editorial independence of the broadcaster. Support for productions from third parties must be indicated in accordance with the legal regulations; such notifications should generally be made at the end of the relevant program.

Primarily, the details are regulated by ProSiebenSat.1's guidelines on the separation of advertising and programming, which also include specific explanations regarding bans on the placement of particular products and services. They provide the employees with mandatory regulations under their employment contracts. The guidelines for the German stations serve to maintain journalistic credibility and ensure that content is independent from third-party influences as the top programming principle. Furthermore national legal provisions are applied to the TV stations in Austria and Switzerland.

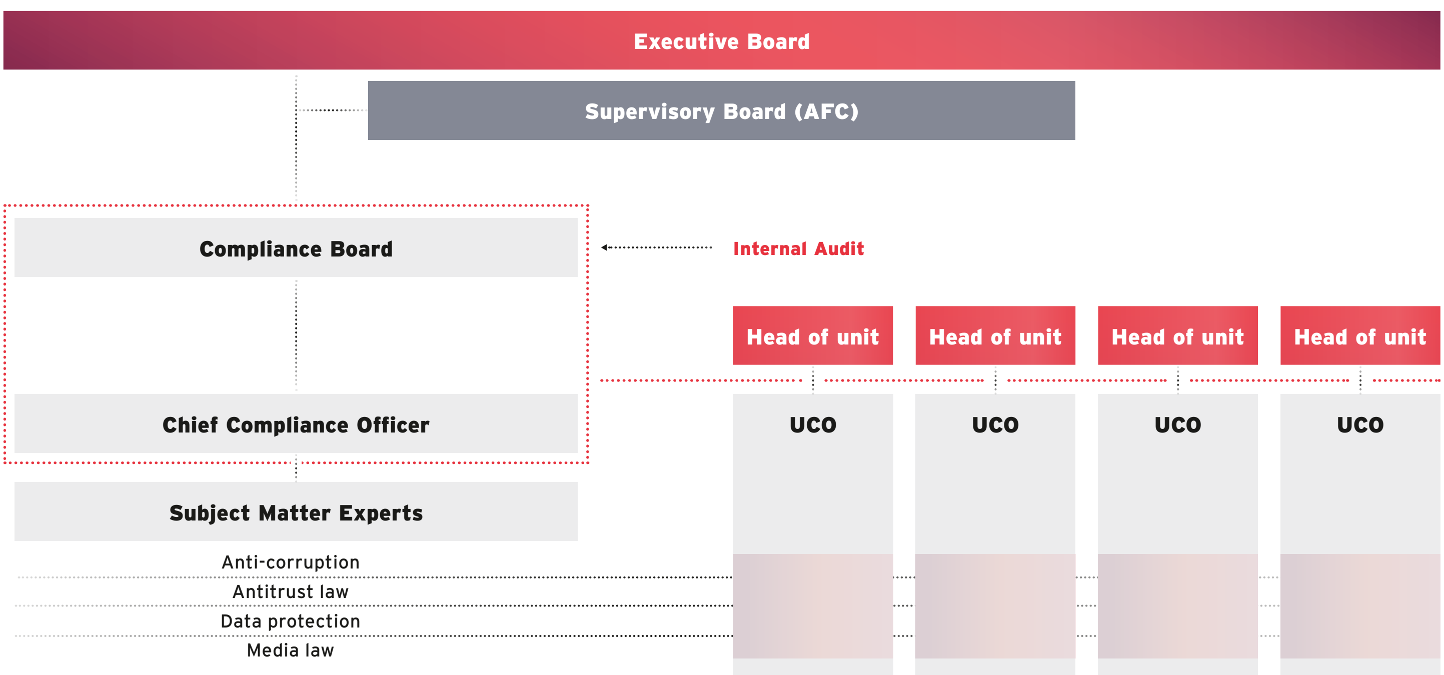
_ To ensure journalistic independence and comply with fundamental media regulations, the Group formulated guidelines in 2005 which are binding for all of the Company's program makers in Germany. The "Guidelines for Ensuring Journalistic Independence" specify the understanding of the journalistic principles set forth in the Press Code of the German Press Council. ProSiebenSat.1 Group is committed to a free and democratic order as set out in the constitution (Grundgesetz) of the Federal Republic of Germany. In accordance with internal guidelines, journalists and editors working for ProSiebenSat.1 must follow the International Federation of Journalists' Principles on the Conduct of Journalists. According to these principles, they are essentially free with regard to creating their content and report independently of social, economic, or political interest groups. → www.prosiebensat1.com/en/sustainability/areas-of-action/governance-and-compliance

As a media company, political independence is of the utmost importance to ProSiebenSat.1. Cash and non-cash donations to political parties are therefore forbidden unless the donation is approved by the Executive Board of ProSiebenSat.1 Media SE in advance. Generally, editorial content must not be influenced by private or commercial interests of third parties or by personal or economic interests of employees. At the same time, the journalists and editors are aware of their responsibility with regard to the dissemination of information and their contribution to shaping opinions. The responsible editorial staff, particularly the editors-in-chief, are responsible for complying with these guidelines and principles of conduct and implementing them in day-to-day business.

- Youth protection officers at ProSiebenSat.1 Group make sure that all TV and online content for which the Group is responsible is offered in an age-appropriate way. The goal is to make it difficult for children and young people to gain access to content that is unsuitable for their age group. The German Interstate Agreement on Youth Protection in the Media stipulates clear requirements for this. The Group's youth protection officers are autonomous in their work and are responsible for ensuring that content that is unsuitable for children and young people is broadcast only at the legally stipulated times. In addition, they use technical means to protect young people from the dissemination of content on ProSiebenSat.1's websites that could potentially harm their development. To this end, the youth protection officers are involved in the production and purchasing of programs at an early stage. They assess scripts in advance, support productions, and prepare expert reports. Within the Company they perform an advisory role, while externally they are available to viewers and users as contact persons for complaints, for example.

  Independently from the work of the youth protection officers, TV and online editors receive regular training on youth protection regulations. In addition to training employees and providing internal guidelines, we also actively promote the protection of young people via various organizations: ProSiebenSat.1 is represented on the executive boards of FSF (Freiwillige Selbstkontrolle Fernsehen e. V.) and FSM (Freiwillige Selbstkontrolle Multimedia- Diensteanbieter e. V.). These two associations are institutions for voluntary self-regulation by private TV stations/telemedia providers and are recognized as independent supervisory bodies for television/the Internet by the Commission for Youth Protection in the Media (KJM). In addition, ProSiebenSat.1 is also on the executive board of JusProg e. V., an association of private media providers that develops technical solutions for youth protection and offers a youth protection program free of charge for all Internet users.

058 / CENTRAL COMPLIANCE ORGANIZATION



COMPLIANCE

ProSiebenSat.1 believes that sustained economic success in a competitive environment can only be achieved by ensuring that all action taken is in compliance with the applicable laws. Therefore, preventing corruption and violations of antitrust law are – alongside the topic areas of media law and data protection – highly relevant to business and represent important success factors for strengthening our market position and achieving our corporate goals. Anti-corruption and compliance with antitrust law are among the material non-financial aspects for the Group.

ProSiebenSat.1 Group has implemented a compliance management system (CMS) for this reason → Fig. 058. The main objective of the CMS is to ensure that all employs always think and act with integrity and in accordance with the law and thus to prevent law- and rule-breaking from the start. In view of its Group structure, ProSiebenSat.1 has established both a central and a decentralized compliance organization. The central organization is made up of the Compliance Board and the Group's Chief Compliance Officer (CCO), who are assisted in the performance of their duties by experts from other areas, such as the Legal department. The Compliance Board and the CCO support and advise the Executive Board in implementing, monitoring, and updating the CMS. The CCO is responsible for the implementation of the CMS in the Group, carries out risk analyses and training, and advises the Executive Board on the development and implementation of appropriate measures to minimize risk. In addition, the CCO monitors legal developments and makes proposals for the further development of the CMS, including with regard to combating corruption and bribery and complying with antitrust law. The decentralized compliance organization is represented by Unit Compliance Officers (UCOs), who are appointed in Group entities. Overall responsibility for the CMS lies with the Executive Board of ProSiebenSat.1 Media SE as the parent company of ProSiebenSat.1 Group. → Corporate Governance Report, page 64 → Risk Report, page 153

ProSiebenSat.1 Group has laid down basic guidelines and policies in its Code of Conduct. These requirements define the general standards for conduct in business, legal and ethical matters. They serve as a binding reference and regulatory framework for all members of the Executive Board, the management, and the Groups employees for dealing with each other and with external stakeholders. We are convinced that our business success depends on the trust of our customers, business partners, and shareholders in our independence and integrity. Adherence to high ethical standards and our overall social commitment are therefore just as crucial as compliance with all relevant laws. → www.prosiebensat1.com/en/sustainability/areas-of-action/governance-and-compliance

Performing a systematic and standardized risk analysis for compliance risks represents an important foundation of the CMS. Based on the relevance analysis, a compliance risk assessment is then performed in a second step. The Executive Board supports this process by providing a suitable compliance organization and adequate, efficient compliance programs. These include advice, training, and measures derived from guidelines. The CMS is continuously developed, improved, and reviewed. In order to obtain an independent, external assessment the audit firm KPMG reviewed the CMS for the sub-areas of antitrust law, anti-corruption provisions, media law, and data protection law in accordance with IDW auditing standard 980. The review of the appropriateness, implementation, and effectiveness of the holding company ProSiebenSat.1 Media SE's CMS for the first half-year in 2017 was completed on December 20, 2017.

ProSiebenSat.1 aims to create transparency in its dealings with customers, suppliers, and public authorities in order to comply with international anti-corruption standards as well as national and local regulations on combating corruption and bribery. The CMS therefore extends to the prevention of acts of corruption, particularly in relation to the criminal offenses of offering or accepting bribes in business dealings (section 299 et seq. of the German Criminal Code (StGB)), granting benefits to public officials (section 333 StGB) and bribing public officials (section 334 StGB). In 2017, as in the previous year, there are no corruption incidents or charges of corruption against the Group or ProSiebenSat.1 employees known.

With regard to antitrust law, the CMS at ProSiebenSat.1 covers the prevention of agreements and concerted practices liable to impede competition (section 1 of the German Act against Restraints of Competition (GWB), Art. 101 of the Treaty on the Functioning of the European Union (TFEU)) and the prevention of abuse of a dominant market position (section 19 GWB, Art. 102 TFEU). As in 2016, there were no new proceedings or incidents relating to antitrust law known in the past financial year. Since 2008, a civil suit has been pending with RTL 2 Fernsehen GmbH & Co. KG and El Cartel Media GmbH & Co. KG. → http://sustainability-report2016.prosiebensat1.com

ENVIRONMENTAL MATTERS AND PROTECTION OF HUMAN RIGHTS

As a media company, ProSiebenSat.1 is not part of one of the manufacturing industries that use large quantities of energy and resources and have complex, global supply chains. We therefore consider the environmental impact of our business activities to be very limited and for this reason, we currently have not identified environmental matters as a key non-financial aspect in accordance with section 289c (3) HGB. However, we can help slow down climate change and conserve our environment by using resources carefully, for example by increasing energy efficiency and reducing our activities' CO_2 emissions by means of targeted measures. We publish detailed information on our ecological responsibility and the topics of energy consumption, greenhouse gas emissions, waste disposal, and mobility in ProSiebenSat.1 Group's Sustainability Report each year. → www.prosiebensat1.com/en/sustainability/publications/reports

ProSiebenSat.1 does not tolerate discrimination on the basis of gender, race or ethnic background, age, religion or ideology, sexual orientation, or disability. We especially condemn every kind of sexual violence and abuse of power within our business relations. The Company's internal Code of Conduct stipulates appropriate compliance regulations and describes a reporting system when violations occur. The broadcasting group promotes inclusion in their program, for example with the TV magazine “Challenge”. This project by

Arbeitsgemeinschaft Behinderung und Medien e. V. provides insights into the lives of people with disabilities.

ProSiebenSat.1 is aware of its responsibility for the content it distributes and is reporting more detailed about this topic in the section Product Responsibility. In the present NFS we forego further information about preventing human rights abuses such as combating child and forced or compulsory labor as well as assessing suppliers in the media industry in terms of their compliance with human rights. On the basis of our value chain and its potential impacts on our business activities we do not consider respect for human rights as a significant non-financial aspect.

REPORT ON ECONOMIC POSITION: THE FINANCIAL YEAR 2017

MILLION EURO

revenues were generated by ProSiebenSat.1 Group in 2017. This corresponds to a growth of 7% compared to the previous year. Furthermore, the Group's relevant operating earnings figures set new records. With this, we have achieved our most important profitability targets.

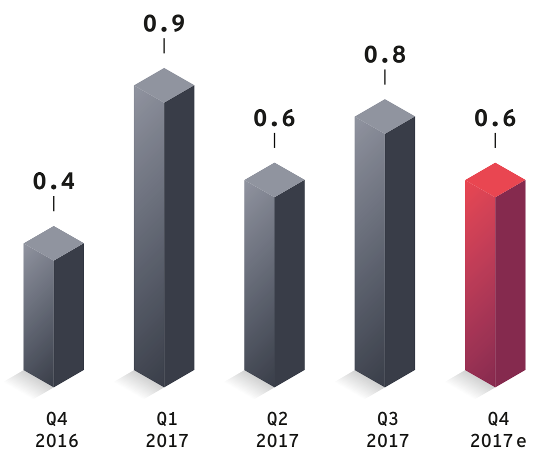
GROUP ENVIRONMENT

TV is the number one medium in Germany in terms of both reach and usage time. Nonetheless, digitalization and the growing use of the Internet are changing consumers' behavior. We are driving this development by diversifying and connecting our portfolio. In 2017, ProSiebenSat.1 was the leader in the audience and advertising market; we offer our customers integrated advertising options.

ECONOMIC DEVELOPMENT

In 2017, the German economy is estimated to have grown by 2.2% in real terms compared to the previous year (previous year: 1.9%). For the fourth quarter, the German Institute for Economic Research (DIW) currently anticipates an increase of 0.6% compared to the previous quarter. → Fig. 059

059 / **DEVELOPMENT OF GROSS DOMESTIC PRODUCT IN GERMANY** in %, change vs. previous quarter



Adjusted for price, seasonal and calendar effects.
Source: Destatis, DIW from January 31, 2018 / **e:** estimate

The German economy is benefiting from the persistently good consumer climate. Private consumption has increased by 2.0% in real terms year-on-year due to positive labor market and income conditions. Against this backdrop, the German Federal Statistical Office estimates that retail revenues grew by 2.3% in real terms; retail accounts for around a quarter of private consumption. The online and mail order business developed particularly dynamically (+7.7%). In addition, the German economy was supported by construction as well as equipment investments and government spending. → Future Business and Industry Environment, page 166

DEVELOPMENT OF MEDIA CONSUMPTION AND ADVERTISING IMPACT

Digitalization has extended the range of media usage in the last few years. The once strong ties between content and end devices are coming somewhat undone and the bounds between different media are merging. This also applies to television and video usage in general: With the dissemination of mobile devices such as smartphones and tablets, the number of transmission channels is increasing. This is giving rise to new forms of usage such as catch-up television via apps on mobile devices. Television is also becoming more attractive thanks to innovations inside TV sets themselves: Examples include digital television in high definition (HD) and video-on-demand (VoD) on large TV screens. This development is being driven by broadband Internet access with fast data speeds and the high number of satellite households in Germany. → Fig. 060 → Risk Report, page 153

060 / **TV HOUSEHOLDS IN GERMANY BY DELIVERY TECHNOLOGY** Number of TV households

	2017[1]	2016[2]
Potential in millions (analog + digital)	**38.32**	38.19
Terrestrial	**1.28**	1.30
Cabel	**15.97**	15.81
Satellite	**17.61**	17.89
IPTV	**3.45**	3.19

[1] Information as of December 1, 2017. / [2] Information as of December 1, 2016.
Source: AGF in cooperation with GfK/TV Scope 6.1, households.

Despite the large number of additional offerings, 96% of linear television in Germany is still watched on a traditional TV set (14 to 69 year old target group). Viewing time remained stable at a high level in this country. In the 14 to 69 year old audience group, it amounted to 218 minutes in 2017 (previous year: 223 minutes). In Germany, data on television use is collected on a daily basis on behalf of Arbeitsgemeinschaft Fernsehforschung (AGF) as part of a TV panel measurement.

The results of the "Media Activity Guide 2017" and "ViewTime Report 2017" give a detailed insight into media usage behavior in Germany. Germans use media and media transmission channels for an average of 580 minutes every day. Viewers aged between 14 and 69 spend 248 minutes or 43% of their daily media use on TV, both linear and via alternative transmission channels. Radio follows in second place, with 102 minutes of daily usage. Content-driven Internet usage accounts for 89 minutes or 15% of this time frame. Reading newspapers and magazines accounts for 31 minutes every day. So digitalization does not mean that television is becoming less relevant. Instead, users are increasingly consuming conventional media content in digital form.

i The "Media Activity Guide" examines the Germans' usage of media on an annual basis. The study is conducted by forsa on behalf of the ProSiebenSat.1 advertising sales company SevenOne Media. Germans' media usage behavior was surveyed in telephone interviews from March 1 to March 28, 2017; the data analyzed relate to the first quarter of 2017. In addition to the annual Media Activity Guide and likewise in cooperation with forsa, we examine all forms of video usage on a quarterly basis in the "ViewTime Report." → www.sevenonemedia.de/service/research

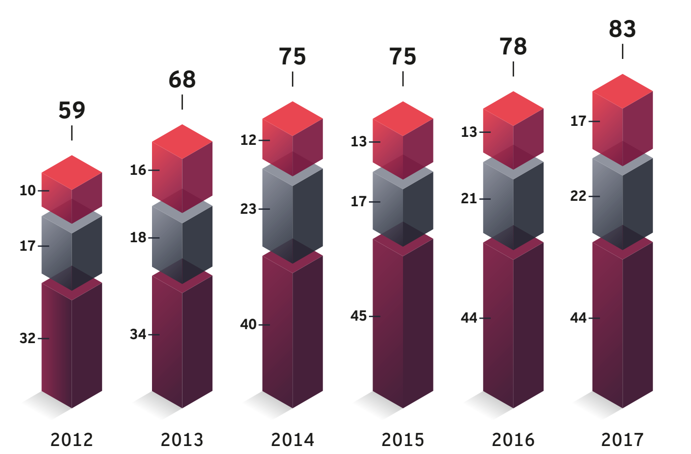
Television remains still the most highly used medium. Moreover, the studies show that traditional media enjoy the highest level of trust and, by virtue of the quality of their content, are increasingly providing a counterpoint to the unfiltered opinions expressed on social media. 14- to 69-year-olds spend an average of around 15 minutes a day on social media. At the same time, TV reaches significantly more 14- to 29-year-olds than Facebook, Instagram or Snapchat. The dissemination of Facebook is even declining in the young target group: Among 14- to 29-year-olds, its reach is declining continuously (Q2 2015: 69% vs. Q2 2017: 45% at least occasional usage).

Together with radio, television has the largest group of users among 14- to 69-year-olds at 95%. At the same time, the Internet is a firmly established part of our everyday lives. In 2017, the share of Internet users in Germany was 93%. In this context, daily video usage is increasing continuously, amounting to 243 minutes in the second quarter of 2017 (Q2 2015: 239 minutes). Television is the most significant provider of video content: In Germany, 88% of video usage among viewers aged 14 to 69 is attributable to TV, with 214 minutes of viewing time. Second place is taken by online videos financed by advertising and thus free for users, with an average of 15 minutes. This equates to 6% of all video usage in the target group of 14- to 69-year-olds in Germany.

Additional pay-per-view offerings, such as pay TV or VoD, are offering ProSiebenSat.1 Group additional growth prospects. According to the PwC German Entertainment and Media Outlook 2017 – 2021, the volume of the pay TV market was estimated at EUR 3.1 billion in 2017. The volume of the PayVoD market was EUR 784 million according to Statista's Digital Market Outlook; a volume of EUR 534 million was attributed to the important subscription-video-on-demand (SVoD) sector. Nearly one-third of 14- to 69-year-olds pay for video streaming at least occasionally. At the same time, the number of users and SVoD subscribers in German households is rising, although the daily viewing time is currently a modest 9 minutes.

The studies show that television remains the number one medium. No other medium can generate such high reach as quickly as TV. At the same time, entertainment devices such as smartphones and tablets are being used in addition to TV sets. The parallel usage of different screen media is increasing continuously: While the proportion of parallel users aged between 14 and 49 was only 68% four years ago, 83% of those surveyed went online while watching television at least occasionally in 2017 → Fig. 061. This also has consequences for advertising impact: Second-screen users not only have a stronger interest in TV content and watch 211 minutes of TV a day, 22 minutes more than the average in their age group (14 – 49 years old), but they are also more online-savvy. One-third (36.6%) have purchased something on the Internet as a direct result of TV content.

061 / PARALLEL USAGE TV/INTERNET in %



Basis: 14 – 49 years old, TV/Internet used at least occasionally.
Source: Media Activity Guide 2017, SevenOne Media/forsa.

In this environment, reach is becoming the most valuable currency and TV the key advertising medium. Video advertising on TV inspires a greater emotional attachment to a brand than any other medium. This results in brand loyalty among consumers and pays off for advertisers in the short and long term. This is shown in the "ROI Analyzer" study jointly published by SevenOne Media, GfK-Fernsehforschung and GfK-Verein in 2014. The study evaluated the revenue effects of TV advertising on all purchase data from 30,000 German households over a year. The results showed that, across all brands investigated, a TV campaign will pay for itself after only one year, with an average return on investment (ROI) of 1.15. This figure increases to 2.65 after five years. Further iterations of the ROI Analyzer on various sectors confirm TV advertising's high sales impact.

The fragmentation and digitalization of the media landscape is providing more and more opportunities to consume media. Here, television is benefiting from increasing video usage in Germany. Linear television is now independent of the TV set; the same content is consumed via various channels on different devices. In parallel new cross-media advertising spaces arise, which coupled with the impulses of parallel usage is resulting in greater viewer retention. In this context, TV is becoming increasingly relevant in marketing.

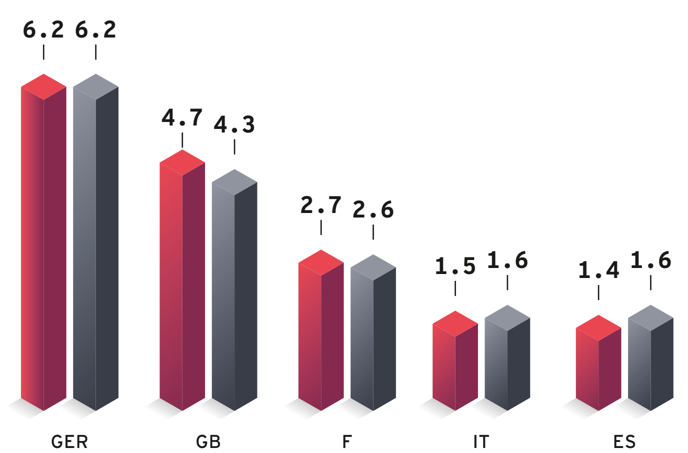
MARKET ENVIRONMENT OF THE TV BUSINESS

The German media landscape is characterized by a dual system of private and public operators. Its market structure differs considerably from other countries. The German TV advertising market is comparatively tightly regulated. The options for TV advertising are thus more limited in both quantitative and qualitative terms and are significantly more restrictive than in the US, for example. For instance, airtime for TV advertising is restricted to a maximum of twelve minutes per hour in Germany.

At the same time, public broadcasters in Germany have a high budget at their disposal: As in many other European countries, their financing is guaranteed by law but their budget from TV license fees is extremely high → Fig. 062. These broadcasters finance around 20 TV stations and around 60 radio stations with a total income of EUR 9.3 billion. Private providers mainly generate revenues from advertising and operate over 290 TV stations and around 270 radio stations with a budget of EUR 10.7 billion (as of 2016).

Private providers are currently excluded from public funding. However, ProSiebenSat.1 makes an important contribution to basic provision of media, particularly among young target groups. In this context, ProSiebenSat.1 stepped up the debate about further development of the dual system in 2017. The proposal for "Media Regulations 4.0" is intended to promote content and open up funding to others instead of just public institutions. Politicians have already recognized that reforms are needed. One initial step was the directors' proposals for structural reform of public broadcasting. → Sustainability, page 113

062 / PUBLIC TV BUDGETS OF DIFFERENT PUBLIC BROADCASTERS IN EUROPE in EUR bn



■ **Actual figure** ■ **Price-parity-standardized figure**[1]
[1]Adjusted to German price level, based on Eurostat price level data, 2016.
GER: Income from contributions, not including Deutschlandradio and ARD radio share.
ES: Government subsidization, including mandatory contribution of private TV stations (3% of revenues for free TV and 1.5% for pay TV) for RTVE and autonomous station.
Source: IHS, KEF, UN, DigitalTVeurope, McKinsey analysis.

The dual system has started to exhibit a financial imbalance, as public broadcasters' income from TV license fees has been increasing continuously in recent years and they additionally fund themselves via advertising. Furthermore, new market players are emerging as a result of digitization and competition with global providers is becoming more intense. ProSiebenSat.1 has a positive attitude towards this development and has identified numerous growth opportunities in this dynamic market development. However, fair competition rules for all companies accompanying this digital economic transformation are a key element for successful sustainable development. This includes consistent standards on issues such as youth protection and copyright, as well as adequate promotion of the European digital industry.
→ Risk Report, page 153

It is important that the legislators support private operators in shaping the digital transformation. We are approaching this topic strategically by ourselves and are forming alliances. One example is the Log-in Alliance, which ProSiebenSat.1 initiated together with Mediengruppe RTL Deutschland and United Internet. The aim is to offer users a simple and secure solution that gives them access to all of the initiative's Internet services across different sectors. In this way, we are generating added value for all market participants and establishing standards to strengthen the local digital market.

i The digital development confronts us with completely new challenges: More and more people, especially young people, are using the Internet as a source of political information. Users search for information online and are presented with results that confirm their opinions. Algorithms then reinforce this bias, resulting in an individual echo chamber. Our shared social horizon is becoming more isolated. As media companies, we must counter this development with content. "Media Regulations 4.0" offers an effective and also realistic approach for adapting the dual broadcasting system to the conditions of a digital society: By promoting relevant content, we provide a reliable counterweight to an algorithm-based media landscape. Objective reporting and contextualization form the basis for diversity in the media and diversity of opinions. → www.prosiebensat1.com/en/sustainability/publications/media-regulations-4-0

DEVELOPMENT OF THE AUDIENCE MARKET

ProSiebenSat.1 Group operates advertising-financed free TV stations in Germany, Austria and Switzerland and offers these in both SD and HD quality. In the core market Germany, ProSiebenSat.1 Group is the market leader with its seven free TV stations. → Fig. 063

063 / AUDIENCE SHARES OF PROSIEBENSAT.1 GROUP in %

	Q4 2017	Q4 2016	2017	2016
Germany	**27.8**	28.5	**27.0**	28.0
Austria	**28.8**	23.2	**27.9**	23.0
Switzerland	**19.0**	18.8	**17.8**	17.8

Figures are based on 24 hours (Mon–Sun).
Germany: SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, ProSieben MAXX, kabel eins Doku (since 09/22/2016); advertising-relevant target group adults 14–49. Source: AGF in cooperation with GfK/TV Scope 6.1/SevenOne Media Committees Representation.
Austria: Basis: Austria, all levels; period: 01/01–12/31/2017 (final weighting); adults 12–49; SAT.1 Österreich, ProSieben Austria, kabel eins Austria, PULS 4, sixx Austria, ProSieben MAXX Austria, SAT.1 Gold Österreich, kabel eins Doku Austria (since 09/22/2016), ATV + ATV 2 (since 04/07/2017 at ProSiebenSat.1 PULS 4, previously an independent group) Source: AGTT/GfK: Fernsehforschung/Evogenius Reporting (KR).
Switzerland: SAT.1 Schweiz, ProSieben Schweiz, kabel eins Schweiz, sixx Schweiz, SAT.1 Gold Schweiz, ProSieben MAXX Schweiz, Puls 8 (since 10/08/2015); advertising-relevant target group adults 15–49; market shares relate to the German-speaking part of Switzerland D – CH; total signal. Source: Mediapulse TV Panel.

As expected, the competitive environment in the German free TV market has intensified: ProSieben and SAT.1 still count among the stations with the greatest reach. However, numerous new special-interest stations have emerged in recent years → Fig. 066. Against this background, the combined market share of the broadcasting group amounted to 27.0% among viewers aged between 14 and 49 years in 2017 (previous year: 28.0%). The stations marketed by IP Deutschland (RTL, VOX, n-tv, Super RTL, NITRO and RTLplus) had a market share of 25.4% (previous year: 24.8%), with the small stations RTLplus and NITRO recording particularly strong growth.

In April 2017, ProSiebenSat.1 Group acquired ATV, an Austrian broadcasting group. Against this backdrop, ProSiebenSat.1 PULS 4 in Austria increased its combined audience share among 12- to 49-year-olds to 27.9% (previous year: 23.0%), making it the most successful broadcasting group in Austria in the reporting period. Since the acquisition, the stations ATV and ATV2 have accounted for a joint market share of 5.0%. In 2017, the ProSiebenSat.1 stations in Switzerland achieved a group market share on a par with the previous year at 17.8% of 15 to 49 year old viewers.

The tables below give an overview of the market shares of the individual advertising-financed TV stations in the German-speaking markets. → Fig. 064 → Fig. 065 → Fig. 067

064 / AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS IN GERMANY in %

Target group 14- to 49-year-olds	Q4 2017	Q4 2016	2017	2016
SAT.1	**8.7**	9.0	**8.4**	8.7
ProSieben	**9.6**	10.6	**9.5**	10.4
kabel eins	**4.7**	5.1	**4.8**	5.1
sixx	**1.2**	1.2	**1.2**	1.3
SAT.1 Gold	**1.7**	1.4	**1.5**	1.4
ProSieben MAXX	**1.5**	1.1	**1.3**	1.1
kabel eins Doku[1]	**0.4**	0.2	**0.3**	0.0

Relevant target groups	Q4 2017	Q4 2016	2017	2016
SAT.1: Adults aged 14 to 59	**8.4**	8.9	**8.3**	8.7
ProSieben: Adults aged 14 to 39	**12.5**	14.0	**12.6**	14.0
kabel eins: Adults aged 14 to 49	**4.7**	5.1	**4.8**	5.1
sixx: Women aged 14 to 39	**1.6**	1.7	**1.7**	2.0
SAT.1 Gold: Women aged 40 to 64	**2.7**	2.3	**2.5**	2.5
ProSieben MAXX: Men aged 14 to 39	**2.9**	2.1	**2.7**	2.0
kabel eins Doku[1]: Men aged 40 to 64	**0.6**	0.3	**0.4**	0.1

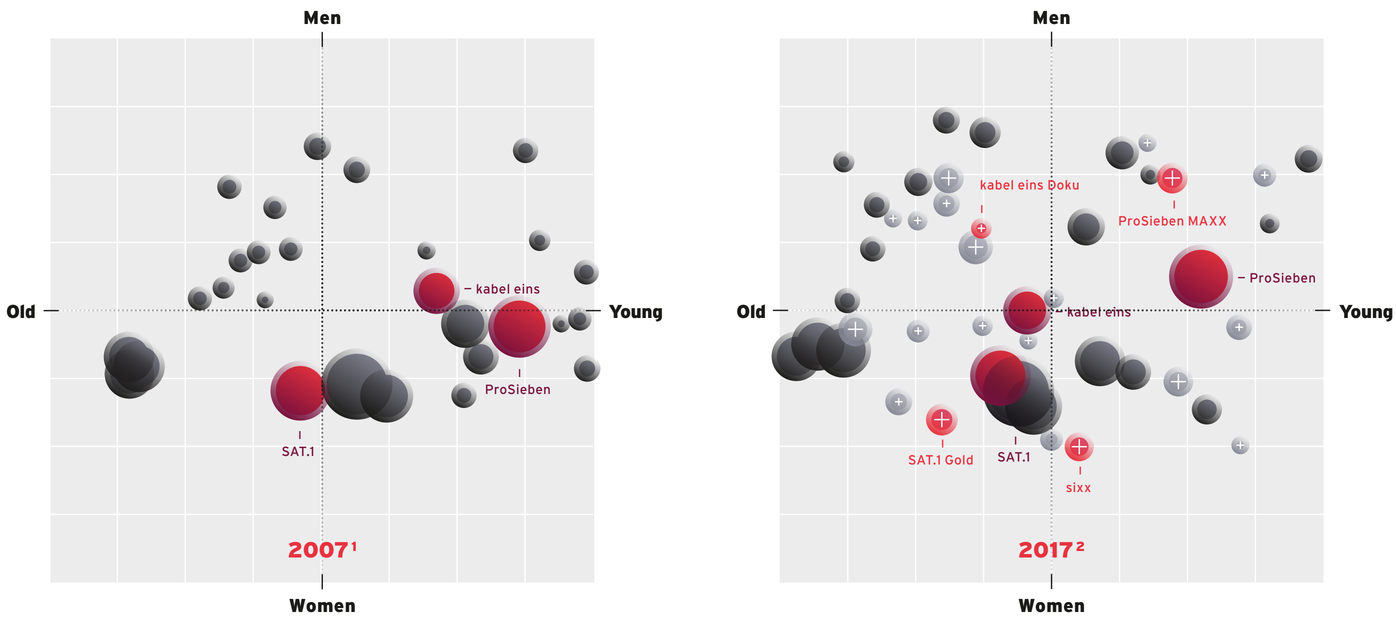
[1] kabel eins Doku since 09/22/2016.
Figures are based on 24 hours (Mon–Sun). SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, ProSieben MAXX, kabel eins Doku; source: AGF in cooperation with GfK/TV Scope 6.1/SevenOne Media Committees Representation.

065 / AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS IN AUSTRIA in %

Target group 12- to 49-year-olds	Q4 2017	Q4 2016	2017	2016
SAT.1 Österreich	**4.8**	4.7	**4.4**	4.5
ProSieben Austria	**7.4**	8.7	**7.6**	8.7
kabel eins Austria	**2.9**	3.1	**2.9**	3.3
PULS 4	**4.2**	3.9	**4.2**	4.1
sixx Austria	**1.4**	1.3	**1.4**	1.2
ProSieben MAXX Austria	**1.2**	0.6	**1.0**	0.7
SAT.1 Gold Österreich	**0.9**	0.5	**0.8**	0.5
kabel eins Doku Austria	**0.6**	0.3	**0.5**	0.1
ATV	**4.3**	3.3	**3.7**	3.5
ATV2	**1.1**	0.8	**0.9**	0.7

Figures are based on 24 hours (Mon–Sun). SAT.1 Österreich, ProSieben Austria, kabel eins Austria, PULS 4, sixx Austria, ProSieben MAXX Austria, SAT.1 Gold Österreich, kabel eins Doku Austria (since 09/22/2016), ATV + ATV 2 (since 04/07/2017 at ProSiebenSat.1 PULS 4, previously an independent group); source: AGTT/GfK TELETEST; Evogenius Reporting; 01/01/2016–12/31/2017; weighted for number of people; including VOSDAL/time-shift; standard.

066 / FRAGMENTATION OF THE TV MARKET IN GERMANY SINCE 2007



Structural shares/market shares: Mon–Sun, 3–3, / Figures in % (size of circle symbolizes market share among adults aged 14–49) weighted last four days; for 2017 the last four days are preliminary weighted.
Basis: All German households with a TV (German-speaking). Source: AGF in cooperation with GfK/TV Scope/P7S1 TV Deutschland Business Intelligence (KÜ).
[1] ø 2007 / [2] ø YTD 2017

067 / AUDIENCE SHARES OF PROSIEBENSAT.1 STATIONS IN SWITZERLAND in %

Target group 15- to 49-year-olds	Q4 2017	Q4 2016	2017	2016
SAT.1 Schweiz	**5.5**	5.8	**4.9**	4.8
ProSieben Schweiz	**7.5**	7.0	**7.0**	7.0
kabel eins Schweiz	**2.3**	2.6	**2.4**	2.6
sixx Schweiz	**1.1**	1.3	**1.1**	1.3
SAT.1 Gold Schweiz	**0.6**	0.5	**0.7**	0.6
ProSieben MAXX Schweiz	**0.9**	0.9	**0.8**	0.8
Puls 8	**1.0**	0.8	**0.9**	0.7

Figures are based on 24 hours (Mon–Sun). Switzerland: SAT.1 Schweiz, ProSieben Schweiz, kabel eins Schweiz, sixx Schweiz, SAT.1 Gold Schweiz, ProSieben MAXX Schweiz, Puls 8 (since 10/08/2015); advertising-relevant target group 15- to 49-year-olds; market shares relate to the German-speaking part of Switzerland D – CH; total signal; source: Mediapulse TV Panel.

Ongoing digitalization is opening up new revenue models for the TV business. The distribution of programs in high definition (HD) is an example for this. Here, we participate in the technical service fees that end customers pay to the respective providers for programs in HD quality. The number of users of the satellite digital platform HD+, which distributes private TV stations in Germany, is continuously rising. In Germany, ProSiebenSat.1 HD stations had 8.8 million users in 2017 (previous year: 7.2 million). The Group also broadcasts its programs in HD quality in Austria and Switzerland.

Numerous partnerships emphasize ProSiebenSat.1 Group's strategy of offering its programs via as many distribution channels as possible and expand the technical reach. Against this backdrop, the Company again concluded numerous new distribution agreements in 2017, including Vodafone, Unitymedia and SES Astra. Besides reach and market shares, awards are an indicator of the popularity and quality of our formats. In 2017, the Company again received numerous awards.
→ Fig. 068 → Development of Media Consumption and Advertising Impact, page 125

068 / AWARDS FOR TV FORMATS, ARTISTS AND CO-PRODUCTIONS

BAMBI
"Willkommen bei den Hartmanns"[1] (national film)
BAVARIAN TV AWARDS
"The Voice of Germany"
(Matthias Kowalski as Executive Producer in the entertainment category)
"Jack the Ripper"
(Sonja Gerhardt in the best actress category)
BAVARIAN FILM AWARDS
"Willkommen bei den Hartmanns"[1] (audience award)
"Willkommen bei den Hartmanns"[1] (producer award)

BREMA (BREMEN RADIO AND BREMEN STATE MEDIA INSTITUTE)
"Galileo: You Are President"
(award for cross-media program innovations in the TV category)
GERMAN COMEDY AWARD
"jerks." (best innovation)
"Willkommen bei den Hartmanns"[1] (most successful comedy film)
"Luke! Die Woche und ich" (best comedy show)
Luke Mockridge: most successful live act
GERMAN TV AWARDS
"Die Beste Show der Welt" (best prime-time entertainment)
"Galileo" (best infotainment)
"Jack the Ripper" (Sonja Gerhardt in the best actress category)
JUPITER AWARD
"Seitenwechsel" (Mina Tander in the best national actress category)
"Willkommen bei den Hartmanns"[1] (best national film)
Senta Berger: Honorary Jupiter ("Willkommen bei den Hartmanns"[1], among others)
CHILDREN'S MEDIA AWARD
"Nackt. Das Netz vergisst nie"[2] (Weißer Elefant award for outstanding TV and online campaign against cyberbullying #AugenAuf)
GRIMME AWARD
"Applaus und raus" (best entertainment)
ROMY
"jerks." (ROMY Academy Award)

[1] Co-production of ProSiebenSat.1 subsidiary SevenPictures.
[2] Westside Filmproduktion GmbH/SAT.1.

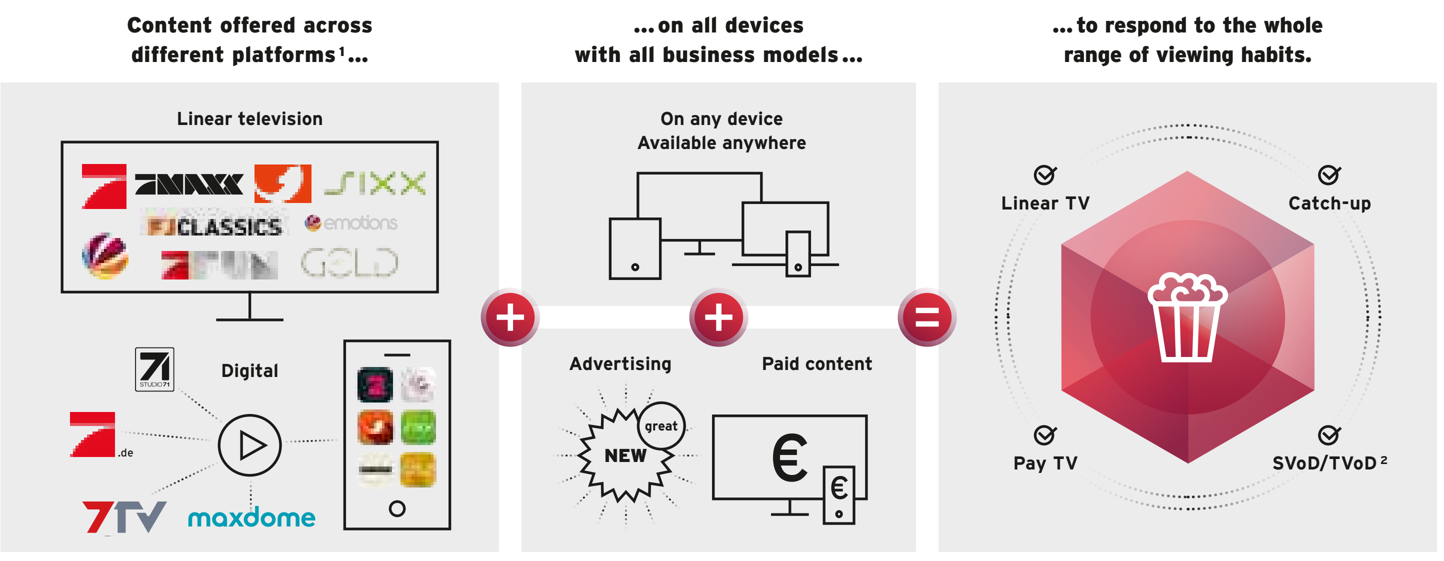
DEVELOPMENT OF USER NUMBERS

ProSiebenSat.1 Group is consistently pursuing a digital entertainment strategy. With this, the Group diversifies its offerings and exploits its program content on various platforms. Therefore, the Group is extending linear television to digital devices and is offering program content on different devices. The Group is thereby generating additional revenues while also responding to viewers' different media usage interests. → Fig. 069

The websites managed by the ProSiebenSat.1 advertising sales company SevenOne Media reached around 38 million unique users based on the published data from December 2017 (previous year: around 34 million unique users). These include the ProSiebenSat.1 station websites and the weather platform wetter.com, among others. This information is based on data from Arbeitsgemeinschaft Online Forschung (AGOF).

In addition, the Group offers its advertising customers new marketing environments via mobile applications. In October 2017, ProSiebenSat.1 launched a joint entertainment streaming offering with Discovery Networks Deutschland. As part of the joint venture, the 7TV app was expanded with the Discovery stations DMAX and TLC. Looking to the future, the two companies are aiming to establish a broad OTT platform that is also open to additional content and partners. The 7TV app, which is advertising financed and thus free of charge for users, has so far generated more than 6.3 million downloads on smartphones and tablets. ProSiebenSat.1 also offers single own apps for its German free TV stations. They can be used to watch TV programs on smartphones and tablets at any time. Since their launch, these apps have reported nearly 5.5 million downloads on smartphones and tablets.
→ The Year of Partnerships, page 50

069 / UTILIZATION OF PROGRAM CONTENT



[1] Excerpt of all ProSiebenSat.1 offerings [2] SVoD = subscription-video-on-demand; TVoD = transactional-video-on-demand.

A further essential component of ProSiebenSat.1's portfolio is the global digital studio Studio71. It is primarily funded by advertising and is continuously increasing its video views. In 2017, Studio71 achieved around 89 billion video views with its around 1,300 web channels (previous year: 60 billion video views) and had over 900 million subscribers. Thus, Studio71 is one of the largest multichannel networks (MCN) in the world. → The Year of Partnerships, page 50

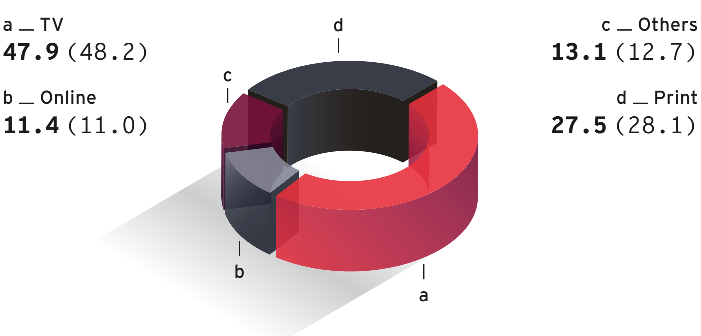
In addition to these advertising-financed online platforms, the Group also operates the VoD portal maxdome. The online video library generates revenues via pay-per-view and subscriptions and is available via Smart TV and PCs as well as mobile devices. In 2017, maxdome reached more than 1 million SVoD users (+3.3%) and ranked among the top 3 providers in Germany. With over 50,000 titles, maxdome offers one of the most extensive ranges of VoD content in Germany.

In addition, we are extending our successful station brands onto social networks in order to increase the availability and name recognition of our TV content via all channels and to reinforce viewers' loyalty to our programs. On social media, ProSiebenSat.1 Group is the media company with the widest reach in Germany. At the end of financial year 2017, ProSiebenSat.1's most important Facebook pages had around 19 million fans (previous year: 17 million). The most popular were Galileo and Circus HalliGalli. The largest growth in fans was enjoyed by Knallerfrauen, which grew by 277,000 new fans to around 1 million fans. ProSieben's Twitter account reached over 2 million followers at the end of 2017 (previous year: 1.8 million). This underscores ProSieben's top position in social media communication.

DEVELOPMENT OF THE TV AND ONLINE ADVERTISING MARKET

TV is the medium with the highest reach in Germany. Therefore, the advertising industry has the greatest relevance in comparison to other media. In 2017, 47.9% of gross advertising investment went on TV advertising (previous year: 48.2%) → Fig. 070. This figure was at 50.9% in the fourth quarter (previous year: 50.6%).

070 / MEDIA MIX GERMAN GROSS ADVERTISING MARKET in %, 2016 figures in parentheses



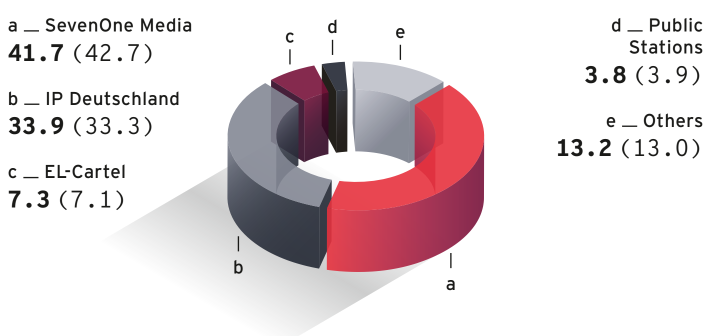
Source: Nielsen Media Research.

According to Nielsen Media Research, gross TV advertising investment rose by 1.4% to EUR 15.308 billion (previous year: EUR 15.091 billion). With EUR 5.169 billion (previous year: EUR 4.983 billion), a large portion of the investment was made in the fourth quarter, which is usually characterized by the highest market volume. In 2017, gross market growth was especially attributable to higher advertising investment in the commerce (+11.0%), health and pharmaceuticals (+8.9%) and services (+5.6%) sectors. → Economic Development, page 125 → Impact of General Conditions on the Business Performance, page 134

Official data on the net TV advertising market for 2017 will be published by the German Advertising Federation (Zentralverband der deutschen Werbewirtschaft – ZAW) in May 2018. Agency forecasts for 2017 currently differ: While ZenithOptimedia expects the net TV advertising market to decline by minus 0.8% in 2017, Magna Global and WARC forecast growth of plus 1.5% and plus 2.8%, respectively. In ProSiebenSat.1's view, the net TV advertising market developed almost on the previous year's level. This was due to sector-specific effects, whose duration and impact cannot yet be conclusively assessed. For example, various important industries for the TV advertising market were subject of increasing consolidation and rising cost pressure in 2017. The internalization of Parship and ElitePartner also made an impact. The dating sites have been part of ProSiebenSat.1 Group since fall 2016; as a result of the acquisition, the TV adverting revenues of PARSHIP ELITE Group, previously recognized as external revenues, are now recognized as internal revenues. → Future Business and Industry Environment, page 166

According to Nielsen Media Research, ProSiebenSat.1 is the market leader in the German TV advertising market and generated gross TV advertising revenues of EUR 6.381 billion in 2017 (previous year: EUR 6.447 billion). In the fourth quarter of 2017, revenues increased by 5.8% to EUR 2.210 billion (previous year: EUR 2.089 billion). For the full year of 2017, this resulted in a market share of 41.7%; in the fourth quarter, ProSiebenSat.1 achieved a market share of 42.7% (same periods of the previous year: 42.7% and 41.9% respectively) → Fig. 071 → Fig. 072. The decline in market share compared to the full year of 2016 is partly attributable to the entry of new market participants, which has led to a certain fragmentation. → Development of Audience Shares, page 128

071 / MARKET SHARES GERMAN GROSS TV ADVERTISING MARKET in %, 2016 figures in parentheses



Source: Nielsen Media Research.

072 / TV ADVERTISING MARKETS IN GERMANY, AUSTRIA AND SWITZERLAND ON A GROSS BASIS in %

	Development of the TV advertising market in Q4 2017 (Change against previous year)	Development of the TV advertising market in 2017 (Change against previous year)
Germany	**+3.7**	**+1,4**
Austria	**+6.8**	**+5.6**
Switzerland	**+11.6**	**+6.2**

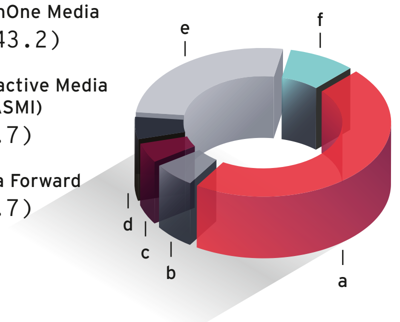
	Market shares ProSiebenSat.1 Q4 2017	Market shares ProSiebenSat.1 Q4 2016	Market shares ProSiebenSat.1 2017	Market shares ProSiebenSat.1 2016
Germany	**42.7**	41.9	**41.7**	42.7
Austria	**41.0**	36.4	**40.5**	36.6
Switzerland	**27.8**	26.6	**28.2**	26.9

Germany: : January – December, gross, Nielsen Media. / **Austria:** January – December, gross, Media Focus.
Switzerland: January – December, the market shares relate to the German-speaking part of Switzerland, gross, Media Focus.

The advertising budgets for in-stream video ads in Germany continue to develop dynamically: The gross market volume increased by 15.9% to EUR 692.4 million in 2017 (previous year: EUR 597.6 million), and by 25.9% to EUR 243.4 million in the fourth quarter (previous year: EUR 193.4 million). These are a form of Internet video advertising shown before, after or during a video stream. By selling them, ProSiebenSat.1 Group generated gross revenues of EUR 323.6 million in the full year of 2017 (previous year: EUR 258.3 million). This corresponds to a year-on-year increase of 25.3% and a leading market share of 46.7% (previous year: 43.2%) → Fig. 073. In the fourth quarter, the Group generated EUR 123.9 million (previous year: EUR 90.2 million) from the sale of in-stream video ads; this results in an advertising market share of 50.9% (previous year: 46.6%). Overall, investments in online forms of advertising rose by 6.7% to EUR 3.656 billion in 2017 (previous year: EUR 3.427 billion). In the fourth quarter, they amounted to EUR 1.201 billion (previous year: EUR 1.051 billion). In addition to in-stream videos, the online advertising market also includes display ads such as traditional banners and buttons.

073 / MARKET SHARES GERMAN GROSS ONLINE ADVERTISING MARKET FOR IN-STREAM VIDEO ADS

in %, 2016 figures in parentheses



Source: Nielsen Media Research.

Advertising market data from Nielsen Media Research are important indicators for an objective assessment of the advertising market's development. However, gross data allow only limited conclusions to be drawn about actual advertising revenues as they do not take into account discounts, self-promotion or agency commission. In addition, the figures for TV also include spots from media-for-revenue-share and media-for-equity transactions. Furthermore, major digital players from the US are not reflected in the Nielsen figures.

i Nielsen Media Research designates gross figures for the online advertising market in Germany excluding, among others, Google/Youtube, Facebook.

MARKET ENVIRONMENT OF THE PRODUCTION BUSINESS

The international program production and distribution network Red Arrow Entertainment Group generates more than 70% of its revenues in the US. With program investments of EUR 33 billion in 2015, the US is the most important and largest TV market in the world. The market research institute SNL Kagan expects investments to further increase in the coming years. The greatest demand is still for English-language fiction programs. Around 490 TV series were broadcast in the US in 2017, representing a new record high. In 2016, there had been 455 series, while in 2010 the figure had been 216. The US cable transmitter FX Networks expects more than 500 series to be produced in 2018. This is partially due to the sharp increase in the number of free and pay TV channels. According to Nielsen Media figures from 2016, an American household receives an average of 206 programs. In 2008, it was 129.

At the same time, the group of commissioners for high-quality productions has increased in recent years to include the operators of multinational streaming platforms such as Amazon and Netflix. These platforms have steadily increased their spending on in-house productions and also plan to spend more on their own content in the years ahead. As a result, Red Arrow Entertainment Group's potential customer group in the US has become considerably larger. The ProSiebenSat.1 subsidiary has therefore increasingly directed its strategic focus at the US market, including when it comes to acquisitions. In 2017, Red Arrow acquired a majority interest in the global film distributor Gravitas

Ventures and entered into a partnership with the newly established US production company 10Fold. → The Year 2017 at a Glance, page 52

MARKET ENVIRONMENT OF THE COMMERCE BUSINESS

The Internet is firmly integrated in Germans' everyday use of media and has therefore changed our behavior as consumers: purchase decisions are made online. A third of the 14- to 69-year-olds have already bought a product online as a result of TV advertising. The momentum of TV towards search requests online is significant, particularly for brands which have their own online store. This development is being driven by broadband Internet access with fast data transfer rates. → Development of Media Consumption and Advertising Impact, page 125

Overall, e-commerce on all digital devices in Germany is expected to have grown by around 10% to a market volume of EUR 57.3 billion in 2017. As such, e-commerce probably accounted for 10% of total retail in 2017. This was the result of a current study by the Institute of Retail Research in Cologne (Institut für Handelsforschung Köln). According to this study, mobile commerce is likely to have been of great significance for e-commerce growth in Germany in the period under review, with a volume of EUR 23.5 billion (previous year: EUR 18.7 billion). This corresponds to just under 41% of online revenues in Germany overall. The individual e-commerce areas differ in terms of their dynamics. Relevant markets for ProSiebenSat.1 are described below:

_ **Online dating.** According to Statista's Digital Market Outlook, revenues in the online dating market are likely to have increased to EUR 204 million in 2017 (previous year: EUR 193 million). The online dating market comprises the matchmaking, singles site and casual dating segments. Our portals Parship and ElitePartner belong to the matchmaking segment, which generates the highest revenues in the online dating market and accounts for roughly 43% of total revenues. Recent studies by mds Mediaplanung and ElitePartner highlight the market's growth potential: Close to 40% of Germans are single, and almost half of these single people use the Internet to look for a partner. In addition, 53% of the Germans surveyed by Statista in 2017 stated that they would pay up to EUR 10 a month for a suitable online portal.

_ **Online price comparison.** The market volume of online comparison portals in the fields of energy, telco, car insurance and consumer loans in Germany is expected to come to approximately EUR 643 million in 2017 (previous year: EUR 565 million). A recent study by WIK Consult shows that more than 70% of Germans use comparison portals. And they do not just rely on a single one: 40% of consumers use more than one comparison portal to find information and conclude contracts.

_ **Gift experiences.** OC&C Strategy Consultants[1] cites a volume of around EUR 2.7 billion for the experiences market in Germany in 2017. An examination of purchasing behavior throughout Germany in the 2017 gift experiences report shows that an average of around EUR 109 is spent per gift experience.

_ **Online travel.** Despite geopolitical uncertainty, in 2017 the online travel market in Germany developed at the level of the previous year in key travel destinations. According to Phocuswright Inc., the German market volume was EUR 27.2 billion. According to Verband Internet Reisevertrieb e.V. and FUR Reiseanalyse 2017, half of all vacations (52%) were booked online in Germany in 2016, corresponding to 62 million online vacations. → Future Business and Industry Environment, page 166

074 / RESEARCH AND DEVELOPMENT

ProSiebenSat.1 Group does not carry out research and development (R&D) in the conventional sense of an industrial company. Therefore, the activities in this area do not fulfill the traditional definition of R&D, so more detailed information according to DRS 20 is not included in the Management Report. Nonetheless, research does hold a position of high importance at ProSiebenSat.1 Group.

We conduct intensive market research in every area relevant to our business activities and in every area in which the Company sees growth potential. In 2017, expenses for Group-wide market research activities amounted to EUR 10 million (previous year: EUR 7 million). The various research units prepare investigations and analyses on advertising impact, on trends in the advertising market and digital industries as well as on media use and also assess economic and market projections. Those responsible in the Group use the results of the market analyses for operational and strategic planning. At the same time, market data and analyses are an important basis for successfully advising our advertising clients. With its studies, the Company provides advertisers with valuable knowledge for marketing and advertising planning, which constitutes an important basis for investment decisions.

In the program development phase, program research also plays a decisive role. An important task is the assessment of international TV trends with regard to their potential for the German television market. In addition, the research team regularly provides quantitative and qualitative studies and analyses of the ProSiebenSat.1 stations' programming. Among other things, new formats are tested with the aid of survey and audience screenings. Besides, the research department also carries out ad hoc tests on shows that have already been broadcast. Based on the results, we can adjust formats in the development phase and optimize TV programs that have already been broadcast, thus increasing success rates.

[1] In the context of the for ProSiebenSat.1 Group prepared Commercial Due Diligence Report.

MAJOR INFLUENCING FACTORS ON FINANCIAL POSITION AND PERFORMANCE

ProSiebenSat.1 is driving the digital transformation by expanding its TV portfolio with digital platforms, using new technologies and investing in complementary business areas in all segments. This strategy forms the basis for synergies and profitable growth: ProSiebenSat.1 posted another record year in 2017. The Group generated more than half of its revenues outside video advertising on TV.

IMPACT OF GENERAL CONDITIONS ON THE BUSINESS PERFORMANCE

Economic indicators had a positive impact on the advertising industry at the end of the year. In the fourth quarter, audience shares also developed more positively again. ProSiebenSat.1 remains the market leader in Germany in terms of both the TV audience and the TV advertising markets. At the same time, the Company has grown dynamically thanks to diversification in the Commerce business, in particular. Against this backdrop, ProSiebenSat.1 Group increased its consolidated revenues by 7% to EUR 4,078 million (previous year: EUR 3,799 million). Furthermore, the Group's relevant operating earnings figures set new records. With this, we have achieved our most important profitability targets. Revenue and earnings performance is in line with our expectations, which we adjusted in November. The financial position also developed as planned. → Fig. 075

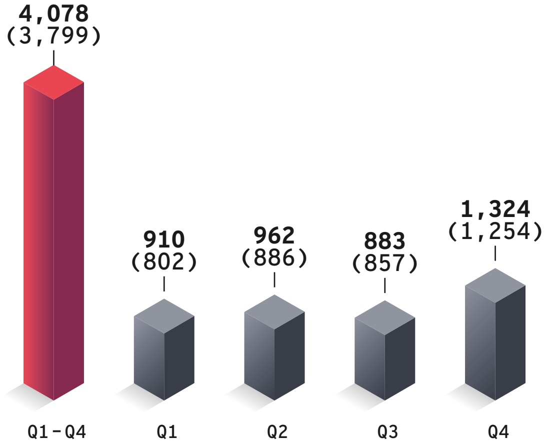
ProSiebenSat.1 is a leading omnichannel entertainment & commerce brand powerhouse. We are diversifying our business portfolio around the core business of television and are driving the digital transformation in all segments. The success of this strategy is reflected in the growing significance of revenues generated outside the traditional TV advertising business: For the full-year, the Group generated 51% of its revenues outside of video advertising on TV (previous year: 47%). 87% of this was attributable to Germany, which is the principal revenue market (previous year: 88%).

As with all consumer-related markets, the advertising industry often reacts very sensitively to macroeconomic developments. In addition, ProSiebenSat.1 Group's revenue and earnings performance is characterized by seasonal effects and in particular the importance of the fourth quarter. As both propensity to spend and television use increase significantly in the runup to Christmas, the Company generates a far greater share of its annual revenues in the final quarter. In total, the Group generates approximately a third of its annual revenues and usually around 40% of its adjusted EBITDA in the fourth quarter. Adjusted for acquisition effects, this also holds true for the past year. → Fig. 076

ProSiebenSat.1 is promoting additional business models in all segments and is thus growing more independently of seasonal or economic developments on the TV market. Here, the distribution of TV stations in HD quality is an important driver in the core business. The number of HD users further increased in 2017. As a result, the distribution revenues of ProSiebenSat.1 Group grew significantly. At the same time, ProSiebenSat.1 is promoting the increasingly platform-independent distribution and universal marketing of programming content. With this, the Group also offers an entertainment portfolio with VoD offerings and TV apps for digital devices and mobile usage. The market for digital entertainment offerings is growing significantly. However, the growing importance of the Internet is not only influencing the entertainment industry, but also driving growth in digital commerce. This is why ProSiebenSat.1 is investing in commerce portals with product areas which are particularly suited for video advertising. The objective is to develop thematically related portfolios, since bundling leads to additional revenue and cost saving potential. In 2017, the Commerce portfolio was once again the most important revenue driver. → Group Environment, page 125

075 / REVENUES BY QUARTER

in EUR m, 2016 figures in parentheses



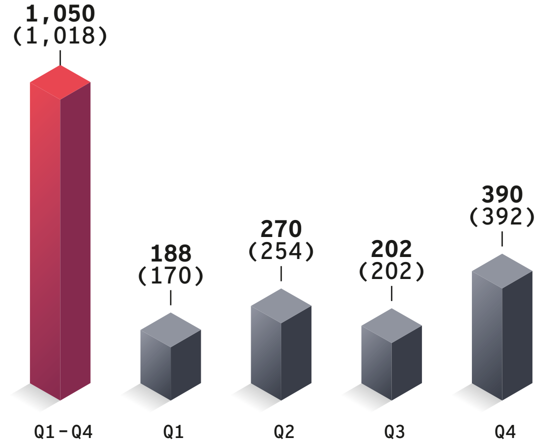
While macroeconomic conditions and industry-specific effects may significantly influence our business performance, exchange rate fluctuations have no material impact on the Group's financial situation. Although ProSiebenSat.1 is international, the Company generates the majority of its revenues in Germany and thus in the eurozone → Fig. 077 → Fig. 078. The remaining share of revenues is mainly attributable to the US and Red Arrow's production business. → Business Development of the Segments, page 140

The Group also limits risks arising from exchange rate fluctuations with derivative financial instruments. Currency risks may arise from license agreements related to the acquisition of programming rights. ProSiebenSat.1 signs license agreements mainly with US studios. The Group also uses hedging instruments to limit potential interest rate risks. 98% of variable interest loans and borrowings were covered by different hedging instruments at the end of the financial year 2017 (previous year: 98%). The Group uses different financing instruments and practices proactive financial management. → Group Financial Position and Performance, page 142

When calculating deferred taxes, tax rate changes are incorporated in the applicable tax rate if the implementation of the change is considered to be sufficiently certain. While in financial year 2016 there were no significant effects on the Group's deferred tax expenses due to tax rate changes, in financial year 2017 the tax reform in the US in particular resulted in deferred tax expenses of EUR 7 million. → Notes, Note 13 "Income taxes," page 201

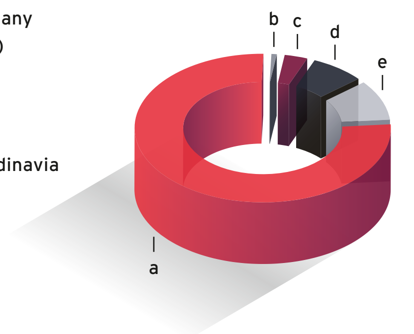
076 / ADJUSTED EBITDA BY QUARTER

in EUR m, 2016 figures in parentheses



077 / REVENUES BY REGION

in %, 2016 figures in parentheses



078 / REVENUES BY REGION

in EUR m, 2016 figures in parantheses

	2017	2016
Germany	3,241	2,970
Austria/Switzerland	297	267
USA	387	377
UK	30	28
Scandinavia	104	148
Others	19	9
Total revenues	**4,078**	**3,799**

079 / COMPARISON OF ACTUAL AND EXPECTED BUSINESS PERFORMANCE in Euro m

Actual Figures 2016		Forecasts 2017	Actual Figures 2017	
+17%	Revenues 3,799	Mid single-digit increase	+7%	Revenues 4,078
+3%	Broadcasting German-speaking 2,210	Stable	+1%	Broadcasting German-speaking 2,239
+19%	Digital Entertainment 442	Stable	+5%	Digital Entertainment 463
+65%	Digital Ventures & Commerce 768	Significant increase	+30%	Digital Ventures & Commerce 996
+38%	Content Production & Global Sales 362	Mid single-digit decrease	-3%	Content Production & Global Sales 352
+10%	Recurring EBITDA[1] 1,018	Slight increase	+3%	Adjusted EBITDA[1] 1,050
+3%	Broadcasting German-speaking 760	Stable	+1%	Broadcasting German-speaking 767
-1%	Digital Entertainment 37	Significant decrease	-13%	Digital Entertainment 32
+33%	Digital Ventures & Commerce 180	Significant increase	+23%	Digital Ventures & Commerce 221
+87%	Content Production & Global Sales 47	Mid to high single-digit decrease	-23%	Content Production & Global Sales 36
+12%	EBITDA 982	Mid single-digit increase	+10%	EBITDA 1,084
+25%	Digital Entertainment 37	Significant decrease	-72%	Digital Entertainment 10
+37%	Digital Ventures & Commerce 168	Significant increase	>+100%	Digital Ventures & Commerce 562
+10%	Underlying net income[1] 513	Slight increase	+3%	Adjusted net income[1] 550
1.9	Leverage ratio	1.5-2.5	1.6	Leverage ratio
28.0%	German TV audience market[2]	Leading market position at a high level	27.0%	German TV audience market[2]

All information relates to continuing operations. In the Annual Report 2016, ProSiebenSat.1 Group published its Company Outlook for 2017 from page 170 onwards. The Company adjusted its revenue guidance on several occasions over the course of the year, last specifying it in November 2017. ProSiebenSat.1 had originally targeted an increase in consolidated revenues by at least a high single-digit percentage.
[1]Since January 1, 2017, renaming in adjusted EBITDA and adjusted net income respectively.
[2]Relevant target group of 14- to 49-year-olds.

CHANGES IN THE SCOPE OF CONSOLIDATION

We practice active portfolio management aimed at leveraging synergies by connecting the business areas and particularly TV and digital offerings. The Group regularly analyzes its portfolio and assesses potential synergies → Fig. 080. Disposals are also part of this M&A strategy. For example, in the second quarter of 2017 ProSiebenSat.1 sold its shares in the online travel agency Etraveli for an enterprise value of EUR 508 million, meaning that it had more than doubled this value since the acquisition in November 2015. In addition, SevenVentures sold a majority of its media-for-equity portfolio for a mid double-digit million Euro amount. → Strategy and Management System, page 107 → Opportunity Report, page 162

080 / SELECTED PORTFOLIO MEASURES AND CHANGES IN THE SCOPE OF CONSOLIDATION

SEGMENT BROADCASTING GERMAN-SPEAKING

- Acquisition of the Austrian broadcasting group ATV from Tele München Fernseh GmbH & Co.
  > fully consolidated since April 2017

SEGMENT DIGITAL ENTERTAINMENT

- Strategic cooperation with TF1 Group (France) and Mediaset (Italy) for the digital studio Studio71 in the context of a capital increase in January 2017

SEGMENT DIGITAL VENTURES & COMMERCE

- Majority interest in Jochen Schweizer GmbH, a leading provider of experience gifts in Germany, Austria and Switzerland
  > fully consolidated since October 2017
- Disposal of shares in eTRAVELi Holding AB to the international financial investor CVC Capital Partners
  > execution in August 2017
- Disposal of a majority of the SevenVentures media-for-equity portfolio to the US private equity fund Lexington Partners
  > execution since July 2017
- Disposal of shares in COMVEL GmbH, operator of the travel portal weg.de, to lastminute.com Group
  > execution in December 2017

SEGMENT CONTENT PRODUCTION & GLOBAL SALES

- Majority interest in US film distributor Gravitas Ventures
  > fully consolidated since November 2017

→ Notes, Note 3 "Scope of consolidation," page 188 → Notes, Note 4 "Acquisitions, disposals and other transactions in connection with subsidiaries," page 189
→ Notes, Note 36 "Events after the reporting period," page 242

GROUP EARNINGS

2017 was a new record year for ProSiebenSat.1 with revenues of EUR 4,078 million and adjusted EBITDA of EUR 1,050 million. The Group enlarged its portfolio and expanded it as a result of strategic acquisitions, this had a major effect on the development of revenues and costs. ProSiebenSat.1 is focusing on investments that synergistically complement the portfolio and that are suitable for TV advertising.

081 / **RECONCILIATION OF THE INCOME STATEMENT FOR THE FINANCIAL YEAR 2017** in EUR m

	2017 IFRS	Adjustments	2017 Adjusted
Revenues	4,078	-/-	4,078
Total costs	-3,590	-399	-3,191
thereof operating costs	-3,053	-/-	-3,053
thereof depreciation and amortization	-263	-126	-138
Other operating income	332	307	25
Operating profit (EBIT)	820	-92	912
Financial result	-174	-86	-88
Result before income taxes	646	-178	824
Income taxes	-165	94	-259
Consolidated net profit from continuing operations	481	-84	565
Earnings from discontinued operations after taxes	-/-	-/-	-/-
CONSOLIDATED NET PROFIT	**481**	**-84**	**565**
Attributable to shareholders of ProSiebenSat.1 Media SE	471	-79	550[1]
Non-controlling interests	10	-5	15
Result before income taxes	646	-178	824
Financial result	-174	-86	-88
Operating profit (EBIT)	**820**	**-92**	**912**
Depreciation, amortization and impairments	-263	-126	-138
thereof purchase price allocations	-84	-84	-/-
EBITDA	**1,084**	**34**	**1,050[2]**

ProSiebenSat.1 Group also uses non-IFRS figures in the form of adjusted net income (1) and adjusted EBITDA (2). At the beginning of financial year 2017, ProSiebenSat.1 published a full income statement adjusted for certain influencing factors. This publication takes into account the development of reporting practices for non-IFRS figures and more stringent regulatory transparency requirements in this area.

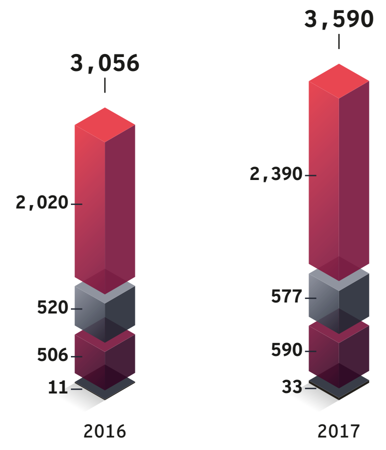
In 2017, ProSiebenSat.1 Group increased its **consolidated revenues** to EUR 4,078 million. This corresponds to a growth of 7% or EUR 279 million compared to the financial year 2016. The main revenue driver was the Digital Ventures & Commerce segment. Revenues in the Broadcasting German-speaking segment rose slightly for the full-year and the segment contributed 55% or EUR 2,239 million to consolidated revenues (previous year: 58% or EUR 2,210 million). → Business Development of the Segments, page 140

Other operating income amounted to EUR 332 million (previous year: EUR 34 million). The increase reflects the gross proceeds of EUR 302 million from the sale of Etraveli. In this context, selling costs of EUR 8 million accrued. They are reported in total costs. → Changes in the Scope of Consolidation, page 136 → Notes, Note 4 "Acquisitions, disposals and other transactions in connection with subsidiaries," page 189

Total costs increased by 17% or EUR 534 million overall and amounted to EUR 3,590 million → Fig. 082. This includes consumption of programming assets totaling EUR 1,145 million (previous year: EUR 915 million). In the third quarter of 2017, ProSiebenSat.1 Group reevaluated its programming assets. This reevaluation was strategic and went beyond the common analysis as part of the regular impairment test. In this context, ProSiebenSat.1 identified a need to impair programming assets by around EUR 170 million. Depreciation and amortization recognized as part of total costs increased by 28% or EUR 58 million to EUR 263 million. This mainly relates to impairments on brands and other intangible assets.

Operating costs increased due to acquisitions in particular and amounted to EUR 3,053 million (previous year: EUR 2,804 million). This equates to an increase of 9%. Operating costs are the relevant cost item for calculating adjusted EBITDA. → Fig. 083

082 / TOTAL COSTS in EUR m



083 / RECONCILIATION OF OPERATING COSTS
in EUR m

	2017	2016
Total costs	3,590	3,056
Expense adjustments	274	46
Depreciation, amortization and impairments[1]	263	206
Total costs	**3,053**	**2,804**

[1]Depreciation, amortization and impairment of other intangible assets and property, plant and equipment.

Adjusted EBITDA grew by 3% or EUR 33 million to EUR 1,050 million. The corresponding **adjusted EBITDA margin** amounted to 25.8% (previous year: 26.8%). The margin development reflects the changed allocation of revenues by segment: The Group's objective is to generate additional revenue potential, particularly in the digital industry. The digital business is developing dynamically overall, but is subject to different earning structures and partly lower margins than the TV business. → Development of the Business Segments, page 140

Group **EBITDA** was a considerable 10% up on the previous year at EUR 1,084 million (previous year: EUR 982 million). This figure is characterized by reconciling items totaling EUR 34 million (previous year: EUR –35 million), which comprise the following → Fig. 084: While the sale of Etraveli resulted in gross proceeds of EUR 302 million in the Digital Ventures & Commerce segment, the strategic reevaluation of parts of the programming assets led to expenses of EUR 170 million in the Broadcasting German-speaking segment. Expenses in connection with reorganizations amounted to EUR 45 million (previous year: EUR 22 million). They were mainly due to unscheduled consumption of programming assets in connection with the acquisition and reorganization of the Austrian broadcasting group ATV and the reorganization of maxdome in the Digital Entertainment segment. Costs in the amount of EUR 32 million also resulted from M&A projects (previous year: EUR 16 million) that were mainly attributable to the Digital Ventures & Commerce segment. Other EBITDA effects amounted to minus EUR 21 million (previous year: EUR 3 million) and, among others, include positive valuation effects on cash-settled share-based payments (Group Share Plan) of EUR 4 million (previous year: EUR 9 million) and expenses for impending losses (EUR 10 million) and legal claims (EUR 9 million) mainly in the Broadcasting German-speaking segment.

084 / RECONCILIATION OF ADJUSTED EBITDA
in EUR m

	2017	2016
Result before income taxes	646	658
Financial result	–174	–119
Operating profit (EBIT)	**820**	**777**
Depreciation, amortization and impairments[1]	–263	–206
thereof purchase price allocations	–84	–55
EBITDA	**1,084**	**982**
Reconciling items (net)[2]	34	–35
Adjusted EBITDA	**1,050**	**1,018**

[1] Depreciation, amortization and impairment of other intangible assets and property, plant and equipment.
[2] Expense adjustments of EUR 274 million (previous year: EUR 46 million) less income adjustments of EUR 307 million (previous year: EUR 11 million).

The **financial result** amounted to minus EUR 174 million (previous year: EUR –119 million) and is characterized by opposite developments in the other financial result. The **other financial result** amounted to minus EUR 82 million (previous year: EUR –34 million). In 2017, the Group reported impairments and reversals of financial assets of minus EUR 77 million (net) (previous year: EUR –21 million). These primarily resulted from an impairment of shares in gamigo (EUR 13 million), Pluto TV and Jaunt. In contrast, the previous year's figure includes impairments on financial investments of minus EUR 44 million. In 2017, there was also a positive valuation effect of EUR 5 million from the media-for-equity portfolio. This compares to a positive valuation effect on shares in Stylight GmbH of EUR 9 million in 2016; the previously held shares in Stylight increased in value in connection with the majority acquisition in July 2016. In addition, the Group reported valuation adjustments of put option liabilities of minus EUR 59 million (previous year: EUR –24 million) for 2017.

While the other financial result increased for the reasons mentioned above, the **interest result** remained virtually stable at minus EUR 83 million (previous year: EUR –84 million). The result from investments accounted for using the equity method amounted to minus EUR 10 million (previous year: EUR –1 million). → Notes, Notes 11-12 "Interest result," "Result from investments accounted for using the equity method and other financial result," page 199–200

Pre-tax profit amounted to EUR 646 million, corresponding to a decline of 2% or EUR 12 million compared to the previous year. The revenue growth and the deconsolidation profit from the sale of Etraveli were largely offset by extraordinary accounting effects with an impact on expenses. In addition to the strategic reevaluation of parts of the programming assets, these effects also included impairments and reversals of financial assets.

Income tax expenses decreased by EUR 41 million to EUR 165 million with a tax rate of 25.5% (previous year: 31.3%). The lower tax rate particularly reflects the sale of Etraveli in the third quarter of 2017. The developments described resulted in an increased consolidated net profit from continuing operations by 6% to EUR 481 million (previous year: EUR 452 million). At the same time, consolidated net profit after non-controlling interests from continuing operations rose to EUR 471 million (previous year: EUR 444 million). **Adjusted net income** rose by 3% to EUR 550 million (previous year: EUR 536 million). Basic underlying earnings per share decreased to EUR 2.40 (previous year: EUR 2.47). → Notes, Note 13 "Income taxes," page 201 → Notes, Note 14 "Earnings per share," page 203

085 / **RECONCILIATION OF ADJUSTED NET INCOME FROM CONTINUING OPERATIONS** in EUR m

	2017	2016
Consolidated net profit after non-controlling interests	471	444
Deconsolidation of Etraveli	– 302	–/–
Valuation effects from the Company's strategic realignments of Business Units	170	–/–
Other EBITDA adjustments	98	35
Amortization from purchase price allocations[1]	89	58
Impairments on other financial investments	41	44
Remeasurement of interests accounted for using the equity method in connection with deconsolidations	0	– 9
Valuation adjustments to shares in ZeniMax Media Inc.	–/–	– 30
Put options/earn-outs	56	32
Valuation effects from financial derivatives	0	5
Reassessment of tax risks	11	1
Other effects[2]	15	3
Tax effects	– 94	– 43
Minority interests	– 5	– 4
Adjusted net income	**550**	**536**

[1] Incl. effects on associates consolidated using the equity method.
[2] Other effects comprise valuation effects relating to strategic investments in the Digital Ventures & Commerce segment amounting to minus EUR 5 million (previous year: EUR 0 million) and impairments on leasehold improvements and other intangible assets in the amount of EUR 42 million (previous year: EUR 15 million) due to reorganizations in the Digital Entertainment segment.

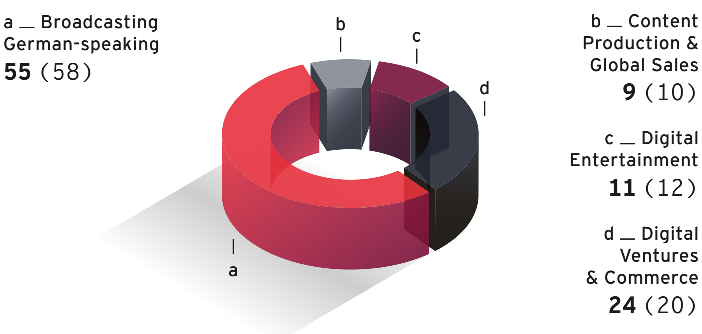
Further information on revenue and earnings figures for the fourth quarter 2017 can be found in the section "Information," page 279.

BUSINESS DEVELOPMENT OF THE SEGMENTS

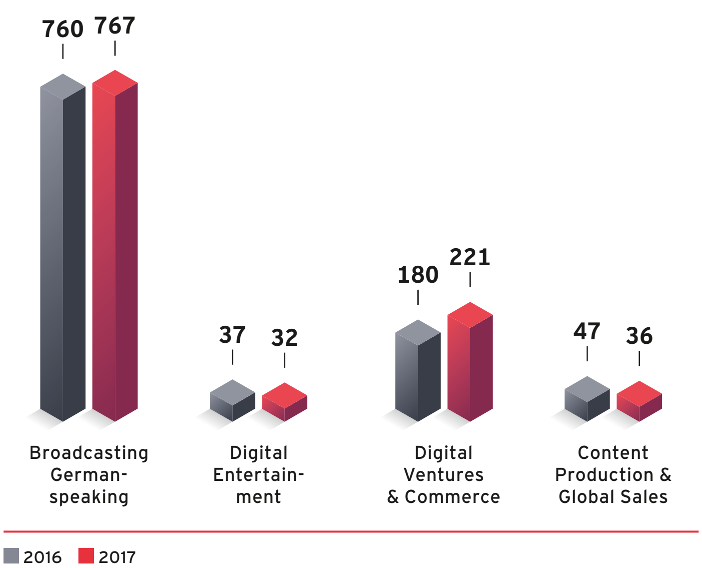
The Broadcasting German-speaking segment grew profitably with a constantly high margin. In the Digital Entertainment segment, the strategically important AdVoD business is developing particularly dynamically. The strongest growth driver was the Digital Ventures & Commerce segment; acquisitions complement the portfolio and add value. The Content Production & Global Sales segment slightly decreased.

086 / GROUP REVENUE SHARE BY SEGMENT

in %, 2016 figures in parentheses



087 / ADJUSTED EBITDA BY SEGMENT in EUR m



BROADCASTING GERMAN-SPEAKING SEGMENT

For the full-year, **external revenues** in the Broadcasting German-speaking segment slightly increased to EUR 2,239 million. This corresponds to a year-on-year growth of 1% or EUR 29 million. This was mainly due to higher distribution revenues generated by the Group from the distribution of TV stations in HD quality and via mobile streaming providers. In the fourth quarter of 2017, TV advertising revenues again increased both in the core market of Germany and in Austria and Switzerland. → Notes, Note 2 "Segment reporting," page 183 → Development of the TV and Online Advertising Market, page 125

The segment's **internal revenues** further grew and amounted to EUR 146 million (previous year: EUR 94 million). This particularly resulted from increased revenues of internal advertising customers due to the commercial relationships between the TV and Commerce business.

Adjusted EBITDA reflected the revenue development and amounted to EUR 767 million (+1% or EUR 7 million year-on-year). The corresponding **adjusted EBITDA margin** was 32.2% (previous year: 33.0%). By contrast, **EBITDA** decreased significantly to EUR 544 million (previous year: EUR 747 million) as a result of reconciling items. This was mainly attributable to expenses in the context of the strategic reevaluation of parts of the programming assets in the third quarter of 2017, which led to an unscheduled consumption of EUR 170 million. → Group Earnings, page 137

088 / KEY FIGURES BROADCASTING GERMAN-SPEAKING SEGMENT in EUR m

	2017	2016
Segment revenues	**2,386**	2,304
External revenues	**2,239**	2,210
Internal revenues	**146**	94
EBITDA	**544**	747
Adjusted EBITDA	**767**	760
Adjusted EBITDA-margin[1] (in %)	**32.2**	33.0

[1] Based on segment revenues.

DIGITAL ENTERTAINMENT SEGMENT

In the Digital Entertainment segment, **external revenues** increased to EUR 463 million (previous year: EUR 442 million). This 5% growth was mainly based on the development of revenues in the AdVoD business. Both the advertising-financed digital studio Studio71 and the AdTech portfolio contributed to growth. In addition, the revenues of the PayVoD offering maxdome increased. By contrast, revenues from the music and event business (Adjacent) developed below the previous year's level. There was also an opposing effect from the deconsolidation of the Games business, which the Group sold in 2016. However, these developments were considerably more than offset by revenue growth in the strategically relevant AdVoD business. → Notes, Note 2 "Segment reporting," page 183

The individual business areas have different margin structures and growth momentum, with the effect that **adjusted EBITDA** decreased. It marked a decline of 13% or EUR 5 million to EUR 32 million. The **adjusted EBITDA margin** therefore amounted to 6.5% (previous year: 7.9%). At the same time, **EBITDA** decreased to EUR 10 million (previous year: EUR 37 million). The disproportionately weak EBITDA development was mainly influenced by expenses in connection with the reorganization at maxdome. → Group Earnings, page 137

089 / KEY FIGURES DIGITAL ENTERTAINMENT SEGMENT in EUR m

	2017	2016
Segment revenues	**489**	463
External revenues	**463**	442
Internal revenues	**25**	21
EBITDA	**10**	37
Adjusted EBITDA	**32**	37
Adjusted EBITDA-margin[1] (in %)	**6.5**	7.9

[1] Based on segment revenues.

DIGITAL VENTURES & COMMERCE SEGMENT

External revenues in the Digital Ventures & Commerce segment continued to increase significantly (+30%) and amounted to EUR 996 million in the financial year 2017 (previous year: EUR 768 million). The development of revenues reflects organic growth and changes in the portfolio. Verivox, Flaconi and Amorelie made substantial contributions to the organic growth. In addition, the Ventures area with the business models media-for-revenue-share and media-for-equity reported solid growth. At the same time, the initial consolidation of various online portals, including Parship and ElitePartner, Windstar and Jochen Schweizer, supported the revenue momentum. However, revenues in the Online Travel vertical significantly decreased due to the deconsolidation of the online travel agency Etraveli in the third quarter of 2017. → Notes, Note 2 "Segment reporting," page 183 → Changes in the Scope of Consolidation, page 136

The growth in external segment revenues resulted in an increase in **adjusted EBITDA** to EUR 221 million (previous year: EUR 180 million). The **adjusted EBITDA margin** was 22.1% (previous year: 23.0%). **EBITDA** increased by EUR 394 million to EUR 562 million. This includes reconciling income from the sale of Etraveli in the third quarter of 2017. → Group Earnings, page 137

090 / KEY FIGURES DIGITAL VENTURES & COMMERCE SEGMENT in EUR m

	2017	2016
Segment revenues	**1,001**	782
External revenues	**996**	768
Internal revenues	**6**	14
EBITDA	**562**	168
Adjusted EBITDA	**221**	180
Adjusted EBITDA-margin[1] (in %)	**22.1**	23.0

[1] Based on segment revenues.

CONTENT PRODUCTION & GLOBAL SALES SEGMENT

In the Content Production & Global Sales segment, **external revenues** decreased by 3% or EUR 10 million to EUR 352 million compared to the strong previous years' figure. This is mainly due to currency effects and typical market fluctuations in the US production business. In contrast, the British Red Arrow production subsidiaries and the German production business with RedSeven Entertainment developed positively. In addition, the global sales business reported growth compared to the same period of the previous year. Here, the initial consolidation of the US film distribution company Gravitas since November had a positive impact. **Internal revenues** of the segment grew due to increased revenues from the disposal of TV content to the ProSiebenSat.1 TV business and amounted to EUR 75 million (previous year: EUR 60 million). → Notes, Note 2 "Segment reporting," page 183

As a result of the overall declining revenue development, **adjusted EBITDA** amounted to EUR 36 million, representing a decline of 23% or EUR 11 million. The higher previous years' figure was characterized by a positive effect at exploitation rights of licenses in the sales business. The **adjusted EBITDA margin** fell to 8.5% (previous year: 11.2%). **EBITDA** amounted to EUR 27 million (previous year: EUR 44 million).

091 / KEY FIGURES CONTENT PRODUCTION & GLOBAL SALES SEGMENT in EUR m

	2017	2016
Segment revenues	**427**	421
External revenues	**352**	362
Internal revenues	**75**	60
EBITDA	**27**	44
Adjusted EBITDA	**36**	47
Adjusted EBITDA-margin[1] (in %)	**8.5**	11.2

[1] Based on segment revenues.

GROUP FINANCIAL POSITION AND PERFORMANCE

ProSiebenSat.1 Group continuously optimizes its financing structure. In our M&A activities, we follow a defined target range for the leverage ratio. In 2017, the ratio was near the lower end of the range with 1.6. The Group has a comfortable level of liquidity as well as a solid asset and capital structure.

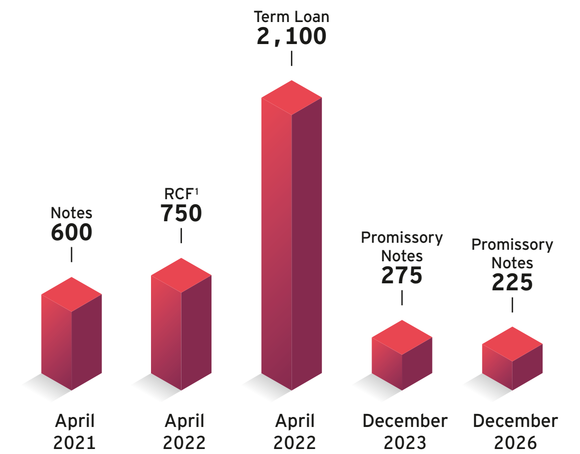
BORROWINGS AND FINANCING STRUCTURE

ProSiebenSat.1 Group uses various financing instruments and practices active financial management. As of December 31, 2017, **debt capital** accounted for 81% of total equity and liabilities (December 31, 2016: 78%). At 60% or EUR 3,185 million, the majority of debt capital was attributable to the Group's non-current and current financial liabilities (December 31, 2016: 62%). → Analysis of Assets and Capital Structure, page 145

The Group continuously monitors and assesses developments on the money and capital markets. Thus, in April 2017, ProSiebenSat.1 extended the duration of the term loan and the revolving credit facility (RCF) until April 2022 and at the same time increased the nominal volume of the RCF by EUR 150 million to EUR 750 million. ProSiebenSat.1 Group also adjusted other contract terms; for example, the previous financial covenant was eliminated. In addition, ProSiebenSat.1 has notes in the amount of EUR 600 million. The notes are listed on the regulated market of the Luxembourg stock exchange (ISIN DE000A11QFA7). The coupon of the notes is 2.625% per annum. In 2016, the company took out three syndicated promissory notes totaling EUR 500 million with maturities of seven years (EUR 225 million at a fixed interest rate and EUR 50 million at a variable interest rate) and ten years (EUR 225 million at a fixed interest rate). → Abb. 092

Interest payable on the term loan and the RCF is variable and based on Euribor money market rates plus an additional credit margin. In this context, the Group uses derivative financial instruments in the form of interest rate swaps and interest rate options to hedge against interest rate changes caused by the market. As of December 31, 2017, the proportion of fixed interest was approximately 98% of the entire long-term financing portfolio (December 31, 2016: approx. 98%). The average fixed rate of the interest rate swaps was 1.9% per annum as of December 31, 2017. The average interest rate ceiling of the interest rate caps was 0.0% per annum.

092 / **DEBT FINANCING INSTRUMENTS AND MATURITIES AS OF DECEMBER 31, 2017** in EUR m



[1] Not drawn.

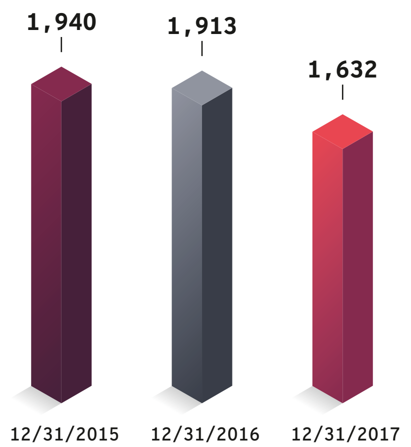
Ratings represent an independent assessment of an entity's credit quality. However, rating agencies do not take ProSiebenSat.1 Group's loan agreement or notes into account in their credit ratings.

ProSiebenSat.1 Group has also concluded lease contracts for property at the Unterföhring site. Under IFRS, these are largely classified as finance leases. This real estate is capitalized as property, plant and equipment and the respective leasing obligations are recognized as other financial liabilities. The real estate leases end in 2019 at the earliest. There are also smaller-scale leases for technical equipment. ProSiebenSat.1 Group reported liabilities for finance leases totaling EUR 65 million as of December 31, 2017 (previous year: EUR 72 million). There were no other significant off-balance sheet financing instruments. → Notes, Note 30 "Other financial obligations," page 226

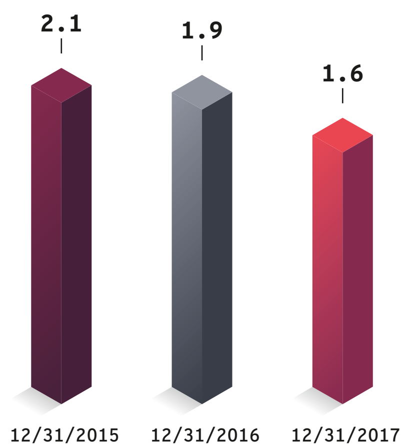
FINANCING ANALYSIS

The **leverage ratio** is a key indicator for Group-wide financial and investment planning. It reflects the ratio of net debt to adjusted EBITDA over the last twelve months (LTM adjusted EBITDA). The target is a ratio between 1.5 and 2.5 at the end of the relevant year. The target range may be exceeded for a short period of time as a result of fluctuations during the year.

093 / GROUP NET FINANCIAL DEBT[1] in EUR m



094 / LEVERAGE RATIO[1]



[1] After reclassification of cash and cash equivalents of companies held for sale due to portfolio adjustment. Net financial debt is defined as total borrowings minus cash and cash equivalents and certain current financial assets. The leverage ratio is derived by calculating the ratio of net financial debt to adjusted EBITDA of the last twelve months (LTM adjusted EBITDA).

As of December 31, 2017, **net financial debt** fell to EUR 1,632 million (December 31, 2016: EUR 1,913 million) → Abb. 093. The leverage ratio was thus at the lower end of the target range at 1.6 (December 31, 2016: 1.9) → Abb. 094. This development reflected the change in cash flows. → Analysis of Liquidity and Capital Expenditure, page 144

095 / PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The Group Finance & Treasury department centrally controls financial management throughout the Group and pursues the following objectives:

- to secure financial flexibility and stability, i.e. to maintain and optimize the Group's funding ability,
- to ensure that the entire Group remains solvent by managing its liquidity efficiently across the organization,
- to manage financial risks by using derivative financial instruments.

The Group financial management covers the capital structure management and Group-wide funding, cash and liquidity management, and the management of market price risks, counterparty risks and credit default risks. This includes the following tasks:

- **Capital structure**: In connection with capital structure management at ProSiebenSat.1 Group, managing the leverage ratio is given particular priority. The Group has defined a target range of 1.5 to 2.5 and takes into account factors such as the level of market receptivity, funding terms and conditions, flexibility or restrictions, diversification of the investor base and maturity profiles in its choice of suitable financing instruments. ProSiebenSat.1 Group manages its funds on a centralized basis.
- **Cash and liquidity management:** As part of its cash and liquidity management, the Group optimizes and centralizes cash flows and secures liquidity across the Group. Cash pooling is an important tool here. Using rolling, Group-wide liquidity planning ProSiebenSat.1 Group captures and forecasts both operating cash flows and cash flows from non-operating activities, thus deriving liquidity surpluses or requirements. Liquidity requirements are covered either by existing cash positions or the revolving credit facility (RCF).
- **Management of market price risks:** The management of market price risks comprises centrally managed interest rate and currency management. In addition to cash instruments, derivatives in the form of conditional and unconditional forward transactions are deployed. These instruments are used for hedging purposes and serve to limit the effects of interest and currency volatility to consolidated net profit and cash flow.
- **Management of counterparty and credit default risks**: The management of counterparty and credit default risks centers on trading relationships and creditor exposure to financial institutions. When entering into trading transactions, ProSiebenSat.1 pays attention to ensuring that business is widely diversified involving counterparties of sufficiently high credit quality. For this purpose, the Group draws on external ratings supplied by international agencies. The Group's risk with respect to financial institutions arises primarily from its investment of cash and cash equivalents and from its use of derivatives as part of its interestrate and currency management activities.

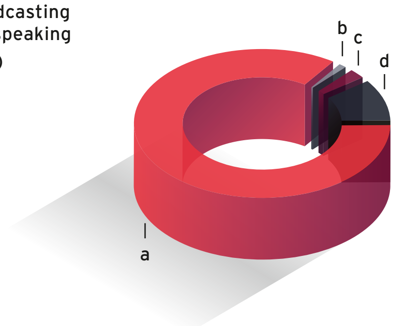
ANALYSIS OF LIQUIDITY AND CAPITAL EXPENDITURE

In the financial year 2017, ProSiebenSat.1 Group generated **cash flow from operating activities** of EUR 1,621 million (previous year: EUR 1,619 million). This nearly stable development in operating cash flow was caused by opposing effects: While the increased earnings and lower payments for interest and taxes had a positive impact, there was a rise in working capital. This was mainly due to higher receivable portfolios and changes in program liabilities.

096 / INVESTMENTS BY SEGMENT[1]

in %, 2016 figures in parentheses

a — Broadcasting German-speaking
91 (89)



b — Content Production & Global Sales
1 (1)

c — Digital Ventures & Commerce
2 (2)

d — Digital Entertainment
7 (8)

[1] Investments by segment before M&A activities.

Detailed information on off-balance-sheet investment obligations can be found in the Notes, Note 30 "Other financial obligations," page 226.

The **cash flows from investing activities** resulted in an investing cash flow of EUR 894 million for the financial year 2017. Cash outflow thus decreased by 45% or EUR 729 million compared to the previous year. → Abb. 097

- In 2017, cash inflow from the sale of consolidated subsidiaries amounted to EUR 473 million (previous year: EUR –11 million). It includes the net cash inflow from the sale of Etraveli of EUR 469 million and another EUR 3 million from the sale of COMVEL.

- Cash outflow from additions to the scope of consolidation amounted to EUR 197 million (previous year: EUR 420 million) due to lower purchase price payments for acquisitions. This mainly reflects purchase price payments for the acquisition of Jochen Schweizer, Gravitas and ATV.

Assets resulting from initial consolidations are not reported as segment-specific investments. Funds used for the acquisition of the initially consolidated entities are shown as "cash outflow from additions to the scope of consolidation."

- The cash outflow for the acquisition of programming rights amounted to EUR 1,048 million. This is an increase of 6% or EUR 56 million compared to 2016. Most of the programming investments (97%) were made in the Broadcasting German-speaking segment again (previous year: 97%), with 62% being used for licensed programming (previous year: 59%) and 38% for commissioned productions (previous year: 40%).

Programming investments are a focal point in investing activities. In addition to the purchasing of licensed formats and commissioned productions, inhouse formats secure the Group's programming supply. They are based on the development and implementation of own ideas and, unlike commissioned productions, are produced primarily for broadcasting in the near future. For this reason, they are recognized immediately as an expense in cost of sales and are not considered as an investment.

- Investments in property, plant and equipment also increased to EUR 44 million (+ 21% or EUR 8 million year-on-year). Most of this was attributable to the Broadcasting German-speaking segment

097 / STATEMENT OF CASH FLOWS in EUR m

	Q4 2017	Q4 2016	2017	2016
Result from continuing operations	**167**	**177**	**481**	**452**
Result from discontinued operations	**-/-**	**0**	**-/-**	**-42**
Cash flow from operating activities of continuing operations	**665**	**618**	**1,621**	**1,619**
Cash flow from operating activities of discontinued operations	**-/-**	**0**	**-/-**	**-42**
Cash flow from investing activities of continuing operations	**-422**	**-602**	**-894**	**-1,623**
Free cash flow of continuing operations	**243**	**16**	**728**	**-4**
Free cash flow of discontinued operations	**-/-**	**0**	**-/-**	**-42**
Free cash flow (total)	**243**	**16**	**728**	**-46**
Cash flow from financing activities of continuing operations	**-12**	**942**	**-426**	**584**
Effect of foreign exchange rate changes on cash and cash equivalents	-5	3	-14	0
Change in cash and cash equivalents total	226	962	288	537
Cash and cash equivalents at beginning of reporting period	1,333[1]	309	1,271	734
Cash and cash equivalents available for sale	7	-/-	7	-/-
Cash and cash equivalents at end of reporting period[2]	**1,552**	1,271	**1,552**	1,271

[1] Includes the cash and cash equivalents of the companies held for sale.
[2] Cash and cash equivalents shown in the statement of cash flows correspond to the cash and cash equivalents reported on the statement of financial position as of the respective closing date.

(2017: 71%; previous year: 66%) and was related to technical facilities and leasehold improvements at the Unterföhring site. In 2017, a total of EUR 112 million went to other intangible assets (-9% or EUR 11 million year-on-year). The Group invested in other intangible assets primarily in the Digital Entertainment segment (2017: 43%, previous year: 48%).

The **free cash flow** for 2017 increased significantly by EUR 732 million to EUR 728 million. The main reasons for the high free cash flow are the cash inflow from the sale of Etraveli and a year-on-year decrease in the cash outflow from additions to the scope of consolidation. Before M&A measures, the figure was EUR 468 million (previous year: EUR 485 million). The decrease is primarily based on the cash outflow for the acquisition of programming rights, countered by the cash inflow from the sale of media-for-equity assets.

Free cash flow: Total cash and cash equivalents generated in operating business less the balance of cash used and generated in the context of investing activities. Free cash flow before M&A: 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.

Cash flow from financing activities amounted to minus EUR 426 million (previous year: EUR 584 million). In 2017, the dividend payment led to cash outflow of EUR 435 million (previous year: EUR 386 million). This was offset by a capital increase at the digital studio Studio71. At the beginning of 2017, the Group added a further two partners, TF1 Group and Mediaset, for Studio71 and generated a cash inflow of EUR 51 million. The high figure from the previous year was attributable to financing measures. For example, the Group used the advantageous conditions on the financial markets in 2016 to increase its equity by issuing new shares. ProSiebenSat.1 also issued promissory notes in the fourth quarter of 2016.

The cash flows described resulted in an increase in **cash and cash equivalents** year-on-year. At EUR 1,552 million, cash and cash equivalents were up 22% or EUR 281 million year-on-year. The Group thus has a comfortable level of liquidity.

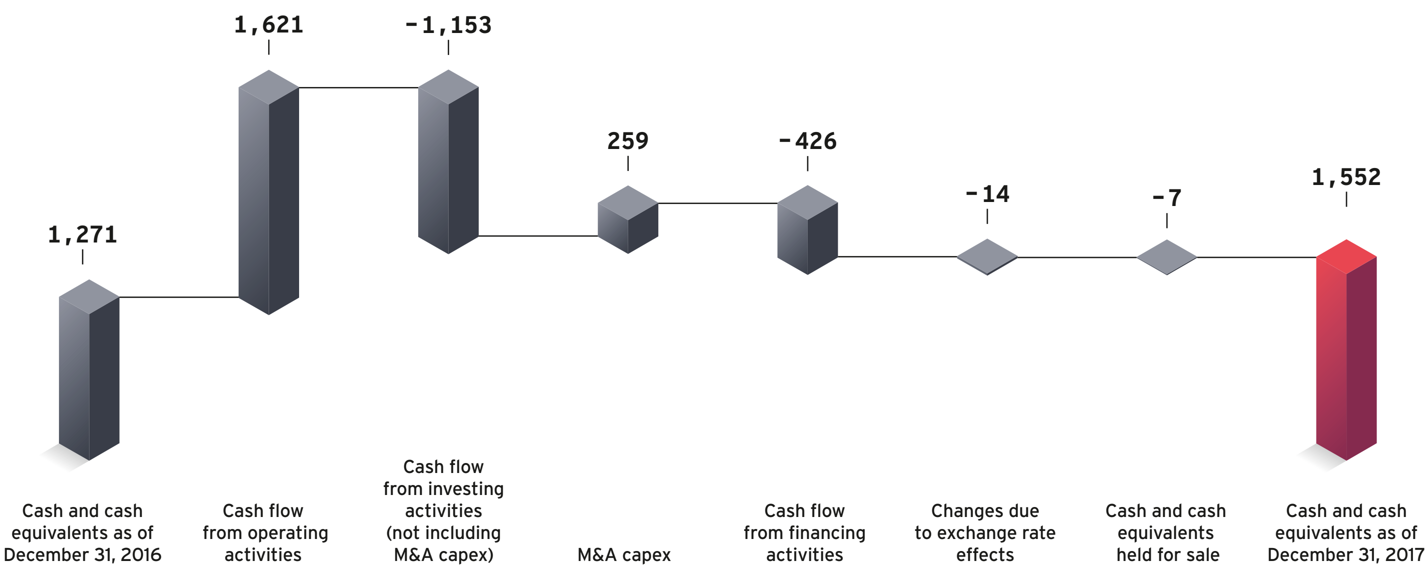
ANALYSIS OF ASSETS AND CAPITAL STRUCTURE

With an equity ratio of 19% (December 31, 2016: 22%), ProSiebenSat.1 Group has a solid asset and capital structure. **Total assets** remained almost stable year-on-year, amounting to EUR 6,569 million as of December 31, 2017 (-1% or EUR 35 million). The decrease in financial assets was compensated by higher cash and cash equivalents in particular.

In accordance with IFRS 5, assets and liabilities held for sale due to portfolio adjustments are reported separately in the statement of financial position.

- **Current and non-current assets:** As of December 31, 2017, goodwill decreased by 2% to EUR 1,831 million (December 31, 2016: EUR 1,860 million). Its share in total assets was unchanged at 28%. Other intangible assets declined by 9% to EUR 745 million (December 31, 2016: EUR 817 million). This decrease was mainly due to the disposal of Etraveli and Comvel, while the initial consolidation of

098 / **CHANGE IN CASH AND CASH EQUIVALENTS** in EUR m



the Austrian station ATV, Jochen Schweizer GmbH and Gravitas Ventures, LLC had an opposite effect on intangible assets.

Other non-current financial and non-financial assets fell by 48% to EUR 179 million (December 31, 2016: EUR 342 million), primarily due to valuation effects from currency hedging instruments. Other current financial and non-financial assets also decreased in this context. At a total of EUR 105 million, they were down EUR 44 million year-on-year (December 31, 2016: EUR 148 million). In contrast, current trade receivables increased by EUR 55 million or 12% to EUR 501 million (December 31, 2016: EUR 446 million).

Programming assets decreased by 9% year-on-year and amounted to EUR 1,198 million (December 31, 2016: EUR 1,312 million). This corresponds to a share of 18% of total assets (December 31, 2016: 20%). In addition to goodwill, programming assets are among ProSiebenSat.1's most important assets and comprise non-current and current programming assets. → Notes, Note 20 "Programming assets," page 213

Cash and cash equivalents increased by 22% or EUR 281 million to EUR 1,552 million compared to December 31, 2016. This high level of liquidity reflects the development of cash flows.

Employee potential, organizational advantages, own brands or long-term customer relationships are important success factors, which are largely non-financial. On the other hand, we capitalize certain internally generated intangible assets to a limited extent. Further information can be found in the Notes in the "Summary of significant accounting policies", page 244.

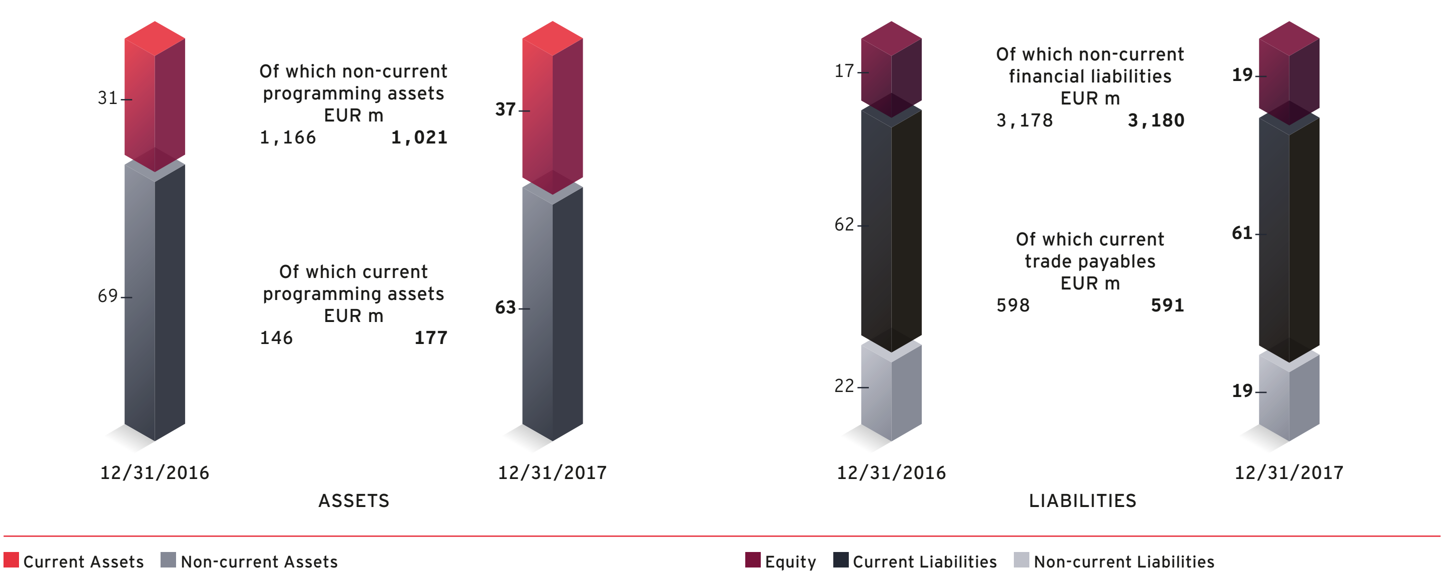
- **Equity:** Despite the positive consolidated net profit, equity declined by 13% or EUR 180 million to EUR 1,252 million. This development firstly reflects the dividend distribution of EUR 435 million in May 2017 (previous year: EUR 386 million) and secondly the decreasing effects of currency hedging recognized outside profit or loss. The corresponding equity ratio was 19% (December 31, 2016: 22%).

- **Current and non-current liabilities:** Debt capital increased slightly compared to the closing date in 2016. Overall, liabilities and provisions went up by 3% to EUR 5,317 million compared to December 31, 2016 (EUR 5,172 million). The main reason for this is the increase in other financial liabilities due to higher liabilities from put options and valuation effects from currency hedging instruments. Non-current and current financial liabilities reported in debt still totaled EUR 3,185 million.

Information on the cost of capital can be found in the Notes, Note 16 "Goodwill", page 205, Information on fair values in the "Summary of significant accounting policies", page 244.

When applying accounting principles, recognizing income and expenses and presenting items in the financial statements, assumptions and estimates need to be made to a certain extent. Detailed information on the use of assumptions and estimates is disclosed in Note 1 "General principles," page 182, and the other relevant Notes.

099 / STRUCTURE OF THE STATEMENT OF FINANCIAL POSITION in %



100 / OVERALL ASSESSMENT OF THE BUSINESS

2017 marked another record year for ProSiebenSat.1 in which we achieved our profitability targets. In doing so we generated approximately half of our revenues with business models which are not primarily based on the sale of TV advertising time. At the same time, 2017 was also a challenging year in which we corrected our original revenues guidance and further developed our strategy. In general the TV advertising market was shaped by sector-specific effects and despite good general economic conditions did not realize the anticipated momentum. However, in the strategically relevant business areas outside the TV segment, we grew strongly overall and synergistically expanded our portfolio on the basis of acquisitions. Despite various M&A measures, the leverage ratio remained in the target corridor. At the time the Group Management Report was compiled, ProSiebenSat.1 Group is characterized by overall very good earnings, financial position and performance.

PROSIEBENSAT.1 MEDIA SE

513

MILLION EURO PROFIT

for the year was reported by ProSiebenSat.1 Media SE for financial year 2017. This represents a year-on-year increase of 55% or EUR 183 million.

PROSIEBENSAT.1 MEDIA SE
(EXPLANATIONS ACCORDING TO HGB)

The business development of ProSiebenSat.1 Media SE reflects the economic situation of the Group; this also applies to the opportunity and risk situation.

The Annual Financial Statements of ProSiebenSat.1 Media SE are prepared in accordance with the provisions of the German Commercial Code and the supplementary provisions of the German Stock Corporation Act and the Articles of Association.

BUSINESS AND ECONOMIC ENVIRONMENT

ProSiebenSat.1 Media SE is a management holding company with own operating activities. It is responsible for management functions such as corporate strategy and risk management for ProSiebenSat.1 Group, investment administration and central financing tasks, and other service functions. Furthermore, ProSiebenSat.1 Media SE is the tax group parent for the majority of the domestic subsidiaries. Its material income results from subsidiaries' profit transfer agreements. In addition, revenues are generated in particular from internal services and the sale of ancillary programming rights.

The economic environment of ProSiebenSat.1 Media SE essentially corresponds to that of ProSiebenSat.1 Group and is described in detail in the section of the Group's environment. → Group Environment, page 125

ProSiebenSat.1 Media SE as the parent company of ProSiebenSat.1 Group is integrated into the Group-wide risk management system. Further information and the description of the internal control system for ProSiebenSat.1 Media SE, required according to section 289 (4) HGB, are presented in the Risk Report. → Risk Report, page 153

The Management Declaration according to section 289a HGB is publicly available on the Company's website and can be viewed in this Annual Report. → page 72

SIGNIFICANT EVENTS IN 2017

At the Annual General Meeting of ProSiebenSat.1 Media SE on May 12, 2017, the shareholders resolved to allocate EUR 800 million of the distributable profit for financial year 2016 to other retained earnings. They also resolved on a dividend payment of EUR 1.90 per eligible share, with the total payout amounting to EUR 435 million.

In financial year 2017, ProSiebenSat.1 Media SE acquired companies from within the Group in the context of bundling commerce activities. These companies were contributed to NCG – NUCOM GROUP SE.

EARNINGS OF PROSIEBENSAT.1 MEDIA SE

101 / INCOME STATEMENT (CONDENSED) IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)
in EUR m

	2017	2016
Revenues	116	99
Other operating income	82	66
Programming and material expenses	62	55
Personnel expenses	100	103
Depreciation	15	17
Other operating expenses	141	118
Operating expenses	319	293
Investment income	871	722
Financial result	−77	−78
Taxes	160	186
Income after taxes	**513**	**330**
Other taxes	0	0
Profit of the year	**513**	**330**

ProSiebenSat.1 Media SE's **revenues** increased by EUR 17 million or 17% to EUR 116 million in financial year 2017. The year-on-year growth resulted primarily from higher revenues from the sale of ancillary programming rights and from revenues from barter transactions.

Other operating income rose by 24% or EUR 16 million year-on-year to EUR 82 million. This was particularly attributable to higher income from currency conversion.

Operating expenses amounted to EUR 319 million (previous year: EUR 293 million). Personnel expenses decreased slightly, as the effects of the increase in employees were more than offset by a sharp drop in expenses from share-based payment plans with a long-term incentive effect. In the previous year, the changeover to cash settlement resulted in a high non-recurring expense. The increase in other operating expenses is due in particular to higher legal and consulting costs and a rise in expenses for technical services and countertrades.

Investment income, consisting of income from profit transfer agreements and expenses from loss absorption, increased by 21% or EUR 149 million to EUR 871 million. Income from profit transfer agreements of EUR 912 million (previous year: EUR 753 million) was partly offset by expenses from loss absorption of EUR 42 million (previous year: EUR 31 million).

In financial year 2017, the **financial result** (interest income netted against interest expenses) improved by EUR 1 million to minus EUR 77 million.

Tax expenses amounted to EUR 160 million compared to EUR 186 million in the previous year.

For financial year 2017, ProSiebenSat.1 Media SE reported a **profit for the year** of EUR 513 million. This represents a year-on-year increase of 55% or EUR 183 million.

ProSiebenSat.1 Media SE had no material **off-balance-sheet financing instruments** during the period under review.

ProSiebenSat.1 Media SE has concluded rental contracts for property at the Unterföhring site classified as operating leases according to the German Commercial Code (HGB). These contracts will not expire before 2019.

NET ASSETS OF PROSIEBENSAT.1 MEDIA SE

102 / BALANCE SHEET (CONDENSED) IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB) in EUR m

	12/31/2017	12/31/2016
ASSETS		
Intangible assets	7	4
Property, plant and equipment	55	53
Financial assets	7,364	6,201
Non-current assets	**7,425**	**6,258**
Receivables and other current assets	1,328	1,092
Cash, cash at banks	1,277	1,042
Current assets	**2,605**	**2,134**
Prepaid expenses	3	4
Active difference resulting from offsetting	0	0
TOTAL ASSETS	**10,034**	**8,396**
LIABILITIES AND EQUITY		
Equity	3,297	3,216
Provisions	218	159
Liabilities	6,489	4,998
Deferred tax liabilities	29	23
TOTAL LIABILITIES AND EQUITY	**10,034**	**8,396**

As of December 31, 2017, the **total assets** of ProSiebenSat.1 Media SE increased by 20% or EUR 1,638 million to EUR 10,034 million.

Non-current assets increased by 19% or EUR 1,167 million year-on-year to EUR 7,425 million as of December 31, 2017. The increase primarily resulted from intragroup acquisitions of indirect subsidiaries in the context of bundling commerce activities and from capital increases at direct subsidiaries in the period under review.

Current assets amounted to EUR 2,605 million on December 31, 2017. The increase of 22% or EUR 471 million was due both to the EUR 199 million rise in receivables from affiliated companies due to increased profit transfers and to the EUR 236 million rise in cash and cash equivalents. In addition, advance payments for programming assets increased by EUR 39 million.

As of December 31, 2017, ProSiebenSat.1 Media SE's **equity** increased to EUR 3,297 million. On the one hand, the increase of 3% or EUR 81 million resulted from the profit for the year of EUR 513 million in financial year 2017. However, this was partly offset by the dividend distribution of EUR 435 million in May 2017.

The equity ratio fell to 33% as of December 31, 2017 (previous year: 38%) due to the significant increase in total assets.

Provisions increased by EUR 59 million to EUR 218 million as of December 31, 2017. This was attributable to a EUR 33 million increase in tax provisions and a EUR 24 million increase in other provisions, which was caused in particular by higher provisions for interest on taxes and value-added tax.

Amounting to EUR 6,489 million as of December 31, 2017, **liabilities** were EUR 1,491 million higher than the previous year's figure of EUR 4,998 million. This development chiefly resulted from the increase in intragroup liabilities from cash pooling, which was particularly attributable to the intragroup acquisition of companies in the context of bundling commerce activities.

FINANCIAL POSITION OF PROSIEBENSAT.1 MEDIA SE

Cash management is performed centrally with Group cash flows being pooled by an implemented cash pooling system at ProSiebenSat.1 Media SE as the holding company. Therefore the cash flows of the Group affect the liquidity of ProSiebenSat.1 Media SE to a large degree.

For Group companies, especially the German TV stations, ProSiebenSat.1 Media SE acts as purchasing agent for programming assets. In financial year 2017, EUR 594 million (previous year: EUR 539 million) was spent on **investments in programming assets.** ProSiebenSat.1 Media SE received EUR 541 million (previous year: EUR 509 million) from Group companies from the internal transfer of programming assets. As of December 31, 2017, the total future financial obligations from programming purchase agreements already concluded amounted to EUR 2,345 million (previous year: EUR 2,791 million).

In the period under review, **cash outflows for purchases of tangible fixed assets** at ProSiebenSat.1 Media SE amounted to EUR 26 million. This represents a year-on-year increase of EUR 9 million.

A total of EUR 270 million (previous year: EUR 564 million) was spent on contributions to the capital reserve at direct subsidiaries and on company acquisitions in financial year 2017. The transaction in the context of bundling commerce activities did not result in an outflow of cash, but instead caused an increase in intragroup cash pooling liabilities.

For further information on the balance sheet and income statement, refer to the Notes to the Annual Financial Statements of ProSiebenSat.1 Media SE.

Development of Employee Numbers

In financial year 2017, an average of 790 people were employed at ProSiebenSat.1 Media SE, comprising 696 employees and 94 apprentices, trainees and interns. In the previous year, on average 651 people were employed at ProSiebenSat.1 Media SE, 81 of whom were apprentices, trainees and interns.

Risks and Opportunities

The business performance of ProSiebenSat.1 Media SE is fundamentally subject to the same risks and opportunities as ProSiebenSat.1 Group. ProSiebenSat.1 Media SE participates in the risks of its subsidiaries and investments in line with its respective ownership interest.

The risks and opportunities are described in the Risk and Opportunity Report. → Risk and Opportunity Report, page 152

Outlook

Because of the interrelations between ProSiebenSat.1 Media SE and its subsidiaries, the outlook for ProSiebenSat.1 Group also largely reflects the expectations of ProSiebenSat.1 Media SE. The earnings development of ProSiebenSat.1 Media SE should remain in alignment with the development of the Group in the future, since the results of the subsidiaries will influence the investment result to a large degree. Therefore, the remarks in the Company Outlook also apply to ProSiebenSat.1 Media SE. We assume that the investment result will still have a substantial influence on the profit of ProSiebenSat.1 Media SE. → Company Outlook, page 168

RISK AND OPPORTUNITY REPORT

MILLION EUR (NET) MARKET GROWTH

were identified by ProSiebenSat.1 Group from print to video advertising until 2022. Here, the TV advertising market is benefiting from the digitalization and new technologies such as HbbTV.

RISK REPORT

ProSiebenSat.1 Group's overall risk situation remains limited. We have an effective risk management system that integrates all relevant corporate units.

RISK MANAGEMENT SYSTEM AND PROCESS CONTROL

Risk is defined in this report as a potential future development or event that could significantly influence our business situation and result in a negative deviation from targets or forecasts. The risk indicators that we have already taken into account in our financial planning or in the Consolidated Financial Statements as of December 31, 2017, therefore do not come under this definition and are consequently not explained in this Risk Report.

ProSiebenSat.1 Group has an effective risk management system, which covers all activities, products, processes, departments, investments and subsidiaries that could have a lasting impact on our Company's business performance. We are consistently updating the system so that it is always geared to the specific circumstances. This includes the prompt integration of new corporate units into the risk management process. The traditional risk management process comprises four interlinked steps:

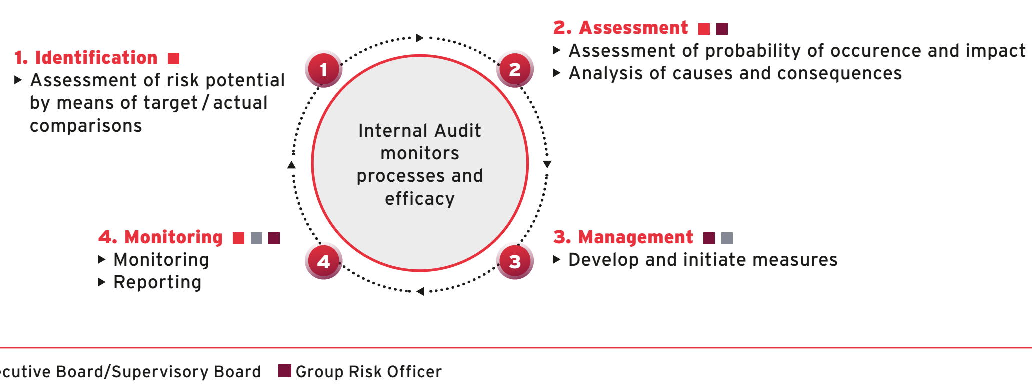
1. Identification: The basis is to identify material risks by means of a target/actual comparison. The decentralized risk managers are responsible for this. For this purpose, they use early warning indicators defined for relevant circumstances and key figures. A key early warning indicator for the TV business, for instance, is the development of audience shares. → Intragroup Management System, page 108

2. Assessment: The relevant risks are assessed on the basis of a matrix → Fig. 106. Firstly, the circumstances are categorized on a five-level percentage scale in terms of the probability of their occurrence. Secondly, their level of potential financial impact is estimated; the financial equivalents are likewise broken down into five levels. Using the matrix presentation, potential risks are classified as "high," "medium," or "low" depending on their relative significance. As well as classification, risk assessment also includes analyzing causes and interactions. Measures to counteract or minimize risks are included in the assessment (net assessment). In order to obtain the most precise view of the risk situation possible, however, opportunities are not taken into account. These are recorded by ProSiebenSat.1 in its budget planning.

3. Management: Using appropriate measures, ProSiebenSat.1 can reduce the probability of occurrence of potential losses and limit or reduce possible damage. In order to handle risks safely, it is therefore very important to take adequate countermeasures as soon as an indicator reaches a certain tolerance limit.

4. Monitoring: Risk monitoring and risk reporting round off the risk management process. The aim is to monitor changes and review the effectiveness of the management measures taken. Monitoring also includes documentation, which ensures that all hierarchy levels relevant to decision-making have adequate information on risks.

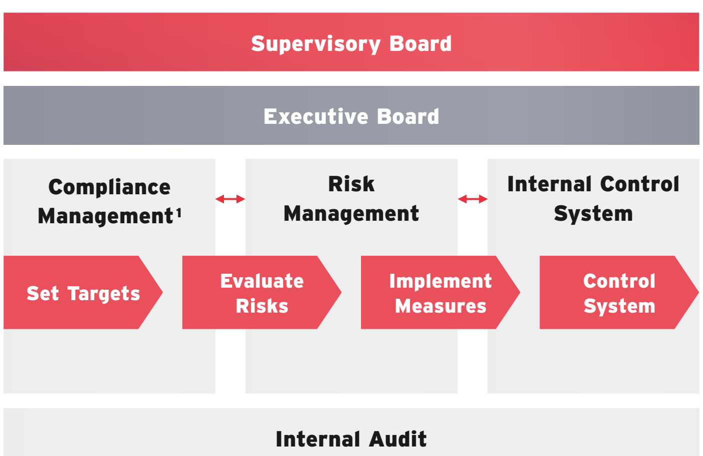
103 / **RISK MANAGEMENT PROCESS**



The fundamental requirements for handling risks safely throughout the Group include clear decision-making structures, standardized guidelines, and a methodical approach by the responsible bodies. At the same time, processes and organizational structures must be flexible enough to allow ProSiebenSat.1 to respond appropriately to new situations at all times. For this reason, the regular classification of risks takes place on a decentralized basis and thus directly in the different corporate units → Fig. 104:

- **Decentralized risk managers:** The risk managers identify the risks from their respective area of responsibility according to the standard Group system described. They document their results in an IT database every quarter.
- **Group Risk Officer:** The Group Risk Officer reports the risks identified in the database to the Executive Board and Supervisory Board on a quarterly basis. In addition, relevant risks arising at short notice are reported immediately. In this way, the Executive Board and Supervisory Board receive all analyses and data relevant for decision making regularly and at an early stage so that they can respond appropriately.
- The **Risk Office** supports the various corporate units in identifying risk at an early stage. It ensures the efficacy and timeliness of the system by training the decentralized risk managers and continuously monitoring the scope of risk consolidation. Moreover, the Internal Audit unit regularly reviews the quality and compliance of the risk management system. It reports the results directly to the Group CFO.

104 / RISK MANAGEMENT SYSTEM



[1]For further information, please refer to the chapter "Sustainability" from page 113.

In 2017, the audit of the risk management system generated a positive result again. The system itself did not change in the past financial year. The basis for the audit is the risk management handbook. It summarizes company-specific principles and is based on the internationally recognized frameworks for enterprise risk management and internal control systems of COSO (Committee of Sponsoring Organizations of the Treadway Commission).

DEVELOPMENT OF RISK CLUSTERS
Risk Categories and Overall Risk Situation

The assessment of the overall risk situation is the result of an aggregate analysis of the Group's main risk categories: "operating risks," "finance risks," "compliance risks," and "other risks." Due to their thematic diversity, ProSiebenSat.1 also subdivides operating risks into the following risk clusters: External risks, sales risks, content risks, technological risks, personnel risks, and investment risks. These are not necessarily the only risks that the Group faces. However, we are not currently aware of any additional risks that could impact our business activities, or we do not consider them relevant in the context of this report.

The risk clusters in turn comprise various different risks. To assess the overall risk situation, ProSiebenSat.1 therefore initially classifies all individual risks as part of the quarterly assessment process, aggregates them and assigns them to clusters. When assessing the overall risk situation, ProSiebenSat.1 weights the clusters according to their significance for the Group. We monitor all relevant risks as part of the risk management process → Fig. 105; however, this Risk Report focuses on risks classified as having medium or high significance overall.

i The Annual Report 2016 is published at → www.prosiebensat1.com/en/, which comprises the Risk Report from page 148 onwards.

Our overall risk situation has increased slightly compared to the previous year, as the risk clusters sales, content and compliance risks have increased slightly compared to December 31, 2016. In contrast, external risks have decreased slightly; all other risk clusters – unless explicitly mentioned – are unchanged → Fig. 106. Our overall risk situation therefore remains limited.

i ProSiebenSat.1 Media SE has implemented a comprehensive risk management system to systematically capture, evaluate, report and manage risks. Risks reported as part of this system are summarized into categories and clusters as below. While detailed descriptions and action plans to manage these risks exist, for the purpose of this report focus is laid on all risks which are rated overall as medium or high. Consequently, detailed descriptions of only such risks are included in this Risk Report. If any risks which are currently rated as low change to either medium or high in the future, such risks will then be described in detail as necessary. Conversely, if risks which are currently rated as medium or high diminish to a "low risk", such risks will not be described in detail in this report except for the change itself.

105 / **OVERVIEW OF THE RELEVANT RISKS**

Category	Cluster	Risk	Change compared to previous year	Possible impact	Probability	Overall risk
Operating risks	External	‣ General economic risks ‣ General sector risks (incl. media usage behavior)	Slightly decreased Unchanged	High Very high	Unlikely Unlikely	Medium Medium
	Sales	‣ Audiance share/TV ratings/TV reach ‣ Ad sales ‣ Convergence ‣ Online ads (incl. Adblocker)	Slightly increased Increased Unchanged Unchanged	High Very high High High	Possible Possible Possible Possible	Medium High Medium Medium
	Content	‣ Risk re: licensed content / negotiating posititons with studios and independents (incl. quality of the content)	Increased	Medium	Possible	Medium
Finance risks	Finance	‣ Counterparty risk	Unchanged	Very high	Unlikely	Medium
Compliance risks	Compliance	‣ General compliance (incl. statutory reporting obligations, antitrust, litigation) ‣ Media law/broadcasting licenses (regulatory risks) ‣ Third party lawsuits in connection with the antitrust matter of 2007 ‣ Bestseller-clause § 32a (focus on Non Fiction) ‣ Tax risk relation to valuation of programming assets	Increased Increased Unchanged Unchanged new	High Medium Medium Cannot be evaluated Cannot be evaluated	Unlikely Possible Possible Possible Possible	Medium Medium Medium Medium Cannot be evaluated
Other risks	Others	‣ Security risks	Unchanged	Medium	Possible	Medium

unchanged · slightly decreased · slightly increased · decreased · increased

Operating Risks
EXTERNAL RISKS

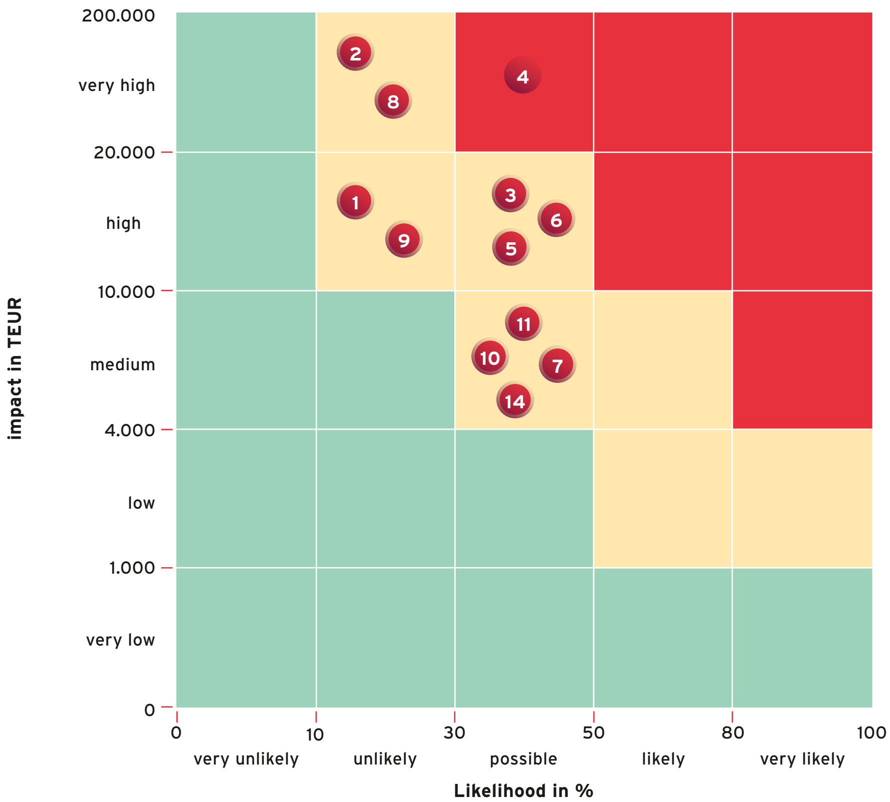
ProSiebenSat.1 is pursuing a digital growth strategy, thus diversifying its revenue and risk profile in all segments. The aim of this strategy is to increase independence from the economically sensitive core business of television while taking the growth opportunities provided by changing media use. External risks have slightly decreased over the course of the year on the basis of positive economic data.

General economic risks. The German economic upturn accelerated palpably over the course of 2017. In addition, indicators of business (ifo) and consumer (GfK) sentiment were at high levels at the end of the year. As a result, the leading economic research institutes revised their economic forecasts upwards significantly: For 2017, they anticipate real growth of a good 2% on average and expect the robust upward trend to continue in 2018. In this environment, ProSiebenSat.1 Group considers macroeconomic risks to be stable. We now classify high negative effects as unlikely. The risks have therefore slightly decreased year-on-year. However, we consider this category to be a medium risk due to its potentially high impact. By their nature, economic forecasts entail some uncertainties; this particularly applies to their potential implications for the advertising market. → Future Business and Industry Environment, page 166

General sector risks (incl. media usage behavior). The digital transformation, and particularly the growing use of the Internet, is influencing media usage behavior. However, digitalization does not mean that television is becoming less relevant as the number one medium. Instead, people are increasingly consuming conventional media content in digital form. For example, TV content is now also watched on mobile devices such as tablets. → Opportunity Report, page 162 → Development of Media Consumption and Advertising Impact, page 125

In this country, new forms of use such as catch-up television have a comparatively small share. In 2016, television reached an average of 11 million viewers in Germany; the comparative figure for the usage of online videos is 1.2 million viewers per minute. 96% of TV consumption by viewers aged 14 to 49 in Germany still relates to live usage at the time of the broadcast. At the same time, the monthly net reach

106 / RISK MATRIX



1 General economic risks
2 General sector risks (incl. media usage behavior)
3 Audience share/TV ratings/TV reach
4 Ad sales
5 Convergence
6 Online ads (incl. Adblocker)
7 Risk re: licensed content/negotiating posititons with studios and independents (incl. quality of the content)
8 Counterparty risk
9 General compliance (incl. statutory reporting obligations, antitrust, litigation)
10 Media law/broadcasting licenses (regulatory risks)
11 Third party lawsuits in connection with the antitrust matter of 2007
12 Bestseller-clause § 32a (focus on Non Fiction)[1, 2]
13 Tax risk relation to valuation of programming assets[1, 2]
14 Security risks

Low risk Medium risk High risk

[1]For further information please refer to the Notes, Note 29 "Contingent liabilities," page 225. [2] 12 and 13 are not represented in the matrix because they cannot be evaluated. Further information can be found in the Annual Report 2016 from page 148.

of television is recording a nearly stable development at a high level. This applies to all viewer groups, particularly including the younger target group of 14- to 29-year-olds.

These market data indicate that the digital transformation is taking place more slowly in Germany than in the US, for example, and is following its own patterns. Television will continue to dominate media usage in the German market in the future. Although TV usage on non-mobile devices is likely to decline slightly, it will remain in first place. At the same time, the usage of web-based free TV offers will increase. This means that more and more viewers will watch linear TV programming on PCs, laptops, or mobile devices. This form of usage is becoming increasingly popular among younger viewers in particular; it currently accounts for approximately 15% of the total TV usage of 14- to 29-year-olds.

In this context, ProSiebenSat.1 is very well positioned to use the digital trend as a growth opportunity. Television is the most important entertainment medium in Germany, and we have based our strategy on this. By inference, we still consider risks from a change in media use to be unlikely to materialize. In the event of a fundamental change, however, we cannot completely rule out a very high financial impact. We therefore continue to rate this as a medium risk overall.

SALES RISKS

The development of the German TV advertising market is our most important planning assumption. In addition to general economic growth, we include sector-specific data such as the development of the reach and the market shares of our TV stations among viewers in our economic considerations. Sales risks in the TV business slightly increased in 2017. Due to the growing significance of digital media, online marketing risks are a relevant category in addition to the risks from the sale of TV advertising time. → Company Outlook, page 168

Audience shares/TV ratings/TV reach. Audience shares are the key figure for evaluating our stations' acceptance among the TV-viewing public: The market share indicates the reach of a program element as a percentage of the total TV reach at a particular point in time. In turn, a show's market share determines the reach of the commercials during the show, which is a significant success factor for TV ad sales. The development of stations' and their programs' market shares over time is therefore a key indicator for early risk detection. → Development of the Audience Share, page 128

ProSiebenSat.1 compiles daily, detailed analyses of the market share and the reach of all shows on the basis of data from Arbeitsgemeinschaft Fernsehforschung (AGF, Working Group of Television Research). On the basis of these extensive data, all current programs are analyzed on a permanent basis and are quickly adjusted if required. Concepts for the development of new shows and potential new station concepts are also reviewed and discussed using these data. In addition to these quantitative analyses, qualitative studies are also an important control instrument, as they give stations direct feedback from their audience. Nevertheless, individual mistakes cannot be ruled out.

The production and acquisition of appropriate programs for our TV stations is a process that depends to a significant degree on the subjective opinion of our viewers. In addition, the competition has kept getting more intense. This is due as ever to the establishment of new stations, but also to individual established stations' market share gains and the financial strength of the public broadcasters. Against this backdrop, the risk of year-on-year declines in audience shares has increased slightly, but we continue to rate this category as a medium risk. This means that, under certain circumstances, we still consider the implications of a decline in audience shares to be high and its occurrence to be possible.

ProSiebenSat.1 is actively involved in shaping the fragmentation of the market and has launched various new stations, including successful brands such as sixx. In Germany in 2017, the Group achieved an audience market share of 4.3% in the target group of 14- to 49-year-olds with the stations sixx, ProSieben MAXX, SAT.1 Gold and kabel eins Doku. Across all of the Group's stations, the market share was 27.0%. By comparison, the RTL Group stations marketed by IP achieved 25.4%. ProSiebenSat.1 therefore remains in the lead in the target group of 14- to 49-year-olds relevant for advertising.

Ad sales. In the vast majority of cases, ProSiebenSat.1 does not conclude advertising contracts for TV advertisement, online and Digital Out of Home directly with the advertising companies. Instead, media agencies function as intermediaries, which become direct contract partners for our sales company SevenOne Media GmbH. The market for TV advertising time is characterized by concentrated structures both on the demand and supply side. On the demand side, there are essentially seven large associations of media agencies, which usually consist in turn of many smaller agencies. These are faced on the supply side primarily by the two private broadcasting groups, ProSiebenSat.1 and RTL, and the public television stations. Because of this and the high attractiveness of television and its significance as the number one medium in the media mix, the business relationship formally concentrated on a few agencies does not give rise to any notable financial risk. Similarly, ProSiebenSat.1 has not identified any material default or liquidity risks because of the association structure described above and the short billing cycles of at most one month.

The competition on the German advertising market has become more intensive, so ad sales risks also increased over the course of the year. On the basis of the market development, we now classify the probability of occurrence of ad sales risks for ProSiebenSat.1 as possible. We consider the risk impact to be very high and the risk in general to be high. We therefore regularly analyze the competitive environment and our advertising revenues and advertising market shares. The aim is to identify budget deviations early on by comparing projections and actual figures with the corresponding prior-year values, so that countermeasures such as cost adjustments or changes in program planning and price policy can be implemented quickly.

Convergence. No other consumer electronics have spread as rapidly in recent years as mobile devices. The availability of tablets in German households has nearly doubled since 2014. 85% of people aged between 14 and 69 have their own smartphone. The growing popularity of mobile devices is changing media usage behavior, as the once strong ties between content and end devices are coming undone and the lines between different media are blurring: The same content is now used via various applications on different devices. For example, TV and radio are also being consumed via apps or media libraries, and newspapers are often read online. This development is being driven by broadband Internet connections with fast data transfer rates.

Usage patterns such as parallel consumption of TV and Internet are also commonplace. This means that entertainment devices such as smartphones and tablets are used in addition to TV sets instead of replacing television. They serve as "second screens" and perform additional functions such as online searches and communication via social media channels. For example, 36% of 14- to 69-year-olds frequently use the Internet while watching television. However, research findings are not only showing that these new forms of video usage are supplementing television. Corresponding studies have also revealed that the multimedia approach increases advertising impact. This results in great benefits for sales: Firstly, online campaigns reach new target groups, and secondly, online contacts reinforce the effectiveness of TV advertising.

Nonetheless, the high market penetration of convergent devices entails risks for ProSiebenSat.1: Convergence could also lead to a significant future reduction in TV usage. This could in turn have a negative impact on advertising customers' willingness to invest and thus negatively affect prices for TV advertising. Although we are not currently seeing substitution, we believe it is possible that this risk may materialize. We therefore cannot rule out high impact on our revenue or earnings performance and we continue to classify potential losses from media convergence as a medium risk. For this reason, we will continue to invest in both TV and digital entertainment and use our potential by networking our TV stations with digital offers to an even greater extent. In this context, we updated our Group strategy in 2017 and will merge the Broadcasting German-speaking and Digital Entertainment segments from 2018. → Strategy and Management System, page 107

Online ads (incl. Adblocker): In connection with the sale of online advertising, adblockers represent a sales risk. These programs, which are offered as browser plug-ins and now also as apps for mobile devices, prevent advertising from being displayed. In order to limit this risk, ProSiebenSat.1 Group has introduced technical means that can effectively prevent the adblockers from functioning. We are also taking legal action and have filed an application for an injunction against the most widespread adblocker in Germany (AdBlock Plus). However, further spreading of adblockers is still possible and this could have a high impact on the success of online advertising business. Overall, we rate this as a medium risk for the Group.

Targeted advertising online, on mobile apps and in HbbTV is based on tracking technology and a legal situation that could be prejudiced by a future European Union ePrivacy Regulation. The ePrivacy Regulation is currently being hotly debated, so no reliable forecast can be made about the content of the regulation or when it will come into force. However, ProSiebenSat.1 has taken early measures to minimize the risk. In particular, we are working on a cross-industry Log-in Alliance in order already to create the infrastructure for potentially expanded permissions management in accordance with a future ePrivacy Regulation for targeted advertising. → Opportunity Report, page 162 → Market Environment of the TV Business, page 127

CONTENT RISKS

ProSiebenSat.1 Group focuses on an individual and generally balanced mix of licensed programs as well as commissioned and in-house productions. The Group uses exclusive agreements in the form of contractual blocking periods (hold-back clauses) to protect its rights against other licensees and program licensing forms. In order to stay informed about trends and new productions at an early stage, our purchasing department is also in constant dialog with national and international licensors. Nonetheless, the competition for attractive content could intensify further as a result of growing competition from international market participants and new digital offers. In addition, individual purchases are becoming a more frequent necessity, especially for small TV stations, as their programming is very specifically targeted.

Risk regarding licensed content/negotiating position with studios and independents (incl. quality of the content). For us, the US is the most important market for licensed programs worldwide. This is why ProSiebenSat.1 has signed long-term agreements with film studios and production companies with an appropriate reputation and successful track record. However, successful formats from the US do not necessarily receive the same positive response among German viewers. Viewer interests and media usage behavior can also develop in various ways in different countries. ProSiebenSat.1 Group counters the unforeseen loss of value of licensed programs with program write-offs. Moreover, market conditions in the US can change, for example if studios merge. We follow a standard procedure to take this uncertainty into account when purchasing licenses. We have thus increased the probability of occurrence and now consider this risk to be possible (previously: very unlikely). In this event, a medium impact on the Group's earnings performance would be conceivable. This is why we rate the risk arising from licensed content/negotiating position with studios and independents as a medium risk overall (previously: low risk).

Finance Risks

The Group is exposed to various finance risks in its operating and financing activities. These include financing risk, counterparty risk, interest rate risk, currency risk and liquidity risk; with the exception of counterparty risk, we classify finance risks as having low significance. We counter these risks with extensive measures and use derivatives for hedging purposes. → Borrowings and Financing Structure, page 142

The assessment and management of finance risks is coordinated centrally. To this end, the Group Finance & Treasury department analyzes the development in the markets, derives potential opportunities and losses for ProSiebenSat.1 on this basis, and regularly assesses the risk situation. The measures required are defined in close cooperation with the Group's Executive Board. The Finance & Treasury unit is audited annually by Internal Audit as part of risk management. The last audit again generated a positive result and confirmed the efficacy of the system again. Principles, tasks, and responsibilities are defined on a Groupwide basis and regulated via binding guidelines for all subsidiaries of ProSiebenSat.1 Group.

Counterparty risk. The Group concludes finance and treasury transactions exclusively with business partners which meet high credit rating requirements. The counterparties' profiles are monitored systematically and continuously in this context. As well as using credit checks, ProSiebenSat.1 limits the probability of occurrence of default risks through a broad diversification of its counterparties. The conditions for concluding finance and treasury transactions are regulated in standardized Group guidelines. Lenders' defaults could have a very high impact on our earnings performance and financial position; we continue to rate the probability of occurrence of counterparty risks as unlikely and the risk as medium overall.

i Interest rate swaps and foreign currency forward transactions are recognized in hedge accounting as cash flow hedges. More information can be found in the Notes, Note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7," page

227. ProSiebenSat.1 Group does not deploy derivative financial instruments for trading purposes, but only to hedge existing risk positions. → Financing Analysis, page 142

For more information on the hedging instruments, measurements and sensitivity analyses together with a detailed description of the risk management system for financial instruments, please refer to the Notes to the Consolidated Financial Statements: Risks from ineffectiveness, in connection with falling interest rates, are described in Note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7," page 227.

Compliance Risks

General compliance (incl. statutory reporting obligations, antitrust, litigation). The objective of compliance is to ensure legally sound management at all times and in all respects. Possible violations of legal statutory regulations and reporting obligations, infringements against the German Corporate Governance Code or insufficient transparency in corporate management can jeopardize conformity to the rules. It is for this reason that ProSiebenSat.1 Group has established a Code of Conduct across the whole Group as well as various guidelines to provide employees with specific rules of conduct for various professional situations. In addition, the employees are systematically given training on issues such as anti-corruption, antitrust law, media law, anti-discrimination, IT security and data protection. In order to reduce the risk of violations of the law, ProSiebenSat.1 Group has created a compliance management system (CMS) for the areas of anti-corruption, antitrust law, media law and data protection. The main objective of the CMS is to ensure that all employees always think and act with integrity and in accordance with the law and thus to prevent law- and rule-breaking from the start. → Corporate Governance Report, page 64 → Sustainability, page 113

In addition to the ongoing legal proceedings, we already have the EU General Data Protection Regulation, which will come into force in May 2018, in our regular risk assessments. It will tighten up the requirements for the processing of personal data and the framework of sanctions in the event of violations. In the future, fines for any data protection infringements will be based on consolidated revenues. Against this backdrop, we believe it is unlikely that compliance risks will occur, but because of the significantly enlarged framework of sanctions cannot completely rule out a high negative impact on the Group's earnings performance. Accordingly, we classify the Group's risk from general compliance as increased. We therefore now rate this risk category as a medium risk (previously: low risk).

Media law/broadcasting licenses (regulatory risks). Changes to the regulatory or legal environment could have an impact on individual business activities. This is especially true for stricter provisions on distribution, advertising, broadcasting licenses or lotteries. At the same time, global platform providers that are taking up monopolistic market positions by virtue of their financial strength and are not bound by the strict German or European regulations are becoming increasingly influential. A current example is the ongoing EU legislative process for the EU Satellite and Cable Online Regulation ("Sat-Cab Regulation"). This EU Regulation, which is likely to come into force during 2018, could restrict ProSiebenSat.1 Group's autonomy to distribute or exploit its content. In contrast, OTT providers and Internet platforms would benefit from the regulation, because we as a broadcasting company would have to pass along our content at fixed conditions. → www.prosiebensat1.com/en/sustainability/publications/media-regulations-4-0

ProSiebenSat.1 Group actively monitors all relevant developments and is in constant contact with the regulators concerned, to ensure that its interests are taken into account as far as possible. Nonetheless, we classify regulatory risks as increased and consider their occurrence to be possible. We cannot completely rule out a medium negative impact on our earnings performance, and particularly on earnings in the Broadcasting German-speaking segment. We therefore rate this issue as a medium risk overall (previously: low risk).

Further information on the tax risks and the remaining Compliance risks can be found in the Notes. → Notes, Note 29–30 "Contingent liabilities," "Other financial obligations," page 225–226

Other Risks

Security risks. Security risks have not changed: We consider their occurrence to be possible and rate their potential impact on the Group's revenue and earnings performance as medium. Targeted attacks show that politically, economically or ideologically motivated groups represent a growing challenge for our society. The growing number and quality of risk factors require fast and effective emergency plans and clear responsibilities. To this end, ProSiebenSat.1 has defined instructions and established a crisis organization.

At the same time, data protection and securing corporate assets in the form of information are becoming increasingly relevant. ProSiebenSat.1 has also reacted to this by implementing an information security management system (ISMS). At the same time, employees' awareness is raised and they are given training on security issues. In addition to these risk factors, unforeseeable events such as natural disasters or attacks could have an adverse impact on ProSiebenSat.1's work processes and thus also on its earnings. We take account of these risks by means of construction-related and technical safeguards, among other measures; we secure productions and events with specialist staff. In view of the preventive measures taken, we classify the security risks as medium overall.

107 / DISCLOSURES ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE (CONSOLIDATED) REPORTING PROCESS

(section 289 (5) and section 315 (2) no. 5 of the German Commercial Code) with explanatory notes

The internal control and risk management system in relation to the (consolidated) reporting process is intended to ensure that transactions are appropriately reflected in the Consolidated Financial Statements of ProSiebenSat.1 Media SE (prepared in line with the from the EU adopted International Financial Reporting Standards, IFRS) and that assets and liabilities are recognized, measured and presented appropriately. This presupposes Group compliance with legal and company regulations. The scope and focus of the implemented systems were defined by the Executive Board to meet the specific needs of ProSiebenSat.1 Group. They are regularly reviewed and updated as necessary. Nevertheless, even appropriate and properly functioning systems cannot offer any absolute assurance that all risks will be identified and controlled. The company-specific principles and procedures to ensure that the Group's single-entity and consolidated reporting is effective and correct are described below.

GOALS OF THE RISK MANAGEMENT SYSTEM IN REGARD TO FINANCIAL REPORTING PROCESSES

The Executive Board of ProSiebenSat.1 Media SE views the internal control system with regard to the financial reporting process as an important component of the Group-wide risk management system. Controls are implemented in order to provide an adequate assurance that in spite of the identified risks inherent in recognition, measurement and presentation, the single-entity and Consolidated Financial Statements will be in full compliance with regulations. The principal goals of a risk management system in regard to single-entity and consolidated reporting processes:

- To identify risks that might jeopardize the goal of providing single-entity and Consolidated Financial Statements and a single-entity and Group Management Report that comply with regulations.
- To limit risks that are already known by identifying and implementing appropriate countermeasures.
- To analyze known risks as to their potential influence on the single-entity and Consolidated Financial Statements, and to take these risks duly into account.

In addition, our process descriptions and our risk control matrices are subject to an annual review. This ensures that the descriptions are up-to-date and thus also brings about the establishment of consistently effective control mechanisms. These updates combined with regular tests on the basis of samples were part of the PRIME project. Since then, they have been an integrated part of the internal control and risk management system in relation to the (consolidated) reporting process. On the basis of the test results there is an assessment of whether the controls are appropriate and effective. Any identified deficiencies in the controls are eliminated, taking into account their potential impact.

STRUCTURAL ORGANIZATION

- The material single-entity financial statements that are incorporated into the Consolidated Financial Statements are prepared using standardized software.
- The single-entity financial statements are then consolidated to form the Consolidated Financial Statements using stable market-based standardized software.
- The financial statements of the main individual entities are prepared in compliance with both local financial reporting standards and the Group's accounting and reporting manual based on IFRS, which is available via the Group intranet to all employees involved in the reporting process. The individual companies included in the Consolidated Financial Statements provide their financial statements to Group Accounting in a defined format.
- The financial systems employed are protected with appropriate access authorizations and controls (authorization concepts).
- The entire Group has a standardized plan of accounting items, which must be followed in recording the various relevant transactions.
- Certain matters relevant to reporting (e.g. expert opinions with regard to pension provisions) are determined with the assistance of external experts.
- The principal functions of the reporting process – accounting and taxes, controlling, and finance and treasury – are clearly separated. Areas of responsibility are assigned without ambiguity.
- The departments and other units involved in the reporting process are provided with adequate resources in terms of both quantity and quality. Regular professional training sessions are held to ensure that financial statements are prepared at a consistent and reliable level of quality.
- An appropriate system of guidelines (e.g. accounting and reporting manual, intercompany transfer pricing guideline, purchasing guideline, travel expense guideline, etc.) has been set up and is updated as necessary.

The efficiency of the internal control system in regard to processes relevant to financial reporting is reviewed on a sample basis by the Internal Audit unit, which is independent of the process.

PROCESS ORGANIZATION

- For the planning, monitoring, and optimization of the process of compiling the Consolidated Financial Statements, the Company uses tools that include a detailed calendar and all important activities, milestones, and responsibilities. All activities and milestones are assigned specific deadlines. Compliance with reporting duties and deadlines is monitored centrally by Group Accounting.
- In all accounting-related processes, controls are implemented such as the separation of functions, the dual-control principle, approval and release procedures, and plausibility testing.

- Tasks for the preparation of the Consolidated Financial Statements are clearly assigned (e.g. reconciliation of intragroup balances, capital consolidation, monitoring of reporting deadlines and reporting quality with regard to the data of consolidated companies, etc.). Group Accounting is the central point of contact for specific technical questions and complex accounting issues.
- All material information included in the Consolidated Financial Statements is subjected to extensive systematic validation to ensure the data is complete and reliable.
- Risks that relate to the (consolidated) accounting process are recorded and monitored continuously as part of the risk management process described in the Risk Report.

OPPORTUNITY REPORT

Growth opportunities are identified as part of the Group's opportunity management and are specified in the planning process. The Group anticipates revenue growth in the mid single-digit percentage range over the next five years (CAGR). Further portfolio measures and in particular larger bolt-on acquisitions offer additional potential.

Opportunity Management

Our opportunity management is part of the intragroup management system. The objective is to identify and seize opportunities as soon as possible using suitable measures. At ProSiebenSat.1 Group, the management of opportunities is decentrally organized in the business units and is supported and coordinated by the "Group Strategy & Operations" department. The department is in close contact with the individual operational units. This allows the department to gain detailed insight into the business situation. In addition, market and competition analyses and sharing experiences with external experts are important sources to identify growth opportunities for ProSiebenSat.1 Group. Defined opportunities are reported in the strategy plan. Relevant growth opportunities are prioritized, specific objectives are derived, and measures and resources for operational target attainment are determined. → Fig. 108 → Strategy and Management System, page 107

108 / **OPPORTUNITY MANAGEMENT**

EXPLANATORY NOTES ON KEY OPPORTUNITIES

We have incorporated opportunities that we consider to be likely in our forecast for 2018 and in our planning until 2022. In addition, economic performance-related factors such as cost awareness and efficient process management are key requirements for further strengthening ProSiebenSat.1 Group's market position. We report on these growth opportunities in the Company Outlook. In addition, there is potential that has not yet been or not fully been budgeted for. In particular, this potential may arise from strategic measures or a change in general conditions. In the section below, we report on these opportunities if they are material and important for the planning period until 2022. → Company Outlook, page 168

Additional Opportunities from Corporate Strategy Decisions

Social, technological and economic areas have significantly changed as a result of digitalization. This trend will continue in the years to come. The media industry was one of the first industries to be shaped by the effects of digitalization. Television content can be accessed at any time and be placed on TV screens and other devices, such as smartphones or tablets. ProSiebenSat.1 Group is consistently pushing ahead with its transformation from a traditional TV company into a digital group with a diversified business portfolio. The Group is developing new business models, using digital technologies and tapping into additional markets with acquisitions or strategic partnerships.

Leveraging synergies by networking business areas. ProSiebenSat.1 is the first media company to implement a combination of traditional TV, digital entertainment, e-commerce as well as content production, and consistently utilize the resulting synergies. This is the basis of the Group which has bundled its segments on the basis of a three-pillar strategy since 2018. In this context, the Group anticipates achieving net savings potential exceeding EUR 50 million by 2019/2020. An important step is bringing together the linear TV business with the digital entertainment segment so as to advance universal marketing and the platform-independent dissimenation of program content. At the same time, with the integration of Studio71 into the Content Production & Global Sales segment, the Group is reinforcing its digital production expertise. → Strategy and Objectives, page 107

In January 2018, ProSiebenSat.1 merged Red Arrow Entertainment Group with Studio71 under the Red Arrow Studios umbrella and integrated digital video offerings in both its traditional production business and its international distribution networks. Through Studio71, the production business gains direct access to a new talent pool and other growing digital channels. The Content Production division is thereby addressing the increasing demand for content on all channels, branded content, and influencer marketing. Bundling the existing production companies (Red Arrow), talent pools and digital channels (Studio71) with the distribution (Red Arrow International, Gravitas) results in synergies which have not yet been been budgeted.

By networking its investments and producing or bundling successful formats for use on various platforms from one source, the Group increases the efficiency of its investments and creates additional growth opportunities. ProSiebenSat.1 is also examining options for accelerating the growth momentum of Red Arrow Studios on the basis of cooperations with and co-investments from partners.

Data-based business models and digitization of TV advertising. ProSiebenSat.1 Group is consistently linking its television business to digital entertainment media and expanding its reach in this way. Together with its subsidiaries, SevenOne Media and SevenOne AdFactory, the Group is Germany's most innovative TV marketer and offers its customers coordinated campaigns on all platforms, including TV, online, mobile and social media. ProSiebenSat.1 is also focusing on new technologies. For instance, we were the first TV group in Germany to broadcast addressable TV campaigns with the hybrid broadcast broadband TV (HbbTV) technological standard. These advertisements combine the high reach of traditional television with the opportunities provided by digital advertising, including target-group-based advertisements individualized to devices.

Within the limits of what is legally possible, we aspire to increasingly use data on our digital platforms and online TV use in order to target recipients in a more personalized way. We see high potential here in the field of ad-technology, as new marketing techniques help us integrate advertising on an automated basis and with even greater target group focus. For this reason, the Group expanded its AdTech portfolio in January 2018 and acquired Kairion, an e-commerce marketer that aggregates the advertising environments and data of more than 80 online shops. In addition to this high reach for digital advertising offers, the company provides valuable target group insights – for example, with regard to specific purchasing interests: Using real-time targeting, advertising messages can be displayed as soon as the consumer signals an interest in purchasing something. Kairion can also help extend branding campaigns from TV into retail. ProSiebenSat.1 is thereby responding to changes in consumer behavior: Different media and channels are being used simultaneously, with the effect that TV, digital entertainment and commerce are increasingly complementing and converging with each other. → Strategy and Objectives, page 107 → Strategic Brand Portfolio of ProSiebenSat.1 Group, page 104

Entry into business areas with strong growth by expanding the portfolio. The successful M&A strategy has sustainably strengthened the Group's growth. In recent years, the Company particularly expanded its portfolio with smaller investments and media-for-equity or media-for-revenue-share investments and collaborated with strategic partners. Since the second half of 2015, larger acquisitions have also been made. One focus of the investments was e-commerce, which is experiencing dynamic growth. → Market Environment of the Commerce Business, page 133

Portfolio measures offer additional opportunities. In November 2016, ProSiebenSat.1 increased its financial headroom for future acquisitions with a capital increase. It is continuously examining whether attractive opportunities for acquisitions or collaborations exist. Products and services that add value via the main medium of TV are particularly relevant for ProSiebenSat.1 from a strategic point of view. With TV advertising, the Group can quickly and efficiently increase the revenues of its investments without high cash investments. These are key pillars of our M&A strategy. In addition, new investments must link in particularly well with the existing digital portfolio. This results in revenue and cost synergies.

In 2017, the commerce portfolio was the Group's most significant revenue driver. Starting from January 1, 2018, ProSiebenSat.1 operates in the Commerce business with the name NCG – NuCom Group and bundles its subsidiaries in thematic categories. The objective is to expand the portfolio and further accelerate growth, this also includes partnerships.

Additional Opportunities from the Development of General Conditions

The German economy continued to grow moderately in 2017. We also expect macroeconomic conditions to develop positively in the future. The TV advertising market is benefiting from the digitalization and new technologies such as HbbTV, prompting advertisers to shift their budgets from print to video advertising. ProSiebenSat.1 has identified market growth of around EUR 660 million (net) by 2022 in this context. Against this backdrop, we anticipate average growth rates in our core market Germany of up to 2% to 3% in our budget planning for the German TV advertising market for the next five years. → Economic Development, page 125 → Future Business and Industry Environment, page 166

Positive deviations from these key planning assumptions could accelerate profitable growth for the Group as a whole. In addition, regulatory changes could have a positive impact on revenue performance. Additional revenues for private providers could result from a reduction of advertising offered by public stations in particular. In this context, ProSiebenSat.1 expects an additional market volume of more than EUR 300 million per year. As the leading sales company, the Group would significantly benefit from a ban on advertising for public broadcasters.

109 / OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY SITUATION – MANAGEMENT VIEW

We are growing in a dynamic way as we are able to recognize and to benefit from market changes at an early stage. By 2022, we anticipate revenues to increase by a mid single-digit percentage range (CAGR), with additional potential coming from further portfolio measures and in particular larger acquisitions. The digital development opens up new growth markets for all of our segments. But there are also risks. Therefore, the identification and management of potential opportunities is just as important for our Group as the recognition and controlling of potential risks.

We estimate that there are no risks that, individually or in combination with other risks, could have a material or lasting adverse effect on the earnings, financial position and performance. The identified risks pose no threat to the Company as a going concern, even looking into the future. As a result as of the date this report was prepared, the Executive Board still considers the overall risk situation as limited, even if the risk situation has increased slightly. The opportunity situation has not changed. Acquisitions are part of our strategy for advancing the transformation from a TV to a digital company.

OUTLOOK

is the range in which the leverage ratio of ProSiebenSat.1 Group also should be in the future. With this, we confirm our financial policy regarding the leverage ratio. By the end of the year it amounted to 1.6x.

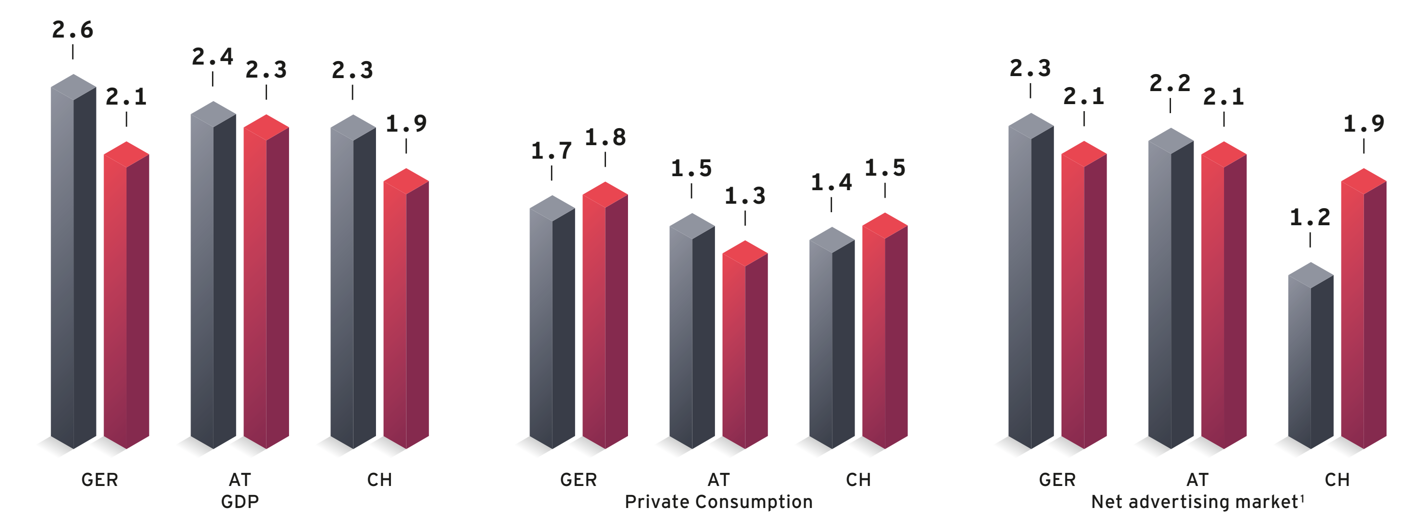
FUTURE BUSINESS AND INDUSTRY ENVIRONMENT

Looking at 2018, the economic research institutes expect the robust upward trend to continue. Since 2017 was a rather difficult year for the net advertising market, industry experts' growth forecasts for video advertising on TV and in digital media are more positive again for 2018. At the same time, the relevance of e-commerce offerings is increasing in the wake of digitalization.

The German economy is estimated to have grown by 2.2% in real terms in 2017; the economic research institutes considerably increased their economic forecasts for the past year on several previous occasions. The institutes also expect the robust upward trend to continue in 2018. Private consumer spending is likely to increase solidly again with rising employment and higher incomes. At the same time, construction activity, corporate investment and exports are expected to benefit from the good global economic situation, rising demand and favorable financing conditions. In this context, the growth expectations for real gross domestic product (GDP) are between 2.2% (DIW) and 2.6% (ifo Institut), while for private consumer spending they are between 1.5% (DIW) and 2.0% (Leipniz Institute for Economic Research Halle, IWH). For the eurozone, the International Monetary Fund (IMF) anticipates stable growth of 2.2% for 2018 (previous year: 2.4%); the global economy is likely to expand by 3.9% (previous year: 3.7%). However, at the same time there are significant geopolitical uncertainty factors such as the conflict in North Korea, ongoing Brexit negotiations and new upheavals in the European banking sector. → Economic Development, page 125 → Risk Report, page 153

The German net TV advertising market drew less benefit from the positive macroeconomic data in 2017. This was due to sector-specific

110 / FORECAST FOR GDP, PRIVATE CONSUMPTION AND NET ADVERTISING MARKET IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 in %, change vs. previous year



■ 2018 ■ 2019

Source: **GER:** Destatis, ifo Economic Forecast from December 14, 2017. / **AT:** European Commission, European Economic Forecast Autumn 2017.
CH: SECO Economic Forecast from December 19, 2017.
[1] ZenithOptimedia, advertising expenditure forecast December 2017, figures adjusted on a net basis, nonetheless methodological differences between different countries and sources.

developments, whose duration and efficacy cannot yet be conclusively assessed. However, the slowdown in the reporting period is not affecting the TV advertising market in Germany alone, but the entire European advertising market. Major advertising agencies already revised their revenue forecasts in August 2017. Against this backdrop, agency groups now forecast net TV market growth of between 1.0% and 3.5% in the 2018 sports year (WARC: 3.5%, ZenithOptimedia: 2.8%, Magna Global: 1.0%). For 2018, the agency groups anticipate net growth of the German overall advertising market of between 1.7% and 2.3% (WARC: 2.3%, ZenithOptimedia: +2.3%, Magna Global: 1.7%). In-stream video advertising is likely to develop particularly dynamically and drive growth of the online advertising market. The agency groups expect the online advertising market in Germany to record net growth of around 7% (WARC: 6.1%, ZenithOptimedia: 8.0%, Magna Global: 8.7%). → Development of the TV and Online Advertising Market, page 131

VoD will also continue to grow. According to Statista's Digital Market Outlook, the SVoD market relevant to ProSiebenSat.1 is expected to generate around EUR 601 million in 2018 (2017: EUR 534 million). The market volume is set to amount to EUR 665 million by 2020. For the PayVoD market (subscriptions and pay-per-view), Statista anticipates a volume of EUR 864 million for 2018. PwC, VPRT, Astra and OVum forecast that the pay TV market will grow to a volume of EUR 4.2 billion by 2021. → Development of Media Consumption and Advertising Impact, page 125

According to Statista's Digital Market Outlook, digital commerce is expected to grow at an annual rate of around 7% until 2022, as more and more products and services are being purchased online. Overall, the e-commerce market in Germany in 2018 is expected to grow by 10% to a market volume of around EUR 63 billion. The Center for Retail Research in Cologne expects online revenues in the amount of EUR 80.4 billion by the year 2021; the share of online retail is expected to increase to 13.1%. The share of mobile shopping could increase to 61% of online revenues by 2021. This would correspond to online mobile revenues of around EUR 49 billion.

The various areas differ in their dynamic; the market for online comparison sites in the fields of energy, telco, car insurance and consumer loans is likely to grow to a volume of around EUR 900 million by 2020. This equates to a growth rate of 12% since 2016. According to Statista's Digital Market Outlook, the online dating market is likely to grow by 15.7% by 2020. OC&C Strategy Consultants[1] forecasts annual growth rates for the experiences market of approximately 5% to 7% until 2022.

[1] In the context of the for ProSiebenSat.1 Group prepared Commercial Due Diligence Report.

COMPANY OUTLOOK

Due to the positive market forecasts for the entertainment business and the consistent diversification and transformation of the Group, we anticipate further growth in revenues in 2018. Meanwhile, the ProSiebenSat.1's profitability/adjusted EBITDA margin is expected to remain in the mid 20 percent range. We are aiming to achieve an average increase in revenues in the mid single-digit percentage range per year by 2022.

NEW SEGMENT STRUCTURE

ProSiebenSat.1 Group is driving forward its digital transformation and has bundled its portfolio in the three pillars of Entertainment, Content Production & Global Sales and Commerce since the beginning of 2018 → Fig. 112. In this way, the Group is reacting to the dynamic environment and improving its positioning for further profitable growth. As part of this realignment based on a three-pillar strategy, the Group also intends to achieve a net savings potential of over EUR 50 million by 2019/2020, which will entail an improved cost development in the Entertainment segment despite further investments in programming and in areas such as AdTech and data. The new segment structure is reflected accordingly in this Company Outlook. → Organization and Group Structure, page 102 → Opportunity Report, page 162

111 / EXPLANATORY NOTES ON THE FORECAST

Due to planned adjustments to the target parameters in the compensation system, EBITDA will no longer be included as one of the most important financial performance indicators for the Entertainment and Commerce segments. The qualitative comparative forecasts for the segment key figures of external revenues and adjusted EBITDA (stable, low, medium, and significant) are based on the anticipated positive or negative percentage deviations from the previous year. Effects from the changeover to the new IFRS accounting standards (particularly IFRS 16) as of January 1, 2018, are reflected in the forecast. The information provided refers to the plans adopted by the Executive Board and Supervisory Board. Our statements are also based on general economic and sector-specific data at the time this report was prepared. → Notes, "Changes in reporting standards," page 256 → Planning and Management, page 108 → Future Business and Industry Environment, page 166

112 / NEW SEGMENT STRUCTURE SINCE JANUARY 1, 2018

FORECAST FOR 2018

The market forecasts for our entertainment business are positive. At the same time, we have set the course for a successful future with the further diversification and transformation of ProSiebenSat.1. We therefore expect to increase our consolidated revenues further in 2018 → Fig. 113. Meanwhile, the Group's profitability/adjusted EBITDA margin is expected to remain at the previous year's high level in the mid 20 percent range. With regard to adjusted net income, the Group anticipates a conversion rate of adjusted EBITDA to adjusted net income at the high level of the previous year, too. Additional contributions from acquisitions that may take place this year are not yet reflected in this financial outlook. → Opportunity Report, page 162

ProSiebenSat.1 is pursuing a long-term financing policy for its M&A activities with a target range for the leverage ratio of 1.5 to 2.5, which the Group will also maintain in the future. At the same time, ProSiebenSat.1 is continuing its earnings-oriented dividend policy. The aim is to pay 80% to 90% of adjusted net income as a dividend each year. → The ProSiebenSat.1 Share, page 95

113 / EXPECTED GROUP KEY FIGURES IN 2018

	2017	Forecast for 2018
Revenues (in EUR m)	4,078	Increase in the low to mid single-digit percentage range
Adjusted EBITDA margin (in %)	25.8	Mid 20 percent range
Adjusted net income (conversion rate of adjusted EBITDA to adjusted net income in %)	52	~50%
Leverage ratio (net financial debt/ LTM adjusted EBITDA)	1.6x	1.5x - 2.5x

In the Entertainment segment, we anticipate a low increase in revenues in 2018, also leading to a low increase in adjusted EBITDA. We also still expect to maintain our leading position with regard to audience shares in the advertising-relevant target group of 14- to 49-year-olds at a high level. In the Content Production & Global Sales segment, we anticipate significant increases in both revenues and adjusted EBITDA in 2018. For the Commerce segment, we are forecasting a low decrease in external revenues and a medium decline in adjusted EBITDA. → Fig. 114

114 / EXPECTED SEGMENT KEY FIGURES IN 2018

in EUR m

	2017	Forecast for 2018
Entertainment		
External revenues	2,737	Low increase
Adjusted EBITDA	898	Low increase
Content Production & Global Sales		
External revenues	523	Significant increase
Adjusted EBITDA	18	Significant increase
Commerce[1]		
External revenues	818	Low decrease
Adjusted EBITDA	135	Medium decrease

[1] Including deconsolidation effects from the travel business.

MID-TERM FINANCIAL TARGETS

At its Capital Markets Day on December 6, 2017, ProSiebenSat.1 applied its current financial targets for 2018 to new medium term revenue growth and margin ranges. The Group expects to continue its profitable growth and is aiming to achieve an average increase in revenues in the mid single-digit percentage range per year by 2022. At the same time, the Group anticipates a further increase in operating earnings and a profitability in the mid 20 percent range based on the adjusted EBITDA in the medium term.

115 / PREDICTIVE STATEMENTS

Forecasts are based on current assessments of future developments. In this context, we draw on our budget planning and comprehensive market and competitive analyses. The forecasted values are calculated in accordance with the reporting principles used in the financial statements and are consistent with the adjustments described in the Management Report. However, forecasts naturally entail some uncertainties that could lead to positive or negative deviations from planning. If imponderables occur or if the assumptions on which the predictive statements are made no longer apply, actual results may deviate materially from the statements made or the results implicitly expressed. Developments that could negatively impact this forecast include, for example, lower economic momentum than expected at the time this report was prepared. These and other factors are explained in detail in the Risk- and Opportunity Report. There we also report on additional growth potential; opportunities that we have not yet or not fully budgeted for could arise from corporate strategy decisions, for example. Potential risks are accounted for regularly and systematically as part of the Group-wide risk management process. Significant events after the end of the reporting period are explained in the → Notes, Note 36 "Events after the reporting period," page 242. The publication date of the Annual Report 2017 is March 15, 2018.

116 / OVERALL ASSESSMENT OF FUTURE DEVELOPMENT – MANAGEMENT VIEW

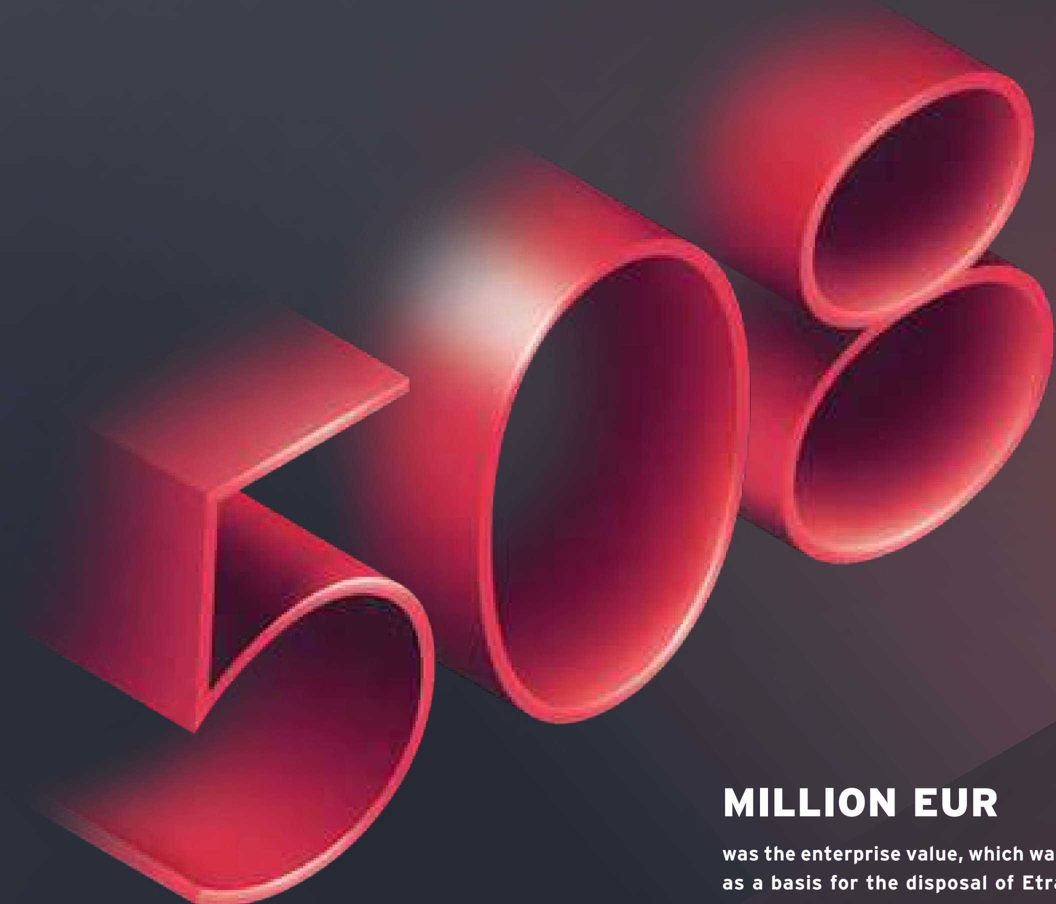
We are optimistic about the future: Forecasts for the TV business and our digital markets are positive. At the same time, we have made preparations for future growth on the basis of further developing our digital and diversification strategy. This is why we expect consolidated revenues to increase and the profitability/adjusted EBITDA margin in the mid 20 percent range in 2018.

Our objective is to continuously increase the Company's value and to establish new revenue drivers that our shareholders can benefit from in the long run. With free advertising time on TV we have an additional investment currency. This allows us to invest in growth without large amounts of cash and to distribute an attractive dividend at the same time. We are sticking to our earnings-oriented dividend policy and the leverage ratio target range of 1.5 to 2.5.

CREATING FACTS

CONSOLIDATED FINANCIAL STATEMENT

NOTES



MILLION EUR

was the enterprise value, which was taken as a basis for the disposal of Etraveli in August 2017. The disposal was based on a strategic review process of the online travel business of ProSiebenSat.1 Group and is for the structural focusing of the Group's segments.

INCOME STATEMENT

117 / INCOME STATEMENT OF PROSIEBENSAT.1 GROUP in EUR m

			2017	2016
CONTINUING OPERATIONS				
1.	Revenues	[5]	4,078	3,799
2.	Cost of sales	[6]	-2,390	-2,020
3.	**Gross profit**		**1,688**	**1,779**
4.	Selling expenses	[7]	-577	-520
5.	Administrative expenses	[8]	-590	-506
6.	Other operating expenses	[9]	-33	-11
7.	Other operating income	[10]	332	34
8.	**Operating result**		**820**	**777**
9.	Interest and similar income		2	5
10.	Interest and similar expenses		-85	-89
11.	Interest result	[11]	-83	-84
12.	Result from investments accounted for using the equity method	[12]	-10	-1
13.	Other financial result	[12]	-82	-34
14.	**Financial result**		**-174**	**-119**
15.	**Result before income taxes**		**646**	**658**
16.	Income taxes	[13]	-165	-206
17.	**Result for the period from continuing operations**		**481**	**452**
DISCONTINUED OPERATIONS				
18.	Result from discontinued operations (net of income taxes)		-/-	-42
RESULT FOR THE PERIOD			**481**	**410**
	Attributable to shareholders of ProSiebenSat.1 Media SE		471	402
	Non-controlling interests		10	8
in EUR				
	Earnings per share			
	Basic earnings per share	[14]	2.06	1.86
	Diluted earnings per share	[14]	2.04	1.82
	Earnings per share from continuing operations			
	Basic earnings per share	[14]	2.06	2.05
	Diluted earnings per share	[14]	2.04	2.02
	Earnings per share from discontinued operations			
	Basic earnings per share	[14]	-/-	-0.19
	Diluted earnings per share	[14]	-/-	-0.19

STATEMENT OF COMPREHENSIVE INCOME

118 / STATEMENT OF COMPREHENSIVE INCOME OF PROSIEBENSAT.1 GROUP in EUR m

	2017	2016
Result for the period	**481**	**410**
Items subsequently reclassified to profit or loss		
Change in foreign currency translation adjustment[1]	– 43	– 4
Changes in fair value of cash flow hedges	– 215	37
Deferred tax on other comprehensive income	60	– 10
Deconsolidation reclassifications	8	–/–
Items subsequently not reclassified to profit or loss		
Effects from valuation of pension obligations	0	– 1
Deferred tax on effects from valuation of pension obligations	0	0
Other comprehensive income for the period	**– 189**	**22**
Total comprehensive income for the period	**292**	**432**
Attributable to Shareholders of ProSiebenSat.1 Media SE	284	424
Non-controlling interests	8	8

[1] Includes non-controlling interests from change in foreign currency translation adjustment in 2017 of minus 3 EUR m (2016: 0 EUR m).

STATEMENT OF FINANCIAL POSITION

119 / STATEMENT OF FINANCIAL POSITION OF PROSIEBENSAT.1 GROUP in EUR m

			12/31/2017	12/31/2016
A.	**Non-current assets**			
I.	Goodwill	[16]	1,831	1,860
II.	Other intangible assets	[17]	745	817
III.	Property, plant and equipment	[18]	205	216
IV.	Investments accounted for using the equity method	[19]	108	109
V.	Non-current financial assets	[21]	175	331
VI.	Programming assets	[20]	1,021	1,166
VII.	Other receivables and non-current assets	[22]	4	11
VIII.	Deferred tax assets	[13]	34	30
			4,123	**4,540**
B.	**Current assets**			
I.	Programming assets	[20]	177	146
II.	Inventories		39	29
III.	Current financial assets	[21]	52	91
IV.	Trade receivables	[21]	501	446
V.	Current tax assets		41	23
VI.	Other receivables and current assets	[22]	53	57
VII.	Cash and cash equivalents	[23]	1,552	1,271
VIII.	Assets held for sale	[4]	32	-/-
			2,446	**2,064**
	Total assets		**6,569**	**6,603**

119 / STATEMENT OF FINANCIAL POSITION OF PROSIEBENSAT.1 GROUP in EUR m

			12/31/2017	12/31/2016
A.	**Equity**	[24]		
I.	Subscribed capital		233	233
II.	Capital reserves		1,055	1,054
III.	Consolidated equity generated		79	42
IV.	Treasury shares		−13	−14
V.	Accumulated other comprehensive income		−16	171
VI.	Other equity		−113	−79
	Total equity attributable to shareholders of ProSiebenSat.1 Media SE		1,225	1,408
VII.	Non-controlling interests		26	24
			1,252	**1,432**
B.	**Non-current liabilities**			
I.	Non-current financial debt	[27]	3,180	3,178
II.	Other non-current financial liabilities	[27]	473	406
III.	Trade payables	[27]	50	70
IV.	Other non-current liabilities	[28]	7	16
V.	Provisions for pensions	[25]	27	26
VI.	Other non-current provisions	[26]	46	42
VII.	Deferred tax liabilities	[13]	253	335
			4,036	**4,073**
C.	**Current liabilities**			
I.	Current financial debt	[27]	4	7
II.	Other current financial liabilities	[27]	145	102
III.	Trade payables	[27]	541	527
IV.	Other current liabilities	[28]	357	303
V.	Provisions for taxes	[13]	120	76
VI.	Other current provisions	[26]	107	83
VII.	Liabilities associated with assets held for sale	[4]	6	-/-
			1,281	**1,099**
	Total equity and liabilities		**6,569**	**6,603**

CASH FLOW STATEMENT

120 / CASH FLOW STATEMENT OF PROSIEBENSAT.1 GROUP in EUR m

	2017	2016
Result from continuing operations	481	452
Result from discontinued operations (net of income taxes)	–/–	– 42
Result for the period	**481**	**410**
Income taxes	165	206
Financial result	174	119
Depreciation/amortization and impairment of other intangible and tangible assets	263	206
Consumption/reversal of impairment of programming assets	1,140	912
Change in provisions for pensions and other provisions	4	25
Gain/loss on the sale of assets	– 303	– 7
Other non-cash income/expenses	4	3
Change in working capital	– 88	– 14
Dividends received	6	6
Income tax paid	– 164	– 210
Interest paid	– 65	– 82
Interest received	3	3
Cash flow from operating activities of continuing operations	1,621	1,619
Cash flow from operating activities of discontinued operations	–/–	– 42
Cash flow from operating activities total	**1,621**	**1,577**
Proceeds from disposal of non-current assets	38	33
Payments for the acquisition of other intangible and tangible assets	– 156	– 160
Payments for the acquisition of financial assets	– 28	– 90
Proceeds from disposal of programming assets	23	17
Payments for the acquisition of programming assets	– 1,048	– 992
Payments for the issuance of loan receivables to external parties	0	0
Proceeds for the issuance of loan repayments from external parties	1	0
Proceeds from the repayment of loans to financial assets	1	–/–
Cash flow from obtaining control of subsidiaries or other business (net of cash and cash equivalents acquired)	– 197	– 420
Cash flow from losing control of subsidiaries or other business (net of cash and cash equivalents disposed of)	473	– 11
Cash flow from investing activities of continuing operations	**– 894**	**– 1,623**
Free cash flow of continuing operations	728	– 4
Free cash flow of discontinued operations	–/–	– 42
Free cash flow	**728**	**– 46**

120 / CASH FLOW STATEMENT OF PROSIEBENSAT.1 GROUP in EUR m

	2017	2016
Free cash flow (amount carried over from page 178)	**728**	**–46**
Dividends paid	–435	–386
Repayment of interest-bearing liabilities	–9	–316
Proceeds from issuance of interest-bearing liabilities	7	807
Repayment of finance lease liabilities	–16	–15
Proceeds from the sale of treasury shares	2	6
Proceeds from the share issuance	–/–	512
Proceeds from the sale of shares in other entities without change in control	52	–/–
Payments for shares in other entities without change in control	–9	–1
Proceeds from non-controlling interests	1	1
Payments in connection with refinancing measures	–5	–2
Dividend payments to non-controlling interests	–15	–21
Cash flow from financing activities of continuing operations	**–426**	**584**
Effect of foreign exchange rate changes on cash and cash equivalents	–14	0
Change in cash and cash equivalents total	**288**	**537**
Cash and cash equivalents at beginning of reporting period	1,271	734
Cash and cash equivalents at end of reporting period	**1,559**	**1,271**
Cash and cash equivalents classified under assets held for sale at end of reporting period	7	–/–
Cash and cash equivalents of continuing operations at end of reporting period (statement of financial position)	**1,552**	**1,271**

STATEMENT OF CHANGES IN EQUITY

121 / **STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP FOR 2016** in EUR m

					Accumulated other comprehensive income							
	Subscribed capital	**Capital reserves**	**Consolidated equity generated**	**Treasury shares**	**Foreign currency translation adjustment**	**Fair value changes of cash flow hedges**	**Valuation of provisions for pensions**	**Deferred taxes**	**Other equity**	**Total equity attributable to shareholders of ProSiebenSat.1 Media SE**	**Non-controlling interests**	**Total equity**
December 31, 2015	219	600	26	- 20	22	185	- 8	- 50	- 54	922	21	943
Result for the period	-/-	-/-	402	-/-	-/-	-/-	-/-	-/-	-/-	402	8	410
Other comprehensive income	-/-	-/-	-/-	-/-	- 4	37	- 1	- 10	-/-	22	0	22
Total comprehensive income	**-/-**	**-/-**	**402**	**-/-**	**- 4**	**37**	**- 1**	**- 10**	**-/-**	**424**	**8**	**432**
Dividends	-/-	-/-	- 386	-/-	-/-	-/-	-/-	-/-	-/-	- 386	- 21	- 407
Share-based payments	-/-	- 47	-/-	6	-/-	-/-	-/-	-/-	-/-	- 41	-/-	- 41
Issuance of shares	14	498	-/-	-/-	-/-	-/-	-/-	-/-	-/-	513	-/-	513
Other changes	-/-	2	0	0	-/-	-/-	-/-	-/-	- 25	- 23	16	- 7
December 31, 2016	**233**	**1,054**	**42**	**- 14**	**18**	**221**	**- 9**	**- 59**	**- 79**	**1,408**	**24**	**1,432**

122 / **STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP FOR 2017** in EUR m

					Accumulated other comprehensive income							
	Subscribed capital	**Capital reserves**	**Consolidated equity generated**	**Treasury shares**	**Fair value changes of cash flow hedges**	**Bewertung von Cashflow-Hedges**	**Valuation of provisions for pensions**	**Deferred taxes**	**Other equity**	**Total equity attributable to shareholders of ProSiebenSat.1 Media SE**	**Non-controlling interests**	**Total equity**
December 31, 2016	233	1,054	42	- 14	18	221	- 9	- 59	- 79	1,408	24	1,432
Result for the period	-/-	-/-	471	-/-	-/-	-/-	-/-	-/-	-/-	471	10	481
Other comprehensive income	-/-	-/-	-/-	-/-	- 40	- 215	0	60	-/-	- 195	- 3	- 198
Deconsolidation reclassifications	-/-	-/-	-/-	-/-	8	-/-	-/-	-/-	-/-	8	-/-	8
Total comprehensive income	**-/-**	**-/-**	**471**	**-/-**	**- 32**	**- 215**	**0**	**60**	**-/-**	**284**	**8**	**292**
Dividends	-/-	-/-	- 435	-/-	-/-	-/-	-/-	-/-	-/-	- 435	- 15	- 450
Share-based payments	-/-	3	-/-	0	-/-	-/-	-/-	-/-	-/-	3	-/-	3
Other changes	-/-	- 1	0	0	-/-	-/-	-/-	-/-	- 34	- 35	10	- 25
December 31, 2017	**233**	**1,055**	**79**	**- 13**	**- 14**	**7**	**- 9**	**1**	**- 113**	**1,225**	**26**	**1,252**

NOTES

NOTES

BASIS OF PREPARATION

1 / General principles

The consolidated financial statements refer to ProSiebenSat.1 Media SE and its subsidiaries (together "the Company", "the Group" or "ProSiebenSat.1 Group").

ProSiebenSat.1 Media SE is based in Unterföhring and is a listed stock corporation under European law. As the ultimate parent company of the Group, it is registered under the name ProSiebenSat.1 Media SE with the Munich District Court in Germany (HRB 219 439). Together with its subsidiaries, it is one of the leading media companies in Europe.

The consolidated financial statements of ProSiebenSat.1 Group for the financial year ending December 31, 2017, were prepared in accordance with the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB") in force on the reporting date, as adopted by the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and the Council concerning the use of International Accounting Standards. The additional requirements of section 315a of the German Commercial Code ("HGB") were also followed.

ProSiebenSat.1 Media SE prepares and publishes its consolidated financial statements in Euro. In some instances, prior-year figures have been adjusted to the current presentation. Due to rounding, some of the figures in these Consolidated Financial Statements may not add up exactly to the stated sum or indicated percentage values may not exactly reflect the corresponding absolute figures.

USE OF ASSUMPTIONS AND ESTIMATES AS WELL AS CHANGES IN ESTIMATES

When preparing Consolidated Financial Statements pursuant to IFRS, assumptions are required and estimates to be made to a certain degree, which may affect the valuation of the reported assets and liabilities as well as the amount of expenses and income. The assumptions and estimates are based on premises, which in turn are based on management's respective current state of knowledge. In particular, the circumstances at the time of the preparation of the Consolidated Financial Statements and the expected realistic future development of the global and industry-specific environment were taken into account in the assessment of future business developments. As a result of developments in these framework conditions that deviate from the assumptions and are beyond the control of the management, the amounts actually incurred may deviate from the originally expected estimates. If the actual development deviates from the one expected, the premises and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted accordingly (affecting net income).

Assumptions and estimates are required in particular for the following balance sheet items and are explained in the respective chapters:

- Recognition and measurement of assets (in particular goodwill (note 16 "Goodwill") and other intangible assets (note 17 "Other intangible assets")) as well as liabilities in business combinations (note 4 "Acquisitions and disposals"),
- Assessment of the recoverability of intangible assets with indefinite useful lives (in particular of goodwill (note 16 "Goodwill") and trademarks (note 17 "Other intangible assets"),
- Determination of useful lives of non-current assets (note 17 "Other intangible assets" and note 18 "Property, plant and equipment"),
- Recognition and measurement of programming assets (note 20 "Programming assets"),
- Measurement of receivables and required impairments (note 21 "Financial receivables and assets"),

- Measurement of financial assets and liabilities (note 21 "Financial receivables and assets", note 27 "Financial Obligations" and note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"),
- Recognition and measurement of provisions (note 26 "Other provisions") and
- Assessment of future tax credits and uncertain tax positions (note 13 "Income taxes").

2 / Segment reporting

Pursuant to IFRS 8, a distinction must be made between operating segments based on internal management and reporting. The organizational and reporting structure of ProSiebenSat.1 Group is based on management by business segments. Based on the reporting system established by it, the Executive Board as the chief operating decision maker assesses the performance of the various segments and the allocation of resources.

ProSiebenSat.1 Media SE has been divided into four reporting segments: "Broadcasting German-speaking", "Digital Entertainment", "Digital Ventures & Commerce" and "Content Production & Global Sales."

The Broadcasting German-speaking segment arregate the German Free TV stations SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, ProSieben MAXX and the Free TV station kabel eins Doku under the umbrella of ProSiebenSat.1 TV Deutschland GmbH, as well as the stations of our subsidiaries in Austria and Switzerland, the sales companies SevenOne Media and SevenOne AdFactory and ProSiebenSat.1 Produktion GmbH.

The Broadcasting German-speaking segment furthermore participates in the technical connection fees generated by cable, satellite and IPTV providers from distributing the ProSiebenSat.1 HD stations. The SAT.1 regional companies and the Pay TV area are also reported in this segment.

The Digital Entertainment segment includes the online video business with the pay video-on-demand portal maxdome, the digital studio Studio71, the areas of ad video-on-demand, ad tech and data, and the adjacent business.

The Digital Ventures & Commerce segment includes, among others, e-commerce verticals from the online travel, online price comparison and online dating areas as well as the vertical lifestyle commerce and the SevenVentures business.

The Content Production & Global Sales segment comprises all production activities and global sales of programming content bundled together under the umbrella of Red Arrow Studios.

The following table contains segment information about ProSiebenSat.1 Group:

123 / SEGMENT INFORMATION 2017 in EUR m

	Segment Broadcasting German-speaking 2017	Segment Digital Entertainment 2017	Segment Digital Ventures & Commerce 2017	Segment Content Production & Global Sales 2017	Total Segments 2017	Other/ Eliminations 2017	Total consolidated financial statements 2017
Revenues	2,386	489	1,001	427	4,303	-225	4,078
External revenues	2,239	463	996	352	4,050	28	4,078
Internal revenues	146	25	6	75	253	-253	-/-
Adjusted EBITDA	767	32	221	36	1,056	-6	1,050
Adjusted EBITDA margin	32.2%	6.5%	22.1%	8.5%	n/a	n/a	25.8%
EBITDA[1]	544	10	562	27	1,143	-59	1,084
Income from investments accounted for using the equity method[1]	7	-7	-10	0	-10	-/-	-10
Interest and similar income[1]	7	1	0	0	8	-6	2
Interest and similar expenses[1]	80	1	5	4	90	-6	85
Income taxes1	152	-14	27	0	165	-/-	165
Depreciation and amortization	73	62	45	16	196	1	196
Impairment	1	25	37	4	67	-/-	67
Other non-cash expenses (-) and income (+)	-1,150	-68	-28	-6	-1,252	16	-1,236
Segment assets[1]	2,227	511	1,546	364	4,647	-77	4,570
thereof goodwill	487	303	874	167	1,831	-/-	1,831
Segment investments	1,114	84	25	1	1,224	-21	1,203
Segment free cash flow[1]	312	-50	588	-97	752	-25	728
Investments accounted for using the equity method[1]	7	40	61	0	108	-/-	108
Segment liabilities[1]	1,884	-27	-279	-11	1,567	66	1,632

[1] This information is provided on a voluntary basis as part of segment reporting.

124 / SEGMENT INFORMATION 2016 in EUR m

	Segment Broadcasting German-speaking 2016	Segment Digital Entertainment 2016	Segment Digital Ventures & Commerce 2016	Segment Content Production & Global Sales 2016	Total Segments 2016	Other/ Eliminations 2016	Total consolidated financial statements 2016
Revenues	2,304	463	782	421	3,971	-172	3,799
External revenues	2,210	442	768	362	3,782	17	3,799
Internal revenues	94	21	14	60	188	-188	-/-
Adjusted EBITDA	760	37	180	47	1,024	-6	1,018
Adjusted EBITDA margin	33.0%	7.9%	23.0%	11.2%	n/a	n/a	26.8%
EBITDA[1]	747	37	168	44	996	-14	982
Income from investments accounted for using the equity method[1]	7	-5	-4	0	-1	0	-1
Interest and similar income[1]	10	0	1	0	11	-6	5
Interest and similar expenses[1]	80	2	6	7	95	-6	89
Income taxes1	196	3	14	-8	206	0	206
Depreciation and amortization	66	60	35	19	181	0	181
Impairment	5	11	4	4	25	0	25
Other non-cash expenses (-) and income (+)	-931	-52	-11	-7	-1,000	10	-990
Segment assets[1]	2,218	558	1,680	333	4,789	-46	4,743
thereof goodwill[2]	464	313	932	151	1,860	0	1,860
Segment investments	1,024	97	24	15	1,160	-8	1,151
Segment free cash flow[1]	449	-104	-301	-40	4	-8	-4
Investments accounted for using the equity method[1]	7	49	50	4	109	0	109
Segment liabilities[1]	2,118	-2	-186	-32	1,897	16	1,913

[1] This information is provided on a voluntary basis as part of segment reporting.
[2] The allocation of goodwill to the new groups of cash-generating units took place on July 1, 2016 (note 16 "Goodwill").

The Executive Board as chief operating decision maker measures the segment results against a segment profit measure, which in internal control and reporting is called “adjusted EBITDA”.

DEFINITION ADJUSTED EBITDA

The earnings key figure “adjusted EBITDA” stands for earnings before interest, taxes, depreciation and amortization. Material special effects related to M & A transactions, costs for reorganizations and litigation that are not to be taken into account, therefore serving as the key figure for the Executive Board for performance measurement in terms of profitability on Group and segement level.

Segment assets comprise all assets used for operating activities. These include goodwill, other intangible assets as well as property, plant and equipment, programming assets and current assets net of income tax receivables, deferred tax assets, current financial assets and cash cash and cash equivalents. Segment assets are not used for internal management and reporting, but are nevertheless reported on a voluntary basis in the context of segment reporting.

Segment investments relate to additions to non-current assets. They comprise additions to other intangible assets, property, plant and equipment as well as programming assets.

Depreciation and amortization is attributable to the assets allocated to the individual segments. A distinction is made between the separately reported parameters of scheduled depreciation or amortization and impairments. Impairments of programming assets, financial assets or current financial assets are not included.

Other non-cash expenses and income mainly include the consumption of programming assets, additions to provisions, expenses in connection with share-based payments and impairments of receivables. Such expenses are offset against income from the reversal of provisions.

Segment liabilities defined as net debt are reported in the context of segment reporting on a voluntary basis. Segment liabilities are determined as the balance of loan liabilities of the respective segments, minus cash and cash equivalents and current financial assets of the segments. As debt is not managed by the chief operating decision makers at segment level, this figure is also not the subject of regular internal reporting. Rather, debt is managed at Group level. Thus, this figure is provided as additional information.

Moreover, a range of non-mandatory segment information is also provided. Such information is not part of the segment result or of the segment assets, but is disclosed voluntarily because of its informational relevance.

The reconciliation between the segment values and the consolidated values is shown below:

125 / RECONCILIATION OF SEGMENT INFORMATION in EUR m

	2017	2016
REVENUES		
Revenues from reportable segments	4,303	3,971
Eliminations and other reconciling items	– 225	– 172
Revenues of the Group	**4,078**	**3,799**
ADJUSTED EBITDA		
Adjusted EBITDA of reportable segments	1,056	1,024
Eliminations and other reconciling items	– 6	– 6
Adjusted EBITDA of the Group	**1,050**	**1,018**
Reconciling items (net)	34	– 35
Financial result	– 174	– 119
Depreciation and amortization	– 196	– 181
Impairment	– 67	– 25
Consolidated profit/loss before taxes	**646**	**658**
OTHER NON-CASH INCOME/EXPENSES		
Other non-cash income/expenses of reportable segments	1,252	1,000
Eliminations and other reconciling items	– 16	– 8
Other Group non-cash income/expenses	**1,236**	**992**
Elimination of other non-cash income/expenses from discontinued operations	–/–	– 2
Other Group non-cash income/expenses from continued operations	**1,236**	**990**
thereof consumption of programming assets	1,145	915
ASSETS		
Total assets of reportable segments	4,647	4,789
Eliminations and other reconciling items	– 77	– 46
Group's segment assets	**4,570**	**4,743**
Investments accounted for using the equity method	108	109
Non-current financial assets	175	331
Deferred tax assets	34	30
Current financial assets	52	91
Other interest-bearing assets	5	5
Current tax assets	41	23
Cash and cash equivalents	1,552	1,271
Group assets	**6,537**	**6,603**
INVESTMENTS		
Investments of reportable segments	1,224	1,160
Eliminations and other reconciling items	– 21	– 8
Group's investments	**1,203**	**1,151**
thereof investments in programming assets	1,048	992
thereof investments in property, plant and equipment	44	36
thereof investments in other intangible assets	112	124
NET FINANCIAL LIABILITIES		
Total liabilities of reportable segments	1,567	1,897
Eliminations and other reconciling items	66	16
Group's segment liabilities	**1,632**	**1,913**
less current financial assets	– 52	– 91
Group's net financial liabilities	**1,581**	**1,822**

The eliminations comprise consolidations of business relationships between segments as well as certain reconciliation and reclassification items. The reconciliation shows parameters that by definition are not part of the segments. Business relationships between the segments are eliminated in the reconciliation; they are made at market conditions.

The reconciling items adjusted in the adjusted EBITDA are distributed among the following categories:

126 / PRESENTATION OF THE RECONCILING ITEMS in EUR m

	2017	2016
Income from changes in scope of consolidation	304	10
Income - changes in measurement	0	1
Income - other one off items	3	–/–
External income	**307**	**11**
M&A related costs	– 32	– 16
Reorganization	– 45	– 22
Legal claims	– 9	– 4
Cash-settled share-based payments	4	9
Expenses from changes in scope of consolidation	–/–	2
Other EBITDA effects	– 192	– 14
from strategic realignment	– 170	–/–
External EBITDA expenses	**– 274**	**– 46**
reconciling items (net)	**34**	**– 35**

Entity-wide disclosures ProSiebenSat.1 Group are shown below. Here, a distinction is made between Germany (D), the United States (USA), Austria (AT) and Switzerland (CH), Scandinavia (SK), the United Kingdom (UK) and others.

127 / ENTITY-WIDE DISCLOSURES in EUR m

Geographical breakdown	GER		US		AT/CH		Scandinavia		UK		Other		Total consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
External Revenues	3,241	2,970	387	377	297	267	104	148	30	28	19	9	**4,078**	**3,799**
Non-current assets	3,353	3,390	374	378	43	21	1	240	25	26	7	6	**3,802**	**4,059**
Investments	1,177	1,130	7	4	17	14	2	4	0	0	0	0	**1,203**	**1,151**

Revenues are attributed to the country of the company that has provided the service.

Non-current assets reported under the entity-wide disclosures include goodwill, other intangible assets, as well as property, plant and equipment and non-current programming assets.

In the financial year 2017, the portion of non-current segment assets that are attributable to Germany amounts to 88.2% (previous year: 83.5%).

More than 10% of Group sales were generated from continued activities with one client in the financial year 2017. EUR 593 million are attributable to said client (previous year: EUR 632 million). Said client is an agency association, with various affiliated media agencies.

The following table provides an overview of the cash flow in the segments:

128 / CASHFLOWS PER SEGMENT in EUR m

	Segment Broadcasting German-speaking 2017	Segment Digital Entertain-ment 2017	Segment Digital Ventures & Commerce 2017	Segment Content Production & Global Sales 2017	Total Segments 2017	Others/ Elimination 2017	Total consolidated financial statements 2017
Cash flow from operating activities	1,434	49	123	-78	1,528	93	1,621
Cash flow from investing activities	-1,123	-99	465	-19	-776	-117	-894
Free Cashflow	312	-50	588	-97	752	-25	728
Cash flow from financing activities[1]	-1,118	134	863	93	-29	-397	-426

[1] Dividends paid by ProSiebenSat.1 Media SE are disclosed in column "Others/Elimination".

	Segment Broadcasting German-speaking 2016	Segment Digital Entertain-ment 2016	Segment Digital Ventures & Commerce 2016	Segment Content Production & Global Sales 2016	Total Segments 2016	Others/ Elimination 2016	Total consolidated financial statements 2016
Cash flow from operating activities	1,447	36	115	-19	1,579	40	1,619
Cash flow from investing activities	-998	-140	-417	-20	-1,575	-48	-1,623
Free Cashflow	449	-104	-301	-40	4	-8	-4
Cash flow from financing activities[1]	457	122	413	39	1,031	-447	584

[1] Dividends paid by ProSiebenSat.1 Media SE are disclosed in column "Others/Elimination".

ProSiebenSat.1 Group has reviewed the Group's segment structure and will change reporting to three reporting segments from January 1, 2018 onwards. These will be "Entertainment", "Consumer Services & Lifestyle" and "Content Production & Global Sales". At the same time, the management reporting of ProSiebenSat.1 Group will also be adjusted.

3 / Scope of consolidation

The number of subsidiaries included in the Consolidated Financial Statements has changed as follows in the financial year 2017:

129 / FULLY CONSOLIDATED SUBSIDIARIES

	Germany	Other countries	Total
Included at December 31, 2016	112	120	232
Additions	10	14	24
Disposals	-5	-13	-18
Included at December 31, 2017	**117**	**121**	**238**

The additions in the financial year 2017 include newly founded companies as well as the acquisitions specified in → note 4 "Acquisitions and disposals".

In addition to the fully consolidated entities, 26 (previous year: 21) associated entities and four (previous year: 3) joint ventures are included in the Consolidated Financial Statements using the equity method. → see note 19 "Investments accounted for using the equity method"

Shareholdings are specified in the notes to the Consolidated Financial Statements pursuant to Sec. 313 (2) HGB. The schedule of shareholdings furthermore includes an exhaustive list of all subsidiaries meeting the conditions of Sec. 264 (3) HGB that have exercised the optional exemption from certain provisions regarding preparation, audit and disclosure of the annual financial statements or the management report.

4 / Acquisitions, disposals and other transactions in connection with subsidiaries

A) ACQUISITIONS

In the financial year 2017, the following entities were acquired that are material for the Consolidated Financial Statements:

130 / SIGNIFICANT ACQUISITIONS 2017

Company	Purpose of the company	Voting equity interest acquired	Acquisition of control
ATV Privat TV GmbH & Co KG	Austrian broadcasting group	100.0%	04/06/2017
ATV Privat TV GmbH	Austrian broadcasting group	100.0%	04/06/2017
Jochen Schweizer GmbH	Provider of experience gifts	83.0%	10/16/2017
Gravitas Ventures, LLC	Global film distributor	62.5%	11/06/2017

Acquisition of 100% of shares in ATV broadcasting group

With effect as of April 6, 2017, ProSiebenSat.1 Group has acquired 100.0% of the shares in ATV Privat TV GmbH & Co KG, Vienna, Austria, and of ATV Privat TV GmbH, Vienna Austria, thus gaining control. ATV is an Austrian broadcasting group, operating the Austrian TV channels ATV and ATV2. The entities have been allocated to the Broadcasting German-speaking segment → see note 2 "Segment reporting". Acquisition-related costs of EUR 1 million were recognized in the Income Statement.

The purchase price per to IFRS 3 amounts to EUR 25 million and consists of a cash purchase price of EUR 28 million and a contractually agreed purchase price adjustment to the acquired net cash and cash equivalents and net current assets in the amount of minus EUR 2 million.

131 / ATV BROADCASTING GROUP – PURCHASE PRICE IFRS 3 in EUR m

Cash purchase price	28
Variable purchase price adjustment	– 2
Purchase price per IFRS 3	**25**

The following table shows the fair values of the identified acquired assets and of the assumed liabilities in connection with the acquisition, each as of the time of acquisition.

132 / ACQUISITION ATV BROADCASTING GROUP in EUR m

	Fair value at acquisition
Other intangible assets	12
Thereof identified in the purchase price allocation	12
Property, plant and equipment	1
Deferred tax assets	3
Non-current assets	**15**
Trade receivables	3
Other current receivables and other assets	6
Cash and cash equivalents	1
Current assets	**10**
Trade payables	7
Other provisions	12
Other liabilities	4
Current liabilities and provisions	**23**
Total net assets	**2**
Purchase price per IFRS 3	25
Goodwill	**23**

The identified goodwill is tax-deductible over 15 years and is recognized in Euro as the functional currency. It represents special synergy potentials from the expansion of business activities in the Austrian TV market. The goodwill is therefore allocated to the cash-generating unit Broadcasting German-speaking.

133 / PURCHASE PRICE ALLOCATION ATV BROADCASTING GROUP

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Brand	12	indefinite

In the context of the purchase price allocation, a trademark with an indefinite useful life and a fair value of EUR 12 million was recognized separately from the goodwill.

Including the companies from the start of the financial year until initial consolidation in April 2017 would have had the following effect on the earnings, financial position and performance of ProSiebenSat.1 Group: Additional revenues of EUR 7 million and earnings after taxes in the amount of minus EUR 13 million. Between the initial consolidation and December 31, 2017, the companies contributed revenues of EUR 23 million and earnings after taxes in the amount of minus EUR 6 million to the consolidated net profit.

Acquisition of the majority shares in Jochen Schweizer Group

With economic effect as of October 16, 2017, ProSiebenSat.1 Group holds 90% in Jochen Schweizer mydays Holding GmbH, Unterföhring, through its Group entity ProSieben Travel GmbH, Unterföhring. In the context of the transaction, the 100% holding in mydays Holding GmbH, Munich, together with its subsidiary, was incorporated into newly established Jochen Schweizer mydays Holding GmbH. Eighty-three percent in Jochen Schweizer GmbH, Munich, were acquired through said newly established company. In a share swap, the remaining 17% minority shareholdings of the existing shareholders of Jochen Schweizer GmbH were exchanged for 10% minority shareholdings in Jochen Schweizer mydays Holding GmbH. As a result, as of October 16, 2017, ProSieben Travel GmbH holds 90% in newly established Jochen Schweizer mydays Holding GmbH. The acquired entity and its subsidiaries are allocated to the segment Digital Ventures & Commerce → see note 2 "Segment reporting". The acquired entity operates online portals selling experience gift vouchers. Acquisition-related costs of EUR 2 million were recognized in the Income Statement.

The purchase price per IFRS 3 is comprised of a cash purchase price of EUR 80 million and a put option for the existing shareholder of Jochen Schweizer GmbH for the sale of the remaining 10% of shares, due not before 2020. At the time of acquisition, the fair value of the put option is EUR 19 million. Since ProSiebenSat.1 Group is under the unconditional obligation to satisfy such put options when exercised, the consolidation ratio remains at 100% due to the present ownership as of October 16, 2017.

134 / JOCHEN SCHWEIZER GROUP – PURCHASE PRICE IFRS 3 in EUR m

Cash purchase price	80
Contingent consideration – put option	19
Purchase price per IFRS 3	**99**

The following table shows the fair values of the identified acquired assets and liabilities assumed in connection with the acquisition at the time of acquisition:

135 / ACQUISITION JOCHEN SCHWEIZER GROUP in EUR m

	Fair value at acquisition
Other intangible assets	48
Thereof identified in the purchase price allocation	20
Property, plant and equipment	3
Investments accounted for using the equity method	1
Non-current assets	**52**
Inventories	2
Trade receivables	2
Other current receivables and other assets	0
Cash and cash equivalents	7
Current assets	**11**
Deferred tax liabilities	24
Non-Current liabilities and provisions	**24**
Trade payables	6
Other provisions	1
Other liabilities	33
Current liabilities and provisions	**39**
Non-controlling interests	0
Total net assets	**1**
Purchase price per IFRS 3	99
Goodwill	**98**

The identified goodwill almost exclusively represents strategic synergies and development potential from the expansion of business activities in the area of experience gifts and is therefore allocated to the cash-generating unit Digital Ventures & Commerce. The goodwill is not tax-deductible and is managed in the functional currency EUR.

136 / PURCHASE PRICE ALLOCATION JOCHEN SCHWEIZER GROUP

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Brand	38	15
Customer relationships	3	3
Others	7	5

As part of the purchase price allocation, a brand with an expected useful life of 15 years and a fair value of EUR 38 million was recognized separately from goodwill. Furthermore, a customer relationship with a useful life of 3 years and a fair value of EUR 3 million was recognized as well as other intangible assets (software, supplier and customer database) with a useful life of 5 years and a fair value of EUR 7 million.

Including the companies from the beginning of the financial year until their initial consolidation in October 2017 would have had the following effects on the earnings, financial position and performance of ProSiebenSat.1 Group: additional revenues of EUR 22 million and earnings after taxes of minus EUR 7 million. Since the initial consolidation until December 31, 2017, the companies have contributed revenues of EUR 18 million and earnings after taxes of EUR minus 2 million to the consolidated result.

Acquisition of 62.5% of the shares in Gravitas Ventures, LLC
By Agreement dated November 6, 2017 and effective November 7, 2017, ProSiebenSat.1 Group has acquired a 62.5% share in Gravitas Ventures, LLC, Los Angeles, USA, and thus gained control over the entity. The Company is allocated to the "Content Production & Global Sales" segment → see note 2 "Segment reporting". The company is a global film distributor. Acquisition-related costs of EUR 2 million were recognized in the Income Statement.

The purchase price per IFRS 3 consists of a cash purchase price of USD 35 million (EUR 30 million) and a variable purchase price adjustment. As of 31 December 2017, the purchase price allocation has not yet been finalized in total and is therefore only preliminary in the sende of IFRS 3.45 subsequent. The reason is that at the present time not all relevant information for purchase price allocation purposes are available to ProSiebenSat.1 Group. In addition, a put option was agreed with the existing shareholders regarding the acquisition of a further 37.5% of the shares, with the earliest possible maturity in 2022. At the time of acquisition, the fair value of the put option is USD 25 million (EUR 21 million). Since ProSiebenSat.1 Group is under the unconditional obligation to satisfy such put options when exercised, the consolidation ratio remains at 100% due to the present ownership as of November 7, 2017.

137 / GRAVITAS VENTURES, LLC – PURCHASE PRICE IFRS 3 in EUR m

Cash purchase price	30
Contingent consideration – put option	21
Purchase price per IFRS 3	**50**

The following table shows the fair values of the identified acquired assets and of the assumed liabilities in connection with the acquisition, each as of the time of acquisition.

138 / ACQUISITION GRAVITAS in EUR m

	Fair value at acquisition
Other intangible assets	21
Thereof identified in the purchase price allocation	16
Property, plant and equipment	0
Non-current assets	**21**
Trade receivables	12
Other current receivables and other assets	1
Cash and cash equivalents	0
Current assets	**13**
Trade payables	0
Other provisions	13
Other liabilities	0
Current liabilities and provisions	**13**
Total net assets	**20**
Purchase price per IFRS 3	50
Goodwill	**31**

The identified goodwill is tax-deductible over 15 years and is reported in the functional currency USD. It represents special synergy potential from the expansion of business activities in the field of entertainment and program distribution. It is thus assigned to the cash-generating unit Content Production & Global Sales.

139 / PURCHASE PRICE ALLOCATION GRAVITAS

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Brand	1	15
Customer relationships	9	12
Film library	11	4

As part of the purchase price allocation, a brand with a finite useful life of 15 years and a fair value of EUR 1 million was recognized separately from goodwill. Furthermore, a customer relationship with a useful life of 12 years and a fair value of EUR 9 million was recognized as well as other intangible assets with a useful life of 4 years and a fair value of EUR 11 million.

The respective results as well as revenues, starting from 1 January 2017 until the first consolidation in November 2017, have not been determined as the necessary information has not been fully available to ProSiebenSat.1 Group. Since the initial consolidation until December 31, 2017, the entities have contributed revenues of EUR 9 million and earnings after taxes of EUR minus 2 million to the consolidated result.

140 / KEY ACQUISITIONS 2016

Company	Purpose of the company	Voting equity interest acquired	Acquisition of control
Dorsey Pictures LLC (formerly: Orion Entertainment LLC)	US producer of non-scripted TV programs and branded entertainment offerings in the “outdoor adventure” genre.	60.0%	01/15/2016
Stylight GmbH	Online portal relating to Fashion and Home & Living	100.0%	07/01/2016
44 Blue Studios LLC	US producer of docu-series, factual entertainment and studio-based concepts	65.0%	07/15/2016
Windstar (Windstar Medical Holding GmbH)	Development and distribution of innovative health articles	92.0%	10/04/2016
PARSHIP ELITE Group (THMMS Holding GmbH)	Dating agency primary in the German-speaking area	50.001%	10/12/2016

For more information on the companies acquired in the financial year 2016, we refer to the published Annual Report as of December 31, 2016.

For purposes of the purchase price allocation in connection with business combinations, assumptions must be made with regard to the recognition and measurement of assets and liabilities. Assumptions are entailed in determining the fair values of acquired assets and assumed liabilities as of the acquisition date, as well as the useful lives of the acquired intangible assets and property, plant and equipment. Measurement is largely based on projected cash flows. Actual cash flows may differ significantly from the cash flows assumed in measuring the fair values. External, independent appraisals are obtained for the purchase price allocation of major acquisitions. Measurements in business combinations are based on information available at the acquisition date. By nature, assumptions and estimates are less certain for intangible assets than for all other assets.

B) DISPOSAL OF SUBSIDIARIES

Disposal of eTRAVELi Holding AB

By agreement from June 19, 2017 all Scandinavian travel activities under the ETraveli brand that had been allocated to the segment Digital Ventures & Commerce → see note 2 "Segment reporting" were sold by ProSiebenSat.1 Group. The total underlying enterprise value of said transaction amounted to EUR 508 million. The disposal followed a strategic review of the Group's online travel business with the aim of creating a structural focus of the Group's segments. The sale was formally and legally completed on August 3, 2017. Due to the loss of control associated with the transaction, the relevant entities were deconsolidated as of said date. The disposal had the following effects on the Group's earnings, financial position and performance:

141 / EFFECTS OF DECONSOLIDATION ON THE GROUP in EUR m

	Carrying amounts at the date of sale
Purchase Price	**538**
Purchase Price in Cash	538
Cost to sell	– 8
Purchase Price minus less cost to sell	**530**
Purchase Price in Cash	**538**
Cash and cash equivalents disposed	– 69
Net cash inflow on sale	**469**
Goodwill	151
Other intangible assets	47
Property, Plant and Equipment	2
Other assets (incl. deferred taxes)	50
Cash and cash equivalents	69
Foreign currency effects recognized in other comprehensive income	8
Provisions	– 4
Deferred tax liabilities	– 22
Other liabilities	– 65
Net Assets	**236**
Result from deconsolidation	**294**

The reported gain on sale of the subsidiaries amounts to EUR 294 million and is fully attributable to the shareholders of ProSiebenSat.1 Media SE.

As of the deconsolidation date, currency effects attributable to the entities disposed in an amount of EUR 8 million were reclassified from other comprehensive results to profit or loss. The disposal costs of EUR 8 million primarily comprise consulting services in the context of the sale process.

Disposal COMVEL GmbH

By agreement of December 31, 2017, all travel activities associated with the Digital Ventures & Commerce segment → see note 2 "Segment Reporting" were sold under the brand name weg.de by ProSiebenSat.1 Group. The divestment is the result of a strategic review process of the Group's online travel business and serves to structurally focus the segments of the Group. The sales transaction was formally and legally completed on December 31, 2017. Due to the loss of control associated with the transaction, the companies concerned were deconsolidated at that time. The sale had the following effects on the earnings, financial position and performance of the Group:

142 / EFFECTS OF DECONSOLIDATION ON THE GROUP in EUR m

	Carrying amounts at the date of sale
Purchase price	**13**
Purchase price (cash)	13
Costs to sell	1
Purchase price less costs to sell	**12**
Purchase price (cash)	**13**
Cash and cash equivalents disposed	2
Net cash inflow on sale	**12**
Goodwill	5
Intangible assets	7
Property, plant and equipment	0
Other assets, including deferred taxes	2
Cash and cash equivalents	2
Provisions	0
Trade Accounts Payable	−2
Deferred tax liabilities	0
Other liabilities	−2
Disposal of non-controlling interest	−1
Net Assets	**11**
Result from deconsolidation	**1**

The reported deconsolidation gain from the sale of the subsidiaries amounts to EUR 1 million and is attributable in full to the shareholders of ProSiebenSat.1 Media SE. The costs to sell of EUR 1 million mainly comprise consulting services in connection with the sales process.

Assets and liabilities held for sale

Non-current assets held for sale (or groups of assets or liabilities held for sale) are assets which can be sold in their current state, and where a sale is highly probable within the coming year. They are measured at the lower value of carrying amount and fair value, minus costs to sell, unless IFRS 5 does not apply to measurement. In line with IFRS 5.40, the previous year's statement of financial position figures are not adjusted.

Due to a planned portfolio adjustment, ProSiebenSat.1 Group has put another entity under review. This is Tropo GmbH, which is part of the segment "Digital Ventures & Commerce." Pursuant to IFRS 5, further assets held for sale in this context as well as associated liabilities are reported separately on the statement of financial position, together with the assets and liabilities that were reclassified already as of June 30, 2017 following the disposal of the minority holdings in a private equity fund. These are fund holdings E.Ventures Growth I, E.Ventures GRowth II, Lakestar, Lerer Hippeau Ventures, Magma und Raine Ventures, which have been reclassified as assets held for sale and associated liabilities as of December 31, 2017. After the partial completion of the latter transaction and the associated disposal of the relevant investments, the economic completion of the remaining part is expected to take place in the first quarter 2018 at a carrying amount of EUR 2 million.

As of the reporting date, the assets held for sale/the associated liabilities are distributed among the following main items:

143 / ASSETS AND LIABILITIES HELD FOR SALE in EUR m

	December 31, 2017
Other intangible assets	1
Property, plant and equipment	0
Non-current financial assets	21
Other assets (incl. deferred taxes)	3
Cash and cash equivalents	7
Total assets held for sale	**32**
Trade payables	5
Other liabilities and provisions (incl. deferred taxes)	0
Total liabilities associated with assets held for sale	**6**
Net assets	**27**

C) OTHER TRANSACTIONS

Capital increase at Studio71
With economic effect as of January 11, 2017, the media groups TF1 SA, Boulogne-Billancourt, France (TF1) and Reti Televisive Italiane S.p.A., Milan, Italy (Mediaset) each acquired a minority interest in ProSiebenSat.1 Digital Content LP (Studio71) in the context of a capital increase. With economic effect as of February 17, 2017, TF1 increased its minority interest in Studio71 via another capital increase. Following said capital increases, 69% of the shares in Studio71 remain with ProSiebenSat.1 Group. Put options were agreed with both TF1 and Mediaset regarding the buyback of said shares. Since ProSiebenSat.1 Group is under the unconditional obligation to satisfy such put options when exercised, the consolidation percentage remains at 100%.

NOTES TO THE INCOME STATEMENT

5 / Revenues

144 / REVENUES in EUR m

	2017	2016
Advertising revenues	2,307	2,294
Revenues from content production	312	306
Online acency services	303	334
Revenues from the sale of goods	227	122
Distribution revenues	139	121
Barter transactions	71	72
Other revenues	720	550
Total	**4,078**	**3,799**

"Other revenues" includes revenues from the digital studio Studio71 and video-on-demand business totalling EUR 183 million (previous year: EUR 166 million) attributable to the Digital Entertainment segment.

ProSiebenSat.1 Group's revenues are mainly advertising revenues derived from the sale of advertising time. The table below includes the revenue categories and business models identified as material for ProSiebenSat.1 Group's earnings and the respective timing of recognition:

TIMING OF REVENUE RECOGNITION

Revenues	Business model	Timing of recognition
Advertising revenues		
TV advertising revenues	Broadcasting of advertising spots in Free TV	Broadcasting of advertising spots
Media-for-Revenue-Share	Broadcasting of residual advertising times for fixed consideration and a variable revenue share	Broadcasting of advertising spots; Variable parts on receipt of necessary target achievement documentation of the contract partner.
Marketing of digital offerings of external providers	Marketing of external websites via sale of online advertising	Sale of advertising space
Revenues from content production	Production of programming content such as TV formats and serial programmes	Percentage-of-completion method
Online agency services	Arranging of contracts between primary service providers and end customers in the areas of car rental, travel, insurance, events, energy supply, mobile communications via online price comparison websites	Transmission of customer data/start of performance by the partner
Revenues from the sale of goods	Sale of products via online portals and stationary trading	Delivery of goods to the end customer, taking into account rights of return.
Distribution revenues		
Technical activation fees (HD/ Pay)	Distribution of ProSiebenSat.1 HD and Pay TV stations via cable, satellite and IPTV	Provision of the TV signal
Pay TV operations	Online platform for the reception of TV stations or content	Retrieval of signal
Barter transactions		
General barter transactions	Countertrades as part of marketing of advertising times	On performance, e.g. on broadcasting
Media-for-Equity-Share	Broadcasting of residual advertising times in exchange for entity shares	Broadcasting of advertising spots
Other revenues		
Digital studio revenues	Marketing of talents ("webstars") via the internet, e.g. via YouTube	Rendering of marketing service
Travel operations	Organization of holidays and rendering of holiday-related services for end customers	Rendering of performance; upon departure
Video-on-Demand revenues	Transmission of programming content via digital platforms as subscription and transaction business	Subscription model: Over the subscription term Transaction model: Provision of content
Sale of programming assets and ancillary program rights	Sale/licensing of programming assets for certain license areas, individual broadcastings and broadcasting windows.	Beginning of license term and delivery of broadcast-ready material
Merchandising license sales	Licensing of trademarks of ProSiebenSat.1 Group	Depending on the contract terms, over license term or at start of license term.

In addition to the revenue categories above, "Other revenues" also includes various business models that are currently not classified as material for the Group's earnings.

6 / Cost of sales

145 / COST OF SALES in EUR m

	2017	2016
Consumption of programming assets (incl. impairments)	1,145	915
Operating expenses	691	610
Personnel expenses	282	277
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairment)	133	92
IT operations	34	33
Expenses from the disposal of programming assets	16	17
Other	89	76
Total	**2,390**	**2,020**

Consumption of programming assets covers consumption and impairments of programming assets as well as additions to provisions for onerous contracts. Operating expenses primarily include production-related external services, merchandise used in commerce, license expenses, copyright fees and costs of sales of the travel agency business. Personnel expenses include wages and salaries of employees in production, including performance-related bonus entitlements, redundancy payments as well as social security contributions. Scheduled depreciation and impairments on property, plant and equipment as well as other intangible assets primarily relate to technical equipment and licenses. Expenses from the disposal of programming assets result from the sale of programming rights and ancillary programming rights. The item “Other” includes marketing and travel expenses.

7 / Selling expenses

146 / SELLING EXPENSES in EUR m

	2017	2016
Marketing and marketing-related expenses	250	221
Personnel expenses	121	113
Distribution	83	73
Thereof satellite services	37	24
Thereof distribution fees	36	49
Sales commissions	45	48
Operating expenses	35	27
IT operations	10	9
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairment)	10	10
Other	22	20
Total	**577**	**520**

Marketing and marketing-related expenses are attributable primarily to market research, advertising and public relations. Personnel expenses include wages and salaries of employees in sales, including performance-related bonus entitlements, redundancy payments as well as social security contributions. Sales commissions primarily comprise costs and commissions for marketing services. Operating expenses largely include expenses for distribution rights. Scheduled depreciation and impairments relate almost exclusively to other intangible assets in sales.

8 / Administrative expenses

147 / ADMINISTRATIVE EXPENSES in EUR m

	2017	2016
Personnel expenses	257	226
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairment)	104	98
Consultancy fees	55	35
Use of buildings	39	33
IT operations	38	31
Marketing expenses	20	18
Other personnel-related expenses	12	12
Corporate hospitality and travel	10	10
Ancillary operating expenses	6	5
Automobile expenses	6	5
Other	45	33
Total	**590**	**506**

Personnel expenses include wages and salaries of employees in administration, including performance-related bonus entitlements, redundancy payments as well as social security contributions. Scheduled depreciation, amortization and impairment on property, plant and equipment as well as other intangible assets relate mainly to administrative buildings, operating and office equipment as well as software licenses. Consultancy fees primarily include management and M&A advisory fees as well as the costs of legal advice. Use of buildings mainly includes expenses for rent, ancillary and maintenance costs.

9 / Other operating expenses

The other operating expenses in the amount of EUR 33 million (previous year: EUR 11 million) primarily include impairments of brands with indefinite expected useful life in the amount of EUR 17 million (previous year: EUR 6 million) (for further explanations → see note 17 "Other Intangible Assets") as well as the derecognition of receivables from previous years in the amount of EUR 14 million (previous year: EUR 3 million).

10 / Other operating income

Other operating income amounts to EUR 332 million in the financial year 2017 (previous year: EUR 34 million). It includes deconsolidation gains → see note 4 "Acquisitions and disposals" in the amount of EUR 304 million (previous year: EUR 9 million). The item furthermore includes prior period income income of EUR 7 million (previous year: EUR 7 million), mostly from reimbursements from collecting societies in previous years.

11 / Interest result

148 / INTEREST RESULT in EUR m

	2017	2016
Interest and similar income	2	5
Interest and similar expenses	– 85	– 89
Thereof from financial liabilities at amortized cost	– 45	– 43
Thereof from hedging derivatives	– 19	– 28
Thereof other interest and similar expenses	– 21	– 18
Interest result	**– 83**	**– 84**

Interest on financial liabilities at amortized cost primarily includes interest on drawn loans. → see note 27 "Financial Liabilities"

Interest and similar expenses from hedge derivatives include expenses for hedging instruments in connection with foreign exchange and interest rate risks → see note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7". The item "Other interest and similar expenses" contains primarily interest-rate effects for earn-out and put-option liabilities, pension obligations as well as additions to provisions for interest on taxes.

12 / Result from investments accounted for using the equity method and other financial result

149 / RESULT FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER FINANCIAL RESULT in EUR m

	2017	2016
Share of income from joint ventures	– 1	0
Share of income from associates	– 9	– 1
Result from investments accounted for using the equity method	**– 10**	**– 1**
Changes in earn-out and put option liabilities (financial liabilities at fair value through profit or loss)	– 59	– 24
Foreign currency translation gains/losses	6	– 1
Thereof from financial assets and liabilities held for trading	– 24	13
Thereof from loans and receivables	– 7	2
Thereof from cash and cash equivalents	– 4	– 1
Thereof from financial liabilities at amortized cost	32	– 12
Thereof other	9	– 3
Valuation effects of financial instruments	– 21	– 4
Thereof from available-for-sale financial assets	6	30
Thereof from financial assets at fair value through profit or loss	6	– 22
Thereof from investments accounted for using the equity method, other financial investments and securities	– 28	– 12
Thereof other	– 4	–/–
Financing costs	– 10	– 13
Remeasurement of investments previously measured using the equity method	0	9
Effects of hedging ineffectiveness and termination of hedge accounting for interest rate swaps	2	– 2
Other	– 1	1
Other financial result	**– 82**	**– 34**

The changes in earn-out and put option liabilities in the amount of minus EUR 59 million (previous year: minus EUR 24 million) are the result of valuation adjustments under earn-out and put option agreements in connection business combinations (also → see note 4 "Acquisitions and Disposals" and note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7").

Exchange rate loss (previous year: exchange rate gains) from financial assets and liabilities held for trading result from the valuation of currency hedges. Exchange rate gains from financial liabilities at amortized cost in the amount of EUR 32 million (previous year: exchange rate losses in the amount of EUR 12 million) relate to the valuation of liabilities for programming assets.

The valuation effects from investments accounted for using the equity method, other financial assets and securities primarily include the impairment on the at-equity investment in gamigo AG and Pluto, Inc. The negative business development resulted in adjustments of the investments carrying amount by EUR 13 million (→ see note 19 "Investments accounted for using the equity method") and EUR 7 million respectively.

Financing costs primarily include expenses from the interest accrued on non-current loans measured using the effective interest rate method as well as fees deferred in the context of non-current loans → see note 22 "Other receivables and assets" in the amount of EUR 4 million (previous year: EUR 5 million). Financing costs also include expenses incurred for the cash utilization of the revolving credit facility in the amount of EUR 1 million (previous year: EUR 1 million). Additional explanations regarding the syndicated loan agreement of ProSiebenSat.1 Group are included in → note 27 "Financial Liabilities".

The effects of hedging inefficiencies and of the termination of hedge accounting for interest rate swaps are explained in detail in → note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

13 / Income taxes

150 / INCOME TAX EXPENSES in EUR m

	2017	2016
Current income tax expenses – Germany	188	199
Current income tax expenses – other countries	4	24
Current tax expenses	**192**	**223**
Deferred income tax income – Germany	– 25	– 1
Deferred income tax income – other countries	– 2	– 16
Deferred income tax income	**– 27**	**– 17**
Total income tax expenses	**165**	**206**

Current income tax expenses include any domestic and foreign tax on taxable income for 2017 (corporate income tax, trade tax and respective foreign tax) as well as income tax expenses for previous years in the amount of EUR 20 million (previous year: EUR 17 million). Tax losses or temporary differences not previously recognized in an earlier period resulted in a reduction of actual tax expense amounting to EUR 1 million (previous year: EUR 0 million) in the financial year 2017.

The deferred tax income of EUR 27 million for the 2017 the financial year (previous year: EUR 17 million) includes deferred tax income of EUR 35 million (previous year: EUR 15 million) from the ongoing change of temporary differences. In addition, EUR 6 million (previous year: EUR 0 million) deferred tax income resulted from temporary differences not recognized in previous periods. Furthermore, there is a deferred tax expense in the amount of EUR 7 million (previous year: EUR 4 million deferred tax income), resulting from the ongoing change in deferred taxes on loss carryforwards, and mainly is attributable to the impairment on deferred tax assets on losses carried forward (previous year: EUR 2 million).

Impairment losses on deferred tax assets on temporary differences were, as in the previous year, not material. A write-up of deferred tax assets on loss carryforwards was carried out in the financial year 2017 in the amount of EUR 1 million, while in the previous year write-ups in the amount of EUR 2 million have been made.

The tax rates to be applied when determining deferred taxes were adjusted according to legal changes. While there were no significant changes due to tax rate changes during the previous year, the US tax reform led to deferred tax expenses (EUR 7 million) in the financial year 2017.

Like in the previous year, the corporate income tax rate for 2017 in Germany was 15.0% plus the solidary surcharge of 5.5%. Including trade tax at an average basis factor of 341.8% (previous year: 340.1%), the total tax rate in 2017 was 28.0% (rounded; previous year: 28.0%).

The tax rates for foreign companies ranged between 12.3% and 42.3% (previous year: between 12.3% and 42.3%). Deferred tax assets and deferred tax liabilities in the US were measured with after tax reform tax rate of 25.8%.

The Group's relevant nominal tax rate is 28.0%. The expected tax expense can be reconciled with the actual tax expense, regarding continuing operations, as follows:

151 / RECONCILIATION OF TAX EXPENSES in EUR m

	2017	2016
Profit before taxes	**646**	**658**
Applicable group tax rate (in percent)	28	28
Expected income tax expense	181	184
Adjustments to the expected income tax expense:		
Tax deviations		
Effects due to foreign tax rate differences	– 1	– 5
Effects due to domestic tax rate differences	– 1	0
Effects due to changes in statutory tax rates	7	0
Effects from deviation in taxable base		
Non-deductible interest expenses	6	2
Other non-deductible operating expenses	51	25
Tax-free income	– 24	– 14
Non-taxable disposal effects	– 85	– 6
Recognition and measurement of deferred tax assets		
Changes in the realization of deferred tax assets	14	8
Other effects		
Taxes from previous years	14	19
Investments accounted for using the equity method	3	1
Other	0	– 8
Total Income tax expenses	**165**	**206**

As of December 31, 2017, no deferred tax assets were recognized for corporate tax losses carried forward in the amount of EUR 177 million (previous year: EUR 177 million) and on trade tax losses carried forward in the amount of EUR 82 million (previous year: EUR 84 million). Of the above, losses carried forward in the amount of EUR 9 million (previous year: EUR 6 million) will expire within the next 5 – 7 years, unless they are used.

The deferred tax assets not recognized for corporate income tax losses carried forward therefore amount to EUR 33 million (previous year: EUR 34 million). The deferred tax assets not recognized for trade tax losses amount to EUR 11 million (previous year: EUR 11 million).

For companies suffering losses in the current or previous the financial year, deferred tax assets exceeding deferred tax liabilities as of December 31, 2017 were recognized in an insignificant amount. Based on current tax planning, such deferred tax assets presumably may be used over the next five years.

The applied deferred tax assets and liabilities result from the following items:

152 / ALLOCATION/ORIGIN OF DEFERRED TAXES in EUR m

	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Goodwill	5	64	3	81
Other intangible assets	6	172	8	200
Property, plant and equipment	0	26	0	31
Financial assets	8	5	6	11
Programming assets	5	1	-/-	3
Inventories and other assets	6	25	7	78
Provision for pensions	2	0	1	0
Other provisions	15	6	11	2
Liabilities	56	56	65	24
Tax loss carryforwards	33	-/-	24	-/-
Netting	- 102	- 102	- 95	- 95
Total	**34**	**253**	**30**	**335**

With regard to the netting of deferred tax assets and liabilities. → see "Summary of key accounting policies"

For investments in subsidiaries, a deferred tax liability in the amount of EUR 3 million (previous year: EUR 2 million) was recognized for planned future distributions (outside basis differences). Also, taxable temporary differences resulting from outside basis differences exist in the amount of EUR 12 million (previous year: EUR 11 million). No deferred tax liabilities were recognized for such taxable temporary differences, since it is possible to control the process of reversing the temporary differences and since it is unlikely that the temporary differences will be reversed in the foreseeable future.

As regards the information about deferred taxes that have been recognized in accumulated other comprehensive income as well as the current taxes recognized in the capital reserve, please refer to → note 24 "Shareholders' Equity".

14 / Earnings per share

153 / PROFIT MEASURES INCLUDED IN CALCULATING EARNINGS PER SHARE in EUR m

	2017	2016
Result attributable to the shareholders of ProSiebenSat.1 Media SE (basic)	471	402
Thereof from continuing operations (basic)	471	444
Thereof from discontinued operations (basic)	-/-	- 42
Valuation effects of share-based payments after taxes	- 3	- 6
Result attributable to the shareholders of ProSiebenSat.1 Media SE (diluted)	468	397
Thereof from continuing operations (diluted)	468	439
Thereof from discontinued operations (diluted)	-/-	- 42

154 / NUMBERS OF SHARES INCLUDED IN CALCUALTING EARNINGS PER SHARE Shares

	2017	2016
Weighted average number of shares outstanding (basic)	228,854,304	216,755,645
Dilution effect based on stock options and rights to shares	613,397	896,373
Weighted average number of shares outstanding (diluted)	229,467,701	217,652,018

Regarding the type of settlement, the Share Plans → see note 32 "Share-based payment" include an option for ProSiebenSat.1 Media SE to settle them either by way of shares or cash. In contrast to IFRS 2, these plans are treated as if they were settled in common shares for the calculation of earnings per share due to the resulting dilution in accordance with IAS 33.58.

For executives and selected employees, 613,397 (previous year: 896,373) rights to stock options or rights to shares with dilutive effect existed as of the reporting date.

The possible conversion of all issued "in-the-money" stock options → see note 32 "Share-based payment" for common shares and potentially issued common shares results in a dilutive effect of EUR 0.02 (previous year: EUR 0.03) per share from continued operations.

15 / Other disclosures

PERSONNEL EXPENSES AND NUMBER OF EMPLOYEES

Sales, distribution and administrative expenses include the following personnel expenses:

155 / PERSONNEL EXPENSES in EUR m

	2017	2016
Wages and salaries	581	544
Social security contributions and expenses for pensions and other employee benefits	79	72
Total	**660**	**616**

In the financial year 2017, expenses for pensions amount to EUR 2 million (previous year: EUR 2 million).

On average, the group's employee numbers in the financial year were as follows:

156 / NUMBER OF EMPLOYEES

	2017	2016
Female employees	3,161	2,979
Male employees	3,291	3,075
Total	**6,452**	**6,054**

Part-time job positions have been included as full-time equivalents.

AMORTIZATION, DEPRECIATION AND IMPAIRMENTS

Amortization of other intangible assets as well as property, plant and equipment that is included in cost of sales, distribution and administrative expenses and in other operating expenses consist of the following:

157 / DEPRECIATION AND AMORTIZATION in EUR m

	2017	2016
Amortization of other intangible assets	138	129
Depreciation of property, plant and equipment	58	52
Impairment of other intangible assets	48	18
Impairments of other intangible assets from purchase price allocations	17	6
Impairment of property, plant and equipment	2	0
Total	**263**	**206**

Consumption and impairment of programming assets of EUR 1,145 million (previous year: EUR 915 million) is presented under cost of sales and deducted when arriving at EBITDA.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

16 / Goodwill

158 / STATEMENT OF CHANGES IN GOODWILL in EUR m

	2017	2016
COST		
Opening balance as of January 1	**1,953**	**1,742**
Exchange rate differences	– 36	– 3
Additions	162	224
Disposals	– 155	– 9
Closing balance as of December 31	**1,924**	**1,953**
IMPAIRMENT		
Opening balance January 1 / Closing balance December 31	**93**	**93**
Carrying amount as of 12/31/	1,831	1,860

For further information regarding additions and disposals please refer to → note 4 "Acquisitions, disposals and other transactions in connection with subsidiaries".

The goodwill is distributed among the segments as follows:

159 / ALLOCATION OF GOODWILL TO SEGMENTS in EUR m

Name of segment	Broadcasting German-speaking	Digital Entertainment	Digital Ventures & Commerce	Content Production & Global Sales	Total
Name of cash generating unit	**Broadcasting German-speaking**	**Digital Entertainment**	**Digital Ventures & Commerce**	**Content Production & Global Sales**	
Carrying amounts of goodwill December 31, 2016	464	313	932	151	1,860
Carrying amounts of goodwill September 30, 2017	487	303	874	167	1,831

In the financial and the comparative year, non-controlling interests are valued at the date of acquisition at their respective share in the acquired entity's identifiable net assets. The transaction-related option to apply the so-called full goodwill method was not exercised in the financial and comparison year.

According to the impairment tests for goodwill conducted in the financial year 2017 and in the previous year, the carrying amounts are recoverable. Thus, no impairments were recognized. Due to substantially new findings and changed management expectations on the originally planned valuation date of the annual impairment test, August 31, 2017, the impairment test was carried out on the valuation date December 31, 2017, deviating from the previous year.

The following table provides an overview over the premises applied to the impairment test of goodwill in the cash-generating units as at the valuation date (December 31, 2017):

160 / DISCLOSURES ON IMPAIRMENT TESTING OF GOODWILL

Name of segment	Broadcasting German-speaking	Digital Entertainment	Digital Ventures & Commerce	Content Production & Global Sales
Name of cash generating unit[1]	**Broadcasting German-speaking**	**Digital Entertainment**	**Digital Ventures & Commerce**	**Content Production & Global Sales**
Revenues growth p.a. in the projection period (CAGR)[2]	3.2% (3.2%)	17.0% (14.7%)	8.9% (14.3%)	5.3% (6.0%)
Ø EBITDA margin p.a. in the projection period[2]	31.6% (29.3%)	11.4% (17.5%)	21.1% (22.5%)	13.4% (11.3%)
Duration of projection period	5 years	5 years	5 years	5 years
Revenues growth p.a. at the end of projection period[2]	1.5% (1.5%)	1.5% (1.5%)	1.5% (1.5%)	1.5% (1.5%)
EBITDA margin p.a. at the end of projection period[2]	31.1% (29.8%)	14.3% (21.1%)	21.5% (22.6%)	13.3% (11.8%)
Ø Discount rate[2]	9.3% (9.5%)	11.5% (9.9%)	11.2% (10.9%)	9.2% (9.6%)

[1] The groups of cash-generating units correspond to the operating segments (see note 2 "Segment reporting").
[2] Previous year's figures in brackets.

When assessing the recoverability of goodwill according to IAS 36 (impairment testing of goodwill) for each cash-generating unit a one-dimensional change of the underlying valuation parameters, such as the reduction of the Ø EBITDA margin within the planning period by minus 3%, the reduction of the EBITDA margin at the end of projection period by minus 3%, the reduction of revenue growth at the end of the projection period by minus 0.5% or the increase of Ø Discount rate by plus 1% would not cause an impairment of goodwill within one of the cash-generating units.

i The assumptions regarding revenue growth applied during the planning period are based on the corporate planning adopted by management as at the impairment test reference date. The assumptions regarding revenue growth applied after the planning period following corporate planning are based on externally published sources. The presumed EBITDA margins are based on historical empirical values or were forecast on the basis of initiated cost-reducing measures. The weighted average cost of capital (WACC) used for discounting reflects the risk-adjusted pre-tax interest rate derived from the capital market. The discount rate is based on the risk-free interest rate of 1,25% that is equivalent to the term (previous year: 0,6%) as well as a market risk premium of 6.75% (previous year: 6.75%) In addition, a beta factor derived from the respective peer group, the cost of debt as well as the capital structure are taken into account individually for each cash-generating unit. Moreover, country-specific tax rates and risk premiums are applied. If a reasonably possible change in a major assumption that is included in the impairment test might lead to a reduction of the recoverable amount below the carrying amount of the relevant goodwill, a sensitivity analysis must be performed regarding such major assumption. In the context of the impairment test for the financial year 2017, a reasonably possible change in a major assumption because of current circumstances does not result in a reduction of the recoverable amount below the carrying amount.

MAIN ASSUMPTIONS AND ESTIMATES:

The premises as well as the underlying methodology of the impairment test may have a significant impact on the respective values and ultimately on the amount of potential goodwill impairment. In particular, the determination of discounted cash flows is subject to a wide range of planning assumptions that are sensitive to change and therefore may have a significant impact on the value.

17 / Other intangible assets

161 / STATEMENT OF CHANGES IN OTHER INTANGIBLE ASSETS in EUR m

	Brands[1]	Customer relationships	Other intangible assets	Advances paid	Total other intangible assets
COST					
Balance as of January 1, 2016	**243**	**141**	**547**	**37**	**968**
Exchange rate differences	-1	2	1	0	2
Additions due to change in scope of consolidation	190	77	39	0	307
Additions	-/-	-/-	109	34	143
Reclassifications	-/-	-/-	24	-24	-/-
Disposals due to change in scope of consolidation	-4	-1	-60	-4	-70
Disposals	-2	-/-	-84	0	-86
Balance as of December 31, 2016/ January 1, 2017	**426**	**220**	**576**	**42**	**1,264**
Exchange rate differences	0	-10	-5	0	-15
Additions due to change in scope of consolidation	50	13	18	-/-	81
Additions	-/-	-/-	104	33	138
Reclassifications	-/-	-/-	24	-24	-/-
Disposals due to change in scope of consolidation	-47	-20	-30	0	-97
Disposals	0	-/-	-74	0	-75
Reclassification to assets held for sale	-/-	-/-	-1	0	-1
Balance as of December 31, 2017	**429**	**204**	**612**	**51**	**1,295**
AMORTIZATION					
Balance as of January 1, 2016	**19**	**19**	**376**	**1**	**415**
Exchange rate differences	0	0	1	-/-	1
Additions[2]	11	26	111	6	153
Disposals due to change in scope of consolidation	-4	-1	-47	0	-53
Disposals	-2	-/-	-68	0	-71
Balance as of December 31, 2016/ January 1, 2017	**23**	**44**	**373**	**6**	**447**
Exchange rate differences	0	-2	-3	-/-	-5
Additions[2]	36	29	129	10	203
Disposals due to change in scope of consolidation	-20	-11	-13	-/-	-44
Disposals	0	0	-51	-1	-52
Balance as of December 31, 2017	**39**	**61**	**435**	**15**	**550**
Carrying amount December 31, 2017	**390**	**143**	**177**	**36**	**745**
Carrying amount December 31, 2016	**403**	**175**	**202**	**36**	**817**

[1] Including brands with indefinite useful lifes with a carrying amount of EUR 319 million (previous year: EUR 333 million).
[2] Of the impairments recognized in this position amounting to EUR 65 million (previous year: EUR 24 million), EUR 48 million (previous year: EUR 18 million) are presented in the expenses of the corresponding functional area.

The other intangible assets include software, licenses for marketing digital offers by external providers and industrial property rights. This item furthermore includes internally generated intangible assets in the amount of EUR 46 million (previous year: EUR 48 million).

The trademarks comprise assets with definite and indefinite useful lives. The trademarks with indefinite useful lives are distributed among the individual segments as follows:

162 / ALLOCATION OF BRANDS WITH INDEFINITE USEFUL LIFE TO SEGMENTS in EUR m

Name of segment	Broadcasting German-speaking	Digital Entertain-ment	Digital Ventures & Commerce	Content Production & Global Sales	Total
Carrying amount of brands at December 31, 2016	3	3	327	-/-	333
Carrying amount of brands at December 31, 2017	15	2	302	-/-	319

All assets with indefinite useful lives undergo an annual impairment test pursuant to IAS 36, based on the recoverable amount → see "Summary of key accounting policies principles". Due to substantially new findings and changed management expectations on the originally planned valuation date of the annual impairment test, August 31, 2017, the impairment test was carried out as at valuation date December 31, 2017, deviating from the previous year. Where available, the impairment tests for assets with indefinite useful lives have been prepared on the basis of external appraisals.

The following table provides an overview over the allocation of major trademarks with indefinite useful lives to the cash-generating units as well as the assumptions included in the respective impairment tests as at the valuation date:

163 / DISCLOSURE ON IMPAIRMENT TEST OF SIGNIFICANT BRANDS WITH INDEFINITE USEFUL LIFE

Name of group of cash generating unit	Verivox	PARSHIP ELITE Group
Revenues growth p.a. in the projection period (CAGR)	11.5%	4.6%
Ø EBITDA margin p.a. during and after the projection period	31.3% – 33.8%	32.3% – 35.0%
Duration of projection period	5 years	5 years
Revenues growth p.a. after the end of projection period	1.5%	1.5%
Ø Discount rate (before taxes)	12.8%	13.1%
Valuation date	December 31, 2017	December 31, 2017
Carrying amounts of brands with indefinite useful lives December 31, 2017 (EUR m)	107	141

IMPAIRMENT OF INTANGIBLE ASSETS IN THE SEGMENT "DIGITAL VENTURES & COMMERCE"

The financial year 2017 saw impairments of other intangible assets in the segment Digital Ventures & Commerce that were identified and measured in the context of previous purchase price allocations. The main impairments are associated with customer relationships in the amount of EUR 4 million and a brand with a finite useful life in the amount of EUR 13 million in the Commerce portfolio that were reported as part of an impairment test pursuant to IAS 36. The amortized carrying amount of the relevant cash-generating unit was compared to the recoverable amount representing the higher of the fair value, minus disposal costs and value in use. Impairment losses were recognized as functional costs. In addition, in the context of the assets held for sale of entities from the Travel portfolio → see note 4 "Acquisitions, disposals and other transactions in connection with subsidiaries", a brand with an indefinite useful life was impaired by EUR 16 million. This impairment was recognized in other operating expenses.

STRATEGIC REORIENTATION MAXDOME

Following a strategic reorientation of the business activities of the subsidiary maxdome GmbH, which has been allocated to the segment Digital Entertainment, ProSiebenSat.1 Group has made an recognized an impairment of a brand with a finite useful life in an amount of EUR 1 million in the financial year 2017. In addition, an impairment test pursuant to IAS 36 was performed and in so doing, other intangible assets in the amount of EUR 17 million were impaired. Additional assets in the cash-generating unit maxdome were impaired in this context, which will be presented separately in the respective chapters.

Under other intangible assets, in addition to the impairments described, impairments of licenses in the amount of EUR 2 million (previous year: EUR 3 million) as well as other intangible assets with indefinite useful lives in the amount of EUR 28 million (previous year: EUR 13 million) were recognized in the past the financial year.

Scheduled depreciation is recognized using the straight-line method according to the useful life, which is largely based on the following economic useful lives:

USEFUL LIVES OF INTANGIBLE ASSETS

	years
Software	3 – 8
Licenses and other industrial property rights	10 and license contract term respectively

In deviation from the above, intangible assets with finite useful lives acquired in the context of business combinations may have other periods of use:

USEFUL LIVES OF INTANGIBLE ASSETS WITH DEFINITE USEFUL LIVES FROM PURCHASE PRICE ALLOCATION

	years
Customer relationships	2 – 15
Brands with finite useful lives	5 – 15

The useful lives and amortization methods are reviewed annually and adjusted if expectations have changed.

MAIN ASSUMPTIONS AND ESTIMATES:

The premises as well as the underlying methodology of the impairment test may have a significant impact on the respective values and ultimately on the amount of potential impairments of other intangible assets. In particular, the determination of discounted cash flows is subject to a wide range of planning assumptions that are sensitive to change and therefore may have a significant impact on the value.

18 / Property, plant and equipment

164 / STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT in EUR m

	Buildings on land owned by others, fixtures and renovations	Technical facilities	Office furniture and equipment	Advances paid	Total
COST					
Balance as of January 1, 2016	**266**	**176**	**68**	**9**	**519**
Exchange rate differences	0	1	0	–/–	1
Additions due to change in scope of consolidation	0	2	1	0	4
Additions	6	18	10	6	41
Reclassifications	7	1	0	– 7	–/–
Disposals due to change in scope of consolidation	– 1	0	– 2	0	– 3
Disposals	0	– 7	– 5	– 1	– 12
Balance as of December 31, 2016/ January 1, 2017	**278**	**190**	**72**	**7**	**548**
Exchange rate differences	0	– 2	0	–/–	– 3
Additions due to change in scope of consolidation	1	1	2	0	4
Additions	16	15	9	12	52
Reclassifications	1	0	0	– 2	–/–
Disposals due to change in scope of consolidation	–/–	–/–	– 2	–/–	– 2
Disposals	– 20	– 12	– 7	– 4	– 43
Reclassification to assets held for sale	–/–	0	0	–/–	0
Balance as of December 31, 2017	**276**	**193**	**74**	**14**	**556**
DEPRECIATION AND AMORTIZATION					
Balance as of January 1, 2016	**117**	**127**	**49**	**–/–**	**293**
Exchange rate differences	0	0	0	–/–	0
Additions	23	22	7	–/–	52
Disposals due to change in scope of consolidation	– 1	0	– 2	–/–	– 2
Disposals	0	– 7	– 4	–/–	– 11
Balance as of December 31, 2016/ January 1, 2017	**140**	**143**	**50**	**–/–**	**332**
Exchange rate differences	0	– 1	0	–/–	– 2
Additions	27	24	9	–/–	60
Disposals due to change in scope of consolidation	–/–	–/–	– 1	–/–	– 1
Disposals	– 20	– 11	– 7	–/–	– 38
Balance as of December 31, 2017	**146**	**155**	**51**	**–/–**	**352**
Carrying amount December 31, 2017	**130**	**38**	**23**	**14**	**205**
Carrying amount December 31, 2016	**139**	**47**	**23**	**7**	**216**

The Buildings on land owned by others, fixtures and renovations includes leased buildings with a residual carrying amount of EUR 85 million (previous year: EUR 94 million), which due to the contractual arrangement of the underlying lease agreements are classified as finance leases and therefore are attributable to the Group as beneficial owner. The underlying leases pertain to land and buildings at the Unterföhring site. Each of them has a term of 22 years and will end in 2019, at the earliest, with the possibility of the interest conversion dates (the end of the fixed interest period) occurring earlier. The real estate lease agreements have been concluded at standard market conditions. Because of the planned new construction at the Unterföhring site, the remaining useful lives of the leased real properties and of their included installations and modifications will be curtailed. In the period under review, this resulted in increased depreciation of EUR 17 million.

In addition there are other leases, primarily for technical equipment in the amount of EUR 5 million (previous year: EUR 10 million), which are also classified as finance leases.

The minimum lease payments as of December 31, 2017 and of the previous reporting date comprise the following:

165 / MINIMUM LEASE PAYMENTS in EUR m

	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total 12/31/2017
PROPERTY, PLANT AND EQUIPMENT				
Minimum lease payments	14	17	0	31
Share of interest minimum lease payments	1	2	0	3
Present value of minimum lease payments	13	15	0	28

	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total 12/31/2016
PROPERTY, PLANT AND EQUIPMENT				
Minimum lease payments	16	27	1	45
Share of interest minimum lease payments	2	3	0	5
Present value of minimum lease payments	14	24	1	40

Moreover, lease liabilities for buildings on third-party land exist in the amount of EUR 38 million (previous year: EUR 32 million). As a consequence, lease liabilities as of December 31, 2017 amount to EUR 65 million (previous year: EUR 72 million).

The following economic useful lives are used as a basis:

166 / USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

	years
Buildings on land owned by others, fixtures and renovations	3 – 50
Technical facilities	2 – 10
Office furniture and equipment	3 – 20

19 / Investments accounted for using the equity method

ASSOCIATES

Two material associates exist that are accounted for using the equity method.

The Group holds a 33.0% stake in the share capital of gamigo AG, Hamburg (previous year: 33.0%). The purpose of the company is the operation of gaming portals on the Internet and the associated marketing of advertising space, the trading in computer games and console games as well as the operation and marketing of online games on the Internet and mobile devices. In the reporting year, ProSiebenSat.1 Group did not receive any dividends from gamigo AG.

In addition, the Group holds investment of 41.6% (previous year: 41.6%) in the capital of Marketplace GmbH, Berlin, which holds 100% of the shares in Beko Käuferportal GmbH, Berlin. Käuferportal is a leading online portal in Germany for the procurement of complex products and services. In the reporting year, ProSiebenSat.1 Group did not receive any dividends from Marketplace GmbH.

The following overview shows aggregated financial information for the material associates as well as a reconciliation of the summarized financial information to the carrying amounts of the Group's shares in the associates. The figures were derived from the last available set of financial statements. The reporting date of these entities is the 31st of December. Gamigo AG's reconciliation is based on financial statements as of November 30, 2017. In the previous financial year the reconciliation of Marketplace GmbH was based on provisional figures. These companies are not listed.

167 / FINANCIAL INFORMATION FOR MATERIAL ASSOCIATES in EUR m

	Marketplace GmbH (Käuferportal)		gamigo AG	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
ProSiebenSat.1 Group's share (in %)	**41.6%**	**41.6%**	**33.0%**	**33.0%**
Non-current assets	56	55	34	48
Current assets	15	28	9	12
Non-current liabilities	24	29	19	25
Current liabilities	12	6	24	25
Net assets (100%)	**36**	**47**	**0**	**10**
ProSiebenSat.1 Group's share of net assets	15	20	0	3
Goodwill	20	20	24	24
Impairment	–/–	–/–	– 13	–/–
Carrying amount of interest in associate	**34**	**39**	**10**	**27**
Revenues	63	4[1]	38	21[1]
Profit or loss for the period (100%)	– 12	0[1]	– 10	– 12[1]
ProSiebenSat.1 Group's share of profit or loss	**– 5**	**– 0**[1]	**– 3**	**– 4**[1]

1 The amounts represent the figures since acquisition.

ProSiebenSat.1 Group holds additional investments in associated companies that are of minor importance to the Group. The following overview shows summarized financial information regarding such investments:

168 / AGGREGATE FINANCIAL INFORMATION FOR IMMATERIAL ASSOCIATES in EUR m

	12/31/2017	12/31/2016
Carrying amount of interests in associates	56	42
Profit share[1]	0	3

1 The immaterial associates do not have discontinued operations.

JOINT VENTURES

The investments in joint ventures held by ProSiebenSat.1 Group as of December 31, 2017 are of only minor importance for the Group.

169 / AGGREGATE FINANCIAL INFORMATION FOR IMMATERIAL JOINT VENTURES in EUR m

	12/31/2017	12/31/2016
Carrying amount of interests in joint ventures	8	0
Profit share[1]	– 1	0

1 The immaterial joint ventures do not have discontinued operations.

20 / Programming assets

The programming assets include rights to feature films, series, commissioned productions, digital content as well as advance payments made upon the above (including advance payments made for sports rights). Because of the special significance for ProSiebenSat.1 Group, programming assets that in principle are attributable to other intangible assets, are reported as a separate item in the statement of financial position.

170 / STATEMENT OF CHANGES IN PROGRAMMING ASSETS in EUR m

	Capitalized rights	Advances paid	Total
Carrying amount January 1, 2016	**1,176**	**76**	**1,252**
Additions due to change in scope of consolidation	-/-	1	1
Additions	920	73	994
Disposals	-17	0	-18
Reclassifications	34	-34	-/-
Consumption[1]	-918	-/-	-918
thereof scheduled			-801
thereof impairment			-117
Carrying amount December 31, 2016 and January 1, 2017	**1,196**	**117**	**1,312**
thereof non-current programming assets			1,166
thereof current programming assets			146
Exchange rate differences	0	-1	-1
Additions due to change in scope of consolidation	3	-/-	3
Additions	958	90	1,048
Disposals	-22	0	-22
Reclassifications	60	-60	-/-
Consumption[1]	-1,141	-/-	-1,141
thereof scheduled			-839
thereof impairment			-302
Carrying amount December 31, 2017	**1,053**	**145**	**1,198**
thereof non-current programming assets			1,021
thereof current programming assets			177

[1] Consumption including provisions for onerous contracts from prior periods of EUR 1 million (previous year: EUR 6 million).

Capitalized rights include primarily Free TV rights in the amount of EUR 1,048 million (previous year: EUR 1,175 million) as well as other rights such as Pay TV, video-on-demand and mobile TV rights in the amount of EUR 5 million (previous year: EUR 20 million).

In the third quarter of the financial year 2017, ProSiebenSat.1 Group carried out a strategic revaluation of part of its program portfolio in the segment Broadcasting German-speaking. The primary aim is to further diversify the Group's program structure so as to reduce the US Fiction share in the program in the medium term. In this context, as part of the two-stage impairment test, comprehensive adjustments were made to titles in the program portfolio. Based on the completed reevaluation, the Group has recorded impairments in the amount of EUR 170 million. Furthermore, due to the strategic reassessment of the business activities of the subsidiary maxdome GmbH, which is assigned to the Digital Entertainment segment, impairments on programming assets totaling EUR 21 million were recognized in the financial year 2017.

The consumption and impairments of programming assets are reported as cost of sales. Reversals of impairments are netted against consumption.

Programming assets, such as sporting events or news formats, that are intended for single runs as well as advance payments made on programming assets are generally recognized as current programming assets.

Provisions for onerous executory programming asset transactions are recognized if, according to the Company's current estimates, the forecast revenues will not cover the costs. Such provisions for onerous contracts are recognized taking into account genre-based programming groups.

MAIN ASSUMPTIONS AND ESTIMATES:

Major components of the programming assets are acquired from large film studios in the form of film packages. Both the initial valuation of the individual licenses of such film packages as well as the subsequent assessment of the programming assets are based on ratings estimates. These take into account the different usability of programming assets and, depending on the number of the relevant broadcasts, reflect the required consumption of the programming assets accordingly.

21 / Financial receivables and assets

171 / FINANCIAL RECEIVABLES AND ASSETS in EUR m

	12/31/2017			12/31/2016		
	Current	Non-current	Total	Current	Non-current	Total
Receivables from content production	18	–/–	18	12	–/–	12
Trade accounts receivable	483	9	492	434	18	452
Total receivables	**501**	**9**	**510**	**446**	**18**	**464**
Derivatives	37	41	78	77	187	264
Investments	–/–	66	66	–/–	69	69
Securities	–/–	45	45	–/–	51	51
Other financial assets	15	15	29	14	6	20
Total financial assets	**52**	**167**	**218**	**91**	**313**	**404**
Total	**553**	**175**	**728**	**537**	**331**	**868**

In the Statement of financial position, the Group discloses the respective net positions for each commissioned production either as receivable or liability. A commissioned production is reported as a receivable if the costs incurred and the profits recognized, minus recognized losses, exceed advance payments received. Otherwise, commissioned productions result in liabilities.

172 / NET POSITION FOR ONGOING CONSTRUCTION CONTRACTS in EUR m

	12/31/2017	12/31/2016
Amounts due from customers for contract work	18	12
Amounts due to customers for contract work	9	24
net position	**9**	**– 12**

The net position relates to the following items:

	12/31/2017	12/31/2016
Aggregate costs incurred and recognised profits (less recognised losses) to date	370	401
Less progress billings	361	413
	9	**– 12**

The Content Production & Global Sale" segment still includes a number of commissioned projects in work. In the financial year 2017, these generated a result of EUR 89 million (previous year: EUR 108 million), while at the same time, the relevant costs of project progress amounted to EUR 282 million (previous year: EUR 293 million).

The derivatives are predominantly foreign currency hedges with positive market values. The position furthermore includes a financial derivative from a warrant agreement with Odyssey Music Group S.A., Paris (operator of the music streaming portal "Deezer"). For additional detailed information, please refer to → note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

Investments include, inter alia, the non-controlling interests acquired by the Group in the context of its "Media for Equity" strategy. → see note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

Securities primarily include venture capital fund investments in the amount of EUR 22 million (previous year: EUR 30 million). In addition, this position also includes EUR 23 million (previous year: EUR 21 million) in shares in investment funds, valued at fair value through profit or loss, which are used to cover the pension obligations, but do not constitute plan assets within the meaning of IAS 19.

The following table shows the changes in credit allowances for gross non-current and current trade receivables:

173 / **CHANGES IN CREDIT ALLOWANCES** in EUR m

	12/31/2017	12/31/2016
Credit allowances at the beginning of the reporting period	33	19
Additions	24	24
Release	– 12	– 4
Usage	– 7	– 6
Foreign currency effects	0	0
Changes to the scope of consolidation	– 1	0
Reclassification to assets held for sale	– 2	–/–
Credit allowances at the end of the reporting period	**36**	**33**

As of December 31, 2017, the aging structure for overdue, unimpaired receivables within the Group was as follows:

174 / **AGING STRUCTURE** in EUR m

	12/31/2017	12/31/2016
Not due at the end of the reporting period	362	361
Amount past due the following time ranges:		
Less than 3 months	89	74
Between 3 and 6 months	10	7
Between 6 and 9 months	3	4
Between 9 and 12 months	9	3
More than 12 months	10	4
Total receivables past due but not impaired	**120**	**91**

ProSiebenSat.1 Group assumes that the overdue, unimpaired receivables can still be collected in full.

22 / Other receivables and assets

175 / OTHER RECEIVABLES AND ASSETS in EUR m

	12/31/2017			12/31/2016		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments	9	-/-	9	8	-/-	8
Accrued items	22	0	22	34	7	42
Other	22	3	25	15	4	18
Total other receivables and assets	**53**	**4**	**57**	**57**	**11**	**68**

Other includes, inter alia, transaction costs of the credit facilities that are to be released throughout the entire term → see note 27 "Financial liabilities" and a number of immaterial line items.

23 / Cash and cash equivalents

Cash and cash equivalents of ProSiebenSat1. Media SE include the categories shown in the following table, with the bank balances maturing within up to three months at the time of acquisition.

176 / CASH AND CASH EQUIVALENTS in EUR m

	12/31/2017	12/31/2016
Cheques	1	1
Cash in Bank	1,077	669
Other cash equivalents	473	600
Total cash and cash equivalents	**1,552**	**1,271**

Other cash equivalents include call and time deposit accounts with maturities of up to three months held in different currencies.

The development of cash and non-cash changes to financial liabilities and related assets is shown in the following table:

177 / CHANGES IN FINANCIAL LIABILITIES in EUR m

	01/01/2017	Cash changes	Non-cash changes			Other	12/31/2017
			Business combinations	Fair value changes	FX changes		
LIABILITIES							
Non-current financial debt	3,178	-3	1	5	-/-	-/-	3,180
Current financial debt	7	-2	-/-	-/-	-1	-/-	4
Finance lease liabilities	72	-16	9	-/-	0	0	65
Derivatives	32	-/-	-/-	-19	-/-	0	13
RECEIVABLES							
Financing expenses RCF	5	1	-/-	-1	-/-	-/-	5
Derivatives	2	-/-	-/-	-2	-/-	-/-	0
Total	**3,281**	**-22**	**9**	**-10**	**-1**	**1**	**3,258**

24 / Shareholders' equity

As of December 31, 2017, the subscribed capital of ProSiebenSat.1 Media SE amounts to EUR 233 million (previous year: EUR 233 million), with each share representing a nominal value of EUR 1.00 of the share capital. Accordingly, as of December 31, 2017, 233,000,000 common shares were outstanding (previous year: 233,000,000 shares), with the Company holding 4,050,518 thereof (previous year: 4,190,301 shares) in treasury.

The capital reserve amounts to EUR 1,055 million (previous year: EUR 1,054 million). It is largely comprised of the premium from shares issued in the financial year 2016 and the capital increases in the financial years 2004 and 1997. In the previous year, ProSiebenSat.1 Media SE had carried out a cash capital increase from the Authorized capital and without subscription rights of the shareholders with total gross proceeds of EUR 515 million.

Moreover, in the financial year 2017, EUR 3 million (previous year: minus EUR 47 million) were recognized in connection with share-based payments in the capital reserve. In 2016, the Group's share plans 2013 through 2015 were changed from "equity settlement" to "cash settlement". In the context of said change, EUR 59 million previously recognized in the capital reserve were reclassified and other non-current provisions or other current liabilities. → note 32 "Share-based payment"

The accumulated other comprehensive income of ProSiebenSat.1 Group in the amount of minus EUR 16 million (previous year: EUR 171 million) includes the effects from cash flow hedge accounting, from foreign currency conversion of the financial statements of foreign subsidiaries and the effects of the measurement of pension obligations to be recognized outside profit or loss. The reduction compared to the previous year is due to measurement effects from cash flow hedge accounting and pertains to currency hedge transactions with a fair value in the amount of EUR 14 million (previous year: EUR 245 million) and interest rate hedging transactions in the amount of minus EUR 8 million (previous year: EUR –24 million), before deducting the relevant applicable deferred taxes. The deferred tax liabilities pertain to currency hedging transactions in the amount of EUR 4 million (previous year: EUR 69 million). The deferred tax liabilities pertain to interest hedging transactions in the amount of EUR 2 million (previous year: EUR 7 million).

The changes in the market value of the interest rate swaps that are recognized in the accumulated other comprehensive income for the effective part of the hedging have been reversed through profit or loss throughout the original term of the hedging relationships. → see note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

In the context of measuring pension obligations, actuarial losses of minus EUR 9 million (previous year: EUR –9 million) as well as the relevant applicable deferred taxes in the amount of EUR 3 million (previous year: EUR 3 million) were recognized.

In addition, the Group's accumulated other comprehensive income includes gains and losses from foreign currency conversion of financial statements of foreign subsidiaries in the amount of minus EUR 14 million (previous year: EUR 18 million).

Accordingly, the results recognized in accumulated other comprehensive income throughout the financial year 2017 are comprised of the following:

178 / CHANGES OF ACCUMULATED OTHER COMPREHENSIVE INCOME in EUR m

	2017			2016		
	Before Taxes	Deferred Taxes	After Taxes	Before Taxes	Deferred Taxes	After Taxes
Currency translation ProSiebenSat.1 Media SE foreign subsidiaries	-40	-/-	-40	-4	-/-	-4
Currency translation non-controlling interests of foreign subsidiaries	-3	-/-	-3	0	-/-	0
Currency translation effects recognised in other comprehensive income	-43	-/-	-43	-4	-/-	-4
Deconsolidation effects	8	-/-	8	0	-/-	0
Effects from foreign currency translation	**-35**	**-/-**	**-35**	**-4**	**-/-**	**-4**
Currency hedges	-231	65	-166	15	-4	11
Interest rate hedges	16	-4	12	22	-6	16
Effects from cash flow hedge accounting recognised in other comprehensive income	-215	60	-155	37	-10	26
Measurement of cash flow hedges	**-215**	**60**	**-155**	**37**	**-10**	**26**
Valuation effects of provisions for pensions recognised in other comprehensive income	**0**	**0**	**0**	**-1**	**0**	**-1**
Total other comprehensive income/loss for the period	**-250**	**60**	**-189**	**31**	**-10**	**22**

NON-CONTROLLING INTERESTS

Besides ProSiebenSat.1 Group, no other shareholders have material share in fully consolidated subsidiaries apart from PARSHIP ELITE GROUP → see "List of affiliated companies and investments". As of December 31, 2017, non-controlling interests in fully consolidated subsidiaries amounted to EUR 26 million (previous year: EUR 24 million). This value is comprised of various amounts, that individually are insignificant. The Group has no material restrictions on access to the assets of subsidiaries. With regard to further information about the Group's investment structure, we refer to the list of affiliated companies and investments in the notes to the Consolidated Financial Statements.

ALLOCATION OF PROFITS

In the past the financial year, the annual general meeting on May 12, 2017 resolved the allocation to retained earnings in the amount of EUR 800 million and the distribution of a dividend for the financial year 2016 in the amount of EUR 1.90 per common share. The total dividend payment amounted to EUR 435 million and was disbursed on May 17, 2017.

Under the German Stock Corporation Act, the dividends payable to shareholders is calculated based on the retained earnings disclosed in the annual financial statements of ProSiebenSat.1 Media SE under the German Commercal Code. It is planned to use the retained earnings of ProSiebenSat.1 Media SE of the financial year 2017 in the amount of EUR 1,141 million as follows:

179 / PROPOSED ALLOCATION OF PROFIT in EUR

Distribution of a dividend of EUR 1.93 per registered share of common stock	441,872,500.26
Allocation to retained earnings	200,000,000.00
Balance to be carried forward to the next accounting period	499,457,159.74
ProSiebenSat.1 Media SE retained earnings	**1,141,329,660.00**

The distribution and allocation to retained earnings depends on the approval by the Annual General Meeting on May 16, 2018. The final distribution amount here is determined based on the number of shares entitled to dividends at the time of the resolution on the allocation of profits, which may still change until the day of the Annual General Meeting, depending on the number of the Company's own shares that are not entitled to dividends pursuant to Sec. 71b of the German Stock Corporation Act (AktG).

AUTHORIZED CAPITAL

By resolution of the Annual General Meeting on June 30, 2016, new Authorized Capital was created with a corresponding amendment of article 4 (amount and division of share capital) of the articles of incorporation (Authorized Capital 2016). Subject to the consent of the Supervisory Board, the Executive Board is authorized to increase the share capital of the Company on one or more occasions on or before June 30, 2021, by not more than EUR 87,518,880 in return for contributions in cash and/or in kind, by issuing new registered no-par shares. In this context, shareholders are to be granted statutory preemptive rights when new shares are issued. However, subject to the consent of the Supervisory Board, the Executive Board is also authorized to partially or fully exclude the shareholders' preemptive rights in cases described in more detail in Authorized Capital 2016. The Executive Board resolved on November 3, 2016, with consent of the Supervisory Board on the same day, to increase the Company's share capital by EUR 14,202,800 from EUR 218,797,200 to EUR 233,000,000 by issuing 14,202,800 new, registered shares each representing EUR 1 of the share capital, making partial use of the Authorized Capital 2016 in accordance with article 4 (4) of the articles of incorporation. The shareholders' preemptive rights were excluded in accordance with article 4 lit. b. of the articles of incorporation. The new shares are entitled to receive dividends from January 1, 2016. Following its partial utilization, Authorized Capital 2016 amounts to EUR 73,316,080.

CONTINGENT CAPITAL

By resolution of the Annual General Meeting on June 30, 2016, Contingent Capital was created with a corresponding amendment of article 4 (amount and division of share capital) of the articles of incorporation. In this context, there was a contingent increase in share capital by up to EUR 21,879,720 by issuing up to 21,879,720 new registered no par value shares (Contingent Capital 2016). The Contingent Capital increase serves to grant shares to holders or creditors of convertible bonds in addition to holders of option rights attached to warrant-linked bonds to be issued on or before June 29, 2021, as a result of the authorization granted by resolution of the Annual General Meeting of June 30, 2016, by the Company or a German/foreign entity in which the Company either directly or indirectly holds the majority of votes and capital.

TREASURY SHARES

In accordance with section 71 (1) no. 8 of the German Stock Corporation Act, the Annual General Meeting of May 21, 2015, authorized the Company to acquire its own shares on or before May 20, 2020, in the total amount of up to 10% of the Company's share capital on the date the authorization was granted or — if this figure is lower — on the date the authorization is exercised, and to use these, also under exclusion of preemptive rights in the cases described in more detail in the authorization. Treasury shares may also be acquired using derivatives up to a total of 5% of the share capital on the date the authorization was granted in accordance with the more detailed conditions of the authorization.

In the financial year 2017, 104,630 stock options were exercised under the 2010 LTIP (Cycle 2011) → see note 32 "Share-based Payment". Moreover, as part of the employee share program "myShares" one share was repurchased from ProSiebenSat.1 Media SE from the treasury shares used in 2016 in January 2017, and 35,154 of its own shares were issued in 2017. As a result, the number of treasury shares decreased from 4,190,301 as at December 31, 2016 to 4,050,518 as at December 31, 2017.

CAPITAL MANAGEMENT INFORMATION

In principle, equity capital measures, dividend payments to shareholders, repurchase of shares and borrowing are available to ProSiebenSat.1 Group as capital management measures.

ProSiebenSat.1 Group's capital management has the objective of securing its long-term ability to function on a going concern basis and to generating fair returns for the shareholders. Changes in the macroeconomic framework conditions as well as risks due to the underlying business activities are taken into account in so doing. It is furthermore important to ProSiebenSat.1 Group to ensure both unrestricted capital market access to a range of borrowing facilities and to also make sure that financial debt is serviced.

As part of its active debt management, in particular the debt-equity ratio is measured as the ratio of net financial debt to adjusted EBITDA during the past twelve months as well as the capital and liquidity requirements and the temporal congruence of refinancing measures.

ProSiebenSat.1 Group and its financial liabilities are not assessed by international rating agencies.

The capital structure ProSiebenSat.1 Group as at the closing date is as follows:

180 / CAPITAL STRUCTURE in EUR m

	12/31/2017	12/31/2016
Shareholders' equity	**1,252**	**1,432**
Share of total capital	19.1%	21.7%
Financial debt	**3,185**	**3,185**
Share of total capital	48.5%	48.2%
Leverage	**1.6**	**1.9**
Total Capital (total equity and liabilities)	**6,569**	**6,603**

For further information about the financial management of ProSiebenSat.1 Group, please refer to the → chapter "Debt capital and financing structure" in the Combined Management Report.

25 / Provisions for pensions

Pension provisions were recognized for obligations to provide benefits for active and former members of the Executive Board of ProSiebenSat.1 Media SE and their surviving dependants. The pension agreements provide for benefits after reaching the contractual age limit, in the case of permanent disability and after the death of the beneficiary. Benefits may be paid as lifelong pension, in several annual installments or as a one-off payment.

In calculating pension expenses, ProSiebenSat.1 Media SE considers the expected service cost and the accrued interest on the pension obligation. The change in the present value of the defined benefit obligation is calculated as follows:

181 / PRESENT VALUE OF OBLIGATION in EUR m

	2017	2016
Present value of obligation at January 1	**26**	**23**
Current service cost	1	1
Interest cost	1	1
Total amount recognized in profit or loss	**2**	**1**
Remeasurements:		
Actuarial losses/(gains) arising from changes in financial assumptions	0	-1
Actuarial losses/(gains) arising from experience losses/(gains)	0	2
Total amount recognized in other comprehensive income	**0**	**1**
Deferred compensation	1	1
Pension payments	0	0
Present value of obligation at December 31	**27**	**26**

Deferred compensation relates to the conversion of parts of fixed basic salaries and bonus entitlements into pension entitlements.

The following parameters were used for this calculation:

182 / OVERVIEW ACTUARIAL PARAMETERS

	2017	2016
Discount rate	2.0%	2.0%
Salary growth rate	0.0%	0.0%
Pension growth rate	1.0%	1.0%

In the financial year 2017, pension payments were made to former Executive Board members with pension entitlements in a total amount of EUR 0.4 million (previous year: EUR 0.4 million). This includes pension payments in the amount of EUR 0.2 million (previous year: EUR 0.2 million) that result from deferred compensation. The payments anticipated for subsequent years are shown in the table below.

183 / EXPECTED PENSION PAYMENTS in EUR m

	2018	2019	2020	2021	2022
Expected pension payments	2	11	0	1	2
thereof deferred compensation	1	8	0	0	0

The payments expected in the financial year 2018 for the acquisition of shares in investment funds to cover the pension obligations amount to EUR 1 million for the defined benefit plans. These shares in investment funds do not qualify as plan assets for offsetting against the pension obligation, but are presented separately as financial assets. → see note 21 "Financial receivables and assets"

Pension commitments in an insignificant amount expired because Dr. Gunnar Wiedenfels left as of March 31, 2017.
→ see note 33 "Related party transactions"

ESSENTIAL ASSUMPTIONS AND ESTIMATES:

Actuarial valuations are based on key assumptions, including discount rates, expected salary and pension trends, and mortality rates. The discount rates used are determined on the basis of the yields achieved at the end of the reporting period for high-quality corporate bonds of the appropriate maturity and currency. If such returns are not available, discount rates are based on government bond yields. Due to changing market, economic and social conditions, the underlying assumptions may differ from actual developments.

26 / Other provisions

184 / OTHER PROVISIONS in EUR m

	As of 01/01/2017	Exchange rate differences	Additions	Usage	Release	Changes in scope of consolidation	Reclassification under IFRS 5	As of 12/31/2017
Provisions for onerous contracts	**5**	**0**	**16**	**-2**	**-1**	**3**	**-/-**	**20**
thereof current provisions	3							9
Provisions for business operations	**21**	**-/-**	**20**	**-12**	**-8**	**2**	**-/-**	**23**
thereof current provisions	21							23
Provision for employee benefits	**52**	**0**	**19**	**-15**	**-14**	**0**	**-/-**	**43**
thereof current provisions	13							9
Other provisions	**47**	**0**	**43**	**-15**	**-15**	**7**	**0**	**67**
thereof current provisions	46							66
Total	**126**	**0**	**98**	**-44**	**-38**	**12**	**0**	**153**

Provisions are comprised of current provisions in the amount of EUR 107 million (previous year: EUR 83 million) and non-current provisions in the amount of EUR 46 million (previous year: EUR 42 million).

ProSiebenSat.1 Media SE expects that the vast majority of the non-current provisions will affect cash flow within the next five years.

The provisions for onerous contracts relate to programming assets in an amount of EUR 8 million (previous year: EUR 2 million) and to the costs of HD transmission in Austria in an amount of EUR 9 million (previous year: EUR 0 million). The provisions from current business operations primarily contain provisions for sales discounts. The provisions for employee benefits primarily comprise obligations arising from share-based payments in the amount of EUR 19 million (previous year: EUR 32 million).

As of December 31, 2017 and the previous year's reporting date, other provisions comprised the following:

185 / MISCELLANEOUS OTHER PROVISIONS in EUR m

	2017	2016
Provisions for VAT	12	8
Provisions for interest from tax liability	28	13
Provisions for legal costs	2	3
Provisions for additional payments to bestseller beneficiaries	12	6
Other	13	17
Total	**67**	**47**

SIGNIFICANT ASSUMPTIONS AND ESTIMATES:

Provisions are recognized and measured on the basis of estimates regarding the amount and probability of future outflows of resources embodying benefits, as well as on the basis of historic experience and the circumstances known as of the reporting date. To determine the amount of provisions, in addition to the assessment of the associated matters and the claims asserted, in some cases the results from comparable matters are also taken into account. Assumptions are also made as to the probabilities whether and within what ranges the provisions may be used. Regarding the amount and probability of occurrence, provisions for onerous contracts and litigation are based to a considerable extent on management estimates. The assessment of whether a present obligation exists is generally based on assessments of internal and external experts. Estimates can change on the basis of new information and the actual charges may affect the earnings, financial position and performance of ProSiebenSat.1 Group.

27 / Financial liabilities

186 / FINANCIAL LIABILITIES in EUR m

	Current	Non-current	Total 12/31/2017
Loans and borrowings	4	2,085	2,090
Notes	-/-	597	597
Promissory note	-/-	498	498
Financial debt	**4**	**3,180**	**3,185**
Trade payables	**541**	**50**	**591**
Accrued interest	16	-/-	16
Liabilities from finance leases	13	53	65
Liabilities from derivatives	17	56	72
Earn-out liabilities, liabilities from put options and deferred purchase price liabilities	84	365	448
Accrued media authority liabilities	11	-/-	11
Various other liabilities	6	-/-	6
Total other financial liabilities	**145**	**473**	**618**
Total financial liabilities	**691**	**3,703**	**4,394**

	Current	Non-current	Total 12/31/2016
Loans and borrowings	7	2,084	2,091
Notes	-/-	596	596
Promissory note	-/-	498	498
Financial debt	**7**	**3,178**	**3,185**
Trade payables	**527**	**70**	**598**
Accrued interest	16	-/-	16
Liabilities from finance leases	14	57	72
Liabilities from derivatives	1	32	32
Earn-out liabilities, liabilities from put options and deferred purchase price liabilities	49	317	366
Accrued media authority liabilities	16	-/-	16
Various other liabilities	6	-/-	6
Total other financial liabilities	**102**	**406**	**509**
Total financial liabilities	**637**	**3,655**	**4,291**

Non-current loans and borrowings include a term loan with a nominal volume of EUR 2.100 billion as of December 31, 2017 (previous year: EUR 2.100 billion). The valuation of said financial liabilities at amortized costs using the effective interest rate method results in a carrying amount of EUR 2.084 billion as of December 31, 2017 (previous year: EUR 2.084 billion).

The loan agreement furthermore consists of a revolving credit facility (RCF) with a volume of EUR 750 million (previous year: EUR 600 million), which - like as of the previous year's reporting date - has not been drawn as of December 31, 2017. Loan and credit facility have a term until April 2022. → see also note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

There also are unsecured notes of EUR 600 million with a coupon of 2.625% and a due date of April 2021. It is listed at the regulated market of the Luxembourg Stock Exchange (ISIN DE000A11QFA7) → see also note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7". The measurement of said financial liabilities at amortized costs using the effective interest rate method results in a carrying amount of EUR 597 million as of December 31, 2017 (previous year: EUR 596 million).

In 2016, ProSiebenSat.1 Media SE has furthermore issued three unsecured promissory notes in a total amount of EUR 500 million, with maturity bands of seven years (EUR 225 million with fixed interest rates and EUR 50 million with variable interest rates) and of ten years (EUR 225 million with fixed interest rates. → see also note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

In case of a change of control of ProSiebenSat.1 Media SE due to the direct or indirect acquisition of more than 50% of the voting rights of ProSiebenSat.1 Media SE by a third party ("change of control"), the creditors of all instruments are entitled to terminate and demand repayment.

The earn-out liabilities, liabilities from put options as well as purchase price liabilities result from acquisitions made during the financial year and previous years. → see notes 4 "Acquisitions and disposals" and 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

No liens or similar security collateral were furnished for the financial liabilities.

28 / Other liabilities

187 / OTHER LIABILITIES in EUR m

	12/31/2017		12/31/2016	
	current	non-current	current	non-current
Accrued items and advance payments received	168	-/-	128	-/-
Liabilities to employees	63	-/-	51	-/-
Liabilities from VAT	52	-/-	50	-/-
Liabilities from other taxes	16	-/-	16	-/-
Vacation payment accruals	15	-/-	15	-/-
Liabilities from outstanding advertising services	14	5	9	13
Liabilities from rebates	12	-/-	10	-/-
Accruals from social security payments	3	-/-	2	-/-
Other	15	2	20	3
Total	**357**	**7**	**303**	**16**

Accrued items as well as advance payments received primarily consist of accruals for marketing rights, amounts owed to media agencies as well as advance payments received.

The advance payments received include advance payments in the amount of EUR 9 million (previous year: EUR 24 million) that have been received for projects in progress in the area of commissioned productions of programming content and have not yet been offset against claims. → see note 21 "Financial receivables and assets"

ADDITIONAL NOTES

29 / Contingent liabilities

Major legal disputes, where ProSiebenSat.1 Media SE and/or companies controlled by ProSiebenSat.1 Media SE are involved as defendants are shown below:

- **Claims for disclosure and action for damages by RTL 2 Fernsehen GmbH & Co. KG and El Cartel Media GmbH & Co. KG against SevenOne Media GmbH and the stations SAT.1 Satelliten Fernsehen GmbH, ProSieben Television GmbH, kabel eins Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group) pending at the Düsseldorf Regional Court since November 10, 2008.** Claims for disclosure and action for damages by RTL 2 Television GmbH & Co. KG and El Cartel Media GmbH & Co. KG against SevenOne Media GmbH as well as broadcasters SAT.1 Satelliten Fernsehen GmbH, ProSieben Television GmbH, kabel eins Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group), have been pending at the Regional Court of Düsseldorf since November 10, 2008. The plaintiff asserts claims for disclosure and action in connection with the marketing of advertising times by SevenOne Media GmbH. The external opinion commissioned by decision of the Regional Court on April 13, 2012 has been submitted in February 2018. The outcome of the proceedings, however, still unpredictable. In so far, no provision has been recognized as of December 31, 2017.

- **Claims for additional payments to bestseller authors against companies of ProSiebenSat.1 Group.** Authors of highly successful TV shows may assert claims against entities of ProSiebenSat.1 Group under Sec. 32a of the German Copyright Act (UrhG). The broadcasting group has since agreed on so-called "joint compensation rules" (Sec. 36 German Copyright Act (UrhG)) with four associations (directing, camera, scriptwriters and drama), providing for the payment of additional compensation to directors, camera operators, screenwriters and actors once TV movies or TV series reach certain audience numbers.
  As of December 31, 2017, a total of EUR 12 million (prior year: EUR 6 million) was recognized as provision for these issues, based on a best estimate of the additional compensation, which is expected to be payable based on the joint compensation rules already stipulated as well as on the joint compensation rules that currently are in advanced stages of negotiations. The amount of the provision furthermore takes into account the risks with regard to the VAT treatment of the compensation for bestsellers that has yet to be finally clarified. It is possible that more authors will assert additional justified claims under Sec. 32a German Copyright Act (UrhG), which are not covered by said "joint compensation rules" (e.g. for other program genres as well). It is currently not possible to provide a reliable assessment of the impact on our earnings development.

- **Tax risks regarding the measurement of programming assets:** In the context of the tax audit of ProSiebenSat.1 Group for the years 2004 to 2012, which has been ongoing since 2010 or 2013, respectively, the German tax authorities in June 2017 for the first time questioned the accuracy of the treatment of the programming assets of ProSiebenSat.1 Group in its tax balance sheet. This concerns in particular the recognition of the programming assets as current assets and the determination of depreciation. Technical discussions with the financial authorities are still under way. In particular, the financial authorities has not yet issued any written statement as to how specifically it believes the accounting for programming assets should be changed. It therefore still remains unclear at this time if and how the accounting would have to be changed in principle and in terms of the accounting policy. ProSiebenSat.1 Group considers its accounting practice - which previously had indeed been accepted by the tax authorities - lawful. ProSiebenSat.1 Group therefore reserves the right to appeal any potential tax assessments. We believe that a very low double-digit million EUR amount is sufficient for the risk provisions that have been recognized on the current state of knowledge. It is possible that the actual amount deviates from the provision, in particular due to uncertainties with regard to the relevant assessment periods and the valuation method to be used.

_ **Patent law warning letter against maxdome GmbH.** In the fourth quarter of 2017, maxdome GmbH received a letter from Copy Protection LLC regarding alleged patent infringement in the area of encryption technology. The legal review has shown that there are good opportunities for defense and it therefore, in all likelihood will not come to a claim. In that regard, as of December 31, 2017 no provision was recognized.

Moreover, ProSiebenSat.1 Media SE and companies controlled by it are defendants or parties in further court and arbitration proceedings as well as regulatory proceedings. Based on the current state of knowledge, these proceedings do not significantly impact the economic situation of ProSiebenSat.1 Group.

30 / Other financial obligations

Other financial obligations comprise off-balance-sheet financial obligations in addition to the liabilities shown in the statement of financial position. The figures are nominal, i.e. undiscounted amounts.

188 / OTHER FINANCIAL OBLIGATIONS in EUR m

	12/31/2017	12/31/2016
Remaining term 1 year or less	539	617
Remaining term 1 to 5 years	1,952	2,180
Remaining term over 5 years	296	447
Purchase commitments for programming assets	**2,787**	**3,244**
Remaining term 1 year or less	66	62
Remaining term 1 to 5 years	136	92
Remaining term over 5 years	25	33
Distribution	**227**	**187**
Remaining term 1 year or less	33	35
Remaining term 1 to 5 years	67	66
Remaining term over 5 years	7	11
Leasing and long-term rental commitments	**107**	**111**
Remaining term 1 year or less	171	125
Remaining term 1 to 5 years	109	37
Remaining term over 5 years	0	0
Other financial obligations	**281**	**162**
Total	**3,402**	**3,704**

The purchase commitments for programming assets reflect contracts for film and series licenses and commissioned productions entered into before December 31, 2017. Most of the contracts were concluded in US dollar.

Distribution includes financial obligations for satellite services, obligations under contracts for terrestrial transmission facilities and cable feed charges. Expenses of EUR 38 million (previous year: EUR 24 million) were incurred for satellite rental in the financial year 2017.

Non-terminable lease and rental obligations primarily include rental obligations arising from real estate rentals, IT equipment and car leasing, which due to their economic substance must be classified as operating leases. In the financial year 2017, operating lease expenses amounted to EUR 39 million in total (previous year: EUR 33 million). The introduction of IFRS 16 with the associated financial impact on ProSiebenSat.1 Group is explained in section. → "Changes in Reporting Standards"

31 / Further notes on financial risk management and financial instruments in accordance with IFRS 7

As part of its ongoing business activities and its debt financing, ProSiebenSat.1 Group is exposed to various financial risks. Such risks are managed in the context of financial risk management by the Group Finance & Treasury central unit. The objectives of financial risk management include ensuring solvency and risk-adequate management of market price risks. The derivative financial instruments used in this context exclusively serve the purpose of hedging existing risks and are not used for speculative purposes. The principles, tasks and responsibilities of the financial risk management are stipulated in the internal financial guidelines of ProSiebenSat.1 Group. Risks are reported monthly to the Executive Board.

The risks explained below have been identified as significant and are subject to ongoing evaluation. Taking into account hedging activities, ProSiebenSat.1 Group does not consider itself to be exposed to any significant risk concentrations.

INTEREST RATE RISKS

ProSiebenSat.1 Group defines interest rate risks as the risk of rising financing costs because of rising interest rates. Because of its financial liabilities with variable interest rates, ProSiebenSat.1 Group is exposed to an interest rate risk. These comprise a term loan with a nominal volume of EUR 2.100 billion as of December 31, 2017 (previos year: EUR 2.100 billion) and a revolving credit facility (RCF) with a volume of EUR 750 million as of the reporting date (previous year: EUR 600 million). In April 2017, the Group prolonged the term of the syndicated credit facility by two years until April 2022 and, in line with that, increased the revolving credit facility volume by EUR 150 million to EUR 750 million. In the financial year 2017, there was no utilization of the RCF. Interest payable on the term loan and the RCF is variable and based on Euribor money market rates plus an additional credit margin. In addition, three syndicated promissory note loans totaling EUR 500 million were issued by ProSiebenSat.1 Group, of which a tranche of EUR 50 million bears interest at a variable rate. → note 21 "Financial receivables and assets"

ProSiebenSat.1 Group hedges the interest rate risk inherent in the variable-interest financial liabilities using interest rate swaps and options. Under interest rate swaps, variable-rate interest payments are exchanged for fixed-rate interest payments. Future, variable-rate interest payments, the amounts of which are therefore uncertain, are thus compensated and replaced with fixed-rate interest payments. The market value of interest rate swaps is obtained by discounting expected future cash flows. As a buyer of interest rate options, ProSiebenSat.1 Group has the right, but not the obligation, to exchange future variable-rate interest payments for fixed-rate interest payments. Variable-rate future interest payments are thus compensated and replaced with fixed-rate interest payments if this is advantageous for ProSiebenSat.1 Group. For this right an option premium must generally be paid. Market values for interest rate options are calculated on the basis of a standard option pricing model. Differences may arise where other measurement methods are used. Since the interest rate derivatives are used exclusively for hedging existing interest rate risks, there is no intention to close them out.

As of December 31, 2017, the Group held interest rate swaps in the amount of EUR 850 million (previous year: EUR 850 million) and interest rate options in the amount of EUR 1.250 billion (previous year: EUR 1.250 billion) hedging the interest rate risk until 2018. ProSiebenSat.1 Group has also entered into further interest rate hedging transactions with a total nominal volume of EUR 2.100 billion (previous year: EUR 2.100 billion) hedging the interest rate risk during the following period from 2018 until 2020. Of the above, a portion of EUR 500 million (previous year: EUR 500 million) is attributable to interest rate swaps and a portion of EUR 1.600 billion (previous year: EUR 1.600 billion) to interest rate caps. Also, additional interest rate options have been entered into to limit the risk arising from the prevailing negative interest rates. Of the above, EUR 850 million (previous year: EUR 850 million) are attributable to the period from 2016 until 2018 and EUR 500 million (previous year: EUR 500 million) to the period from 2018 until 2020. As of December 31, 2017, the hedging ratio or the fixed interest portion of the loans and borrowings was approximately 98% (previous year: approx. 98%). As of December 31, 2017, the average fixed interest rate for interest rate swaps is 1.9% per annum (previous year: 1.9%). As of December 31, 2017, the average interest cap is 0.0% per annum (previous year: 0.0%).

Due to the sustained low interest rate level, interest expenses of EUR 19 million (previous year: EUR 28 million) were incurred as a result of these transactions in the reporting period. In the previous financial year, the development of negative interest rates and the associated higher hedging ineffectiveness meant that the accounting of interest rate swaps existing at the time, with a total volume of EUR 2.650 billion in accordance with the provisions of IAS 39 (hedge accounting) was discontinued which resulted in the termination of the hedging relationship. Expenses of EUR 16 million were recognized in the financial year 2017 in this context and presented in other financial result. After the termination of hedge accounting, the interest rate swaps were recognized through profit or loss. This resulted in income of EUR 19 million recognized in other financial result. The net earnings effect amounted to EUR 3 million in the financial year 2017. The market value of the interest rate swaps was EUR 13 million at December 31, 2017 (previous year: minus EUR 32 million). Over the full duration of these hedging relationships, the recognized earning effects will offset each other. The interest rate options are stand-alone hedging transactions, which are not recognized in the context of hedge accounting.

The remaining variable interest rate risk arises from the unhedged portion of the term loan, and also in case of cash drawings of the RCF. As of December 31, 2017, as at the revious year's reporting date, there were no cash drawings on the syndicated facility. The interest rate risk in the sense of a risk of changes change in market value is thought to be irrelevant, since the financial liabilities of ProSiebenSat.1 Group are reported at amortized costs with the effect that potential changes in the market value are not reflected in the statement of financial position.

The interest rate risk position is assessed regularly using current market data, and existing risks are quantified by way of sensitivity analyses. The table below shows the effects on the interest result by increasing (reducing) the relevant interest rates by one percentage point. In the case of an interest rate increase by one percentage point, the change in the market value of the interest rate hedges would improve the financial result by EUR 16 million. In the case of an interest rate decrease by one percentage point, the effect on the financial result would be minus EUR 7 million.

189 / **INTEREST RATE RISKS** in EUR m

	Interest	2017	2016
Cash and cash equivalents	variable	1,552	1,271
Liabilities to banks	variable	-2,084	-2,084
Promissory note	variable	-50	-50
Promissory note	fix	-448	-448
Notes	fix	-597	-596
Gross exposure	**variable**	**-582**	**-862**
	fix	**-1,045**	**-1,044**
Interest rate hedges[1]		2,100	2,100
Net exposure	**variable**	**1,518**	**1,238**
Hedge ratio[2]		360.9%	243.5%
Annual potential effect of an increase in short-term interest rates by 100 basis points (1 percentage point)[3]		4	5
Annual potential effect of a decrease in short-term interest rates by 100 basis points (1 percentage point)[3]		-15	1

[1] Thereof, as in the previous year, EUR 850 million interest rate swaps and EUR 1.250 billion interest rate caps.
[2] The hedge ratio is also determined by cash and cash equivalents, whereas these are not considered within the interest hedge.
[3] Due to the negative interest rate environment and existing lower interest rate limits there is no symmetry of the effects.

CURRENCY RISKS

ProSiebenSat.1 Group defines currency risks as the risk of losses arising from exchange rate changes.

ProSiebenSat.1 Group concludes a significant portion of its license agreements with production studios in the USA. ProSiebenSat.1 Group usually meets any financial obligations from such programming rights purchases in US dollars. Exchange rate fluctuations between Euro and US dollar therefore may have a negative impact on the earnings and financial position of ProSiebenSat.1 Group. The currency risk from amounts due or owed in other foreign currencies or for other purposes is negligible because of the small volume.

ProSiebenSat.1 Group applies a Group-wide portfolio approach when hedging financial obligations relating to programming rights purchases. Foreign currency exposure is defined as the total volume of all future payments in US dollars resulting from existing license agreements that will fall due within a period of seven years within the context of the implemented hedging strategy. ProSiebenSat.1 Group applies a range of derivative and non-derivative financial instruments to hedge against currency fluctuations. They include currency forward transactions, currency options and currency holdings in US dollars. Currency forward transactions are unconditional contractual agreements to exchange two currencies. The total par value, exchange rate and maturity date are specified when the contract is entered into. As the buyer of a currency option, ProSiebenSat.1 Group has the right, but not the obligation, to purchase a specified currency at a specific time and at a price determined upon conclusion of the transaction. This right usually requires the payment of an option premium.

Derivative financial instruments that meet the requirements for hedge accounting pursuant to IAS 39 are recognized as cash flow hedges as part of hedge accounting. Changes in the market value of such instruments are recognized in accumulated other comprehensive income and only impact profit or loss once the hedged licensed titles are broadcast. Hedging instruments which do not qualify for hedge accounting are allocated to the category "held for trading." The changes in market values are directly recognized as profit or loss.

As of December 31, 2017, the portfolio of ProSiebenSat.1 Group includes currency forward transactions with a nominal volume of USD 2.102 billion (previous year: USD 2.460 billion) and currency options with a nominal value of USD 30 million (previous year: USD 50 million) to hedge the financial obligations arising from programming rights purchases. The market values of the currency hedging transactions arise from the forward exchange rates observed on the market. Measurement was based on market figures (mid-rates) on December 31, 2017. As of December 31, 2017 the currency holdings in US dollars amounted to USD 256 million (previous year: USD 42 million). The calculation of the market values of the currency options is based on a standard option pricing model.

190 / CURRENCY-RELATED TRANSACTIONS AND BALANCES

	Year of maturity			Nominal amount	Fair Value	Fair Value
	2018 USD m	2019-2022 USD m	from 2023 USD m	12/31/2017 USD m	12/31/2017 EUR m	12/31/2016 EUR m
Currency forwards	534	1,383	185	2,102	**9**	251
thereof within cash flow hedges	407	1,383	185	1,975	**14**	243
Currency options	20	10	-/-	30	**0**	3
thereof within cash flow hedges	20	10	-/-	30	**0**	3
Currency holdings	256	-/-	-/-	256	**213**	40

In the context of hedge accounting, plus EUR 14 million (previous year: plus EUR 245 million) was recognized in a separate line item in accumulated other comprehensive income as of December 31, 2017. In the financial year 2017, EUR 50 million (previous year: EUR 52 million) was taken from equity and allocated directly to the purchase cost of the underlying licenses. This impacts profit or loss at the time the relevant license is consumed. This did not result in any hedge ineffectiveness in the financial year 2017 or in the previous year.

The US dollar risk position is regularly assessed based using current market data and existing risks are quantified by way of sensitivity analyses. The following table shows the effects of a 10% rise/fall in the value of the US dollar on the Euro equivalent of future payments in US dollars. It shows, from an economic perspective, the change in the impact of the US dollar exchange rate on US dollar cash flows and therefore does not constitute an accounting analysis.

191 / CURRENCY RISKS is USD m

	12/31/2017	12/31/2016
Gross foreign currency exposure	**-2,789**	**-3,334**
Currency hedges	2,388	2,552
thereof hedge accounting	2,005	2,205
thereof held for trading	127	305
thereof currency holdings	256	42
Net exposure	**-401**	**-782**
Hedge Ratio	85.6%	76.5%
Spot rate	1.1988	1.0560
US Dollar increase by 10%	1.0789	0.9504
US Dollar decrease by 10%	1.3187	1.1616
EUR m		
Change in future payments resulting from a 10% increase in the US dollar	-37	-82
Change in future payments resulting from a 10% decrease in the US dollar	30	67

From an accounting perspective, exchange rate effects arising from license liabilities, currency hedges in the category of "held for trading", the time value of options in hedge accounting as well as of the spot currency position impact profit or loss. A fall (rise) of the US dollar by 10% would result in an effect of minus EUR 5 million (plus EUR 6 million) in the foreign exchange result. The foreign exchange impact of minus EUR 133 million from a 10% fall of the US dollar and of plus EUR 163 million from a 10% rise of the US dollar relating to currency hedges used under hedge accouting would be recognized in accumulated other comprehensive income.

The Group's reporting currency is the Euro. The financial statements of entities with their registered office outside the Euro zone are converted to Euro for the consolidated financial statements. In the context of foreign currency management, the holdings in such entities are in principle considered long-term commitments. ProSiebenSat.1 Group therefore does not hedge the translation risk.

CREDIT AND COUNTERPARTY RISKS

ProSiebenSat.1 Group is exposed to a credit and counterparty risk from its financing and operating activities. The carrying amount of financial assets in the statement of financial position reflects the maximum credit risk exposure.

In the context of financing activities, credit and counterparty risks for ProSiebenSat.1 Group normally exist in the form of credit default risks relating to receivables. To minimize this risk, ProSiebenSat.1 Group attempts to enter into financial transactions as well as derivative contracts exclusively with counterparties with first-class to good credit ratings. The carrying amounts of the financial assets after impairments represent the maximum risk of ProSiebenSat.1 Group. Credit risks of financial instruments are regularly monitored and analyzed. In addition, credit value adjustments are recognized in the measurement of derivative financial instruments at fair value. Default probabilities are calculated on the basis of credit default swap spreads with matching maturities per counterparty. The determination of the credit risk taken into account as part of the valuation is based on a multiplication of the maturity-matched default probability by the discounted expected cash flows of the derivative financial instrument. In the financial year, debt value adjustments of EUR 1 million (previous year: credit value adjustments of EUR 3 million) were recognized within equity in other comprehensive income. The Group has no significant concentration of counterparty risk with regard to any single counterparty or any clearly definable group of counterparties. As of the reporting date, there were no significant agreements reducing the maximum counterparty risk. In total ProSiebenSat.1 Group does not believe it is exposed to any major counterparty risk. As of December 31, 2017, the total market value of the derivative financial instruments for which ProSiebenSat.1 Group recognizes a net positive market value per counterparty was EUR 13 million (previous year: EUR 242 million). The maximum risk of default is the positive market value of these non-collateralized derivative financial instruments. The value was determined without reference to credit value adjustments.

ProSiebenSat.1 Group has established appropriate risk provisions against credit value adjustments arising from operating activities. For this purpose all receivables are reviewed regularly. If objective evidence for default or other breaches of contracts exists, credit allowances are recognized. If such evidence indicates the definitive default, the corresponding receivable is derecognized, where applicable against a previously recognized credit allowance. Considering the net value of trade receivables and other financial assets, there were no indications of material payment defaults as of the reporting date. For information on the aging structure of trade receivables, please refer to → note 21 “Financial receivables and assets”. Information regarding major customers is to be found under → note 2 “Segment reporting”.

LIQUIDITY RISKS

As part of its liquidity management, ProSiebenSat.1 Group ensures that adequate cash and cash equivalents are available at all times, in spite of the industry’s sharp seasonal fluctuations in revenues. The term loan (EUR 2.100 billion), the notes (EUR 600 million), the promissory notes of EUR 500 million → see note 27 “Financial liabilities” and the RCF (EUR 750 million) are all key components of Group-wide financing. ProSiebenSat.1 Group may use the RCF variably for general operating purposes. As of December 31, 2017, there was no utilization of the RCF (previous year: no utilization). In addition, there was no drawing on guarantees, so EUR 750 million under the RCF was unused at December 31, 2017 (previous year: EUR 600 million). Both the term loan and the RCF mature in April 2022, the notes in April 2021 and the promissory notes in December 2023 (EUR 275 million) and December 2026 (EUR 225 million), respectively.

As of December 31, 2017, ProSiebenSat.1 Group also had cash and cash equivalents of EUR 1.552 billion (previous year: EUR 1.271 billion) and thus had cash funds and unused RCF totaling EUR 2.302 billion (previous year: EUR 1.871 billion) as of December 31, 2017.

As a part of the disclosure of liquidity risks, a maturity analysis is provided for non-derivative financial liabilities on the basis of remaining contractual maturities and for derivative financial liabilities based on the expected timing of cash outflows. The undiscounted contractual payments are disclosed. ProSiebenSat.1 Group assigned expected payments for financial liabilities as of December 31, 2017, and the previous financial year to the following maturity ranges:

192 / FINANCIAL LIABILITIES BY MATURITY in EUR m

	1 year or less	More than 1-5 years	More than 5 years	Total contractual cash flows 12/31/2017
Notes	16	647	-/-	663
Loans and borrowings	17	2,178	-/-	2,196
Promissory note	7	29	519	555
Liabilities from finance leases	15	52	2	68
Trade accounts payable	543	49	-/-	591
Non-derivative financial liabilities	**597**	**2,955**	**522**	**4,074**
Interest rate swaps	11	4	-/-	15
Currency forwards	9	40	11	60
Put options and earn-outs	111	348	-/-	459
Derivative financial liabilities	**131**	**392**	**11**	**534**
Total	**728**	**3,347**	**533**	**4,608**

	1 year or less	More than 1-5 years	More than 5 years	Total contractual cash flows 12/31/2016
Notes	16	663	-/-	679
Loans and borrowings	28	2,150	-/-	2,178
Promissory note	7	28	527	562
Liabilities from finance leases	16	57	4	77
Trade accounts payable	528	70	-/-	598
Non-derivative financial liabilities	**596**	**2,968**	**530**	**4,094**
Interest rate swaps	18	15	-/-	34
Currency forwards	1	-/-	0	1
Put options and earn-outs	59	276	44	380
Derivative financial liabilities	**78**	**292**	**44**	**414**
Total	**674**	**3,260**	**575**	**4,508**

DISCLOSURES ON THE CARRYING AMOUNTS AND MARKET VALUES OF FINANCING INSTRUMENTS

The following table shows the carrying amounts and the fair values of all categories of financial assets and financial liabilities of ProSiebenSat.1 Group. The fair value hierarchy levels reflect the significance of the input data used for the measurement and is organized as follows:

- (Unadjusted) quoted prices on active markets for identical assets or liabilities (level 1),
- Input data for the asset or liability that are observable either directly (as prices) or indirectly (derived from prices) but that are quoted prices as in level 1 (level 2),
- input data used for the asset or liability that are not based on observable market data (non-observable input data) (level 3).

193 / CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS 12/31/2017 in EUR m

			Category					Fair Value			
	Presented in the Statement of Financial Position as	Carrying amount	At fair value through profit or loss	Hedging instruments	Loans and receivables	Available for sale	Other financial liabilities	Level 1	Level 2	Level 3	Total
Financial assets											
Measured at fair value											
Financial assets designated at fair value	Non-current financial assets	**23**	23	-/-	-/-	-/-	-/-	23	-/-	-/-	**23**
Other equity instruments	Non-current financial assets	**88**	88	-/-	-/-	-/-	-/-	-/-	-/-	88	**88**
Derivatives for which hedge accounting is not applied	Current and non-current financial assets	**11**	11	-/-	-/-	-/-	-/-	-/-	0	10	**11**
Hedge derivatives	Current and non-current financial assets	**68**	-/-	68	-/-	-/-	-/-	-/-	68	-/-	**68**
Not measured at fair value											
Cash and cash equivalents[1]	Cash and cash equivalents	**1,552**	-/-	-/-	1,552	-/-	-/-				
Loans and receivables[1]	Current and non-current financial assets	**532**	-/-	-/-	532	-/-	-/-				
Other Financial assets at cost	Current and non-current financial assets	**7**	-/-	-/-	7	-/-	-/-				
Total		**2,280**	**121**	**68**	**2,091**	**-/-**	**-/-**	**23**	**68**	**98**	**189**
Financial liabilities											
Measured at fair value											
Liabilities from put options and earn-outs	Other financial liabilities	**448**	448	-/-	-/-	-/-	-/-	-/-	-/-	448	**448**
Derivatives for which hedge accounting is not applied	Other financial liabilities	**19**	19	-/-	-/-	-/-	-/-	-/-	19	-/-	**19**
Hedge derivatives	Other financial liabilities	**53**	-/-	53	-/-	-/-	-/-	-/-	53	-/-	**53**
Not measured at fair value											
Term Loan and other borrowings	Financial Debt	**2,090**	-/-	-/-	-/-	-/-	2,090	-/-	2,104	-/-	**2,104**
Notes	Financial Debt	**597**	-/-	-/-	-/-	-/-	597	630	-/-	-/-	**630**
Promissory note	Financial Debt	**498**	-/-	-/-	-/-	-/-	498	-/-	498	-/-	**498**
Liabilities from finance leases	Other financial liabilities	**65**	-/-	-/-	-/-	-/-	65	-/-	68	-/-	**68**
Other Financial liabilities at (amortised) cost[1]	Other financial liabilities and trade payables	**624**	-/-	-/-	-/-	-/-	624				
Total		**4,394**	**467**	**53**	**-/-**	**-/-**	**3,874**	**630**	**2,742**	**448**	**3,820**

[1] The carrying amount is a reasonable approximation of fair value.

194 / CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS 12/31/2016 in EUR m

			Category					Fair Value			
	Presented in the Statement of Financial Position as	Carrying amount	At fair value through profit or loss	Hedging instruments	Loans and receivables	Available for sale	Other financial liabilities	Level 1	Level 2	Level 3	Total
Financial assets											
Measured at fair value											
Financial assets designated at fair value	Non-current financial assets	**21**	21	-/-	-/-	-/-	-/-	21	-/-	-/-	**21**
Other equity instruments	Non-current financial assets	**99**	99	-/-	-/-	-/-	-/-	-/-	-/-	99	**99**
Derivatives for which hedge accounting is not applied	Current and non-current financial assets	**18**	18	-/-	-/-	-/-	-/-	-/-	11	7	**18**
Hedge derivatives	Current and non-current financial assets	**246**	-/-	246	-/-	-/-	-/-	-/-	246	-/-	**246**
Not measured at fair value											
Cash and cash equivalents[1]	Cash and cash equivalents	**1,271**	-/-	-/-	1,271	-/-	-/-				
Loans and receivables[1]	Current and non-current financial assets	**484**	-/-	-/-	484	-/-	-/-				
Other Financial assets at cost	Current and non-current financial assets	**0**	-/-	-/-	-/-	-/-	-/-				
Total		**2,140**	**138**	**246**	**1,755**	**-/-**	**-/-**	**21**	**257**	**106**	**384**
Financial liabilities											
Measured at fair value											
Liabilities from put options and earn-outs	Other financial liabilities	**363**	363	-/-	-/-	-/-	-/-	-/-	-/-	363	**363**
Derivatives for which hedge accounting is not applied	Other financial liabilities	**32**	32	-/-	-/-	-/-	-/-	-/-	32	-/-	**32**
Hedge derivatives	Other financial liabilities	**0**	-/-	0	-/-	-/-	-/-	-/-	0	-/-	**0**
Not measured at fair value											
Secured Term Loan and other borrowings	Financial Debt	**2,091**	-/-	-/-	-/-	-/-	2,091	-/-	2,118	-/-	**2,118**
Notes	Financial Debt	**596**	-/-	-/-	-/-	-/-	596	637	-/-	-/-	**637**
Promissory note	Financial Debt	**498**	-/-	-/-	-/-	-/-	498	-/-	488	-/-	**488**
Liabilities from finance leases	Other financial liabilities	**72**	-/-	-/-	-/-	-/-	72	-/-	77	-/-	**77**
Other Financial liabilities at (amortised) cost[1]	Other financial liabilities and trade payables	**640**	-/-	-/-	-/-	-/-	640				
Total		**4,291**	**395**	**0**	**-/-**	**-/-**	**3,896**	**637**	**2,715**	**363**	**3,715**

[1] The carrying amount is a reasonable approximation of fair value.

SIGNIFICANT ASSUMPTIONS AND ESTIMATES:

In order to measure various financial assets recognized at fair value that are not based on prices listed on active markets, ProSiebenSat.1 Group uses prices that can be observed and achieved within the context of recent financing rounds or carrying amounts that were determined using the income approach and risk-adjusted discount rates.

Financial assets reported at their fair value as part of the fair value option are shares in investment funds that are held to cover pension commitments, but which do not qualify as plan assets pursuant to IAS 19. As of December 31, 2017, the maximum default risk of the shares in investment funds that are valued at their fair value is limited to the market value of this item. No hedges have been made against a potential default risk as this is considered improbable in light of the market situation.

The other equity instruments report minority interests in other companies, which the Group in some instances acquires as part of its "media-for-equity" strategy. These investments and options for shares in companies are measured at fair value through profit or loss. If possible and available, observable realizable prices that can be observed in the context of most recently completed financing rounds are used to calculate the fair value; otherwise, values determined based on risk-adjusted discount rates in the context of the present-value method are used. This item also contains shares in venture capital funds. Upon initial recognition, these investment funds were designated at fair value through profit or loss. The valuation is based on input data that cannot be derived either directly or indirectly from the market.

In the financial year 2017, the Group further increased its minority stake in ABOUT YOU GmbH, Hamburg, which was acquired in the previous financial year as part of its "media-for-equity" strategy, and therefore now possesses a share in the amount of EUR 24 million. A put/call agreement on the transferred shares was reached with the seller already in the prior year. The fair values were determined using a binomial model. In the event that the put option is exercised by ProSiebenSat.1 Group, payment of the exercise price is collateralized by a written guarantee in favor of ProSiebenSat.1 Group, by the indirect majority shareholder of ABOUT YOU GmbH.

Derivatives that are not subject to hedge accounting also involve a warrant agreement that ProSiebenSat.1 Group concluded with Odyssey Music Group S.A., Paris, (Deezer) in the financial year 2014. The warrant agreement constitutes a financial derivative. In the financial year 2017, the Group has received planning data with inputs non-observable on the market. Therefore, the Group has switched to a measurement method based on the income approach. Changes in the fair value are essentially dependent on the forecast development in revenues at Deezer and the correlation with the forecast development in the market for music streaming services. As of December 31, 2017, the fair value of the derivative amounts to EUR 6 million (previous year: EUR 6 million). An increase/reduction in the forecast revenue growth of 15.0% or an increase/reduction in the correlation of 0.15 would not change the fair value significantly. These two parameters have non-linear dependencies. This financial derivative is currently classified as Level 3.

The Group furthermore holds derivative financial instruments that have been valued at their fair value, primarily as a measure to hedge against interest rate and currency risks. Instruments with positive market values are reported as assets and instruments with negative fair values as liabilities. Present values on the basis of risk-free discount rates and standard option pricing models (Blacks or Black-Scholes model) are used for measurement.

The fair values of cash and cash equivalents, of trade receivables and payables, of current financial receivables and liabilities, as well as from the RCF and other financial liabilities are approximately equivalent to their carrying amounts. This reflects the short maturity of such instruments. For this reason no separate fair value is disclosed.

Financial liabilities measured at fair value comprise liabilities from put options relating to non-controlling interests in affiliated entities acquired and from earn-out agreements (variable, usually performance-based, deferred purchase price payments).

SIGNIFICANT ASSUMPTIONS AND ESTIMATES:

Contingent purchase price components in business combinations in the form of put options on shares held by non-controlling interests are regularly measured at fair value as of the acquisition date and in subsequent periods. Measurement is performed on a transaction-by-transaction basis and is mainly based on input data which are not observable on the market. Multiplication methods or the income approach are used for the calculation. The cash flows expected on the date the options are exercised are discounted to the measurement date with a debt interest rate of matching term and risk. A 5.0% increase/reduction in the underlying variables, which largely determine the nominal amount, would increase/decrease the fair value as of the reporting date by EUR 21 million/ EUR 21 million. In addition, a change in the interest rate by one percentage point would result in the fair value of these financial iabilities falling by EUR 6 million or increasing by EUR 7 million. These liabilities are classified as Level 3 financial instruments.

The fair values of loans and credits, of promissory note loans and lease liabilities are determined by discounting the anticipated future cash flows using the interest rates applicable to similar financial debt with a comparable remaining term.

The following table shows the reconciliation of the respective fair values to the end of the reporting period for the items listed, which are regularly measured at fair value and assigned to Level 3:

195 / RECONCILIATION OF LEVEL 3 FAIR VALUES in EUR m

	Derivatives, for which hedge accounting is not applied	Liabilities from put options and earn-outs
January 1, 2017	**7**	**363**
Results included in income statement as well as in other comprehensive income (unrealized)[1]	-/-	40
Additions from acquisitions	4	64
Disposals/Payments	-/-	-78
Other changes	-/-	59
December 31, 2017	**10**	**448**

[1] This item includes compounding effects and further valuation adjustments.

The item "Other changes" primarily includes effects from changes in shares.

In the financial years 2017 and 2016, there were neither transfers between Level 1 and Level 2 nor into or out of Level 3 of the fair value hierarchy.

OFFSETTING OF FINANCIAL INSTRUMENTS

The derivatives contracted by ProSiebenSat.1 Group are subject to contractual offsetting provisions which do not, however, meet the criteria of IAS 32 for offsetting in the statement of financial position. They are therefore reported gross in the statement of financial position. There are no contractual regulations regarding the offsetting of other financial assets and liabilities. The table below shows the disclosures required on the offsetting of financial instruments in accordance with IFRS 7. The amounts shown are the fair values calculated without taking into account credit value adjustments:

The figures shown are fair values that have been determined without taking into account credit value adjustments:

196 / **OFFSETTING OF FINANCIAL INSTRUMENTS** in EUR m

	Financial assets (gross presentation)	Financial liabilities offset in the statement of financial position	Financial assets (net presentation)	Amounts subject to offsetting agreements	Financial assets after offsetting (not reflected in the statement of financial position)
Derivative financial instruments 12/31/2017	68	-/-	68	- 55	13
Derivative financial instruments 12/31/2016	260	-/-	260	- 18	242

	Financial liabilities (gross presentation)	Financial assets offset in the statement of financial position	Financial liabilities (net presentation)	Amounts subject to offsetting agreements	Financial liabilities after offsetting (not reflected in the statement of financial position)
Derivative financial instruments 12/31/2017	74	-/-	74	- 55	19
Derivative financial instruments 12/31/2016	33	-/-	33	- 18	14

32 / Share-based payments

ProSiebenSat.1 Group has various programs that fall under the provisions of IFRS 2.

LONG TERM INCENTIVE PLAN (LTIP)

The Long Term Incentive Plan 2010 (LTIP 2010) is a stock option plan that was introduced with the approval of the Annual General Meeting on June 29, 2010. It represents a share-based payment to members of management and other selected executives of ProSiebenSat.1 Media SE and its dependent Group entities. ProSiebenSat.1 Media SE has the option to determine the type of settlement. The beneficiaries and the number of stock options to be granted were determined by the Executive Board of ProSiebenSat.1 Media SE with the approval of the Supervisory Board. Since the Company has no present obligation to settle in cash, the plan is accounted for as equity-settled. Each stock option carries the right to purchase one common share of ProSiebenSat.1 Media SE stock in return for payment of an exercise price.

The following table provides the information required under IFRS 2 about the ProSiebenSat.1 Media SE stock option program:

197 / STOCK OPTION PLANS

	LTIP 2010
	Cycle 2011
As of January 1, 2017	152,330
Options exercised in 2017	104,630
Options expired or forfeited in 2017	47,700
As of December 31, 2017	**0**
Thereof eligible for exercise as of December 31, 2017	0
Minimum exercise price in EUR	17.96
Absolute exercise hurdle in EUR	23.35
Maximum exercise gain	35.92
Issue periods[1]	September 1 to December 22
Fair value per option in EUR[2]	1.64 – 2.57
Expected volatility of the underlying share	55.0% – 60.0%
Risk-free interest rate[2]	0.80% – 1.44%
Expected dividend yield	8.0%
Vesting date[3]	December 31, 2011
End of exercise period	December 31, 2017

[1] Issue in several tranches.
[2] Depending on when vesting occurs and exercise date.
[3] Earliest end of vesting period for the first fifth of the issued options (each additional fifth is one year later).

GROUP SHARE PLAN

As of December 31, 2017, a total of four programs exist at ProSiebenSat.1 Media SE with the Group Share Plans 2014 to 2017. In the context of these plans, beneficiaries are granted rights to virtual shares ("performance share units" or "PSUs") after a four-year vesting period. These are long-term remuneration instruments developed by ProSiebenSat.1 Media SE for members of the Executive Board and other selected executives and employees of ProSiebenSat.1 Group. The Annual General Meeting approved the introduction of the Group Share Plan on May 15, 2012. The individual beneficiaries and the number of PSUs to be granted to them are determined by the Executive Board of ProSiebenSat.1 Media SE, subject to the approval by the Supervisory Board, or – if the Executive Board members themselves are concerned – by the Supervisory Board.

The structures of the plans are identical in many aspects. For this reason, on several occasions below they are referred to as one plan. However, where there are differences, these are described separately. The Plans constitute share-based bonus arrangements for which ProSiebenSat.1 Media SE has the option to settle using equity instruments or cash. By resolution of March 11, 2016, the Supervisory Board of ProSiebenSat.1 Media SE exercised this option and resolved to settle the Group Share Plans in cash. As a result, the accounting for the Group Share Plans was changed from "equity settlement" to "cash settlement" in the first quarter of 2016 and the amounts previously recognized in capital reserves for the Group Share Plans from 2012 to 2015 were reclassified to other non-current provisions and other current liabilities respectively. The expired Group Share Plan 2013 was paid out in full in the second quarter of 2017.

In the fourth quarter of the financial year 2017, members of the Executive Board and other selected executives and employees of ProSiebenSat.1 Group were again granted rights to shares in the form of a new Group Share Plan 2017. The basic structure and mechanisms to exercise the rights largely correspond to those of the Group Share Plans 2013 to 2016. The Group Share Plan 2017 is accounted for in accordance with cash settlement requirements.

The other current provision for the Group Share Plans amounted to EUR 9 million as of December 31, 2017 (previous year: EUR 12 million). The other non-current provision for the Group Share Plans amounted to EUR 10 million as of December 31, 2017 (previous year: EUR 20 million). → see note 26 "Other provisions"

Measurement, minimum hurdles and performance target
The PSUs are measured at fair value. This generally corresponds to the market value of the underlying shares. The conversion factor with which PSUs are converted into cash after the end of the holding period depends on the achievement of EBITDA and net income performance targets that have been determined in advance and may vary between 0% and 150% (performance-related cap). If the share price, at the time the conversion factor is defined, exceeds the share price when the PSUs were issued by more than 200%, the conversion factor is further reduced so that a price increase above the threshold of 200% does not result in a further increased value of the PSUs (price-related cap). As the shares do not carry entitlement to receive dividends during the plan term, the fair value is reduced by the time value of the dividends expected. The corresponding dividend deductions were derived from ProSiebenSat.1 Group's dividend history. A quarter of the PSUs granted vests after the end of each year of the holding period.

The cash payment received by the plan participant at the end of the four-year plan period per PSU depends on the respective target achievement. The Supervisory Board may change the conversion rate for the respective Group Share Plan of virtual shares in cash for the Executive Board by plus/minus 25.0% in order to reflect individual performance. The number of PSUs is furthermore adjusted by a corresponding dilution ratio if a super dividend is paid out. The application of the conversion factor as well as a possible super-dividend dilution ratio are carried out at the time of the conversion of the Performance Share Units into cash.

The following table shows the main information about the individual Group Share Plans of ProSiebenSat.1 Group:

198 / **GROUP SHARE PLANS** in EUR m

	GSP 2013	GSP 2014	GSP 2015	GSP 2016	GSP 2017
Performance Share Units as of January 01, 2017	326,419	332,384	144,072	276,546	-/-
Performance Share Units granted in 2017	-/-	-/-	-/-	-/-	265,133
Performance Share Units forfeited in 2017	-/-	7,923	16,453	33,138	4,691
Performance Share Units settled in 2017	326,419	-/-	8,202	5,890	-/-
Performance Share Units as of December 31, 2017	-/-	324,461	119,417	237,518	260,442
Grant date	September 09, 2013	September 15, 2014	December 1, 2015	December 15, 2016	December 15, 2017
Vesting period	2013 until 2016	2014 until 2017	2015 until 2018	2016 until 2019	2017 until 2020

The personnel expenses attributable to the financial year 2017 from the issued Performance Share Units amount to EUR 1 million (previous year: EUR 0 million).

OTHER SHARE-BASED COMPENSATION MODELS
The Group furthermore maintains additional share-based compensation models, such as the "myshares" employee share program, which was set up in the financial year 2017; however, ProSiebenSat.1 Group does not consider its compensation component to be significant.

33 / Related party transactions

Related parties of ProSiebenSat.1 Group pursuant to IAS 24 are the persons and companies that control ProSiebenSat.1 Group, exercise significant influence over it, or are controlled or significantly influenced by ProSiebenSat.1 Group.

As of the reporting date, the members of the Executive and Supervisory Boards of ProSiebenSat.1 Media SE and associate companies or joint ventures of ProSiebenSat.1 Group were defined as related parties.

EXECUTIVE BOARD AND SUPERVISORY BOARD

The members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media SE, including their membership in other statutory supervisory boards and comparable controlling bodies are set forth in the notes to the Consolidated Financial Statements in the sections → "Members of the Executive Board" and → "Members of the Supervisory Board". The compensation system of ProSiebenSat.1 Media SE for the members of the Executive and Supervisory Boards is explained in more detail in the → "Compensation report" section of the summarized Management Report.

As of January 1, 2017, Sabine Eckhardt was appointed to the ProSiebenSat.1 Media SE Executive Board as Chief Commercial Officer (CCO). Dr. Gunnar Wiedenfels left the Executive Board at his own request as of March 31, 2017. Dr. Jan Kemper was appointed to the Executive Board as Chief Financial Officer (CFO) as of June 1, 2017.

Dr. Ralf Schremper (Chief Investment Officer) left the Executive Board of ProSiebenSat.1 Media SE as of July 31, 2017. Dr. Jan Kemper has taken over the Group's M&A department from August 1, 2017. According to the termination agreement, Dr. Ralf Schremper received a severance payment amounting to EUR 1.7 million, of which an amount of EUR 0.3 million was accrued and the amount of EUR 1.4 million was paid.

Thomas Ebeling, the Chief Executive Officer (CEO) of ProSiebenSat.1 Media SE will leave the company as of February 22, 2018. The termination of his employment contract, with a remaining term until June 30, 2019, takes effect also on February 22, 2018. According to the termination agreement a severance payment in the amount of EUR 7.1 million was agreed and either payed following the termination date or, regarding the contractual pension contributions, continued respectively. Conrad Albert, currently the board member for "External Affairs & Industry Relations" and also General Counsel of the company, has been appointed Deputy Chairman of the Executive Board.

With effect from July 7, 2016, Seven Ventures GmbH, a subsidiary of ProSiebenSat.1 Media SE, and Heilpflanzenwohl AG, Pfäffikon, Switzerland, entered into a master agreement regarding the provision of paid advertising services to Heilpflanzenwohl AG. Heilpflanzenwohl AG is a subsidiary of BetterLife Healthcare AG, Schwyz, Switzerland; the Chief Executive Officer of ProSiebenSat.1 Media SE, Thomas Ebeling, and his family members hold an interest of 50%. After a capital increase in the financial year 2017, BetterLife Healthcare AG holds a 72% in Heilpflanzenwohl AG. Thomas Ebeling holds a 2% share in Heilpflanzenwohl AG. Under the master agreement, Heilpflanzenwohl AG acquires TV advertising times from Seven Ventures GmbH against a fee. The master agreement will expire on December 31, 2019. Provision of the paid advertising services will be based on individual agreements, which must be concluded by December 31, 2019, and which each will have term of up to three years. As of the reporting date, December 31, 2017, one individual agreement has been concluded. In the financial year 2017, advertising services with a gross media volume in the amount of EUR 12 million (previous year: EUR 0 million) were provided. The total sales potential associated with the master agreement for ProSiebenSat.1 Group amounts to up to EUR 40 million, depending on the scope of utilized TV advertising times. In addition, Seven Ventures GmbH has a potential revenue share in the exploitation of material rights to advertised products. TV advertising services are provided on market terms. An external expert report has confirmed that the contract terms are in line with market terms. The agreement is furthermore in line with the requirements specified by the Supervisory Board of ProSiebenSat.1 Group for private investments by Executive Board members. Thomas Ebeling was not involved in either master agreement negotiations or in the approval by the Executive Board.

In the financial year 2017, the Supervisory Board members acquired 8,386 shares in the Company. The members of the Executive Board acquired 27,500 shares in the Company during the financial year 2017. Dr. Gunnar Wiedenfels sold 5,000 shares in the first three months of the financial year 2017. The associated transactions were published in accordance with Art. 19 MAR on the ProSiebenSat.1 Group website → www.prosiebensat1.com.

As part of the Group Share Plan ("GSP"), so-called Performance Share Units ("PSUs", "virtual shares") are issued to the members of the Executive Board → see note 32 "Share-based payment". At the end of the financial year 2017, the members of the Executive Board hold a total of 150,095 PSUs under the Group Share Plan 2017, 135,901 PSUs from the Group Share Plan 2016, 49,212 PSUs from the Group Share Plan 2015 and 57,730 PSUs under the Group Share Plan 2014.

In the financial year 2015, another multi-year variable compensation component, the Mid-Term Incentive Plan (MTIP), was introduced. This is a medium-term compensation instrument, payable in cash to members of the Executive Board as well as selected other executives of ProSiebenSat.1 Group. The MTIP has a term of three years, starting in the financial year 2016. The payment amount depends on the adjusted EBITDA of ProSiebenSat.1 Group achieved by the end of the plan term and also on the achievement of certain minimum thresholds for sales and adjusted EBITDA during the term of the plan. The target value, i.e. the value granted to the Executive Board if plan terms are met and 100% of the target is achieved amounts to EUR 1.5 million for Thomas Ebeling and EUR 1.0 million each for Dr. Gunnar Wiedenfels, Conrad Albert, Dr, Ralf Schremper, Jan David Frouman and Christof Wahl, and amounts to EUR 0.67 million for Dr. Jan Kemper and Sabine Eckhardt. Dr. Gunnar Wiedenfels left the Executive Board as of March 31, 2017 and Dr. Ralf Schremper as of July 31, 2017. Thomas Ebeling will leave the Executive Board as of February 22, 2018. Regarding the related effects on MTIP please → see section "Notes on the Compensation of Departed or Departing Executive Board Members" in the Compensation Report.

For pension commitments to members of the Executive Board in office in the financial year 2017, ProSiebenSat.1 Media SE has created pension provisions in a total amount of EUR 12.9 million (previous year: EUR 11.3 million). This includes pension provisions for deferred compensation in the amount of EUR 9.4 million (previous year: EUR 8.6 million). Pension commitments to former Executive Board members as of December 31, 2017 amounted to EUR 14.4 million (previous year: EUR 14.4 million). This includes pension provisions for deferred compensation in the amount of EUR 5.5 million (previous year: EUR 5.6 million).

The total entitlement of Executive Board members in office in the financial year 2017 to pension benefits that have accrued as of December 31, 2017, amounts to EUR 14.1 million (previous year: EUR 12.5 million). This includes claims from deferred compensation in the amount of EUR 10.0 million (previous year: EUR 9.2 million). The equivalent claim of Executive Board members in office in the financial year 2017 to annual pension benefits amounts to EUR 0.6 million (previous year: EUR 0.7 million). This includes claims from deferred compensation in the amount of EUR 0.4 million (previous year: EUR 0.5 million).

The total entitlement of former Executive Board members amounts to EUR 8.0 million (previous year: EUR 8.0 million). This includes claims from deferred compensation in the amount of EUR 2.2 million (previous year: EUR 2.2 million). The equivalent claim of former Executive Board members to annual pension benefits amounts to EUR 0.8 million (previous year: EUR 0.8 million). This includes claims from deferred compensation in the amount of EUR 0.3 million (previous year: EUR 0.3 million). In the financial year 2017, pension entitlements in an amount of EUR 0.4 million (previous year: EUR 0.4 million) were paid to former Executive Board members. To hedge such pension entitlements, funds have been endowed; however, they cannot be classified as plan assets, as the relevant conditions are not met.

The Company has neither granted loans to the Executive Board members nor assumed any guarantees or warranties for them.

In the reporting year, the compensation for Executive Board of ProSiebenSat.1 Media SE who were in office in the financial year 2017 amounts to EUR 12.8 million (previous year: EUR 15.2 million). Such compensation includes variable components in the amount of EUR 8.5 million (previous year: EUR 10.8 million) and fringe benefits in the amount of EUR 0.2 million (previous year: EUR 0.2 million). The variable compensation includes one-year and multi-year variable compensation payments.

In the financial year 2017, the total emoluments of former Executive Board members amounted to EUR 4.7 million. In the previous year, compensation payments in the amount of EUR 6.0 million were made to former Executive Board members.

Benefits to the Executive Board are all due on short notice – except for MTIP, GSP and pension entitlements.

In the year under review, expenses for the Supervisory Board of ProSiebenSat.1 Media SE amounted to EUR 1.6 million (previous year: EUR 1.5 million). Supervisory Board members are paid a fixed remuneration, with the Chairman of the Supervisory Board receiving two-and-a-half times this fixed basic compensation and his deputy one-and-a-half times. Supervisory Board members receive a fixed annual compensation for their annual membership in the individual committees. The respective committee chairperson receives additional remuneration for his/her activities. Also, Supervisory Board members are paid a separate attendance fee for each personal attendance to a Supervisory Board meeting. The Supervisory Board Chairman receives one-and-a-half times such attendance fee.

In the financial year 2017, no compensation or benefits were paid to Supervisory Board members for services rendered in person, in particular for advisory and agency services.

As of December 31, 2017, the current Executive and Supervisory Board members directly held a total of 90,630 shares in ProSiebenSat.1 Media SE (previous year: 65,244). This is equivalent to a percentage share of 0.0% in the share capital (previous year: 0.0%).

With regard to the details of the individual compensation for Executive and Supervisory Board members pursuant to Sec. 314 (1) no. 6 (a) sentence 5 to 9 of the German Commercial Code (HGB), we refer to the statements in the compensation report, which constitutes part of the summarized management report.

ASSOCIATES AND JOINT VENTURES

ProSiebenSat.1 Media Group maintains relationships with some of its joint ventures and associates in the ordinary course of business. In so doing, the company generally buys and sells products and services on market terms.

In the financial year 2017, deliveries and services in a total amount of EUR 135 million (previous year: EUR 130 million) were rendered to related companies. As of December 31, 2017, the receivables due from the respective companies amounted to EUR 38 million (December 31, 2016: EUR 23 million).

In the financial year 2017, the Group received deliveries and services from its related companies, for which it recorded expenses in the amount of EUR 34 million (previous year: EUR 33 million). The amounts owed to said companies as of December 31, 2017 totaled EUR 17 million (December 31, 2016: EUR 10 million).

The transactions with joint ventures as of December 31, 2017 are of only minor importance for the Group.

34 / Professional fees of the independent auditor

The professional fees for services of the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, totaled EUR 3.8 million in the financial year 2017 (previous year: EUR 4.7 million). Of that total, EUR 2.9 million relates to audit services for the financial statements (previous year: EUR 3.2 million), and EUR 0.5 million to other attestation services (previous year: EUR 0.2 million), EUR 0.1 million to tax advisory services (previous year: EUR 0.2 million) and EUR 0.3 million to other services (previous year: EUR 1.1 million). This disclosures relates exclusively to the legally independent entity of the appointed auditor, KPMG AG Wirtschaftsprüfungsgesellschaft.

35 / Corporate governance

In March 2017, the Executive Board and Supervisory Board of ProSiebenSat.1 Media SE jointly issued its annual declaration of compliance with the German Corporate Governance Code, as required pursuant to section 161 of the German Stock Corporation Act (AktG), and made it permanently available to the shareholders of ProSiebenSat.1 Media SE on the ProSiebenSat.1 Group website (www.prosiebensat1. com).

36 / Events after the reporting period

ACQUISITION OF 100.0% OF THE SHARES IN ABOALARM GMBH

By agreement and with economic effect from January 2, 2018, ProSiebenSat.1 Group has acquired a 100.0% stake in Aboalarm GmbH, Munich, thereby gaining control. The Company is allocated to the Commerce segment → see note 2 "Segment reporting". Aboalarm offers a free and a pay online termination service. The purchase price in accordance with IFRS 3 consists of a cash purchase price of EUR 10 million and a variable purchase price adjustment.

ACQUISITION OF 100.0% OF THE SHARES IN KAIRION GMBH

By agreement and with economic effect from January 9, ProSiebenSat.1 Group has acquired a 100.0% stake in Kairion GmbH, Frankfurt am Main, thereby gaining control. The Company is allocated to the Entertainment segment → see note 2 "Segment reporting". The Company is an ecommerce marketer and offers advertisers the ability to advertise on bundled billboards of affiliate merchants. The purchase price in accordance with IFRS 3 consists of a cash purchase price of EUR 5 million and two variable agreed purchase price adjustments.

PLANNED ACQUISITION OF 90.0% OF THE SHARES IN ESOME ADVERTISING TECHNOLOGIES GMBH

ProSiebenSat.1 Group plans to acquire a 90.0% stake in esome adverstising technologies, Hamburg, the leading social advertising provider in the DACH region. The relevant contracts were signed on December 1, 2017. The company, based in Hamburg, brings together the technology and management of social media campaigns for advertisers in all social networks, especially Facebook. The technology will also be used in the future for KPI-based optimization of display, video and later also for addressable TV. The company adds to the portfolio of AdTech investments that ProSiebenSat.1 bundles in Advertising Platform Solutions. The Company is allocated to the Entertainment segment → see note 2 "Segment reporting". The purchase price in accordance with IFRS 3 consists of a cash purchase price of EUR 25 million and two variable agreed purchase price adjustments. In addition, a put option was agreed with the existing shareholders for the acquisition of a further 10.0% of the shares with the earliest possible maturity in 2019.

PLANNED ACQUISITION OF THE BUSINESS UNDER THE BRAND ZIRKULIN

ProSiebenSat.1 Group plans to acquire the Zirkulin brand and other selected intangible assets from roha arzneimittel GmbH, Bremen. The relevant contracts were signed on December 29, 2017. As of the balance sheet date, December 31, 2017, the closing is still pending. The subject of the transaction is the purchase of assets and the granting of protective rights. The Zirkulin brand encompasses an operating business, including the associated customer base, intellectual property rights, drug approvals, product portfolio and other technical, regulatory and commercial know-how. In addition to the transfer of the Zirkulin business, both parties intend to enter into a supply agreement for the purpose of continuing production. The Zirkulin brand is to be assigned to the Commerce segment → see note 2 "Segment reporting" and to be incorporated into Districon GmbH – a subsidiary of Windstar Medical. The purchase price in accordance with IFRS 3 consists of a cash purchase price of EUR 32 million.

PLANNED ACQUISITION OF THE REMAINING 25.1% OF THE SHARES IN SILVERTOURS GMBH

By agreement from February 20, 2018, ProSiebenSat.1 Group has acquired the remaining 25.1% in SilverTours GbmH, Freiburg. SilverTours was established in 2013 and operates platforms that compare rental car prices (amongst others www.billiger-mietwagen.de). ProSiebenSat.1 Group had first participated in June 2013 in Silvertours GmbH by 74.9% of the shares and due to the underlying transaction now acquired the remaining stake. Until December 31, 2017, the company was assigned to the segment Digital Ventures & Commerce. As of January 1, 2018, the company is assigned to the segment Commerce. → see note 2 "Segment reporting"

OTHER EVENTS AFTER THE CLOSING DATE

No further reportable events materially impacting the earnings, financial position and performance of ProSiebenSat.1 Group or ProSiebenSat.1 Media SE occurred between the end of the financial year 2017 and the date of the release of this report for publication.

RELEASE DATE OF THE PUBLICATION

The Executive Board of the Company shall approve the consolidated financial statements for publication and submission to the Supervisory Board on February 20, 2018. The consolidated financial statements will be presented to the Supervisory Board for approval on March 12, 2018. They will be published on March 15, 2018.

February 20, 2018
The Executive Board

SUMMARY OF KEY ACCOUNTING PRINCIPLES

A) BASIC PRINCIPLES

The recognition, measurement and presentation policies as well as the explanatory notes and disclosures for the Consolidated Financial Statements for the financial year 2017 are generally based on the principle of continuity.

The Consolidated Income Statement is prepared using the cost-of-sales method.

The Consolidated Financial Statements are based on the principle of historical costs, with the exception of items that are reported at fair value, in particular certain financial instruments.

Foreign currency translation

Transactions in foreign currencies are converted at the relevant foreign exchange rates as of the transaction date. In subsequent periods, monetary assets and liabilities are valued as at the spot rate and the conversion differences are recognized in profit or losses. Non-monetary items that were valued at historical costs in a foreign currency are converted at the rate on the date of the transaction.

The financial statements of subsidiaries and of entites outside the Euro zone that are accounted for using the equity method are converted using the functional currency concept. The functional currency of subsidiaries is based on the primary environment where their respective business is conducted. Usually this is the currency in which cash is generated and consumed.

The conversion of financial statements that are not denominated in Euro is based on the modified reporting date method, where items of the income statement are converted at the annual average exchange rate. Equity is converted at historical rates, and assets and liabilities at the closing date rate of the balance sheet date. Any differences resulting from converting financial statements in foreign currency are recognized directly in the accumulated other comprehensive income. In case of disposal of the respective subsidiary, such translation differences are recognized in profit or losses.

B) CONSOLIDATION METHODS

The Consolidated Financial Statements of ProSiebenSat.1 Media SE include all material subsidiaries. ProSiebenSat.1 Media SE controls an investee if it has power over the investee. This means that it has existing rights that currently enable it to direct the relevant activities. These are the activities that have a significant impact on the investees' returns. Moreover, through the respective parent company, ProSiebenSat.1 Media SE is directly or indirectly exposed to variable returns from its involvement in the associated company or is entitled to them and is able to exert impact on such returns through its power over the investee.

Profits and losses, revenues, income and expenses arising from transactions within the consolidated group as well as receivables and liabilities among consolidated companies are eliminated. The consolidation procedures take into account deferred income tax effects if such tax effects are likely to reverse in later the financial years. Where required, deferred tax assets and liabilities are offset against one another. Capital is consolidated by eliminating the carrying amount of the investments against the share of equity held in the subsidiary.

Initial consolidation is based on IFRS 3, using the acquisition method by offsetting the acquisition costs against the fair values of the acquired identifiable assets as well as the assumed liabilities and contingent liabilities as of the acquisition date. The assets identified in the context of the purchase price allocation at the acquired companies are valued by external independent experts. Identified goodwill here results from positive differences between the paid purchase prices and the fair values of the acquired assets as well as assumed liabilities, taking into account deferred taxes. Goodwill is determined in the functional currency of the acquired entity, non-controlling interests are measured at the date of acquisition at their respective share in the acquired company's identifiable net assets. Changes in the Group's share in a subsidiary that do not result in a loss in control are accounted for as equity transactions.

Goodwill acquired in a business combination is allocated to the cash-generating unit or group of cash-generating units that is or are expected to profit from the synergies deriving from the business combination as of the acquisition date. This furthermore represents the lowest level at which the goodwill is monitored for internal corporate control. These are the operative reporting segments: Broadcasting German-speaking, Digital Entertainment, Digital Ventures & Commerce and Content Production & Global Sales. When selling cash-generating units or parts thereof or in case of an internal reorganization, any goodwill existing at the time of such sale or at the time of the transfer is allocated on the basis of relative values among the leaving or remaining units.

When determining the fair value of any assets identified in the context of the purchase price allocation, the following methods are primarily used. Unless specified otherwise, the book value of the respective assets largely corresponds to the fair value.

199 / DETERMINATION OF FAIR VALUE IN THE CONTEXT OF THE PURCHASE PRICE ALLOCATION

Intangible assets	Measurement method
Brands	Relief from Royalty Method
Customer relationships and other contractual relationships	Multi-period Excess Earnings Method
Non-compete agreements	Excess profit method
Technologies	Reproduction cost method and Relief from Royalty Method
Order Backlog	Multi-period Excess Earnings Method
Films, series, shows in production	Multi-period Excess Earnings Method

If ProSiebenSat.1 Media SE gains control of a company by acquiring additional shares in associated companies or in joint ventures, the entity is to be fully consolidated from the time control is obtained. The fair value of the previously held investment is to be regarded as part of the acquisition cost for the new subsidiary. The difference between the fair value and the carrying amount determined using the equity method is recognized in profit or loss.

Investments in entities, over which ProSiebenSat.1 Group exerts or is able to exert significant influence ("associated companies") or which are jointly controlled together with other investors ("joint ventures") are to be accounted for using the equity method in accordance with IAS 28 "Investments in associates and joint ventures." The equity method is discontinued from the date the significant influence or joint control ceases. Where relevant indications exist, the carrying amount of the investment is tested for impairment, and if applicable an impairment loss to the lower recoverable amount is recognized. There is no price quoted on active market for the entities measured using the equity method.

The financial year of ProSiebenSat.1 Media SE and of all fully consolidated entities is the calendar year.

C) INDIVIDUAL ACCOUNTING POLICIES

200 / SUMMARY OF SIGNIFICANT MEASUREMENT METHODS

Item	Measurement method
ASSETS	
Goodwill	At cost (subsequent measurement: impairment test)
Other intangible assets with indefinite useful lives	At cost (subsequent measurement: impairment test)
Other intangible assets with finite useful lives	At (amortized) cost
Property, plant and equipment	At (amortized) cost
Programming assets	At (amortized) cost
Investments accounted for using the equity method	Equity method
Financial assets	
Loans and receivables	At (amortized) cost
Held to maturity	Not applicable
Available for sale	At fair value with the resultant gains and losses recognized directly in equity or (in exceptional cases) at cost
At fair value through profit or loss	At fair value through profit and loss
Held for trading/derivatives	At fair value through profit and loss
Cash and cash equivalents	At cost
LIABILITIES AND PROVISIONS	
Loans and borrowings	At (amortized) cost
Provision for pensions	Projected unit credit method
Other provisions	At settlement value (discounted if non-current)
Financial liabilities	At (amortized) cost or fair value respectively
Other liabilities	At settlement value (discounted if non-current)

Revenues

ProSiebenSat.1 Group generates revenues primarily in the form of advertising revenues from the sale of advertising time. Advertising revenues are net proceeds after deduction of discounts, agency commissions and cash discounts as well as value-added tax. TV advertising revenues are considered realized once the underlying advertising spots have been broadcast.

Advertising revenues also include revenues from the sale of digital offers from external providers. For this purpose, ProSiebenSat.1 Group acquires rights to use to advertising licenses to market digital offers from external providers, such as Internet advertising spaces. Revenue is recognized when the advertising space is sold.

The realization of variable revenue components from revenue sharing ("media-for-revenue") depends on the ability of ProSiebenSat.1 Group to reliably estimate such revenues. In this case, the required target achievement documentation of the contractual partner must be available to the Group in order to recognize this variable component as revenues.

Barter transactions are primarily entered into by ProSiebenSat.1 Group as countertrade transactions in the context of advertising time marketing. Revenues from such barter transactions are considered revenue-generating transactions only when dissimilar goods or services are exchanged, and the amount of the proceeds and costs, as well as the economic benefit, can be clearly measured. If advertising time is exchanged for goods or products, revenues are measured using the fair value of the goods or services received, provided this can be determined reliably. If advertising time is exchanged for advertising time, revenues are determined using the fair value of the advertising time provided.

If advertising services are agreed in return for the acquisition of shares in other entities ("media for equity"), the obligation for broadcasting the agreed advertising spots is initially recognized as a credit entry (deferred revenues) to reflect the equity stake capitalized and recognized as revenues when the agreed advertising spots are broadcast. Shares acquired in this context are accounted for at fair value.

Revenues from online brokerage services rendered by the Group in the segment Digital Ventures & Commerce in the areas of rental cars, travel, insurance, events, energy supply, mobile communications, broadband telephony or HD television via "online price comparison portals" are realized once the service has been rendered, if it is possible to reliably determine the amount of revenue and the associated costs and if it is probable that the economic benefits associated with the transaction will flow to the Group. Since the affected group companies here act as agents within the meaning of IAS 18, only their commissions are realized as revenues. The relevant transactions are subject to statutory and voluntary cancellation and rescission requirements. If reliable information is available about cancellation or rescission rates, the Group primarily realizes the relevant commission income upon provision of the customer data to the partner providing the respective primary service, or otherwise upon commencement of performance by the partner when the contract commences.

Revenues from the production of programming content (segment Content Production & Global Sales) are recognized using the percentage-of-completion method, provided the projected revenues can be estimated reliably. The degree of completion follows from the ratio of the incurred contract costs relative to estimated total contract costs. This results in the sales revenues to be recognized in the period when applied to the planned revenue. In case total revenues cannot be estimated reliably, revenues are recognized to the extent of costs incurred. Contract costs are always recognized as expenses in the period in which they occur. If it is foreseeable that the total contract costs will exceed the budgeted sales revenues, the expected losses are immediately recognized as expenses.

For further information please refer to → note 5 "Revenues".

Operating expenses

Operating expenses by type are generally allocated to the individual functions according to the functional area of the respective cost centers. Depreciation, amortization and impairments of intangible assets as well as property, plant and equipment are included in the functional costs according to the use of the assets; impairments of brands from purchase price allocations with an indefinite useful life are recognized as other operating expenses.

Income taxes

Income taxes comprise the taxes levied on taxable profits in the individual countries, and changes in deferred tax items. Income taxes are recognized on the basis of the terms of law in effect or substantively enacted as of the reporting date, in the amount that will presumably have to be paid. In accordance with IAS 12, deferred taxes are recognized for tax-deductible or taxable temporary differences between the carrying amounts of assets and liabilities under IFRS and their tax bases, as well as for consolidation measures and for claims for tax reductions due to loss carry-forwards that can presumably be recovered in subsequent years. This does not include goodwill. The calculation is based on the tax rates expected in the various countries at the realization date. These are generally based on the terms of law in effect or substantively enacted as of the reporting date.

Recognition and valuation of deferred tax assets on losses carried forward and temporary differences were based on planned future taxable income. Deferred taxes on temporary differences and tax losses carried forward were recognized only if sufficient taxable income is available in the future to use the deferred tax assets.

The assessment of the value of deferred tax receivables is based on internal forecasts about the future earnings situation of the respective group company. The focus when assessing the possibility to realize the losses carried forward is on whether it is possible to use them within the tax planning period of five years. In case of any doubts about the possibility to realize the losses carried forward, appropriate value adjustments are made on a case-by-case basis of the deferred tax assets. The respective tax deferrals are subject to ongoing reviews regarding to the underlying assumptions. Changed assumptions or changed circumstances may require corrections to be made, which in turn may lead to additional tax deferrals or to the reversal thereof. Any deferred tax assets and liabilities with the same tax authority are netted if the claim to offset current tax refund claims and liabilities can be legally enforced. In principle, they are shown undiscounted and as long-term items. If the underlying circumstances of temporary differences or tax expenditures and income are directly recognized at equity, the above also applies to the corresponding current taxes or to accrued deferred tax assets and liabilities.

Uncertain tax positions are ongoingly analyzed and appropriate risk provisions are created if deemed necessary. Since estimates may change over time, they may also affect the level of risk provisions considered necessary. The amount of the anticipated tax liability or tax receivable reflects the amount that constitutes a best estimate, taking into account any tax uncertainties.

For further information, please refer to → note 13 "Income taxes" and → note 24 "Equity".

Result per share

Earnings per share correspond to consolidated net profit attributable to the shareholders of ProSiebenSat.1 Media SE divided by the weighted average number of shares outstanding during the financial year.

To calculate diluted earnings per share, the average number of shares outstanding is adjusted by the number of all potentially dilutive shares. At ProSiebenSat.1 Group, these dilution effects arise from the issuance of stock options on common shares under the LongTerm Incentive Plans and from rights to shares (please refer to → note 32 "Share-based payments"). Diluted earnings per share are calculated under the assumption that all potentially diluting shares and share-based remuneration plans that are in the money are exercised.

Intangible assets and goodwill

Acquired **goodwill** is recognized at cost less accumulated impairment losses.

Acquired intangible assets are capitalized in accordance with IAS 38 if the future economic benefits from the asset are expected to flow to the Company and the cost of the asset can be determined reliably. Unless an asset has an indefinite useful life, it is amortized, and where applicable, impaired.

Intangible assets include acquired rights to use advertising licenses in order to sell the digital offerings of external providers. These are capitalized in the amount of the fixed purchase price of the acquired advertising inventory. These are subject to amortization over the term of the contract.

Internally generated intangible assets are capitalized under IAS 38 if they are identifiable, it is expected that the future economic benefits will flow to the Company and the cost of the asset can be measured reliably. In determining the production costs, a distinction is made between research and development costs, with the former being expensed as incurred. In addition to the criteria described above, development costs are capitalized solely in cases where the product or process are realizable from a technical and economic perspective. The completion of the development as well as the usage or sale afterwards have to be ensured and intended both technically and financially. The marketability of the product or process also needs to be demonstrated. In the case of program formats developed in-house, this generally occurs only at a very late stage in the process, if the format can be placed successfully with a buyer. Format development expenses thus generally do not fulfill the capitalization requirements of IAS 38.

For further information, please refer to → note 16 "Goodwill" and to → note 17 "Other intangible assets".

Property, plant and equipment

Property, plant and equipment are measured at acquisition or production cost, less usage-based depreciation and, if necessary, impairments. The cost of internally created property, plant and equipment includes not only direct costs, but also the portions of overhead costs directly attributable to production. There are currently no qualifying assets of property, plant and equipment as defined by IAS 23 within the Group. For this reason, borrowing costs are recognized in profit or loss in the period in which they occur.

Scheduled depreciation of property, plant and equipment is carried out using the straight-line method.

For further information please refer to → note 18 "Property, plant and equipment".

Leases

IAS 17 defines a lease as an agreement whereby a lessor conveys to the lessee the right to use an asset for an agreed period of time in return for a payment or a series of payments. A distinction is made between finance leases and operating leases. Leases are classified as finance leases if substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee. All other leases are classified as operating leases.

For finance leases, the leased assets and the associated liabilities are recognized at fair value at the commencement of the lease term or, if lower, the present value of the lease payments. Depreciation is recognized on a straight-line basis over the shorter of the lease term or the expected useful life. Payment obligations resulting from finance leases are recognized as financial liabilities and subsequently measured applying the effective interest rate method.

Lease payments for operating leases are recognized as expenses in the functional costs of the income statement and on an accrual basis.

For further information, please refer to → note 18 "Property, plant and equipment", → 27 "Financial liabilities" and → 30 "Other financial obligations".

Investments accounted for using the equity method

On the date significant influence or joint control is attained, investments in associates or joint ventures accounted for using the equity method are recognized at cost in the consolidated statement of financial position. The carrying amount of the investment includes, where applicable, assets identified within the context of the purchase price allocation in addition to liabilities assumed and contingent liabilities as of the acquisition date and goodwill as a positive difference between these amounts. In subsequent periods, the carrying amount is adjusted to reflect the pro-rata changes in equity of the investee in addition to the subsequent measurement of the assets identified and the liabilities assumed and contingent liabilities within the context of the purchase price allocation. Dividends received from entities accounted for using the equity method reduce their carrying amounts. The pro-rata comprehensive income of the relevant entities attributable to ProSiebenSat.1 Group is reported in the consolidated income statement as "Income from investments accounted for using the equity method."

For further information please refer to → note 12 "Result from investments reported at equity and other financial results" and → note 19 "Shares valued at equity".

Programming assets

Feature films and series are capitalized as of the beginning of the license term. Commissioned productions are capitalized as broadcast-ready programming assets on formal acceptance. Until being broadcast, sports rights are included in advance payments. The assets are initially recognized at cost.

Consumption of licenses and commissioned productions intended for multiple broadcasts (runs) commences at the start of the first broadcast, and depends on the number of runs permitted or planned respectively. Broadcasting-related consumption is measured using a declining-balance method according to a standardized Group-wide matrix which reflects the expected audience reach potential relating to the respective broadcast. Commissioned productions intended for only one run and sports rights are fully consumed as of their broadcasting.

Impairments on programming assets are recognized if it is not expected that the costs are recoverable by future revenues. Relevant indicators may include worse recovery opportunities, changes in the advertising environment, adaptation of programming due to changing target group tastes, media law restrictions on the usability of films, expiry of licenses prior to broadcasting, or the discontinuation of commissioned productions.

If there are indications for a potential impairment on programming assets, broadcasts no longer meeting the asset criteria or having limited usability are fully impaired. The assessment of the recoverable amount of the remaining programming assets takes place at the level of genre-based program groups. To the extent that their carrying amounts exceed expected future revenues, impairments are recognized. A genre is the unit in which cash flows are generated independently of other programming assets, as individual genres are tailored to target audience groups and advertising customers book advertising for their products around certain genres. Titles contained in a genre are viewed as a homogeneous mass; the individual titles are essentially interchangeable.

For further information please refer to → note 20 "Programming assets".

Impairments of other non-financial assets

In accordance with IAS 36, an entity must review assets with a finite useful life for impairment if there are indications that those assets may be impaired. Moreover, other intangible assets with an indefinite useful life, other intangible assets not yet ready for use or advance payments thereon, and goodwill must be tested for impairment annually. A test is also performed whenever there is any indication that an asset might be impaired.

In the event of an impairment, the difference between the amortized carrying amount and the lower recoverable amount is recognized as an expense in profit or loss. Impairments are allocated to the relevant functional costs. Impairments on goodwill resulting from purchase price allocations are recognized in other operating expenses. The same applies to impairments on other intangible assets resulting from purchase price allocations if they cannot be appropriately allocated to functional costs. If there is evidence that the reason for the impairment no longer exists, the impairment loss is reversed (except in the case of goodwill). The reversal cannot result in an amount exceeding amortized cost.

The amortized carrying amount of the asset is compared with the recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. The value in use is the present value of future cash flows expected to arise from the continuing use of the asset.

The recoverable amount is determined for each individual asset, unless an asset generates cash inflows that are not largely independent of those from other assets or other groups of assets or cash-generating units. In these cases, the impairment test is performed at the relevant level of cash-generating units to which the asset is attributable.

The Company normally determines the recoverable amounts using measurement methods based on discounted cash flows. In the case of cash-generating units, ProSiebenSat.1 Group first determines the relevant recoverable amount as value in use, which it compares with the respective carrying amounts, including allocated goodwill in the case of impairment tests on goodwill, and including the allocated brands in the case of impairment tests on brands with indefinite useful lives. These discounted cash flows are based on five-year projections of financial plans approved by management. Cash flows beyond the detailed planning period are extrapolated using individual growth rates, which however do not exceed the inflation expectations for the respective units. The most important assumptions underlying the changes in value in use concern future cash flows, estimated growth rates, tax rates and weighted average cost of capital.

For further information, please refer to → note 16 "Goodwill", → note 17 "Other intangible assets" and → note 18 "Property, plant and equipment".

Financial instruments

Arm's length purchases and sales of financial assets are accounted for as of the settlement date. The Group derecognizes a financial asset if the contractual rights to cash flows from an asset expire or if the Group transfers the rights to receive cash flows in a transaction that also transfers all material risks and opportunities connected with the ownership of the financial asset. Financial liabilities are derecognized if the contractual obligations are settled, canceled or have expired. When adjusting loan terms or extending terms, the Group assesses whether these represent substantial modifications as defined by IAS 39.

Financial assets are offset and presented in the statement of financial position as a net value if the Group has a current legal right to set off the reported amounts against each other and the intention is either to settle on a net basis or to settle the associated liability simultaneously with the realization of the asset. ProSiebenSat.1 Group currently has netting agreements for derivative financial instruments, but presentation on a net basis in the statement of financial position is not possible under IAS 32.

Measurement of financial instruments

Financial assets and liabilities are recognized initially at fair value. For financial assets subsequently not recognized at fair value through profit or loss, transaction costs attributable to the acquisition are also capitalized on initial recognition. For financial assets subsequently recognized at fair value through profit or loss, transaction costs are recognized in profit or loss directly in the period in which they are incurred.

Financial assets and liabilities are subsequently measured at amortized cost or at fair value. Amortized cost is determined using the effective interest rate method. The fair value of a financial instrument reflects the amount that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants on the measurement date. The fair value is generally equivalent to the market or exchange value. If there is no active market, the fair value is measured using a financial valuation technique (for example, by discounting the future cash flows at the market interest rate). If the fair value of financial instruments cannot be determined reliably, the financial instruments are measured at cost.

In accordance with IAS 39, a regular assessment is made as to whether there is substantive objective evidence of impairment of a financial asset or a portfolio of financial assets. After an impairment test, any necessary impairment loss is recognized in profit or loss.

The measurement of financial investments held by ProSiebenSat.1 Group is explained below for the following individual categories:

LOANS AND RECEIVABLES

Financial assets classified as loans and receivables are measured at amortized cost, applying the effective interest rate method, less impairments. Impairments of trade receivables are recognized in separate allowance accounts. In the valuation process, adequate allowances have been made, on the basis of objective evidence and values developed through experience, to cover known risks by valuation adjustments.

Estimates and assessments of individual receivables and necessary value adjustments are based on the respective customer's creditworthiness, current economic developments and the analysis of historical bad debts on a portfolio basis. Overdue trade receivables with objective indications of impairment are value-adjusted, taking into account empirical values regarding their collectability.

FINANCIAL ASSETS VALUED AT FAIR VALUE THROUGH PROFIT OR LOSS

In addition to financial assets held for trading purposes, this category also includes financial assets designated at fair value through profit or loss on initial recognition, under what is known as the fair value option. Exceptions are equity instruments for which no market prices are quoted on active markets, and whose market values cannot be measured reliably. Fair value is determined on the basis of the type of instrument, depending on the marketability of the instrument, using a three-level fair value hierarchy. The fair value option is furthermore subject to the condition that its exercise must eliminate or significantly reduce an accounting mismatch, the financial instrument contains one or more embedded derivatives, or that the portfolio of financial instruments is managed on a fair value basis.

FINANCIAL ASSETS AVAILABLE FOR SALE

Investments in equity instruments and debt instruments are classified as financial assets that are available for sale. These are accounted for at fair value if this value can be determined reliably. Equity instruments for which no price is quoted on an active market, and whose fair value cannot be determined reliably, are measured at acquisition cost.

FINANCIAL LIABILITIES

With the exception of derivative financial instruments and contingent consideration in the context of business combinations (put options, earn-out provisions), financial liabilities are measured at amortized cost, applying the effective interest rate method. Term loans are recognized on the basis of their notional total, at amortized cost less issuing and financing costs. These costs are distributed over the term of the liability using the effective interest rate method. Contingent consideration in the context of business combinations is classified under liabilities at fair value on initial consolidation. Subsequent measurement also takes place at fair value, with changes being recognized in profit and loss.

Derivative financial instruments and hedge accounting

Derivative financial instruments are recognized as financial assets or financial liabilities at their fair value in the statement of financial position, irrespective of the purpose or intent for which the transaction was entered into. The fair value of derivative financial instruments is determined by discounting future cash flows at the market interest rate, and by other recognized methods of financial valuation techniques, such as option pricing models. Derivative financial instruments are recognized as of their trading date. The fair value of interest rate swaps is generally zero initial recognition. With interest rate options the fair value is the value of the option premium paid. Subsequently interest rate swaps and interest rate options are recognized in the statement of financial position at their market values as financial assets or other financial liabilities. The fair value of forward exchange transactions and currency options is also usually zero on initial recognition. Subsequently, forward exchange transactions are recognized in the statement of financial position at their market values as financial assets or financial liabilities. The valuation of derivative financial instruments includes specific counterparty credit risks.

If a clear hedging relationship can be formally designated and documented, it is accounted for in line with the requirements of IAS 39 on hedge accounting. Under hedge accounting, the recognition of changes in the market values of the relevant derivatives depends on the type of hedging relationship. If the hedge is a cash flow hedge, as is currently exclusively the case at ProSiebenSat.1 Group, the changes in market value of the effective portion of the derivative are initially recognized separately in other comprehensive income and are not recognized in profit or loss until the hedged item is realized. The ineffective portion is recognized immediately in profit or loss. To hedge currency risks on future license payments, hedge gains or losses accumulated in equity are transferred from equity at the commencement of the license, i.e. when the hedged item is capitalized, and the acquisition cost is increased or decreased accordingly.

ProSiebenSat.1 Group compiles and manages the identified hedged items and hedging instruments in so-called hedge books. The effectiveness of the hedging relationship is measured regularly. If a hedging relationship does not meet, or no longer meets, the requirements of IAS 39, hedge accounting is terminated. After the termination of a hedging relationship, the amounts recognized in other comprehensive income are recognized in profit or loss as the results of the hedged items affect profit or loss.

For further information please refer to → note 21 "Financial receivables and assets", → 22 "Other receivables and assets", 27 "Financial liabilities" and 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid financial investments that can be converted into cash amounts at any time and that are subject only to minor risks of fluctuation in value. Cash and cash equivalents are measured at cost, with amounts in foreign currencies being translated at the end of the applicable reporting period.

Provisions for pension
Differences between assumptions and actual events, as well as changes in actuarial assumptions for measuring defined-benefit pension plans, result in actuarial gains and losses. These remeasurement effects are recognized in other comprehensive income taking into account deferred taxes in the period in which they occur. As a result the statement of financial position shows the full extent of the obligations, avoiding fluctuations in results which can particular occur due to changes in the calculation parameters. The actuarial gains and losses recognized in the respective reporting period are presented separately in the statement of comprehensive income. In subsequent periods such items are not reclassified to the income statement.

For further information please refer to → note 25 “Provisions for pension”.

Share-based payments
ProSiebenSat.1 Group’s share-based payments (stock options and rights to shares) exclusively comprise payment plans that contain options for ProSiebenSat.1 Media SE to determine the mode of settlement, using either equity or cash, which is exercised in accordance with the intended form of remuneration. The remuneration plans to be settled in shares are measured at fair value at the grant date. The fair value of the obligation is recognized as personnel expenses in functional costs over the vesting period; the corresponding credit entry is to capital reserves. The fair value of remuneration plans to be settled in cash is recognized as personnel expenses in liabilities over the vesting period. The liability is remeasured at every reporting date and the settlement date on the basis of fair value and changes are recognized in profit or loss.

For further information, please refer to → note 24 “Equity” and → 32 “Share-based payment”.

Other provisions
In accordance with IAS 37, provisions are recognized if a present legal or constructive obligation to third parties exists as a result of a past event, if outflows of economic resources are expected, and if the amount can be determined reliably. They are recognized at full cost, in the amount of the most probable outcome of the obligation, taking into account experiential values. Non-current provisions are recognized as of the reporting date at the present value of expected settlement amounts, taking estimated increases in prices or costs into account. Discount rates are regularly adjusted to prevailing market interest rates.

The Company measures provisions for onerous contracts at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract minus any revenues expected from the contract.

Recognition and valuation of provisions are based on an estimate of amount and probability of the future outflow of resources and also on empirical values and the circumstances known as at the balance sheet date. To assess the amount of the provisions, in addition to the evaluation of the facts and of the asserted claims, the results of similar circumstances are also considered on a case-by-case basis as are assumptions regarding the occurrence probabilities and the range of possible utilizations.

For further information please refer to → note 26 “Other provisions”.

Cash flow statement

The statement of cash flows shows how cash and cash equivalents have changed as a result of cash inflows and outflows during the period. In accordance with IAS 7, cash flows are distinguished between operating activities, investing activities and financing activities.

The funds covered by the statement of cash flows include all cash and cash equivalents shown in the statement of financial position with terms of not more than three months, subject only to minor risks of fluctuation in value. Cash is not subject to restrictions.

Cash flows from investing and financing activities are calculated using the direct method. On the other hand, cash flows from operating activities are derived indirectly from consolidated net profit. In this indirect derivation, the changes of the relevant statement of financial position items relating to operating activities are adjusted for effects from foreign currency translation and from changes to the scope of consolidation. For this reason, the changes of the statement of financial position items cannot be reconciled with the relevant figures of the consolidated statement of financial position and the segment key figures.

In line with IAS 7.31 and IAS 7.35, payments of taxes and interest as well as receipts of interest are presented in the cash flow from operating activities.

CHANGES IN REPORTING STANDARDS

A) RECENTLY IMPLEMENTED REPORTING STANDARDS

The standards, interpretations and amendments of standards and interpretations mandatorily applicable in the reporting period comprise amendments to IAS 7 "Statement of Cash Flows", amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses" as well as clarifications to IFRS 12 "Disclosure of Interests in Other Entities".

The amendments to IAS 7 require disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including cash and non-cash changes → see note 23 "Cash and Cash equivalents". The changes to IAS 12 clarify the accounting of deferred tax assets for unrealized losses relating to debt instruments measured at fair value. → see note 13 "Income taxes"

The initial application of the amendments to standards and interpretations mandatorily applicable in the reporting period did not affect the earnings, financial position and performance of ProSiebenSat.1 Group.

B) REPORTING STANDARDS YET TO BE IMPLEMENTED

The financial reporting standards published by the IASB and described below were not yet effective in the past the financial year and were therefore not adopted early by ProSiebenSat.1 Group.

- In July 2014, the IASB issued the final version of **IFRS 9 "Financial Instruments".** This version replaces the previous IAS 39 standard "Financial Instruments: Recognition and Measurement" and all previously published versions of IFRS 9 and was adopted into European Law on November 29, 2016. Initial application of IFRS 9 is mandatory for the financial years beginning on or after January 1, 2018. The option to adopt the standard early was not exercised in the financial year 2017. The standard is prospectively applied as of January 1, 2018. The Group exercises the option not to restate comparative information. The transition requirements of IFRS 9.7.2.15 are applied. ProSiebenSat.1 Group does not hold debt instruments that would mandatorily have to be measured at fair value through other comprehensive income. Moreover, the Group did not exercise the option to measure equity instruments at fair value through other comprehensive income. The Group will recognize the effects of the initial application of IFRS 9 as of the date of initial application in consolidated equity generated. The Group has analyzed the impact of the initial application of IFRS 9 on the consolidated financial statements as of December 31, 2018 and on interim quarterly reporting throughout 2018 in a Group-wide project. In this context, the following areas were identified, which are affected by the implementation of IFRS 9:

  Classification and Measurement of financial instruments under IFRS 9
  On initial recognition, financial assets are classified as either "to be measured at fair value" and "to be measured at amortized cost", depending on the business model and the contractually agreed cash flows of the relevant financial instruments. The allocation to these categories with respect to the business model takes place on a portfolio level, while the cash flow criterion is assessed at the level of the individual instrument. Subsequently, financial assets are measured either at amortized cost or at fair value, depending on the classification. Changes in fair value are to be reported in the income statement or in other comprehensive income. The requirements for derecognizing financial assets and liabilities and the general accounting for financial liabilities were mainly taken over from IAS 39.
  For ProSiebenSat.1 Group, the new measurement requirements result in changes for financial assets classified as "loans and receivables" and financial liabilities classified as "other financial liabilities" under IAS 39. The financial liabilities are expected to be categorized as financial liabilities measured at fair value, financial liabilities under hedge accounting as well as financial liabilities measured at amortized cost. The latter primarily contain loans and borrowings, bonds issued and other financial liabilities, including trade payables and liabilities. The classification takes place at initial recognition.

The shares in investment funds serving to cover pension obligations will continue to be measured at fair value through profit or loss, as they do not meet the cash flow criterion. Based on its evaluation, ProSiebenSat.1 does not believe that the new classification requirements will have a material impact on the accounting. Moreover, taking account of IFRS 9. B5.4.5 and B5.4.6, modifications of financial liabilities will not have material effects. With regard to the measurement of financial assets and liabilities there will not be material transition effects, with the exception of changes to the impairment model for financial assets described below.

Impairment of financial assets
The requirements for recognizing impairments on financial assets, which are now based on an expected loss model, are fundamentally new and contain significant areas of judgement regarding the extent to which expected credit losses are influenced by changes in economic factors. In contrast to IAS 39, financial assets are to be allocated to various risk categories based on the expected probability of default in the past and future. Credit allowances are to be recognized before losses are incurred.
To determine the expected credit losses, ProSiebenSat.1 will uniformly apply the simplified impairment model of IFRS 9 for the recognition of lifetime expected credit losses to trade and license receivables. ProSiebenSat.1 uses specific impairment matrixes differentiating customer groups and companies to calculate the expected credit losses. The impairment factors for overdue receivables are based on historic and forward-looking information. At present, ProSiebenSat.1 Group finalizes the data preparation to analyze the quantitative impacts resulting from the new impairment model. The data preparation relates to established portfolios for the collective determination of impairments for homogenous customer portfolios. Based on current evaluations, no final transition effect can be determined for the entirety of the customer portfolios established. The final determination of impairments under the so-called "Expected-credit-loss Model" will be completed during the first quarter of the financial year 2018 and presented in the first quarter interim report. No material effect from the transition to the impairment model of IFRS 9 will result for cash and cash equivalents.

Hedge accounting
The Group will not apply the hedge accounting provisions of IFRS 9 from January 1, 2018, but will instead avail itself of the choice to continue accounting pursuant to IAS 39.

IFRS 9 requires extensive new disclosures, particularly relating to hedge accounting, credit risk and expected credit losses. The Group is currently finalizing an analysis to identify potential data gaps compared to present procedures. The Group intends to implement changes to systems and controls deemed necessary for the required data collection.

- By issuing **IFRS 15 "Revenue from Contracts with Customers"** in May 2014, the IASB revised the requirements for the timing and amount of revenues to be recognized in the future. The standard replaces previous regulations of IAS 18 "Revenue," IAS 11 "Construction Contracts" and a range of revenue-related interpretations. Leases, financial instruments and insurance contracts do not fall within the scope of IFRS 15.

  Under the new standard, the recognition of revenues shall reflect the transfer of the goods or services promised to the customer with the amount equivalent to the consideration that the entity is expected to receive in exchange for these goods or services. Revenues are recognized when the customer obtains control over the goods or services.

  In April 2016, the IASB published clarifying amendments to IFRS 15 which must also be applied in the financial years commencing on or after January 1, 2018. These amendments clarify various requirements of the standard and offer some additional transition relief.

  IFRS 15 is initially effective for the financial years commencing on or after January 1, 2018. The adoption into European law occurred by announcement by the European Commission on October 31, 2017. The Group has not exercised the option to early-adopt the standard in the financial year 2017. The standard will be initially applied as of January 1, 2018 using the modified retrospective approach. In this context, the quantitative effect resulting from the transition will be recognized at January 1, 2018 in consolidated equity generated.

  ProSiebenSat.1 Group has analyzed the developments and impact relating to IFRS 15 including the clarifying amendments in a group-wide project and has dealt with the analysis of the existing processes, systems and contracts and the modelling of the revenue recognition process.

No material changes are expected in the consolidated financial statements with regard to the recognition of advertising revenues and revenues from commissioned productions. The following business area was identified that will see changes in the recognition of revenues due to the switch to IFRS 15:

License revenues
For revenue recognition, IFRS 15 distinguishes between a right to access and a right to use licenses. Based on the respective allocation procedure, low single-digit million changes in the timing of the recognition of licensing revenue will occur.

ProSiebenSat.1 Group makes use of the relief under IFRS 15.C5 a) and does not reassess completed contracts that commence and are completed in the same the financial year.

- In January 2016, the IASB published the financial reporting standard **IFRS 16 "Leases**" which was adopted into European law on November 9, 2017. The standard replaces the existing requirements relating to leases, including IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC-15 "Operating leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

The standard specifies that all leases and the associated contractual rights and obligations are, as a rule, to be recognized in the statement of financial position of the lessee, with the exception of leases with a contractual term of 12 months or less or low value assets. As a result, lessees are no longer subject to the requirement to classify leases as operating or finance leases under IAS 17. In the case of leases, the lessee recognizes a liability for lease obligations to be incurred in the future. Correspondingly, the right-of-use asset is capitalized, which corresponds to the present value of future lease payments plus directly attributable costs, and is amortized over its useful life.

IFRS 16 is initially effective for the financial years commencing on or after January 1, 2019. ProSiebenSat.1 Group has exercised the option to early-adopt the standard and has initially applied IFRS 16 at January 1, 2018, using the modified retrospective transition approach. At ProSiebenSat.1 Group, the initial application primarily affects those leases classified as operating leases to this date. Using the option of IFRS 16.5, short-term leases with a contractual term of less than 12 months (and which do not contain a purchase option) and leases in which the underlying asset is of low value are not accounted for under IFRS 16. The Group has made use of the relief of IFRS 16.C3(b) and has not reassessed contractual arrangements that were not classified as leases under IAS 17 "Leases" in conjunction with IFRIC 4 "Determining Whether an Arrangement Contains a Lease" using the definition of a lease in IFRS 16.

On initial application of IFRS 16 to operating leases, the right-of-use to the leased asset was generally measured at the amount of the lease liability, using the discount rate at the date of initial application (IFRS 16.C8(b)(i)). Where accrued lease liabilities existed, the right-of-use asset was adjusted by the amount of the accrued lease liability under IFRS 16.C8(b)(ii). Under IFRS 16.C10(d), the measurement of the right-of-use at initial application did not include initial direct costs. In the consolidated financial statements 2018 the comparative information for the financial year 2017 are not restated, as allowed by IFRS 16.C7.

ProSiebenSat.1 Group has analyzed the impacts of the initial application of IFRS 16 in a Group-wide project involving existing processes, systems and contracts. The following categories of leases have been identified whereby agreements previously recognized as operating leases may be accounted for as leases as defined by the new standard as a result of the changeover to IFRS 16: Real estate, technical equipment, vehicles and other leased assets. In the context of initial application, right-of-use-assets of EUR 109 million and lease liabilities of EUR 111 million are recognized in the consolidated statement of financial position at January 1, 2018. The difference of EUR 2 million between these two items results from the adjustment of accrued lease liabilities under IFRS 16.C8(b)(ii). As a result of the change in expense presentation for operating leases as amortization of right-of-use-assets and lease liability interest expense, the Group expects an improved EBITDA for the financial year 2018.

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" is initially effective for the financial years commencing on or after January 1, 2018. This interpretation clarifies the date for determining the foreign exchange rate for purposes of translating foreign currency transactions containing prepayments received or paid. ProSiebenSat.1 Group expects that the changes resulting from IFRIC 22 will result in a single-digit million euro impact.

- The changes to IFRS 2 "Classification and Measurement of Share-based Payment Transactions" comprises the following issues relating to the accounting for cash-settled share-based payments: the accounting for cash-settled share-based payments containing a performance condition, the classification of share-based payments settled net of tax withholding and the modification of share-based payment transactions from cash-settled to equity-settled. ProSiebenSat.1 currently anticipates that the changes to IFRS 2, effective as of January 1, 2018, will not impact the Group.

MEMBERS OF THE EXECUTIVE BOARD

201 / MEMBERS OF THE EXECUTIVE BOARD OF PROSIEBENSAT.1 MEDIA SE

Thomas Ebeling CEO	CEO since March 1, 2009 until February 22, 2018	Responsibilities: PMO & Strategy, Corporate Communication, Human Resources, Wellbeing, Special Projects
Dr. Jan Kemper CFO	CFO since June 1, 2017	Responsibilities: Group Operations & IT, Group Controlling, Group Finance & Investor Relations, Accounting & Taxes, Mergers & Acquisitions, Internal Audit, Corporate Procurement, Corporate Real Estate
Conrad Albert	Member of the Executive Board since October 1, 2011 Deputy CEO since November 19, 2017 Interim CEO as of February 23, 2018	Responsibilities: Regulatory Affairs & Governmental Relations, German Industry Relations, Group Content Acquisition, Legal Affairs, Distribution Contract Management, Audiovisual Transaction Business Development, Corporate Security, Compliance, Corporate Office
Sabine Eckhardt	Member of the Executive Board since January 1, 2017	Responsibilities: Ad Sales (SevenOne Media, SevenOne AdFactory, 7Ventures, P7S1 Licensing), Operations & Media Inventory Management, Media Competence Center, Marketing, Digital TV Ad Cooperations, P7S1 Accelerator
Jan David Frouman	Member of the Executive Board since March 1, 2016	Responsibilities: TV Germany, P7S1 Austria, P7S1 Switzerland, Pay TV, Red Arrow Entertainment Group, Group Content Strategy, 7Stories
Christof Wahl	Member of the Executive Board since May 1, 2016	Responsibilities: Data, Media Alliance, Distribution, AdVoD/AdTech, Digital Platforms, Leisure & CS, Sports
Dr. Gunnar Wiedenfels CFO	CFO from April 1, 2015 until March 31, 2017	Responsibilities: Group Operations & IT, Group Controlling, Group Finance & Investor Relations, Accounting & Taxes, Internal Audit, Corporate Procurement, Corporate Real Estate
Dr. Ralf Schremper	Member of the Executive Board from April 1, 2015 until July 31, 2017	Responsibilities: Mergers & Acquisitions

Due to the resegmentation on January 1, 2018, the allocation of the Executive Board areas in 2018 will be adjusted.

MEMBERS OF THE SUPERVISORY BOARD

202 / MEMBERS OF THE SUPERVISORY BOARD OF PROSIEBENSAT.1 MEDIA SE AND THEIR MANDATES IN OTHER SUPERVISORY BOARDS

Dr. Werner Brandt Chairman	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 (Consultant)	Mandates: RWE AG (non-executive), Innogy SE (non-executive), Osram Licht AG* (non-executive), Deutsche Lufthansa AG (non-executive) * Until December 31, 2017
Dr. Marion Helmes Vice Chairwoman	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 (Consultant)	Mandates: Uniper SE (non-executive), NXP Semiconductors N.V. (non-executive), Bilfinger SE (non-executive), British American Tobacco LTD (non-executive)
Lawrence A. Aidem	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 Our Film Festival, Inc. (Fandor) (President, CEO)	Mandates: none
Antoinette (Annet) P. Aris	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 INSEAD (Adjunct Professor of Strategy)	Mandates: Thomas Cook PLC (non-executive), Jungheinrich AG (non-executive), ASR Netherlands N.V. (non-executive), ASML N.V. (non-executive)
Adam Cahan	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 Self Employed	Mandates: none
Angelika Gifford	Member of the Supervisory Board of ProSiebenSat.1 Media AG and ProSiebenSat.1 Media SE since May 21, 2015 VP Software Dach, Micro Fokus GmbH	Mandates: Rothschild & Co. S.C.A, Paris (non-executive), TUI AG, Berlin/Hannover (non-executive)
Erik Adrianus Hubertus Huggers	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/of ProSiebenSat.1 Media SE since May 21, 2015 Vevo LLC (President, CEO)	Mandates: none
Ketan Mehta	Member of the Supervisory Board of ProSiebenSat.1 Media SE since November 24, 2015 Allen & Company LLC (Managing Director)	Mandates: none
Prof. Dr. Rolf Nonnenmacher	Member of the Supervisory Board of ProSiebenSat.1 Media SE since May 21, 2015 (German Public Auditor)	Mandates: Continental AG (non-executive), Covestro AG (non-executive), Covestro Deutschland AG (non-executive)

LIST OF AFFILIATED COMPANIES AND INVESTMENTS

203 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[10]	Profit/loss for the period[10]
1	ProSiebenSat.1 Media SE	Unterföhring			EUR	3,216,457	330,424
	AFFILIATED COMPANIES						
	Germany						
2	12Auto Group GmbH	Unterföhring	100.00	58	EUR	1,226	-469
3	7Life GmbH[1]	Unterföhring	100.00	55	EUR	78,600[3]	0
4	7Love Holding GmbH	Unterföhring	50.00	54	EUR	296,211[5]	-42
5	7NXT GmbH	Berlin	90.00	9	EUR	8,085	-4,158
6	7NXT Health GmbH	Berlin	90.00	5	EUR	-3,550	-3,940
7	7Screen GmbH[1]	Unterföhring	100.00	85	EUR	225[3]	0
8	7Stories GmbH	Unterföhring	100.00	70	EUR	-500	-525
9	7Wellbeing GmbH[1]	Unterföhring	100.00	55	EUR	17,656[3]	0
10	9Live Fernsehen GmbH	Unterföhring	100.00	1	EUR	520[3]	0
11	Active Agent AG	Freiburg im Breisgau	100.00	109	EUR	530	-52
12	ADITION technologies AG	Düsseldorf	100.00	109	EUR	687[3]	0
13	AdTech S8 GmbH	Unterföhring	100.00	51	EUR	212[6]	-13
14	Advopedia GmbH	Unterföhring	100.00	58	EUR	-328	-329
15	Allmedica Arzneimittel GmbH	Wehrheim	100.00	115	EUR	19	-2
16	DISTRICON GmbH	Wehrheim	100.00	115	EUR	2,753	1,882
17	DOSB New Media GmbH	Unterföhring	57.50	69	EUR	1	-874
18	Dr. Kleine Pharma GmbH	Bielefeld	100.00	115	EUR	3,303	2,138
19	Fem Media GmbH	Unterföhring	100.00	58	EUR	1,480	1,080
20	Flaconi GmbH	Berlin	100.00	54	EUR	5,113	-512
21	Glomex GmbH[1]	Munich	100.00	55	EUR	18,905[3]	0
22	Good Vita GmbH	Wehrheim	100.00	115	EUR	-152	-159
23	Gymondo GmbH	Berlin	100.00	5	EUR	856	35
24	Hip Trips GmbH	Munich	74.90	27	EUR	-/-[4]	-/-
25	i12 GmbH	Linden	100.00	106	EUR	121[3]	0
26	Jochen Schweizer GmbH	Munich	100.00	28	EUR	-/-[4]	-/-
27	Jochen Schweizer Leisure & Travel Holding GmbH	Munich	100.00	26	EUR	-/-[4]	-/-
28	Jochen Schweizer mydays Holding GmbH	Munich	89.90	40	EUR	-/-[4]	-/-
29	Jochen Schweizer Technology Solutions GmbH	Munich	100.00	26	EUR	-/-[4]	0
30	MAGIC Internet Holding GmbH[1]	Berlin	100.00	58	EUR	26,402[3]	0
31	marktguru Deutschland GmbH	Munich	90.00	88	EUR	2,742	-366
32	maxdome GmbH[1]	Unterföhring	100.00	55	EUR	5,225[3]	0
33	Maximilian Online Media GmbH	Linden	100.00	106	EUR	191[3]	0
34	MMP Event GmbH	Cologne	60.00	69	EUR	385	356
35	moebel.de Einrichten & Wohnen AG	Hamburg	50.10	54	EUR	7,592	1,144
36	mydays Event GmbH	Munich	100.00	37	EUR	-37	27
37	mydays GmbH	Munich	100.00	38	EUR	33,491	-189
38	mydays Holding GmbH	Munich	100.00	28	EUR	663	10
39	myLoc managed IT AG	Düsseldorf	100.00	109	EUR	4,239[3]	0
40	NCG - NUCOM GROUP SE	Unterföhring	100.00	1	EUR	-/-[4]	-/-
41	P7S1 SBS Holding GmbH[1]	Unterföhring	100.00	1	EUR	431,194[3]	0
42	PARSHIP ELITE Group GmbH	Hamburg	100.00	100	EUR	115,211	-1,891
43	PARSHIP ELITE Service GmbH	Hamburg	100.00	42	EUR	95	-2
44	PE Digital GmbH	Hamburg	100.00	42	EUR	25,000	18,564

203 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[10]	Profit/loss for the period[10]
45	PEG Management GmbH & Co. KG	Unterföhring	0	63	EUR	23,636	36,286
46	Preis24.de GmbH	Düsseldorf	100.00	106	EUR	-7,482	-5,963
47	ProSieben Travel GmbH[1]	Unterföhring	100.00	55	EUR	467,647[3]	0
48	ProSiebenSat.1 Accelerator GmbH[1]	Unterföhring	100.00	87	EUR	2,719[3]	0
49	ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	26[3]	0
50	ProSiebenSat.1 Adjacent Holding GmbH[1]	Unterföhring	100.00	55	EUR	31,641[3]	0
51	ProSiebenSat.1 Advertising Platform Solutions GmbH[1]	Unterföhring	100.00	55	EUR	1,025[3]	0
52	ProSiebenSat.1 Applications GmbH[1]	Unterföhring	100.00	53	EUR	2,025[3]	0
53	ProSiebenSat.1 Broadcasting GmbH[1]	Unterföhring	100.00	1	EUR	15,686[3]	0
54	ProSiebenSat.1 Commerce GmbH[1]	Unterföhring	100.00	40	EUR	559,723[3]	0
55	ProSiebenSat.1 Digital & Adjacent GmbH[1]	Unterföhring	100.00	1	EUR	1,434,115[3]	0
56	ProSiebenSat.1 Digital Content GmbH	Unterföhring	100.00	55	EUR	120,314	-397
57	ProSiebenSat.1 Digital Entertainment GmbH[1]	Unterföhring	100.00	1	EUR	1,611[3]	0
58	ProSiebenSat.1 Digital GmbH[1]	Unterföhring	100.00	55	EUR	157,226[3]	0
59	ProSiebenSat.1 Einundzwanzigste Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	-/-[4]	-/-
60	ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	25[3]	0
61	ProSiebenSat.1 Fünfzehnte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	25[3]	0
62	ProSiebenSat.1 GP GmbH	Heidelberg	100.00	54	EUR	54	-21
63	ProSiebenSat.1 GP II GmbH	Unterföhring	100.00	54	EUR	66	4
64	ProSiebenSat.1 Licensing GmbH[1]	Unterföhring	100.00	50	EUR	1,702[3]	0
65	ProSiebenSat.1 Neunzehnte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	25[3]	0
66	ProSiebenSat.1 Pay TV GmbH[1]	Unterföhring	100.00	70	EUR	5,225[3]	0
67	ProSiebenSat.1 Produktion GmbH[1]	Unterföhring	100.00	53	EUR	8,978[3]	0
68	ProSiebenSat.1 Services GmbH	Unterföhring	100.00	58	EUR	386[3]	0
69	ProSiebenSat.1 Sports GmbH	Unterföhring	100.00	1	EUR	20,904	-241
70	ProSiebenSat.1 TV Deutschland GmbH	Unterföhring	100.00	1	EUR	982,035[3]	0
71	ProSiebenSat.1 Warehouse GmbH	Unterföhring	100.00	54	EUR	895	-7
72	ProSiebenSat.1 Welt GmbH[1]	Unterföhring	100.00	53	EUR	100[3]	133
73	ProSiebenSat.1 Zwanzigste Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	-/-[4]	-/-
74	PS Event GmbH	Cologne	100.00	75	EUR	101	98
75	PSH Entertainment GmbH	Unterföhring	100.00	50	EUR	2,925[3]	0
76	Red Arrow Studios GmbH[1]	Unterföhring	100.00	1	EUR	176,698[3]	0
77	Red Arrow Studios International GmbH[1]	Unterföhring	100.00	76	EUR	125[3]	0
78	RedSeven Entertainment GmbH[1]	Unterföhring	100.00	76	EUR	25[3]	0
79	SAM - Starwatch Artist Management GmbH[1]	Unterföhring	100.00	95	EUR	192[3]	0
80	SAM Sports - Starwatch Artist Management GmbH	Hamburg	75.00	69	EUR	-600	-192
81	Sat.1 Norddeutschland GmbH[1]	Hanover	100.00	82	EUR	25[3]	0
82	SAT.1 Satelliten Fernsehen GmbH[1]	Unterföhring	100.00	70	EUR	443,610[3]	0
83	Seven Scores Musikverlag GmbH[1]	Unterföhring	100.00	50	EUR	26[3]	0
84	SevenOne AdFactory GmbH[1]	Unterföhring	100.00	85	EUR	1,030[3]	0
85	SevenOne Brands GmbH[1]	Unterföhring	100.00	53	EUR	5,168[3]	0
86	SevenOne Capital (Holding) GmbH[1]	Unterföhring	100.00	87	EUR	34,954[3]	0
87	SevenOne Investment (Holding) GmbH[1]	Unterföhring	100.00	1	EUR	37,774[3]	0
88	SevenOne Media GmbH[1]	Unterföhring	100.00	85	EUR	5,772[3]	0
89	SevenPictures Film GmbH[1]	Unterföhring	100.00	70	EUR	2,268[3]	0
90	SevenVentures GmbH[1]	Unterföhring	100.00	55	EUR	25,536[3]	0
91	SilverTours GmbH	Freiburg im Breisgau	74.90	40	EUR	8,254	8,129
92	SMARTSTREAM.TV GmbH	Munich	91.00	143	EUR	5,716	4,645
93	Sonoma Internet GmbH	Berlin	75.00	54	EUR	-4,526	458
94	Spontacts GmbH	Munich	100.00	27	EUR	-/-[4]	-/-

203 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[10]	Profit/loss for the period[10]
95	Starwatch Entertainment GmbH[1]	Unterföhring	100.00	50	EUR	14,921[3]	0
96	Studio .1 GmbH	Berlin	100.00	169	EUR	-744	-3,177
97	Stylight GmbH	Munich	100.00	54	EUR	6,531	216
98	The ADEX GmbH	Berlin	82.44	109	EUR	-692	-2,041
99	THMMS Holding GmbH	Hamburg	100.00	4	EUR	104,612	-4,055
100	THMMS MidCo GmbH	Hamburg	100.00	99	EUR	103,945	-321
101	Toptarif Internet GmbH	Berlin	100.00	106	EUR	6,454	745
102	TROPO GmbH[1]	Hamburg	100.00	47	EUR	-9,044[3]	0
103	tv weiss-blau Rundfunkprogrammanbieter GmbH[1]	Unterföhring	100.00	82	EUR	1,027[3]	0
104	TVRL GmbH	Berlin	100.00	30	EUR	1,017	-5,595
105	Verivox Finanzvergleich GmbH	Heidelberg	100.00	106	EUR	-356	-1,332
106	Verivox GmbH	Heidelberg	100.00	107	EUR	39,673	9,786
107	Verivox Holding GmbH	Unterföhring	80.23	54; 111	EUR	213,877	-1,054
108	Verivox Versicherungsvergleich GmbH	Heidelberg	100.00	106	EUR	3,370	1,689
109	Virtual Minds AG	Freiburg im Breisgau	51.38	58	EUR	10,161	1,165
110	VITALIA Vertriebs GmbH	Würzburg	100.00	115	EUR	5,752	1,562
111	VVX Co-Investor GmbH & Co. KG	Heidelberg	25.00	71	EUR	2,452[7]	0
112	VX Sales Solutions GmbH	Heidelberg	100.00	106	EUR	3,376	1,637
113	wer-weiss-was GmbH[1]	Unterföhring	100.00	58	EUR	6,566[3]	0
114	wetter.com GmbH[1]	Konstanz	100.00	47	EUR	6,111[3]	0
115	WindStar Medical GmbH	Wehrheim	100.00	116	EUR	5,886	11,812
116	WSM Holding GmbH	Wehrheim	92.00	40	EUR	39,741	8,004
117	WSM Immo GmbH	Wehrheim	100.00	116	EUR	21	-4
118	yieldlab AG	Hamburg	100.00	109	EUR	1,002	242
	Armenia						
119	Marktguru LLC	Yerevan	100.00	131	AMD	332,034	160,509
	Austria						
120	ATV Privat TV GmbH	Vienna	100.00	125	EUR	32	-1
121	ATV Privat TV GmbH & Co KG	Vienna	100.00	125	EUR	4,472	-13,406
122	Austria 9 TV GmbH	Vienna	100.00	125	EUR	12	1
123	AUSTRIA 9 TV GmbH & Co KG	Vienna	100.00	125	EUR	-1,609	1,315
124	ProSieben Austria GmbH	Vienna	100.00	125	EUR	39	0
125	ProSiebenSat.1Puls 4 GmbH	Vienna	100.00	85	EUR	27,334	21,849
126	Puls 4 TV GmbH	Vienna	100.00	125	EUR	34	0
127	PULS 4 TV GmbH & Co KG	Vienna	100.00	125	EUR	2,600	818
128	PULS4 Shopping GmbH	Vienna	67.00	130	EUR	430	-3
129	SAT.1 Privatrundfunk und Programmgesellschaft m.b.H	Vienna	51.00	82	EUR	5,892	5,606
130	SevenVentures Austria GmbH	Vienna	100.00	90	EUR	2,389	1,826
131	Visivo Consulting GmbH	Vienna	51.05	130	EUR	192	56
	Belgium						
132	Sultan Sushi BVBA, in vereffening	Gent	100.00	76; 77	EUR	-/-[4]	-/-
	Denmark						
133	Snowman Productions ApS	Copenhagen	100.00	146	DKK	13,841	6,783
	Hong Kong						
134	Red Arrow International Limited	Hong Kong	100.00	76	HKD	-/-[4]	-/-
	Israel						
135	July August Communications and Productions Ltd.	Tel Aviv	100.00	76	ILS	2,393	1,582
136	The Band´s Visit LP	Tel Aviv	55.00	135	ILS	-/-[4]	-/-
	Italy						
137	Studio 71 Italia S.r.l.	Cologno Monzese (MI)	51.00	170	EUR	-/-[4]	-/-
	Jersey						
138	Scandinavian Broadcasting System (Jersey) Limited	Saint Helier	100.00	140	EUR	-/-[4]	-/-
	Luxembourg						

203 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[10]	Profit/loss for the period[10]
139	P7S1 Broadcasting S.à r.l.	Luxembourg	100.00	41	EUR	50,575	11,538
	The Netherlands						
140	P7S1 Broadcasting Europe B.V.	Amsterdam	100.00	141	EUR	44,689	-10,154
141	P7S1 Broadcasting Holding I B.V.	Amsterdam	100.00	139	EUR	2,586	-2,367
142	SMARTSTREAM.TV Netherlands B.V.	Amsterdam	100.00	143	EUR	-/-[4]	-/-
143	SNDC8 B.V.	Amsterdam	100.00	13	EUR	-/-[4]	-/-
	Norway						
144	Snowman Productions AS	Oslo	100.00	146	NOK	2,086	1,003
	Romania						
145	MyVideo Broadband S.R.L.	Bucharest	100.00	30	EUR	16,448	-841
	Sweden						
146	Snowman Productions AB	Stockholm	100.00	76	SEK	7,433	-12,592
147	Snowman Scripted AB	Stockholm	100.00	146	SEK	218	28
	Switzerland						
148	ADITION Schweiz GmbH	Locarno	100.00	109	CHF	745	-193
149	Jochen Schweizer mydays CH AG	Küsnacht ZH	100.00	38	CHF	125	15
150	ProSieben Puls 8 TV AG	Zurich	100.00	152	CHF	1,149	56
151	Sat.1 (Schweiz) AG	Küsnacht ZH	100.00	82	CHF	6,938	5,707
152	SevenOne Media (Schweiz) AG	Küsnacht ZH	100.00	85	CHF	18,663	18,236
153	SevenVentures (Schweiz) AG	Baar	100.00	90	CHF	2,669	1,552
154	Verivox Schweiz AG	Luzern	100.00	106	CHF	-5,906	-6,006
	Turkey						
155	Yedi Yapim A.S.	Istanbul	100.00	208	TRY	-/-[4]	-/-
	Ukraine						
156	Glomex TOV	Kiev	100.00	21; 165	UAH	-/-[4]	-/-
	United Kingdom						
157	ADITION UK Limited	Cullompton	74.00	109	GBP	3	-27
158	CPL Good Vibrations Limited	London	100.00	159	GBP	134[8]	134
159	CPL Productions Limited	London	100.00	166	GBP	1,330	815
160	Endor (Esio Trot) Limited	London	100.00	163	GBP	277	67
161	Endor (Max) Limited	London	100.00	163	GBP	0	0
162	Endor (T&T) Limited	London	100.00	163	GBP	-/-[4]	-/-
163	Endor Productions Limited	London	51.00	171	GBP	-978	-592
164	European Radio Investments Limited	London	100.00	168	EUR	327	-8
165	Glomex Limited	Birmingham	100.00	21	GBP	-/-[4]	-/-
166	LHB Limited	London	84.13	171	GBP	51	0
167	New Entertainment Research and Design Limited	London	100.00	171	GBP	-19	-117
168	P7S1 Broadcasting (UK) Limited	London	100.00	140	EUR	4,580	-177
169	ProSiebenSat.1 Digital Content GP Limited	London	69.40	56; 232	GBP	-/-[4]	-/-
170	ProSiebenSat.1 Digital Content LP	London	68.80	56; 169; 232	GBP	151,399	-1,012
171	Red Arrow Entertainment Limited	London	100.00	76	GBP	978	-840
172	Red Arrow International-UK Limited	London	100.00	76	GBP	107[9]	104
173	Romanian Broadcasting Corporation Limited	London	100.00	168	EUR	-/-[4]	-/-
174	Studio 71 UK Limited	London	100.00	169	GBP	9	9
	United States of America						
175	44 Blue Productions, LLC	Wilmington, DE	100.00	176	USD	-/-[4]	-/-
176	44 Blue Studios, LLC	Dover, DE	65.00	232	USD	24,732	1,934
177	8383 Productions, LLC	Beverly Hills, CA	100.00	235	USD	-/-[4]	-/-
178	95 Ends, LLC	New York, NY	100.00	216	USD	-/-[4]	-/-
179	Black Dog Productions, LLC	Dover, DE	100.00	198	USD	-/-[4]	-/-
180	Boxcar Studios, LLC	Los Angeles, CA	100.00	212	USD	-/-[4]	-/-
181	Brady 44, LLC	Los Angeles, CA	100.00	176	USD	-/-[4]	-/-
182	By Dint Productions, LLC	New York, NY	100.00	178	USD	-/-[4]	-/-

203 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[10]	Profit/loss for the period[10]
183	Champ 44 Music Publishing, LLC	Dover, DE	100.00	176	USD	-/-[4]	-/-
184	Code D TV, LLC	Wilmington, DE	100.00	212	USD	-/-[4]	-/-
185	Collective Digital Studio GP, LLC	Wilmington, DE	100.00	170	USD	-/-[4]	-/-
186	Crow Magnon, LLC	Wilmington, DE	60.00	232	USD	5,910	2,378
187	Delirium TV, LLC	Wilmington, DE	100.00	212	USD	-/-[4]	-/-
188	Digital Air, LLC	Beverly Hills, CA	100.00	235	USD	-/-[4]	-/-
189	Digital Atoms, LLC	Beverly Hills, CA	100.00	235	USD	-/-[4]	-/-
190	Digital Bytes, LLC	Beverly Hills, CA	100.00	235	USD	-/-[4]	-/-
191	Digital Cacophony, LLC	Beverly Hills, CA	100.00	235	USD	-/-[4]	-/-
192	Digital Demand, LLC	Wilmington, DE	100.00	212	USD	-/-[4]	-/-
193	Digital Diffusion, LLC	Beverly Hills, CA	100.00	235	USD	-/-[4]	-/-
194	Digital Echo, LLC	Beverly Hills, CA	100.00	235	USD	-/-[4]	-/-
195	Digital Fire, LLC	Beverly Hills, CA	100.00	235	USD	-/-[4]	-/-
196	Dorsey Entertainment, LLC	Littleton, CO	100.00	198	USD	-/-[4]	-/-
197	Dorsey Multimedia, LLC	Littleton, CO	100.00	198	USD	-/-[4]	-/-
198	Dorsey Pictures, LLC	Dover, DE	60.00	232	USD	5,473	2,246
199	Driving Force TV, LLC	Wilmington, DE	100.00	212	USD	-/-[4]	-/-
200	Fabrik Entertainment, LLC	Wilmington, DE	81.63	232	USD	8,732	7,958
201	Fortitude Production Services, LLC	Dover, DE	100.00	216	USD	-/-[4]	-/-
202	Fourteenth Hour Productions, LLC	Beverly Hills, CA	100.00	235	USD	-/-[4]	-/-
203	Gravitas Ventures LLC	Wilmington, DE	62.50	232	USD	-/-[4]	-/-
204	GTG Production Services, LLC	Los Angeles, CA	100.00	186	USD	-/-[4]	-/-
205	Half Yard Productions, LLC	Wilmington, DE	65.00	232	USD	5,376	1,260
206	HB Television Development, LLC	Wilmington, DE	100.00	200	USD	-/-[4]	-/-
207	Hold Fast Productions, LLC	Wilmington, DE	100.00	200	USD	-/-[4]	-/-
208	Karga Seven Pictures, LLC	Los Angeles, CA	100.00	186	USD	-/-[4]	-/-
209	Keep it Down Music Publishing, LLC	Los Angeles, CA	100.00	212	USD	-/-[4]	-/-
210	Kenilworth Productions, Inc.	Wilmington, DE	100.00	178	USD	-/-[4]	-/-
211	Kinetic Content Publishing, LLC	Wilmington, DE	100.00	212	USD	-/-[4]	-/-
212	Kinetic Content, LLC	Wilmington, DE	100.00	232	USD	16,371	24,553
213	Kinetic Operations, LLC	Wilmington, DE	100.00	212	USD	-/-[4]	-/-
214	KinPro Music Publishing, LLC	Wilmington, DE	100.00	212	USD	-/-[4]	-/-
215	Kinpro, LLC	Wilmington, DE	100.00	212	USD	-/-[4]	-/-
216	Left/Right Holdings, LLC	Dover, DE	80.00	232	USD	10,422	13,842
217	Left/Right, LLC	Dover, DE	100.00	216	USD	-/-[4]	-/-
218	Move Along Music Publishing, LLC	Los Angeles, CA	100.00	212	USD	-/-[4]	-/-
219	Moving TV, LLC	Wilmington, DE	100.00	212	USD	-/-[4]	-/-
220	NAR Pictures, LLC	Los Angeles, CA	100.00	186	USD	-/-[4]	-/-
221	New Picture Perfect, LLC	Wilmington, DE	100.00	176	USD	-/-[4]	-/-
222	Next of Kin TV, LLC	Los Angeles, CA	100.00	212	USD	-/-[4]	-/-
223	Node Productions, LLC	Beverly Hills, CA	100.00	235	USD	-/-[4]	-/-
224	Ovrture, LLC	Los Angeles, CA	100.00	176	USD	-/-[4]	-/-
225	Pacific View TV, LLC	Wilmington, DE	100.00	212	USD	-/-[4]	-/-
226	Pave Network, LLC	Beverly Hills, CA	100.00	235	USD	-/-[4]	-/-
227	PBP, LLC	Baton Rouge, LA	100.00	176	USD	-/-[4]	-/-
228	Prank Film, LLC	Beverly Hills, CA	100.00	235	USD	-/-[4]	-/-
229	Presidio Post, LLC	Wilmington, DE	100.00	175	USD	-/-[4]	-/-
230	Production Connection, LLC	Wilmington, DE	100.00	212	USD	-/-[4]	-/-
231	Ranger Media, LLC	Wilmington, DE	100.00	176	USD	-/-[4]	-/-
232	Red Arrow Studios International, Inc.	Wilmington, DE	100.00	76	USD	165,561	8,784
233	Ripple Entertainment, LLC	Wilmington, DE	100.00	232	USD	-/-[4]	-/-
234	Studio 71 (Canada), Inc.	Beverly Hills, CA	100.00	235	USD	242	177
235	Studio 71, LP	Wilmington, DE	100.00	170	USD	27,345	-11,853

203 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[10]	Profit/loss for the period[10]
236	Stylight, Inc.	Wilmington, DE	100.00	97	USD	-1,136	133
237	Third Voice Productions, Inc.	Dover, DE	100.00	178	USD	-/-[4]	-/-
238	Three Tables Music, LLC	Wilmington, DE	100.00	212	USD	-/-[4]	-/-
239	WDSP, LLC	New York, NY	100.00	178	USD	-/-[4]	-/-
	ASSOCIATES						
	Germany						
240	AGF Videoforschung GmbH	Frankfurt am Main	17.65	1	EUR	-/-[4]	-/-
241	Batch Media GmbH	Berlin	45.00	109	EUR	-/-[4]	-/-
242	Crosslantic Fund I GmbH & Co. KG	Bochum	24.44	90	EUR	-/-[4]	-/-
243	eFashion Boulevard GmbH	Georgsmarienhütte	30.00	90	EUR	-/-[4]	-/-
244	gamigo AG	Hamburg	33.00	58	EUR	-/-[4]	-/-
245	koakult GmbH	Berlin	33.33	3	EUR	-/-[4]	-/-
246	Marketplace GmbH	Berlin	41.58	54	EUR	-/-[4]	-/-
247	mytic myticket AG	Berlin	24.90	95	EUR	-/-[4]	-/-
248	Regiondo GmbH	Munich	25.51	27	EUR	-/-[4]	-/-
249	Sportority Germany GmbH	Munich	40.00	69	EUR	-/-[4]	-/-
250	TEATOX GmbH	Berlin	45.95	3	EUR	-/-[4]	-/-
251	Tejado GmbH	Oldenburg	18.07	54	EUR	-/-[4]	-/-
252	Thomas Klimpel GmbH	Dorfen	25.20	109	EUR	-/-[4]	-/-
253	VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Sendeunternehmen und Presseverlegern mbH	Berlin	27.66	53	EUR	-/-[4]	-/-
254	Vitafy GmbH	Munich	49.90	5; 9	EUR	-/-[4]	-/-
	France						
255	Finder Studios SAS	Paris	44.00	169	EUR	-/-[4]	-/-
	Canada						
256	Mad Rabbit Productions, Inc.	Toronto	25.00	76	CAD	-/-[4]	-/-
	Luxembourg						
257	7 Global Capital GP S.à r.l.	Luxembourg	25.10	86	EUR	-/-[4]	-/-
	Switzerland						
258	fineartmultiple AG	Luzern	20.02	90	CHF	-/-[4]	-/-
259	Goldbach Media (Switzerland) AG	Küsnacht ZH	22.96	152	CHF	29,017	28,378
260	swiss radioworld AG	Zurich	22.96	152	CHF	3,590	2,961
	United Kingdom						
261	Cove Pictures Limited	London	25.00	171	GBP	-/-[4]	-/-
	United States of America						
262	JFE, LLC	Venice, CA	20.00	232	USD	-/-[4]	-/-
263	Pluto, Inc.	Wilmington, DE	14.52	30	USD	-/-[4]	-/-
264	Remagine Media Ventures, L.P.	Wilmington, DE	46.05	51	USD	-/-[4]	-/-
265	The Fred Channel, LLC	Beverly Hills, CA	70.00	235	USD	-/-[4]	-/-
	AFFILIATED COMPANIES, NOT CONSOLIDATED						
	Belgium						
266	Satelliet Sushi BVBA	Gent	100.00	132	EUR	-1	-15,086
	JOINT VENTURES						
	Germany						
267	7TV Joint Venture GmbH	Munich	50.00	58	EUR	-/-[4]	-/-
268	AdAudience GmbH	Munich	16.67	88	EUR	-/-[4]	-/-
	United Kingdom						
269	European Broadcaster Exchange (EBX) Limited	London	33.33	88	GBP	-/-[4]	-/-
270	Nit Television Limited	London	50.01	159	GBP	2	1
	OTHER MATERIAL INVESTMENTS						
	Germany						

203 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[10]	Profit/loss for the period[10]
271	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	12.00	53	EUR	-/-[4]	-/-
272	Appscend Video Solutions GmbH	Berlin	5.00	48	EUR	-/-[4]	-/-
273	asgoodasnew electronics GmbHv	Frankfurt (Oder)	9.87	90	EUR	-/-[4]	-/-
274	Atlantic Food Labs GmbH	Berlin	13.00	9	EUR	-/-[4]	-/-
275	auxmedia GmbH	Jena	5.36	48	EUR	-/-[4]	-/-
276	circle concepts GmbH	Berlin	5.00	48	EUR	-/-[4]	-/-
277	Deutscher Fernsehpreis GmbH	Cologne	25.00	53	EUR	-/-[4]	-/-
278	DREAMA MEDIA UG (haftungsbeschränkt)	Unterföhring	5.03	48	EUR	-/-[4]	-/-
279	Evolution Internet Fund GmbH	Munich	15.00	90	EUR	-/-[4]	-/-
280	FilmFernsehFonds Bayern GmbH, Gesellschaft zur Förderung der Medien in Bayern (FFF Bayern)	Munich	6.59	70	EUR	51	0
281	HC Hellocare GmbH	Bad Aibling	5.00	48	EUR	-/-[4]	-/-
282	Little Postman GmbH	Munich	5.00	48	EUR	-/-[4]	-/-
283	Move24 Group GmbH	Berlin	6.58	90	EUR	-/-[4]	-/-
284	onbelle GmbH	Cologne	5.00	48	EUR	-/-[4]	-/-
285	Outstore GmbH	Miesbach	17.51	90	EUR	-/-[4]	-/-
286	Privatfernsehen in Bayern GmbH & Co. KG	Munich	10.00	103	EUR	248	43
287	Privatfernsehen in Bayern Verwaltungs-GmbH	Munich	10.00	103	EUR	62	3
288	Screenforce Gattungsmarketing GmbH	Berlin	5.88	88	EUR	169	55
289	Shoe-Com GmbH	Munich	5.00	48	EUR	-/-[4]	-/-
290	Storyfeed GmbH	Berlin	5.00	48	EUR	-/-[4]	-/-
291	tink GmbH	Berlin	12.92	90	EUR	-/-[4]	-/-
292	VELUVIA GmbH	Hamburg	20.00	90	EUR	-/-[4]	-/-
293	videostream360 GmbH	Leipzig	5.85	48	EUR	-/-[4]	-/-
294	WERK1.Bayern GmbH	Munich	6.09	53	EUR	235	-35
	Austria						
295	expressFlow GmbH	Vienna	5.00	48	EUR	-/-[4]	-/-
296	KIWENO GmbH	Absam	14.36	5	EUR	-/-[4]	-/-
297	Rublys GmbH	Vienna	13.18	130	EUR	-/-[4]	-/-
	Gibraltar						
298	Sportority Limited	Gibraltar	5.09	69	GIP	-/-[4]	-/-
	Israel						
299	Seven Days LP	Tel Aviv	50.00	135	ILS	-/-[4]	-/-
	United Kingdom						
300	Kastr Limited	London	5.83	58	GBP	-/-[4]	-/-
	United States of America						
301	Talenthouse, Inc.	Dover, DE	10.13	69	USD	-/-[4]	-/-
302	Wrap Media, Inc.	Dover, DE	10.47	58	USD	-/-[4]	-/-

[1] Company meets the requirements of Section 264 (3) of the German Commercial Code and exercises the option to be exempted from certain requirements on the preparation, auditing and disclosure of the annual financial statements and the financial report.
[2] The figures for Equity and Profit/loss for the period presented have been translated using the foreign exchange rates as of the reporting date.
[3] Result after profit and loss transfer agreement.
[4] No figures available. Company acquired or founded in 2017 or in liquidation.
[5] Shortened the financial year from August 29, 2016 to December 31, 2016.
[6] Shortened the financial year from June 22, 2016 to December 31, 2016.
[7] Shortened the financial year from March 23, 2016 to December 31, 2016.
[8] Shortened the financial year from November 10, 2015 to July 31, 2016.
[9] Extended the financial year from November 19, 2015 to December 31, 2016.
[10] The figures for Equity and Profit/loss refer to the financial year 2016 and partly reflect local accounting rules which do not necessarily correspond to IFRS.

SHAPING THE FUTURE

INFORMATION

EXPLANATORY NOTES ON REPORTING PRINCIPLES

CONTENT AND FORM OF THE COMBINED MANAGEMENT REPORT

This Annual Report summarizes the Group Management Report of ProSiebenSat.1 Group, made up of ProSiebenSat.1 Media SE and its consolidated subsidiaries, and the Management Report of ProSiebenSat.1 Media SE. The Compensation Report, the takeover-related disclosures in accordance with Section 289 (4) and Section 315 (4) of the German Commercial Code (Handelsgesetzbuch – HGB) and the chapter entitled "The ProSiebenSat.1 Share" can be found in the "To Our Shareholders" section of this Annual Report. These are also part of the audited Management Report. → To Our Shareholders, page 53

204 / MANAGEMENT DECLARATION IN ACCORDANCE WITH SECTION 289A HGB AND CORPORATE GOVERNANCE REPORT IN ACCORDANCE WITH ITEM 3.10 OF THE GERMAN CORPORATE GOVERNANCE CODE (DEUTSCHER CORPORATE GOVERNANCE KODEX – DCGK)

The Company's Management Declaration in accordance with Section 289a HGB and the Corporate Governance Report in accordance with Item 3.10 DCGK are published on the Company's homepage. In addition, the Management Declaration and the Corporate Governance Report are also included in the Annual Report. The Group auditor has critically reviewed the Corporate Governance Report in accordance with the IDW auditing standard. The Management Declaration and the Declaration of Compliance in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG) were also part of the auditor's review.

→ www.prosiebensat1.com/investor-relations/corporate-governance/corporate-governance

PREDICTIVE STATEMENTS ON FUTURE EARNINGS, FINANCIAL POSITION AND PERFORMANCE

Our forecasts are based on current assessments of future developments. In this context, we draw on our budget planning and comprehensive market and competitive analyses. The forecasted values are calculated in accordance with the reporting principles used in the financial statements and are consistent with the adjustments described in the Management Report. However, forecasts naturally entail some uncertainties that could lead to positive or negative deviations from planning. If imponderables occur or if the assumptions on which the predictive statements are made no longer apply, actual results may deviate materially from the statements made or the results implicitly expressed. Developments that could negatively impact this forecast include, for example, lower economic momentum than expected at the time this report was prepared. These and other factors are explained in detail in the Risk- and Opportunity Report. There we also report on additional growth potential; opportunities that we have not yet or not fully budgeted for could arise from corporate strategy decisions, for example. Potential risks are accounted for regularly and systematically as part of the Group-wide risk management process. → Future Business and Industry Environment, page 166 → Risk and Opportunity Report, page 153

Significant events after the end of the reporting period are explained in the → Notes, Note 36 "Events after the reporting period," page 242. The publication date of the Annual Report 2017 is March 15, 2018.

ROUNDING FINANCIAL FIGURES

Due to rounding, it is possible that the individual figures do not exactly add up to the totals shown and that percentage figures given do not exactly reflect the absolute figures to which they relate.

ORDER BACKLOG

ProSiebenSat.1 Group does not report on the order backlog in the advertising business. Instead, the development of our share on the advertising market and the analysis of the situation in the sector and with regard to competition provide key indicators for economic success; these are accounted for within the context of risk management. In the Content Production & Global Sales segment, the development and production of programming content as well as worldwide distribution through new or re-commissioning takes place, as is customary in the industry, in the short term and continuously. As a result, we do not report on order volumes here either.

RESPONSIBILITY STATEMENT

To the best of our knowledge we certify that, in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of profit or loss, the financial position and the assets and liabilities of the Group, and the Combined Management Report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Unterföhring, February 20, 2018

Thomas Ebeling
Chief Executive Officer (Group CEO)

Dr. Jan Kemper
Chief Financial Officer (Group CFO)

Conrad Albert
Deputy Group CEO,
Group General Counsel

Sabine Eckhardt
Member of the Executive Board,
Chief Commercial Officer Entertainment (CCO)

Jan David Frouman
Member of the Executive Board,
Content Production & Global Sales

Christof Wahl
Member of the Executive Board,
Chief Operating Officer Entertainment (COO)

INDEPENDENT AUDITOR'S REPORT

To ProSiebenSat.1 Media SE, Unterföhring

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Opinions

We have audited the Consolidated Financial Statements of ProSiebenSat.1 Media SE, Unterföhring, and its subsidiaries (the "Group") consisting of the consisting of the Statement of Financial Position as of December 31, 2017, the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow for the financial year January 1, 2017 until December 31, 2017, as well as the Notes to the Consolidated Financial Statements, including a summary of key accounting policies. We have furthermore audited the Combined Management Report of the Company and the Group for the financial year from January 1, 2017 to December 31, 2017. In accordance with the German statutory requirements, we did not audit the contents of the non-financial statement, which is included in Section Sustainability under "Our Group: Basic Principles" of the Combined Management Report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the attached Consolidated Financial Statements comply in all material respects with the IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) of the Handelsgesetzbuch (HGB – German Commercial Code) and give a true and fair view of the net assets and financial position of the Group as of December 31, 2017 and its results of operations for the financial year from January 1, 2017 to December 31, 2017 in accordance with these requirements, and

- the attached Combined Management Report as a whole provides a suitable view of the Group's position. This Combined Management Report is consistent with the Consolidated Financial Statements, complies with the requirements of German law, and suitably presents the opportunities and risks of future development in all material respects. Our audit opinion on the Combined Management Report does not extend to the contents of the above-mentioned non-financial statement.

Pursuant to Section 322 (3) sentence 1 HGB, we state that our audit has not led to any reservations concerning the accuracy of the Consolidated Financial Statements and of the Combined Management Report.

Basis for the Opinions

We conducted our audit of the Consolidated Financial Statements and of the Combined Management Report of the Company in accordance with Section 317 HGB, Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities (hereinafter the "EU statutory auditor regulation") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – German Institute of Public Auditors). Our responsibility in accordance with these regulations and standards is described in more detail in the Section "Responsibility of the Statutory Auditor for the Audit of the Consolidated Financial Statements and of the Combined Management Report" of our auditor's report. We are independent of the Group companies in accordance with the requirements of European law, German commercial law, and German law governing the professions, and we have fulfilled the other German obligations of our profession in accordance with these requirements. Furthermore we declare in accordance with 10 (2) (f) of the EU statutory auditor regulation that we have not performed any prohibited non-audit services referred to in Article 5 (1) of the regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the Consolidated Financial Statements and on the Combined Management Report.

Key audit matters in the audit of the Consolidated Financial Statements

Key audit matters are matters that in our professional judgment were most significant in our audit of the Consolidated Financial Statements for the financial year from January 1, 2017 to December 31, 2017. These matters have been taken into account in connection with our audit of Consolidated Financial Statements as a whole and in the formation of our audit opinion on this; we do not provide a separate audit opinion on these matters.

IMPAIRMENT OF GOODWILL IN THE SEGMENT DIGITAL ENTERTAINMENT

For the accounting and valuation principles applied, please refer to summary of the key accounting principles in the Notes to the Consolidated Financial Statements. For further information regarding the underlying assumptions and the recoverability of Goodwill please refer to Note 16 in the Notes to the Consolidated Financial Statements.

The risk in relation to the Financial Statements

The goodwill in the Segment Digital Entertainment amounted to EUR 303 million as of December 31, 2017.

The impairment of the goodwill in the segments is reviewed annually at the level of the Broadcasting German Speaking, Digital Ventures & Commerce, Digital Entertainment, and Content Production & Global Sales operating segments. The carrying amount is compared with the recoverable amount of the operating segment in question. If the carrying amount is higher than the recoverable value, a need for impairment results. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the operating segment. The measurement date for the annual impairment test was changed in deviation from the previous year from August 31 to December 31, 2017 on account of materially new findings and revised management expectations caused by the establishment of new business plans for the segment.

The impairment test for the goodwill is complex and based on a series of discretionary assumptions. These include the expected business and earnings performance of the operating segments for the next five years, the growth rates used for the subsequent period, and the discount rate applied. The assumptions may have a significant impact on the respective values and ultimately affect the amount of a potential impairment of goodwill.

At 11.4 percent, the average EBITDA margin of the Digital Entertainment segment in the planning period clearly fell in the financial year 2017 in comparison with the 17.5 percent recorded in the previous year. The discount rate before tax increased from 9.9 percent to 11.5 percent on account of the single development of assumptions and input parameters used in the derivation. The changes produce an increased impairment risk for the goodwill of EUR 303 million allocated to the Digital Entertainment segment. The impairment test carried out did, based on the assessment of ProSiebenSat.1 Media SE, not result in any impairment as of December 31, 2017. The sensitivity analyses conducted by the company regarding the EBITDA margin, the growth rate as well the discount rate did not lead to any need for impairment in the event of changes of –3 percent, –0.5 percent and 1 percent.

There is the risk for the Consolidated Financial Statements that an impairment in the Segment Digital Entertainment existing on the reporting date has not been recognized.

Our methodology in the audit

We analyzed the change of the date for the impairment test of the goodwill in the financial year in terms to see if it is consistent with the regulations of IAS 36.

We consulted our valuation specialists in order to assess whether the key assumptions and also the calculation method of the company are appropriate, among other things. To this end, we discussed the expected business and earnings performance as well as the assumed long-term growth rates with the staff responsible for planning. Furthermore, we carried out comparisons with other internally available forecasts, e. g. the business plan prepared by the Executive Board. We additionally assessed the consistency of the assumptions with external market assessments.

Moreover we satisfied ourselves of the company's previous forecasting quality by comparing plans from earlier financial years with the results actually achieved and analyzing any deviations. As minor changes to the discount rate can already have a significant impact on the results of the impairment test in the Digital Entertainment segment, we compared the assumptions and parameters underlying the discount rate, especially the risk-free interest rate, the market risk premium, and the beta factor, with our own assumptions and publicly available data.

In order to ensure that the valuation model used is mathematically correct, we verified the company's calculations on the basis of elements selected from a risk perspective.

In order to take into account the existing forecasting uncertainty in the financial year, we examined impacts of possible changes in the discount rate, the long-term growth rates, and the EBITDA margins on the recoverable amount as part of a sensitivity analysis in the Digital Entertainment segment by calculating alternative scenarios and comparing them with the company's values.

Our conclusions

The calculation method used as the basis for the impairment test of the goodwill in the Digital Entertainment segment is appropriate and is in line with the valuation principles to be applied. The change of the reporting date for the impairment test is appropriate. The company's assumptions and parameters underlying the valuation are within acceptable ranges and are balanced on the whole.

IMPAIRMENT OF THE PROGRAMMING ASSETS AND COMPLETENESS OF THE ONEROUS CONTRACTS FROM THE ACQUISITION OF PROGRAMMING ASSETS

For the accounting and valuation principles applied, please refer to the summary of the key accounting principles in the Notes. The assumptions and estimates used as the basis for the valuation as well as the information on the performance of the programming assets and the onerous contracts from the purchase of programming assets are described in Note 20 and 26.

The risk in relation to the Financial Statements

Programming assets totaling EUR 1,198 million are reported in the Consolidated Financial Statements of ProSiebenSat.1 Media SE as of December 31, 2017, which corresponds to an 18 percent share of total assets.

For programming assets, the recoverability is tested during the course of the impairment test to see whether there are indications that the costs of the relevant program title can probably not be covered by future revenues, especially advertising revenues.

Indicators can for example include the expiry of licenses prior to the planned broadcast, the discontinuation of commissioned productions, or restrictions under media law. Indicators of this kind are additionally present if it is no longer probable that a program title will be broadcast on account of a lack of marketability or strategic realignment of the program content.

Furthermore, cash generating units are formed using genre-based program groups in order to further assess impairments in the programming assets, and a recoverable amount is calculated for each cash generating unit based on expected cash inflows from advertising revenues. The cash generating units are then examined to see if there are any indications of an impairment. If indications are present and if the recoverable amount is less than the carrying amount, an impairment is carried out.

If contractual obligations for the acquisition of programming assets are entered into, but have not yet been fulfilled, provisions for onerous contracts have to be created if it is likely that the future cash inflows from the advertising revenues will be sufficient to cover the expected acquisition costs.

In the financial year 2017, the company recorded impairments for programming assets in the amount of EUR 302 million and a net addition of provisions for onerous contracts from contractual obligations for programming assets in the amount of EUR 6 million.

The impairments include expenses in the amount of EUR 170 million that are related to the strategic review conducted by the Executive Board in the third quarter of 2017.The Executive Board made significant discretionary assumptions about the exploitation of the programming assets in the various media and the development of the advertising revenues in the future in order to calculate these impairments.

There is a risk for the Consolidated Financial Statements that impairments of the programming assets and provisions for onerous contracts arising from contractual obligations for programming assets are not appropriately recorded.

Our methodology in the audit

Our audit procedures in the area of the impairment test include an assessment of the estimates made by the management to see whether there are indications for specific program titles that future economic benefits can no longer be expected. In this connection, we examine whether the assignment of program content to the program planning is in line with the existing time slots. Furthermore we assessed the estimates made by the management by comparing the estimates made in the past with the actual performance and analyzing any deviations, i.e. primarily whether programming assets that have previously been depreciated were used again in the subsequent periods.

In order to assess the appropriateness of the level of the provisions for onerous contracts that have been created, we inspected key contracts for broadcasts to be capitalized in the future, evaluated the estimate of the underlying revenue potential, and compared it with the anticipated acquisition costs.

We took relevant Executive Board minutes and proposed resolutions into consideration as part of the audit of the impairments carried out on account of the strategic reorientation of the stations. We checked for selected programming asset titles that the relevant impaired programming asset contents were selected and appropriately impaired using the parameters defined by the Executive Board for the strategic reorientation (especially genres).

Our conclusions

The assumptions underlying the assessment of the impairment of the existing programming assets and the obligations to acquire programming assets are appropriate overall.

Other information

The Executive Board is responsible for the other information. The other information includes:

- the non-financial statement; and

- the other parts of the Annual Report, with the exception of the audited Consolidated Financial Statements and Combined Management Report as well as our auditor's report.

Our audit opinions on the Consolidated Financial Statements and on the Combined Management Report do not extend to the other information, and accordingly we do not issue either an audit opinion or any other form of audit conclusion on this information.

We have the responsibility in connection with our audit to read the other information and to assess in this process whether the other information

- contains material discrepancies with the Consolidated Financial Statements, the Combined Management Report, or the findings we made during the audit, or

- otherwise appears to be materially false.

In accordance with our engagement, we conducted a separate audit of the non-financial statement. For the nature, scope, and results of this business audit, please refer to our audit report of February 19, 2018.

Responsibility of the Executive Board and of the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Executive Board is responsible for preparing the Consolidated Financial Statements, which comply in all material respects with the IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) of the Handelsgesetzbuch (HGB – German Commercial Code), and for ensuring that the Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Executive Board is furthermore responsible for the internal controls that it has determined are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Executive Board is responsible for assessing the ability of the Group to continue as a going concern. It furthermore has the responsibility for indicating circumstances in connection with the continuation as a going concern insofar as they are relevant. Moreover, it is responsible for confirming the continuation as a going concern on the basis of the accounting policy, unless there is an intention to liquidate the Group or to suspend the business operations or there is no realistic alternative to this.

Furthermore, the Executive Board is responsible for preparing the Combined Management Report, which as a whole provides a suitable view of the Group's position and is also consistent with the Consolidated Financial Statements and the audit findings, complies with the requirements of German law, and suitably presents the opportunities and risks of future development. Moreover, the Executive Board is responsible for the precautions and measures (systems) that it has deemed necessary to enable the preparation of a combined management report in accordance with the requirements of German law and to enable sufficient suitable documentary proof verifying the statements in the Combined Management Report to be furnished.

The Supervisory Board is responsible for monitoring the Group's financial reporting process used to prepare the Consolidated Financial Statements and the Combined Management Report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objective is to obtain reasonable assurance on whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, as a whole and whether the Combined Management Report as a whole provides a suitable view of the Group's position and is consistent in all material respects with the Consolidated Financial Statements as well as with the audit findings, complies with the requirements of German law, and suitably presents the opportunities and risks of future development, as well as to issue an auditor's report that contains our audit opinions on the Consolidated Financial Statements and on the Combined Management Report.

Reasonable assurance means a degree of assurance, but not a guarantee that an audit conducted in accordance with Section 317 HGB, the EU Statutory Auditor Regulation, and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – German Institute of Public Auditors) always uncovers a material misstatement. Misstatements can result from breaches of regulations or inaccuracies and are regarded as material if it could reasonably be expected that they will influence individually or as a whole the economic decisions taken on the basis of these Consolidated Financial Statements and Combined Management Report by their users.

We exercise professional judgment and maintain a critical attitude during the audit. Furthermore,

- we identify and assess the risks of material misstatements, whether due to fraud or error, in the Consolidated Financial Statements and in the Combined Management Report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk that material misstatements will not be uncovered is higher in the case of breaches of regulations than in the case of inaccuracies, as breaches can involve fraudulent coordination, forgeries, deliberate omissions, misleading presentations, and the bypassing of internal controls.

- we gain an understanding of the internal control system relevant for the audit of the Consolidated Financial Statements and the precautions and measures relevant for the audit of the Combined Management Report in order to plan audit procedures that are appropriate in the given circumstances, not, however, with the objective of issuing an audit opinion on the effectiveness of these systems.

- we assess whether the accounting methods adopted by the Executive Board are appropriate and also whether the estimated values and related information presented by the Executive Board are justifiable.

- we draw conclusions on whether the accounting principle adopted by the management that the Group can continue as a going concern is appropriate and, on the basis of the audit evidence obtained, whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we come to the conclusion that there is a material uncertainty, we are required to point out in the auditor's report the relevant information in the Consolidated Financial Statements and in the Combined Management Report or, if this information is not appropriate, to modify our audit opinion in question. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, result in the Group no longer being able to continue as a going concern.

- we assess the overall presentation, the structure, and the contents of the Consolidated Financial Statements, including the data, and whether the Consolidated Financial Statements present the underlying business transactions and events in such a way that the Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (HGB).

_ we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group in order to issue audit opinions on the Consolidated Financial Statements and the Combined Management Report. We are responsible for directing, monitoring, and performing the audit of the Consolidated Financial Statements. We bear sole responsibility for our audit opinions.

_ we assess the conformity of the Combined Management Report with the Consolidated Financial Statements, its compliance with the law, and the view of the Group's position that it provides.

_ we perform audit procedures on the forward-looking disclosures presented by the Executive Board in the Combined Management Report. In particular, we reproduce the key assumptions underlying the forward-looking disclosures of the Executive Board on the basis of sufficient suitable audit evidence in this process and assess whether the forward-looking disclosures have been appropriately derived from these assumptions. We do not issue an independent audit opinion on the forward-looking disclosures or on the underlying assumptions. There is a significant unavoidable risk that future events will deviate materially from the forward-looking disclosures.

We discuss with the officers responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any defects in the internal control system that we identify during our audit, among other things.

We issue a declaration to the officers responsible for monitoring that we have complied with the relevant requirements concerning independence, and we discuss with them all relations and other matters which can reasonably be assumed to have an impact on our independence as well as the safeguards taken in this regard.

Of the matters that we have discussed with the officers responsible for monitoring, we determine which ones were most significant for the current reporting period in the audit of the Consolidated Financial Statements and therefore represent especially important audit matters. We describe these matters in the auditor's report, unless laws or other legal regulations preclude the public disclosure of the matters.

OTHER STATUTORY AND LEGAL REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as the auditor of the Consolidated Financial Statements by the Annual General Meeting on May 12, 2017. We were engaged by the Supervisory Board on October 24, 2017. We have worked as the auditors of the Consolidated Financial Statements of ProSiebenSat.1 Media SE without interruption since the company's IPO in the financial year 2000.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Audit and Finance Committee pursuant to Article 11 of the EU Statutory Auditor Regulation (audit report).

We performed the following services, which were not stated in the Consolidated Financial Statements or in the Combined Management Report, in addition to the audit of the financial statements of the audited group company and its subsidiaries:

In addition to the Consolidated financial statements we have audited the separate financial statements of the ProSiebenSat.1 Media SE as well as various separate financial statements of its subsidiaries including statutory engagement extensions. Integrated into the audit, we performed reviews of interim financial statements, project audits of IT-systems as well as audit related implementation of new accounting standards. We conducted other statutory and contractual audits, such as auditing the compliance of contractual clauses, EMIR-audits according to Section 20 WpHG, audit services relating to corporate governance matters and other contractually agreed assurance services.

Furthermore we have rendered supporting services during tax audits, during the preparation of eBilanz at subsidiaries as well as value-added and income tax advisory services. Further services rendered relate to workshops and quality assurance of the accounting function, corporate social responsibility reporting and the internal control system.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Haiko Schmidt.

Munich, February 21, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Sailer Wirtschaftsprüfer [German Public Auditor]	Schmidt Wirtschaftsprüfer [German Public Auditor]

205 / GROUP KEY FIGURES: MULTI-YEAR OVERVIEW in EUR m

	Q4 2017	Q4 2016	Q4 2015	Q4 2014	Q4 2013
Revenues	**1,324**	1,254	1,087	966	841
Adjusted EBITDA[1]	**390**	392	357	325	302
Adjusted EBITDA margin (in percent)	**29.4**	31.2	32.9	33.7	35.9
EBITDA	**382**	375	343	317	289
EBIT	**333**	307	289	282	262
Profit before income taxes	**238**	257	212	253	230
Consolidated net profit from continuing operations (after non-controlling interests)[2]	**167**	174	142	149	59
Adjusted net income[3]	**219**	225[9]	194	180	159
Basic earnings per share (adjusted)	**0.96**	1.01[9]	0.91	0.84	0.75
Investments in programming assets	**274**	234	210	183	183
Free cash flow before M&A (continued)	**351**	334	242	310	315
Free cash flow	**243**	16	77	297	306
Cash flow from investing activities	**-422**	-602	-419	-228	-223

	2017	2016	2015	2014	2013
Revenues	**4,078**	3,799	3,261	2,876	2,605
Adjusted EBITDA[1]	**1,050**	1,018	926	847	790
Adjusted EBITDA margin (in percent)	**25.8**	26.8	28.4	29.5	30.3
EBITDA	**1,084**	982	881	818	758
EBIT	**820**	777	730	695	669
Profit before income taxes	**646**	658	604	560	527
Consolidated net profit from continuing operations (after non-controlling interests)[2]	**471**	402	391	346	312
Adjusted net income[3]	**550**	536[9]	466	419	380
Basic earnings per share (adjusted)	**2.40**	2.47[9]	2.18	1.96	1.78
Investments in programming assets	**1,048**	992	944	890	860
Free cash flow before M&A (continued)	**468**	485	470	444	406
Free cash flow	**728**	-4	-1	277	330
Cash flow from investing activities	**-894**	-1,623	-1,522	-1,148	-1,018

	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Programming assets	**1,198**	1,312	1,252	1,212	1,202
Equity	**1,252**	1,432	943	754	584
Equity ratio (in percent)	**19.1**	21.7	17.8	19.3	16.4
Cash and cash equivalents	**1,552**	1,271	734	471	396
Financial liabilities	**3,185**	3,185	2,675	1,973	1,842
Leverage[4]	**1.6**[10]	1.9	2.1	1.8[6]	1.8[7]
Net financial debt	**1,632**[10]	1,913	1,940	1,502	1,446[8]
Employees[5]	**6,483**	6,565	5,584	4,210	3,590

[1] EBITDA before reconciling items (net).
[2] Consolidated net profit attributable to shareholders of ProSiebenSat.1 Media SE including discontinued operations.
[3] Consolidated profit for the period attributable to shareholders of ProSiebenSat.1 Media SE before the effects of purchase price allocations and additional special items.
[4] Ratio net financial debt to adjusted EBITDA in the last twelve months.
[5] Full-time equivalent positions as of reporting date from continuing operations.
[6] Adjusted for the LTM adjusted EBITDA contribution of Eastern European operations.
[7] After reclassification of cash and cash equivalents of Eastern European operations. Adjusted for the LTM adjusted EBITDA contribution of Northern and Eastern European operations.
[8] After reclassification of cash and cash equivalents of Eastern European operations.
[9] Adjusted due to changes in reporting practices for non-IFRS figures from the beginning of financial year 2017. The Annual Report 2016 comprises more detailed information on pages 73 and 74.
[10] After reclassification of cash and cash equivalents of Tropo.

206 / SEGMENT KEY FIGURES: MULTI-YEAR OVERVIEW in EUR m

	2017	2016	2015
Broadcasting German-speaking			
External revenues	**2,239**	2,210	2,152
Adjusted EBITDA[1]	**767**	760	734
Adjusted EBITDA margin (in percent)[2]	**32.2**	33.0	33.0
EBITDA	**544**	747	716
Digital Entertainment			
External revenues	**463**	442	371
Adjusted EBITDA[1]	**32**	37	37
Adjusted EBITDA margin (in percent)[2]	**6.5**	7.9	9.8
EBITDA	**10**	37	29
Digital Ventures & Commerce			
External revenues	**996**	768	465
Adjusted EBITDA[1]	**221**	180	136
Adjusted EBITDA margin (in percent)[2]	**22.1**	23.0	28.8
EBITDA	**562**	168	123
Content Production & Global Sales			
External revenues	**352**	362	262
Adjusted EBITDA[1]	**36**	47	25
Adjusted EBITDA margin (in percent)[2]	**8.5**	11.2	7.9
EBITDA	**27**	44	22

[1] EBITDA before non-recurring (exceptional) items.
[2] Based on total segment revenues, see Note 2 "Segment reporting".

Explanatory Notes on Reporting Principles:
The values shown relate to key figures from continuing operations reported in line with IFRS 5, i.e. not including the revenue and earnings contributions of the entities sold. The following entities were deconsolidated in the in the past:
Hungary (February) and Romania (April and August respectively) in the financial year 2014; the Northern European operations (April) in the financial year 2013.
The income statement items of the relevant entities are presented separately as a single figure, result from discontinued operations. This figure also contains the respective gain on disposal and is presented after tax.
The previous years' figures in the statement of financial position were not adjusted.

FINANCIAL CALENDAR

PRESENTATIONS & EVENTS 2018

Date	Event
02/22/2018	**Press Conference/IR Conference on figures 2017** Press Release, Press Conference in Munich, Conference Call with analysts and investors
03/15/2018	**Publication of the Annual Report 2017**
05/09/2018	**Publication of the Quarterly Statement for the First Quarter of 2018** Press Release, Conference Call with analysts and investors, Conference Call with journalists
05/16/2018	**Annual General Meeting 2018**
05/22/2018	**Dividend Payment**
08/02/2018	**Publication of the Half-Yearly Financial Report of 2018** Press Release, Conference Call with analysts and investors, Conference Call with journalists
11/08/2018	**Publication of the Quarterly Statement for the Third Quarter of 2018** Press Release, Conference Call with analysts and investors, Conference Call with journalists

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This and other publications are available on the Internet, along with information about ProSiebenSat.1 Group, at
→ www.ProSiebenSat1.com/en

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements regarding ProSiebenSat.1 Media SE and ProSiebenSat.1 Group. Such statements may be identified by the use of such terms as "expects," "intends," "plans," "assumes," "pursues the goal," and similar wording. Various factors, many of which are outside the control of ProSiebenSat.1 Media SE, could affect the Company's business activities, success, business strategy and results. Forward-looking statements are not historical facts, and therefore incorporate known and unknown risks, uncertainties and other important factors that might cause actual results to differ from expectations. These forward-looking statements are based on current plans, goals, estimates and projections, and take account of knowledge only up to and including the date of preparation of this report. Given these risks, uncertainties and other important factors, ProSiebenSat.1 Media SE undertakes no obligation, and has no intent, to revise such forward-looking statements or update them to reflect future events and developments. Although every effort has been made to ensure that the provided information and facts are correct, and that the opinions and expectations reflected here are reasonable, ProSiebenSat.1 Media SE assumes no liability and offers no warranty as to the completeness, correctness, adequacy and/or accuracy of any information or opinions contained herein.

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